NOTICE OF PUBLIC HEARING

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
PROPOSED RULEMAKING – CHAPTER 803

DATE: April 17, 2019

TO: Employers of the PLD Consolidated Plan

FROM: Deanna Doyle, PLD Plan Administrator

RE: Notice of Public Hearing regarding proposed changes to the rule that governs the PLD Consolidated Plan – MainePERS Rule Chapter 803

During 2018, several changes were made to the PLD Consolidated Retirement Plan, most of which will become effective on July 1, 2019. As we have been preparing for the implementation of those changes, we have realized that further refinement of some of the changes could be beneficial to the Plan. Therefore, we are submitting a proposed rule amendment to the Board of Trustees for their consideration. The purpose of this memo is to explain the proposed amendments and to notify you of the public hearing that will be held as part of the process of amending the rule that governs the Plan.

There are three areas in which amendments are being proposed:

1. **Use of Accrued Leave**

   Current rule: Effective July 1, 2019, the ability to use accrued, unused vacation and sick leave towards retirement benefits will be limited to members who have 20 or more years of creditable service under the Plan at retirement. As currently in effect, this limitation applies to both service-related and disability-related retirements.

   Proposed rule: Disability-related retirements would be excluded from this limitation.

   Explanation: Individuals who retire due to a disability cannot choose the timing of their retirement; therefore, the 20-year threshold does not make sense in the context of a disability-related retirement.

2. **Allocation of Pension Costs**

   Current rule: Effective July 1, 2019, pension costs are allocated 55% to the employer and 45% to the members.

   Proposed rule: Pension costs will be allocated 58% to the employer and 42% to the members.
Explanation: After further analysis, it has been determined that a 58%/42% allocation is more consistent with how pension costs have been allocated across most of the sub-plans. It also better aligns with how the maximum employer and member rate caps are determined for each of the sub-plans.

3. **Retire-rehire**

Current rule: Effective July 1, 2019, retirees who return to work have the option of re-entering the Plan.

Proposed rule: Retirees who return to work will not have the option of re-entering the Plan.

Explanation: MainePERS has been advised that the Internal Revenue Service has issued new guidance that permitting retirees the option of re-entering the Plan could raise plan qualification issues. Plan qualification is important in order for member contributions to be made on a pre-tax basis, as well as for other reasons.

The proposed changes to the rule, along with some adjusted wording on an unrelated technical provision in the rule, will be considered by the MainePERS Board of Trustees through the rulemaking process. The public hearing is scheduled for May 9, 2019. You can find a copy of the rule that highlights the specific changes being proposed by visiting the homepage of our website at [www.mainepers.org](http://www.mainepers.org) where you will find a link to the rule text. If you prefer that we email you a copy of the proposed rule change, please email your request to rulemaking@mainepers.org.

Please share this notice with your employees as no other direct mailing of the hearing notice is going out.

A public hearing is scheduled for 1:00 p.m. on May 9, 2019 in the MainePERS Board Room at 139 Capitol Street, Augusta, Maine. Written comments may be submitted via email at rulemaking@mainepers.org or through regular U.S. mail at MainePERS, PO Box 349, Augusta, ME 04332-0349. Written comments must be received no later than 5:00 p.m. on May 20, 2019.