MainePERS Benefits for Participating Local Districts

A general summary of the benefits available to you as a MainePERS member

A publication of the
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WELCOME TO
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

MainePERS was established in 1942 to ensure that certain benefits are available to State employees, teachers, and employees of participating local districts (PLDs) in the State of Maine. This booklet is intended to assist you to understand your benefits as a participant in the PLD Consolidated Plan. If you have questions, please contact the Retirement Services Division at MainePERS. We welcome calls from members.

MEMBERSHIP

As a PLD employee, you become a member of MainePERS when you are hired, if your PLD belongs to MainePERS at that time and you meet the membership eligibility guidelines in effect. For some PLD employees, membership is optional as outlined below. If your membership is optional, you make a one-time, irrevocable election whether to participate in MainePERS when you are hired. Your election applies to all optional membership positions with the same employer. You make a separate election with each different employer that hires you in an optional membership position. You are an optional member if you:

- were employed by your PLD on the day the PLD entered MainePERS,
- are covered by Social Security (if your employer provides Social Security under a federal Section 218 agreement),
- are not subject to the Municipal Public Employees Labor Relations Law,
- are an elected or appointed official,
- are a chief administrative officer, or
- are not a PST (part-time, seasonal, temporary) employee of a PLD electing to participate in an employer-provided defined contribution or deferred compensation plan that meets specific requirements as provided by law.

As a member, you contribute a percentage of your earnable compensation to MainePERS. These contributions earn interest at a rate set by the MainePERS Board of Trustees. The percentage you contribute depends on the service retirement plan your PLD has chosen for your position. The plans are outlined in Table 1 on pages 28, 29.
and 30. (To find out which service retirement plan(s) your PLD has chosen, contact your payroll office.) Your employer also contributes an amount to MainePERS that is a percentage of your total earnable compensation. The percentages vary from year to year and are subject to change July 1st each year.

If your PLD withdraws from MainePERS and you remain a MainePERS member, both you and your PLD must continue to make contributions. You will remain a MainePERS member as long as you continue to work in a MainePERS-covered position.

**HOW SERVICE CREDIT ACCUMULATES**

As a full-time employee, you receive a year of service credit for a year of work. You may not earn more than a year of service credit in a year. If you work on a calendar-year basis, a “year” is one calendar year. If you work on a school or fiscal-year basis, a “year” is the school year or fiscal year.

For purposes of accumulating service credit, a “full-time employee” is one who works 100% of what your employer defines as full-time for a particular job classification. For MainePERS purposes, 35 hours per week is the minimum that can be defined as full-time for a job and 40 hours per week is the maximum.

Accumulation of service credit is based on the full-time equivalent annual salary for a particular job. For hourly employees, this is determined by multiplying the rate of pay by the number of hours per year that are considered to be “full-time” for the position.

Example: an employee who earns $15/hour and is expected to work 40 hours per week, 52 weeks per year. Hours per year are 2080 (40x52), multiplied by the $15 hourly rate equals a full-time equivalent annual salary of $31,200).

If you work less than full-time, you earn service credit based on the ratio of the earnings you receive to the full-time equivalent annual salary for the job classification. If you have questions about your service credit, contact the MainePERS Retirement Services Division.

If you are receiving Workers’ Compensation benefits, you must pay MainePERS contributions based on the wages portion of your Workers’
Compensation benefits. You will receive service credit during this period. If you do not pay the required MainePERS contributions within 30 days of receiving Workers’ Compensation benefits, you will be responsible for accrued interest until contributions are paid.

For Workers’ Compensation benefits received prior to January 1, 2004, these MainePERS contributions are optional; but if you do not pay the contributions plus any accrued interest, you will not receive service credit for the time you were on a leave of absence.

**Service Credit With More Than One Employer**

In addition to PLD employees, MainePERS provides coverage for employees of the State of Maine, public school teachers, legislators and judges. We administer a variety of plans with distinct benefit provisions. Which of those plans and provisions apply to you depends on with whom and in what position you are employed.

If you stop working as a PLD employee and do not withdraw your contributions, the service credit you earn will remain “on account” at MainePERS. If you subsequently earn additional service credit in another MainePERS-covered position, it will be added to your original amount of service as long as you do not withdraw your contributions. This means that you can work for more than one MainePERS-covered employer and still earn the service credit you need to be eligible for a MainePERS service retirement benefit.

How your service accrues and how your benefit is determined depends on the categories of other MainePERS-covered positions in which you earn service credit in addition to your position as a PLD employee. For instance, while service credit you earn as a PLD employee is added to service credit earned as a State employee, teacher, or legislator, MainePERS may calculate your retirement benefit in separate portions, using the average final compensation (AFC) and service credit applicable to each position. If you are employed as a PLD employee at the same time you are a State employee, teacher, legislator or judge or an employee of another PLD, you may not combine your respective service credit amounts to determine your vested status or your eligibility to retire.
If you have contributed or are currently contributing to MainePERS as a State employee, teacher, judge or legislator, you may want to contact our Retirement Services Division to determine how that service credit relates to the service credit you earn as a PLD employee.

Service Before Consolidation

All service with your PLD employer is service under the Plan if your employer was a PLD before creation of the Consolidated Plan, the employer joined the Plan, and you were a MainePERS member on the date your employer entered the Plan.

PORTABILITY OF REGULAR PLAN SERVICE CREDIT

When Your Service Is Considered Portable

If you work for one PLD employer in the Consolidated Plan, leave your job, and move to another PLD that is in the Plan, you carry your service credit with you as if you had not changed employers. This ability to carry service from employer to employer is called “portability of service.” If you work for more than one PLD in the Consolidated Plan, MainePERS calculates your benefit in separate portions using one average final compensation (AFC) and the benefit formula and amount of service that applies to each PLD.

For example, assume you are 65 years old, so you can retire under a regular plan without a reduction for early retirement, and your service credit and salary information are:

- 8 years of service with PLD #1, under Regular Plan A, 12 years of service with PLD #2, under Regular Plan B.
- Your three highest annual salaries were:
  $31,000 at PLD #1,
  $32,000 at PLD #2 and
  $33,000 at PLD #2.

Because we use one AFC regardless of how many PLDs you work for, your AFC in this scenario would be:

\[
\frac{\$31,000 + \$32,000 + \$33,000}{3} = \$32,000 \text{ AFC}
\]
Your retirement benefit is calculated as \[\text{AFC} \times \text{Years of Service} \times \text{Accrual Rate for Plan}\]; your annual retirement benefit under the Full Benefit option would be:

- **PLD #1:** $32,000 AFC x 8 years  
  x 2.0% (Accrual rate for Plan A)  
  = $5,120
- **PLD #2:** $32,000 AFC x 12 years  
  x 1.0% (Accrual rate for Plan B)  
  = + 3,840

**Annual Benefit**  
$8,960

**Note:** The section entitled “How MainePERS Determines Your Service Retirement Benefit (Regular Plans)” starting on page 18 has more information regarding how benefits are calculated.

**When Your Service Is Not Portable**

Your service is **not** portable if it represents service with a PLD that:

- was not portable prior to the effective date of the consolidation plan,
- withdrew from MainePERS without having been in the Consolidated Plan, or
- is not part of the Consolidated Plan, after you earned service with a PLD that was in the Consolidated Plan \(^1\)

Service in the State Employee and Teacher, Legislative or Judicial Retirement Programs:

- after you earn service in the PLD Consolidated Plan or
- before you earn service in the PLD Consolidated Plan \(^1\)

You may be able to apply these types of service toward the total amount of service you need to be eligible to retire under your current employer’s retirement plan. If so, your retirement benefit will be calculated in portions using the separate AFC, benefit formula and service credit that apply to each type of service.

\(^1\)Some PLD employers provide for portability of this type of service. Contact MainePERS’ Retirement Services Division for more information.
For example, assume you are 65 years old, so you can retire under a regular plan without a reduction for early retirement. You worked for PLD #1 before working for your current PLD (PLD #2), and your service with PLD #1 was not portable before PLD #2 joined the Consolidated Plan. Your service credit and salary information are:

PLD #1:
- 8 years of service
- Retirement benefit formula: \([\text{AFC} \times \text{Years of Service} \times 2.0\%]\)
  
Your three highest annual salaries: $25,000, $26,000, and $27,000.

PLD #2:
- 12 years of service
- Regular Plan A benefit formula: \([\text{AFC} \times \text{Years of Service} \times 2.0\%]\)
  
Your three highest annual salaries: $27,000, $28,000, and $29,000.

Since your PLD #1 service is not portable, we would use two AFCs; (one for each PLD where you worked).

**PLD #1 AFC:**

\[
\begin{align*}
\text{AFC} & = \frac{25,000 + 26,000 + 27,000}{3} = 26,000 \\
\end{align*}
\]

**PLD #2 AFC:**

\[
\begin{align*}
\text{AFC} & = \frac{27,000 + 28,000 + 29,000}{3} = 28,000 \\
\end{align*}
\]

Your retirement benefit is calculated as \([\text{AFC} \times \text{Years of Service} \times \text{Accrual Rate for Plan}]\), under the Full Benefit option would be:

**PLD #1:**

\[
\begin{align*}
\text{Benefit} & = 26,000 \times 8 \times 2.0\% = 4,160 \\
\end{align*}
\]

**PLD #2:**

\[
\begin{align*}
\text{Benefit} & = 28,000 \times 12 \times 2.0\% (\text{Accrual Rate for Plan A}) = 6,720 \\
\end{align*}
\]

**Total Annual Benefit** $10,880
PORTABILITY TO/FROM SPECIAL PLANS

Under the Consolidated Plan, if you move between a regular plan and a special plan or between special plans, the same portability rules apply as with portability between regular plans. If service is portable, you carry it with you regardless of plan or employer. This means we determine your AFC using your three highest years of earnings, regardless of where or under which plans you earned them.

Moving Between Regular Plans and Special Plans

If you earn service credit under a special plan and then move to a regular plan, each year of creditable service under the special plan counts as one year of service under the regular plan.

If you earn service credit under a regular plan and then move to a special plan, your regular plan service can count toward the amount of service you need to be eligible to retire under the special plan, provided you earned your regular plan service:

- with your current PLD (whether you earned that service before or after your PLD joined the PLD Consolidated Plan) or
- while you were a member of the Consolidated Plan, whether you earned it with one or more PLD.

How your regular plan service counts toward being eligible to retire under a special plan depends on which Special Plan you participate in:

- Special Plan #1: Every two years of regular plan service count as one year of service toward Special Plan #1.
- Special Plan #2, #3 and #4: Every three years of regular plan service count as two years of service toward Special Plans #2, #3 and #4.

For example, assume you earned:

- 20 years of service under Regular Plan A, and
- 12 years of service under Special Plan #1
Since two years of regular plan service count as one year of Special Plan #1 service, your 20 years of service under Regular Plan A equals 10 years of service under Special Plan #1. You would be credited with a total of 22 years of service under Special Plan #1 (10 years + 12 years = 22 years).

Your three highest annual salaries: $33,000  
$34,000  
$35,000  
$102,000 ÷ 3 = $34,000 AFC

Your retirement benefit is calculated as [AFC x Years of Service Credit x Accrual Rate for Plan]. For each year of service credit you accumulated beyond the 20 years needed to be eligible under Special Plan #1, your benefit is calculated as [AFC x Number of Years Beyond Eligibility Amount x 2.0%]. Your annual retirement benefit under the Full Benefit option would be:

Special Plan #1: $34,000 AFC x 20 years x 2.5% = $17,000
Service Beyond 20 Years Under Special Plan #1: $34,000 AFC x 2 years x 2.0% = + 1,360
Total Annual Benefit $18,360

Moving Between Special Plans

If you move between special plans, your service credit under each special plan counts as a percentage toward the total service you need to be eligible to retire. For example, if you earn 60% of the years of creditable service required to qualify under Special Plan #1 and then transfer to Special Plan #2, you need to earn 40% of the years needed under Special Plan #2 to be eligible to retire. Your retirement benefit would be calculated based on the actual number of years you earned under each plan.

Assuming an AFC of $34,000, your retirement benefit would be calculated as:

• Special Plan #1 is a 20-year plan with a 2.5% accrual rate.

You earned 60% of the years of service required to be eligible, or 12 years of service.
This portion of your benefit is calculated as \( [AFC \times \text{Years of Services} \times \text{Accrual Rate for Plan}] \): $34,000 AFC \times 12 \text{ years} \times 2.5\% = $10,200.

- **Special Plan #2** is a 25-year plan with a 2% accrual rate.

  You earned 40% of the years of service required to be eligible, or 10 years of service.

  This portion of your benefit is calculated as \( [AFC \times \text{Years of Services} \times \text{Accrual Rate for Plan}] \): $34,000 AFC \times 10 \text{ years} \times 2\% = $6,800.

Your total annual retirement benefit under the Full Benefit option would be:

Special Plan #1: $34,000 AFC \times 12 \text{ years} \times 2.5\% = $10,200

Special Plan #2: $34,000 AFC \times 10 \text{ years} \times 2.0\% = + 6,800

**Total Annual Benefit** $17,000

**RECEIVING ADDITIONAL SERVICE CREDIT**

**Additional Service Credit Granted**

You may be eligible to receive additional service credit under the following circumstances:

- **Military Service**: If you stop working to enter military service, your discharge from this service is not dishonorable, and you return to MainePERS-covered employment within 90 days after leaving the service, you may receive credit for up to 5 years of such military service. This service is granted, provided you meet all other eligibility requirements and you do not withdraw your MainePERS contributions.

- **Unpaid Leave of Absence**: You will continue to earn up to 30 days of creditable service per year for unpaid leaves of absence from your MainePERS-covered employer.
• **Unused, Unpaid Leave Time:** Upon your final termination before retirement, if you have at least 20 years of PLD Consolidated Plan service, you will receive service credit for up to 90 days of unused and unpaid sick and/or vacation leave for which you are credited by your employer. PLD members whose retirement is effective before August 1, 2019 receive this service credit regardless of how much service they had at retirement.

• **Prior Service:** You may receive service credit for the period you were employed with your PLD before the effective date of its participation in MainePERS. (To learn this date, contact your employer.)

### Additional Service Credit Available for Purchase

You may be eligible to purchase additional service credit in the following categories.

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Description</th>
<th>Maximum Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Military</td>
<td>Active duty military service before you became a MainePERS member</td>
<td>4 years</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>Service earned working for a state other than Maine</td>
<td>10 years</td>
</tr>
<tr>
<td>Non-Contributory MainePERS</td>
<td>Time you worked in MainePERS-covered employment before you became a MainePERS member</td>
<td>No Limit</td>
</tr>
<tr>
<td>Refunded</td>
<td>MainePERS service time you have previously refunded</td>
<td>No Limit</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>Time you worked as a full-time law enforcement officer with a federal, state, county or local law enforcement agency</td>
<td>4 years</td>
</tr>
<tr>
<td>Private/Parochial Teaching</td>
<td>Time you were a teacher in a parochial school, or public or private academy</td>
<td>10 years</td>
</tr>
<tr>
<td>CETA</td>
<td>Employment under the U.S. Comprehensive Employment and Training Act</td>
<td>No Limit</td>
</tr>
<tr>
<td>VISTA</td>
<td>Time you were a member of Volunteers in Service to America</td>
<td>2 years</td>
</tr>
<tr>
<td>Fulbright Exchange</td>
<td>Time you were a member of the Fulbright Exchange Program</td>
<td>2 years</td>
</tr>
<tr>
<td>Peace Corps</td>
<td>Time you were a member of the Peace Corps</td>
<td>2 years</td>
</tr>
<tr>
<td>Foreign Teaching</td>
<td>Time you taught children of United States Foreign Service Corps personnel or United States armed forces personnel</td>
<td>2 Years</td>
</tr>
</tbody>
</table>

*Note: Eligibility and verification requirements must be met to make these purchases. Contact MainePERS Retirement Services Division for more information.*
LEAVING YOUR MAINEPERS-COVERED JOB

If you stop working for your MainePERS-covered employer, you may leave your contributions and interest on account at MainePERS, or take a refund of your contributions and interest.

Leaving Your Account with MainePERS

If you stop working in a MainePERS-covered job and do not take a refund, your contributions continue to earn interest. After you terminate employment, you may withdraw your contributions or apply for a retirement benefit if and when you qualify. You cannot borrow against the funds you leave in your MainePERS account. If you are not vested, your account balance may be automatically refunded to you three years after you terminate.

State and Federal law require that you receive the retirement benefits you earned no later than the March after you turn 70½. If you do not, there could be significant tax implications.

Taking a Refund

If you terminate all MainePERS-covered employment, you may apply for a refund. The refund application packet includes information to consider before deciding to request a refund. By refunding your contributions, you give up your rights to any MainePERS benefits. Since it may not be in your best interest to withdraw your contributions, we suggest you examine the pros and cons of taking a refund.

Certain conditions apply to refunds, including the following:

- MainePERS cannot give you a partial refund. We must refund all of your contributions and interest.

- You can receive a refund of only your own contributions, including contributions that your employer has “picked up” for you. (“Pick-up contributions” are member contributions to MainePERS that are assumed and paid by the employer through a reduction of the member’s salary, in accordance with Internal Revenue Code Section 414[h].)

- You may roll over all or a portion of your refund to another qualified employer plan that accepts rollovers or to an Individual Retirement Account/Annuity (IRA), with certain restrictions.
• All or a portion of your refund may be subject to state and/or federal taxes.

• If you return to MainePERS membership, you may be eligible to pay back to MainePERS the amount of your refund, plus applicable interest, providing that the employer for whom you worked participates in the Consolidated Plan. If you pay back this amount, you will receive service credit for the time covered by your refund.

• If you take a refund, you give up your rights to all MainePERS benefits.

For information about the effect of taking a refund, contact MainePERS.

OTHER BENEFITS

Disability Retirement Benefit

You may retire if you become mentally or physically disabled while you are in MainePERS-covered service and are permanently unable to perform the duties of your position. The amount of your disability benefit is either 66 2/3% or 59% of your Average Final Compensation, depending on whether you are in the “age-limited” disability plan or the “no-age-limit” disability plan:

• You are in the age-limited plan if you were hired and became a MainePERS member before October 16, 1992, were employed on that date, and did not elect to change to the no-age-limit plan. Under this plan, you are eligible to apply for a disability benefit before you reach your normal retirement age. The benefit under this plan is 66 2/3% of your AFC.

• You are in the no-age-limit plan if you were hired, or rehired, and became a MainePERS member on or after October 16, 1992, or if you were hired before then and you elected to change from the age-limited plan to the no-age-limit plan. Under this plan, you can apply for a disability benefit at any age. The benefit under this plan is currently 59% of your AFC.
Your disability benefit may be reduced by benefits you receive for the same disability from other sources such as Workers’ Compensation or Social Security. You must inform MainePERS whenever you receive these benefits, and you may have to reimburse MainePERS if you receive retroactive payments or lump-sum settlements from these programs. Depending on the circumstances, there may be other limitations on your eligibility to receive a disability benefit.

If you would like more information about disability benefits, contact the MainePERS Disability Services Unit or see “Qualifying for Disability Retirement” - available in hardcopy or online in the Publications section at www.mainepers.org.

**Ordinary Death Benefit**

If your death occurs before you retire, an ordinary death benefit is available under the eligibility guidelines explained below. This benefit is available as **one** of the following three options:

1. A lump-sum refund of your contributions and interest.
   
   This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you named no beneficiary or he/she predeceases you, your spouse, child(ren), or older parent. If none of these persons survive you, the lump-sum refund is paid to your estate.

   This option is available if, upon your death, you are:
   
   • in service as a MainePERS member;
   • no longer in service as a MainePERS member, but you have not taken a refund of your contributions; or
   • receiving a MainePERS disability benefit.

2. A monthly “survivor benefit.”

   This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you have not registered a beneficiary with MainePERS or he/she predeceases you; your spouse, child(ren), or parent(s). The amount of the monthly survivor benefit is set by law based on the relationship of your beneficiary(ies) to you.
This option is available if, upon your death, you are:

- in service as a MainePERS member; or
- receiving a MainePERS disability benefit.

(3) A monthly payment calculated as though on the day you died you retired under retirement Option 2 (see page 22).

This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you have not registered a beneficiary with MainePERS or he/she predeceases you, your spouse, child(ren), or parent(s).

This option is available if, upon your death, you are:

- in service as a MainePERS member;
- no longer in service as a MainePERS member, but you have not taken a refund of your contributions, and you are eligible to receive but are not yet receiving a MainePERS retirement benefit; or
- receiving a MainePERS disability benefit.

**Accidental Death Benefit**

Your spouse and/or dependent child(ren) may be entitled to receive a monthly income if your death occurs (1) while you are in service as a MainePERS member, or receiving a disability benefit and (2) as the result of an injury that arose out of and in the course of your employment.

Dependent children are those who are:

[a] under age 18 and unmarried;

[b] under age 22, are unmarried, and are full-time students; or

[c] permanently disabled by a mental or physical condition
If you have a dependent child(ren), the amount of this benefit is the same as your average final compensation (AFC). If you do not have a dependent child(ren), it is two-thirds of your AFC. An accidental death benefit must be reduced by any Workers’ Compensation benefits that your spouse and/or dependent child(ren) receive.

**Note:** If the accidental death benefit is available, your spouse and/or dependent child(ren) will have a choice between this benefit or an ordinary death benefit as described on page 13.

**Designating a Beneficiary for Your Death Benefits**

When you become a MainePERS member, you have the opportunity to complete a “Designation of Beneficiary, Pre-Retirement Death Benefit” form, which your employer files with MainePERS on your behalf. If you would like to verify or change your beneficiary(ies), or if you have any questions about your ordinary death benefit, contact the MainePERS Survivor Services Unit. You may change your beneficiary(ies) at any time.

You may designate more than one beneficiary for your ordinary death benefit. However, if you designate more than one beneficiary, certain options under this section may not be available. For example, if your designated beneficiaries are your spouse and a non-dependent child, the survivor benefit option will not apply.

An accidental death benefit will not be available to your spouse and/or dependent child(ren) if you designate someone other than your spouse and/or dependent child(ren) as your beneficiary(ies) and die as an active MainePERS member or while receiving a MainePERS disability benefit and your death is the result of an injury that arose out of an in the course of your employment.
GROUP LIFE INSURANCE

MainePERS administers a Group Life Insurance Program that is separate from the PLD retirement plan. This program provides term life insurance and accidental death and dismemberment insurance to eligible PLD employees and retirees whose employers have elected to join the program. To find out if your employer has joined MainePERS’ Group Life Insurance Program, contact your payroll or human resources office. Basic life insurance coverage (equal to your annual salary rounded up to the next $1,000), and supplemental insurance and/or dependent insurance are available through this Program. Retiree coverage is based on your average final compensation at time of retirement, and reduces over time to 40% of your AFC.

If you would like to learn more about Group Life Insurance benefits, contact the MainePERS Survivor Services Unit. For the Group Life Insurance Certificate of Coverage, visit the Publications section of www.mainepers.org.

SOCIAL SECURITY

If you are eligible to receive Social Security benefits in addition to your MainePERS service retirement benefit, the Social Security Administration may reduce your Social Security benefits in some circumstances.

Please contact the Social Security Administration directly with any questions you have. You can find the location and phone number of your local Social Security office in the phone book under “United States Government-Health and Human Services,” or you can call the Social Security Administration office toll-free at 800-772-1213; or online at www.ssa.gov.

DEFINED CONTRIBUTION/DEFERRED COMPENSATION PLANS

As a member of the Consolidated Plan, you may be eligible to participate in a 401(a) or 457 plan for which MainePERS is the Plan Sponsor. Ask your employer if you are eligible for participation in one of these plans.
SERVICE RETIREMENT

This section provides a general overview about receiving your service retirement benefit. When you are preparing to retire, contact your employer to ensure you have all the information needed to address these issues.

Terminating Employment

In order to retire, you must first terminate employment from your MainePERS-covered position(s). If you qualify to receive a retirement benefit, your benefit will be effective on the first day of the month following your termination, unless you elect a later date. If you again accept MainePERS-covered employment before the effective date of your retirement benefit, you cannot receive a benefit until you terminate covered employment again.

Normal Retirement Age

Your normal retirement age is the age at which you can retire without your benefit being subject to an early retirement reduction. If you are covered by a regular retirement plan, and you participated in the Consolidated Plan on or before June 30, 2014, your normal retirement age is 60. If your first date of MainePERS membership as a PLD member in the Consolidated Plan is on or after July 1, 2014, your normal retirement age is 65. Changing employers within the Consolidated Plan does not make you a “new” member under this provision. If you are covered by a special retirement plan, the table on page 28 indicates the normal retirement age that applies to your plan. If you are unsure which retirement plan you are covered under, contact your employer’s payroll office.

Eligibility for a Service Retirement Benefit (Being Vested)

- If your final termination from MainePERS-covered employment is after September 30, 1999, you must have at least 5 years of service credit to qualify for a benefit.
- If your final termination from MainePERS-covered employment was before October 1, 1999, you must have at least 10 years of service credit to qualify for a benefit.
• If you reach normal retirement age (60 or 65) and have been in service for at least one year immediately before then, you are eligible for a benefit at termination.

Qualifying to Receive a Service Retirement Benefit

If you are covered by a regular retirement plan (Plans AC, AN, and BC), you qualify to receive a benefit:

• once you have at least 25 years of service credit.

• upon reaching your normal retirement age of 60 or 65, whether or not you are in service, provided you are vested with 5 or 10 years of service, whichever applies to you; or

• upon reaching your normal retirement age of 60 or 65, provided you have been in service for at least one year immediately prior to your retirement.

If you are covered by a special plan, please refer to the table on page 28 for specifics about the years of service and/or age required to qualify for a benefit. Because special plan provisions can be complex, please contact the Retirement Services Division if you have questions.

HOW MAINEPERS DETERMINES YOUR SERVICE RETIREMENT BENEFIT (REGULAR PLANS)

Your retirement plan is a “defined benefit” (or “DB”) plan. Defined Benefit plans use a specific formula to calculate the benefit amount. This formula, which is set by law, is based on three factors:

(1) Average Final Compensation (AFC). This is the average of your three highest years of earnable compensation. Earnable compensation is the salary or wages you earn for employment. Certain payments do not count towards earnable compensation.

(2) Service Credit. This is:

• credit you receive for the time you spend working as a participating member in a MainePERS-covered employment position,
• credit you receive for time during which you receive a MainePERS disability retirement benefit, and

• additional credit you may receive under certain other conditions, as outlined beginning on page 10.

(3) The Accrual Rate. The accrual rate for regular plan A is 2%. The accrual rate for regular plan B is 1%. The accrual rate for special plans may be different (see table beginning on page 28). This is the percentage of your AFC you will receive as a benefit for each year of creditable service earned.

Your service retirement benefit is calculated as follows:

\[
\text{AFC} \times \text{Years of Service Credit} \times \text{Accrual Rate} = \text{Annual Service Retirement Benefit under the Full Benefit option at Normal Retirement Age (see explanation of benefit options beginning on Page 21).}
\]

For example, assume you retire under Plan A at your normal retirement age with 25 years of service credit. Your three highest annual amounts of earnable compensation were $33,000, $34,000, and $35,000. Your annual service retirement benefit under the Full Benefit option would be:

1. **Average Final Compensation:**
   \[
   \frac{33,000 + 34,000 + 35,000}{3} = \$34,000 \text{ AFC}
   \]

2. **Benefit**
   \[
   34,000 \times 25 \times 0.02 = \$17,000 \text{ annual benefit (or } \$1,416.67 \text{ monthly)}
   \]

**Note:** If you have at least 25 years of service credit and decide to retire before you reach your normal retirement age of 60 or 65, MainePERS must reduce your benefit based on how old you are in relation to your normal retirement age. If you have at least 20 years of creditable service under the Plan on July 1, 2019, and your normal retirement age is 60, your reduction would be approximately 2 3/4% for each year that you are younger than age 60. If your normal retirement age
age is 65, your reduction would be 6% for each full year you are younger than your normal retirement age.

If you have less than 20 years of creditable service under the Plan on July 1, 2019, the reduction is approximately 6% to 7% for each year you are younger than your normal retirement age.

**Note:** If your retirement plan provides COLA, you can decrease the reduction for early retirement by choosing not to receive COLA until you reach your normal retirement age. Contact the MainePERS Retirement Services Division to learn how this would apply in your specific circumstance.

### A Note About Special Service Retirement Plans

If you are covered by a special retirement plan (1C, 1N, 2C, 2N, 3C, 3N, 4C, and 4N), the following information applies to you:

Special service retirement plans, often called “special plans,” may be available to you if your PLD has chosen such a plan(s). See Table 1 on pages 28-30 for the normal retirement age and/or years of service required to be eligible to retire under your plan. To find out which service retirement plan(s) your PLD may have chosen, contact your payroll office.

Also, if you move from a regular plan to a special plan or vice versa, the following guidelines apply:

1. If you move from a regular plan to a special plan and go on to qualify to retire under the special plan, you can retire at any time.

2. If you move from a special to a regular plan:
   - before you qualify to retire under the special plan, you can retire any time after you reach normal retirement age for the regular plan or complete 25 years of service, or
   - after you qualify to retire under the special plan, you can retire at any time.
Selecting a Benefit Payment Option

When you retire, you can choose to reserve the maximum amount of your benefit for yourself, or take one of several “reduced benefit” payment options. A reduced benefit is a way for your beneficiary to continue receiving a payment after your death. Since it’s not possible for MainePERS to fully understand each member’s unique circumstances, we do not advise members on which option to select. Our staff can help your decision process by explaining each benefit option in more detail.

The first step toward receiving your service retirement benefit is to request an estimate of your benefit when you are within 6 to 12 months of your anticipated retirement date. MainePERS will provide an estimate of your retirement benefit for each of the retirement benefit payment options available to you. You choose the benefit payment option under which you will receive your service retirement benefit.

Note: Under Options 1 through 8, you receive a reduced benefit payment because some level of benefit will be paid to your surviving beneficiary(ies) upon your death. Under those options, we first determine your service retirement benefit based on the Full Benefit option, then adjust based on several factors, including which option you choose.

• Full Benefit

You receive an unreduced* benefit payment every month for the rest of your life. You do not designate a beneficiary under this option and payments cease upon your death.

*If you are younger than your normal retirement age when you retire, this benefit will be subject to a reduction.

• Option 1

If, at the time of your death, any of the contributions you made to MainePERS, or the interest accrued on those contributions, remain on account, a one-time lump-sum payment will be made to your surviving beneficiary(ies). The amount of time it takes to use all of your contributions depends on your age at retirement. Your contributions are reduced equally each month over a period of time based on your life expectancy.
• **Option 2**

The same amount you are receiving at the time of your death continues until the death of your designated beneficiary(ies). Under this option, if your beneficiary(ies) dies first, you continue to receive the same amount you were at the time of his/her death.

• **Option 3**

One half of the amount you are receiving at the time of your death continues until the death of your designated beneficiary(ies). Under this option, if your beneficiary(ies) dies first, you continue to receive the same amount you were at the time of his/her death.

• **Option 4**

A percentage of the benefit you are receiving at the time of your death continues until the death of your beneficiary(ies). You designate the percentage to continue to your beneficiary when you retire. Under this option, if your beneficiary(ies) dies first, you continue to receive the same amount you were at the time of his/her death.

• **Option 5**

A monthly benefit that is shared by you and your beneficiary while you are both living. Each month you both receive a percentage you designate at retirement. Following the first death, whether it be yours or your beneficiary’s, the payment of the smaller percentage stops and the survivor continues to receive the remaining (higher) percentage for the remainder of his/her lifetime. **Note:** The percentage you designate to your beneficiary cannot be more than 49%.

• **Option 6**

Like Option 2, except your benefit will increase to the Full Benefit amount in the event that your beneficiary dies before you.
• Option 7

Like Option 3, except your benefit will increase to the Full Benefit amount in the event that your beneficiary dies before you.

• Option 8

Like Option 4, except your benefit will increase to the Full Benefit amount in the event that your beneficiary dies before you.

Designating a Beneficiary at Retirement

If you select any of the Options 1 through 8, you will designate a beneficiary who will receive some level of benefit upon your death.

(1) Option 1: The reduction from your full benefit amount is based on your age when you retire and on the accumulated contributions in your account when you retire.

(2) Options 2 through 8: The reduction from your full benefit amount is based on your age and your beneficiary’s age when you retire, and the benefit amount that your beneficiary will receive when you die.

If you select any of retirement benefit payment Options 1 through 4, you may choose to designate more than one beneficiary.

(1) Option 1: The number of beneficiaries you designate will not change the amount of the reduction from full benefit. This is because the reduction does not depend on whom you designate as your beneficiary.

(2) Option 2, 3 or 4: The number of beneficiaries you designate will affect the amount of reduction from full benefit. This is because the reduction from your full benefit amount under any of these options is based in part on the age of each beneficiary and the level of benefit to be paid to each surviving beneficiary upon your death. Thus, each additional beneficiary that you designate will increase the amount of reduction from full benefit.
If you are married on the date that your retirement becomes effective and select the Full Benefit payment option, or any of Options 1 through 8 and designate a beneficiary other than your spouse, Maine law requires that you must notify your spouse of your selection. If this situation applies to you, MainePERS must have proof you have notified your spouse before we process your first benefit payment.

**Changing Your Beneficiary After You Retire**

If you select Option 1, you may change your beneficiary designation at any time.

If you select any of Options 2 through 5, designate your spouse as your sole beneficiary, and your spouse dies and you remarry, you may change your retirement beneficiary designation.

If you select any of Options 2 through 8, and designate your spouse or former spouse as your sole beneficiary and you are divorced, or get divorced, and your former spouse agrees to give up all rights as your beneficiary, you may change your retirement beneficiary designation.

A beneficiary change under Options 2 through 8 results in a change in your benefit amount. If you request a beneficiary change under one of the above circumstances, we will tell you the amount of the change before you make your decision.

If you select any of Options 2 through 8, and designate someone other than your spouse or former spouse as your sole beneficiary, you will be allowed to make a one-time change in your retirement beneficiary under the following circumstances:

1. The beneficiary you named when you retired must still be alive.
2. You cannot change your payment option. Your new beneficiary’s benefit amount will be the same as your original beneficiary’s.
3. Because your and your new beneficiary’s benefit amounts will not change, the amount remains based upon your age and the age of the original beneficiary. Payment of a benefit to your new beneficiary cannot be more than what was expected to be paid to your original beneficiary.
Therefore, if you name a new beneficiary, it is possible that a benefit will not be paid for the new beneficiary’s lifetime. If you ask to change your beneficiary, we will tell you when the benefit to the new beneficiary will stop. If the new beneficiary dies prior to that date, their benefits will stop immediately.

**Receiving Your First Benefit Payment**

**Preliminary Benefit Payments**

To determine the actual amount of your retirement benefit, MainePERS must receive your final payroll information from your employer. If this does not happen promptly, or if the details of your service credit or compensation are complex, a number of months may pass before you receive your first full monthly retirement payment. In order to not delay the start of retirement benefits, MainePERS will begin paying you a “preliminary” monthly payment. The gross amount of each preliminary benefit payment will be an estimated monthly retirement benefit under the retirement option you selected, based on earnings reported to us at the time of your first preliminary benefit payment. MainePERS cannot make preliminary payments in some situations.

**OTHER SERVICE RETIREMENT PROVISIONS**

**Cost-of-Living Adjustment (COLA)**

If your retirement plan includes this provision, you are eligible to receive any COLA beginning the September after you meet the applicable requirement:

- If you retire effective August 1, 2019 or earlier, you are eligible to receive any COLA after you have received retirement benefit payments for at least 12 months. For example, if your retirement date is on or before September 1 of any year, you will receive any COLA effective in September of the following year.

- If you retire effective September 1, 2019 or after, you are eligible to receive any COLA after you have received retirement benefit payments for at least 24 months. For example, if your retirement date is on or before September 1 of any year, you will receive any COLA effective in September of the second year after you retire.
Retirement Incentives

If your employer provides you with a significant payment or award (such as money or additional service time) to induce you to retire or to make you eligible to retire, that payment or award will be considered a retirement incentive. Retirement incentives are not included in your AFC.

Unused Sick and Vacation Leave

You may be able to include payment for up to 30 days of unused sick and/or vacation leave at your final termination from MainePERS-covered employment, in the calculation of your AFC. For purposes of this provision, a “day” is considered your normal working day, up to a maximum of eight hours. If such a payment is made as a retirement incentive/bonus, it cannot be included in the amount of earnable compensation used in the calculation of your AFC.

If you retire on or after August 1, 2019, you must have 20 or more years of creditable service under the PLD Consolidated Plan to include the lump sum payment of any vacation or sick leave in the calculation of your AFC.

Your Minimum Benefit

If you have earned 10 or more years of creditable service, your service retirement benefit under the Full Benefit option will not be less than $100 per month.

RETURNING TO WORK AFTER RETIREMENT

Definition of “Restoration to Service”

As a PLD employee member, you are considered restored to service if you retire, begin receiving your MainePERS service retirement benefit, then return to work for the “same” employer. You are returning to work with the same employer if you retire from:

- **A PLD in the Consolidated Plan**: Accepting MainePERS-covered employment with any PLD in the Consolidated Plan, including the PLD from which you retired; or

- **A PLD not in the Consolidated Plan**: Accepting MainePERS-covered employment with your former employer.
Note: The earliest date you may be restored to service without affecting your effective retirement date is the first day of the month following your termination date. See “Terminating Employment” on page 17.

Federal and Internal Revenue Service rules restrict MainePERS from paying a retirement benefit to a retiree who has not reached Normal Retirement Age and who returns to employment with the “same employer” after retirement. MainePERS must suspend your retirement benefit if you return to employment with the “same employer” for more than 90 days in one year. The suspension continues until you either stop working or reach your NRA, whichever occurs first. Your benefit payment will then be reinstated at an increased amount that accounts for the period of suspension.

Note: You can work in a MainePERS-covered position and still receive your monthly MainePERS retirement benefit so long as your new employer is not considered to be the “same employer” as described above.

Whether you retire before or after NRA, as a retiree, you do not earn additional service credit, nor do your earnings affect the amount of your retirement benefit.

If you are younger than your Normal Retirement Age when you retire, MainePERS requires you to sign a certification of a “bona fide termination” of employment. By signing this form, you certify that you (1) have had no discussions or negotiations prior to termination of employment with your employer or any other employer defined as the “same employer” that resulted in an explicit or implicit arrangement or expectation of future employment after retirement and (2) must not return to employment after retirement with the “same employer” before the later of 30 days after the termination of employment and the effective date of MainePERS retirement.

Effective October 1, 2018: If you retire from the Plan and return to work in a covered position for any employer under the PLD Consolidated Plan, your employer is required to remit the greater of 5% of the aggregate unfunded actuarial liability (UAL) rate of the Plan on your gross earnings.

If you are a retiree who returned to work for a covered employer on or before October 1, 2018, your earnings are exempt from this payment until June 30, 2021, or when you terminate covered employment, whichever comes first.
<table>
<thead>
<tr>
<th>Regular Plans</th>
<th>Normal Retirement Age (NRA) and/or Years of Service Required to Be Eligible to Retire</th>
<th>How Service Retirement Benefit is Calculated</th>
<th>Includes COLA?</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AC</strong></td>
<td>First membership on/before June 30, 2014: Age 60 or 25 years of service*</td>
<td>1/50 (2.0%) of AFC** for each year of service</td>
<td>Yes</td>
<td>If you retire before age 60, benefit is reduced for each year you are younger than age 60</td>
</tr>
<tr>
<td></td>
<td>First membership on/after July 1, 2014: Age 65 or 25 years of service*</td>
<td>1/50 (2.0%) of AFC** for each year of service</td>
<td></td>
<td>If you retire before age 65, benefit is reduced for each year you are younger than age 65</td>
</tr>
<tr>
<td><strong>AN</strong></td>
<td>Same as Plan AC</td>
<td>Same as Plan AC</td>
<td>No</td>
<td>Same as Plan AC</td>
</tr>
<tr>
<td></td>
<td>First membership on/before June 30, 2014: Age 60 or 25 years of service*</td>
<td>1/100 (1.0%) of AFC** for each year of service</td>
<td></td>
<td>• If you retire before age 60, benefit it reduced for each year you are younger than age 60</td>
</tr>
<tr>
<td></td>
<td>First membership on/after July 1, 2014: Age 65 or 25 years of service*</td>
<td>1/100 (1.0%) of AFC** for each year of service</td>
<td>Yes</td>
<td>• Available only to those districts that have Social Security coverage under a Section 218 agreement</td>
</tr>
</tbody>
</table>

NOTE: Employee and Employer contribution rates differ by plan and are variable. Both rates are subject to change each July 1st. For current rate information by plan, visit the Employer Home page on our website, www.mainepers.org or contact the MainePERS Retirement Services Division.

*Date membership under the Plan began

**Average Final Compensation = average of three highest years of earnings
Table 1: Service Retirement Plans Available Under the PLD Consolidated Plan

<table>
<thead>
<tr>
<th>Normal Retirement Age (NRA) and/or Years of Service Required to Be Eligible to Retire</th>
<th>How Service Retirement Benefit is Calculated</th>
<th>Includes COLA?</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL PLANS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| #1C | 20 years of service | 1/2 (50%) of AFC* plus 2.0% of AFC* for each year of service beyond 20 years** | Yes | • Available only for firefighters, police officers, sheriffs, full-time deputy sheriffs, certain county corrections employees and certain emergency medical services employees  
• Purchased military time may only be used to meet service requirement to be eligible to retire if (1) the same plan was in effect in your PLD before Consolidation and (2) your PLD elected to allow the use of this time to meet this requirement  
• Purchased military time used as service beyond what is needed to be eligible to retire adds 2.0% of AFC per additional year of service to benefit |
| #1N | Same as Plan #1C | Same as Plan #1C | No | Same as Plan #1C |
| #2C | 25 years of service | 1/2 (50%) of AFC* plus 2.0% of AFC for each year of service beyond 25 years** | Yes | • Purchased military time can be used to meet service requirement to be eligible to retire  
• Purchased military time used as service beyond what is needed to be eligible to retire adds 2.0% of AFC per additional year of service to benefit |
| #2N | Same as Plan #2C | Same as Plan #2C | No | Same as Plan #2C |

NOTE: Employee and Employer contribution rates differ by plan and are variable. Both rates are subject to change each July 1st. For current rate information by plan, visit the Employer Home page on our website, www.mainepers.org or contact the MainePERS Retirement Services Division.

*Average Final Compensation = average of three highest years of earnings

**The additional 2% per year is only for service earned after you become a member under the PLD Consolidated Plan, unless this provision was included in your PLD’s retirement plan before it entered the PLD Consolidated Plan
| #3C | 25 years of service | 2/3 (66.67%) of AFC* plus 2.0% of AFC for each year of service beyond 25 years** | Yes | • Available only for firefighters, police officers, sheriffs, full-time deputy sheriffs, certain county corrections employees, certain emergency medical services employees and certain dispatchers
• Purchased military time can be used to meet service requirements to be eligible to retire
• Purchased military time used as service beyond what is needed to be eligible to retire adds 2.0% of AFC per additional year of service to benefit
| #3N | Same as Plan #3C | Same as Plan #3C | No | Same as Plan #3C
| #4C | Age 55 with 25 years of service | 1/50 (2%) of AFC* plus 2.0% of AFC* for each year of service beyond 25 years** | Yes | • Available only for firefighters, police officers, sheriffs, full-time deputy sheriffs, certain county corrections employees, certain emergency medical services employees and certain dispatchers
• Purchased military time can be used to meet service requirements to be eligible to retire
• If you retire before age 55, benefit is reduced for each year you are younger than age 55
| #4N | Same as Plan #4C | Same as Plan #4C | No | Same as Plan #4C

NOTE: Employee and Employer contribution rates differ by plan and are variable. Both rates are subject to change each July 1st. For current rate information by plan, visit the Employer Home page on our website, www.mainepers.org or contact the MainePERS Retirement Services Division.

*Average Final Compensation = average of three highest years of earnings

**The additional 2% per year is only for service earned after you become a member under the PLD Consolidated Plan, unless this provision was included in your PLD’s retirement plan before it entered the PLD Consolidated Plan.
NOTES

- Average Final Compensation = average of three highest years of earnings
- The additional 2% per year is only for service earned after you become a member under the PLD Consolidated Plan, unless this provision was included in your PLD's retirement plan before it entered the PLD Consolidated Plan.
The information in this handbook is intended to give you a general understanding of benefits available to members of Maine Public Employees Retirement System (MainePERS). The contents are not the basis of any rights between MainePERS and any party, nor does this handbook provide all of the detail of the laws and rules that govern MainePERS membership and related rights. There are frequent changes to the statutes and rules relating to MainePERS, and the most recent law may not be reflected in this handbook. Before making a decision relating to your rights and benefits, you should review current law, and consult with MainePERS staff and your own advisers.
Participating Local District Contacts

Reach us by phone or fax
Direct Line to Retirement Services: 207-512-3158
Main Line: 207-512-3100
Toll-free: 800-451-9800
Fax: 207-512-3101
Maine Relay: 711

On the web
mainepers.org
Email: PLD@mainepers.org

Mailing Address
PO Box 349, Augusta, Maine 04332-0349

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with the exception of recognized holidays