



DATE: May 13, 2025

TO: Senator Michael Tipping  
Representative Amy Roeder  
Members, Committee on Labor

FROM: William H. Laubenstein, III  
President, Maine Association of Retirees

SUBJECT: LD 1872, An Act to Reinvest in the Pension Funds of the Maine Public  
Employees Retirement System

Senator Tipping, Representative Roeder, and members of the Committee on Labor. My name is William H. Laubenstein, III. I am President of the Maine Association of Retirees (MAR) whose membership includes retired State employees, retired teachers and other public service retirees.

MAR supports LD 1872 that creates a fund to pay for retirement benefits by increasing the benefit base to which the cost-of-living adjustment (COLA) is applied pursuant to 5 MRSA, subsection 17806 (1)(A). Prior to legislation enacted in 2011, the COLA for retired state employees and teachers was a maximum of 4% on a retiree's full pension. For ostensibly budgetary reasons, but actually for the reduction of taxes on the wealthy, the COLA was changed to a maximum of 3% on an indexed benefit base. That base for 2025 was \$26,428.98.

Since 2011, numerous proposals have been put forward to change in one way or another (increase the benefit base, raise the maximum percentage, limit the number of retirees eligible) the calculation of the COLA. These proposals have been unsuccessful for two basic reasons. First, the high cost on an actuarial basis and second, the restraints of Article IX, Sec. 18-A of the Maine Constitution, which requires that "...the normal cost of all retirement and ancillary benefits...must be funded annually on an actuarially sound basis."

LD 1872 addresses these issues in a constructive manner by maintaining the current COLA indexing structure, creating a fund to pay for any increase in the benefit base to which the 3% maximum is applied and capping the benefit base at \$40,000. While LD 1872 falls short of restoring the COLA benefit that was lost in 2011, it addresses the indisputable fact the COLA

as now structured fails to enable state and teacher retirees to keep up with the rising cost of goods and services. The most glaring example of this what occurred in 2022 when recipients of Social Security received a COLA of 8.7% on their entire benefit and Maine public service retirees were granted a COLA of only 3% on the indexed amount of \$24,186.25.

MAR urges the Committee to vote in favor of LD 1872. Such a vote would recognize the Legislature's concern over the hardship of persistent inflation and the injustice of the law passed in 2011 that has caused, and continues to cause, irreparable harm to state and teacher retirees.

***Leading the Way for Maine Retirees***

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