

DATE: February 2, 2022

TO: Senator Matthea Daughtry, Chair
Representative Mike Sylvester, Chair
Members, Joint Standing Committee on Labor and Housing

FROM: Kathy J. Morin, Manager, Actuarial and Legislative Affairs

SUBJECT: Testimony on L.D. 1922 – An Act to Amend Certain Laws Pertaining to the Maine Public Employees Retirement System

Senator Daughtry, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing, my name is Kathy Morin, and I am the Manager of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System. I am here to testify in support of L.D. 1922, An Act to Amend Certain Laws Pertaining to the Maine Public Employees Retirement System. I would first like to thank Representative Sylvester for sponsoring this bill on behalf of the System.

The primary purpose of L.D. 1922 is to clarify, update, and make minor improvements to the statutes governing MainePERS; some of the proposed changes are more technical in nature, while others are more substantive. The technical changes include correcting cross-references and removing or correcting obsolete, unclear or inconsistent statutory language. The more substantive changes include minor changes to several parts of statute, and I will speak directly to those changes.

Sections 8, 9, 28 and 29 of the bill propose to clarify that the retirement system and the board have jurisdiction over administrative decisions regarding membership eligibility based on employee membership elections as reported by the employer. This clarification is necessary to ensure that membership decisions comply with federal laws and regulations that apply to governmental qualified defined benefit plans.

Section 10 incorporates a recent change in title from executive director to chief executive officer, and Section 40 requires that all relevant statutes incorporate that change.

Sections 11 and 12 update the information about disability retirement applications the System is required to include in its annual report to the Legislature. The existing provisions refer to a process that was changed through rulemaking in 2010. The proposed change corresponds to the current process.

Section 13 clarifies the types of retirement plans that the Board of Trustees may establish and offer. In addition to the defined benefit plans that it administers, MainePERS provides 401(a), 457, and 403(b) plans through its MaineStart Program. Currently, those plans are available only to employees of participating local districts that elect to participate in those plans. The proposed change would permit other MainePERS-covered employers to also allow their employees to participate in defined contribution, deferred compensation and tax-shelter annuity plans offered by MainePERS.

Sections 15 and 31 align the level of automatic refunds that the System can issue to certain terminated non-vested members with federal law.

Section 27 removes the option to reenter the plan for retired participating local district employees who return to work. This change is necessary to align the plan with federal law.

Section 39 permits the chief executive officer to adopt a remote meeting policy on behalf of the Participating Local District Advisory Committee. Under Public law 2021, chapter 290, remote meetings can be held only after the adoption of a remote meeting policy. The proposed language would permit the Advisory Committee to meet using remote methods without first having to have an in-person meeting to adopt a policy.

As previously indicated, other sections of the proposed bill not specifically mentioned in this testimony make non-substantive changes to retirement laws.

Thank you for your consideration of this testimony. I would be happy to answer your questions and will be available at your work session.