

DATE: March 28, 2023

TO: Senator Michael Tipping, Chair
Representative Amy Roeder, Chair
Members, Joint Standing Committee on Labor and Housing

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

SUBJECT: Testimony on L.D. 313 – An Act to Ensure Consistency in Retirement Plans for
Certain Law Enforcement Officers

Good afternoon, Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor and Housing. My name is Kathy Morin, and I am the Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System.

MainePERS is neither for nor against L.D. 313. We are here to provide information and offer any assistance the Committee might need regarding this bill. We have seen the sponsor's amendment to the bill and our comments pertain to that amendment.

We previously provided the Committee with a chart describing the various retirement plans by which State employees and teachers are covered. Most state employees and all teachers are covered by the regular plan, which permits retirement after twenty-five years of service and/or attainment of normal retirement age of 60, 62 or 65. Special plans typically allow for retirement with fewer years of service and/or at a younger age, and are typically provided to law enforcement officers or employees in other high risk positions. Current special plans have different retirement eligibility requirements and the costs vary across the plans.

Members are required to complete the eligibility requirements within a specific special plan in order to qualify to retire from that plan. Service earned under different regular or special plans is not usually interchangeable such that all service can be combined towards meeting retirement eligibility requirements. There are two reasons for this. First, the statutory language that establishes the special plans governs how benefits are determined under that plan. For example, the 1998 Special Plan is established for certain classifications of employees and it is only service in those classifications that can be included towards meeting eligibility requirements under that plan. Second, each plan has its own normal costs based on the plan provisions. The costs are established assuming that members are required to meet the qualifications of that plan in order to retire. As such, contributions are not made in a way that supports a member moving across plans and being able to count all service towards one plan.

Based on the summary of the amendment, it appears that the intent of the bill is to allow an employee or employer to elect to provide full interchangeability across plans for certain position classifications, with the additional cost paid by either the employee or the employer. The cost of being able to carry service from one plan to another can be extremely expensive and is likely to be cost prohibitive for members. As with existing statute, special plan participants whose prior or current position is not in the covered position classifications would not be permitted to make the election discussed above.

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