April 9, 2013

Dear MainePERS Benefit Recipient:

We are writing to notify you of a proposed change that may affect future cost-of-living adjustments (COLAs) you receive as a participating local district (PLD) retiree under the Maine Public Employees Retirement System (MainePERS).

The PLD Advisory Committee, a group that oversees the plan from which you retired or receive your benefits, proposed legislation (through MainePERS) that is currently pending before the Maine Legislature. This legislation modifies the cost-of-living adjustment cap for retirees receiving benefits earned under the Participating Local District Consolidated Plan. This is one of several changes proposed in this legislation, but is the only change that may affect your future COLAs as a benefit recipient under MainePERS.

The proposed legislation changes the COLA cap from 4% to 3%. This means that future COLAs may not exceed 3% per year. For example, if the Consumer Price Index for Urban Consumers (CPI-U) upon which your COLA is statutorily based is 2%, your COLA will be 2%. If it is 3.5%, your COLA will be 3%, or the cap.

Everything else about your COLA and benefit remain the same. The COLA continues to be paid in the same way in September of each year, only with a different cap. For example, the 2012 CPI-U was 1.7%. Therefore your COLA under a 3% cap would also have been 1.7%. If the CPI-U had been 3.5% like the example in the previous paragraph, the COLA paid to you would have been 3%, or the proposed cap.

The change in the COLA cap, along with several other changes that do not apply to retirees, were identified and recommended by the PLD Advisory Committee, a group of dedicated employee and employer members delegated by statute to oversee the PLD Plan benefits and financial health.

Committee members were unanimous in recommending these changes that modernize the benefits, reduce the long-term impact of the 2008 market downturn, and help preserve the current 87% funding level of the PLD Plan.

For more information about the proposed changes please contact us at one of the numbers listed below or visit our website at www.mainepers.org/Pensions/Proposed-Legislation.htm.

Sincerely,

Stephanie D. Fecteau
PLD Plan Administrator