

Rules Changing for Employees with Optional MainePERS Membership

New legislation will bring the defined benefit plans MainePERS administers on behalf of employers into compliance with federal IRS law. When the law takes effect in July, employees with optional MainePERS membership will have only one opportunity to participate. This one-time election will apply to all periods in a position with optional membership with the employer.

The law removes all opportunities for delayed membership, re-joins, and significantly restricts the ability to purchase service associated with those periods.

The membership status of an employee, or former employee, on the effective date of the legislation will be the status of that individual during all periods of employment with the employer.

What does this mean for employees with optional MainePERS membership?

- New employees will make a one-time membership election at date of hire, or date of first eligibility. This is a one-time choice for all periods of employment with that employer, even subsequent re-employment in a position with optional membership.
- Employees who are members of the MainePERS defined benefit plan on the effective date of the legislation can only suspend membership if they terminate employment.

What must Employers do and by when?

In order to ensure that all current employees make an informed election, and to prevent future claims against employers, every employee with optional membership, whether they are now a member or not, must complete an **Employee Election Form**. MainePERS will post updates on www.mainebers.org when we know the actual effective date of legislation.



How MainePERS can help:

- Staff is available to meet with you, or your employees, about the upcoming changes. Contact Retirement Services at 1-800-451-9800, or e-mail Retirement.Services@mainepers.org.
- We have created dedicated web pages on www.mainebers.org for employees and employers.



Employers' Next Steps

What are your next steps, as an employer, after your employees return the election forms to you?

- ◆ Review the form to make sure it's complete, including the Name of Employer (and/or MainePERS Employer code, if possible).
- ◆ If a current optional non-member chooses to join MainePERS, please submit an **Application for Membership** along with the election form and start deducting MainePERS contributions as of the "Join Date" indicated on the Application for Membership.
- ◆ If a current optional member chooses to stop being a member in MainePERS, stop taking MainePERS contributions from that person as of the date the form is signed. MainePERS will use the election form to change the member's status to "decline". No other paperwork is necessary from you.
- ◆ Collect all election forms from employees by May 14, 2010.
- ◆ Keep a copy of the form for your records.
- ◆ Send all original election forms to MainePERS by June 1, 2010.

We welcome your inquiries. Please call MainePERS at 1-800-451-9800 with questions or e-mail us at Employer@mainepers.org or Retirement.Services@mainepers.org.

Refunding Contributions

Anyone who separates MainePERS membership prior to the law taking effect, or terminates MainePERS covered employment, can take a refund of his/her contributions or can leave contributions on account with MainePERS. If an employee takes a refund, the employee waives all rights to their MainePERS benefit. Here are a few things employees should know if they're considering a refund of contributions:

- ◆ Refunds of MainePERS contributions are eligible to be rolled over into an IRA or another employer plan that will accept such payments.
- ◆ The **Refund Application Package, Special Tax Notice and Refund Application** are available on the MainePERS web site.
- ◆ MainePERS must receive the payroll report which includes the employee's final contributions.
- ◆ MainePERS will not honor a refund request if a member applies for a refund but elects to re-join before the requested refund is finalized.
- ◆ MainePERS will consider any refunds received prior to the effective date of the law as "in process" and complete them accordingly, but we will appreciate employees initiating refunds as soon as possible.

Should you or your employees have questions regarding whether or not to refund contributions, please call us at 1-800-451-9800 or e-mail us at Refund@mainepers.org.