The MainePERS Board of Trustees approved most of the proposed changes to the rule that governs the PLD Consolidated Retirement Plan. The effective date for the approved change in accrued vacation and sick leave provisions was delayed to July 1, 2019. In addition, the Board delayed final consideration of the retire-rehire provisions until later this summer. The Board asked that additional outreach be provided about the retire-rehire provisions to ensure members, employers, and retirees have a full understanding. The retire-rehire provision will be brought back to the Board following the additional outreach.

Information about the changes that were approved can be found on our website at www.mainepers.org. Information specific to the continued consideration of changes to the rule pertaining to retire-rehire and the additional outreach will be made available in upcoming weeks.

This letter describes the changes that have been adopted. These changes apply to all members of the PLD Consolidated Retirement Plan, including retirees.

**Cost of Living Adjustment (COLA)**

- Post-retirement cost-of-living (“COLA”) becomes available after 24 months of retirement, instead of 12 months. This is applicable to those who retire on or after September 1, 2019.

- The post-retirement COLA cap changes from 3% to 2.5%, applicable to COLAs issued in September 2018 and later.

- Possible downward adjustments to future COLAs may occur if severe market losses create costs to the Plan that exceed established employer and member contribution caps. Rather than freezing COLA, a reduced COLA may be paid to retirees.

**Contributions**

- Contribution rates are now subject to change for employers and members from year to year based on a new rate calculation methodology that shares risks between the employers and members of the Plan. Contribution rates also now include caps for employers and members. Beginning with fiscal year 2020 (July 1, 2019), rates will be subject to change each year based on a split of 55% to the employer, and 45% to the employee. Both rates include a cap, based on the aggregate rate of the Plan. The employer aggregate rate cap is 12.5% and the employee rate cap is 9%. Each of the 11 sub plans will have a different cap which results in the aggregate Plan...
rate caps. We will provide information on contribution rate caps specific to each of the 11 sub plans later in the year once FY 2018 concludes.

**Early Retirement**

- The early retirement subsidy, which is commonly known as the age reduction factor applied to the benefit of a member who retires prior to reaching their normal retirement age of 55, 60 or 65, is changing. Beginning July 1, 2019, the age reduction factor to be applied to the benefits of members who retire younger than their normal retirement age will be based on an actuarially sound factor that shifts the cost of early retirement from subsidization by all employers, members, and the Plan, to the retiring member at a rate of approximately 6% or 7% for each year of early retirement. The actual factor varies depending on the age of the retiree at retirement. The new factor tables will be posted on our website with all of our other benefit calculation factors once they are finalized.
  - There is one exception to this change. Members with 20 or more years of creditable service under the PLD Consolidated Plan on July 1, 2019 will continue to be eligible for the 2.125% per year reduction (for those who were members of the Plan prior to July 1, 2014) or the 6% per year reduction (for those who first became a member under the plan after June 30, 2014).

**Unused Sick and/or Vacation**

- Effective July 1, 2019, the ability to use accrued, unused vacation and sick leave towards retirement benefits will be available only to those who have 20 or more years of creditable service under the Plan at retirement.

**Employer Withdrawal Liability**

- An employer who withdraws from the Plan at a time when the Plan is underfunded must make a withdrawal liability payment. This payment covers the individual employer’s share of the Plan’s unfunded actuarial liability so not to pass that cost on to the remaining employers under the Plan.

**Employer Resumption Fee**

- Removal of the requirement to charge an employer $250 if they have withdrawn from participation and rejoin the Plan more than one time.

The adopted rule can be found on our website at www.mainepers.org along with the Basis Statement/Statement of Comments, which sets forth the background of the rulemaking and summarizes the comments received and responses to those comments.
We are mailing a post card to all members of the Plan advising them to review the website for information specific to the changes. Based on the feedback we received from earlier notices provided, we are mailing a separate notification to retirees, specifically informing them only of the changes that directly impact them as a retiree.

Please contact me if you have any questions regarding this information at 207-512-3305 or via email at Stephanie.fecteau@mainepers.org.