IMPORTANT INFORMATION REGARDING CONTRIBUTION RATES FOR PARTICIPATING LOCAL DISTRICTS

Information is now available specific to some very important changes in how rates are assigned that may require some changes in how you withhold and report contributions to MainePERS. The rest of this communication details those changes.

You can access PLD contribution rates for the fiscal year beginning July 1, 2019 by clicking here or by visiting www.mainepers.org and clicking on the Employers tab at the top of the Home page. From the Employer’s home page you’ll find several Quick Links listed on the left side of the page. Click PLD under the Emp. Contribution Rates.

Following are some details to important changes to the rates that we want to bring to your attention.

Retire-rehire

Important Change: Rate applicable to the earnings of rehired retirees under the Plan.

- The first rate listed at the top of the contributions rates page on the website is the cost required to be paid on the earnings of all retirees from the PLD Consolidated Plan who return to work for any employer under the PLD Consolidated Plan in a MainePERS covered position, whether mandatory or optional, as designated by the employer. The definition of a covered position varies by employer. A simpler way to look at this may be to think of the applicability of the cost the same way you would when determining if a newly hired person is in a position eligible for MainePERS membership. If so, the cost applies. If not, the cost does not apply.

The current cost for the period of October 1, 2018 through June 30, 2019, is 5%. That cost will remain at 5% for the period of July 1, 2019 through June 30, 2020. You will see this cost displayed on the newly revised Statement of Consolidated Plan Costs. The amount is subject to change annually based on the greater of 5% or the aggregate unfunded liability rate of the Plan.

- MainePERS requires each affected employer to “remit” the 5% payment through the monthly payroll reporting process. Employers must determine who is responsible for paying this 5% retire-rehire UAL cost. An employer may choose to pay the 5% on behalf of a retiree, to pass the entire cost on to the retiree, or to share in the cost with the retiree.

- This payment is not a pension contribution, so if the retiree pays the cost from wages, it is not on a tax-deferred basis. The amount paid should not be reflected on the retiree’s W-2 as a retirement contribution.
**Contribution Rates**

**Important Change: Employer and member rates are now subject to an annual change**

- One of the changes made to the PLD Consolidated Plan in 2018 was to have employers and members share in the positive and negative risks that affect actuarially determined Plan costs each year. Beginning with the rates issued for July 1, 2019, both employer and member rates are subject to change each year. Prior to the 2018 change, member rates remained at a set rate, and the employer rate was subject to an annual adjustment.
  - Under the new model, employer and member rates are subject to change each year based on a targeted shared cost ratio of 58% paid by the employer and 42% paid by the member. Rate adjustments will be implemented incrementally until all plans have an equal cost sharing ratio of 58%/42%.

**Important Change: Member rates are decreasing for members in the age 65 plan.**

- You will notice under the Member Section of the rates listed on the website and on your Statement of Consolidated Plan Costs that there are two different rates listed for members under Regular Plans AC, AN, and BC. Members who are covered under the age 65 plan will now pay a lower member contribution rate than members who are covered under the age 60 plan. The age 65 plan is less costly than the age 60 plan, increasing its appeal to employers and employees.
  - These different rates will require you to change some of the reporting information provided to MainePERS. We are in the process of finalizing the details and updating our training materials for the implementation of the new reporting requirements. New codes have been added to accommodate the changes necessary for the reporting of regular plan members who are covered under the same plan (i.e., AN, AC, or BC), but who are under different age plans (i.e., 60 or 65). We will provide this information to you as soon as possible so there is time to work with your payroll vendor to implement any necessary changes.
  - MainePERS will systematically create a new member contract for each of your participating employees within our record keeping system and place each member in the appropriate age plan using the new codes. We will then provide you with a list of your members covered under each plan so you will know which rates and codes to apply to your current members under the plan.
  - All new employees hired after June 30, 2019 will be covered under the age 65 plan unless the employee had membership under the PLD Consolidated Plan prior to July 1, 2014. We will provide you with additional information in the upcoming weeks on how to identify whether or not a newly hired employee had previous membership under the Plan.

Additional information will be provided in the upcoming weeks and months. Please contact a member of our Employer Services Unit with any questions you may have.