MAINE AFL-CIO

A Union of Unions Standing for Maine Workers

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Testimony of Adam Goode, Maine AFL-CIO Legislative & Political Director, In Support of LD 1499 "An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System"

Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor & Housing, my name is Adam Goode. I am the Legislative & Political Director of the Maine AFL-CIO. We represent 40,000 working men and women in the state of Maine. We work to improve the lives and working conditions of our members and all working people.

LD 1499 helps address the struggle of public sector retirees. There are many ways in which state employees, educators, corrections officers and public sector workers are disadvantaged in their retirement. For most of these retirees, the pensions they contributed to through MEPERS are their main source of income. Most of these workers do not receive social security.

There were enormous pension and healthcare cuts in the 125th Maine Legislature, including a decision that state contributions toward retiree health insurance would begin at the normal retirement age (60 or 62) for workers vested in the retirement system as of June 30, 2011. As part of this transition, workers who had at least 25 years of service as of July 1, 2011, but who had not yet reached their normal retirement age, were required to retire by Dec. 31, 2011, in order to have fully paid health insurance immediately upon retiring. Otherwise, their eligibility for fully paid health insurance would not kick in until they reached normal retirement age.

The impact of this policy change was some state workers with at least 25 years of service, but who were not yet of the normal retirement age, decided they should retire by the end of 2011. They made this decision in order to have access to retiree health insurance, despite taking a penalty of 6 percent per year for each year they retired prior to normal retirement age. This was an unfair choice to put upon state employees.

To make the matter worse, there was no fiscal crises requiring the expectation that state employees chose to either accept a retirement penalty or forgo fully paid health insurance. That session's budget included prioritization of a large tax cut that predominately benefited the wealthy, which is the major reason why state employees were asked to make such sacrifices.

LD 1499 fixes this problem by changing the rate of the penalty for those state employees and teachers who retired between July 1, 2011 and January 1, 2012, and who had at least 25 years of service as of July 1, 2011, but had not yet attained 62 years of age. LD 1499 is one of many bills before your committee that can help public sector retirees get back on the right track. We ask that you vote ought to pass.