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Legislative Document

No. 548

H.P. 393

House of Representatives, February 24, 2021

An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System

Received by the Clerk of the House on February 22, 2021. Referred to the Committee on Labor and Housing pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative DOORE of Augusta.

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

2 **Sec. 1. Reduction in early retirement penalty for certain state employees**
3 **and teachers.** Notwithstanding the Maine Revised Statutes, Title 5, section 17852,
4 subsection 3-A or any other provision of law to the contrary, beginning October 1, 2021
5 the reduction in the retirement benefit for a qualified member is 2.25% for each year that
6 the qualified member's age precedes 62 years of age at retirement.

7 As used in this section, "qualified member" means a member of the Maine Public
8 Employees Retirement System who:

9 1. Retired from service as a state employee between July 1, 2011 and January 1, 2012
10 or as a teacher between July 1, 2011 and July 1, 2012;

11 2. Had completed 25 or more years of creditable service upon retirement;

12 3. Had neither 10 years of creditable service nor had reached 60 years of age with one
13 year of creditable service immediately before July 1, 1993; and

14 4. Had not attained 62 years of age as of retirement from service as a state employee
15 or teacher.

16 As used in this section, the terms "creditable service," "employee," "member,"
17 "retirement," "retirement benefit," "state employee" and "teacher" have the same meanings
18 as in Title 5, section 17001.

19 **SUMMARY**

20 Under changes made to the Maine Public Employees Retirement System in 1993,
21 employees who were members of the Maine Public Employees Retirement System as of
22 July 1, 1993 but did not have 10 years of creditable service as of July 1, 1993 are required
23 to have 25 years of creditable service and attain 62 years of age in order to avoid incurring
24 a penalty of 6% of earned benefits for each year the person retires before attaining 62 years
25 of age. Prior to that change, the penalty was 2.25% for each year below 60 years of age
26 the person retired.

27 Beginning October 1, 2021, this bill changes the rate of the penalty for those state
28 employees who retired between July 1, 2011 and January 1, 2012 and for teachers who
29 retired between July 1, 2011 and July 1, 2012 who had at least 25 years of service on July
30 1, 2011 but had not attained 62 years of age to 2.25% for each year the person was below
31 62 years of age upon retirement from service.