

1998 Legislative Update

Enacted Legislation of Interest to MSRS Members, Employers and Retirees

As outlined below, the Second Regular Session and Second Special Session of the 118th Maine State Legislature enacted new laws and changes to existing laws that affect the Maine State Retirement System (MSRS).

This issue of the *Retirement News* is being devoted exclusively to informing you of legislation enacted by the 118th Maine Legislature during the 1998 session. We trust this information is helpful to you; however, please keep in mind this is only a general description of each of these new laws. Please do not rely on this update as your only source of information for a law that affects you.

**An Act to Modify the Retirement Laws for Certain
Law Enforcement Officers
PL 1998, Chapter 740 [L.D. 1847]
Amending: 5 MRSA §§17708, 17851
Effective Date: April 14, 1998
Members Affected: State Employee Members**

This law amends the employment date for Maine State Police Officers to qualify for a service retirement benefit as a state police officer after completing 20 years of creditable service. In order to qualify the member now must have become a state police officer prior to September 16, 1984 instead of September 1, 1984. This change affects only the 38th Training Troop of the Maine State Police. The bill also provides a mechanism to fund the costs of these members' improvement in benefits from their date of hire from General Fund Surplus and does not become effective until funds are in fact available and the legislature takes further action.

**An Act to Grant the Treasurer of the State Full Voting Rights on the Board of Trustees of the
Maine State Retirement System
PL 1998, Chapter 625 [L.D. 1910]
Amending: 5 MRSA §17102
Effective Date: June 30, 1998**

This law gives the Treasurer or Deputy Treasurer of the State full voting rights on the Board of Trustees of the Maine State Retirement System. It also increases from four to five the number of trustees necessary to constitute a quorum.

**An Act to Allow Maine Technical College System Employees Represented by the Maine Education Association Faculty and
Administrative Units to Participate in a Defined Contribution Retirement Plan
PL 1998, Chapter 763 [L.D. 1949]
Amending: 5 MRSA §§17001, 17652
Effective Date: September 1, 1998
Members Affected: State Employee Members**

This law allows certain persons employed in the faculty and instructor and administrative staff bargaining units of the Maine Technical College System (MTCS) to participate in a defined contribution retirement plan offered by the MTCS board of trustees instead of being members of the Maine State Retirement System. Under this law, the defined contribution plan provided by MTCS must include payout of at least 40% of a participant's assets as a life annuity and must include a disability benefit program. Participation in this defined contribution plan is a one-time, irrevocable choice for those eligible. Service rendered while an MTCS employee as a participant in the defined contribution plan cannot be counted as creditable service under the Maine State Retirement System.

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An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and Changes to Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 1998 and June 30, 1999

PL 1998, Chapter 643 [L.D. 1950]

Effective Date: June 30, 1998

Members Affected:

Part M: Judicial Plan Members

Part R: Members of all plans

Part X: Named school districts

Part OO: Retired Teacher Members

PART M: This Part increases salaries and service retirement benefits for judges. The present benefit for service from December 1, 1984 to the date of retirement is calculated as 1/50 of the judge's average final compensation multiplied by the number of years of creditable service. The increased benefit is calculated as 1/50 of the judge's average final compensation multiplied by the number of years of creditable service from December 1, 1984 to June 30, 1998, and three percent of the judge's average final compensation multiplied by the number of years of creditable service earned on or after July 1, 1998. The formula for calculating the maximum benefit available to judges continues to use the current 60% factor for service prior to July 1, 1998 but will now use a 70% factor for service earned on or after July 1, 1998.

PART R: This Part establishes the requirement that the unfunded liability attributable to state employees and teachers be paid off in no more than 25 years from June 30, 1998.

PART X: This Part directs that the first transfer or appropriation, if any, to the Retirement Allowance Fund of any unappropriated surplus of the General Fund must be used to pay any remaining actuarial costs or any accumulated interest of Early Retirement Incentives made to the employees of certain school units.

PART OO: This Part provides funds to increase the State's share of the cost of retired educators' health insurance from 25% to 30% effective January 1, 1999.

An Act to Amend the Laws of the Maine State Retirement System

PL 1998, Chapter 651 [L.D. 1954]

Amending: 3 MRSA §805; 4 MRSA §1305; and 5 MRSA §§17103, 17159, 17705, 18306

Effective Date: July 1, 1998

Members Affected: Members of all plans

This law (1) repeals the five-year limit on payment of interest on contributions of inactive members who have fewer than ten years of creditable service thus allowing the payment of interest from July 1, 1998 forward on contributions of all non-vested, inactive members up to the time the contributions are refunded; (2) changes the date on which the Retirement System is required to report annually to the Joint Standing Committee on Labor, from January 15th to March 1st; and, (3) permits any member of the Board of Trustees of the Retirement System, except members who are active or retired teachers or school administrators, to serve on the Early Retirement Incentives Panel. Previously only the Board's "public" trustees could serve.

An Act to Implement a Reorganization of the Maine Sardine Council by the Maine Sardine Industry

PL 1998, Chapter 706 [L.D. 1968]

Amending: 32 MRSA §§4167, 4167-A, 4168, 4169, 4170, 4170-A

Effective Date: April 3, 1998

Members Affected: PLD Members of the Maine Sardine Council

This law undoes the 1994 establishment of the Maine Sardine Council as a participating local district and redefines the status of Council employees as state employees for the purposes of rights and benefits under MSRS and health insurance coverage in retirement under the state employee health insurance program. It provides for the transfer of assets, liabilities and accounts to the state regular retirement plan for state employees and requires the Council to pay MSRS employer contributions and retiree health insurance costs that are paid by the employer.

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An Act to Establish a Uniform Special Retirement Plan for State Law Enforcement Personnel, Maine State Prison Personnel, Emergency Personnel, Other Employee Groups That Prior to September 1, 1984, Had Special Retirement Plans and Certain Emergency Personnel and to Revise the

Restoration to Service Requirements

PL, 1998, Chapter 769 [L.D. 2135]

Amending: 5 MRSA §§17707, 17851, 17852, 17855, 17857

Effective Date: July 1, 1998

Members Affected by 1998 Special Plan: Some State Employee Members

Members Affected by Restoration to Service: All State Employee and Teacher Members

This law establishes the 1998 Special Plan which provides a normal retirement age of 55 for Marine Resource Officers, Inland Fisheries and Wildlife Wardens, Forest Rangers, Airplane Pilots and Liquor Inspectors hired on or after September 1, 1984, and Defense, Veterans and Emergency Management Firefighters employed at the Bangor International Airport on July 1, 1998 or hired thereafter. A member with a minimum of 10 years under this plan can retire on or after reaching age 55 with no penalty for early retirement for those years earned in the 1998 Special Plan. Other years of service would be reduced for early retirement from the normal retirement age of the plan in which they were earned. State Police Officers and Maine State Prison employees covered under the post-9/1/84 special plan can also retire at age 55 with 10 years under the 1998 Special Plan. Members with creditable service prior to the establishment of this plan will receive benefits calculated in two parts, including reductions for early retirement, based on plan coverage before and after July 1, 1998.

This law also amends the restoration to service provisions that apply to state and teacher retirees. Effective with earnings received on and after January 1, 1999, a retiree must repay to the Retirement System one-half of the amount by which the retiree has overearned.

An Act to Amend the Laws Concerning Participating Local Districts in the
Maine State Retirement System

PL 1998, Chapter 709 [L.D. 2146]

Amending: 5 MRSA §§18201, 18251, 18252

Effective Date: June 30, 1998

Members Affected: PLD

This law was initiated by the PLD Plan Advisory Committee. It allows participating local districts (PLDs) to offer their employees the choice to participate in an employer-provided defined contribution or deferred compensation plan rather than being Maine State Retirement System members. The employer-provided plan must meet certain criteria set out in the law. The law provides that an employee who participates in the employer-provided plan may not receive MSRS service credit for any time during which the employee was not a member of the Maine State Retirement System.

OTHER LAWS OF INTEREST TO OUR MEMBERS:

An Act to Make Certain Changes in the Educational Law

PL 1998, Chapter 696 [L.D. 2289]

Amending P&SL 1991, c.26, §4

Effective Date: July 8, 1998

Members Affected: Teacher Members

This Act provides another opportunity for school administrative units to submit requests for upgrades of certain employees to the Department of Education. The new deadline for these requests is July 1, 1999. Employees included in the requests are teacher aides or teacher assistants employed prior to September 1, 1991, who met the requirements of level II or III educational technicians at that time, but were not upgraded due to an error by the school administrative unit. Correction of these errors may change eligibility of certain individuals to be in the MSRS State/Teacher Plan.

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**An Act to Amend the Health Insurance Benefits of State Employees and Teachers
Who Retire or Terminate Service
PL 1998, Chapter 652 [L.D. 1995]
Amending: 5 MRSA §285; and 20-A MRSA §13451;
Effective Date: January 1, 1999
Members Affected: State Employee and Teacher Members**

This law 1) allows a state employee or teacher member who has at least 25 years of creditable service and who on or after January 1, 1999 terminates employment under which the member was eligible for the group health plan but does not retire at that time, to make a one-time election to continue coverage from the date of termination until retirement by paying the cost of coverage plus any administrative cost; and 2) allows a state employee or teacher member who has at least 25 years of creditable service and who on or after January 1, 1999 retires but who is not in service immediately prior to retirement to make a one-time election at retirement to rejoin the group health plan.