Date:       June 18, 2019

To:         Employers of the PLD Consolidated Plan and Other Interested Parties

From:       Deanna Doyle, PLD Plan Administrator

Re:         Notice of approved changes to the rule that governs the PLD Consolidated Retirement Plan - MainePERS Rule Chapter 803

I am following-up on our previous communications to you regarding changes to the rule governing the PLD Consolidated Retirement Plan (“the Plan”). This memo describes the changes and the process used to adopt them.

During 2018, several changes were made to the Plan, many of which will become effective on or after July 1, 2019. As we prepared to implement those changes, we realized that further refinement of some of the changes would be beneficial to the Plan.

On June 13, 2019, following approval by the PLD Advisory Committee and completion of the rulemaking process, the MainePERS Board of Trustees approved the following additional amendments to Chapter 803:

**Use of Accrued Leave**

The Board of Trustees adopted two changes to the provisions that allow for the use of accrued, unused vacation and sick leave towards retirement benefits. The changes are as follows:

- The effective date was changed to August 1, 2019. This means that members who retire with an effective date on and after August 1, 2019 must have 20 or more years of creditable service under the Plan at retirement in order to use accrued leave towards retirement benefits. The “effective date” of retirement is the first of the month following date of termination. For example, members who terminate employment in June 2019 will have an effective date of retirement of July 1, 2019. This change was made in response to comments received at the public hearing that certain retiring school employees would not be able to complete their school year under the rule as originally proposed.

- Disability-related retirements are excluded from the requirement that a member have 20 years of creditable service under the Plan at retirement to use accrued, unused vacation and sick leave towards retirement benefits. This change recognizes that individuals who retire due to a disability cannot choose the timing of their retirement; therefore the 20-year requirement does not make sense in the context of a disability-related retirement.

**Allocation of Pension Costs**

Pension costs will be allocated 58% to the employer and 42% to members effective July 1, 2019 instead of 55% to the employer and 45% to members. This allocation is better aligned with how the maximum employer and member rate caps are determined for each of the sub-plans. It is also more consistent with how pension costs have been spread over the sub-plans and will be smoothed in over time until this allocation ratio is achieved.
Retire-rehire

Retirees who return to work will not have the option of re-entering the Plan. The retiree will continue to receive a retirement benefit, and payment must be remitted to MainePERS by the PLD that is equal to the greater of 5% or the aggregate unfunded actuarial liability rate of the rehired retiree’s earnings. The current retire-rehire rate is 5%. This requirement took effect October 1, 2018, but does not apply to retirees who had already returned to work on that date until June 30, 2021.

For more information about the adopted changes, please visit the homepage of our website at www.mainepers.org where you will find a link to the complete rule as adopted by the Board of Trustees. If you prefer that we email you a copy of the adopted rule, please email your request to rulemaking@mainpers.org. We expect these changes to go into effect within the next few weeks, once the final regulatory review process is complete.

An updated Summary of PLD Changes, which summarizes all of the changes made to the PLD Consolidated Retirement Plan in 2018 and 2019, can also be found on the homepage of our website.

Please share this notice with your employees as no other direct mailing of this notice will be sent out.