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An Act Regarding Calculation of Benefits under Special Plans under the Maine Public Employees Retirement System

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §17001, sub-§13, ¶C, as repealed and replaced by PL 1999, c. 489, §2, is amended to read:

C. The following provisions govern limitations on earnable compensation.

(1) Notwithstanding the other provisions of this subsection, for the purposes of determining average final compensation, "earnable compensation" does not include any increase that exceeds the prior year's earnable compensation by more than 5% or that results in a total increase of more than 10% during the 3year period used in the calculation of average final compensation, unless the cost of the additional actuarial liability arising from the excess increase is paid by the employer as provided in section 17154. Notwithstanding subparagraph (2), the other provisions of this subsection and subsection 17, for a person whose service retirement benefit is computed under subsections 4 to 16, beginning October 1, 2011, for the purposes of determining average final compensation, "earnable compensation" does not include any increase that exceeds the prior year's earnable compensation by more than 2% or that results in a total increase of more than 6% during the 3year period used in the calculation of average final compensation, unless the cost of the additional actuarial liability arising from the excess increase is paid by the employer as provided in section 17154. Any payment made under paragraph B, subparagraph (1) must be included in determining the amount of increase in the year in which the payment is made. This subparagraph does not apply to excess increases resulting from compensation paid prior to July 1, 1993, from compensation paid in accordance with an individual employment contract executed prior to July 1, 1993 or a collective bargaining agreement executed or ratified in its final form by final vote of one party to the agreement prior to July 1, 1993 for the initial term of that contract or agreement or from other action by the governing body of a school administrative unit in effect on July 1, 1993. This subparagraph does not apply to increases in compensation of state employees during fiscal year 199394 and fiscal year 199495. In all circumstances in which this subparagraph does not apply to earnable compensation of state employees and teachers, the provisions of this subparagraph that were in effect prior to June 30, 1993 apply. This subparagraph does not apply to earnable compensation of employees of participating local districts.

(2) Effective October 1, 1999, the 5% limitation and the 10% limitation on increases in earnable compensation set out in subparagraph (1) may not be changed to a lower percentage for members who, on October 1, 1999 or thereafter, meet the creditable service requirement for eligibility to receive a service retirement benefit, at the applicable age if so required, under section 17851 or section 17851A, subsection 2.

Sec. 2. 5 MRSA §17852, sub-§18 is enacted to read:

18. Maximum benefit. Notwithstanding the other provisions of this section, a benefit calculated under subsections 4 to 16 may not exceed 60% of average final compensation.

SUMMARY

This bill limits retirement benefits to state employees under special plans to 60% of average final compensation and provides that the earnable compensation that is counted to calculate average final compensation for those employees may not include any annual increase larger than 2%.