**§18407. Cost-of-living adjustment to retirement benefit**

Cost-of-living adjustments to the retirement benefits being paid to retired participating local district employees shall be governed as follows. [PL 1985, c. 801, §§5, 7 (NEW).]

**1. Definitions.**  As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Covered district" means a participating local district that provides coverage under the United States Social Security Act for its employees. [PL 1985, c. 801, §§5, 7 (NEW).]

B. "Noncovered district" means a participating local district that does not provide coverage by the United States Social Security System for its employees. [PL 1985, c. 801, §§5, 7 (NEW).]

[PL 1985, c. 801, §§5, 7 (NEW).]

**2. Noncovered districts.**  Notwithstanding section 18202 and except as provided in this subsection, subsections 3 to 5 apply to all retired employees of noncovered districts and to beneficiaries of those retired employees.

A. A noncovered district that has withdrawn from participation in the Participating Local District Retirement Program on or before June 30, 1987, under section 18203 is not required to provide cost-of-living adjustments for its retired employees or their beneficiaries. [PL 2007, c. 491, §236 (AMD).]

B. A noncovered district which, on or after September 19, 1985, engages in collective bargaining or has in force a collective bargaining agreement under Title 26, chapter 9‑A, with some or all of the district's members is not required by this section to provide cost-of-living adjustments for its retired employees or their beneficiaries. When the district subsequently agrees through the collective bargaining process to provide the cost-of-living adjustment under this section, the adjustment shall apply to all the district's retired employees or their beneficiaries receiving retirement allowances. [PL 1985, c. 801, §§5, 7 (NEW).]

[PL 2007, c. 491, §236 (AMD).]

**3. Covered districts.**  A covered district may provide cost-of-living adjustments for its retired employees or their beneficiaries by application to the board of trustees supplying the necessary information. Upon acceptance of such a plan, the district shall supply a certified copy of its action and a statement of agreement of payment and costs.

[PL 1985, c. 801, §§5, 7 (NEW).]

**4. Determination of adjustment for participating local districts not covered by chapter 427.**  The cost-of-living adjustment is determined as follows.

A. Except as provided in paragraph A‑1, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of 4%. [PL 2009, c. 473, §5 (AMD).]

A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the board shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met. [PL 2009, c. 473, §6 (AMD).]

B. Whenever the annual percentage change in the Consumer Price Index from July 1st to June 30th exceeds 4%, the board shall make whatever adjustments in the retirement benefits are necessary to reflect an annual increase of 4% and shall report that adjustment and the actual increase in the Consumer Price Index to the Legislature by February 1st of the following year. [PL 2013, c. 391, §6 (AMD).]

C. Notwithstanding any other provision of this section, the amount of annual retirement benefit otherwise payable under this Part may not be less than the retired member received on the effective date of his retirement or on July 1, 1977, whichever amount is greater. [PL 1985, c. 801, §§5, 7 (NEW).]

[PL 2013, c. 391, §6 (AMD).]

**5. Cost.**  The board shall determine the costs of the adjustments under this section and shall include those costs in the annual valuation.

[PL 1985, c. 801, §§5, 7 (NEW).]

**6. Eligibility.**  Cost-of-living adjustments under subsection 4 must be applied to the retirement benefits of all retirees who have been retired for at least 6 months before the date that the adjustment becomes payable. Beneficiaries of deceased retirees and members are eligible for the cost-of-living adjustment at the same time the deceased retiree would have become eligible.

[PL 2013, c. 391, §7 (AMD).]

**7. Determination of adjustment for participating local districts covered by chapter 427.**  The plan provisions adopted by rule pursuant to section 18801 govern any cost-of-living adjustment.

A. [PL 2017, c. 392, §6 (RP).]

B. [PL 2017, c. 392, §6 (RP).]

C. [PL 2017, c. 392, §6 (RP).]

D. [PL 2017, c. 392, §6 (RP).]

E. [PL 2017, c. 392, §6 (RP).]

[PL 2017, c. 392, §6 (RPR).]

**8. Eligibility.**

[PL 2017, c. 392, §7 (RP).]

SECTION HISTORY

PL 1985, c. 801, §§5,7 (NEW). PL 1993, c. 595, §10 (AMD). PL 2007, c. 249, §30 (AMD). PL 2007, c. 491, §236 (AMD). PL 2009, c. 433, §§5, 6 (AMD). PL 2009, c. 473, §§5, 6 (AMD). PL 2013, c. 391, §§6-8 (AMD). PL 2013, c. 588, Pt. E, §3 (AMD). PL 2017, c. 392, §§6, 7 (AMD).

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