

**MainePERS PLD Advisory Committee**  
**August 9, 2022**  
**139 Capitol St, Augusta, Maine**

**AGENDA**

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- |           |                                                                                                                                                           |                                    |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| 1:00 p.m. | CALL TO ORDER                                                                                                                                             | Dr. Rebecca M. Wyke                |
|           | 1. <u>MINUTES of August 4, 2021</u><br><u>MINUTES of November 17, 2021</u><br><u>MINUTES of May 4, 2022</u>                                               | <b>ACTION</b> Dr. Rebecca M. Wyke  |
|           | 2. <u>RULEMAKING</u> <ul style="list-style-type: none"><li>• Rulemaking Update</li></ul>                                                                  | Mike Colleran                      |
|           | 3. <u>2022 COLA</u> <ul style="list-style-type: none"><li>• Normal COLA 2.5%</li><li>• COLA Discussion</li></ul>                                          | Dr. Rebecca M. Wyke<br>Kathy Morin |
|           | 4. <u>STRATEGIC PLAN UPDATE</u>                                                                                                                           | Dr. Rebecca M. Wyke                |
|           | 5. <u>EMPLOYER REPORTING ASSISTANCE PROGRAM UPDATE</u> <ul style="list-style-type: none"><li>• Program Update</li></ul>                                   | Sherry Vandrell                    |
|           | 6. <u>ADMINISTRATIVE</u> <ul style="list-style-type: none"><li>• RRTW</li><li>• Current PLD Activity Report</li><li>• Update on Open Enrollment</li></ul> | Sherry Vandrell<br>Deanna Doyle    |
| 3:00 p.m. | <u>ADJOURNMENT</u>                                                                                                                                        | Dr. Rebecca M. Wyke                |
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## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### Minutes

PLD Advisory Committee  
Regular Meeting  
August 4, 2021

MainePERS; Fort Point  
Conference Room  
1:00 p.m.

*The PLD Advisory Committee met at 1:00 p.m. on Wednesday, August 4, 2021 at MainePERS. Sandy Matheson, Chief Executive Officer, presided. Members present: David Barrett, Maine Municipal Association; Deb Roberts, Maine School Management Association; Rick Cailler, Professional Firefighters of Maine; Sylvia Hebert, AFSCME Counsel 93; Traci St. Clair, Teamsters; Sophie Wilson, Maine Municipal Association; and Steve Butterfield, Governor's designee. Members absent were: Brendan O'Connell, Maine Municipal Association; Nate Williams, Maine Education Association; Shelly Page, Maine Service Employees Association; and Dr. Phillip J. Potenziano. The Committee was joined by Dr. Rebecca M. Wyke; Dick Metivier, MainePERS Board of Trustee; Deanna Doyle, PLD Plan Administrator; Sherry Vandrell, Director of Finance; Michael Colleran, Chief Operating Officer and General Counsel; and Mary Rodimon, Paralegal.*

Sandy Matheson called the meeting to order. Sandy informed everyone about recent title changes for senior management members, including a change in her title from Executive Director to Chief Executive Officer. Sandy introduced Dr. Rebecca Wyke (Becky), who will be replacing Sandy as MainePERS' new Chief Executive Officer when Sandy departs at the end of the month. Sandy will stay on remotely for a period of time in another capacity. Introductions were made around the table and included welcoming a new member to the Committee, Sophie Wilson, Orono Town Manager.

### **MINUTES OF MAY 5, 2021**

The May 5, 2021 minutes were accepted and approved by those present as written.

### **LEGISLATIVE AND RULEMAKING UPDATE**

Mike reviewed the laws passed during the 1<sup>st</sup> Special Session of the Legislature that affect the PLD plan. Two of the new laws require rulemaking to be adopted into the PLD plan. One applies to PLD employers who provide a social security replacement plan as an alternative to their MainePERS plan and allows employees to elect to transfer from that alternate plan into their MainePERS plan without any changes to how they report to MainePERS. The other law provides employees who had declined to participate in MainePERS with limited additional opportunities to join. Contributions for these employees are contributed post-tax. The System recognizes that this requirement places a burden on the employers and recommends that this law be adopted only for employers who elect it. After discussion, the Committee members in attendance agreed with the System's recommendation.

### **ACTUARIAL UPDATE**

#### **Cola for 2021**

Sandy reported that the CPI-U as of June 30<sup>th</sup> showed an increase of 5.6%. The COLA that will be granted to eligible PLD employees in September will be set at the 2.5% cap. Sandy noted it is widely accepted that the inflation rate this year is a temporary result of unsettled supply and demand due to the pandemic.

**Experience Study**

Sandy reviewed the results of Cheiron’s 2015-2020 Experience Study with the Committee.

**Market Update**

Sandy reported that the estimated return in Fiscal Year 2021 was approximately 25%. The System is recommending that the Board of Trustees decrease the discount rate from 6.75% to 6.5%, which would make contribution rates more stable. Rate stability is important to keep employers and employees in the Plan.

Sandy suggested the Committee consider reducing the number of plan options in the future. We currently have 11 options.

**EMPLOYER REPORTING ASSISTANCE PROGRAM UPDATE**

Sherry informed the Committee that the System expects to conduct Employer Reporting Assistance reviews with all employers over two to three years. The program has been focusing on getting the larger employers reviewed first. Staff have begun reviewing employer compliance with MaineSTART Supplemental Plan Agreements.

**ADMINISTRATIVE**

**RRTW**

Sherry shared that the System expects to see a large increase in payments in August and September for retirees returned to work as the grand-parenting period ended on July 1, 2021. This should be apparent in the report to the Committee at the November meeting.

**PLD Activity Report**

Deanna reported that there continues to be a lot of plan change activity and new employers wanting to join the plan at the start of their next budget year. There has been an uptick in interest in moving to Special Plan 1 for public safety employees, which is likely due to the lowering employer contribution rate for that plan. The University of Maine System will be coming on board next July 1<sup>st</sup> for their police units.

**CONFIRMATION OF NEXT MEETING**

The next meeting of the Advisory Committee will be Wednesday, November 17, 2021 from 1:00 - 3:00 p.m.

**ADJOURNMENT**

Today’s meeting adjourned at 2:30 p.m.

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Date Approved

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Dr. Rebecca M. Wyke, Chief Executive Officer

## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### Minutes

PLD Advisory Committee  
Regular Meeting  
November 17, 2021

MainePERS; Fort Point  
Conference Room  
1:00 p.m.

*The PLD Advisory Committee met at 1:00 p.m. on Wednesday, November 17, 2021 at MainePERS. Dr. Rebecca M. Wyke, Chief Executive Officer, presided. Members present were: David Barrett, Maine Municipal Association; Steve Butterfield, Governor's designee; Sylvia Hebert, AFSCME Counsel 93; Shelly Page, Maine Service Employees Association; Phil Potenziano, Brunswick School Department; Deb Roberts, Maine School Management Association; and Sophia Wilson, Maine Municipal Association. Members absent were: Rick Cailler, Professional Firefighters of Maine; Brendan O'Connell, Maine Municipal Association; Traci St. Clair, Teamsters; and Nate Williams, Maine Education Association. The Committee was joined by Dick Metivier, MainePERS Board of Trustees; Michael Colleran, Chief Operating Officer and General Counsel; Deanna Doyle, PLD Plan Administrator; Sherry Vandrell, Director of Finance; Jim Dusch, Director of Member Services; Kathy Morin, Manager, Actuarial and Legislative Affairs; Ron Farris, Senior Financial Analyst; Mary Rodimon, Paralegal; Elizabeth Stivers, Assistant Attorney General; and Fiona Liston and Elizabeth Wiley, Cheiron.*

Becky called the meeting to order and welcomed Phil Potenziano to the Committee. Because of the lack of a quorum, the action items on the agenda will be held over for the next meeting.

**MINUTES OF AUGUST 4, 2021** – to be approved at the next meeting.

**REMOTE MEETING POLICY** – to be voted on at the next meeting.

### **LEGISLATIVE AND RULEMAKING UPDATE**

Mike Colleran reported that the proposed changes to Rule Chapter 803 that were discussed at the August 4<sup>th</sup> PLD Advisory Committee meeting were adopted by the Board of Trustees with a slight change that allows PLDs to adopt the provisions of 5 M.R.S. §18252-C (open enrollment) at the next regular meeting of their governing body if it is after November 1<sup>st</sup>, 2021. This still provides an opportunity for employees with five or more years of employment as of November 1<sup>st</sup> 2021 to join.

Seventy PLDs adopted the open enrollment provisions before November 1<sup>st</sup>, 2021. We are reviewing applications to determine how many employees of these PLDs opted to enroll in the PLD plan under the new provision. Several PLD employers who have indicated they will adopt the provision at their next governing body meeting in the spring. Deanna reported that the City of Bangor has had the most activity with respect to the other new provision that permits employees to rejoin MainePERS if their prior plan meets certain requirements.

Mike reported that the Board of Trustees will consider proposed changes to Rule Chapter 511 at their November 18<sup>th</sup>, 2021 meeting. The changes would modernize and clarify the actively seeking work requirements for those receiving disability benefits who no longer are disabled.

## **ACTUARIAL RATES**

### **Annual Valuation**

Fiona Liston from Cheiron presented information summarizing the June 30, 2021 actuarial valuation results for the PLD Consolidated Plan, which were accepted by the Board of Trustees in October. The Board decided to take advantage of the large investment returns to lower the discount rate to 6.5% from 6.75%, which will help to keep plan funding stable over the long term.

### **FY2023 Rate Setting**

The discussion then turned to setting the contribution rates for FY23.

Fiona presented rates for FY23 if all sub-plans moved directly to the 58%/42% split as well as the rates with 5% set as the maximum amount by which any specific sub-plan rate could be adjusted. After some discussion, the Committee members present were in agreement with the 5% restriction. Becky let the group know she would do outreach to the remaining Committee members and offer them an opportunity to talk through the rate setting before a final decision is made. Once the decision is final, Deanna will inform the PLDs and the new rates will be posted on the MainePERS website.

There was then discussion about the number of sub-plans and the fact that some have very few employers utilizing them. Becky responded that it was probably time to look at the eleven plan choices and potentially work down to fewer, and recommended that this work be done through a thoughtful and inclusive process. She then asked the Committee if they have the appetite to take on that process over the next year, and those present agreed it was time to do this work. A description of each plan will be distributed to the PLD Advisory Committee members.

## **EMPLOYER REPORTING ASSISTANCE PROGRAM UPDATE**

Sherry informed the Committee that the former internal auditor who oversaw this program has retired and she has taken on this responsibility. A new position has been filled that is expected to be key in helping to resolve findings.

Sherry reported that the review of the DC Plan supplemental participation agreements has been completed, and those findings have been passed on to the DC Plan Administrator to resolve with the participating PLDs. Attention has been turned to how efficiencies can be improved in order to increase the number of employers reviewed each quarter.

### **Requiring PLD Consolidated Plan Employers to Report all Employees to MainePERS Annually**

Sherry reported that we will not pursue requiring reporting on all employees because employer reporting assistance reviews have not found a widespread problem with employers not offering membership. We will continue to address this topic with training and outreach and monitor the results of reviews for any trends.

## **ADMINISTRATIVE**

### **RRTW**

Sherry reported that the number of retirees returned to work subject to the UAL or 5% payment more than doubled on July 1 as expected. We will continue to watch this for any developing trends.

### **Current PLD Activity Report**

Deanna reported that she has seen significant activity over the past six months in areas not seen before. PLDs joining seem driven by trying to attract employees to fill vacant spots. There has also been an additional interest in special plan 1, which may be related to rates.

### **2022 MEETING DATES**

**Recommended Meeting Dates: February 2<sup>nd</sup>, May 4<sup>th</sup>, August 3<sup>rd</sup> and November 16, 2022**

All of these are 1:00 p.m. meetings

### **ADJOURNMENT**

Today's meeting adjourned at 3:00 p.m.

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Date Approved

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Dr. Rebecca M. Wyke, Chief Executive Officer

## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### Minutes

PLD Advisory Committee  
Regular Meeting  
May 4, 2022

MainePERS - Fort Point  
Conference Room  
1:00 p.m.

*The PLD Advisory Committee met at 1:00 p.m. on Wednesday, May 4, 2022 at MainePERS. Dr. Rebecca M. Wyke, Chief Executive Officer, presided. Members present: David Barrett, Maine Municipal Association; Steve Butterfield, Governor's designee; Rick Cailler, Professional Firefighters of Maine; Sylvia Hebert, AFSCME Counsel 93; Shelly Page, Maine Service Employees Association; Nate Williams, Maine Education Association; and Sophia Wilson, Maine Municipal Association. Members absent were: Deb Roberts, Maine School Management Association; Brendan O'Connell, Maine Municipal Association; Phil Potenziano, Brunswick School Department; and Traci St. Clair, Teamsters. The Committee was joined by: Michael Colleran, Chief Operating Officer and General Counsel; Deanna Doyle, PLD Plan Administrator; Kathy Morin, Director of Actuarial and Legislative Affairs; Sherry Vandrell, Director of Finance; James Bennett, Chief Investment Officer; Mary Rodimon, Paralegal; and Elizabeth Stivers, Assistant Attorney General.*

Dr. Wyke called the meeting to order. There was not a quorum to the meeting. As such, the action items moved to the Committee's next meeting.

### **LEGISLATIVE AND RULEMAKING UPDATE**

Kathy Morin provided an update of legislative and rulemaking actions. She summarized the System's bill, which has been enacted into law (Chapter 458 (L.D. 1922)). Kathy then discussed the cost of living adjustments ("COLAs") for the State-sponsored plans in the enacted supplemental budget (Chapter 635 (L.D. 1995)). She noted that LD 1753, which addressed PLD law enforcement officer benefits, was unanimously voted ought not to pass at the sponsor's request. Mike Colleran, Jim Bennett, and Dr. Wyke highlighted the System's work on implementation of the two divestment laws enacted in the First Special Session of the 130<sup>th</sup> Legislature and discussed the System's engagement efforts. Kathy and Mike described rulemaking currently in process to repeal the Medical Board rule and adopt a rule addressing reimbursement rates for attending Independent Medical Examinations (IME) and the means for waiving the right to an IME under the new disability law. Mike reported that the proposals will be presented to the Board of Trustees for consideration at their May 12, 2022 Board meeting.

### **COLA**

Kathy explained that the COLA for the Consolidated Plan is capped at 2.5%. In 2021 the CPI-U was 5.4%, but due to the cap the COLA awarded was 2.5%. Unlike the State-sponsored plans, where the COLA is awarded only on an established level of benefits, in the PLD Consolidated Plan the COLA is awarded on the entire benefit. Kathy presented three cost scenarios for providing a higher COLA for 2021 than the 2.5% already awarded to mitigate the effect on retirees of the higher cost of living. Committee members present discussed the various scenarios and reached a consensus that a 1% additional cumulative COLA retroactive to September 2021 should be pursued through rulemaking, and that the 2022 COLA should be discussed at the Committee's August meeting after the CPI-U for the year ending June 30, 2022 is known. The Committee discussed changing the date of the August meeting until after Chapter 458 is effective so that remote participation is possible if appropriate. Staff will poll Committee members on a new date.

**SUB-PLANS**

Deanna Doyle presented an overview of the history and structure of the PLD Consolidated Plan and its 11 sub-plans and how benefits are administered when members have time in multiple sub-plans. There was discussion on whether a reduction in the number of sub plans should be explored, but the consensus was that the current structure should continue.

**ASSET ALLOCATION AND MARKET UPDATE**

Jim Bennett gave a market update and discussed the current asset classes and weight allocations in the System’s portfolio. He addressed proposed allocation changes that will be presented at the next Board of Trustee’s meeting.

**EMPLOYER REPORTING ASSISTANCE PROGRAM UPDATE**

Sherry Vandrell gave an update on the program, noting that 91% of all audit findings so far have been resolved, and the majority of them have been paperwork issues.

**ADMINISTRATIVE**

Dr. Wyke reported on the System’s strategic planning efforts. She noted we would be sharing the 3-5 year strategic plan with all stakeholders in June. She asked for the Committee’s assistance in spreading the word to gather feedback that can be incorporated into the plan before it is presented to the Board of Trustees in July.

**RRTW**

Sherry provided an update on the number of Retirees Returned to Work (RRTW) through the 3<sup>rd</sup> quarter of this fiscal year. The number remains steady, but we continue to monitor activity and make sure employers understand their reporting obligations.

**CURRENT PLD ACTIVITY REPORT**

Deanna reported that five new PLDs have joined the Plan. She also reported that 50 employers have inquired about sub-plan changes, one employer is withdrawing from the plan because they have no active members, 31 employers are either soon to be new PLDs (pending their town meetings) or have inquired about rejoining, and one employer has inquired about a partial withdrawal.

**ADJOURNMENT**

There being no further business for discussion, the meeting adjourned at 2:41 p.m.

\_\_\_\_\_  
Date Approved

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Dr. Rebecca M. Wyke, Chief Executive Officer

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Date Signed

**Date:** August 3, 2022  
**To:** PLD Advisory Committee  
**From:** Mike Colleran and Kathy Morin  
**Re:** Rulemaking Update

### **Rule Chapter 803 – The PLD Consolidated Plan**

The Board of Trustees adopted amendments to Rule Chapter 803 at their July 14, 2022 meeting to provide an additional 1% cost of living adjustment (COLA) for eligible retirees retroactive to September 1, 2021, correct erroneous cross-references, and remove obsolete language about COLA reporting. The amended rule became effective 7/23/22, and a copy is attached. We are on track to make the retroactive payments and pay the new benefit amounts with the August benefits payroll.

### **Other Rulemaking**

In May, the Board repealed Rule Chapter 202, which governed the now-disbanded Medical Board, and adopted new Rule Chapter 512 to set reimbursement rates for attending Independent Medical Examinations (IME) and provide a means for waiving IMEs under the new disability law.

At their August meeting, the Board will consider adopting an amendment to Rule Chapter 414 and will hold public hearings on proposed amendments to Rule Chapters 509 and 702.

Rule 414 provides guidance on compliance with federal required minimum distribution requirements for the defined benefit plans. The proposed amendments address a circumstance not covered by the existing rule, the default option for a beneficiary of a vested member who does not choose between lump-sum and annuity options. The amendments provide that a beneficiary who does not make a choice will receive the annuity option, which in most cases is the preferable option.

Rule 509 provides guidance on determining whether an applicant for disability retirement is unable to perform the duties of their employment position. The proposed amendments conform the rule language to the new disability statutory language, make non-substantive changes, and remove obsolete language.

Rule 702 sets out the process for appeals of decisions of the Chief Executive Officer to the Board of Trustees. The proposed amendments implement two provisions in the new disability law by providing a mechanism for the appellant to participate in selection of the hearing officer and providing a process for a successful appellant to receive attorney's fees. The proposed changes also incorporate the title change from Executive Director to Chief Executive Officer and remove obsolete language.

In addition to the public hearings, members of the public may submit written comments on the Rule 509 and 702 proposals through August 22, 2022. We anticipate bringing recommendations to the Board at its September meeting.

We also intend to engage in consensus-based rulemaking with stakeholders this fall on disability and appeal rules more broadly. We did seek, obtain, and address informal stakeholder input on the Rule 509 and 702 proposals before publishing our rulemaking notices.

**Chapter 803: PARTICIPATING LOCAL DISTRICT CONSOLIDATED RETIREMENT PLAN**

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**SUMMARY:** This chapter establishes a consolidated retirement plan, as required by 5 M.R.S. §18801 *et seq.* for local districts that are participating local districts under 5 M.R.S., Chapter 425 before the date the plan is put into operation and for local districts that enter into agreements for the participation of their employees in the Maine Public Employees Retirement System after The Plan is put into operation.

**NOTE:** 5 M.R.S., Chapter 421, *General Provisions*, is applicable to all activities relating to the Maine Public Employees Retirement System, including the subject matter of this chapter of the rules of the Board of Trustees (“Board”). 5 M.R.S., Chapter 427, *Participating Local Districts Consolidated Plan*, is the statute from which this chapter of the rules of the Board derives its authority and is applicable to all activity based upon this chapter.

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**SECTION 1. DEFINITIONS**

1. **Local District.** "Local district" means:
  - A. Any county, municipality, quasi-municipal corporation or incorporated instrumentality of the State or of one or more of its political subdivisions;
  - B. Any incorporated association of employees of the State or employees of any of the entities set out in paragraph A;
  - C. Any incorporated association of any of the entities set out in paragraph A;
  - D. Any entity eligible to become a participating local district before January 1, 1976;
  - E. Any entity participating in the Retirement System before January 1, 1976; or
  - F. Any educational institution in the State teaching courses equivalent to or higher than secondary institutions.
  - G. Any public charter school, as authorized by Title 20-A, chapter 112.
2. **“Consumer Price Index”** means:
  - A. The Consumer Price Index for All Urban Consumers, CPI-U, as compiled by the Bureau of Labor Statistics, United States Department of Labor; or
  - B. If the index described in paragraph A is revised or superseded, the Board must employ the Consumer Price Index compiled by the Bureau of Labor Statistics, United States Department of Labor that the Board finds to be most reflective of changes in the purchasing power of the dollar for the broadest population of consumers, including retired consumers.

3. **"Current Employer"** means the employer who is the member's employer at the time the member becomes a member under The Plan.
4. **"Member"** means any employee included in the membership of The Plan.
5. **"Normal Retirement Age"** means the specified age, the years of service requirement or any combination of age and years of service requirements at which a member becomes eligible for an unreduced retirement benefit.
6. **"Participant"** means any employee included in the defined contribution plan under this chapter.
7. **"Participating Local District"** means a local district which has approved the participation of its employees in the Retirement System under 5 M.R.S. §18201 or §18804.
8. **"The Plan"** means the defined benefit plan under the consolidated retirement plan for local districts established by 5 M.R.S., Chapter 427 (§18801 *et seq.*) and this chapter.
9. **Other Terms.** All other terms used in this chapter, unless the context otherwise indicates, shall have the same definitions as in 5 M.R.S. §17001.

## SECTION 2. LOCAL DISTRICT PARTICIPATION

1. **Participating Local District Election.** Before July 1, 1996, the executive body or legislative body of each local district that is a participating local district under 5 M.R.S., Chapter 425 (§18201 *et seq.*) must, by resolution or order, elect one of the following options. Failure to make an election will have the same effect as electing paragraph B.
  - A. **To Join The Plan.** A participating local district may elect to participate in The Plan in accordance with the requirements of 5 M.R.S. §18804. Upon receipt of the certified copy of the resolution or order and record of the vote, the Executive Director shall prepare an agreement, to be signed by the authorized representative of the district and the Executive Director, specifying the parts of The Plan applicable to the district and the duties and rights of the district and the Retirement System. The resolution or order shall include:
    - (1) Approval of the participation in The Plan;
    - (2) The regular service retirement benefit plan and, if applicable, the special service retirement benefit plan elected from those provided by this chapter for the district's employees; and
    - (3) The name or title of the person authorized to sign the agreement on behalf of the local district.
  - B. **To Be Transferred to The Plan.** A participating local district may elect to have its participation in the Retirement System transferred to The Plan without electing the retirement benefit plan or plans for the district's employees.

- (1) The Retirement System will transfer the district's employees to the plan or plans with the benefit level or levels closest to the district's current plan or plans.
    - (2) The resolution or order shall include the same information as that required under paragraph A, except that it shall state that the Retirement System is to determine the retirement benefit plan or plan that apply to the district's employees.
    - (3) The agreement as prepared by the Executive Director shall be as provided in paragraph A.
  - C. **To Withdraw from the Maine Public Employees Retirement System.** Subject to 5 M.R.S. §18203, a participating local district may withdraw from participation in the Retirement System. The effect of withdrawal on the district's employees is governed by 5 M.R.S. §18254.
2. **Local District May Enter into Agreement for The Plan.** Any local district that is not a participating local district before July 1, 1993, may enter into an agreement for participation of its employees in the Retirement System only under The Plan and in the manner provided by 5 M.R.S. §18804, sub-§1 or 2. Upon receipt of the certified copy of the resolution or order and record of the vote, the Executive Director shall prepare an agreement specifying the parts of The Plan applicable to the district and the duties and rights of the district and the Retirement System. The resolution or order shall include:
- A. Approval of the participation in The Plan;
  - B. The regular service retirement benefit plan and, if applicable, the special service retirement benefit plan elected from those provided by this chapter for the district's employees;
  - C. A list of classes, and a list by name and social security number, of any employees who are excluded from membership based upon their being provided for by local pension provisions;
  - D. Any limitations on the granting of service credits to employees for service before the beginning date of the participation of its employees in The Plan; and
  - E. The name or title of the person authorized to sign the agreement on behalf of the local district.
3. **Effective Date; Date of Operation; Date of Participation**
- A. **Effective Date.** July 1, 1993, is the effective date of The Plan. Participating local districts and other local districts may enter into an agreement to participate in The Plan on and after that date.
  - B. **Date the Plan Goes into Operation.** The Plan will be put into operation as of July 1 immediately following the date when:

- (1) The number of local districts that have entered into agreements for participation in The Plan with an election of regular service retirement benefits for their employees exceeds 3% of the districts which as of that date are participating in the Retirement System in regular service retirement benefit plans;
  - (2) The number of local districts that have entered into agreements for participation in The Plan with an election of special service retirement benefits for their employees exceeds 3% of the districts which as of that date are participating in the Retirement System special service retirement benefit plans; and
  - (3) In each instance the total number of members employed by districts that have entered agreements exceeds 5% of the total of all participating local district members in each category as of that date.
- C. **Date of Participation.** The date of participation in The Plan for a participating local district is the first day of the month that most immediately follows the date on which the agreement for participation is signed by the Executive Director and the authorized representative of the participating local district or such later date stated in the agreement or amendment, unless The Plan is not then in operation, in which case, the date of participation is the date on which The Plan goes into operation.
4. **Full Withdrawal from The Plan.** A participating local district may fully withdraw from participation in The Plan by filing with the Board of Trustees a duly certified copy of the withdrawal vote of the body entitled to approve participation under 5 M.R.S. §18804, sub-§1 or 2. The withdrawal date is the later of the last day of the month following the month in which the certified notice is received by the Board or the last day of a later month specified in the notice. The effect of withdrawal on the district's employees is governed by 5 M.R.S. §18254, sub-§1 through 4.
1. A participating local district that withdraws from participation in The Plan must continue to make payments as required under Section 5, subsection 2.
  2. Additionally, the withdrawing participating local district must make a withdrawal liability payment determined as follows:
    - (1) The System's actuary will calculate the pooled unfunded actuarial liability of The Plan as of the most recent valuation date that precedes the withdrawal date. The actuary will allocate a portion of the pooled unfunded actuarial liability to the withdrawing participating local district on the basis of the proportion of the withdrawing participating local district's total covered payroll to the total covered payroll of The Plan as of the valuation date.
    - (2) Unless otherwise agreed under subparagraph 3, the actuary will subtract from the withdrawing participating local district's portion calculated under subparagraph 1 the present value, as of the withdrawal date, of pooled unfunded actuarial liability payments the participating local district has made since the valuation and pooled unfunded actuarial liability payments the participating local district is expected to pay through the payment of employer contributions after withdrawal on those employees who remain active members. The difference is the withdrawal liability payment amount.

- (3) As an alternative to subparagraph 2, the Executive Director and the withdrawing participating local district may agree that the withdrawal liability payment amount is the withdrawing participating local district's portion as calculated under subparagraph 1, reduced only by the present value, as of the withdrawal date, of any pooled unfunded actuarial liability payments the participating local district has made since the valuation. In that case, the withdrawing participating local district's obligations under paragraph A do not include payments under Section 5, subsection 2, paragraph C.
    - (4) The withdrawing participating local district may pay this withdrawal liability amount in a lump sum or amortize it over a period of up to 30 years at the actuarial assumed rate of return used in the most recent valuation that precedes the withdrawal date.
  3. The withdrawing participating local district remains a participating local district subject to this rule until it has no remaining active members and all of its liabilities for inactive vested members, retired members and beneficiaries of retired members have been satisfied according to the requirements of federal and state law, and rules and policies governing satisfaction of liabilities.
- 4-1. **Partial Withdrawal from The Plan.** For purposes of this subsection, a partial withdrawal occurs when a participating local district elects a change under subsection 7 that excludes a category of employees from membership who would have been eligible for membership absent the change. In the case of a partial withdrawal, the participating local district must make a withdrawal liability payment calculated and paid in the same manner as set forth in subsection 4, paragraph B, except that the portion of The Plan's pooled unfunded actuarial liability that will be allocated to the partially-withdrawing participating local district will be based on the proportion of the district's covered payroll for that category of employees to the total covered payroll of The Plan as of the valuation date.
5. **Resumption of Participation after Withdrawal.** A participating local district that has withdrawn from The Plan under subsection 1, paragraph C or subsection 4 may resume participation in The Plan by taking the actions required by subsection 2.
  - A. A participating local district which has resumed participation and which thereafter again withdraws may not subsequently again resume participation before 3 years from the date of its immediately prior withdrawal.
  - B. A local district may resume participation only under the consolidated plan. The retirement benefit plan adopted by the local district on resumption is applicable to all current and future employees who are members if the plan results in a higher level of benefits for the district's employees. The plan adopted on resumption is applicable only to new employees if the plan results in a lower level of benefits for the district's employees or results in a change from a plan with cost of living adjustments to a plan without cost of living adjustments.
  - C. **Effect on employees.** Except as set forth below in this paragraph C, employees of a local district which resumes participation in the Retirement System are eligible for membership in the System on the same basis as employees of a local district upon initial participation.

- (1) Employees who did not withdraw from membership when the local district withdrew from participation in the System may continue membership on the same basis as before the resumption of participation and are entitled to any additional benefit provisions selected and any increase in the level of benefits provided under The Plan.
  - (2) Employees for whom membership was compulsory who withdrew from membership when the local district withdrew from participation in the System must resume membership in the System if membership with the local district remains compulsory upon the resumption of participation by the local district.
    - (a) These employees may receive service credits for previous membership service upon repayment of withdrawn accumulated contributions and applicable interest.
    - (b) These employees may not purchase service credits for periods of employment between withdrawal from membership and resumption of participation by the local district.
  - (3) Employees for whom membership was not compulsory and who elected not to become or remain a member may not be a member as an employee of that local district unless the employee is electing to rejoin The Plan and:
    - (a) The employee is covered by a plan provided by the employer under section 5 M.R.S. §18252-B with an employee contribution rate that is not lower than the employee contribution rate for the applicable plan under The Plan; and
    - (b) Employee contributions after rejoining The Plan qualify for treatment as pick-up contributions for federal tax purposes and the person's membership otherwise complies with the United States Internal Revenue Code as applicable to governmental qualified defined benefit plans.
  - (4) The participating local district may allow current employees who began service with the district after the district withdrew from participation to purchase service credits for service rendered from the time of hire to the resumption of participation. The purchase of such service credits is governed by 5 M.R.S. §18253, sub-§2, paragraphs A and B.
  - (5) If the district grants prior service credits, those service credits shall be based only upon the employee's employment with the district before the district's initial date of participation.
6. **Disbanded or Dissolved Districts.** The effect of the disbanding or dissolution of a district that participates in The Plan on the membership and benefits of its employees is governed by 5 M.R.S. §18255 and §18408.
7. **Change of Service Retirement Benefit Plan or Plans.** After beginning participation in The Plan, a participating local district may elect to change the service retirement benefit plan or plans which apply to the district's employees by following the same process set forth in Section 2 for participation in The Plan. The change is applicable to all current and future

employees who are members, if the change results in a higher level of benefits for the district's employees. The change is applicable to new employees only, if the change results in a lower level of benefits for the district's employees or results in a change from a plan with cost of living adjustments to a plan without cost of living adjustments.

The Executive Director shall prepare either a new agreement or an amendment to the district's agreement which will be signed by the authorized representative of the district and the Executive Director. The effective date of the change is the first day of the month that most immediately follows the date the new agreement or amendment to the agreement is signed by the authorized representative of the district and the Executive Director or such later date stated in the agreement or amendment.

### SECTION 3. MEMBERSHIP

1. **Compulsory Membership.** Membership is compulsory for all employees who are in the service of a participating local district on the date when participation of the employees of that district in The Plan begins and who are members of the System on that date and for all employees entering the service of that district after that date, except as provided under subsection 2 and 3. A local district that is not a participating local district before July 1, 1993, shall designate in its resolution or order approving participation any class of employees otherwise provided for by local pension provisions who are excluded from membership in The Plan as provided under 5 M.R.S. §18804, sub-§3.
2. **Optional Membership.** Optional membership under The Plan for employees of participating local districts is governed as follows:
  - A. **Member When Participation of Employees Begins.** Membership is optional for employees in the service of a local district on the date when the participation in the Retirement System of the employees of the local district first begins, whether under 5 M.R.S., Chapters 425 or 427.
  - B. **Elected or Appointed Officials.** Membership is optional for elected officials and officials appointed for a fixed term.
  - C. **Trustees of Water, Sanitary and Sewer Districts.** Membership of trustees of water, sanitary and sewer districts is subject to the following:
    - (1) **Water districts.** Membership of trustees of a water district is governed by 35-A M.R.S., §6410, subsection 8;
    - (2) **Sanitary districts.** Membership of trustees of a sanitary district is governed by 38 M.R.S. §1104.
    - (3) **Sewer districts.** Membership of trustees of a sewer district is governed by 38 M.R.S. §1036.
  - D. **Employees Covered by Social Security.** Membership is optional for an employee of a participating local district who is covered under the *United States Social Security Act*. Except as provided by paragraph H, optional membership for those employees is subject to 5 M.R.S. §18252.

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- E. **Employees Not Covered by Social Security.** Membership is optional for any employee of a participating local district that does not provide Social Security coverage provided that the district offers an alternative plan that meets the requirements of 5 M.R.S. §18252-B, and provided that the employee participates in the alternative plan. Optional membership for those employees is subject to 5 M.R.S. §18252-A as amended by PL 2021, c. 90.
  - F. **Chief Administrative Officer.** Membership is optional for a chief administrative officer of a participating local district, whether appointed for a fixed term or whether appointed with tenure.
  - G. **Employees Not Subject to Municipal Public Employees Labor Relations Law.** Membership is optional for those employees who are not subject to the municipal public employees labor relations laws contained in 26 M.R.S., Chapter 9-A.
  - H. Membership for employees of a participating local district that provides a plan under 5 M.R.S. §18252-B is governed by 5 M.R.S. §18252-A as amended by PL 2021, c. 90.
  - I. The provisions of 5 M.R.S. §18252-C apply only to employees of participating local districts who specifically adopt them in their participation agreement.
- 3. **Part-Time, Seasonal or Temporary Employees.** Membership of part-time, seasonal and temporary employees, as defined by Chapter 802 (94-411 CMR 802) of the rules of the Board is determined by the election made by each participating local district under Section 2.
  - 4. **Cessation of Membership.** A member ceases to be a member of the Retirement System if the member:
    - A. **Withdrawal.** Withdraws accumulated contributions;
    - B. **Beneficiary.** Becomes a beneficiary as a result of the member's own retirement; or
    - C. **Death.** Dies.
  - 5. **Service in the Armed Forces.** The membership of the following members under The Plan is considered to have continued during the period of the member's service in the Armed Forces of the United States:
    - A. Any member entering a class of service in the Armed Forces of the United States approved by resolution of the Board, if the member does not withdraw accumulated contributions;
    - B. Any member who enlists in or is inducted or drafted into the service of the Armed Forces of the United States; and
    - C. Any member who enlists in or is inducted or drafted into the service of the Armed Forces of the United States while the *United States Selective Service Act of 1948*, Public Law 759, or any of its amendments or extensions is in effect.

**SECTION 4. PORTABILITY OF SERVICE CREDITS; ELIGIBILITY TO RETIRE, COMPUTATION OF BENEFIT**

1. **Two or More Employers under The Plan.** A member's benefits are based upon all creditable service with all participating employers while a member under The Plan, and creditable service with the member's employer on the date the member began participation under The Plan. When a member under The Plan terminates employment and is subsequently reemployed by another employer whose employees participate in The Plan, the member is not considered to be reemployed by a new employer. If the member is reemployed by the subsequent employer as of the first work day following termination of employment with the previous employer, for the purpose of determining eligibility for benefits, the member is considered to have continuous membership and creditable service.
2. **Previous Employer Not under The Plan; Subsequent Employer under The Plan.** When a member either terminates employment with an employer that has withdrawn from the System, or terminates employment with another employer under the System whose employees are not covered by The Plan, and is employed by a subsequent employer whose employees are members under The Plan, the member's creditable service with the previous employer is used in determining eligibility to retire under the subsequent employer's regular service retirement benefit plan under Section 7. Benefits for service with the previous employer are based upon creditable service and earnable compensation with the previous employer and the provisions of 5 M.R.S., Part 20 in effect with respect to the previous employer at the date of termination of service by the member. A county or municipal law enforcement officer or a municipal firefighter who is eligible under 5 M.R.S. §18253, sub-§1, paragraph E, and who elects to make the contribution necessary under Section 5, subsection 1, paragraph K may include all or part of the creditable service earned with a previous employer with service earned with the new employer both for the purpose of qualification for a service retirement benefit and for the benefit computation.
3. **Previous Employer under The Plan; Subsequent Employer Not under The Plan.** Membership, creditable service and benefits of a member under The Plan who terminates employment and is reemployed as a state employee or teacher are governed by 5 M.R.S. §17656, sub-§1. Until July 1, 1996, membership, creditable service and benefits of a member under The Plan who terminates employment and is reemployed by a participating local district whose employees do not participate in The Plan are governed by 5 M.R.S. §18253, sub-§1. As required by Section 2, paragraph 1, as of July 1, 1996, each local district that is a participating local district must have either entered into an agreement to participate in The Plan or have withdrawn from participation in the Retirement System.
4. **Service under Two or More Special Service Retirement Benefit Plans; Eligibility to Retire.** If a member accrues service credits under more than one special service retirement benefit plan in The Plan, whether with the same employer or more than one employer, credit from service under other special plans toward meeting the retirement eligibility requirements of the special plan from which the member retires is transferred based upon the percentage of the eligibility requirements for the previous plan or plans which were met while under the previous plan or plans. For example, a member who accrues 10 years of creditable service under Special Service Retirement Benefit Plan 1 (1/2 of AFC after 20 years) would have completed 50% of the eligibility requirement under that plan and upon transferring to employment under Special Service Retirement Benefit Plan 2 (1/2 of AFC after 25 years) would be entitled to 50% of the eligibility requirements for that plan; i.e., 12.5 years. The member's benefit would be calculated at 2.5% of AFC for each year under Plan 1 and at 2% for each year under Plan 2.

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5. **Service under Two or More Service Retirement Benefit Plans – One Regular and One Special; Eligibility to Retire**
- A. **Regular Service before Special Service.** If a member under The Plan accrues service credits under a regular service retirement plan before accruing service credits under a special service retirement benefit plan, whether with the same employer or more than one employer,
- (1) the member may retire at any time after the member qualifies for a special service retirement benefit under Section 8. The regular plan service credits may be used toward qualifying to retire under a special service retirement benefit as provided in Section 8. The regular plan service credits used towards qualification for a special service retirement benefit are considered to be special plan service credits for the purpose of computation of the special service retirement benefit as provided in Section 8. If the application of the provisions of Section 4, subsection 6 would result in a greater service retirement benefit, then the benefit will be computed under that section.
  - (2) A member who does not qualify to retire under a special service retirement plan may retire under a regular service retirement plan at any time after the member qualifies under Section 7. The service retirement benefit for all service is computed as provided in Section 7.
- B. **Special Service before Regular Service.** If a member under The Plan accrues service credits under a special service retirement benefit plan before accruing service credits under a regular service retirement benefit plan, whether with the same employer or more than one employer,
- (1) before qualifying to retire under a special service retirement plan, the member may retire at any time after completing 25 years total service or reaching normal retirement age with at least one year of service. The service retirement benefit for all service is computed as provided in Section 7.
  - (2) after qualifying to retire under a special service retirement plan, the member may retire at any time. The portion of the benefit that is based upon service credits under a regular service retirement benefit plan is subject to early retirement reduction if retirement is before normal retirement age. The portion of any benefit paid to a member that is based upon service credits under Special Service Retirement Benefit Plan 4 is also subject to early retirement reduction, if retirement is before age 55.
6. **Service under Two or More Service Retirement Benefit Plans; Computation of Benefits.** When a member has creditable service under two or more service retirement benefit plans, the appropriate benefit formula is applied to each period of service as provided by Section 7, “Regular Service Retirement Benefits Plans” and Section 8, “Special Service Retirement Benefit Plans”. All benefits based upon creditable service under The Plan are based upon one calculation of average final compensation.

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**SECTION 5. CONTRIBUTIONS****1. Member contributions**

- A. **Active Member.** Each member under The Plan shall contribute to the Retirement System or have pick-up contributions made by the employer at a rate provided by Sections 7, 8, and 9. The contribution rate for a member is the rate assigned to the retirement benefit plan under which the member is accruing service credits.
- B. **Former Members; Service under The Plan.** Any former member who, after having terminated service while a member under The Plan and having withdrawn accumulated contributions, again becomes a member under The Plan may repay the withdrawn contributions to the Members' Contribution Fund under the following conditions:
- (1) **Time.** The repayment must be made before the date any retirement benefit becomes effective for the member.
  - (2) **Manner of Repayment.** The repayment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
  - (3) **Amount of Repayment.** The amount of repayment must be equal to the withdrawn accumulated contributions plus interest on the amount of those accumulated contributions, beginning on the date of withdrawal to the date the repayment or repayments are made, at a rate to be set by the Board not to exceed regular interest by 5 or more percentage points.
  - (4) **Credit under The Plan.** Except as provided in paragraph C, only withdrawn contributions relating to creditable service under The Plan may be repaid for service credit under The Plan.
- C. **Service Not under The Plan**
- (1) **Withdrawn Contributions**
    - (a) Any member who had service while not a member under The Plan and having withdrawn contributions relating to that service may repay the withdrawn contributions to the Members Contribution Fund under the conditions specified in paragraph B, subparagraphs 1 to 3. Creditable service related to these repaid contributions is used in determining eligibility to retire under the applicable regular service retirement benefit plan under Section 7. Benefits for that service are calculated based on that service and on earnable compensation related to that service in accordance with applicable provisions of 5 M.R.S., Part 20 in effect with respect to the previous employer's regular service retirement plan immediately before that employer's employees became members under The Plan. The additional liability relating to the service credits granted under this division becomes part of the previous employer's unpooled unfunded actuarial liability as provided in subsection 2, paragraph A, subparagraph 2.
    - (b) Any member who had service while not a member under The Plan and having withdrawn contributions relating to that service may

repay the withdrawn contributions to the Members Contribution Fund under the conditions specified in paragraph B, subparagraphs 1 to 3. Creditable service related to these repaid contributions is used in determining that a member is qualified to retire and in the computation of retirement benefit under the applicable service retirement benefit plan under Section 7 or Section 8. Unless the service was with the same employer that is the member's employer at the time the contributions are repaid, the contributions provided for under this subparagraph may be repaid only after the participating local district that is the member's employer at the time the contributions are repaid agrees to assume the additional liability incurred as part of the district's unpooled unfunded actuarial liability as provided in subsection 2, paragraph A, subparagraph 2.

(2) **Non-member Service**

- (a) Subject to the personnel rules or policies of the member's employer at the time of the service; provided the member has continued to be employed by that employer; and subject to 5 M.R.S. §18305-B, a member who had service as an employee of a participating local district for which contributions were not made may receive service credit for that service upon paying the appropriate contributions to the Members Contribution Fund under the conditions specified in paragraph B, subparagraphs 2 and 3. Creditable service related to these contributions is used in determining that a member is qualified to retire and in the computation of retirement benefit under the applicable service retirement benefit plan under Section 7 or Section 8. The additional liability relating to the service credits granted under this division becomes part of the district's unpooled unfunded actuarial liability as provided in subsection 2, paragraph A, subparagraph 2.
- (b) Subject to 5 M.R.S. §18305-B, a member who had service as an employee of any participating local district for which contributions were not made may receive service credit for that service upon paying the appropriate contributions to the Members Contribution Fund under the conditions specified in paragraph B, subparagraphs 2 and 3. Creditable service related to these contributions is used in determining that a member is qualified to retire and in the computation of retirement benefit under the applicable service retirement benefit plan under Section 7 or Section 8. The contributions provided for under this subparagraph may be made only after the participating local district that is the member's employer at the time the contributions are made and the service credits are granted agrees to assume the additional liability incurred as part of the district's unpooled unfunded actuarial liability as provided in subsection 2, paragraph A, subparagraph 2.

- D. **Optional Members with non-member service.** The purchase of service credit for a member for whom membership is optional under Section 3, subsection 2 who had service as an employee of a participating local district for which contributions were not made is governed by 5 M.R.S. §18305-B, provided that the member has

continued to be employed by the same employer as that during which no contributions were paid.

- E. **Former Member; Withdrawal by Employees Not Covered by Social Security.** In addition to paragraphs B and C, the repayment of contributions that were withdrawn by a member who is an employee of a participating local district that is not covered under a Social Security Section 218 agreement but that has a plan that meets the requirements of 5 M.R.S. §18252-B is subject to the provisions of 5 M.R.S. §18252-A as amended by PL 2021, c. 90.
- F. **Service in the Armed Forces before Becoming a Member.** A member who qualifies under Section 6, subsection 4, paragraph B, sub-paragraphs 1 through 4, shall contribute to the Retirement System for the period of service in the Armed Forces under the following terms and conditions:
- (1) Contributions are calculated at the percentage rate required of active members during the period of time covered by the service in the Armed Forces applied to the member's earnable compensation during the first year as an employee subsequent to service in the Armed Forces under the following terms and conditions:
    - (a) The payment may not be made until the member has accumulated at least 15 years of creditable service and must be made before the date any retirement benefit becomes effective for the member;
    - (b) If 2 or more percentage rates were in effect during the period of service in the Armed Forces, the highest percentage rate is used;
    - (c) The minimum rate is 5%; and
    - (d) Interest at a rate set by the board not to exceed regular interest by 2 or more percentage points is paid on the unpaid balance beginning January 1, 1976, or the date of attaining 15 years of creditable service, if later, to the date payment is made.
  - (2) **Manner of Repayment.** The repayment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
- G. **Service in the Armed Forces after Becoming a Member.** For members who qualify to have their membership in the Retirement System continued under Section 3, subsection 5 because of service in the Armed Forces of the United States, the participating local district shall contribute to the Members' Contribution Fund the same amount that the member would have been required to contribute if the member had been serving the district during the period of service in the Armed Forces in the same capacity in which the member was serving at the time the member joined the Armed Forces. Any member whose contributions to the Members' Contribution Fund are paid by the district under this subsection, who withdraws or ceases to be a member of the Retirement System, may not withdraw any of the contributions made by the district under this subsection. Upon receiving written certification and substantiation from the member's employer that a member has met the requirements of Section 3, subsection 5 and Section 6, subsection 4, paragraph A, the System shall calculate the member contributions applicable to the period of service in the Armed

Forces. The participating local district by which the member is employed is responsible for those contributions and will be billed by the System.

- H. **Out-of-state Service.** A member who qualifies under Section 6, subsection 5, must make contributions into the Members' Contribution Fund for the years of out-of-state service under the following terms and conditions:
- (1) Contributions are calculated on the same basis as the member would have made contributions had the service been in the State;
    - (a) The payment may not be made until the member has accumulated at least 20 years of creditable service in the Retirement System and must be made before the date any retirement benefit becomes effective for the member; and
    - (b) Interest at a rate, to be set by the Board, not to exceed regular interest by 5 or more percentage points is paid on the unpaid balance. Interest shall be computed from the end of the year when those contributions would have been made, if the service had been in the State, to the date of payment.
  - (2) **Manner of Payment.** The payment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
- I. **Refund of Contributions.** Refunds of contributions to members under The Plan are subject to 5 M.R.S. §§ 18306-A and 18307-A.
- J. **Teachers in Private, Parochial and Other Schools.** A member who qualifies under Section 6, subsection 8, must make contributions into the Members' Contribution Fund for the years of private, parochial or other school service under the following terms and conditions:
- (1) Contributions are calculated on the same basis as the member would have made contributions had the service been as a state employee or teacher in the State. The member's earnings for the years of private or parochial teaching must be assumed to have been the same as the average salary for teachers in the State as determined by the Department of Education for each of the years when the private or parochial school teaching took place.
    - (a) The payment may not be made until the member has accumulated at least 20 years of creditable service in the Retirement system as a member of the participating local district and must be made before the date any retirement benefit becomes effective for the member;
    - (b) Interest at a rate, to be set by the Board, not to exceed regular interest by 5 or more percentage points is paid on the unpaid balance. Interest shall be computed from the end of the year when those contributions would have been made, if the service had been as a state employee or teacher in the State, to the date of payment.
  - (2) **Manner of Payment.** The payment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.

- K. **Portability of Service.** A member who elects under 5 M.R.S. §18253, sub-§1, paragraph E to include all or part of the creditable service and earnable compensation from a prior plan with service earned under The Plan may do so under the following terms and conditions:
- (1) Before any retirement benefit becomes effective for that member, the member must pay into the Members' Contribution Fund an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the inclusion of the prior plan creditable service and earnable compensation with service earned under The Plan.
  - (2) **Manner of Payment.** The payment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
- L. **Back contributions for certain days off without pay.** A member who elects under 5 M.R.S. §18305-C to include compensation that would have been paid for days off without pay in order to include those earnings in the calculation of the member's average final compensation as provided in 5 M.R.S. §17001, sub-§4, paragraph A, may do so under the following terms and conditions:
- (1) **Election.** If the retirement system determines at the time a member retires that the member's benefit would be increased as a result of the inclusion of compensation that would have been paid for days off without pay, the retirement system shall advise the member of that result and shall allow the member to elect to have that compensation included in the calculation of the member's benefit and to make payments as set forth in subsection 2.
  - (2) **Payment.** The amount that a member who makes the election permitted in subsection 1 must pay is the amount equal to the employee contribution that member would have made on compensation that would have been paid to that member on the days off without pay, plus interest at the same rate as that required for repayment of withdrawn contributions pursuant to section 18304. If the member elects to make the payment, the retirement system shall withhold the required amount from the member's first retirement benefit check.
  - (3) **Benefit calculation.** If a member fails to make the election within 31 days of the notification provided under subsection 1, the retirement system shall calculate the member's retirement benefit without inclusion of the compensation that would have been paid for the days off without pay.
- M. **Law enforcement service before becoming a member.** A member who qualifies under Section 6, subsection 10 must make contributions into the Members' Contribution Fund for the period of law enforcement service under the following terms and conditions:
- (1) Before any retirement benefit becomes effective for that member, the member must pay into the Members' Contribution Fund an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the inclusion of the prior law enforcement service credit with service earned under The Plan.

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- (2) **Manner of Payment.** The payment must be made to the Retirement System consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
2. **Employer Contributions.** Contributions by participating local districts whose employees are members under The Plan are subject to 5 M.R.S. §18303, except that contributions and pickup contributions are to be calculated according to Sections 7, 8, and 9, and the following:
- A. **Unpooled Unfunded Actuarial Liability Contribution.** Each participating local district with employees who are members under The Plan shall make a contribution known as the "Unpooled Unfunded Actuarial Liability Contribution" based upon:
- (1) its Initial Unpooled Unfunded Actuarial Liability, which is the excess of projected liabilities allocated to future benefit payments to current recipients of benefits and to current members as of the date its employees begin participation under The Plan over the sum of the participating local district's assets on hand as of that date and its future employer and member normal contributions. The rate for this portion of Unpooled Unfunded Actuarial Liability Contribution shall be determined by a valuation made by the System's actuary for each participating local district with employees who are members under The Plan; and
  - (2) any adjustments to the Initial Unpooled Unfunded Actuarial Liability attributable to that district separately. The rate for this portion of the Unpooled Unfunded Actuarial Liability Contribution shall be added to or subtracted from the rate determined under a.
  - (3) if the calculation required by (1) or (2) above results in a credit balance, the balance may, at the discretion of the participating local district, be applied as an offset against the monthly contribution required in an amount no greater than the total amount of the monthly contribution against which the offset is applied.
- B. **Normal Contribution.** Each participating local district with employees who are members under The Plan, along with those members pursuant to Sections 7, 8, and 9, shall make a contribution known as a "Normal Contribution" based upon the portion of projected liabilities attributable to service of all members under the several benefit plans under The Plan for the year following the valuation. The rate of this contribution shall be determined annually by a valuation made by the System's actuary based upon the membership data relating to all members under each benefit plan under The Plan and in accordance with Sections 7, 8, and 9.
- C. **Pooled Unfunded Actuarial Liability Contribution.** Each participating local district with employees who are members under The Plan, along with those members pursuant to Sections 7, 8, and 9, shall make a contribution known as the "Pooled Unfunded Actuarial Liability Contribution" based upon the Pooled Unfunded Actuarial Liability. This liability is equal to the present value of all projected benefits for current and future members, including employer contributions related to military service credit under The Plan, less the present value of future member and employer normal contributions, the assets of The Plan and the present value of all Unpooled Unfunded Actuarial Liability contributions. This rate of this contribution shall be determined annually in accordance with Sections 7, 8, and 9.

- D. **Disability Benefit Contribution.** Each participating local district with employees who are members under The Plan shall make a contribution known as a "disability benefit contribution" based upon the expected value of future disability benefits to be paid to those employees, and to employees who are participants in the defined contribution 401(a) plan under this chapter but who are not members under The Plan, as a result of disablements occurring during the year following the valuation date. The rate of this contribution shall be determined annually by a valuation made by the System's actuary based upon the membership data relating to all members under each benefit plan under The Plan and participants in the defined contribution 401(a) plan under this chapter who are not members under The Plan.
- E. **Death Benefit Contribution.** Each participating local district with employees who are members under The Plan shall make a contribution known as a "death benefit contribution" based upon the expected value of future death benefits to be paid to beneficiaries of those employees and to beneficiaries of employees who are participants in the defined contribution plan under this chapter as a result of deaths occurring during the year following the valuation date. The rate of this contribution shall be determined annually by a valuation made by the System's actuary based upon the membership data relating to all members under each benefit plan under The Plan and participants in the defined contribution plan under this chapter.

## SECTION 6. CREDITABLE SERVICE

1. **Determination of Service Credits.** The determination of service credits for members under The Plan is subject to Chapter 401 (94-411 CMR 401) of the rules of the Board.
2. **Prior Service; Service Before Effective Date of District's Participation.** Service credit for service as an employee of a local district before the beginning date of the participation of the employees of a participating local district in the Retirement System shall be granted upon certification by the district, subject to limitations in the district's agreement as provided by Section 2, subsection 2, paragraph D and statutes and rules in effect at the time the service was rendered.
3. **Former Member**
  - A. **Member who Terminated Service.** Upon complete payment of the withdrawn contributions under Section 5, subsection 1, paragraph B, a member shall be granted service credit for the period of time for which the contributions have been repaid. Upon making partial payment of the withdrawn contributions under Section 5, the member shall be granted service credit on a pro rata basis in accordance with rules adopted by the Board.
  - B. **Service Not under The Plan.** Upon complete payment of the contributions under Section 5, subsection 1, paragraph C, a member shall be granted service credit for the period of time for which the contributions have been paid. Upon making partial payment of the contributions under Section 5, the member shall be granted service credit on a pro rata basis in accordance with rules adopted by the Board.
  - C. **Contributions Withdrawn by Employees Not Covered by Social Security.** The granting of creditable service upon repayment of contributions, under section 5, subsection 1, paragraph E, that were withdrawn by a member who is an employee of a participating local district that is not covered under a Social Security Section 218

agreement but that has a plan that meets the requirements of 5 M.R.S. §18252-B is subject to the provisions of 5 M.R.S. §18252-A as amended by PL 2021, c. 90.

4. **Service in the Armed Forces.** Service credit for service in the Armed Forces of the United States is governed as follows:
  - A. **Service after Becoming a Member.** A member is entitled to service credit for the period of time during which the member's membership is continued under Section 3, subsection 5 under the following terms and conditions. Except as provided in subparagraph 3, service credit under this subsection is limited to 5 years.
    - (1) A member's separation from service in the Armed Forces of the United States must be under conditions other than dishonorable.
    - (2) A member is not entitled to service credit for military leave if the member's return to membership service is delayed beyond 90 days after separation from the service in the Armed Forces, unless the delay is caused by an illness or disability incurred in the service in the Armed Forces.
    - (3) A member may not receive service credit for military leave beyond the end of the period of first enlistment or induction or beyond 5 years from the date of original call to active duty in the Armed Forces, whichever is less, unless:
      - (a) The member's return to active duty in the Armed Forces or the extension of the period of service beyond 5 years is required by some mandatory provision; and
      - (b) The member presents proof of the return to or extension of service satisfactory to the Board.
  - B. **Service before Becoming a Member.** A member who served as a full-time active duty member of the Armed Forces of the United States before becoming a member of the Retirement System is entitled to service credit for the period of time the member served in the Armed Forces, under the following terms and conditions. Service credit under this subsection is limited to 4 years.
    - (1) Except as provided in paragraph 6, on the date of retirement, the member must have at least 15 years of creditable service.
    - (2) The member must have separated from the Armed Forces under conditions other than dishonorable.
    - (3) Except as provided in subparagraph 4, the member must have begun membership before January 1, 1976.
    - (4) Except as provided in paragraph 6, a member who served in the Armed Forces during any federally recognized period of conflict, as defined in 5 M.R.S. §18360(2)(E), is entitled to service credit under this paragraph.
    - (5) Upon complete payment of the back contributions under Section 5, subsection 1, paragraph F, the member shall be granted service credit for the period of time for which the contributions have been made. Upon making partial payment of the back contributions under Section 5, the member shall

be granted service credit on a pro rata basis in accordance with rules adopted by the board.

- (6) **Alternative.** A member who fails to meet one or more of the terms and conditions required under paragraphs 1, 3 and 4 may purchase service credit as provided in this paragraph. The member must have at least 5 years of creditable service and, before any retirement benefit becomes effective for that member, must pay into the Members' Contribution Fund, an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Any member who purchases service credit under this paragraph who subsequently, without inclusion of the purchased service credit and prior to retirement, meets the terms and conditions of paragraphs 1, 2 and 4 is entitled to purchase the service credit under Section 5, subsection 1, paragraph F and to receive a refund of the amount paid under this paragraph that exceeds the cost to purchase the service under Section 5.
5. **Out-of-state Service.** For members who began membership before January 1, 1976, additional service credit shall be allowed for out-of-state service, subject to the following conditions.
- A. **20 Years of Creditable Service.** The member must have creditable service in the Retirement System of at least 20 years in the aggregate;
- B. **Last 10 Years in Maine; 10 Year Limit.** The member's last 10 years of creditable service before the date of retirement must be in the State and no more than 10 years of service credit may be allowed for out-of-state service; and
- C. **Payment of Contributions.** Upon complete payment of the back contributions under Section 5, subsection 1, paragraph H, subparagraph 2, the member shall be granted service credit for the period of time for which the contributions have been made. Upon making partial payment of the back contributions under Section 5, subsection 1, paragraph H, subparagraph 2, the member shall be granted service credit on a pro rata basis in accordance with rules adopted by the board.
- D. **Alternative.** If service credit for out-of-state service is not allowed under paragraph A and B, service credit for out-of-state service shall be allowed if the member, before any retirement benefit becomes effective for that member, pays into the Members' Contribution Fund, an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Payments must be made consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
- (1) Additional amounts paid under this subsection shall become a part of the member's accumulated contributions.
- (2) If any retirement benefit becomes effective before the completion of the payment under this subsection, the member is entitled to service credit for that portion of the additional creditable service that the total amount of payments actually made, plus regular interest on those payments to the date the retirement benefit becomes effective, bears to the actuarial

equivalent of the total portion of the retirement benefit based on the additional creditable service.

- E. **Service Credit not to be Used in Another State.** Any application for a retirement benefit for which out-of-state service credit is to be granted must be accompanied by a certified statement from the appropriate retirement system that the out-of-state service credit granted has not been or will not be used to obtain benefits in another state.
6. **Disability Retirement Service Credit.** A recipient of a disability retirement benefit shall receive service credit for the purpose of determining benefits under The Plan for the period of time following termination of service during which disability retirement benefits are being received under 5 M.R.S. Chapter 425, subchapter V, article 3-A.
7. **Unused Sick Leave or Vacation Leave**
- A. **Earnable Compensation.** A member's earnable compensation does not include payment for unused accumulated or accrued sick leave, unused vacation time, or a combination of both, or any other payment that is not compensation for actual services rendered or that is not paid at the time the actual services are rendered, except that for a member with at least 20 years of creditable service under The Plan at the effective date of the member's retirement, and for a recipient of a disability retirement benefit, earnable compensation includes payment for unused accumulated or accrued sick leave, unused vacation time, or a combination of both, up to a maximum of 30 days, if paid upon the member's last termination before the member applies for retirement benefits.
- B. **Service Credit.** A member may not receive service credit for unused accumulated or accrued sick leave, unused vacation leave, or a combination of both, for which a member is credited on termination of service, but for which the member does not receive payment, except under the following conditions.
- (1) Leave, up to a lifetime maximum of 90 days, qualifies for service credit for a member with at least 20 years of creditable service under The Plan, before the application of this sub-paragraph, at the effective date of the member's retirement.
  - (2) Leave, up to a lifetime maximum of 90 days, qualifies for service credit for a recipient of a disability retirement benefit, at the effective date of the member's disability retirement.
  - (3) Leave, including leave beyond 90 days, may qualify for service credit, up to the maximum number of days of leave, set by personnel rules or by contract, that a person is allowed to accumulate, if, the member, before any retirement benefit becomes effective for the member, pays into the Members' Contribution Fund, a single payment which is the actuarial equivalent, at the effective date of the member's retirement benefit, of the portion of the member's retirement benefit based on the additional creditable service beyond 90 days.
8. **Teachers in Private, Parochial and Other Schools.** A member who taught in a parochial school or in a public or private academy may purchase up to 10 years of service credit for that service under the following conditions.

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- A. The member must have taught in a school approved by the Department of Education or the education department of another state while holding an appropriate teaching certificate;
  - B. **20 Years of Creditable Service.** The member must have 20 years of creditable service as a member of the participating local district;
  - C. **Membership before January 1, 1976.** The member must have begun membership before January 1, 1976;
  - D. **Last 10 Years in Participating Local District.** The member's last 10 years of creditable service before the date of retirement must be as a member of the participating local district; and
  - E. **Payment of Contributions.** Upon complete payment of the back contributions under Section 5, subsection 1, paragraph K, subparagraph 2, the member shall be granted service credit for the period of time for which the contributions have been made. Upon making partial payment of the back contributions under Section 5, subsection 1, paragraph K, subparagraph 2, the member shall be granted service credit on a pro rata basis in accordance with rules adopted by the board.
  - F. **Alternative.** If service credit for private, parochial or other school service is not allowed under paragraphs B and C, additional service credit is allowed for any member who meets the requirements of paragraphs A and D, if the member, before any retirement benefit becomes effective for that member, pays into the Members' Contribution Fund an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Payments must be made consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
    - (1) Additional amounts paid under this subsection shall become a part of the member's accumulated contributions.
    - (2) If any retirement benefit becomes effective before the completion of the payment under this subsection, the member is entitled to service credit for that portion of the additional creditable service that the total amount of payments actually made, plus regular interest on those payments to the date the retirement benefit becomes effective, bears to the actuarial equivalent of the total portion of the retirement benefit based on the additional creditable service.
9. **Other Schools and Programs.** A member who terminates service in the State and teaches under the Volunteers in Service to America Program, the Fulbright Exchange Program or the Peace Corps, foreign or domestic, or teaches children of United States Foreign Corps personnel outside the continental limits of the United States is entitled to service credit for that service under the following conditions.
- A. **2 Year Limit.** The service credit may not exceed 2 years.
  - B. **Return to Active Service.** The member must return to active service as a member of the retirement system within one year of the completion of the teaching outside of the State described in this section.

- C. **Payment of Contributions.** The member, before any retirement benefit becomes effective for that member, must pay into the Members' Contribution Fund an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Payments must be made consistent with Chapter 406 (94-411 CMR 406) of the rules of the Board.
10. **Law enforcement service before becoming a member.** A member who served as a full-time law enforcement officer with a federal, state, county or local law enforcement agency before becoming a member, and who did not decline membership under section 3, subsection 2, during the period of prior law enforcement service, is entitled under this subsection to purchase service credit for the period of time that the member served as a law enforcement officer under the following conditions:
- A. **15 years of creditable service.** The member must have at least 15 years of creditable service at the time of retirement.
- B. **4 year limit.** Service credit purchased under this subsection is limited to 4 years.
- C. **Service credit not to be used for other benefits.** The member must provide a certified statement from the appropriate retirement system that the service credit to be granted has not been and will not be used to obtain other retirement benefits.
- D. **Payment of contributions.** The member must complete payment of contributions as required by Section 5, subsection 1, paragraph M.
- (1) Additional amounts paid under this subsection shall become a part of the member's accumulated contributions.
- (2) If any retirement benefit becomes effective before the completion of the payment under this subsection, the member is entitled to service credit for that portion of the additional creditable service that the total amount of payments actually made, plus regular interest on those payments to the date the retirement benefit becomes effective, bears to the actuarial equivalent of the total portion of the retirement benefit based on the additional creditable service.

## SECTION 7. REGULAR SERVICE RETIREMENT BENEFIT PLANS

Payment of benefits to members under The Plan is subject to the provisions of 5 M.R.S. §§ 18403 – 18405-A, 18409 - 18413.

1. **Regular Benefit Plan AC.** Regular Benefit Plan AC may be elected by any participating local district or local district.
- A. **Contribution Rate.** Subject to Section 15, subsection 1, and the rate caps under Section 9, employer and employee contributions shall be set annually by the Board based on the recommendations of the System's actuary in accordance with the following:
- (1) The Plan's unfunded actuarial liability as of June 30, 2018, shall be paid in an actuarially sound manner and allocated between the employer and

employee in a ratio approved by the Board based on the recommendation of the Participating Local District Advisory Committee;

- (2) Any Plan unfunded actuarial liability created beginning July 1, 2018, shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee;
- (3) The normal cost shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee.; and
- (4) Rates shall reflect any differences in actuarial assumptions and experience and shall be based on whether the member is subject to paragraphs B or B-1.

**B. Qualification for Benefit Prior to July 1, 2014.** A member of The Plan prior to July 1, 2014 qualifies for a service retirement benefit under this paragraph when one of the following occurs:

- (1) The member is in service when reaching 60 years of age, or is in service after reaching 60 years of age, and has been in service for a minimum of one-year immediately before retirement or except as provided in sub-paragraph 4 has at least 10 years of creditable service, which may include creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8;
- (2) The member is not in service when reaching 60 years of age, and except as provided in sub-paragraph 4 has at least 10 years of creditable service, which may include creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8; or
- (3) The member has completed 25 or more years of creditable service, which may include, for the purpose of meeting eligibility requirements, creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8.
- (4) The member has at least 5 years of creditable service, which, for the purpose of determining completion of the 5-year requirement, may include creditable service as a member of the Legislative Retirement Program, and:
  - (a) Was in service on October 1, 1999;
  - (b) Had left prior to October 1, 1999 with or without withdrawing contributions and on or after October 1, 1999 returned to service; or
  - (c) Was first in service on or after October 1, 1999.

**B-1. Qualification for Benefit after July 1, 2014.** A member who was not covered by The Plan prior to July 1, 2014 qualifies for a service retirement benefit under this paragraph when one of the following occurs:

- (1) The member is in service when reaching 65 years of age, or is in service after reaching 65 years of age, and has been in service for a minimum of one year immediately before retirement or has at least 5 years of creditable

service, which may include creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8;

- (2) The member is not in service when reaching 65 years of age and has at least 5 years of creditable service, which may include creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8; or
- (3) The member has completed 25 or more years of creditable service, which may include, for the purpose of meeting eligibility requirements, creditable service as a member of the Legislative Retirement Program under 3 M.R.S. §701, sub-§8.

**C. Computation of Benefit - Retirement at Normal Retirement Age or Later.**

Subject to the requirements of Section 4, subsection 6, the total amount of the service retirement benefit for a member qualified under paragraph B, subparagraphs 1, 2 or 4 or under paragraph B-1, equals:

- (1)  $1/50$  of the member's average final compensation multiplied by the number of years of creditable service under The Plan; and
- (2) If the member had creditable service, with the member's current employer before that employer's employees were under The Plan, the benefit for that creditable service is calculated on the basis of:
  - (a)  $1/50$  of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the  $1/50$  formula;
  - (b)  $1/60$  of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the  $1/60$  formula;
  - (c)  $1/70$  of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the  $1/70$  formula;
- (3) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.

- (4) If the member has prior service credit, the benefit for that service is calculated on the basis of the applicable formula of paragraph C (2) above, as adopted by the district for prior service credit.

D. **Computation of Benefit - Retirement before Normal Retirement Age - With Creditable Service of 25 Years or More.** Subject to the requirements of Section 4, subsections 5 and 6, the amount of the service retirement benefit for a member who retires prior to normal retirement age shall be computed as follows:

- (1) The amount of the service retirement benefit for a member qualified under paragraph B, subparagraph 3, who has 20 or more years of creditable service under The Plan as of July 1, 2019, shall be computed in accordance with paragraph C, except that:
- (a) The amount arrived at under paragraph C shall be reduced by applying to that amount the percentage that a life annuity due at age 60 bears to the life annuity due at the age of retirement.
- (b) For the purpose of making the computation under division a, the Board-approved tables of annuities in effect at the date of the member's retirement shall be used.
- (2) The amount of the service retirement benefit for a member qualified under paragraph B-1, subparagraph 3, who, pursuant to Title 5, Section 18253, has 20 or more years of creditable service under The Plan as of July 1, 2019, shall be computed in accordance with paragraph C, except that the benefit is reduced by 6% for each year that the member's age precedes 65 years of age.
- (3) The amount of the service retirement benefit for all other members shall be computed in accordance with paragraph C, except that the amount arrived at under paragraph C shall be reduced to reflect the full actuarial impact of the early retirement. At the election of the member, any cost of living adjustments pursuant to Section 9 shall not be applied until the member has reached age 60, for a member to whom paragraph B applies, or age 65, for a member to whom paragraph B-1 applies, and the actuarial impact shall reflect this election.

E. **Cost of Living Adjustments.** Subject to paragraph D, subparagraph 2, all benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

2. **Regular Benefit Plan AN.** Regular Benefit Plan AN may be elected by any participating local district or local district.

This benefit plan is the same as Regular Benefit Plan AC, except that there is no provision for cost of living adjustments.

3. **Regular Benefit Plan BC.** Regular Benefit Plan BC may be elected by any participating local district or local district which covers its employees under the Federal Social Security program under a Section 218 Agreement. Any current employee who was a member under a plan which provided benefits under the 1/50 or 1/60 formula with a cost of living adjustment may elect to

be under Regular Benefit Plan A and any current employee who was under a plan which provided benefits under the 1/50 or 1/60 or 1/70 formula without cost of living adjustments may elect to be under Regular Benefit Plan AN. Regular Benefit Plans AC and AN require that members make contributions at the rate as set forth in subsections 1 and 2. For the purposes of this subsection, "current employee" means a person whose employment with a participating local district began prior to the date on which participation in The Plan for that district's employees begins and who is a member as an employee of that district on that date.

- A. **Contribution Rate.** Employer and employee contribution rates are set in the same manner and subject to the same requirements as Regular Benefit Plan AC.
- B. **Qualification for Benefit.** The requirements for a member to qualify for a service retirement benefit under this paragraph are exactly the same as under Regular Benefit Plan AC - subsection 1, paragraphs B and B-1.
- C. **Computation of Benefit - Retirement at Normal Retirement Age or Later.** Subject to the requirements of Section 4, subsection 6, the total amount of the service retirement benefit for a member qualified as specified in subsection 1, paragraph B, subparagraph 1, 2 or 4 or under subsection 1, paragraph B-1 equals:
- (1) 1/100 of the member's average final compensation multiplied by the number of years of membership service under The Plan; and
  - (2) If the member had creditable service, with the member's current employer before that employer's employees were under The Plan, the benefit for that creditable service is calculated on the basis of:
    - (a) 1/50 of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the 1/50 formula;
    - (b) 1/60 of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the 1/60 formula;
    - (c) 1/70 of the member's average final compensation multiplied by the number of years of creditable service, if, before being under The Plan, the service retirement benefit for that employer's employees was based upon the 1/70 formula;
  - (3) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The

Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.

- (4) If the member has prior service credit, the benefit for that service is calculated on the basis of the applicable formula of paragraph C (2) above, as adopted by the district for prior service credit.

D. **Computation of Benefit - Retirement before Normal Retirement Age - With Creditable Service of 25 Years or More.** Subject to the requirements of Section 4, subsections 5 and 6, the amount of the service retirement benefit for a member who retires prior to normal retirement age shall be computed as follows:

- (1) The amount of the service retirement benefit for a member qualified as specified in subsection 1, paragraph B, subparagraph 3, who has 20 or more years of creditable service under The Plan as of July 1, 2019, shall be computed in accordance with paragraph C, except that:
  - (a) The amount arrived at under paragraph C shall be reduced by applying to that amount the percentage that a life annuity due at age 60 bears to the life annuity due at the age of retirement.
  - (b) For the purpose of making the computation under subparagraph 1, the board-approved tables of annuities in effect at the date of the member's retirement shall be used.
- (2) The amount of the service retirement benefit for a member qualified under subsection 1, paragraph B-1, subparagraph 3, who, pursuant to Title 5, Section 18253, has 20 or more years of creditable service under The Plan as of July 1, 2019, shall be computed in accordance with subsection 1, paragraph C, except that the benefit is reduced by 6% for each year that the member's age precedes 65 years of age.
- (3) The amount of the service retirement benefit for all other members shall be computed in accordance with paragraph C, except that the amount arrived at under Paragraph C shall be reduced to reflect the full actuarial impact of the early retirement. At the election of the member, any cost of living adjustments pursuant to Section 9 shall not be applied until the member has reached age 60, for a member to whom subsection 1, paragraph B applies, or age 65, for a member to whom subsection 1, paragraph B-1 applies, and the actuarial impact shall reflect this election.

E. **Cost of Living Adjustments.** Subject to paragraph D, subparagraph 2, all benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

4. **Minimum Benefit.** Any member under The Plan who has 10 or more years of creditable service at retirement is entitled to a minimum service retirement benefit of \$100 per month.

## SECTION 8. SPECIAL SERVICE RETIREMENT BENEFIT PLANS

Payment of benefits to members under The Plan is subject to the provisions of 5 M.R.S. §§ 18403 – 18405-A, 18409-18413. If, upon electing to participate in The Plan, a participating local district elects a special benefit plan other than the special benefit plan that a member is then covered under, the member may elect to continue under the special benefit plan under which the member is then covered. The member's election must be made as of the date on which the district's participation in The Plan begins and may not be changed thereafter. Members having membership service under special plans prior to July 1, 1977, are entitled to the alternative benefit computation based on that service in accordance with the applicable provision of 5 M.R.S. §18453. A member who does not qualify to retire under a special service retirement plan may retire under a regular service retirement plan at any time after the member qualifies under Section 7. The service retirement benefit for all service is computed as provided in Section 7.

1. **Special Benefit Plan 1C.** Special Benefit Plan 1C may be elected by any participating local district or local district for police officers, firefighters, sheriffs, full-time deputy sheriffs, county corrections employees who are employed at a county jail and whose duties include contact with prisoners or juvenile detainees, and emergency medical services persons as defined in Title 32 M.R.S. §83, sub-§12, including but not limited to first responders, emergency medical technicians, advanced emergency medical technicians and paramedics.
  - A. **Contribution Rate.** Subject to Section 15, subsection 1, and to the rate caps under Section 9, employer and employee contributions shall be set annually by the Board based on the recommendations of the System's actuary in accordance with the following:
    - (1) The Plan's unfunded actuarial liability as of June 30, 2018, shall be paid in an actuarially sound manner and allocated between the employer and employee in a ratio approved by the Board based on the recommendation of the Participating Local District Advisory Committee;
    - (2) Any Plan unfunded actuarial liability created beginning July 1, 2018, shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee; and
    - (3) The normal cost shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee.
  - B. **Qualification for Benefit**
    - (1) A member qualifies for a service retirement benefit under this subsection when the member has completed 20 years of creditable service as an employee in one or more of the types of employment specified in this subsection and specified by the district as covered under this plan. If the member had creditable service under a special plan with the member's current employer before that employer's employees became members under The Plan, that creditable service is counted when determining the member's qualification for this benefit;
    - (2) A member who has accrued service credits under a regular service retirement plan before accruing service under this plan, and for whom the regular plan service credits are considered service under The Plan as provided by Section 4, subsection 1, may use those service credits toward

qualifying to retire under this plan at the rate of one year of special plan service credit for each two years of regular plan service credit; and

- (3) Except for employees who are entitled, under the current employer's plan in effect before the employer's employees become members under The Plan, to use military service credits to qualify for service retirement benefits, service credits for service in the Armed Forces before becoming a member, under Section 6, subsection 4, paragraph B, apply only to additional retirement benefits under this plan and the service credits do not apply to service requirements to qualify for retirement benefits.
- (4) Service credits for law enforcement service before becoming a member, under Section 6, subsection 10, apply only to additional retirement benefits under this plan and the service credits do not apply to service requirements to qualify for retirement benefits.

C. **Computation of Benefit.** Subject to the requirements of Section 4, subsections 5 and 6, the total amount of the service retirement benefit for a member qualified under paragraph B, equals 1/2 of the member's average final compensation and, subject to the limitations of subsection J, an additional 2% of the member's average final compensation for each year of creditable service not included in determining qualification under paragraph B.

- (1) If the member had creditable service under a special plan, with the member's current employer, before that employer's employees became members under The Plan, that creditable service is used when calculating the benefit under this paragraph.
- (2) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.

D. **Cost of Living Adjustments.** All benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

2. **Special Benefit Plan 1N.** Special Benefit Plan 1N may be elected by any participating local district or local district.

This benefit plan is identical to Special Benefit Plan 1C, except that there is no provision for cost of living adjustments.

3. **Special Benefit Plan 2C.** Special Benefit Plan 2C may be elected by any participating local district or local district for police officers, firefighters, sheriffs, full-time deputy sheriffs, county corrections employees who are employed at a county jail and whose duties include contact with prisoners or juvenile detainees, emergency medical services persons as defined in Title 32 M.R.S. §83, sub-§12, including but not limited to first responders, emergency medical technicians, advanced emergency medical technicians and paramedics, and dispatchers as defined in 5 M.R.S. §18313, sub-§1. A district may also elect this plan for all of its employees.
- A. **Contribution Rate.** Subject to Section 15, subsection 1, and to the rate caps under Section 9, employer and employee contributions shall be set annually by the Board based on the recommendations of the System's actuary in accordance with the following:
- (1) The Plan's unfunded actuarial liability as of June 30, 2018, shall be paid in an actuarially sound manner and allocated between the employer and employee in a ratio approved by the Board based on the recommendation of the Participating Local District Advisory Committee;
  - (2) Any Plan unfunded actuarial liability created beginning July 1, 2018, shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee; and
  - (3) The normal cost shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee.
- B. **Qualification for Benefit**
- (1) A member qualifies for a service retirement benefit under this subsection when the member has completed 25 years of creditable service as an employee in one or more of the types of employment specified in this subsection and specified by the district as covered under this plan. If the member had creditable service under a special plan with the member's current employer before that employer's employees became members under The Plan, that creditable service is counted when determining the member's qualification for this benefit; and
  - (2) A member who has accrued service credits under a regular service retirement plan before accruing service under this plan, and for whom the regular plan service credits are considered service under The Plan as provided by Section 4, subsection 1, may use those service credits toward qualifying to retire under this plan at the rate of two years of special plan service credit for each three years of regular plan service credit.
- C. **Computation of Benefit.** Subject to the requirements of Section 4, subsections 5 and 6, the total amount of the service retirement benefit for a member qualified under paragraph 2, equals 1/2 of the member's average final compensation and, subject to the limitations of subsection J, an additional 2% of the member's average final compensation for each year of creditable service not included in determining qualification under paragraph B.
- (1) If the member had creditable service (1) under a special plan, with the member's current employer, before that employer's employees became members under

The Plan, that creditable service is used when calculating the benefit under this paragraph.

- (2) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.

D. **Cost of Living Adjustments.** All benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

4. **Special Benefit Plan 2N.** Special Benefit Plan 2N may be elected by any participating local district or local district.

This benefit plan is identical to Special Benefit Plan 2C, except that there is no provision for cost of living adjustments.

5. **Special Benefit Plan 3C.** Special Benefit Plan 3C may be elected by any participating local district or local district for police officers, firefighters, sheriffs, full-time deputy sheriffs, county corrections employees who are employed at a county jail and whose duties include contact with prisoners or juvenile detainees, emergency medical services persons as defined in Title 32 M.R.S. §83, sub-§12, including but not limited to first responders, emergency medical technicians, advanced emergency medical technicians and paramedics, and dispatchers as defined in 5 M.R.S. §18313, sub-§1.

A. **Contribution Rate.** The contribution rate for members under Special Benefit Plan 3C is as set out below until the completion of 25 years of creditable service under this special benefit plan, after which the members contribute at the same rate of earnable compensation as paid by members who contribute under Regular Plan AC as set forth in Section 7, subsection 1, paragraph A. Subject to Section 15, subsection 1, and to the rate caps under Section 9, employer and employee contributions shall be set annually by the Board based on the recommendations of the System's actuary in accordance with the following:

- (1) The Plan's unfunded actuarial liability as of June 30, 2018, shall be paid in an actuarially sound manner and allocated between the employer and employee in a ratio approved by the Board based on the recommendation of the Participating Local District Advisory Committee;
- (2) Any Plan unfunded actuarial liability created beginning July 1, 2018, shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee; and

- (3) The normal cost shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee.

**B. Qualification for Benefit**

- (1) A member qualifies for a service retirement benefit under this subsection when the member has completed 25 years of creditable service as an employee in one or more of the types of employment specified in this subsection and specified by the district as covered under this plan. If the member had creditable service under a special plan with the member's current employer before that employer's employees became members under The Plan, that creditable service is counted when determining the member's qualification for this benefit; and
- (2) A member who has accrued service credits under a regular service retirement plan before accruing service under this plan, and for whom the regular plan service credits are considered service under The Plan as provided by Section 4, subsection 1, may use those service credits toward qualifying to retire under this plan at the rate of two years of special plan service credit for each three years of regular plan service credit.

**C. Computation of Benefit.** Subject to the requirements of Section 4, subsections 5 and 6, the total amount of the service retirement benefit for a member qualified under paragraph 2, equals 2/3 of the member's average final compensation and, subject to the limitations of subsection J, an additional 2% of the member's average final compensation for each year of creditable service not included in determining qualification under paragraph B.

- (1) If the member had creditable service under a special plan, with the member's current employer, before that employer's employees became members under The Plan, that creditable service is used when calculating the benefit under this paragraph.
- (2) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.

**D. Cost of Living Adjustments.** All benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

6. **Special Benefit Plan 3N.** Special Benefit Plan 3N may be elected by any participating local district or local district.

This benefit plan is identical to Special Benefit Plan 3C, except that there is no provision for cost of living adjustments.

7. **Special Benefit Plan 4C.** Special Benefit Plan 4C may be elected by any participating local district or local district for police officers, firefighters, sheriffs, full-time deputy sheriffs, county corrections employees who are employed at a county jail and whose duties include contact with prisoners or juvenile detainees, emergency medical services persons as defined in Title 32 M.R.S. §83, sub-§12, including but not limited to first responders, emergency medical technicians, advanced emergency medical technicians and paramedics, and dispatchers as defined in 5 M.R.S. §18313, sub-§1 .

- A. **Contribution Rate.** The contribution rate for members under Special Benefit Plan 4C is as set out below until the completion of 25 years of creditable service under this special benefit plan, after which the members contribute at the same rate of earnable compensation as paid by members who contribute under Regular Plan AC as set forth in Section 7, subsection 1, paragraph A. Subject to Section 15, subsection 1, and to the rate caps under Section 9, employer and employee contributions shall be set annually by the Board based on the recommendations of the System's actuary in accordance with the following:

- (1) The Plan's unfunded actuarial liability as of June 30, 2018, shall be paid in an actuarially sound manner and allocated between the employer and employee in a ratio approved by the Board based on the recommendation of the Participating Local District Advisory Committee;
- (2) Any Plan unfunded actuarial liability created beginning July 1, 2018, shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee; and
- (3) The normal cost shall be paid through employer and employee contributions allocated 58% to the employer and 42% to the employee.

- B. **Qualification for Benefit**

- (1) A member qualifies for a service retirement benefit under this subsection when the member has completed 25 years of creditable service as an employee in one or more of the types of employment specified in this subsection and specified by the district as covered under this plan. If the member had creditable service under a special plan with the member's current employer before that employer's employees became members under The Plan, that creditable service is counted when determining the member's qualification for this benefit; and
- (2) A member who has accrued service credits under a regular service retirement plan before accruing service under this plan, and for whom the regular plan service credits are considered service under The Plan as provided by Section 4, subsection 1, may use those service credits toward qualifying to retire under this plan at the rate of two years of special plan service credit for each three years of regular plan service credit.

- C. **Computation of Benefit.** Subject to the requirements of Section 4, subsections 5 and 6, the total amount of the service retirement benefit for a member qualified under paragraph B, equals:
- (1) If the member retires after reaching age 55,  $1/50$  of the member's average final compensation multiplied by the number of years of creditable service;
  - (2) If the member retires before reaching age 55,  $1/50$  of the member's average final compensation multiplied by the number of years of creditable service reduced as follows:
    - (a) For a member who was covered by The Plan prior to July 1, 2014, who has 20 or more years of creditable service under The Plan as of July 1, 2019, the benefit is reduced by applying to that amount the percentage that a life annuity due at age 55 bears to the life annuity due at the age of retirement.
    - (b) For a member who was not covered by The Plan prior to July 1, 2014, but who, pursuant to Title 5, Section 18253, has 20 or more years of creditable service under The Plan as of July 1, 2019, the benefit is reduced by 6% for each year that the member's age precedes 55 years of age.
    - (c) For all other members, the benefit is reduced to reflect the full actuarial impact of the early retirement. At the election of the member, any cost of living adjustments pursuant to Section 9 shall not be applied until the member has reached age 55, and the actuarial impact shall reflect this election.
  - (3) If the member had creditable service under a special plan, with the member's current employer, before that employer's employees became members under The Plan, that creditable service is used when calculating the benefit under this paragraph.
  - (4) If the member had creditable service with an employer other than the member's current employer before becoming a member under The Plan for which the member's current employer has not accepted liability, and for which the member has not made the election under 5 M.R.S. §18253, sub-§1, paragraph E, the benefit for that creditable service is calculated on the basis of creditable service and earnable compensation with the previous employer and in accordance with the previous employer's regular service retirement plan immediately before the previous employer's employees became members under The Plan or the previous employer withdrew from the System. If the previous employer has neither begun participation in The Plan nor withdrawn from the System, the benefit is calculated on the basis of the previous employer's plan at the time of the member's retirement.
- D. **Cost of Living Adjustments.** Subject to paragraph C, subparagraph 2, all benefits based upon creditable service under this service retirement benefit plan are subject to cost of living adjustments as provided by Section 9. Benefits based upon creditable service earned before a member was under The Plan will be subject to cost of living adjustments only if the employer's plan provided for cost of living adjustments.

8. **Special Benefit Plan 4N.** Special Benefit Plan 4N may be elected by any participating local district or local district.

This benefit plan is identical to Special Benefit Plan 4C, except that there is no provision for cost of living adjustments.

9. **Transfer from Special Plan Position to Non-Special Plan Position Due to Disability.**

A member who has not completed the service requirements for retirement under a special service retirement benefit plan, upon becoming disabled as defined in section 18521, and upon becoming reemployed in a position not under a special service retirement benefit plan shall upon retirement receive retirement benefits as follows:

- A. The part of the member's service retirement based upon membership service before becoming disabled shall be computed according to the formula for computing benefits under the member's previous special plan.
- B. The part of the member's service retirement based upon membership service after becoming reemployed in a position not under a special plan shall be computed according to the formula for computing benefits under the member's previous special plan.
- C. If the member is found to be no longer disabled, as defined in section 18521, the member may:
  - (1) Return to a position in the member's previous special plan; or
  - (2) Remain in the position which is not under a special plan and have the part of the member's service retirement benefit based upon post-disability service computed in accordance with the applicable regular service retirement benefit plan under Section 7.
- D. The executive director may require that a member subject to this subsection submit records and undergo medical examinations or tests to determine the member's disability for purposes of paragraph C.
  - (1) If the member refuses to submit records or undergo the examination or tests under this paragraph, the member's retirement benefit shall be based upon the applicable regular service retirement benefit plan under Section 7 until the member withdraws the refusal.
  - (2) If the member's refusal under subparagraph 1 continues for one year, all the member's rights to any further benefit under this subsection shall cease.

10. **Additional 2% Benefit.** The additional 2% of average final compensation benefit provided to members under the special service retirement plans in this section is applicable only to service credits earned with relation to service rendered after a member becomes a member under The Plan. A member is also entitled to this benefit for service rendered before becoming a member under The Plan to the extent that the member was entitled to the benefit under the member's current employer's retirement plan that was in effect immediately before the employer's employees became members under The Plan.

**SECTION 9. COST OF LIVING ADJUSTMENTS; CONTRIBUTION CAPS**

1. **Cost of Living Adjustments.** Subject to subsections 2 and 3, the cost-of-living adjustment shall be determined as follows.
  - A. Except as provided in subsection 2 and 3, whenever there is a percentage increase in the Consumer Price Index from July 1 of the previous year to June 30 of the current year, the Board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of 2.5%.
  - B. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the Board shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met.
  - C. The Board shall determine the costs of the adjustments under this Section and shall include those costs in the annual valuation.
  - D. Cost-of-living adjustments under this Section shall be applied to the retirement benefits of retirees as follows:
    - (1) For retirees who retire prior to September 1, 2019, a cost-of-living adjustment is applied if the retiree has been retired for at least 12 months before the date that the adjustment becomes payable.
    - (2) For retirees who retire on or after September 1, 2019, a cost-of-living adjustment is applied if the retiree has been retired for at least 24 months before the date that the adjustment becomes payable. Beneficiaries of deceased retirees shall be eligible for the cost-of-living adjustment at the same time the deceased retiree would have become eligible.
2. **Contribution Caps.** The employer and employee contribution rates, as calculated in the aggregate across all benefit plans in The Plan, are capped at 12.5% and 9%, respectively. If the rates calculated by the System's actuary would exceed the caps for a particular year, the following shall occur:
  - A. The aggregated employer and employee rates will be reduced to the cap amounts, and the Board will set individual benefit plan rates based on the System's actuary's recommendation for allocating the reductions.
  - B. The cost of living adjustment calculated under subsection 1 shall be reduced to maintain cost-neutrality, but not below zero. If the reduction otherwise would have been below zero, then an adjustment will be applied to contribution rates, up to the caps set forth in this subsection, and the cost of living adjustment, but not below zero, in following years until such time as cost-neutrality is achieved.
3. Notwithstanding subsection 1, paragraph A, the cost-of-living adjustment for the period from September 1, 2021 through August 31, 2022 shall be 3.5%.

## SECTION 10. DISABILITY BENEFITS

1. **Members of The Plan.** Disability retirement benefits for members under The Plan are subject to 5 M.R.S., Chapter 425, subchapter V, *Benefits*, Article 3-A, *Disability Retirement Benefits After September 30, 1989*, except section 18534.
2. **Election Regarding Age-limit or No-age-limit Disability.** The election made by each member under PL 1991, c. 887 whether to be covered under age-limit or no-age-limit disability remains in effect after a member's participation in The Plan begins. Depending upon a member's election, the member is covered under the age-limit or no-age-limit version of the disability plan specified in this Section.
3. **Current Recipients of Disability Benefits.** After having begun to participate in The Plan, a participating local district which before participating in The Plan did not have as part of its plan 5 M.R.S., Chapter 425, subchapter V, *Benefits*, Article 3-A, *Disability Retirement Benefits After September 30, 1989*, may elect to adopt 5 M.R.S. §18534, thereby allowing its former employees who are recipients of disability retirement benefits under prior law the option of being governed by disability retirement provisions applicable to members under The Plan. Any former employee of a district which adopts §18534 who is a recipient of a disability retirement benefit under 5 M.R.S., Article 3, as in effect immediately before October 1, 1989, or under section 1122 of the former retirement system law, as in effect immediately before July 1, 1977, may elect to be governed by 5 M.R.S., Chapter 425, subchapter V, *Benefits*, Article 3-A, by making written application to the executive director within 6 months after adoption of this provision by the participating local district. If the disability retirement benefit recipient makes the election, Article 3-A shall apply from the date of the recipient's original eligibility for disability retirement, but any increase in benefits may only be granted from the date of election by the recipient. The district's adoption and the recipient's election are irrevocable. The additional liability resulting from the adoption of this provision will be included in the district's Additional Unpooled Unfunded Actuarial Liability.

## SECTION 11. ORDINARY DEATH BENEFITS

Ordinary death benefits for members under The Plan are subject to 5 M.R.S., Chapter 425, subchapter V, *Benefits*, Article 4, *Ordinary Death Benefits*.

## SECTION 12. ACCIDENTAL DEATH BENEFITS

1. **Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.
  - A. **Professional firefighter.** “Professional firefighter” means an employee of a municipal fire department who is a member of the Participating Local District Retirement Program or who is a participating member under chapter 425 and who aids in the extinguishment of fires, whether or not the employee has other administrative duties.
  - B. **Qualifying member.** “Qualifying member” means:
    - (1) A member who dies as a result of an injury arising out of and in the course of employment as an employee;

- (2) After October 31, 2004, an active member who is a professional firefighter who dies as a result of an injury or disease as described in Title 39-A, section 328 if the injury or disease that causes the death is the result of a condition that develops within 30 days of the active member's participating in firefighting or training or a drill that involves firefighting. If the professional firefighter dies after 30 days but within 6 months of participating in firefighting or training or a drill that involves firefighting, there is a rebuttable presumption that the death is the result of an injury arising out of and in the course of employment as a professional firefighter; or
  - (3) A former member receiving a disability retirement benefit who dies as a result of an injury arising out of and in the course of employment as an employee.
2. **Qualification for Benefit.** The beneficiary of a qualifying member shall receive a benefit in accordance with section 18603.
3. **Computation of Benefit.** Benefits under this section are determined as follows:
  - A. **Surviving spouse; no dependent children.** If the qualifying member is survived by a spouse and no dependent child, the surviving spouse shall be paid 2/3 of the average final compensation of the qualifying member.
  - B. **Surviving spouse having care of dependent children.** If the qualifying member is survived by a spouse who has the care of the dependent child or dependent children of the qualifying member, the surviving spouse shall be paid an annual sum equal to the average final compensation of the qualifying member.
  - C. **Surviving spouse not having care of dependent children.** If the qualifying member is survived by a spouse who does not have the care of the dependent child or dependent children of the qualifying member, the surviving spouse shall share with the dependent child or dependent children an annual sum equal to the average final compensation of the qualifying member, the benefit to be divided equally among the surviving spouse and the dependent child or dependent children.
  - D. **No surviving spouse.** If no spouse survives the qualifying member, the dependent child or dependent children shall be paid an annual sum equal to the average final compensation of the qualifying member.
4. **Method of Payment.** All benefits paid under this section shall be paid in equal monthly installments beginning the first month after the death of the qualifying member.
5. **Adjustment of Benefits.** Benefits under this section are subject to the following adjustments:
  - A. **Cessation of eligibility.** When a person sharing benefits under section 18603 ceases to be eligible to receive benefits, the subsequent benefits of the remaining beneficiaries shall be recalculated as if the remaining beneficiaries had been the only beneficiaries to survive the qualifying member.
  - B. **Workers' compensation or similar law.** The amount payable under this section must be reduced by any amount received by the surviving spouse and dependent

child or dependent children under former Title 39, the *Workers' Compensation Act* or Title 39-A, Part 1, the *Maine Workers' Compensation Act of 1992*, or a similar law.

- (1) Lump-sum settlements of benefits that would reduce the accidental death benefits under this subsection must be prorated on a monthly basis in an equitable manner prescribed by the board.
  - (2) The prorated lump-sum settlement amounts must reduce the accidental death benefits payable monthly under this section.
- C. **Cost-of-living adjustments.** Benefits under this section are subject to adjustment as provided in section 9.
6. **Termination of Benefits.** The benefits under this section shall be paid to:
- A. **Surviving spouse.** The surviving spouse until the spouse dies; and
  - B. **Dependent children.** The dependent child or dependent children until they die or until they no longer meet the definition of "dependent child" under section 17001, subsection 12.

### SECTION 13. DEFINED CONTRIBUTION/DEFERRED COMPENSATION PLANS

1. **Defined Contribution/Deferred Compensation Plans.** A participating local district may provide for the participation of its employees in a defined contribution and/or deferred compensation plan or plans for which the System is The Plan Sponsor. To provide for its employees' participation, the participating local district employer must comply with the procedure for adoption set out in paragraph 6.
2. **District is Employer.** For all purposes related to such a plan or plans, the participating local district is the employer of its employees who participate in the plan or plans.
3. **Federal Law Requirements.** The plan or plans for which the System is Plan Sponsor must meet all applicable federal law requirements.
4. **Terms and Requirements of Plan.** The rights, obligations, conditions and terms of each plan or plans for which the System is Plan Sponsor are those provided in the relevant Plan Document, as revised or amended from time to time.
5. **Plan under 5 MRSA Section 18252-B.** Adoption of a plan or plans under this section does not by itself satisfy the requirements of 5 M.R.S. §18252-B. A participating local district that intends a plan or plans that it adopts under this section to comply with 5 M.R.S. §18252-B must also meet that section's requirements.
6. **Procedure for Adoption**
  - A. **Adoption Agreement.** A participating local district that acts to adopt a plan or plans under this section must complete the relevant Adoption Agreement or Agreements in a form provided or authorized by the System. An Adoption Agreement constitutes documentation of the participating local district's decision to adopt the plan to which the Agreement applies and signifies its understanding and acceptance of the provisions of the plan as set out in The Plan Document.

- B. **401(a) Plan: Contribution Rates.** In the case of a plan established in accordance with the requirements of Section 401(a) of the United States Internal Revenue Code of 1986, as amended,
- (1) the Adoption Agreement must specify the required employee contribution as established by the participating local district employer and the employer contribution, if any; and
  - (2) the participating local district may change the amount of the required employee contribution annually, effective July 1 immediately following its decision to change the amount. The participating local district must document the change by amending its Adoption Agreement to state the new required employee contribution amount. An employee already participating in the district's 401(a) plan at the time the required employee contribution amount is changed has the right to continue his/her employee contribution in the amount previously required or to change to the new required contribution amount.

7. **Disability Retirement Benefits: Participants in a 401(a) Plan who are Not Members under The Plan**

- A. **Applicability.** Employees who are participants in a 401(a) plan under this section and who are not members under The Plan are covered in the event of disability as set out in paragraph B.
- B. **Disability Retirement Program.** The disability retirement program established under this paragraph is that established by section 18521 *et seq.* and implemented by the System's related rules and policies, including but not limited to the disability application, determination and review processes, and standards for benefit eligibility and standards for continuation of benefits.
- (1) Title 5 M.R.S. §18524, sub-§2, applies to an employee with fewer than 5 years of participation in the 401(a) plan.
  - (2) Except as provided in subparagraph 3, the amount of the disability retirement benefit is 60% of the participant's annual compensation being paid at the time the participant became disabled, subject to adjustment as provided by 5 M.R.S. §18407 and this chapter.
  - (3) A participant who is found eligible for a disability retirement benefit and who terminates employment may elect to withdraw the balance of the participant's 401(a) account. If such a withdrawal includes employer contributions made on behalf of the participant, the disability retirement benefit will be actuarially adjusted so that the participant receives a disability retirement benefit of not more than the amount specified in subparagraph 2.
  - (4) Benefits cease if the participant is found no longer eligible under the applicable statute, or on the date that the participant is required to receive a Required Minimum Distribution under federal law, whichever is earlier.

## SECTION 14. RETIRING AND RETURNING TO WORK

If a person who is a recipient of a service retirement benefit under The Plan returns to employment by a participating local district of The Plan in a position for which membership would be mandatory or optional for a new hire, the person continues to receive the service retirement benefit and does not re-enter The Plan as a member. During the period that a retiree is returned to employment, contributions must be remitted to the System by the participating local district in the amount of the greater of (i) 5% of the person's earnable compensation, or (ii) the equivalent of employer and employee unfunded actuarial liability contributions at the aggregate rate on the person's earnable compensation. For purposes of this section, earnable compensation does not include Workers' Compensation earnings paid to the person.

## SECTION 15. TRANSITION

1. **Rates.** Employer and employee rates for July 1, 2018, through June 30, 2019, shall be the rates set under this Rule prior to the amendment effective July 1, 2018. The transition from those rates to the rates calculated pursuant to Sections 7 and 8 shall be accomplished by smoothing in the new rates over an actuarially sound period.
2. **Unused Sick Leave or Vacation Leave.** Section 6, subsection 7, applies to those with a retirement effectiveness date on or after August 1, 2019.
3. **Retiring and Returning to Work.** Section 14 does not apply to a retiree employed by a participating local district on October 1, 2018, until the earlier of termination of employment or June 30, 2021.
4. **Membership Election.** The one-time election to join The Plan by November 1, 2021 under PL 2021, c. 286, § 6 applies only to employees of participating local districts who specifically adopt that provision in their participation agreement prior to November 1, 2021, or at the next meeting of the participating local district's executive or legislative body, whichever is later. For participating local districts adopting the provision on or after November 1, 2021, the one-time election date shall be such later date stated in the amended participation agreement.

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### STATUTORY AUTHORITY:

5 M.R.S. §§ 17103(4), 18200 *et seq.*, 18801 *et seq.*

### EFFECTIVE DATE:

May 11, 1993

### AMENDED:

July 20, 1993

May 6, 1995

April 1, 2001

September 28, 2002

January 17, 2004

October 12, 2004

October 29, 2005 – filing 2005-449

October 9, 2006 – filing 2006-433

February 1, 2011 – filing 2011-45

December 9, 2013 – filing 2013-295 (header corrected March 7, 2016)

June 5, 2016 – filing 2016-099  
August 30, 2017 – filing 2017-133  
May 26, 2018 – filing 2018-082  
September 19, 2018 – filing 2018-188  
June 24, 2019 – filing 2019-101  
November 4, 2019 – filing 2019-189  
July 18, 2020 – Section 16 added, filing 2020-160  
November 25, 2020 – filing 2020-236  
October 4, 2021 – filing 2021-197  
July 23, 2022 – filing 2022-137

**Date:** August 3, 2022

**To:** PLD Advisory Committee Members

**From:** Kathy Morin, Director of Actuarial and Legislative Affairs

**Re:** Cost-of-Living for PLD Retirees

Earlier this year, as part of its discussion about inflation and retiree cost-of-living adjustments (COLA), the Committee requested that information pertaining to the 2022 COLA be provided earlier for consideration. This memo provides that information as well as some preliminary scenarios for discussion.

### **Cost-of-Living for PLD Plan Retirees**

The Board of Trustees is mandated by rule to award a cost-of-living adjustment (COLA) on retirement benefits each September based on the increase in the Consumer Price Index for All Urban Consumers (CPI-U) as of June 30<sup>th</sup>. The CPI-U for the year ending June 30, 2022 was 9.1%.

The increase for the PLD Consolidated Plan is paid to eligible retirees on the total benefit up to a cap of 2.5%. The Board is expected to vote at its August 11, 2022 meeting to grant the 2022 COLA as provided under the Plan.

While the plan provides for a 2.5% COLA, the actuarial assumption used for funding purposes is 1.91%. This assumption is based on COLA experience of the plan, and recognizes that the CPI-U is often lower than the 2.5% permitted under the plan. In years in which the CPI-U is less than the 1.91% assumption, the plan has an experience “gain,” which can decrease overall plan liabilities. In years in which the CPI-U is higher than the 1.91% assumption, as it has been for the past two years, the plan has an experience “loss,” which can increase the overall plan liabilities.

The following table provides the experience loss information for the 2.5% COLA for 2022.

	<b>COLA Assumption (1.91%)</b>	<b>Capped COLA (2.5%)</b>	<b>Experience Loss</b>
<b>Increase in UAL (in millions)</b>	\$33.3	\$43.6	\$10.3
<b>Increase in Aggregate Contribution Rate*</b>	0.4%	0.5%	0.1%

Taken in isolation, the 2022 COLA would increase the aggregate plan rate by 0.1%. However, other plan experience (i.e., gains and losses) will be combined with the COLA experience to determine actual plan funding requirements.

### **Cost-of-Living for Other Retirees**

The COLA provisions for retirees from the State-sponsored plans, including State employees, teachers, legislators and judges, are different from those that apply to PLD Plan retirees. Specifically, the cap for these

plans is 3%, and it is payable on a maximum level of benefits (i.e., “COLA base”), which for 2022 is \$24,186.25. In contrast, the cap for the PLD Plan is 2.5%, and the COLA applies to the entire benefit.

For the State-sponsored plans, when the CPI-U exceeds the cap, MainePERS is required to submit a supplemental budget request to the Governor for the amount needed to provide a COLA based on the full CPI-U. This information is considered by the Governor and Legislature as part of budget discussions. For 2022, the required information will be submitted after the Board takes action at its August meeting. We do not anticipate that consideration of this item will occur prior to when the new Legislature convenes in January.

**Information for Additional COLA to PLD Retirees**

To assist the Committee in its discussion, we worked with the System’s actuary to determine what the impacts would be if an additional COLA is paid to retirees from the PLD Plan.

We requested the actuary to provide us with the increase to the unfunded actuarial liability (UAL) and the total aggregate contribution rate under two scenarios, as follows:

1. Pay a one-time “ad hoc” COLA of up to 6.6%, which is the difference between the CPI-U of 9.1% and the COLA cap under the Plan of 2.5%. We are providing the information at various increments, up to the full CPI-U. This would be a one-time payment to retirees, which would not add to the benefit amount subject to COLA in future years.

	<b>Percentage of One-Time COLA</b>						
	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>6.6%</b>
<b>Increase in UAL (in millions)</b>	\$1.6	\$3.1	\$4.7	\$6.3	\$7.9	\$9.4	\$10.4
<b>Increase in Aggregate Contribution Rate*</b>	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%

2. Pay an additional cumulative COLA, which would add to the benefit amount subject to COLA in future years. We are providing this information at various increments, up to the full CPI-U.

	<b>Percentage of Additional Cumulative COLA</b>						
	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>6.6%</b>
<b>Increase in UAL (in millions)</b>	\$17.5	\$34.9	\$52.4	\$69.8	\$87.3	\$104.7	\$115.2
<b>Increase in Aggregate Contribution Rate*</b>	0.2%	0.4%	0.6%	0.7%	0.9%	1.1%	1.2%

\*Costs for these scenarios would be part of FY 2025 rates. Plan experience for FYs 2023 and 2024 also would impact rates for FY 2025.

**Next Steps**

Any additional cost-of-living adjustment to PLD retirees would require amendment to Rule Chapter 803.

**Recommendation**

The System does not have a recommendation.

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# MAINEPERS

## PLD ADVISORY COMMITTEE MEMORANDUM

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**TO:** PLD ADVISORY COMMITTEE MEMBERS  
**FROM:** DR. REBECCA M. WYKE, CHIEF EXECUTIVE OFFICER  
**SUBJECT:** MAINEPERS DRAFT 5-YEAR STRATEGIC PLAN  
**DATE:** AUGUST 9, 2022

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At the start of this year, MainePERS began a strategic planning process to support the Goals and Objectives adopted by the Board of Trustees and guide the direction of the system for the next five years.

The process engaged all employees through multiple all-staff meetings, two rounds of small group meetings, and two employee surveys to refine the mission and vision statements and to develop a set of organizational values that best represent the collective commitment of our staff. A set of strategic outcomes was developed and the resulting draft Strategic Plan was posted on the MainePERS website along with a survey tool. Members, employers, and stakeholders were invited to comment on the plan through the survey tool, a public comment meeting, and individual meetings.

In all 113 responses to the survey were received with the majority of participants expressing support. Eighty-three members commented, including 55 active members, 11 retirees and 17 MainePERS employees. Forty-nine employers commented and 12 additional respondents identified themselves as other stakeholders. Only one individual offered testimony at the public comment meeting. Their testimony was also included in the survey comments you received and I met with the individual to better understand the concerns.

Additionally, I met with representatives of the Maine Education Association, the Maine Service Employees Association/SEIU, the Maine Association of Retirees, and representatives of the Governor and the Commissioner of the Department of Financial and Administrative Services. Respondents who expressed a concern and provided their contact information were approached by a member of the senior leadership team to discuss that concern. The feedback received from this process was used to shape this current version of the Plan.

The draft MainePERS 5-Year Strategic Plan was presented to the MainePERS Board of Trustees at their meeting on July 14th and their approval of the Plan is expected at the August Board meeting.



# MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

## MainePERS 5-Year Strategic Plan

### Introduction

MainePERS is pleased to share this Strategic Plan adopted on **TBD**.

The Maine Public Employees Retirement System (MainePERS) is an incorporated public instrumentality of the state governed by a Board of Trustees pursuant to Maine law. Since 1942, MainePERS has joined with public employers to help their employees prepare for retirement. The System's active contributing members include teachers, state, county, and municipal employees, legislators, judges, and others. Upon retirement, our members receive monthly benefits from their respective defined benefit plans. The System also administers disability retirement, group life insurance, survivor services, and a tax-deferred retirement savings program known as MaineSTART. Management of these programs includes financial and investment administration, recordkeeping of members' work and compensation data, and administration of retirement and related services.

In the fall of 2021, the newly appointed Chief Executive Officer engaged in a series of discussions with a broad spectrum of stakeholders to assess their experience with MainePERS. The knowledge gained through these meetings laid the groundwork for the development of a strategic plan. In December 2021, the Board of Trustees adopted a set of Goals and Objectives to guide the strategic planning process and create a framework for the Plan.

The process of developing the mission, vision, and organizational values engaged all MainePERS employees through multiple all-staff meetings, two rounds of small group meetings, and two employee surveys. A set of strategic outcomes was developed and the resulting draft Strategic Plan was posted on the MainePERS website along with a survey tool. Members, employers, and stakeholders were invited to comment on the plan through the survey tool, a public comment meeting, and individual meetings.

As used in this Plan: "*members*" is inclusive of active contributing members, inactive members, retired members, and beneficiaries; "*stakeholders*" is inclusive of representatives of participant employers and groups representing members; and "*retirement*" or "*retirement and related services*" is inclusive of all programs administered by MainePERS, including the defined benefit plans, disability retirement, group life insurance, survivor services, and MaineSTART.

In all 113 responses to the survey were received. The majority of respondents expressed support, and the feedback received was used to shape the final version of the Plan.

## Goals and Objectives

### Goals *(ongoing, long-term strategic direction)*

- Preservation of the Trust Fund
- Stability of the contribution rates
- Security and integrity of our information systems
- Cultivation of a member-centric organization
- Development of stakeholder relations
- Foster an engaged workforce that advances the organization's mission

### Objectives *(short-term legislatively directed)*

- Planning for the post-2028 full funding of the Unfunded Actuarial Liability (UAL), including potential public pension plan options that include social security *Resolves 2021, c. 66 & 72*
- Responding to the recent divestment legislation *PL 2021, c. 231 & 234*
- Expanding the availability of defined contribution plans to teachers *PL 2021, c. 548*
- Exploring mandatory long-term disability insurance coverage *PL 2021, c. 277*

## Mission and Vision Statements

### Mission

MainePERS partners with public employers to deliver retirement and related services.

### Vision

MainePERS is a trusted and effective fiduciary focused on meeting the needs of active and retired members, beneficiaries, and employers.

## Organizational Values

- **Accountability** – We act with integrity. We educate, equip, and empower all to consistently deliver knowledgeable and respectful service to our constituents and colleagues.
- **Respect** – We are mindful of culture and diversity in all we do, exercising empathy, compassion, kindness, and appreciation in valuing all others.
- **Collaboration** – We work together, proactively sharing information and knowledge and acting transparently in all interactions.
- **Stewardship** – We secure and safeguard assets (data, funds) entrusted to our care and consistently comply with our obligations to ensure benefits are sustained.
- **Agility** – We strive for personal and organizational excellence through continuous improvement.

## Strategic Objectives

### Goal I: Preservation of the Trust Fund

#### Strategic Objectives:

- A. Continuously review governance and risk management practices that drive accountability, consistency, and transparency and engage trustees in annual fiduciary education
- B. Continuously review the strategic asset allocation to optimize earnings, manage risk, and ensure sufficient liquidity
- C. Plan for post-2028 full funding of the 1996 State Employee and Teacher Plan UAL and engage with stakeholders
- D. Develop policy to address the recent divestment legislation in accordance with sound investment criteria and consistent with fiduciary obligations
- E. Exercise efficient use of resources in the administration of the retirement plans and related services

### Goal II: Stability of the Contribution Rates

#### Strategic Objectives:

- A. Employ periodic experience studies and annual actuarial valuations to identify the trust fund's future financial needs
- B. Apply sound actuarial methods to promote stability of the contribution rates
- C. Ensure employers and other stakeholders are informed of funding trends

### Goal III: Security and Integrity of our Information Systems

#### Strategic Objectives:

- A. Ensure the cybersecurity management program meets current and future needs
- B. Maintain and upgrade core information systems
- C. Explore a cloud strategy to host information systems

### Goal IV: Cultivation of a Member-centric Organization

#### Strategic Objectives:

- A. Develop a comprehensive member education, communications, and service model that supports planning for retirement security
- B. Improve processes to promote timely and accurate service by ensuring the integrity of the data, streamlining and automating workflow processes, and reducing processing times
- C. Document workflow policies, practices, and procedures and develop staff training programs
- D. Institute a quality assurance and control program
- E. Implement a member self-service portal, including access to annual member statements
- F. Expand the availability of defined contribution plans (MaineSTART)
- G. Assess the experience of the system and its members following the implementation of the new disability legislation
- H. Seek member input and measure satisfaction

## **Goal V: Development of Stakeholder Relations**

### Strategic Objectives:

- A. Provide legislators, employers, and other stakeholders with information on defined benefit retirement plans and related services
- B. Continue to explore with stakeholders potential post-2028 pension plan options that enhance benefit portability, including Social Security participation
- C. Engage stakeholders to develop an implementation plan for providing mandatory long-term disability insurance coverage to members through their employers
- D. Develop a comprehensive employer education, communications, and service model and partner with employers and third-party payroll vendors to streamline processing and improve reporting
- E. Seek employer input and measure satisfaction

## **Goal VI: Foster an Engaged Workforce that Advances the Organization's Mission**

### Strategic Objectives:

- A. Institutionalize the Organizational Values developed by the staff
- B. Develop an onboarding, training, and development plan
- C. Support and empower staff in the performance of their work
- D. Create a staff working group to advance a positive organizational culture
- E. Implement strategic performance management
- F. Increase awareness and knowledge related to diversity, equity, and inclusion (DEI)
- G. Develop and maintain a succession plan

## **Key Performance and Risk Measures**

MainePERS is committed to measuring its progress on the Strategic Plan by utilizing the key performance and risk measures developed by the National Conference on Public Employee Retirement Systems in its publication *Best Governance Practices for Public Retirement Systems* (revised May 2019).

- I. The funded ratio as measured by the ratio of fund assets to fund liabilities
- II. Net annualized investment returns relative to the return assumption and benchmarks
- III. Timeliness and accuracy of distributions paid to members and beneficiaries
- IV. Member satisfaction with fund services as measured by surveys and correspondence
- V. Future benefits owed to members as measured by the actuarial accrued liability
- VI. Net assets available for benefits and changes as reported in the annual audit

**Date:** July 27, 2022  
**To:** PLD Advisory Committee  
**From:** Sherry Vandrell, Director of Finance  
**Subject:** Employer Reporting Assistance Update

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Since our last report, three additional reviews of PLD employers have been completed, for a total of 71 since the inception of the program. Three others are currently in process. Management made the decision during this last quarter to suspend the initiation of new reviews for a period of time to allow staff to focus on clearing outstanding audit findings. This work is ongoing and we will monitor progress and resume the initiation of new reviews once the backlog of findings is resolved and we have the capacity in place to handle them in more real time as they are discovered.

Of the 71 PLD reviews completed to date, 57 have resulted in findings related to contributions. These findings include both reporting contributions on compensation that is not considered earnable for the Plan resulting in the need for a refund, as well as not reporting contributions for compensation that is considered earnable, resulting in the need to collect additional contributions. Other findings include missing membership applications for declining members, missing termination dates, and other paperwork related issues. To date, approximately 95% of all findings identified have been resolved satisfactorily.

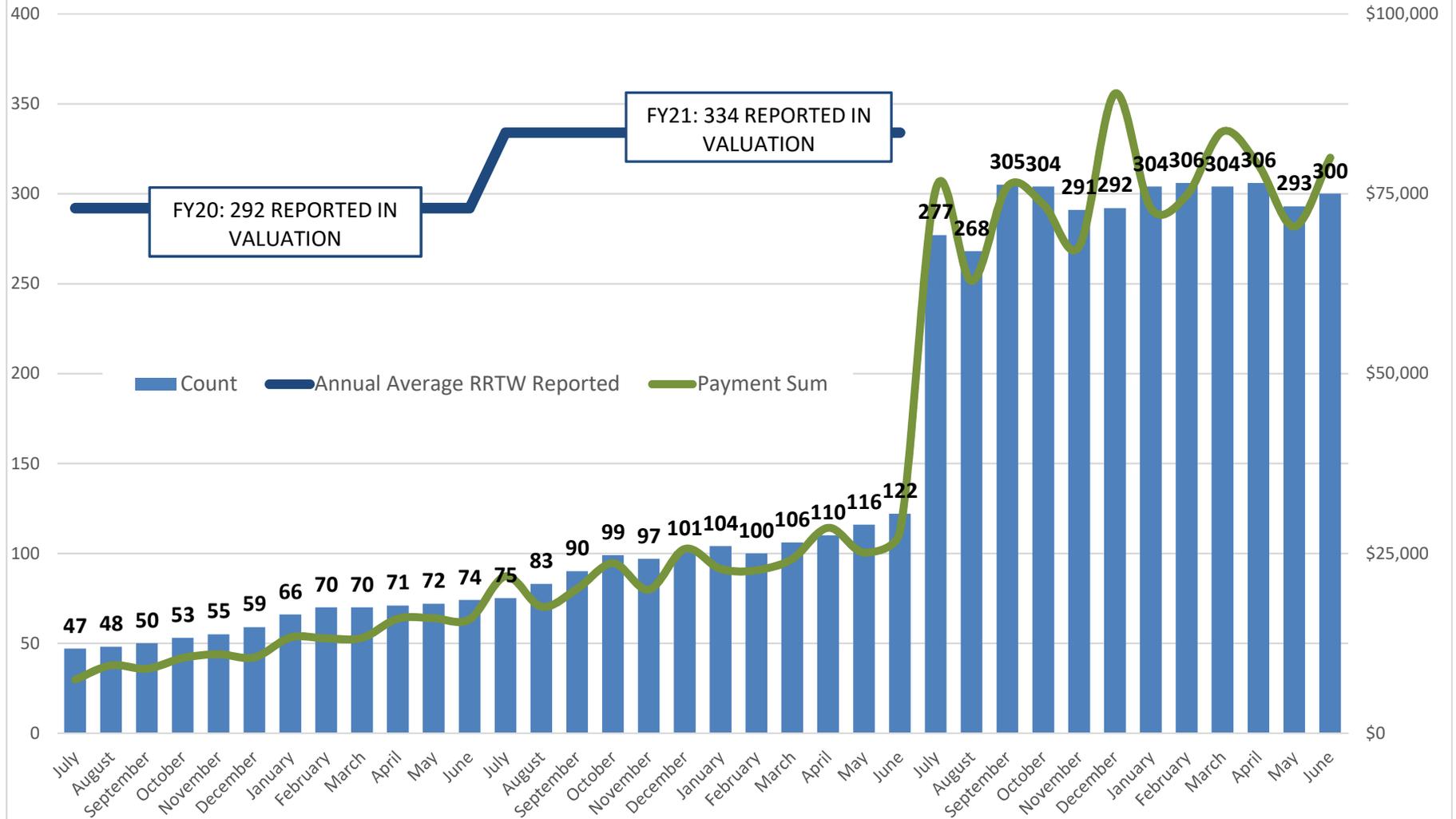
**Date:** July 27, 2022  
**To:** PLD Advisory Committee  
**From:** Sherry Vandrell, Director of Finance  
**Subject:** RRTW Reporting Summary

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I have provided an update to the number of Retirees Returned to Work (RRTW) report to include the fourth quarter of fiscal year 2022. The chart shows that the number of RRTW employees being reported continues to remain fairly steady. We continue to monitor activity and work with employers to make sure they understand their reporting obligations.

The higher dollars collected in December of 2021 and March 2022, as compared to the number of RRTW employees is related to the number of pay periods those months as compared to other months.

# PLD Retiree Return to Work MONTHLY UAL PAYMENTS (2019-22)





## PLD Plan Activity Memo

Date: August 4, 2022  
 To: PLD Advisory Committee Members  
 From: Deanna Doyle, PLD Plan Administrator

New or Rejoining PLD Employer (11)				
Employer	Plan	Effective	# of Members or Potential Members	Comments
Ashland, Town of	AN	7/1/2022	13	Town voted to join for full-time employees under AN effective <a href="#">7/1/2022</a>
Belgrade, Town of	3C	7/1/2022	2	Town voted to join for full-time Fire/EMS under 3C effective <a href="#">7/1/2022</a>
Clinton, Town of	3C	7/1/2022	6	Town voted to join for police, fire and EMS under 3C effective <a href="#">7/1/2022</a>
Hollis, Town of	3C, AC	9/1/2022	16	Town voted to join under 3C for police, fire, EMS and dispatch and under AC for all other employees effective 7/1/2022 but opted to delay paperwork for effective join date of <a href="#">9/1/2022</a>
Limestone Water & Sewer District	AC	7/1/2022	2	District rejoined under Consolidated Regular Plan AC effective <a href="#">7/1/2022</a>
Limington, Town of	2C,AC	9/1/2022	30	Town voted to join for Fire/EMS under 2C and General Gov't under AC effective <a href="#">9/1/2022</a>
Newry, Town of	AC	7/1/2022	5	Town voted to join for permanent employees working more than 20 hrs/wk under Regular Plan AC effective <a href="#">7/1/2022</a>
Rangeley, Town of	2C,AC	7/1/2022	7	Town voted to join for full-time police & fire under 2C and for all other full-time employees under AC effective <a href="#">7/1/2022</a>
Shapleigh, Town of	AN	7/1/2022	5	Town voted to join for regular, full-time employees under AN effective <a href="#">7/1/2022</a>
Southern Aroostook Emergency Medical Services	3C	?	5	District voted to join for EMS employees effective 7/1/2022 under 3C but opted to delay paperwork for later effective date due to SSA issue - unsure of join date as a result
University of Maine System (P0379)	2C	7/1/2022	12	UMS voted to join for Fraternal Order of Police Unit employees under 2C effective <a href="#">7/1/2022</a>
Employer Plan Changes (23)				
Employer	New Plan	Old Plan	# of Members	Comments
Aroostook County (P0106)	4C	AC	31	Adopted 4C for future service only for corrections officers, sergeants and dispatchers effective <a href="#">7/1/2022</a>
Bangor, City of (P0020)	3C	N/A	4	Add coverage for fire inspectors, prevention specialists and fire mechanic as firefighters under 3C effective <a href="#">7/1/2022</a>
Belfast, City of (P0035)	3C	2C	10	Adopt 3C for firefighters/EMS for future service only effective <a href="#">7/1/2022</a>
Biddeford, City of (P0158)	3C	AC	13	Adopt Special Plan 3C for future service only for dispatchers effective <a href="#">8/1/2022</a>
Bucksport, Town of (P0130)	3C, 1C	4N	7	Adopted 3C for police officers and 1C for fire/EMS for future service only effective <a href="#">7/1/2022</a>
China, Town of (P0235)	AC	AC	4	Expand coverage to include Employees working 32 hrs or more per week (Prev 40 hrs/wk) effective <a href="#">7/1/2022</a>

### Employer Plan Changes (Continued)

Employer	New Plan	Old Plan	# of Members	Comments
Cumberland, Town of (P0216)	3C	2C	6	Adopt 3C for fire/EMS future service only effective <a href="#">7/1/2022</a>
Freeport, Town of (P0142)	3C	2C	6	Adopt 3C for non-union police officers for future service only effective <a href="#">7/1/2022</a>
Gorham Fire & Police (P0334)	3C	N/A	6	Added coverage for firefighters/EMS hired after District withdrew effective <a href="#">6/1/2022</a>
Hallowell, City of (P0160)	2C	AC	3	Adopt Special Plan 2C for all service for current and future police officers effective <a href="#">7/1/2022</a>
Hampden, Town of (P0151)	1C	3C	5	Adopted 1C for future service only for police officers who elect to move to 1C and police hired after <a href="#">7/1/2022</a> effective <a href="#">7/1/2022</a>
Knox County Sheriffs & Corrections (P0359)	3N	N/A	8	Added coverage for dispatchers under plan 3N effective <a href="#">7/1/2022</a>
Lincoln County Sheriffs (P0302)	3C	2C	24	Adopt 3C for law enforcement future service only effective <a href="#">7/1/2022</a>
Lisbon, Town of (P0103)	3C	AC	4	Adopt 3C for future service only for firefighters & dispatchers effective <a href="#">7/1/2022</a>
Lisbon, Town of (P0103)	3C	2C	12	Adopt 3C for future service only for police officers effective <a href="#">7/1/2022</a>
Livermore Falls, Town of (P0109)	2C	AN	4	Adopt special plan 2C for police officers for all service from <a href="#">7/1/2021</a> forward effective <a href="#">7/1/2022</a>
Madawaska, Town of (P0082)	3C	AC	7	Adopt special plan 3C for EMS employees for future service only effective <a href="#">7/1/2022</a>
Milford, Town of (P0186)	AN	X	?	Add coverage under AN for school support employees effective <a href="#">7/1/2022</a> but opted to delay paperwork for <a href="#">9/1/2022</a> effective date
Oakland, Town of (P0376)	3C	N/A	5	Added coverage for newly added fire/EMS employees under 3C effective <a href="#">7/1/2022</a>
Sabattus, Town of (P0175)	1C	3C	4	Adopt 1C for future service only for for police officers who elect to move to 1C and police hired after <a href="#">8/1/2022</a> effective <a href="#">8/1/2022</a>
Saco, City of (P0192)	3C	AC	9	Adopted 3C for future service only for dispatchers effective <a href="#">7/1/2022</a>
Waterville Fire & Police (P0066)	3C	2C	26	Adopted 3C for future service only for police officers effective <a href="#">7/1/2022</a>
Winslow, Town of (P0362)	3C	2C	9	Adopt 3C for police for future service only effective <a href="#">7/1/2022</a>

### Pending Plan Change Inquiries (37)

Employer Plan	New Plan	Old Plan	# of Members	Comments
<b>Androscoggin County (P0067)</b>	1C	2C	69	Adopt 1C for law enforcement and corrections officers <a href="#">1/1/2023</a>
Auburn, City of (P0027)	1C	3C	66	Adopt 1C for firefighters who elect to move to plan from 3C
Augusta, City of (P0023)	1C	3C	44	Adopt 1C for police future only or all service
Bangor, City of (P0020)	1C or 3C	2C	63	Adopt 1C or 3C for police officers future service only
Bar Harbor, Town of (P0015)	3C	4C	11	Adopt 3C for firefighters for future service only or all service
Brewer, City of (P0063)	1C	3C	25	Adopt 1C for police future only or all service for those that elect to move to it and new hires
Caribou Fire & Police (P0208)	3N or 3C	2N	10	Adopt Special Plan 3N or 3C for Police (10) for Future Service Only
Cumberland County (P0005)	2C, 3C or 4C	AC	26	Adopt Special Plan for Dispatchers
Ellsworth, City of (P0013)	2C or 3C	4C	14	Adopt 2C or 3C for FSO for firefighters
Farmington, Town of (P0100)	2C, 3C or 4C	AC	11	Adopt special plan for firefighters
Franklin County (P0102)	2C, 3C or 4C	AC	?	Adopt Special Plan for Dispatchers
Jay, Town of (P0045)	3C	2C	7	Adopt 3C for future service only for police officers
<b>Kennebec County (P0047)</b>	1C or 3C	2C	26	Adopt 1C or 3C for law enforcement future service only
Kennebunk, Town of (P0084)	1C or 3C	2C	24	Adopt special plan 1C or 3C for all service for police & fire

**Pending Plan Change Inquiries (Continued)**

<b>Employer Plan</b>	<b>New Plan</b>	<b>Old Plan</b>	<b># of Members</b>	<b>Comments</b>
Kittery, Town of (P0014)	2C, 3C or 4C	AC	3	Adopt Special Plan for Dispatchers
Levant, Town of (P0339)	2C	AC	6	Adopt 2C for all service for all participating employees
Old Orchard Beach, Town of (P0140)	3C or 1C	2C	17	Adopt 3C or 1C future service only for Fire/EMS
Old Town, City of (P0111)	3C	3N	25	Adopt 3C for firefighters for future service only
Orono, Town of (P0061)	1C or 3C	2C	13	Adopt 3C or 1C future service only for police
Paris, Town of (P0127)	2C	AC	1	Adopt 2C future service only for dispatchers
Pittsfield, Town of (P0110)	3N or 3C	AN	3	Adopt Special Plan 3N or 3C for Police future service only
Portland, City of (P0002)	2C or 3C	AC	?	Adopt Special Plan 2C or 3C for Dispatchers future service only
Regional School Unit No. 1 (P0315)	AC	N/A	30	Add coverage for additional classificaitons of school support employees, currently have closed plan
Richmond Utilities District (P0242)	AC	AN	3	Adopt COLA for all service - awaiting study results
Rockland, City of (P0018)	1C	3C	13	Adopt 1C for future service only for Police who elect to move to it
RSU #39 - Eastern Aroostook (P0335)	AC	X	?	Add coverage for additional classifications of school support employees under AC
RSU #49 - MSAD #49 Fairfield (P0189)	AN	X	?	Add coverage for additional classifications of school support employees under AN
Sanford, City of (P0083)	3C	AC	20	Adopt 3C for all service or future service only for dispatchers (Study)
Somerset County (P0101)	1C	AC	17	Adopt 1C for corrections employees
South Berwick, Town of (P0141)	3C	1C	6	Adopt 3C for police who elect to move from 1C and new hires -All Service or Future Service Only (Study)
<b>South Portland, City of (P0009)</b>	3C	AC	2	Adopt 3C for future service only for dispatchers
Union, Town of (P0342)	AC	AN	12	Adopt Cola for future service only
Waldo County (P0046)	3C	AC	17	Adopt 3C for Dispatchers
West Bath, Town of (P0333)	AC	N/A	?	Add coverage for school dept employees under Regular Plan AC
Winthrop, Town of (P0179)	2C	AC	4	Adopt 2C for dispatchers
York County (P0037)	3C or 1C	2C	26	Adopt 3C or 1C for future service only for law enforcement officers
<b>York, Town of (P0028)</b>	2C	AC	8	Adopt 2C for Dispatchers for all service effective 7/1/2022

**Pending New or Rejoining PLD Employer Inquiries (28)**

<b>Employer</b>	<b>In Addition to SS?</b>	<b>Effective</b>	<b># of Potential Members</b>	<b>Comments</b>
Anson Madison Starks Ambulance Service	No	2022	?	New
Arundel, Town of	Yes	2022	?	New - Join for Fire/EMS
Belmont, Town of	No	2023	?	New
Blue Hill, Town of	Yes	2022	?	New
Bridgton Water District	Yes	2022	?	New
Canton, Town of	Yes	2023	?	New
<b>Carmel, Town of</b>	Yes	2023	4	New
Charleston, Town of	No	2023	?	New
Eagle Lake, Town of	Yes	2022	?	New
Farmingdale, Town of	Yes	2022	?	New- Join for Full-Time Employees
Hancock County Planning Commission	Yes	2022	?	New
Hebron, Town of	No	2023	?	New
Litchfield, Town of	Yes	2022	?	New
MSAD #42 Mars Hill	Yes	2022	?	New School Support PLD - Join for Secretaries

**Pending New or Rejoining PLD Employer Inquiries (Continued)**

Employer	In Addition to SS?	Effective	# of Potential Members	Comments
Norridgewock, Town of	Yes	2023	?	New - Join for Fire/EMS
Northern Oxford Regional Amulance Service	No	2023	?	New
North Yarmouth, Town of	Yes	2022	?	New - Join under 3C for Fire/EMS and potentially AC general gov't
Orono-Veazie Water District	Yes	2022	?	New
Portage Lake, Town of	Yes	2023	?	New
Portland Water District	Yes	2022	?	New
Raymond, Town of	Yes	2022	?	New
Readfield, Town of	Yes	2022	?	New
Region 10 Technical High School	No	2022	?	New
Regional School Union No. 3	Yes	2022	?	New
RSU #35 - MSAD #35	Yes	2022	?	New - Regular Plan AC for Administrators (Non-Teacher Plan)
RSU #78	Yes	2022	?	New - Join for all non-PST school support employees
RSU #87 - MSAD #23	No	2023	?	New School Support PLD
Washington, Town of	Yes	2022	?	New
Active Withdrawal /Partial Withdrawal Inquiries (1)				
Employer	In Addition to SS?	Effective	# of Potential Members	Comments
Androscoggin County (P0067)	Yes	?	6	Inquired about partial withdrawal to exclude County Commissioners from membership going forward

## MEMORANDUM

**Date:** August 4, 2022  
**To:** PLD Advisory Committee  
**From:** Deanna Doyle, PLD Plan Administrator  
**Re:** First Annual Open Enrollment

The first annual open enrollment for the PLDs that adopted the new Limited Period Open Enrollment Provision will run from September 1, 2022 through November 1, 2022. Eligible, non-participating employees with less than 5 years of employment, and for this year only, employees who reached their 5<sup>th</sup> year of employment anniversary on/after November 1, 2021, will have another opportunity to join MainePERS. Employees who opt to participate during open enrollment will have to pay federal income tax on their retirement contributions. (Contributions are not federally tax-deferred.)

To date, 74 Participating Local Districts have adopted the provision for their employees. We will be sending an eblast to these employers next week reminding them about Open Enrollment and providing them with instructions on administering the elections. We are offering 4 information sessions via Zoom for interested employees to attend, 2 in late August, 1 in September and 1 in October.