

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

PLD Advisory Committee
Regular Meeting
April 30, 2024

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

The PLD Advisory Committee met at 1:00 p.m. on Tuesday, April 30, 2024 at MainePERS. Dr. Rebecca M. Wyke, Chief Executive Officer, presided.

Members present: David Barrett, Maine Municipal Association; John Bracciodieta, Maine Education Association (remotely); Steve Butterfield, Maine Service Employees Association; Rick Cailler, Professional Firefighters of Maine; Chris Downing, Maine School Management Association; John Nuttall, AFSCME Counsel 93 (remotely); Brendan O'Connell, Maine Municipal Association (remotely); Ed Marzano, Teamsters (remotely); Sophia Wilson, Maine Municipal Association (remotely); Member absent: Deborah Roberts, Maine School Management Association. The Committee was joined by: Nanette Ardry, Associate General Counsel; Michael Colleran, Chief Operating Officer and General Counsel; Deanna Doyle, PLD Plan Administrator; Gary Emery, DC Plan Administrator; Ronald Farris, Financial Reporting Manager; Chip Gavin, Chief Services Officer; Betsy Stivers, Assistant Attorney General (remotely); Sherry Vandrell, Chief Financial Officer

MINUTES

Dr. Wyke welcomed the new committee member Chris Downing, Superintendent for RSU 20 representing Maine School Management Association, and introductions followed. The Committee then unanimously approved the minutes of January 30, 2024.

LEGISLATIVE & RULEMAKING UPDATE

Mike Colleran informed the Committee that the Legislature adjourned without enacting any bills pertaining to the PLD Consolidated Plan. The two bills discussed at the November 2023 PLD Advisory Committee meeting, LD 426 for military service purchase and LD 1152 for long term disability insurance (LTDI), remain on the Special Appropriations table.

Mike reported that we have proposed to amend Rule 201, which addresses payroll reporting requirements and the consequences for non-compliance. The proposed amendment would allow us to impose a per day fee on late reporting and charge interest on late contributions and group life insurance (GLI) premiums.

CEO UPDATE

Focus Friday Update.

Dr. Wyke reminded the Committee that about a year ago the System implemented Focus Fridays where we are closed to the public so trained staff can concentrate their efforts on addressing several chronic backlogs. While a significant backlog remains in finalizing retirement benefits for those receiving preliminary benefits, we have made substantial progress in eliminating several other massive backlogs including the backlog of service retirement estimates. For this reason, the System has decided to adopt Focus Fridays permanently.

Pension Administration System Briefing

Dr. Wyke briefed the committee on the work being done to acquire a new Pension Administration System (PAS). The new PAS we are looking to obtain is integral to achieving MainePERS' Strategic Plan. Dr. Wyke reviewed the scope of the project, the resources being dedicated to it, the challenges and risks, and the budgetary impact. We anticipate selecting the new PAS in late summer and beginning development in the fall of 2024.

Employee Survey Results

Dr. Wyke discussed the results of the second employee survey. The clear message taken is that while there are certain things that make work more difficult, such as the backlogs, there is an understanding that progress has been made, and in general, the work culture is moving in a very positive direction. The majority of employees felt MainePERS is committed and moving towards a more inclusive work place environment, where their ideas are valued and they feel safe suggesting them.

MAINESTART DEFINED CONTRIBUTION PLANS

Gary Emery gave a presentation on the MaineSTART DC plans. These plans are available to PLD and Teacher employers wanting to provide additional ways for their employees to save for retirement. Gary explained how these plans can be used to supplement a defined benefit, pointing out the similarities and the differences of the plans (457b, 401a and 403b), the low participant and the record keeper fees, and the personalized, comprehensive retirement planning tools and service we provide to participants.

ADMINISTRATIVE

Results of Outreach to Employer with 2N and 4C Plans.

Deanna Doyle discussed the results of the outreach to employers participating in the 2N and 4C Plans as their rates are set to increase by more than 0.5% starting in July. The one employer still participating in the 2N plan is considering making a plan change to a better plan for the same cost. If this occurs, we will ask the Committee to consider rulemaking in order to eliminate future adoption of this plan by employers. Deanna noted that all the employers currently participating in the 4C Plan indicated they had no plans to make a change.

Current PLD Activity Report.

Deanna informed the Committee that activity has slowed from this time last year, noting there were only seven plan changes from November to current. The number of active inquiries to join/rejoin or make changes to better plans continues to be high.

PLD Activity Trend Report.

Deana noted the long term growth of the PLD Plan, both in the number of participating employers and active members. We continue to make improvements to the on boarding process for new employers.

Adjournment

Dr. Wyke then thanked David Barrett, who is retiring after this meeting, for his years of service to this Committee.

There being no further business for discussion, Dr. Wyke concluded the meeting and the committee adjourned at 2:20 p.m.

Date Approved

Dr. Rebecca M. Wyke, Chief Executive Officer

-MEMORANDUM

Date: July 22, 2024

To: PLD Advisory Committee Members

From: Michael J. Colleran, Chief Operating Officer and General Counsel
Kathy Morin, Director, Actuarial and Legislative Affairs

Re: Rulemaking Update

Payroll Reporting

We reported on this rulemaking at the April meeting. We have republished notice of intent to repeal and replace Rule Chapter 201, which governs payroll reporting by employers. The current rule has not been amended since it was adopted in 1985. The proposed replacement rule would set expectations for payroll reporting, submission of contributions, and payment of Group Life Insurance premiums and provide for late fees and interest. After receiving public comment, we revised the proposal to make explicit that in assessing any late fees or interest, we would consider any extenuating circumstances and whether the employer was working in good faith to become compliant. We also added that any late fees would be credited toward any interest required. A copy of the revised proposed rule is attached. Another public hearing is scheduled for the August Board meeting, and written comments may be made through August 19. The Board is expected to consider the proposal at the September Board meeting. This is considered major substantive rulemaking, so it would have to be reviewed by the Legislature next session.

Disability Retirement Rules

At their July meeting, the Board adopted a new rule on the annual statement of compensation process that is used to apply earnings limitations and benefit offsets to disability retirees. The Board also adopted an amendment to Rule Chapter 506 (Eligibility for Disability Retirement Benefits) to align the definitions of “earnings” in the two rules. The changes should become effective later this month.

In response to comments received in this process, we are reviewing our practices on collecting overpaid benefits to see whether any changes, including changes involving rulemaking, would be appropriate.

Qualified Domestic Relations Orders

The Board at the July meeting also adopted an amendment to Rule Chapter 103, which addresses court orders that divide MainePERS benefits. The amendment streamlines the existing rule and adds new guidance. The changes should become effective later this month.

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 201: EMPLOYER REPORTING AND PAYMENTS

SUMMARY: This Chapter sets out requirements regarding employer reporting and payment of contributions and premiums.

SECTION 1. REPORTING AND PAYMENT REQUIREMENTS

1. **Payroll Reporting.** Every employer reporting unit is required to submit a complete and accurate payroll report to the Maine Public Employees Retirement System (“MainePERS”) within 15 days after the end of each month (“the Due Date”). The report shall contain data relating to all payrolls paid during the calendar month immediately preceding the Due Date and shall be in the format prescribed by the Chief Executive Officer.
2. **Submission of Contributions and Insurance Premiums.** Every employer reporting unit is required by the Due Date to electronically submit in the manner prescribed by the Chief Executive Officer: (1) the employer and employee contributions for the time period covered by the report; and (2) the Group Life Insurance (“GLI”) premiums as invoiced by MainePERS.

SECTION 2. LATE FEES AND INTEREST

1. **Late Fees.** An employer reporting unit that has not submitted a complete and accurate payroll report as determined by the Chief Executive Officer within 30 days after the Due Date may be charged a late fee of \$100 per day calculated from the Due Date until a complete and accurate report has been received by MainePERS. In deciding whether to impose a late fee, MainePERS should consider any extenuating circumstances and the extent to which the employer is making good faith efforts to comply.
2. **Interest.** An employer reporting unit that has failed to pay any employer and employee contributions and GLI premiums required to be paid pursuant to section 1, subsection 2 within 30 days after the Due Date, regardless of whether a complete and accurate payroll report has been submitted, may be charged interest on the amount owed at the then-current actuarial discount rate, compounded monthly, from the Due Date until the amount owed is paid in full. In deciding whether to charge interest, MainePERS should consider any extenuating circumstances and the extent to which the employer is making good faith efforts to comply. Any late fees paid pursuant to subsection 1 must be used to offset any interest obligation arising out of the same payroll period to reduce the employer reporting unit’s overall obligation.

STATUTORY AUTHORITY: 3 M.R.S. § 731(2); 4 M.R.S. § 1231(2); 5 M.R.S. §§ 17103(4), 17203(1), 18053, 18653

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 513: DISABILITY RETIREMENT COMPENSATION LIMITATIONS AND BENEFIT OFFSETS

SUMMARY: This Chapter provides guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees.

SECTION 1. DEFINITIONS

1. **Earnings.** “Earnings” as used in this Chapter means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms and income that is reported on federal self-employment tax schedules as subject to self-employment tax. Unless the context indicates otherwise, “compensation” received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.
2. **Statement of Compensation.** “Statement of compensation” as used in Title 5, Part 20, means: (1) a completed, signed form in the format prescribed by the Chief Executive Officer specifying the disability retiree’s earnings; and (2) a copy of the disability retiree’s federal W-2 tax forms, any self-employment tax schedules filed by or for the disability retiree, and any other federal tax forms and schedules determined by the Chief Executive Officer to be necessary to show the disability retiree’s earnings.

SECTION 2. EARNINGS LIMITATIONS, OFFSETS, AND THE ANNUAL STATEMENT OF COMPENSATION PROCESS

1. Title 5, Sections 17930 and 18530 specify the calculation of earnings limitations for each retiree and the reduction, or offset, to disability retirement benefits when the retiree also receives disability benefits under other laws, including workers’ compensation benefits and Social Security disability benefits. These sections also specify the steps to be taken when a retiree exceeds earnings limitations, including the reduction or elimination of further benefits and reimbursement of any remaining excess benefit payments.
2. Earnings and benefits as reported in the annual statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.
3. The statement of compensation required by Title 5, Sections 17931 or 18531 must be submitted so that it is received by MainePERS by the deadline for filing federal tax returns for the year covered by the statement of compensation.
 - A. A disability retiree who obtains an extension of the tax filing deadline must submit proof of the extension application so it is received by MainePERS by the original deadline. The statement of compensation will be due on the extended deadline.
 - B. MainePERS may extend the deadline or waive in whole or in part the statement of compensation requirement for good cause.

- C. Disability retirement benefits may be withheld for failure to submit a statement of compensation only after compliance with Title 5, Section 17105-A, including the right to an informal hearing, written decision, and appeal process.
 - D. If disability retirement benefits are withheld for failure to submit a statement of compensation and the statement is subsequently submitted within one-year of the original due date, MainePERS will disburse the withheld benefits to the retiree.
4. In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits, except as provided in paragraph A, each person required to submit a statement of compensation must at the same time and on the same form report any Social Security disability and workers' compensation benefits and submit any SSA-1099 tax form received for the year covered by the statement of compensation.
- A. A disability retiree is not required to report Social Security benefits or provide SSA-1099 tax forms if the retiree was not covered by Social Security during the employment service associated with the disability retirement.
 - B. If the information submitted reflects a decrease in other benefits or an increase beyond a cost of living adjustment, MainePERS, with the cooperation of the retiree, will seek further information from the other benefit provider to determine whether the change in other benefits should result in a change in benefit reductions.

94-411 MAINE STATE RETIREMENT SYSTEM

Chapter 506: ELIGIBILITY FOR DISABILITY RETIREMENT BENEFITS

SUMMARY: This chapter sets forth the standards and processes for determining eligibility for disability retirement benefits.

SECTION 1. DEFINITIONS

1. **Consistent with the person’s training, education, or experience.** “Consistent with the person’s training, education, or experience” has the same meaning as “qualified by training, education or experience.” A member may be qualified by training, education, or experience to engage in an activity even if the member has not previously engaged in it or has not engaged in it for pay. The fact that the member may need additional training for a specific position does not mean that the position is inconsistent with the member’s training, education, or experience.
2. **Continuous creditable service.** “Continuous creditable service” means a period of membership service that occurs without any break in excess of 30 days. A period of leave under the federal Family Medical Leave Act where the member returned to the employment position at the end of the leave period does not constitute a break in membership service.
3. **Date of incapacity.** “Date of incapacity” means the date when a member stopped performing the essential functions of the member’s employment position due to functional limitations caused by a mental or physical condition.
4. **Earnings.** “Earnings” means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms and ~~non-wage net~~ income that is reported on federal self-employment tax schedules as subject to ~~received in return for labor or services, such as received in~~ self-employment tax.
5. **Employment position.** “Employment position” means the position in which the member is employed at the time the member becomes incapacitated or a position that is made available to the member by the member's employer that is of comparable stature and equal or greater compensation and benefits and located within a reasonable commuting distance from the member’s residence.
6. **Existed before membership.** A condition “existed before membership” if, as of the member’s initial membership date, the condition:
 - A. Had been diagnosed by a health care provider;
 - B. Reasonably should have been diagnosed by a health care provider based on the member’s medical records and symptoms and the results of any additional tests the provider reasonably should have requested;
 - C. Had exhibited some, but not all signs and symptoms necessary for a diagnosis, but later manifested all such signs and symptoms and was diagnosed; or

- D. Was directly caused by another condition that was diagnosed or reasonably should have been diagnosed before membership.
- 7. **Incapacity.** “Incapacity” means unable to perform the essential functions of the member’s employment position with reasonable accommodation due to functional limitations caused by a mental or physical condition.
- 8. **In service.** A member is “in service” if the member has not terminated employment and is receiving compensation for rendering services, including through the use of the member’s own accrued leave time.
- 9. **Mental or physical condition.** A “mental or physical condition” is a condition affecting the member mentally or physically that is medically diagnosable.
- 10. **Permanent.** “Permanent” means:
 - A. the incapacity is likely to continue for the foreseeable future;
 - B. the member has reasonably pursued appropriate treatment options; and
 - C. those treatment options have not resolved the incapacity.
- 11. **Reasonable accommodation.** “Reasonable accommodation” has the same meaning as that phrase does under the federal Americans with Disabilities Act, 42 U.S.C. §12111(9).
- 12. **Reasonable commuting distance.** “Reasonable commuting distance” means a distance of less than 60 miles that would be reasonable for the member to commute based on the facts and circumstances, including the cost of commuting, the compensation of the employment position, the member’s commuting history, and typical commuting distances where the member resides.
- 13. **Substantially gainful activity.** “Substantially gainful activity” means any combination of activities, tasks, or efforts, with any reasonable accommodations, for which the member is qualified by training, education, or experience that would generate annual income in an amount in excess of the substantially gainful activity amount in the labor market for the member’s state of residence.
- 14. **Substantially gainful activity amount.** “Substantially gainful activity amount” means \$20,000 or 80% of the member’s average final compensation, whichever is greater, adjusted by any cost of living adjustments required by statute or rule.

SECTION 2. INITIAL ELIGIBILITY

- 1. **Standards.** A member is eligible for disability retirement benefits if the member has a permanent incapacity while in service, subject to the following additional requirements where applicable:
 - A. If the member had less than five years of continuous creditable service as of the member’s last date in service, the incapacity must not result from a condition that existed before membership unless the incapacity has been caused or substantially aggravated by

an injury or accident received in the line of duty from events or circumstances not usually encountered within the scope of the member's employment.

- (1) Events or circumstances are usually encountered within the scope of the member's employment if they are described in the job description for the member's position or are otherwise typically encountered one or more times during the career of a person in a position like the member's.

- B. If at least two years have passed since the member's date of incapacity, the member must be unable to engage in any substantially gainful activity due to functional limitations caused by the mental or physical condition.

2. Use of the medical review service provider and independent medical examinations

- A. The permanent incapacity may be revealed by an independent medical examination (IME), but the Chief Executive Officer may grant benefits without an IME and, if qualification is clear to a lay person, may grant benefits without use of the medical review service provider.
- B. The Chief Executive Officer may deny benefits without use of the medical review service provider or an independent medical examination on non-medical grounds, including:
 - (1) The applicant was not in service at the time the applicant claims the incapacity began;
 - (2) The applicant is in an age-restricted plan and performed the essential functions of the employment position after normal retirement age;
 - (3) The claimed incapacity has existed for more than two years and the applicant has earned more than the substantially gainful activity amount in one or more years during this time;
 - (4) The applicant is uncooperative or unresponsive in providing essential information needed to process the application; or
 - (5) The applicant has already been denied benefits on the same condition and last date in service.
- C. The Chief Executive Officer may not otherwise deny benefits without an IME unless the IME is waived by the applicant.

3. Determination of inability to perform the essential functions of the employment position with reasonable accommodation

- A. A member is not unable to perform the essential functions of the employment position if the member could do so with one or more reasonable accommodations.
- B. When a member is incapacitated by more than one mental or physical condition, any permanent functional limitations caused by the conditions will be considered in totality as part of a whole-person approach to determine whether the limitations make the member

unable to perform the essential functions of the employment position with reasonable accommodation.

- C. If MainePERS determines that one or more reasonable accommodations would more likely than not allow a member to perform the essential functions of the employment position, MainePERS will communicate the reasonable accommodations in writing to the member and the employer prior to issuing a decision on eligibility for disability retirement, including, where applicable, a request to the employer that it provide the identified reasonable accommodations.
 - (1) **Employer acceptance or refusal.** The employer shall inform MainePERS whether it will provide the requested reasonable accommodations. If the employer refuses because the member no longer is employed, the employer shall inform MainePERS whether the employer offered or would have provided the reasonable accommodations if requested during employment. MainePERS will communicate any information received from the employer to the member, and the member will be provided an opportunity to rebut the employer's information.
 - (2) **Member acceptance or refusal.** If the member has not terminated employment and the employer will provide the reasonable accommodations, the member shall inform MainePERS whether the member will attempt to perform the essential functions of the employment position with the reasonable accommodations. The member may provide evidence to MainePERS that the employer has refused to make the reasonable accommodations or that they would not permit the member to perform the essential functions of the employment position.
 - (3) **Final determination.** After employer or member refusal or the failure of a good faith attempt to perform the essential functions of the employment position with reasonable accommodation, MainePERS shall make a decision on the member's application for disability retirement.
4. **Application of disabled veteran presumption.** A member seeking application of the disabled veteran presumption pursuant to 5 M.R.S. §§ 17924 or 18524, based on a determination of individual unemployability must authorize release of information from the U.S. Department of Veterans Affairs as requested by MainePERS in addition to cooperating in providing other essential information needed to process the disability retirement application.

SECTION 3. REVIEWS FOR CONTINUING ELIGIBILITY

1. **Scheduling of reviews.** A disability retiree may be reviewed for continuing eligibility for disability retirement benefits in the following circumstances:
 - A. The retiree has not yet had a determination that they are unable to engage in any substantially gainful activity for which they are qualified by training, education or experience and at least two years have passed since the date of the determination that the retiree is eligible for disability retirement benefits; or
 - B. Earnings or other information about a retiree's activities received by MainePERS show that the retiree may have capacity to engage in substantial gainful activity and at least one year has passed since any previous review.

2. **Cooperation with review.** A retiree subject to review under subsection 1 must cooperate in providing information to MainePERS, including providing medical records and releases permitting health care providers to provide medical records. An unjustified failure to cooperate will result in the discontinuance of benefits. If the failure continues for one year, it will result in permanent cessation of benefits.
 3. **Standard on review.** The retiree's eligibility for retirement benefits continues if the retiree is unable to engage in any substantially gainful activity due to functional limitations caused by the mental or physical conditions that were the basis for the initial eligibility determination or by one or more new conditions that arose from the conditions that were the basis for the initial eligibility determination.
 4. **Rebuttable presumption.** A retiree is presumed to be no longer eligible for retirement benefits if the retiree has earned more than the substantially gainful activity amount in one or more years while receiving disability retirement benefits. This presumption may be rebutted by information showing that the standard in subsection 3 is met notwithstanding these earnings.
 5. **Use of the medical review service provider and independent medical examinations**
 - A. The Chief Executive Officer may determine that the retiree continues to be eligible without an IME and, if continuing eligibility is clear to a lay person, may determine that the retiree continues to be eligible without use of the medical review service provider.
 - B. The Chief Executive Officer may not determine that the retiree is no longer eligible for retirement benefits without an IME unless the IME is waived by the retiree.
 - C. IMEs under this Section are subject to the same reimbursement and waiver requirements as IMEs under Section 2.
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STATUTORY AUTHORITY:
5 M.R.S. §§ 17103(4)

EFFECTIVE DATE:
March 1, 2023 – filing 2023-030

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 103: QUALIFIED DOMESTIC RELATIONS ORDERS

SUMMARY: This Chapter implements the provisions in the Maine Public Employees Retirement System statutes relating to qualified domestic relations orders (5 ~~MRS~~M.R.S. §§ 17059 to 17061) which ~~were enacted by PL 1991, c. 746. Chapter 746~~ provided the statutory authority for the ~~Retirement System~~retirement system to pay benefits to the ~~spouse or former spouse~~alternate payee of a member or retiree when the right to such payment is established by a qualified domestic relations order. This Chapter provides the standards for such orders, procedures for their filing, and the procedures to be followed by the ~~Retirement System~~retirement system in reviewing and administering the statute.

SECTION 1. Definitions

~~1. Terms used in this chapter, unless the context otherwise indicates, shall have the same definitions as in 5 M.R.S. § 17001.~~

~~1. **Alternate Payee.** "Alternate payee" means a spouse, former spouse, child or other dependent of a member or retiree who is recognized by a domestic relations order as having a right to receive all or a portion of the benefits payable by the retirement system with respect to that member or retiree.~~

~~2. **Benefits Payable With Respect to a Member or Retiree.** "Benefits payable with respect to a member or retiree" means any payment made or required to be made to a member, retiree or beneficiary under 5 ~~MRSA~~M.R.S., chapter 423, subchapter ~~V~~5, or ~~chapter 425, subchapter V~~chapter 427 and withdrawal of accumulated contributions, but excluding benefits payable under:~~

- ~~A. Section 17953, subsection 4;~~
- ~~B. Section 18003, with relation to dependent children;~~
- ~~C. Section 18553, subsection 4; and~~
- ~~D. Section 18603, with relation to dependent children.~~

~~3. **Domestic relations order.** "Domestic relations order" means a judgment, decree or order, including approval of a property settlement agreement, that:~~

~~A. Relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a member or retiree; and~~

~~B. Is made pursuant to a domestic relations law of this State or another state.~~

4. ~~**Executive director.** "Executive director" means the executive director of the Maine Public Employees Retirement System or the executive director's designee.~~

5. ~~**Qualified domestic relations order.** "Qualified domestic relations order" means a domestic relations order that:~~

~~A. Creates or recognizes the right of an alternate payee, or assigns to an alternate payee the right to receive all or a portion of the benefits payable with respect to a member or retiree under the Retirement System;~~

~~B. Directs the Retirement System to disburse benefits to the alternate payee; and~~

~~C. Meets the requirements of 5 MRSA §17059 and this chapter.~~

6. ~~**System.** "System" means the Maine Public Employees Retirement System.~~

7. ~~**Other terms.** All other terms used in this chapter, unless the context otherwise indicates, shall have the same definitions as in 5 MRSA §17001.~~

SECTION 2. Information to Spouse

Upon receipt of an attested copy of the complaint for divorce and a written request which identifies the member or retiree by name and social security number and which states the date of the marriage, the Systemretirement system will provide the spouse or former spouse of a member or retiree with the same information that would be provided to the member or retiree on the member's or retiree's account or benefits which is relevant to the spouse's or former spouse's interest in the member's or retiree's account or benefits.

SECTION 3. Payments by Maine Public Employees Retirement System

1. The Systemretirement system shall make payments of death or retirement benefits or of refunded contributions only as directed by statutes and rules or by a qualified domestic relations order.
2. If benefits are payable pursuant to a qualified domestic relations order that meets the requirement of a domestic relations order as defined in section 414(p) of the Internal Revenue Code, then the applicable requirements of section 414(p) of the Internal Revenue Code will be followed by the Systemretirement system.

SECTION 4. Submission of orders

1. A person who wishes to have the Systemretirement system review a domestic relations order to establish whether it meets the requirements for a qualified domestic relations order must submit to the Systemretirement system a written request for review and a copy of the domestic relations order. The request may be made either before or after the order has been entered by the court. The order will be reviewed as provided by section 5. If the order has been entered, it must have been certified by the clerk of the court that entered the order.

2. Subject to review and approval by the Board, the ~~Chief Executive Director~~Chief Executive Officer will establish and may revise from time to time a filing fee for the processing and review of orders. The fee will be based on the time required for processing and review of orders, will be reasonable, and will not be set at a level which requires the ~~System's retirement system's~~ members and employers as a whole to subsidize the cost of processing and review. The fee in effect at the time an order is first submitted, whether before or after entry by the court, must be paid before the order will be processed and reviewed. ~~In addition, the System will charge for legal and actuarial services and provided by section 5, subsection B.~~
3. If a domestic relations order is submitted for review after it has been entered by the court and is thereafter amended with the intention that it be a qualified domestic relations order, the member or retiree or the alternate payee must submit a certified copy of the amended order to the ~~System. The System retirement system. The retirement system~~ shall review any amended order that it receives according to the same rules applicable to all other orders. A filing fee is not required with the submission of an amended order if the fee was paid with the initial submission of the order. If the review period exceeds 18 months and the domestic relations order (either as originally submitted or as subsequently revised) has not yet been approved, an additional filing fee is required for any review to continue, unless the delay in approval was caused by the retirement system.

SECTION 5. Review of Orders

1. The ~~executive director~~Chief Executive Officer shall review the order for compliance with the requirements imposed by 5 MRSAM.R.S. §17059 and this chapter. Upon completion of the review:
 - A. ~~If, tThe order has not been entered by~~Chief Executive Officer shall notify the court, member or retiree and each alternate payee in writing of the ~~executive director will not issue a determination that of whether~~ the order is or is not a qualified domestic relations order ~~but will, in writing, inform the person who submitted the order whether the order meets the requirements for .~~ For any order that is determined not to be a qualified domestic relations order, identifying any the notification must identify the provisions of 5 MRSAM.R.S. §17059 or this chapter that the order does not meet;
 - B. ~~If the order has been entered by the court, the executive director shall notify the member or retiree and each alternate payee in writing of the determination that the order is or is not a qualified domestic relations order identifying any provisions of 5 MRSA2 §17059 or this chapter that the order does not meet.~~
2. ~~In addition to the filing fee provided by section 3, subsection B, the System will charge for legal and actuarial services necessary in the review of an order at a rate to be determined by the executive director, based upon costs to the System. These charges must be paid before notification of determination on an order will be issued. Before any legal or actuarial services are performed, the executive director will notify the person who requested the review of the order that such services will be needed as part of the review. The notification will include an estimate of the extent of such services and the estimated costs relating to those services. No charge will be made for the first hour of legal or actuarial services or combination of both.~~

3. During any period, not to exceed 18 months, in which a domestic relations order is under review to determine whether it is a qualified domestic relations order or a determination that an order is not qualified is on appeal to the Board or to court, the Systemretirement system will, in the manner provided by 5 ~~MRSA §1705~~9 M.R.S. §17059, sub-§§ 7, 8, 9, and 10, identify and hold amounts that would have been paid to the alternate payee if the order had been determined to be a qualified domestic relations order and will pay those amounts during or after the period as therein provided.

SECTION 6. ~~Payment Pursuant to Qualified Orders~~Domestic Relations Order Standards

~~If the order is determined to be a qualified domestic relations order, the System shall, subject to the limitations of applicable statutes and this chapter, pay benefits in accordance with the order at the time benefits become payable to or in the case of contributions, are withdrawn by the member. Any determination that an order is a qualified domestic relations order is voidable or subject to modification if the System determines that the provisions of the order have been changed or that circumstances relevant to the determination have changed.~~

~~SECTION 7. Orders Not Qualified~~

~~The executive director shall provide a written notice of any determination that an order is not a qualified domestic relations order, identifying the provisions of 5 MRSA §17059 or this chapter that the order does not meet.~~

Chief Executive Officer

~~SECTION 8. Appeal of Determination that Order is Not Qualified~~

~~A determination by the executive director that an order is not a qualified domestic relations order is a decision that may be appealed to the Board of Trustees of the System as provided by 5 MRSA §17451.~~

~~SECTION 9. Determination of Whether an Order is a Qualified Domestic Relations Order~~

~~The executive director~~ will apply the requirements of 5 ~~MRS~~A M.R.S. §17059 to determine whether an order is a qualified domestic relations order. The following provisions will also be used in making the determination:

1. The order must provide for all possible distributions of benefits by the Systemretirement system for the member or retiree under plan provisions. This requirement shall be deemed to have been met by a provision that:
 - A. ~~A.~~ Awards to the alternate payee a specific or clearly determinable percentage, rather than an amount, of each distribution by the Retirement Systemretirement system based on the member's account or retiree's benefit;
 - A-B. Awards a specific amount of a benefit, rather than a percentage, to an alternate payee as long as the determination that the order is a qualified domestic relations order is made subsequent to the member's retirement and the order also provides

for a reduction of the amount awarded in the event that the benefits available to the retiree or member are reduced by law; or

BC. Awards to the member or retiree, in accordance with plan provisions, all benefits payable with respect to a member or retiree not specifically awarded to the alternate payee.

2. The order must provide for reducing the amount awarded in the event of reduction of the benefit based on the age of the member, each reduction to be in proportion to the factors used to reduce the standard monthly benefit on the basis of the member's age below normal retirement age. This requirement shall be deemed to have been ~~not met~~ if:
 - A. The order awards a percentage of whatever monthly benefit is payable after all elections have been made by the member, or in the event of death benefits, by the designated beneficiary;
 - B. The member or retiree has reached normal retirement age and, if a retiree, has retired without any reduction for early age retirement at the time of the determination as to whether the order is a qualified domestic relations order; or
 - C. The order reflects that the retiree is or will be receiving retirement benefits reduced for early age retirement and the award to the alternate payee has considered the reduced amount of the retiree's monthly benefit payments.
3. The order may not:
 - A. Purport to require the designation by the member or retiree of a particular person and the recipient of benefits in the event of a member's or retiree's death;
 - B. Purport to require the selection of a particular benefit payment plan or option or to limit the benefit payment plans or options from which the member or beneficiary may select;
 - C. Require any action on the part of the ~~System~~retirement system contrary to its governing laws or plan provisions other than the direct payment of the benefit awarded to an alternate payee or the direct payment of the benefit awarded to an alternate payee before the retirement of a member and when the payee reaches the member's normal retirement age;
 - D. Make the award to the alternate payee an interest which is contingent on any condition other than those conditions resulting in the liability of the ~~System~~retirement system for payment under its plan provisions;
 - E. Purport to give to someone other than a member or retiree the right to designate a beneficiary or to choose any retirement plan or option available from the ~~System~~retirement system;
 - F. Attach a lien to any part of amounts payable with respect to a member or retiree;
 - G. Award an alternate payee a portion of the benefits payable with respect to a member or retiree under the ~~System~~retirement system and purport to require the

~~System retirement system~~ to make a lump sum payment of the awarded portion of the benefits to the alternate payee that are not payable in a lump sum; or

- H. Purport to require the ~~System retirement system~~, without action by the member, to terminate a member from membership or employment, to refund contributions, or to retire a member.

~~4. A qualified domestic relations order may not provide for the award of a specific amount of a benefit, rather than a percentage of this benefit, to an alternate payee unless the order also provides for a reduction of the amount awarded in the event that the benefits available to the retiree or member are reduced by law. This requirement shall not apply to benefit waivers executed by the member.~~

~~5. The System~~^{4.} ~~The retirement system~~ will divide future benefit increases provided by statute or act of the Legislature between the member, retiree or beneficiary and the alternate payee in the same proportion that the benefits are divided.

~~65.~~ An order shall specify the date of the marriage, if the alternate payee is the member's or retiree's spouse or former spouse.

SECTION 7. Payment Pursuant to Qualified Orders

~~If the order is determined to be a qualified domestic relations order, the retirement system shall, subject to the limitations of applicable statutes and this chapter, pay benefits in accordance with the order at the time benefits become payable to or in the case of contributions, are withdrawn by the member. Any determination that an order is a qualified domestic relations order is voidable or subject to modification if the retirement system determines that the provisions of the order have been changed or that circumstances relevant to the determination have changed.~~

SECTION 8. Orders Not Qualified

~~The Chief Executive Officer shall provide a written notice of any determination that an order is not a qualified domestic relations order, identifying the provisions of 5 M.R.S. §17059 or this chapter that the order does not meet.~~

SECTION 9. Appeal of Determination that Order is Not Qualified

~~A determination by the Chief Executive Officer that an order is not a qualified domestic relations order is a decision that may be appealed to the Board of Trustees of the retirement system as provided by 5 M.R.S. §17451.~~

SECTION 10. Restoration to Service

For the purpose of calculating earnings limitations for retirees or recipients of disability retirement benefits who have been restored to service, the retiree's or recipient's retirement benefit or disability benefit will be considered to be the amount that would have been paid if there had been no qualified domestic relations order.

SECTION 11. Amount of Disability Retirement Benefit Subject to Qualified Domestic Relations Order

If the benefit of a recipient of a disability retirement benefit is reduced because of amounts received by the recipient as Workers Compensation or Social Security benefits, or both, the amount of the benefit subject to a qualified domestic relations order is the amount of benefit remaining after reduction for the Workers Compensation or the Social Security benefits or both.

SECTION 12. ~~Benefits Resulting from Resumption of Membership and~~ Reinstatement of Service Credit

1. If a member terminates membership in the ~~Retirement System~~retirement system by withdrawal of contributions, the ~~System~~retirement system shall pay all or a portion of the amount withdrawn to any alternate payee as directed by a qualified domestic relations order. If the former member later resumes membership in the ~~System~~retirement system, the ~~System~~retirement system shall pay to an alternate payee no portion of any benefits payable to the member or retiree which result from the resumption of membership, even if those benefits result in part from reinstatement of service credit initially credited during the marriage.

~~SECTION 13. Reinstatement of Service Credit~~

2. ~~————~~In order to receive credit for all service represented by withdrawn or refunded contributions, a member who in reinstating service credit by repaying amounts previously withdrawn or refunded must repay the entire amount withdrawn or refunded, regardless of whether a portion or all of the amount was paid to an alternate payee. Repayment must be made in accordance with 5 MRSAM.R.S. §17703 or §18304 and service credit shall be granted in accordance with 5 MRSAM.R.S. §17757 or §18357.

~~SECTION 14. SECTION 13. Death of an Alternate Payee Before Commencement of Payments Under a Qualified Domestic Relations Order~~

~~————When the System has not yet begun to make payment to an alternate payee under section's and is provided with proof of the death of the alternate payee, benefits payable with respect to the member or retiree will be paid without regard to the qualified domestic relations order.~~

~~SECTION 15. Form of Payment to Alternate Payee; Service Retirement Benefits~~

1. When the interest awarded to an alternate payee by a qualified domestic relations ~~order's~~order is distributed as a portion of a service retirement benefit, the ~~System~~retirement system will pay the alternate payee an amount that is the actuarial equivalent of that interest in the form of an annuity payable in equal monthly installments for the life of the alternate payee when:
 - A. the qualified domestic relations order arises in or because of divorce;~~and~~

- B. the qualified domestic relations order divides service retirement benefits between a member and ~~her/his former spouse~~the alternate payee; and
- C. the determination that the order is a qualified domestic relations order is made prior to the member's retirement.

~~D2.~~ Payment under ~~this~~ subsection 1 shall be determined as follows:

- ~~(4)A.~~ As of the date payment to the alternate payee is scheduled to begin, the ~~System retirement system~~ shall determine the single life annuity value of the retirement benefit payable to the member~~;~~.
 - ~~(21)~~ If the portion of the benefit awarded to the alternate payee by the order is not clearly stated as a percentage of full benefits, the ~~System retirement system~~ shall determine the percentage of full benefits that is the equivalent to the benefit awarded to the alternate payee~~;~~.
 - ~~(32)~~ The single life annuity value determined by the ~~System retirement system~~ shall be multiplied by the percentage of full benefits awarded to the alternate payee. The result of this calculation shall be actuarially converted to a single life annuity payable to the alternate payee for the lifetime of the alternate payee~~;~~and.
- ~~(4)B.~~ The benefit payable to the member shall be reduced by an amount equivalent to the value of the benefit payable to the alternate payee. Payment by the ~~System retirement system~~ of the alternate payee's interest as provided by this section has no effect on the right of a member to name a beneficiary or the right of a member to choose an optional method of payment upon retirement.
- ~~(5)C.~~ Payment of the alternate payee's interest under this subsection will be effective as of the same date benefit payments are effective for the member~~, unless, effective September 1, 2024, the alternate payee is eligible under the terms of the qualified domestic relations order to receive benefit payments before the member's retirement.~~
- ~~2D.~~ If the alternate payee begins to receive benefit payments before the member's retirement and the calculation of the alternate payee's benefit payments depends on the member's entire membership period, the alternate payee's benefit payments will be recalculated when the member retires using the same actuarial factors used to calculate the alternate payee's initial benefit.

3. When the interest awarded to an alternate payee by a qualified domestic relations order is distributed as a portion of a service retirement benefit and the determination that the order is a qualified domestic relations order is ~~is~~ made subsequent to the member's retirement, the interest awarded the alternate payee by the qualified domestic relations order will be paid as a portion of the service retirement benefit the retiree is receiving.

- A. If the alternate payee is already a named beneficiary under any option elected by the retiree at retirement, the total monthly benefit to which the retiree is entitled without regard to the qualified domestic relations order, whether payable to the retiree only or as divided between the retiree and the alternate payee beneficiary,

will be apportioned between the retiree and the alternate payee according to the terms of the qualified domestic relations order. Upon the death of either the retiree or the alternate payee beneficiary, the benefit amount to be paid to the survivor will be that required under the option elected by the retiree at retirement, as though no qualified domestic relations order had existed.

- B. If the alternate payee is not a named beneficiary under the option elected by the retiree at retirement, the benefit to which the retiree is entitled without regard to the qualified domestic relations order, will be apportioned between the retiree and the alternate payee according to the terms of the qualified domestic relations order. If the retiree predeceases the alternate payee, payments to the alternate payee will cease and payments to the retiree's named beneficiary or beneficiaries will be made as required under the option elected by the retiree at retirement, as though no qualified domestic relations order had existed. If the alternate payee predeceases the retiree, the benefit then being paid to the retiree will be increased by the amount of the benefit which was being paid to the alternate payee at time of death.
- C. Payment according to the terms of the qualified domestic relations order under this subsection will commence as of the first day of the month following the date upon which the order is determined to be qualified, unless the parties jointly direct that payment is to commence at a later date.

SECTION 14. Death of an Alternate Payee

- 1. When the retirement system has not yet begun to make payment to an alternate payee and is provided with proof of the death of the alternate payee, benefits payable to the member or retiree will be paid without regard to the qualified domestic relations order.
- 2. When the retirement system has begun to make payment to an alternate payee under subsection 13(1), benefits payable to the member or retiree will not increase or otherwise be affected because of the death of the alternate payee.
- 3. When the retirement system has begun to make payment to an alternate payee under subsection 13(3), and is provided with proof of the death of the alternate payee, further benefits payable to the member or retiree will be paid without regard to the qualified domestic relations order unless the order provides otherwise.

SECTION 15~~16~~. Payments Made in Error

- 1. If a member or retiree, or the beneficiary or estate of either receives any amount of a distribution that has been awarded to an alternate payee, the recipient is designated a constructive trustee for the amount received and shall immediately transmit such amount to the alternate payee.
- 2. If a alternate payee or the estate, heirs, or legatees of the alternate payee receives any amount of a distribution that should have been paid to a member or retiree, or the estate, heirs, or legatees of either, the recipient ~~is~~ designated a constructive trustee for the amount received and shall immediately transmit such amount to the member or retiree or other person to whom the amount should have been paid.

3. If a member, retiree, or the beneficiary, estate, heirs, or legatees of either receive any amount of a distribution that should not have been paid by the Systemretirement system, the recipient ~~is~~ designated a constructive trustee for the amount received and shall immediately transmit such amount to the Systemretirement system.

~~SECTION 17. Effective Date of Maine Public Employees Retirement System Review of Orders~~

- ~~1. After September 1, 1992, the System will review domestic relations orders issued on and after March 27, 1992, to determine whether they are qualified domestic relations orders.~~
- ~~2. Any domestic relations order issued before March 27, 1992, will be reviewed after September 1, 1992, upon receipt by the System of the order and a written declaration signed by both parties that each consents to the application of 5 MRSA §§ 17059 to 17061 and this chapter to the order.~~

STATUTORY AUTHORITY: 5 M.R.S.A. §§ 17103(4), 17059(13)

EFFECTIVE DATE:

October 4, 1992 – filing 92-404

AMENDED:

November 28, 1993 – filing 93-429

February 14, 1994 – filing 94-51

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 5, 1996

AMENDED:

February 14, 2010 – filing 2010-32

MAINEPERS

PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE

TO: PLD ADVISORY COMMITTEE MEMBERS
FROM: DR. REBECCA M. WYKE, CEO
SUBJECT: CEO UPDATE
DATE: JULY 24, 2024

Pension Administration System Briefing

MainePERS' current pension administration system (PAS) is at end of life and in need of replacement. Planning for this transition began in fall 2022 and an RFP was released for public review and response on May 1, 2024. The response period closed July 8, 2024 and proposals are being reviewed. We expect to select a vendor and begin contract negotiations by fall.

At the April PLD Advisory Committee meeting, I presented a briefing on the new pension administration system (PAS) project, including both the need for and advantages of a new PAS system, the key performance indicators, the challenges and risks associated with an information technology project of this scope, best practices in planning for a PAS system, and the estimated costs for system development.

Member Satisfaction Survey Results

Goal IV of the 5-Year Strategic Plan is Cultivation of a Member-centric Organization. As part of this work, we conducted the third annual member satisfaction survey from April 2 - 17, 2024. The survey results are included in the meeting materials.

MAINEPERS

PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE MEMORANDUM

TO: PLD ADVISORY COMMITTEE MEMBERS
FROM: DR. REBECCA M. WYKE, CEO
SUBJECT: MAINEPERS MEMBER SATISFACTION SURVEYS
DATE: JULY 24, 2024

MainePERS conducted a member satisfaction survey April 2–17, 2024. A random selection of 5000 members from State Sponsored and Participating Local District Plans were identified to receive the survey. A presentation on the active and retired member surveys is attached.

Active Member Survey

MainePERS has approximately 54,000 active members currently employed by a participating employer. In the spring of 2024, 2,500 active members were randomly selected to receive the survey. Those selected had a mailing and email address on file, received a pension contribution from their employer within the last 60 days, and had no disbursement of contributions. One hundred and eighty-seven (187) active members responded to the survey, an 8% response rate of those delivered. The confidence level of the survey is 85%, with a margin of error of 5.1%.

Of those responding, 50.53% rate their overall satisfaction with MainePERS as “satisfied” or “very satisfied”, 41.40% “neutral” or “no opinion”, and 8.06% “dissatisfied” or “very dissatisfied”. Nearly two-thirds (61.29%), stated they “agree” or “strongly agree” that MainePERS acts with integrity, 35.49% “neutral” or “no opinion”, and 3.23% “disagree” or “strongly disagree”. And, 43.31% “agree” or “strongly agree” that MainePERS staff are knowledgeable, 51.34% “neutral” or “no opinion”, and 5.43% “disagree or “strongly disagree”.

Responses to the survey questions suggest some desire for more frequent communication, information that is easier to understand, and more timely responses to questions raised. Responses also indicated an interest in pre-retirement informational meetings, retirement security planning seminars, and participation in defined contribution plans. No consistent themes emerged in their comments, however, almost half indicated they have accessed the Member Portal.

Compared to the 2023 survey results for active members, there were slightly more respondents (187 v 172), and the response rate remained the same (8%).

Retired Member Survey

MainePERS has approximately 50,000 retired members. In the spring of 2024, 2,500 retired members were randomly selected to receive the survey. Those selected had a mailing and email address on file and were service retirees who had received a benefit payment within the last 60 days. Six hundred and forty-four (644) retired members responded to the survey, a 28% response rate of those delivered. The confidence level of the survey is 98%, with a margin of error of 4%.

Of those responding, 92.08% rate their overall satisfaction with MainePERS as “satisfied” or “very satisfied”, 6.84% “neutral” or “no opinion”, and 1.09% “dissatisfied” or “very dissatisfied”. Over ninety percent (90.45%) stated they “agree” or “strongly agree” that MainePERS acts with integrity, 8.92% “neutral” or “no opinion”, and 0.62% “disagree” or “strongly disagree”. And, 79.56% “agree” or “strongly agree” that MainePERS staff are knowledgeable, 19.19% “neutral” or “no opinion”, and 1.25% “disagree” or “strongly disagree”.

Responses to the survey suggest retired members are generally satisfied with the frequency of communication, clarity of information, and timeliness of responses to questions raised. Responses also indicated an interest in cybersecurity awareness and preventing identify fraud.

In their comments, retired members expressed concerns about the Social Security Windfall Elimination Provision and the Government Pension Offset, as well as the insufficiency of the annual cost-of-living-adjustments to keep up with inflation. Many retired members also expressed appreciation for the work of MainePERS and its staff.

Compared to the 2023 survey results for retired members, there were more respondents (644 v 585) and a higher response rate (28% v 26%). Respondents were generally consistent in the prior year with the percentage of favorable comments. Slightly fewer retired in the past five years (32.30% v 36.59%), and more had contact with MainePERS within the twelve months preceding the survey (43.21% v. 39.62%).



MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

2024 Member Satisfaction Surveys

Dr. Rebecca Wyke, CEO

Member Satisfaction Survey

April 2 -17, 2024

Actives

- ▶ Approx. 54,000
- ▶ Random selection of 2500 members
- ▶ 187 respondents
- ▶ 8% response rate
- ▶ 85% confidence level
- ▶ Margin of error 5.1%

Retirees

- ▶ Approx. 50,000
- ▶ Random selection of 2500 members
- ▶ 644 respondents
- ▶ 28% response rate
- ▶ 98% confidence level
- ▶ Margin of error 4%

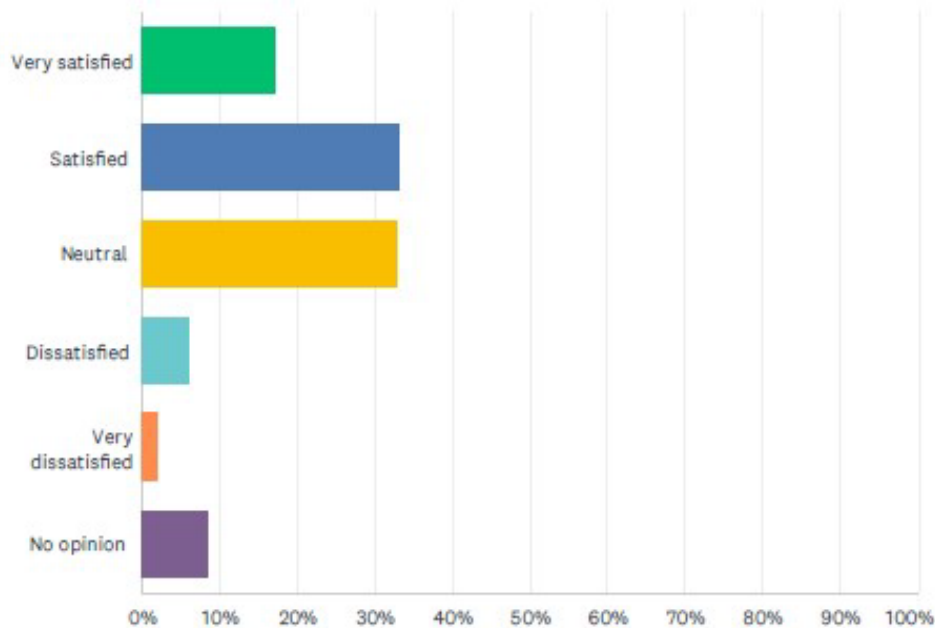
Active Member Survey

Active Member Survey

Member Satisfaction Survey - April 2024 (Member)

Q1 Please rate your overall satisfaction with MainePERS

Answered: 186 Skipped: 1

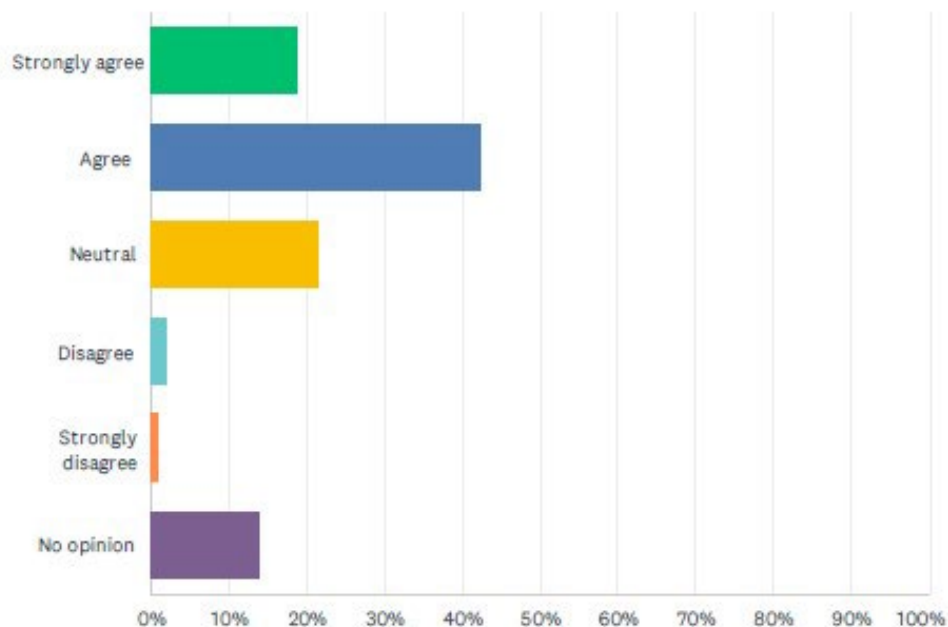


Active Member Survey

Member Satisfaction Survey - April 2024 (Member)

Q4 MainePERS acts with integrity

Answered: 186 Skipped: 1

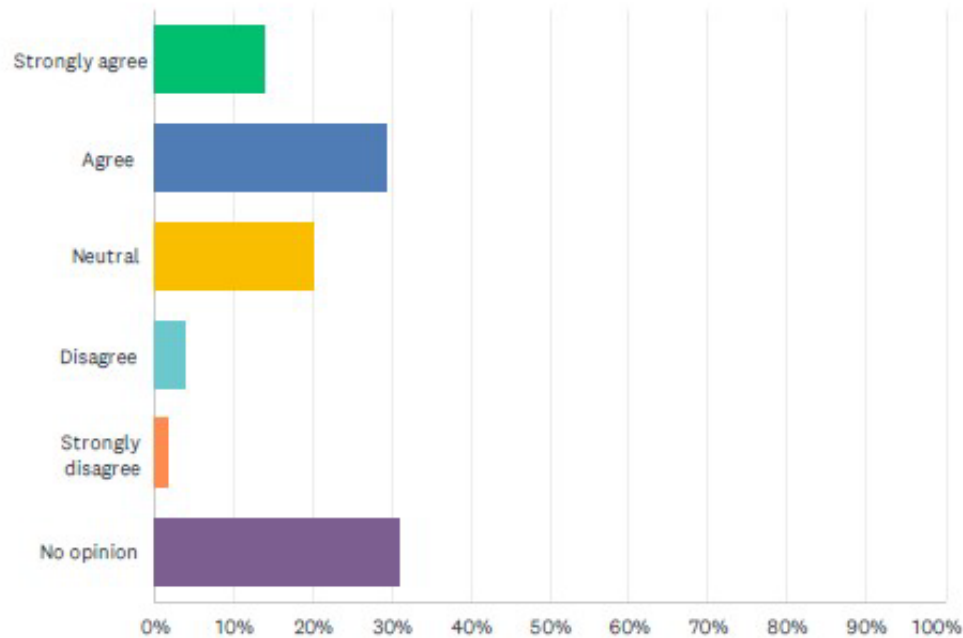


Active Member Survey

Member Satisfaction Survey - April 2024 (Member)

Q8 MainePERS Staff are knowledgeable

Answered: 187 Skipped: 0



Active Member Survey

- ▶ More frequent communications
- ▶ Information that is easier to understand
- ▶ More timely responses to requests
- ▶ Interest in pre-retirement meetings
- ▶ Retirement security planning seminars
- ▶ Information on defined contribution plans
- ▶ Almost half have accessed the Member Portal

Active Member Survey

Compared to the 2023 Survey:

- ▶ Slightly more respondents, 187 v 172
- ▶ Same response rate, 8%
- ▶ Fewer had contacted us within a year of survey, 20.86% v 37.21%

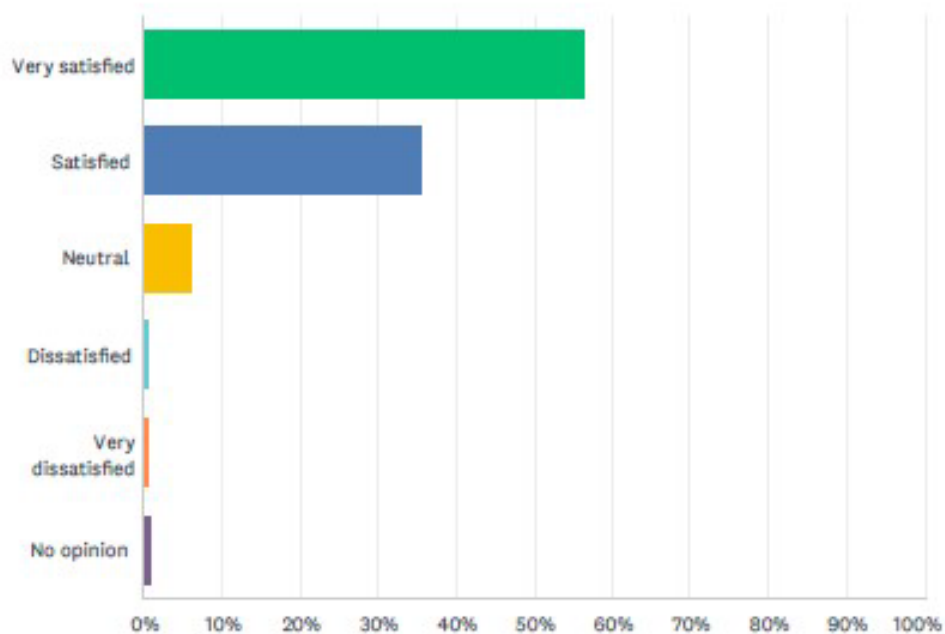
Retiree Survey

Retired Member Survey

Member Satisfaction Survey - April 2024 (Retiree)

Q1 Please rate your overall satisfaction with MainePERS

Answered: 644 Skipped: 0

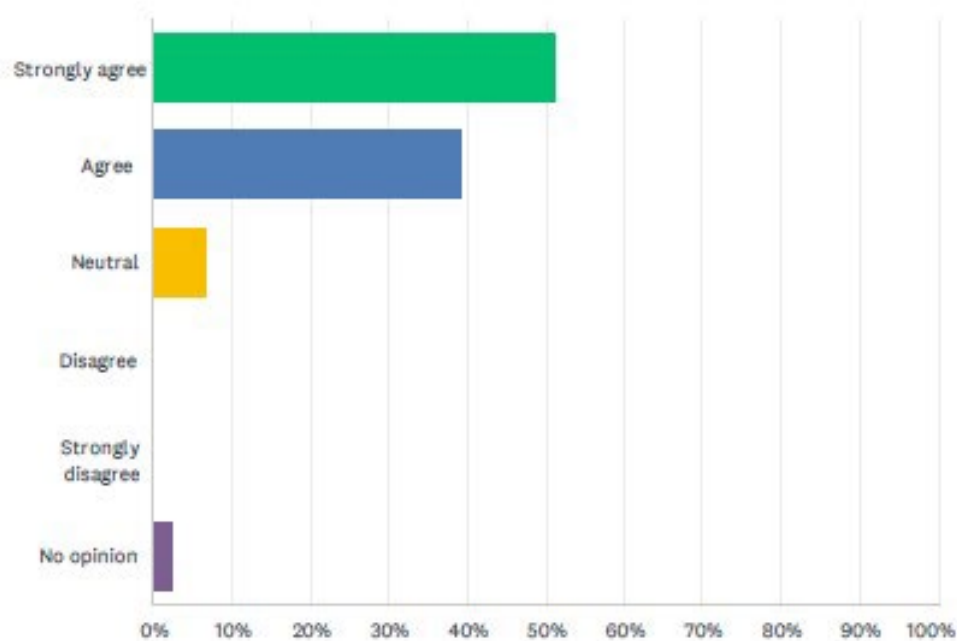


Retired Member Survey

Member Satisfaction Survey - April 2024 (Retiree)

Q4 MainePERS acts with integrity

Answered: 639 Skipped: 5

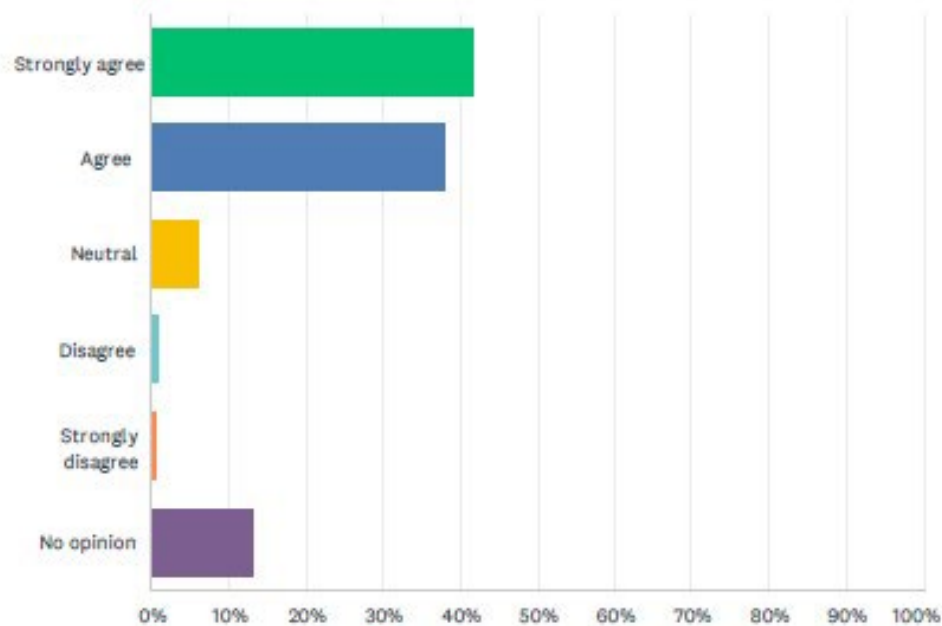


Retired Member Survey

Member Satisfaction Survey - April 2024 (Retiree)

Q8 MainePERS Staff are knowledgeable

Answered: 641 Skipped: 3



Retired Member Survey

- ▶ Generally satisfied with frequency of communication, clarity of information, & timeliness of responses
- ▶ Interested in information on cybersecurity awareness & preventing identity fraud
- ▶ Concerns beyond MainePERS control:
 - ▶ Impact of WEP & GPO
 - ▶ COLA not keeping pace with inflation
 - ▶ Issues with health & dental insurance
- ▶ Many retired members expressed appreciation for MainePERS and its staff
- ▶ About a third have accessed the Member Portal

Retired Member Survey

Compared to the 2023 Survey:

- ▶ More respondents, 644 v 585
- ▶ Higher response rate, 28% v 26%
- ▶ Generally consistent responses
- ▶ Slightly fewer retired less than 5 years, 32.3% v 36.48%
- ▶ A higher percentage had contacted us within a year of survey, 43.21% v 39.69%

MEMORANDUM

Date: July 22, 2024

To: PLD Advisory Committee Members

From: Kathy Morin, Director of Actuarial and Legislative Affairs

Re: Actuarial Valuation/Fiscal Year 2026 Rate-Setting

Fiona Liston and Bonnie Rightnour from Cheiron will join the meeting to discuss the upcoming June 30, 2024 Valuation and fiscal year 2026 rate setting. This preliminary discussion is to prepare the Committee in advance of the discussion in November, at which rates will be set for fiscal year 2026. A copy of the actuarial presentation is included with this memo.

2024 Valuation Results

The System's actuary, Cheiron, is working on the June 30, 2024 valuation, which will be completed in October. The results of the valuation report will be presented to the Board of Trustees for acceptance at its meeting on October 10. Cheiron will present the valuation report results to the Committee at its November 5 meeting.

Fiscal Year 2026 Rate Setting

Employer and member rates for fiscal year 2026 will be determined based on the results of the June 30, 2024 valuation work. Fiona will review how rates were established for fiscal year 2025 and discuss projected rates for fiscal year 2026, continuing with an approach that supports the goals of: 1) allocating costs 58% to employers and 42% to employees, and 2) paying the aggregate rate that is produced by the annual valuation. In order to provide employers with fiscal year 2026 rates in a timely manner, the Committee will need to take an action to recommend rates at the November 5 meeting.



Classic Values, Innovative Advice

PLD Consolidated Plan Advisory Committee Meeting

Maine Public Employees
Retirement System

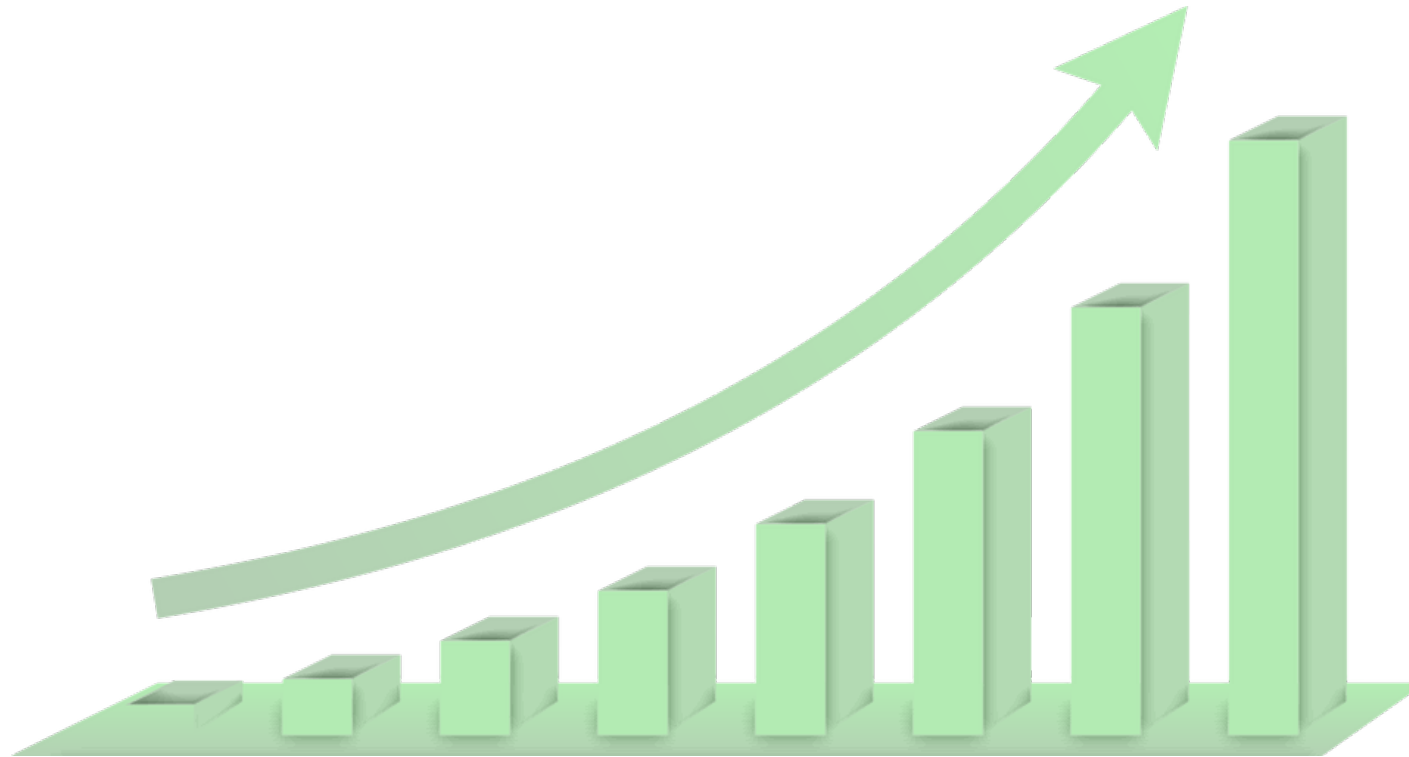
July 30, 2024

- Fiona E. Liston, FSA, EA, MAAA
- Bonnie Rightnour, FSA, EA, MAAA
- Greg Reardon, FSA, EA, MAAA





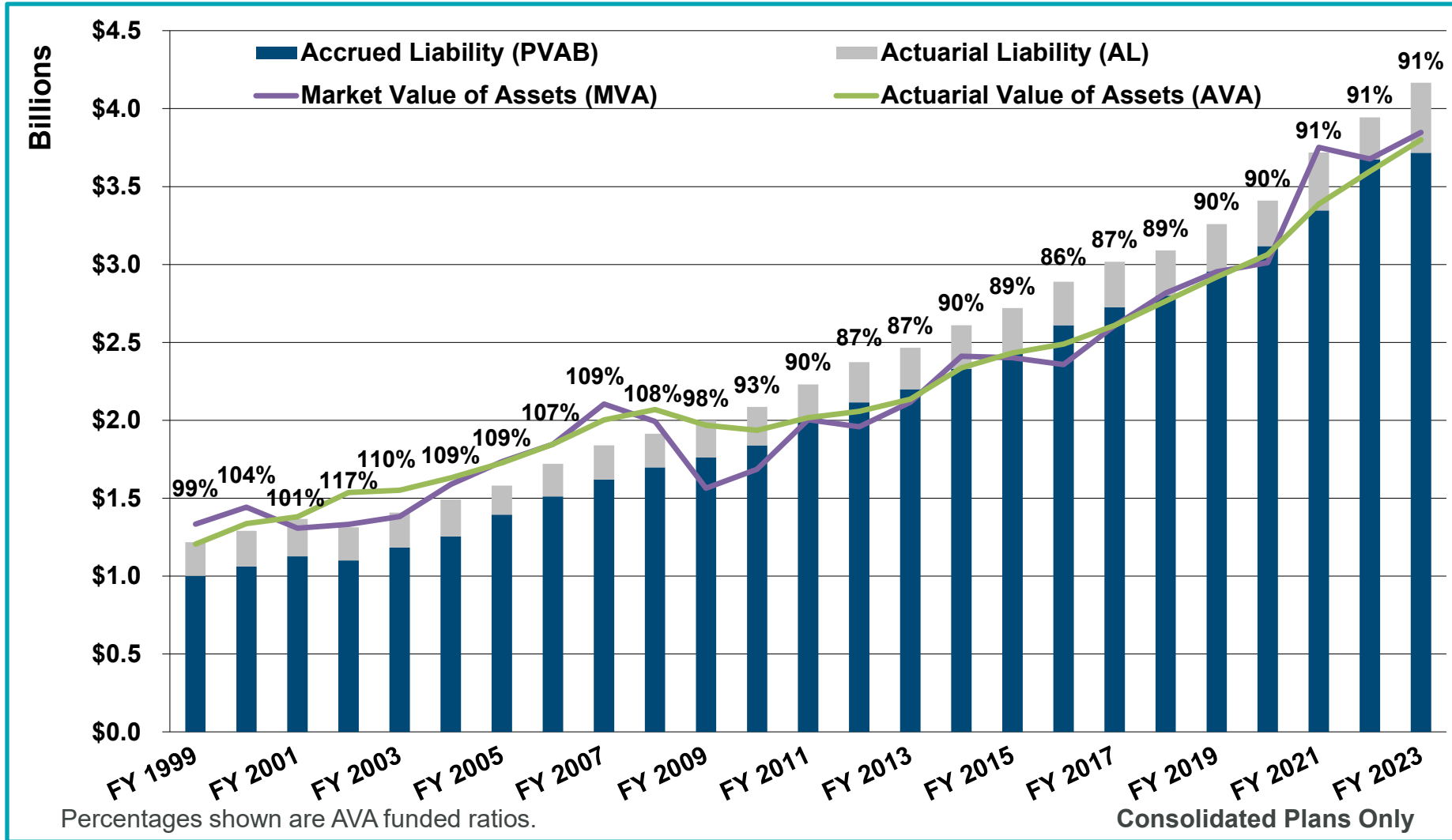
- **Historical Review**
- **Process of Rate Setting**
- **FY 2026 Rate Setting Projections**
- **COLA Provisions**



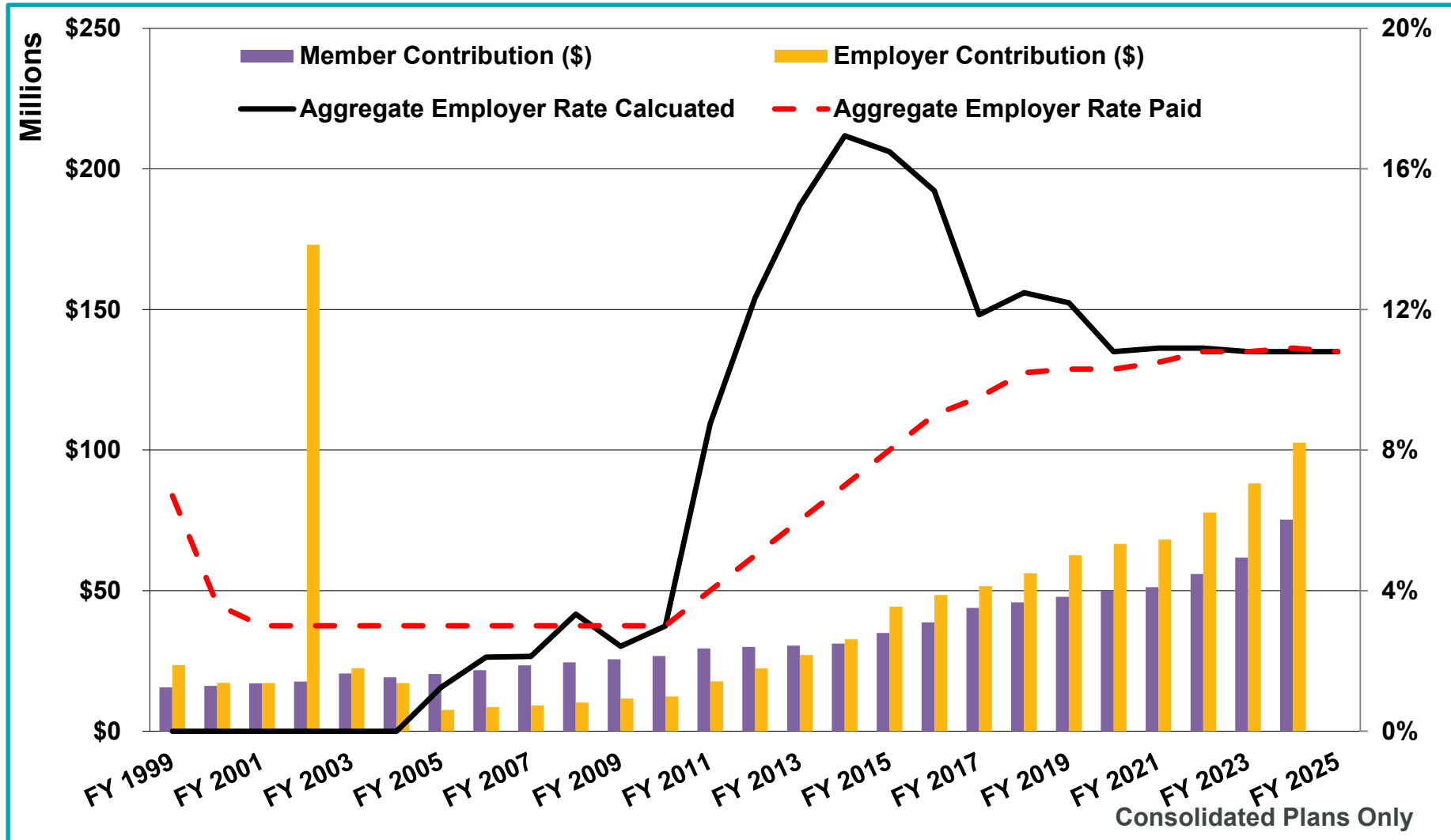
- Prior to 1996 PLDs had their own individual plans
 - Could set benefit parameters
 - Had individual pool of funding
- From 1994-96 the Consolidated Plan was established
 - 3-year window to join
 - 11 plans to choose from, including regular and special plan options
 - Initial Unpooled Unfunded Actuarial Liability (IUUAL) established as either an additional cost to pay or a surplus account that could be used to make pooled contributions (some paid these off in lump sums)
- Plan was 100% funded on a pooled basis
- Investment returns created large pooled surplus, so rates were dropped to 3% of payroll for FY2001-2010

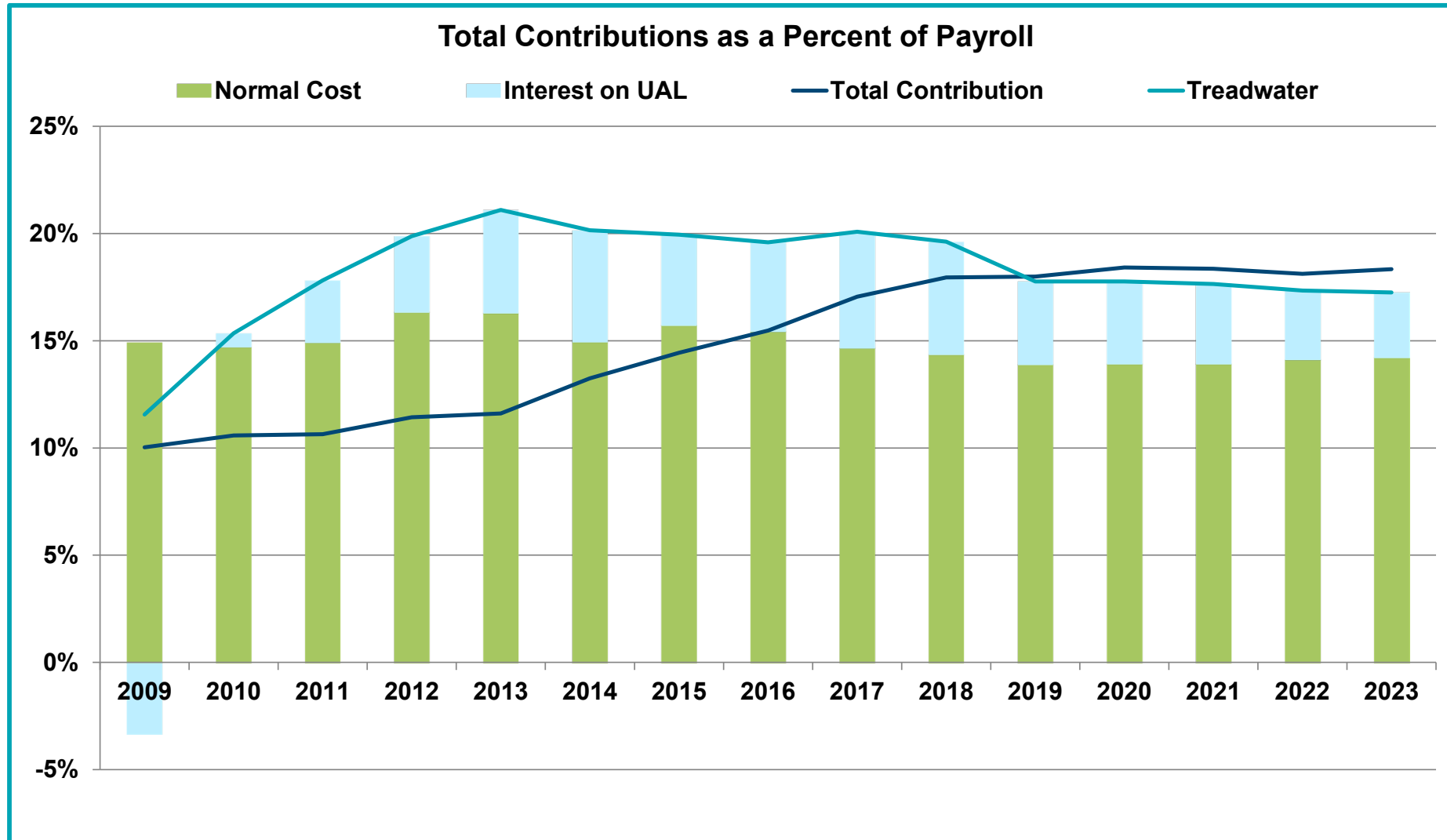
- Market Downturn in 2008-09 used up remaining surplus and caused the calculated contribution rate to increase
- During the period FY11-FY19 the actual rates were increased in a measured fashion from 3% to the calculated amount
- For the FY 2020 valuation the Board adopted a rate-sharing methodology with a goal of having PLD pay 58% of the cost and member pay 42%
- It took a few years of phasing-in to this new methodology without unduly adjusting individual plan rates but with the FY 25 rates (established with the 2023 valuation) the goal has been met

Historical Review – Assets & Liabilities



Historical Review – Contributions





**Tread Water equals Normal Cost + interest on the Unfunded Actuarial Liability*



- PLD employer and member rates for FY 2020 and beyond are based on a risk-sharing framework
 - 58% PLD, 42% member
 - Contribution capped 12.5% employer, 9% member
 - Caps apply to the aggregate rates in both cases
- Plan-specific PLD rates for each of the sub-plans
- PLD member rates for each of the Regular Plans are now split into two distinct rates. A single distinct member rate continues for each Special Plan.
 - Age 60 Plan
 - Age 65 Plan

PLD Contribution Rates

	<u>FY 2024 Rates</u>			<u>FY 2025 Rates</u>			<u>DIFFERENCE</u>		
	<u>PLD</u>	<u>Member*</u>	<u>Total</u>	<u>PLD</u>	<u>Member*</u>	<u>Total</u>	<u>PLD</u>	<u>Member*</u>	<u>Total</u>
Regular AC*	10.2%*	7.2%	17.4%	9.9%	7.1%	17.0%	(0.3%)	(0.1%)	(0.4%)
Regular BC*	5.3	3.8	9.1	5.1	3.7	8.8	(0.2)	(0.1)	(0.3)
Special 1C	14.8	10.7	25.5	14.0	10.1	24.1	(0.8)	(0.6)	(1.4)
Special 2C	11.6	8.4	20.0	11.8	8.5	20.3	0.2	0.1	0.3
Special 3C	12.8	9.3	22.1	12.8	9.2	22.0	0.0	(0.1)	(0.1)
Special 4C	11.3**	8.9	20.2	13.0	9.4	22.4	1.7	0.5	2.2
Regular AN*	8.9	6.5	15.4	8.8	6.3	15.1	(0.1)	(0.2)	(0.3)
Special 1N	12.4	8.9	21.3	12.0	8.7	20.7	(0.4)	(0.2)	(0.6)
Special 2N	8.4**	7.5	15.9	11.0	8.0	19.0	2.6	0.5	3.1
Special 3N	10.5**	8.1	18.6	11.0	8.0	19.0	0.5	(0.1)	0.4
Special 4N***	7.0**	6.6	13.6	N/A	N/A	N/A	N/A	N/A	N/A
Aggregate	10.9	7.8	18.7	10.8	7.8	18.6	(0.1)	0.0	(0.1)

* Aggregate member rate shown. Actual rates are 0.75% lower for age 65 regular plans than age 60

** Employer rate in 2024 was limited to a 1.0% change from prior year

*** Special 4N was eliminated February 1, 2024

July 30, 2024

- Moved to full recognition of calculated rates
- Elimination of Plan 4N option after February 1, 2024, due to no active participants remaining
- Plans 4C and 2N had the largest increases for FYE 2025 – MainePERS Staff to discuss other Special Plan options with those specific employers with the possibility of eliminating all participants in those groups going forward

PLD Head Counts by Plan

	<u>Active Head Counts as of 6/30/2023</u>				
	<u>Age 60</u>	<u>Age 65</u>	<u>Total</u>	<u>Payroll*</u>	<u>% of Total</u>
Regular AC	2,934	5,470	8,404	\$487.1	\$64.1
Regular BC	17	29	46	3.0	0.4
Special 1C			334	26.9	2.5
Special 2C			1,093	79.9	8.3
Special 3C			2,217	173.9	16.9
Special 4C			134	8.1	1.0
Regular AN	250	497	747	41.8	5.7
Special 1N			12	0.9	0.1
Special 2N			19	1.4	0.1
Special 3N			116	8.9	0.9
TOTAL PLAN			13,122	\$831.9	100.0%

* Payroll figures are in millions

- 7/1/2024 Valuation will produce an aggregate contribution rate to be allocated to the subplans for FY26 budgets
- Rate will depend on actual liability experience and on investment returns through FY24
- With the estimated returns for FY24, we project no change to the aggregate 18.6% rate

- If the aggregate contribution rate developed in a given valuation exceeds the maximum level of 21.5% of payroll there may be a reduction in the COLA granted to retirees in an amount designed to close that gap
- For example – if the aggregate rate is calculated to be 23% of payroll
 - This is 1.5% in excess of the cap
 - If payroll is \$750 million then the contribution shortfall would be \$11.25 million
 - The amount of COLA otherwise payable to retirees would be reduced by an amount sufficient to recoup this shortfall
- This provision has not been triggered since it was instituted as part of the 2018 plan/funding changes

- COLAs are based on the increase in CPI, capped at 2.5%
- In recent years, inflation has run higher than 2.5% and consideration has been given to offering an additional increase in retiree benefits to reduce erosion of their purchasing power
- An additional 1% Cumulative COLA was granted effective 9/1/2021 and 9/1/2022. A one-time 0.5% non-cumulative COLA was granted effective 9/1/2023
- The costs of providing the additional COLAs are amortized over a 20-year period and become an element of the Plan's overall rate
- Rate increases are shared between PLD and member and also between COLA and non-COLA plans
 - Rates allocated by normal cost so non-COLA plans have a smaller share of the cost

In preparing this presentation, we relied on information supplied by the Maine Public Employees Retirement System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The actuarial assumptions, models used, data and methods are those used in the preparation of the latest actuarial valuation reports prepared for these programs as of June 30, 2023.

The results of this presentation rely on future plan experience conforming to the underlying assumptions and methods outlined in the reports. Future results may differ significantly from the current results presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Cheiron's presentation was prepared solely for the Maine Public Employees Retirement System for the purposes described therein, except that the plan auditor may rely on the report solely for the purpose of completing an audit related to the matters herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Fiona E. Liston, FSA, EA, MAAA
Principal Consulting Actuary

Bonnie Rightnour, FSA, EA, MAAA
Principal Consulting Actuary

Greg Reardon, FSA, EA, MAAA
Principal Consulting Actuary

MEMORANDUM

Date: July 24, 2024

To: PLD Advisory Committee Members

From: Kathy Morin, Director of Actuarial and Legislative Affairs

Re: Cost-of-Living for PLD Retirees

As we did last year, we are providing preliminary information about inflation and retiree cost-of-living adjustments (COLA). This information is based on the 2023 valuation data and may change slightly once the 2024 valuation work has been completed.

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 30th. The CPI-U for the year ending June 30, 2024 was 3.0%.

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 8, 2024 meeting to grant the 2024 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 the 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 four 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 2024.

	COLA Assumption (1.91%)	Capped COLA (2.5%)	Experience Loss
Increase in UAL (in millions)	\$38.0	\$49.7	\$11.7
Increase in Aggregate Contribution Rate	0.3%	0.4%	0.1%

Taken in isolation, the 2024 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 2024 is \$25,659.20. In contrast, the cap for the PLD Plan is 2.5%, and the COLA applies to the entire benefit.

Information about recent COLA History

Actions have been taken to provide additional COLAs to retirees for the past two years of extraordinarily high inflation as follows:

Year	CPI-U	State-Sponsored Plans	PLD Plan
2021	5.4%	<ul style="list-style-type: none">• Additional 1% cumulative COLA• 2022 COLA Base increased by full 5.4%	Additional 1% cumulative COLA
2022	9.1%	<ul style="list-style-type: none">• 1% One-time COLA payment approved in February 2023• 3% One-time COLA payment approved in July 2023	Additional 1% cumulative COLA
2023	3.0%	No additional COLA payment	Additional 0.5% One-time payment paid February 2024

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 0.5%, which is the difference between the CPI-U of 3.0% and the COLA cap under the Plan of 2.5%. This would be a one-time payment to retirees, which would not add to the benefit amount subject to COLA in future years.

	Percentage of One-Time COLA
	0.5%
Increase in UAL (in millions)	\$0.9
Increase in Aggregate Contribution Rate*	0.0%*

*There is an increase in the cost for the 0.5% one-time COLA, but the increase is not enough to impact the contribution rate when considered separately.

2. Pay an additional cumulative COLA, which would add to the benefit amount subject to COLA in future years.

	Percentage of Additional Cumulative COLA
	0.5%
Increase in UAL (in millions)	\$9.9
Increase in Aggregate Contribution Rate*	0.1%

*Costs for these scenarios would be part of FY 2027 rates. Plan experience for FYs 2024 and 2025 also would impact rates for FY 2027.

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.



MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Group Life Insurance

Group Life Insurance (GLI) at MainePERS

Today's presentation:

- The essentials of the Group Life Insurance Program
- Routine metrics provided to Trustees about the program
- Recent news and changes in the program
- Benefits and advantages of the recent changes

Group Life Insurance (GLI) at MainePERS

GLI provides a one-time lump sum payment to a member or eligible retiree's beneficiary upon their passing.

- Approximately 33,000 active members participate
- Approximately 20,000 retirees participate
- Affordable rates
- Assists members with end of life planning
- Important piece of employee benefit packages for MainePERS employers

Coverage Available to Active Members

- **Employers choose whether to participate in GLI through MainePERS and the opportunity to enroll is extended to all employees serving in eligible positions**
- **Many participating employers offer basic coverage at no cost to the employee, equal to one time their annual gross compensation, rounded to the nearest \$1,000**
- **Additional coverage can be purchased by the member**
 - Supplemental 1 – an additional 1x annual salary
 - Supplemental 2 – an additional 2x annual salary
 - Supplemental 3 – an additional 3x annual salary
 - Dependent A - \$5,000 for spouse and children over 6 months, \$1,000 for children 0-6 months
 - Dependent B - \$10,000 for spouse, \$5,000 for children over 6 months, \$2,500 for children 0-6 months
- **Accidental Death and Dismemberment coverage is included with all basic and supplemental coverages**

Retiree GLI Coverage

- **Basic coverage is available at no cost to the retiree when they meet the following eligibility criteria:**
 - The retiree has participated in the GLI program for at least 120 months
 - Coverage is in effect and all premiums have been paid at the time of termination
 - Termination of employment occurs within 31 days of retirement effective date
 - An application for service retirement benefits is received within the same 31 day period
- **The initial coverage is equal to their Average Final Compensation (AFC) at retirement and is subject to the following reduction:**
 - 1st year – 100% of AFC
 - 2nd year – 85% of AFC
 - 3rd year – 70% of AFC
 - 4th year – 55% of AFC
 - 5th year and beyond – 40% of AFC

Retiree coverage is available to Disability Retirees who meet slightly different eligibility criteria; they may be subject to an alternate reduction schedule.

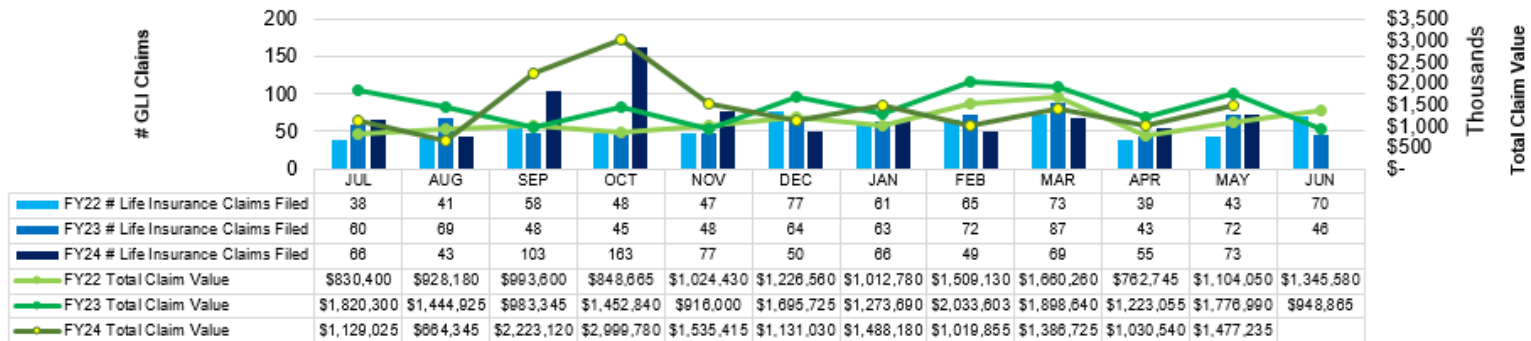
Monthly Reporting

- Trustees receive routine updates about GLI activity as part of the monthly Member Services metrics in your meeting packets.

SURVIVOR SERVICES

Seventy-three (73) life insurance claims were sent to our carrier (The Hartford) in May with a total value of \$1,477,235 in payments due to beneficiaries. Of the claims, sixty-eight (68) were retirees claims and five (5) were active members claims including one (1) dependent claim.

Group Life Insurance Claim Numbers and Total Claim Values



Re-Implementation Efforts at MainePERS

- **MainePERS conducted a competitive procurement for GLI in 2023.**
 - The incumbent, Hartford, was the successful bidder.
- **RFP resulted in an extension of the rates in the prior contract while increasing Hartford's administration responsibilities and involvement**
- **Improvements to the administration of GLI include:**
 - Document Collection
 - Online Claim Filing for Beneficiaries
 - Streamlined process for Portability & Conversion notification and processing
 - Streamlined process for Evidence of Insurability requests
 - Ability to become early adopters of Hartford's new claim processing portal

Tasks Transitioned to Hartford

- Document Collection Efforts
 - Solicitation and management of receipt of death certificates, birth certificates, affidavits, name change documentation, trust and estate documentation, etc.
 - Locating beneficiaries
 - Decreases time required of MainePERS staff to enter a claim
- Online Claim Filing for Beneficiaries
 - When an email address is provided, beneficiaries may now file their claims and associated documentation online
 - Quicker turnaround of benefit payments for beneficiaries, sometimes within just a few business days

Tasks Transitioned to Hartford

- Streamlined Process for Portability & Conversion Notification and Processing
 - MainePERS queries the line of business software and provides a list of terminating and retiring members to Hartford
 - Hartford informs members of their rights and facilitates quoting the cost of continuing coverage
- Streamlined Process for Evidence of Insurability Requests
 - MainePERS queries the line of business software and provides a list of requests for new or increasing coverage to Hartford
 - When an email address is provided, the application can be managed online by the member
 - Quicker turnaround time for members, sometimes receiving a determination within just a few hours of document submission

Tasks Transitioned to Hartford

- Ability to become early adopters of Hartford's new claim processing portal
 - Provided feedback on the functionality and development of new claim processing portal
 - Direct contact with the project manager for the portal
 - Hartford has been extremely responsive to issues and suggestions
 - Many MainePERS suggestions have been deployed
 - Collaboration has helped to increase efficiency in submitting claims

Internal Transitions

- **The Survivor Services Unit and Employer Reporting are collaborating to transition invoice reconciliation responsibilities to Employer Reporting. This will provide:**
 - Efficiencies in reconciling employer payments
 - A single contact for employers for GLI and pension payroll processing questions
- **The Retirement Services Unit is working to transition some death-related payment processing responsibilities to Survivor Services, which will provide:**
 - Efficiencies in the processing of beneficiary payments
 - A single contact for beneficiaries regarding their benefit payments
 - Bandwidth for Retirement Services to prioritize backlog reduction efforts and other work
- **We anticipate further opportunities to streamline work with the introduction of a new pension administration system.**

Benefits and Advantages of changes

- Increased administrative support without impacting cost
- Online access for beneficiaries to file claims
- Quicker turnaround time for beneficiaries
- Online access for members to submit evidence of insurability requests
- Quicker turnaround time for member's evidence of insurability requests
- Streamlined, more efficient work processes
- Single point of contact for employers
- Decreased mailing costs
- Additional bandwidth to tackle other work, such as addressing longstanding backlogs

Internal Transitions

**Thank you.
Questions?**

MEMORANDUM

Date: July 24, 2024
To: PLD Advisory Committee Members
From: Kathy Morin, Director of Actuarial and Legislative Affairs
Re: Group Life Insurance Premium Study

Ryan Benitez from Cheiron will join the meeting to discuss the recently completed Group Life Insurance (GLI) premium study. There is already a scheduled premium increase for fiscal year 2026, and the actuary has recommended an additional increase in premiums in fiscal year 2028 for participating local district participants. A copy of the actuarial presentation is included with this memo.

Background

Participating Local Districts may elect to participate in the Group Life Insurance Program administered by MainePERS. This Program provides basic, supplemental and dependent coverage, the level of which is selected and paid for by the participant. The current premium for basic insurance is \$0.23 bi-weekly per \$1,000 of coverage. Premiums for supplemental coverage are on an age-based schedule, and premiums for dependent coverage vary based on the selected level of coverage.

Study Results

The GLI Premium study results show that the current level of basic premiums is not sufficient to pay off the unfunded actuarial liability within the designated timeframe, which for PLDs is 28 years from 2008 (i.e., 2036). The basic premiums are currently scheduled to increase to \$0.24 bi-weekly per \$1,000 of coverage in fiscal year 2026. The actuary has recommended further increasing the premiums to \$0.25 per \$1,000 in coverage in fiscal year 2028 to continue toward the goal of improved funding of the Program. The actuary has also recommended the completion of the next GLI Premium Study in two years rather than the more typical four year cycle. Future premium levels will be established based on the results of future studies.

The full GLI Premium Study report is included with this memo.

Recommendation

We recommend the adoption of the actuary's recommendation to increase the GLI premium to \$0.25 per \$1,000 of coverage in fiscal year 2028.



Group Life Insurance (GLI) 2024 Premium Study Participating Local Districts

Ryan Benitez, ASA, MAAA

July 30, 2024

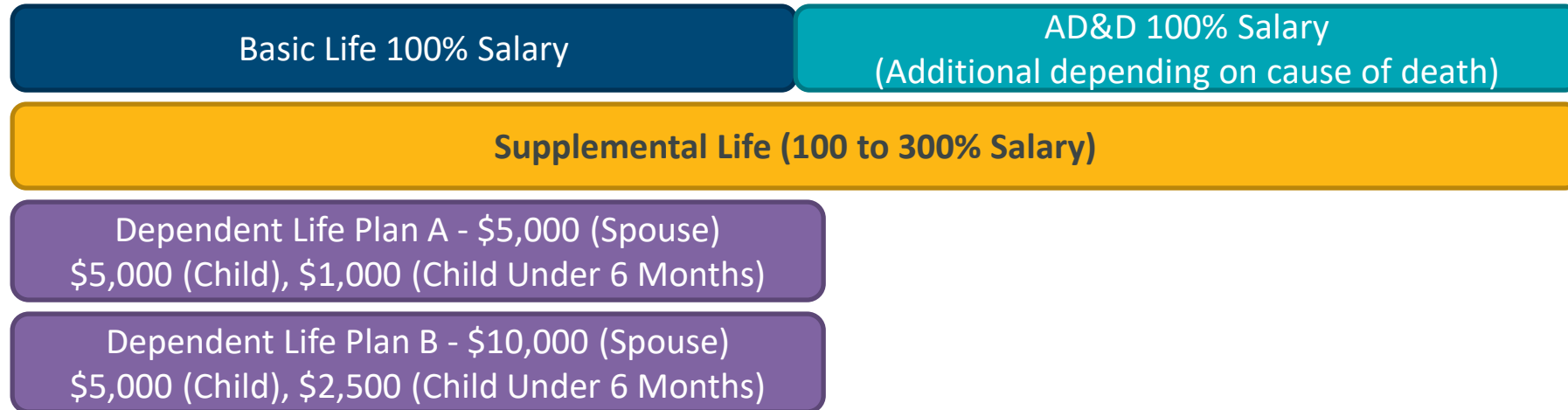


Agenda

- GLI Benefits, Premium Structure, and Funding for Retirees
- Overview of Premium Study Key Findings
- Premium Study Recommendations
- Discuss Next Steps

MainePERS GLI Benefits Overview

Active Life Insurance Benefits



Retirement Basic Life Benefits

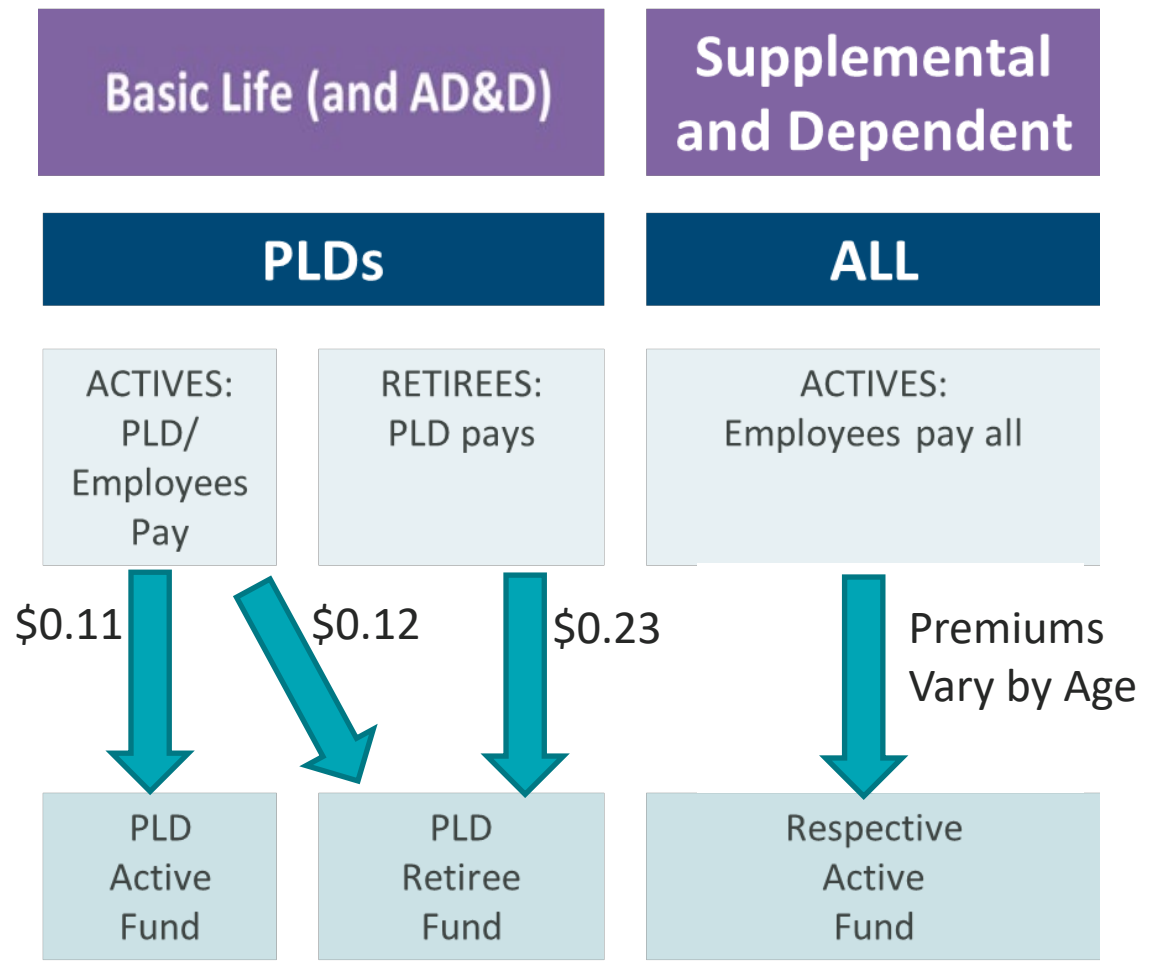


Funding Overview



Basic Life Insurance Premiums of \$0.23 bi-weekly per \$1,000 of coverage are paid on behalf of active and retired employees.

For actives, \$0.11 of this amount pays for active life insurance benefits while \$0.12 of this pre-funds retiree life insurance benefits.



Retiree Basic Life Benefits – Funded Status and Funding Goals

- Annual GLI Report reviews the Basic Life benefits that are available after retirement
- Responsibility to pay retiree benefits creates an Unfunded Actuarial Liability (UAL), similar to the pension plan

		Participating Local Districts		2022 to 2023
		June 30, 2022	June 30, 2023	% Change
<u>Assets and Liabilities</u>				
Discount Rate		6.50%	6.50%	
Actuarial Liability	\$	32.8	\$ 33.8	3.0%
Market Value of Assets (MVA)	\$	18.3	\$ 20.2	10.4%
Unfunded Actuarial Liability (UAL)	\$	14.5	\$ 13.6	-6.2%
MVA Funded Ratio		56%	60%	

*(\$ amounts in millions)

- One purpose of the Premium study is to review the sufficiency of the retiree premiums (along with the active premiums) to achieve full funding within designated timeframe
 - 28 Years from 2008 for PLDs by 2036

Key Findings

- Proposed Changes
 - Recommend scheduled increase for Active & Retiree Basic PLD participants in 2026 with additional increase in 2028
- Supplemental and Dependent rates appear to be sufficient with no increase needed
- Reasons for Rate Increases
 - Higher than expected mortality in recent years
 - Claim experience was significantly worse than expected during the experience period
 - Active funds are significantly decreased since 2021
- Next Premium Study recommended for 2026 rather than 2028

Experience and Recommendations



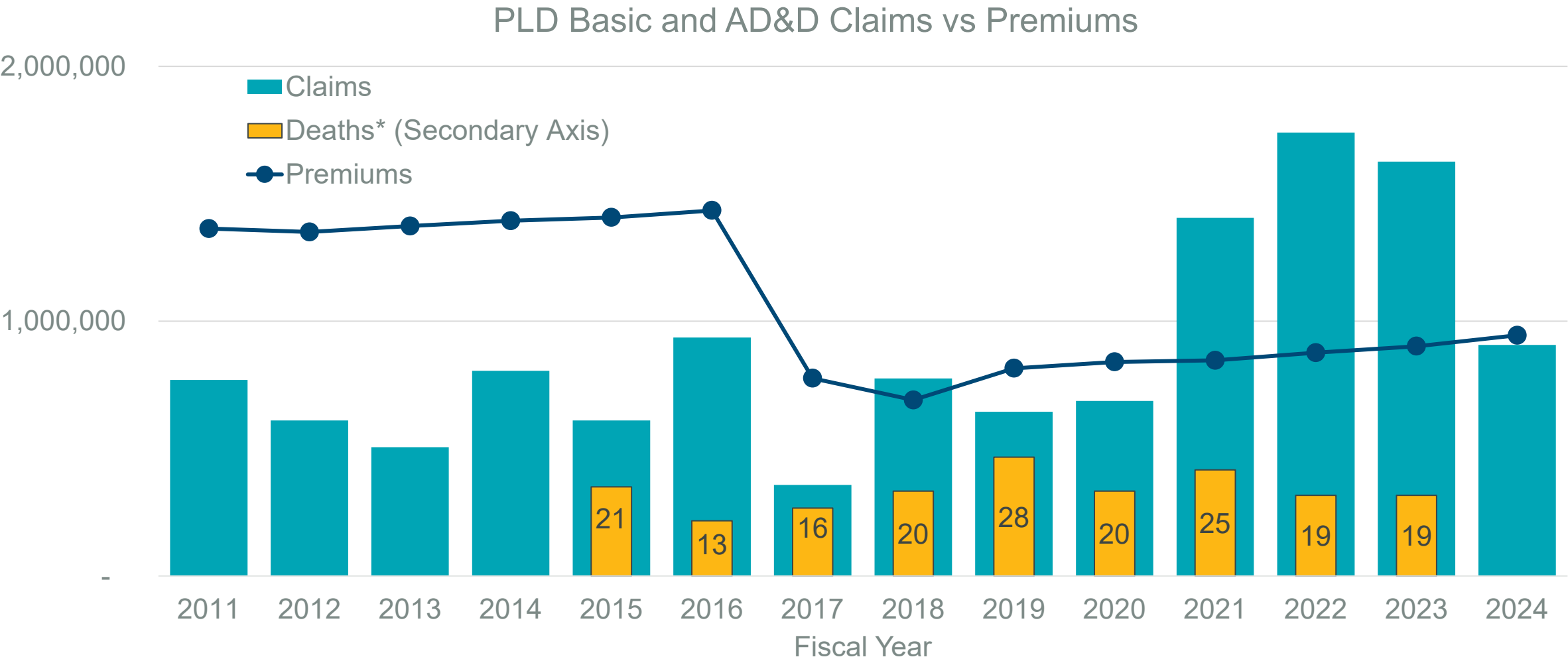
Current and Recommended Premium Rates

Rate Schedule - Bi-weekly Rates Per \$1,000 of Coverage			
Current Rates		Rates for FY 2026	
	PLD		PLD
Active Basic		Active Basic	
Retiree Basic	\$ 0.23	Retiree Basic	\$ 0.24
Supplemental		Supplemental	
Age <= 34	\$ 0.02	Age <= 34	\$ 0.02
35-44	\$ 0.03	35-44	\$ 0.03
45-49	\$ 0.05	45-49	\$ 0.05
50-54	\$ 0.07	50-54	\$ 0.07
55-59	\$ 0.14	55-59	\$ 0.14
60-64	\$ 0.20	60-64	\$ 0.20
65 plus	\$ 0.40	65 plus	\$ 0.40
Dependent A	\$ 0.89	Dependent A	\$ 0.89
Dependent B	\$ 1.57	Dependent B	\$ 1.57

PLD Active and Retiree Basic Option selected in 2020
Premium Study included

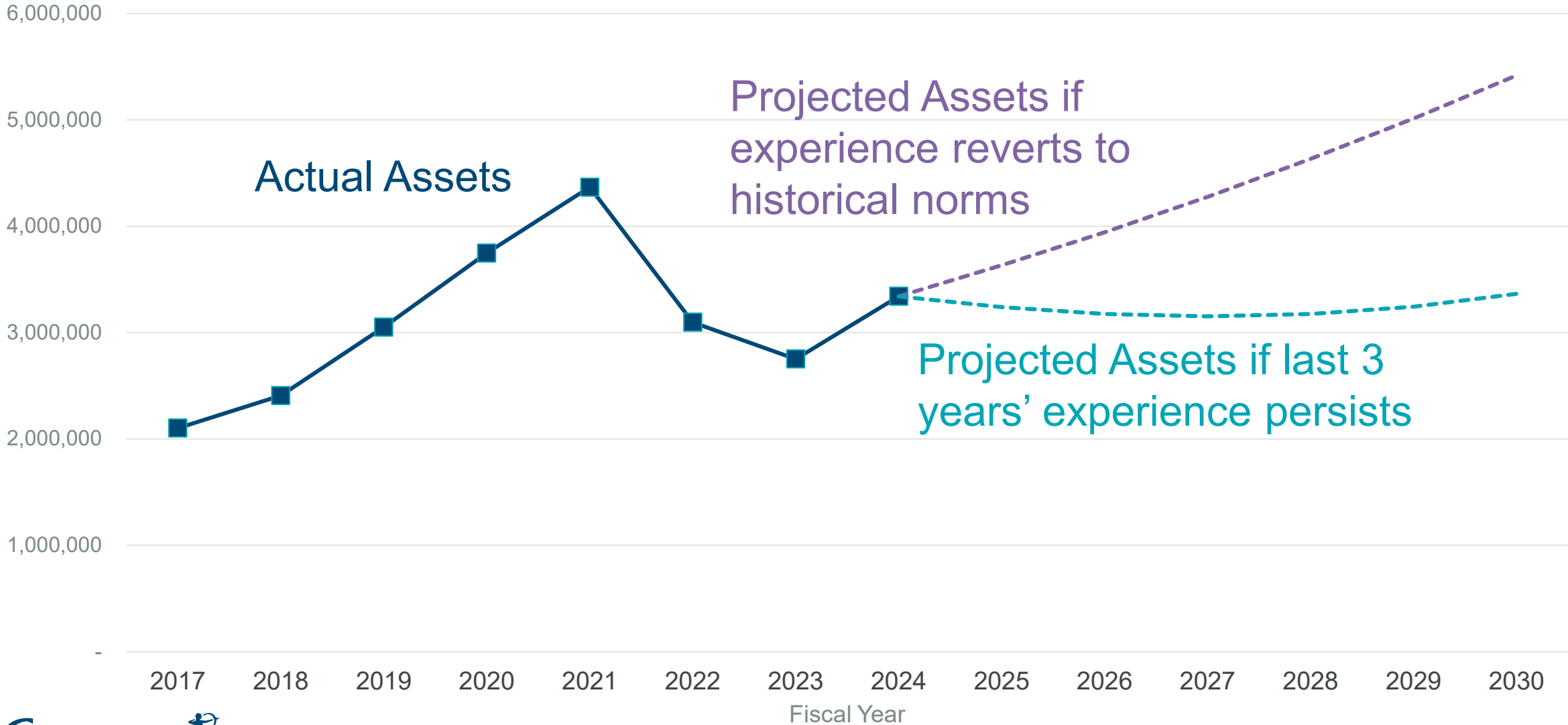
- **PLD** overall rate already scheduled to increase from \$0.23 to \$0.24 in 2026. Recommended to increase to \$0.25 in 2028.
 - Allocation to active fund recommended to increase from \$0.11 to \$0.12 in 2026

PLD Active Basic claims for the past 3 years have been abnormally high

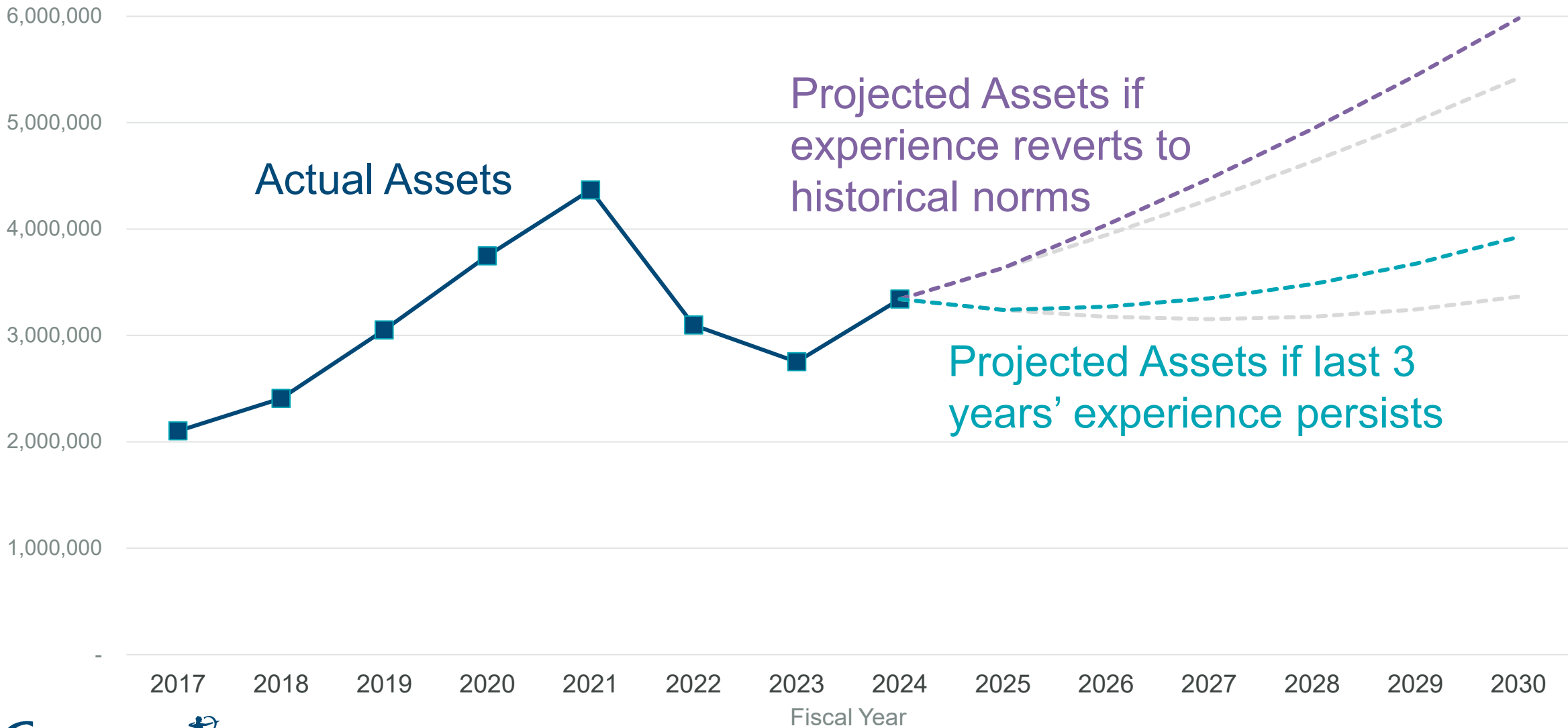


*Deaths are for active employees and disability retirement benefit recipients. Data only available for FY 2015 through 2023.

PLD Actives: No Increase in Active Allocation



PLD Actives – Recommended \$0.01 Increase in Active Allocation



Summary of Recommendations

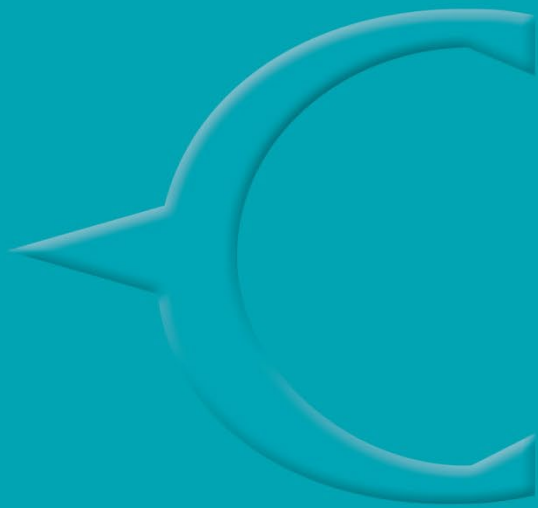
- Basic Life
 - Scheduled increase from \$0.23 to \$0.24 in 2026 (Adds \$0.11 million in premiums in 2026)
 - Recommended increase from \$0.24 to \$0.25 in 2028 (Adds \$0.12 million in premiums in 2028)
 - Recommend increasing premium allocated to Active Fund from \$0.11 to \$0.12 in 2026
- No change to Supplemental, or Dependent Premium
- Next Premium Study in 2026



Classic Values, Innovative Advice.

**Contact us if you
have any questions**

Ryan Benitez, ASA, MAAA
Consulting Actuary
tel: 703-893-1456 (ext. 1115)
cell: 706-726-3386



Maine Public Employees Retirement System

Group Life Insurance Premium Study

**Produced by Cheiron
July 2024**

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Via Electronic Mail

July 2, 2024

Board of Trustees
Maine Public Employees Retirement System
P.O. Box 349
Augusta, Maine 04332-0349

Re: Maine Public Employees Retirement System Group Life Insurance Premium Study Report

Dear Members of the Board:

At your request, in the spring of 2024, we completed the quadrennial study of premiums paid for the Maine Public Employees Retirement System (MainePERS) Group Life Insurance Benefits. Our study compared premiums collected vs. benefits paid for Basic, Supplemental, and Dependent Life Insurance for active participants and Basic Life Insurance for retirees. We analyzed results for participants in the Group Life Insurance Programs for the State Sponsored Plans, Teachers, and Participating Local Districts (PLDs). For this study, we looked at historical premium collection and life insurance claims for these groups, projected future claims, and income based on the future premium rates approved by the Board.

Section I summarizes the conclusions of this study.

Section II contains a historical summary of the premiums and claims for the Group Life Insurance obligations.

Sections III and IV contains the projections of claims and income based on current premiums and the future premiums approved by the Board. The projections are based on data through the valuation as of June 30, 2023 utilizing financial data through June 30, 2024 as projected for July 2024 rate setting. The changes to premiums will be effective on or after Fiscal Year Ending (FYE) 2026 but will be reflected in projections for the next full biennial valuation performed as of June 30, 2024 to the extent any changes are adopted by the Board.

Appendix A describes the Participant Data, Assumptions, and Methods used in the projections contained in Sections I-IV.

Appendix B contains the substantive plan provisions provided by the system.

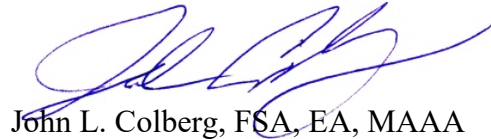
The purpose of this report is to present the study of premium adequacy for the Group Life Insurance program as of June 30, 2023, for MainePERS. This report was prepared exclusively for the use of the MainePERS. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

In preparing our report, we relied on information (some oral and some written) supplied by MainePERS. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

If you have any questions, please contact us.

Sincerely,
Cheiron



John L. Colberg, FSA, EA, MAAA
Principal Consulting Actuary



Ryan Benitez, ASA, MAAA
Consulting Actuary

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION I – EXECUTIVE SUMMARY

Maine Public Employees Retirement System (MainePERS) engaged Cheiron to provide an analysis of the Group Life Insurance premium using data through June 30, 2023, and financial data through June 30, 2024 as projected for July 2024 rate setting. The primary purpose of this study is to analyze if the premiums being charged for the Group Life Benefits are sufficient to fund the Plan and to show the impact of the premium changes approved by the Board.

Below is a summary of key findings:

For all groups (State, Teachers, and PLDs), claim experience was significantly worse than expected over the experience period, especially the last 3 years. The active funds have seen a significant decrease in assets from 2021 levels. **We recommend the next experience study be conducted in 2026**, rather than waiting until 2028.

Since the establishment of separate active and retiree funds for Group Life Insurance benefits, claims for members on disability have been paid out of the active trust. Beginning in FYE 2025, these benefits will be paid out of the retiree trust. This will be consistent with how premiums are calculated for these members, since disability is a post-employment benefit.

State Employees

- Claim experience in the state active plan was 60% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) more than 108% worse than expected after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be similar to 2022 and 2023. This experience includes claims for disabled participants.
- **If experience in the active plan continues at the average of the past three years (2022 through 2024) with \$4.0 million in average annual claims, the plan's assets for actives are in danger of being exhausted in FY 2028.** We recommend that premiums for State actives be increased from \$0.09 to \$0.12 bi-weekly per \$1,000 of coverage effective beginning FY 2026, with a mid-period premium study conducted in 2026. Based on projected salaries, the increase of \$0.03 bi-weekly per \$1,000 of coverage is projected to cost the State approximately \$652,000 in FY 2026 and \$669,000 in FY 2027.
- Beginning in FYE 2024, the premiums for basic retiree coverage were increased to \$0.36 bi-weekly per \$1,000 of coverage based on the results of the 2020 premium study. We recommend keeping premiums at this level.
- The current age-based premiums for supplemental insurance are sufficient, and no change is recommended.
- The premiums for dependent coverage are sufficient, and no change is recommended.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION I – EXECUTIVE SUMMARY

Teachers

- Claims experience in the Teachers active plan was 54% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) 39% worse than expected, after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be similar to 2022 and 2023.
- **If experience in the active plan continues at the average of the past three years (2022 through 2024) with \$2.1 million in average annual claims, the plan's assets are still projected to exceed \$2.3 million through FY 2030.**
- We recommend that premiums for active Teachers be increased from \$0.05 to \$0.06 bi-weekly per \$1,000 of coverage effective beginning FY 2026.
- The State contributes the Actuarially Determined Contribution (ADC) for basic retiree coverage. No change is recommended to this method.
- The current age-based premiums for supplemental insurance are sufficient and no change is recommended.
- The premiums for dependent coverage are sufficient, and no change is recommended.

Participating Local Districts

- Claims experience in the PLD active plan was 27% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) 50% worse than expected, after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be more in line with historical trends.
- **If experience in the active plan continues at the average of the worst three years (2022 through 2024) with \$2.0 million in average annual claims, the plan's assets are still projected to exceed \$3.1 million through FYE 2030.**
- An increase in the overall rate from \$0.23 to \$0.24 is already scheduled for 2026. We recommend the active fund allocation being increased from \$0.11 to \$0.12 also in 2026. Additionally, an increase to \$0.25 will likely be needed for 2028.
- The current age-based premiums for supplemental insurance are sufficient and no change is recommended.
- The premiums for dependent coverage are sufficient, and no change is recommended.

For all plans, we recommend reviewing the sufficiency of the premiums whenever the cash flows deviate significantly from the projections presented in this report and no less frequently than every four years.

The body of this report provides additional detail and support for our conclusions.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION II – HISTORICAL SUMMARY

Cheiron has developed premiums for the MainePERS Group Life Insurance program since the 2005 premium study. This study developed recommendations that went into effect for Fiscal Year Ending 2008 when the State needed to record the liability for Other Post-Employment Benefits paid by the State on its financial statements for the implementation of GASB 43/45. Since then, Cheiron has conducted premium studies in 2012, 2016, 2020, and now 2024.

Premium rates have been set historically to ensure that the Unfunded Actuarial Liability is paid within 30 years, the maximum acceptable period that was established by GASB 43/45, as of the Fiscal Year Ending 2008 for State & Teachers. A 23-year period was used for PLDs, which was the projected period over which the current rates would amortize the UAL at that time.

Below is a historical summary of the premium rates paid for Maine’s Basic Group Life Insurance benefits.

Bi-weekly per \$1,000	State Active Basic	State Retiree Basic	Teacher Active Basic	Teacher Retiree Basic*	PLDs Active & Retiree Basic
FYE 2007	\$0.14		\$0.10		\$0.21
FYE 2008	\$0.06	\$0.20	\$0.05	ARC	\$0.21
FYE 2010	\$0.06	\$0.20	\$0.05	ARC	\$0.21
FYE 2012	\$0.06	\$0.20	\$0.05	ARC	\$0.21
FYE 2014	\$0.07	\$0.22	\$0.05	ARC	\$0.21
FYE 2016	\$0.07	\$0.24	\$0.05	ARC	\$0.21
FYE 2018	\$0.09	\$0.26	\$0.05	ADC	\$0.21
FYE 2020	\$0.09	\$0.29	\$0.05	ADC	\$0.21
FYE 2022	\$0.09	\$0.33	\$0.05	ADC	\$0.22
FYE 2024	\$0.09	\$0.36	\$0.05	ADC	\$0.23

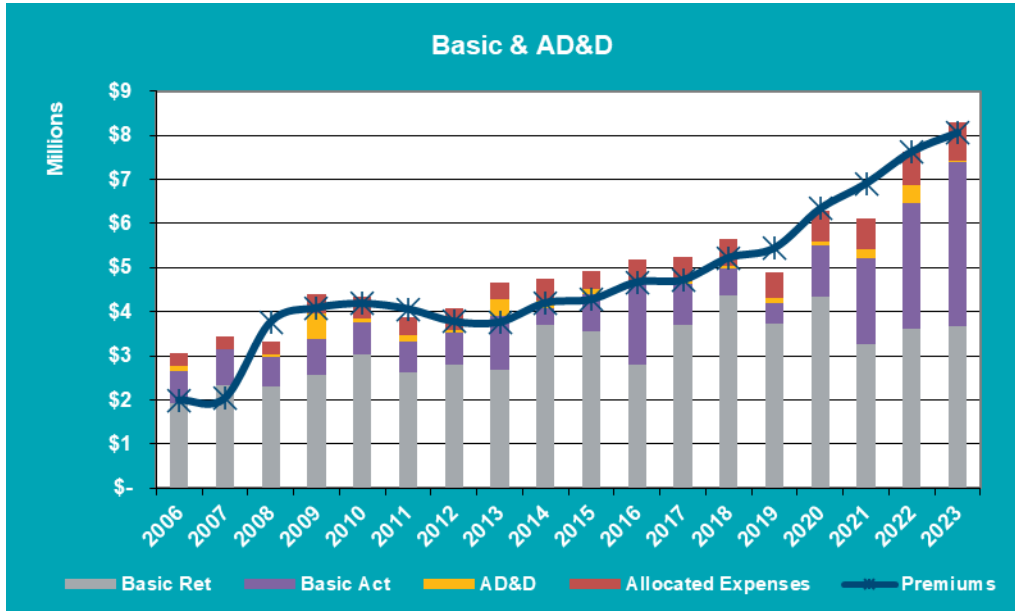
* The “Annual Required Contribution” (ARC) as defined by GASB 43/45 has changed to the “Actuarially Determined Contribution” (ADC) as defined by GASB 74/75.

Contribution Year	Teacher Retiree ARC/ADC	Contribution Year	Teacher Retiree ARC/ADC
FYE 2008	\$2,394,002	FYE 2017	\$3,270,928
FYE 2009	\$2,507,718	FYE 2018	\$3,459,442
FYE 2010	\$3,222,106	FYE 2019	\$3,546,978
FYE 2011	\$3,375,156	FYE 2020	\$4,478,090
FYE 2012	\$3,804,356	FYE 2021	\$4,601,233
FYE 2013	\$3,985,063	FYE 2022	\$4,592,850
FYE 2014	\$4,196,485	FYE 2023	\$4,726,664
FYE 2015	\$4,343,362	FYE 2024	\$4,859,254
FYE 2016	\$3,160,319	FYE 2025	\$4,992,883

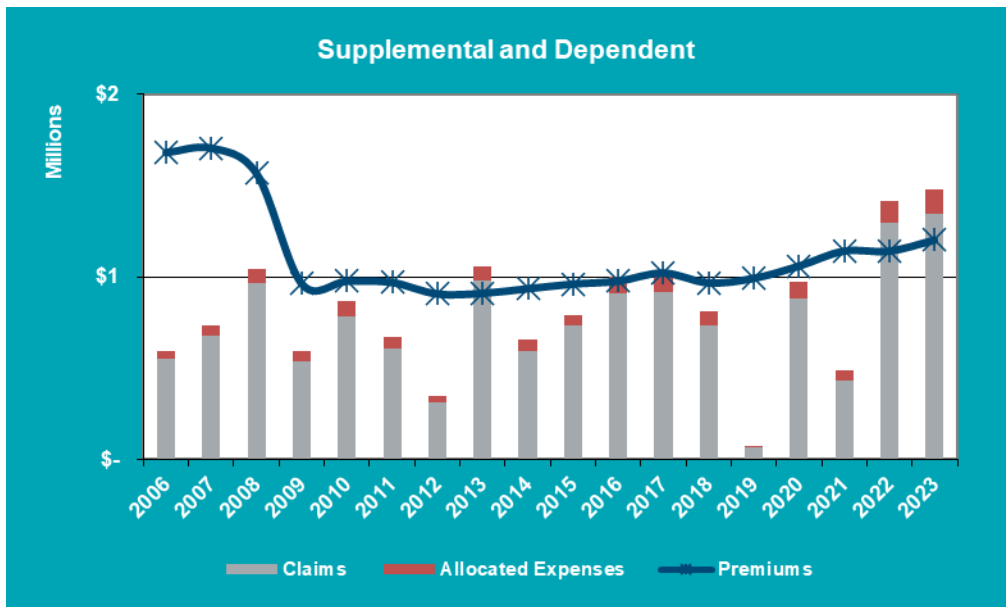
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for State Employees for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.



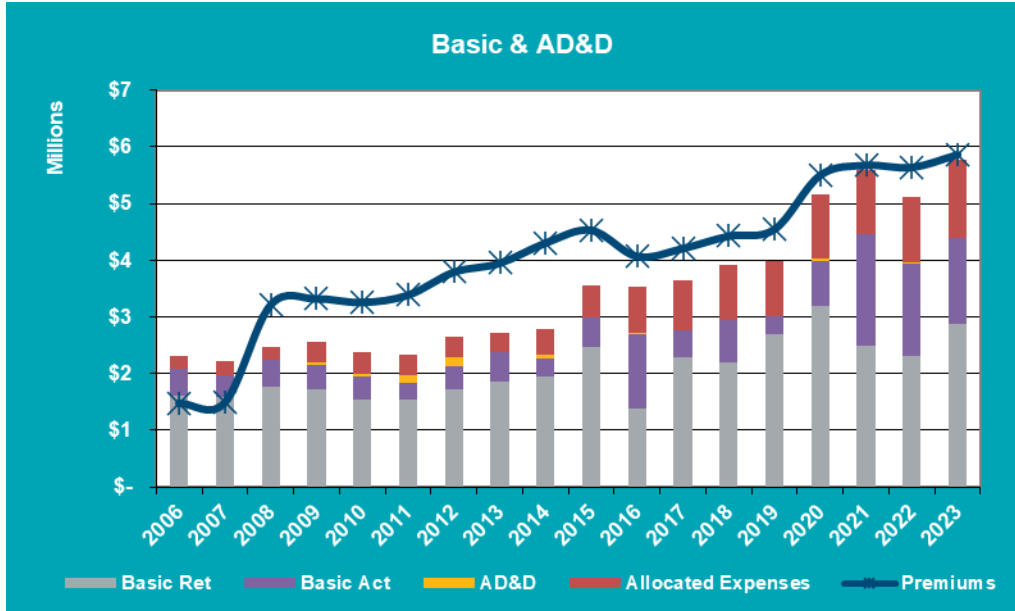
The chart below shows the historical premiums and claims for State Employees for Supplemental and Dependent Life Insurance and expenses.



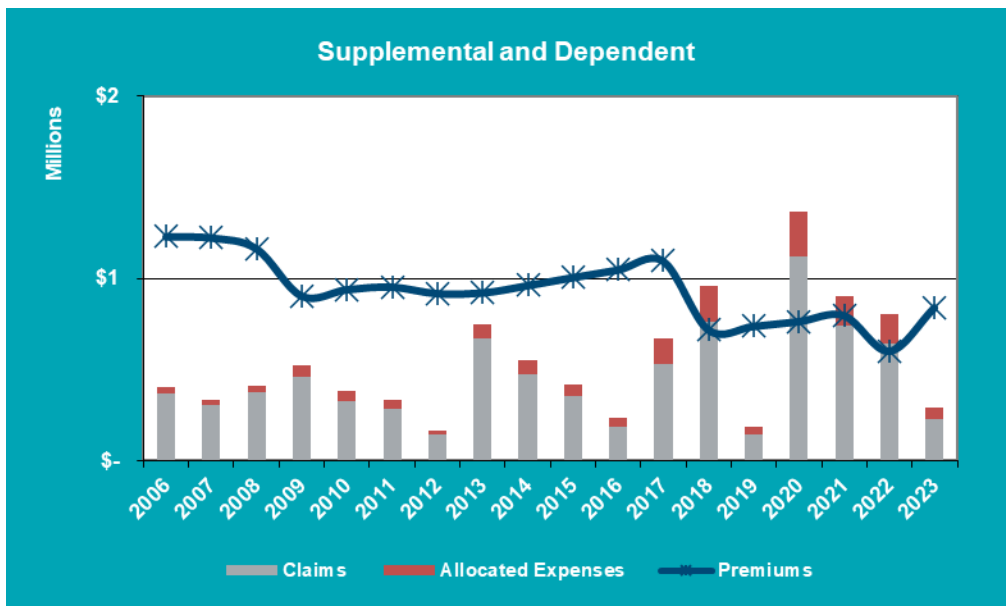
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for Teachers for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.



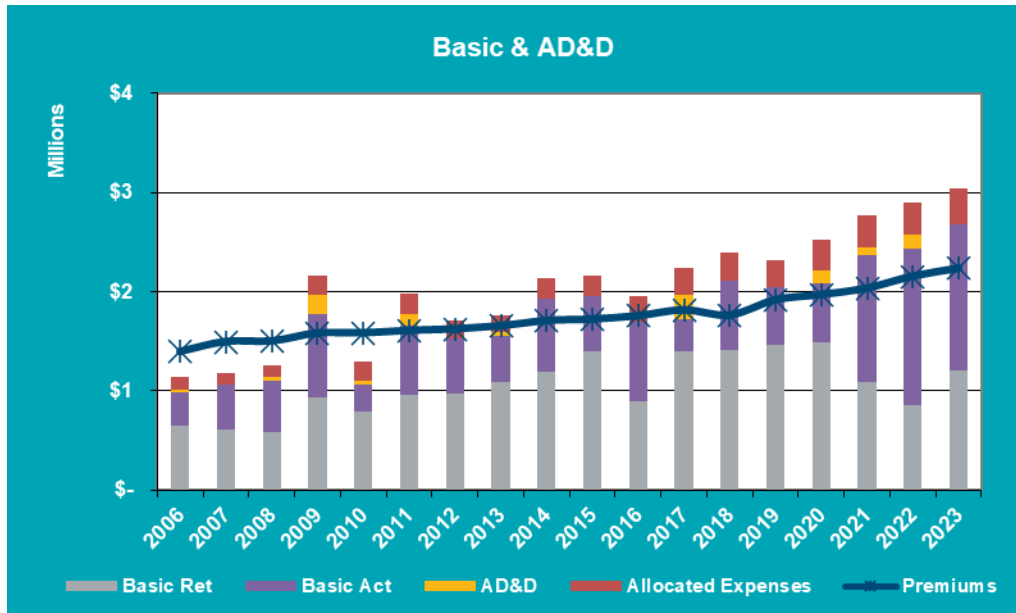
The chart below shows the historical premiums and claims for Teachers for Supplemental and Dependent Life Insurance and expenses.



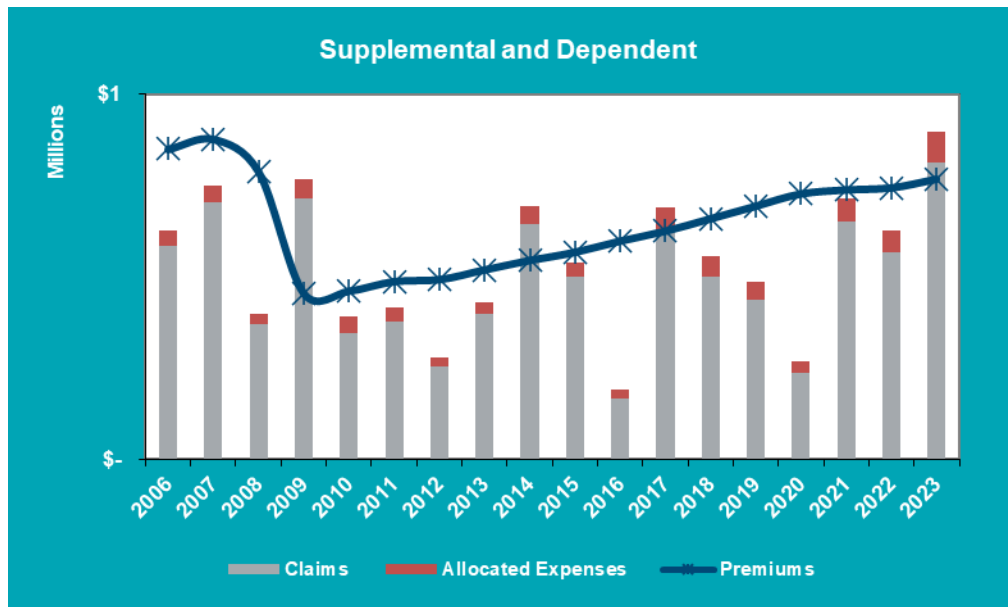
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for PLD employees for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.



The chart below shows the historical premiums and claims for PLD employees for Supplemental and Dependent Life Insurance and expenses.



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

The premiums used for the Group Life Insurance benefits were last adjusted for the Fiscal Year ending 2024, developed from the 2020 experience study. For this study, we reviewed the premiums collected vs. the claims paid for the State, Teacher, and PLD Program life insurance benefits since 2007, and show projected claims and premiums for the next 10 years.

The fundamental principle underlying our analysis is that the cost of benefits should be related to the period in which benefits are earned. For active employees and dependents, the cost of coverage should be equal to the claims expected to be paid from the plan plus any expenses. If the premiums are expected to be less than claims, an increase in premiums is recommended.

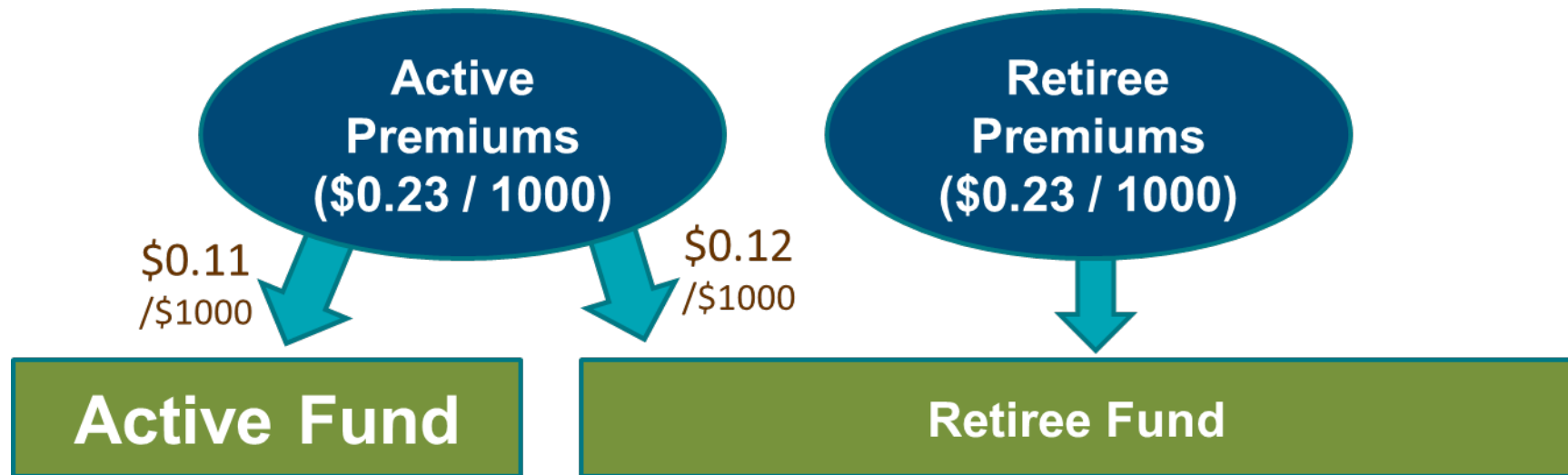
To apply the fundamental principle to retirees, however, requires that the cost of coverage for a benefit that will be paid after retirement be funded during the active working life of participants (the period in which benefits are earned), rather than after retirement (the period of benefit distribution). The cost of retiree benefits is represented as the Actuarially Determined Contribution (ADC) calculated under the provisions of GASB Statements 74 and 75 and is the sum of two components: the normal cost and the amortization of the Unfunded Actuarial Liability (UAL). The *normal cost* is the annual amount which would be sufficient to fund the substantive plan benefits (net of contributions on the retiree's behalf) if it were paid from each employee's entry into the Plan until termination or retirement. The *actuarial liability* represents the portion of the value of the projected benefit at retirement that is allocated to service earned prior to the valuation date. The *Unfunded Actuarial Liability* (UAL) represents the excess of the actuarial liability over plan assets and is amortized as a level percent of pay over a period not to exceed 30 years. If premiums are expected to be less than the ADC, a premium increase is indicated.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Due to the implementation of GASB 74/75, the State has established separate asset funds to pay for active benefits and retiree benefits.

For PLD funding, the same biweekly premium rate of \$0.23/\$1,000 (recommended to increase to \$0.24 in FY26 based on the 2020 Premium Study) is paid on behalf of actives and retirees. For retirees, all of that goes into the Retiree Fund. The active PLD premium of \$0.23 bi-weekly per \$1,000 of coverage is currently allocated as \$0.11 to the Active fund and \$0.12 to the Retiree Fund. The graphic below illustrates this allocation.



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

The chart below shows the current and recommended scheduled premium rates.

Rate Schedule - Bi-weekly Rates Per \$1,000 of Coverage									
Current Rates					Rates as of Fiscal Year Ending 2026				
	State	Teacher	PLD			State	Teacher	PLD	
Active Basic	\$ 0.09	\$ 0.05			Active Basic	\$ 0.12	\$ 0.06		
Retiree Basic	\$ 0.36	ADC	\$ 0.23		Retiree Basic	\$ 0.36	ADC	\$ 0.24	
Supplemental					Supplemental				
Age <= 34	\$ 0.02	\$ 0.01	\$ 0.02		Age <= 34	\$ 0.02	\$ 0.01	\$ 0.02	
35-44	\$ 0.02	\$ 0.01	\$ 0.03		35-44	\$ 0.02	\$ 0.01	\$ 0.03	
45-49	\$ 0.04	\$ 0.02	\$ 0.05		45-49	\$ 0.04	\$ 0.02	\$ 0.05	
50-54	\$ 0.06	\$ 0.04	\$ 0.07		50-54	\$ 0.06	\$ 0.04	\$ 0.07	
55-59	\$ 0.10	\$ 0.07	\$ 0.14		55-59	\$ 0.10	\$ 0.07	\$ 0.14	
60-64	\$ 0.15	\$ 0.10	\$ 0.20		60-64	\$ 0.15	\$ 0.10	\$ 0.20	
65 plus	\$ 0.20	\$ 0.13	\$ 0.40		65 plus	\$ 0.20	\$ 0.13	\$ 0.40	
Dependent A	\$ 0.89	\$ 0.89	\$ 0.89		Dependent A	\$ 0.89	\$ 0.89	\$ 0.89	
Dependent B	\$ 1.57	\$ 1.57	\$ 1.57		Dependent B	\$ 1.57	\$ 1.57	\$ 1.57	

State Active Basic Increase the Active Basic Premiums by \$0.03 bi-weekly per \$1,000 of coverage.

Teacher Active Basic Increase the Active Basic Premiums by \$0.01 bi-weekly per \$1,000 of coverage.

PLD Active and Retiree Basic Option selected in 2020 Premium Study included increase to \$0.24 in 2026.

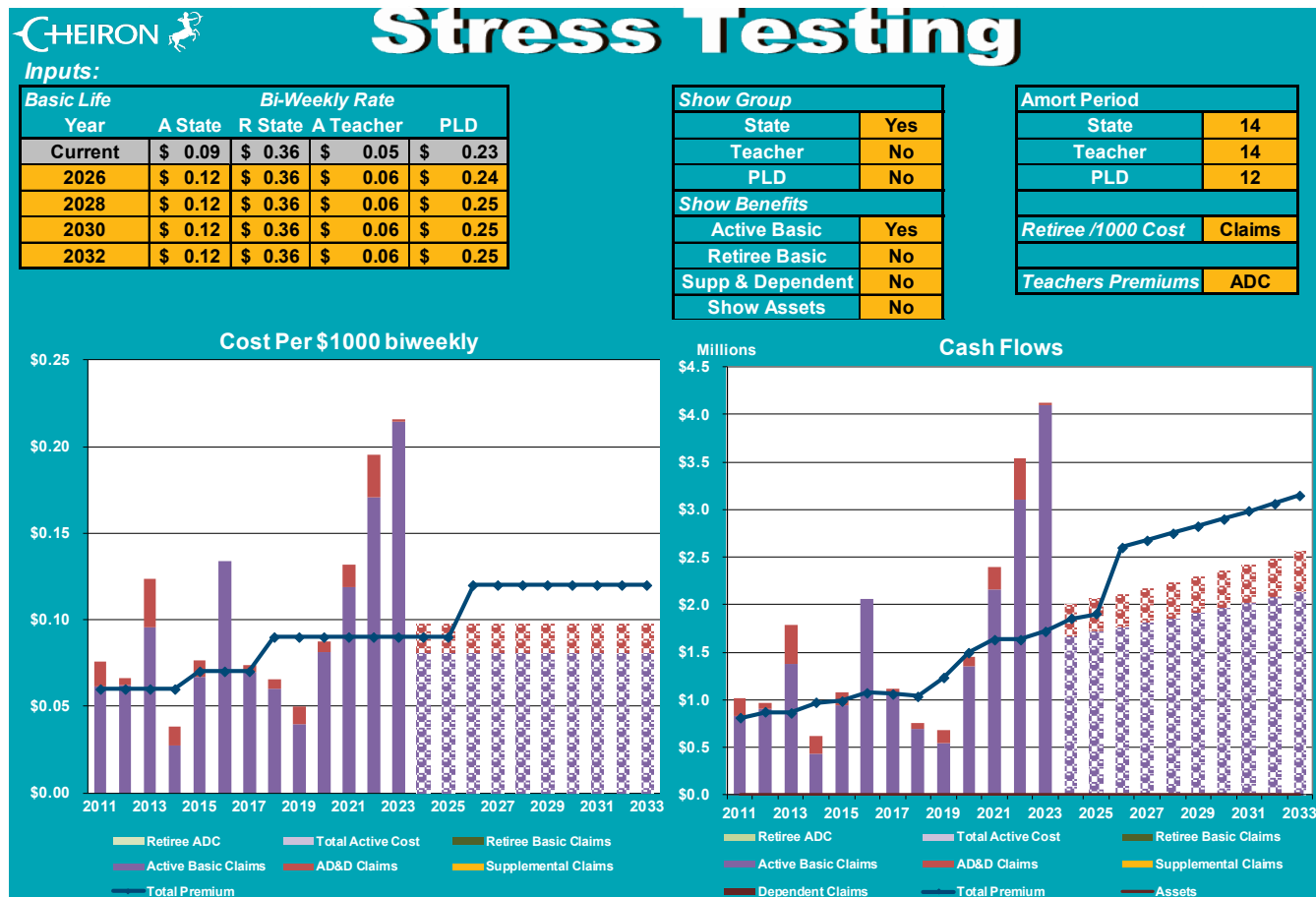
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State Employees: Active Life Insurance (Basic and AD&D)

Current Premium Rate: \$0.09 bi-weekly per \$1,000 of coverage.

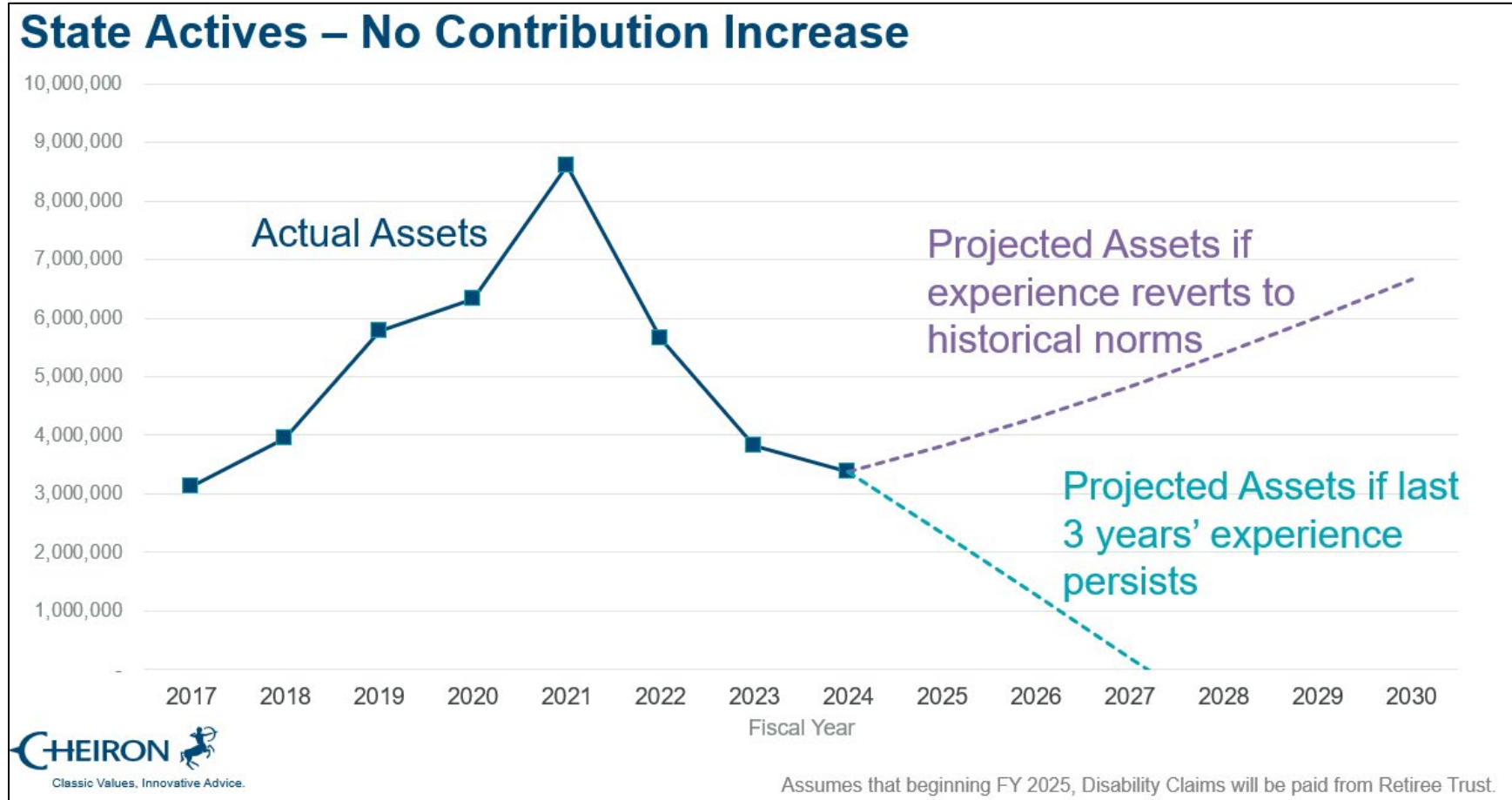
Due to the high incidence of active deaths in recent years, we are recommending increasing the premium rate from \$0.09 to \$0.12 bi-weekly per \$1,000 of coverage along with an additional mid-term premium study in 2026. This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and assuming experience returns to historical norms.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

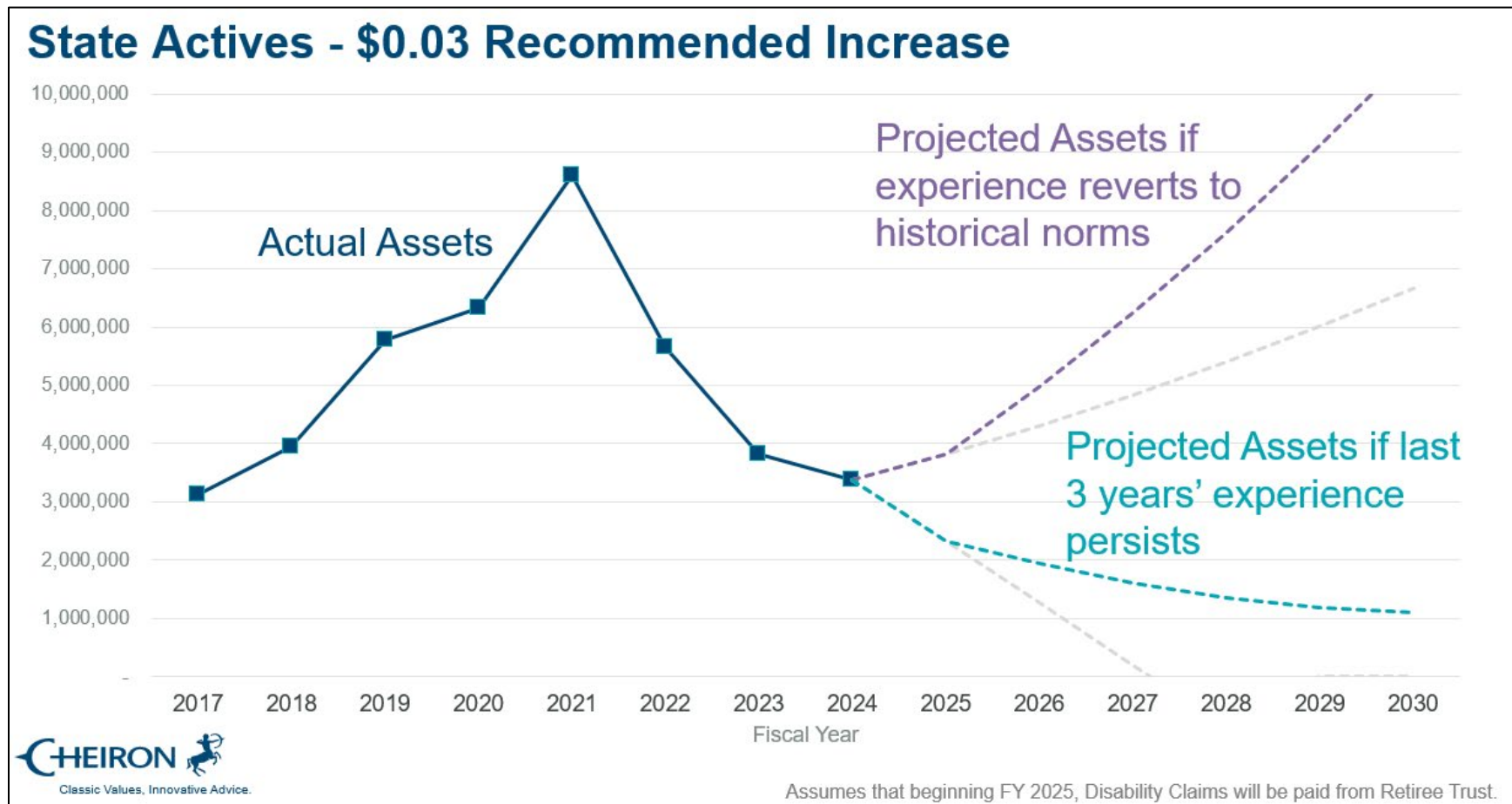
This chart displays the projected State Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the State continues to contribute the \$0.09 bi-weekly per \$1,000 of coverage.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected State Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the State increases the contribution to \$0.12 bi-weekly per \$1,000 of coverage in 2026. The dotted gray lines show results if the contribution remains at \$0.09 as shown in the prior chart.

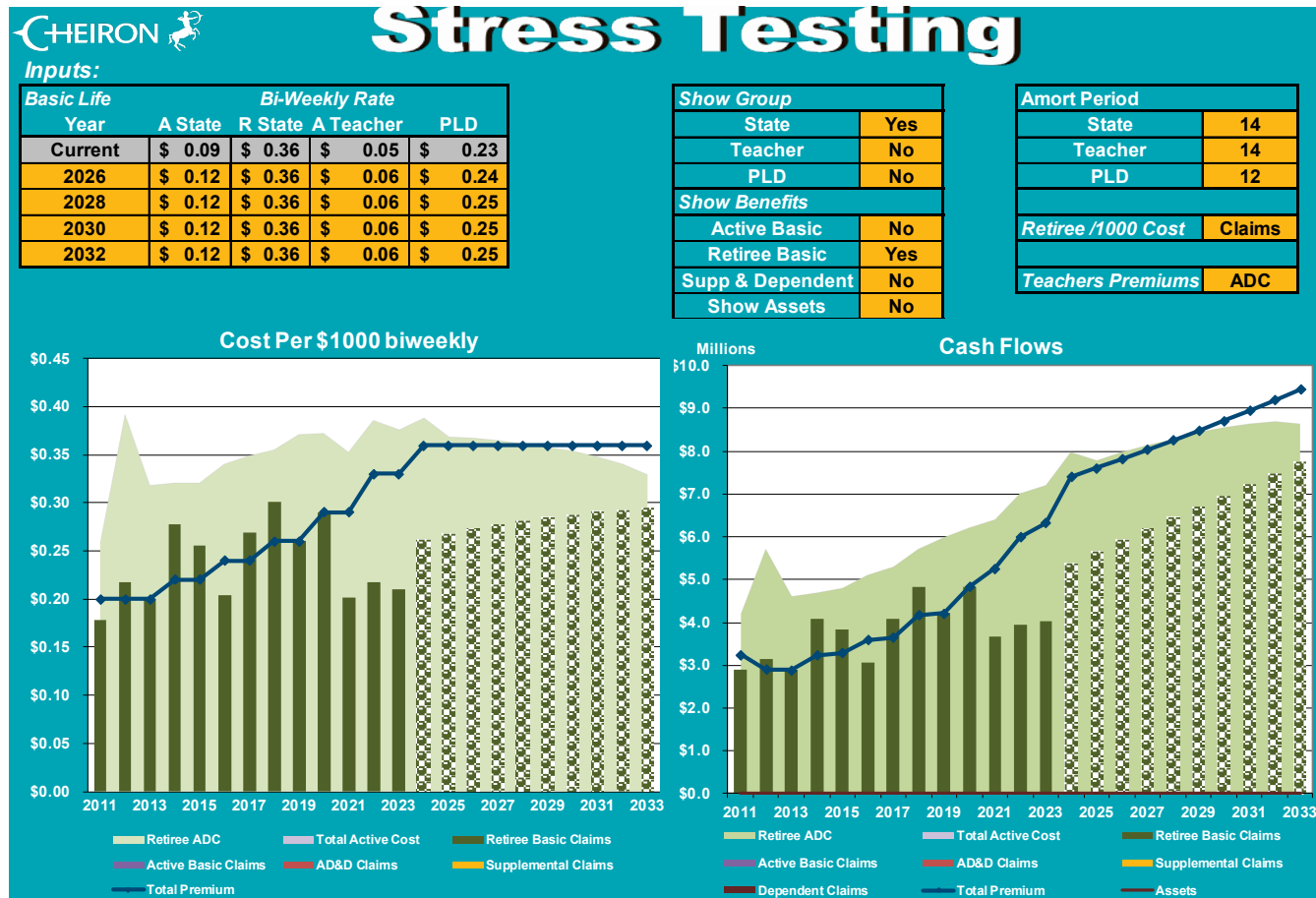


**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State: Basic Retiree Life Insurance

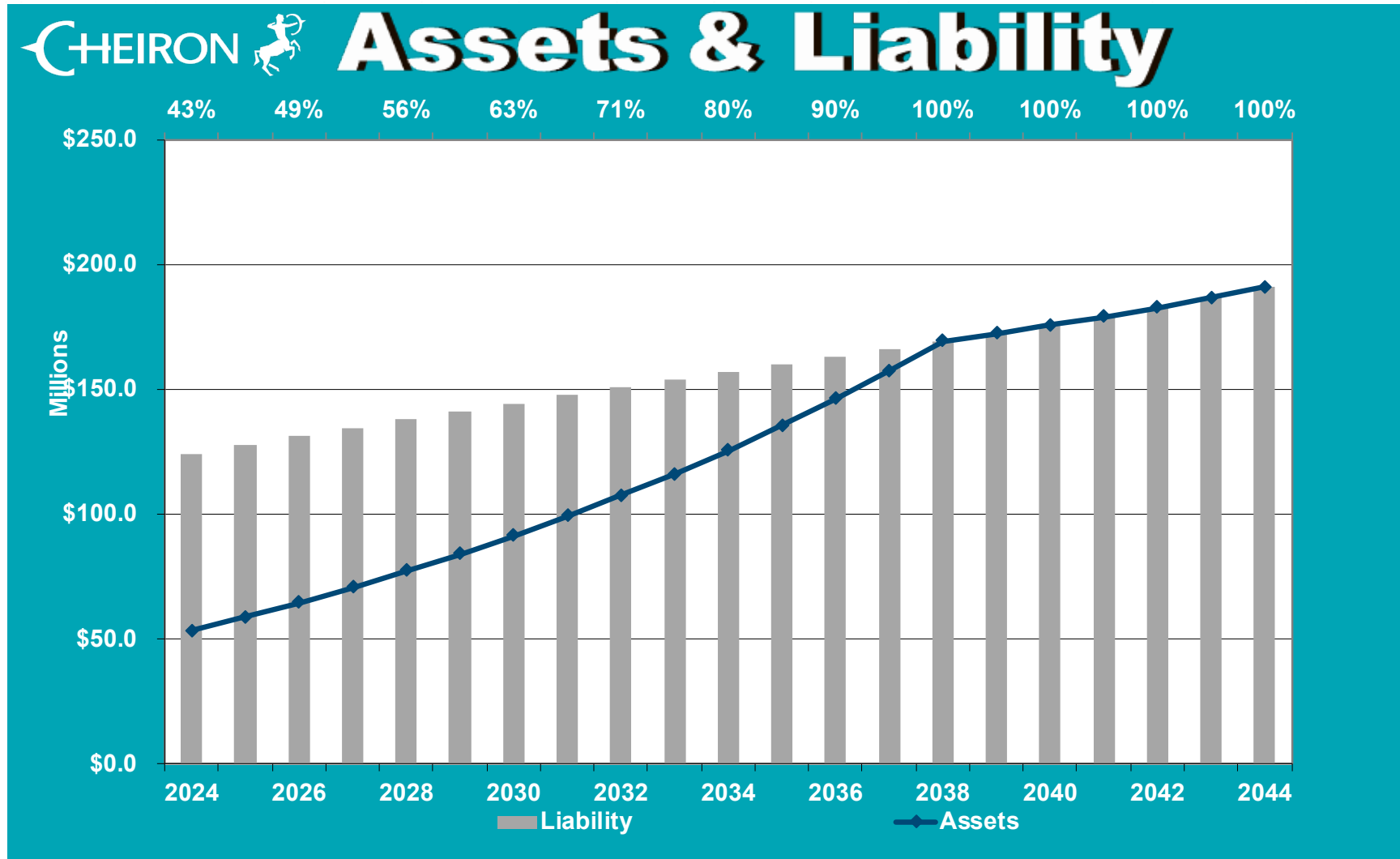
The current rate of \$0.36 bi-weekly per \$1,000 of coverage which became effective in 2024 based on the results of the 2020 Premium Study is sufficient to pay off the Unfunded Actuarial Liability in 18 years (by 2038), the funding target established by the Board. No further changes in premium are required at this time.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected State Assets and Liabilities for Retiree Group Life Insurance under the current premium rate of \$0.36 bi-weekly per \$1,000 of coverage without increases.



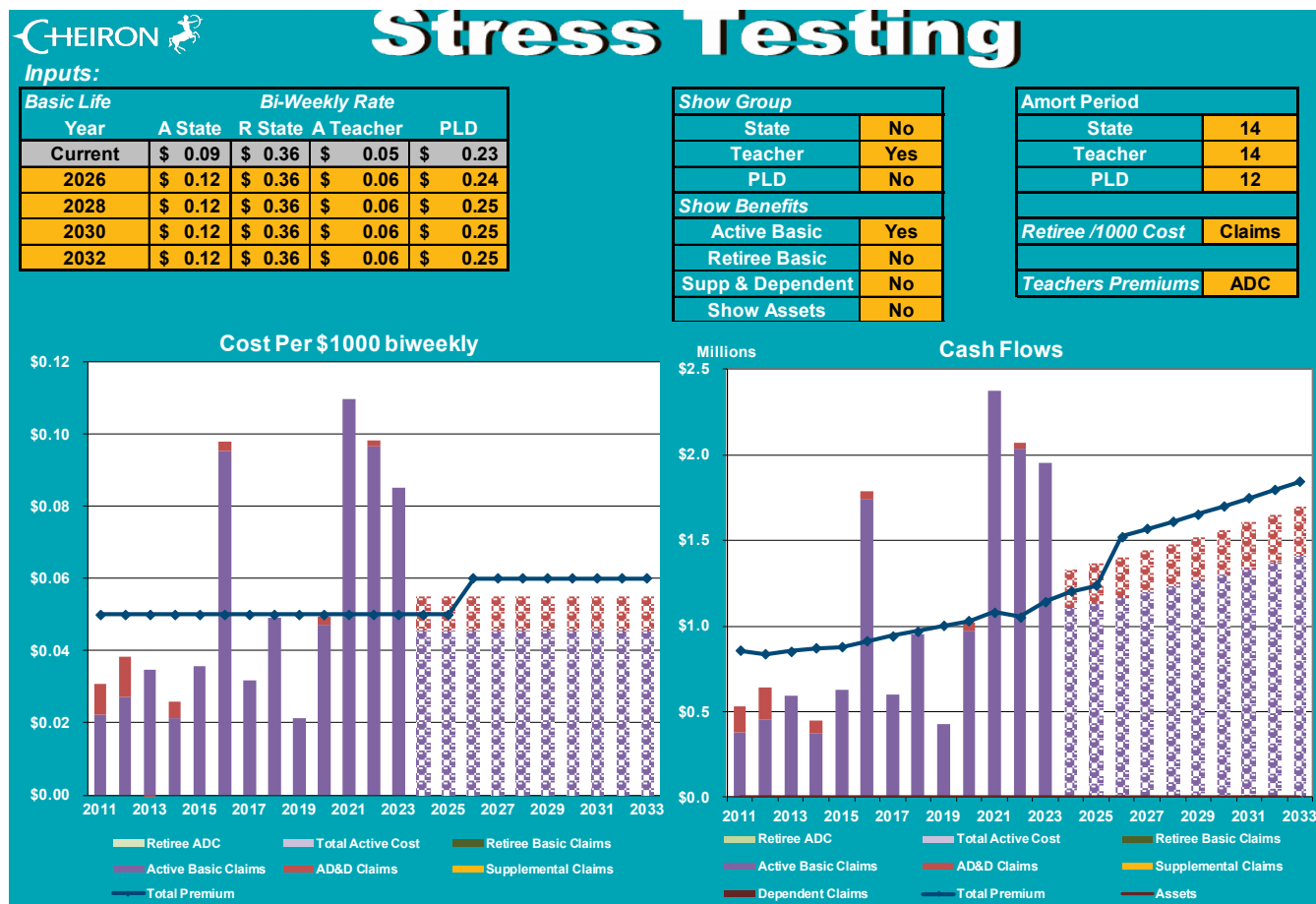
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teachers: Basic Active Life Insurance and AD&D

Current rate of \$0.05 bi-weekly per \$1,000 of coverage.

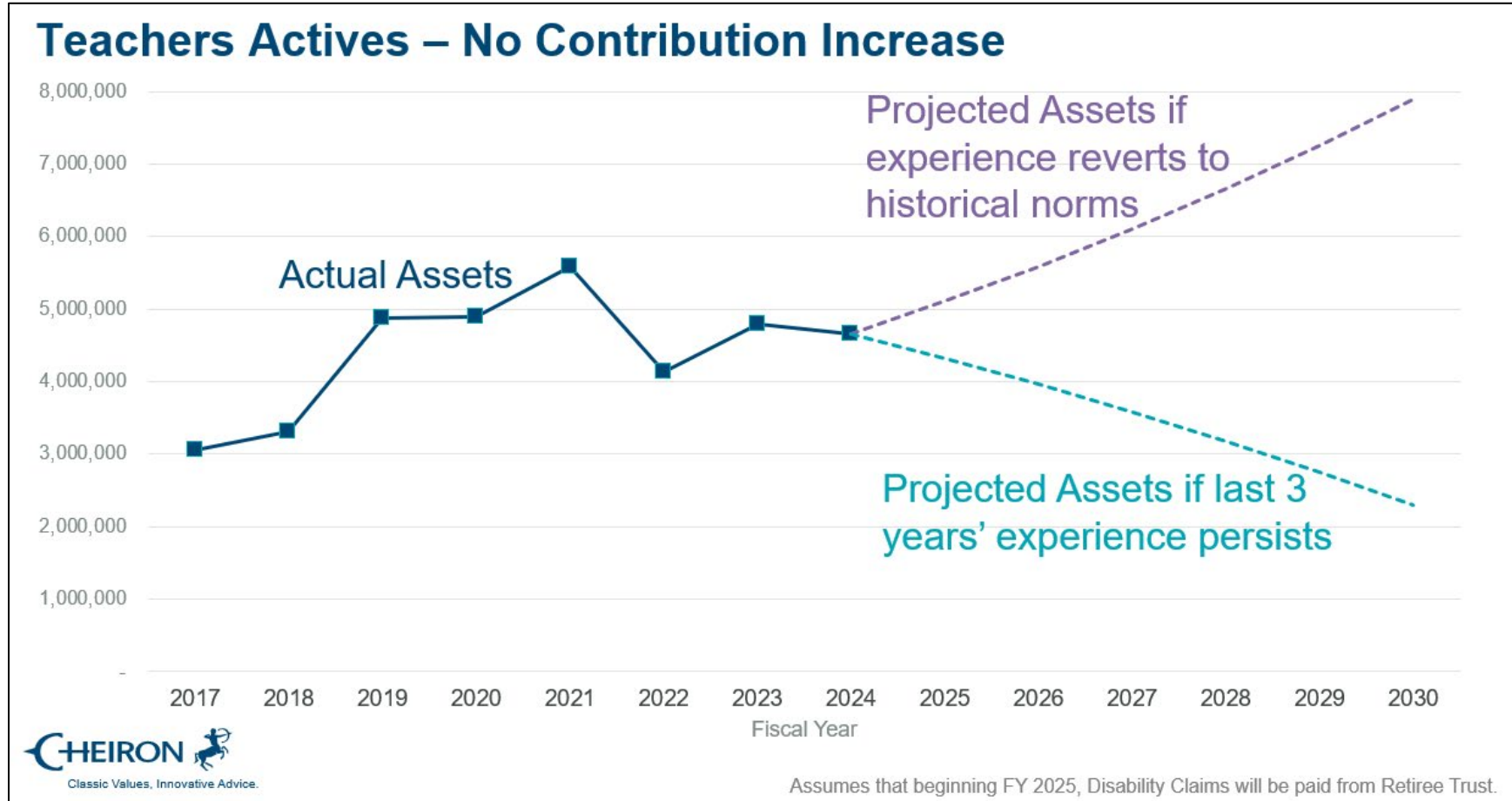
Due to the high incidence of active deaths in recent years, we are recommending increasing the premium rate from \$0.05 to \$0.06 bi-weekly per \$1,000 of coverage. This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and assuming experience returns to historical norms.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

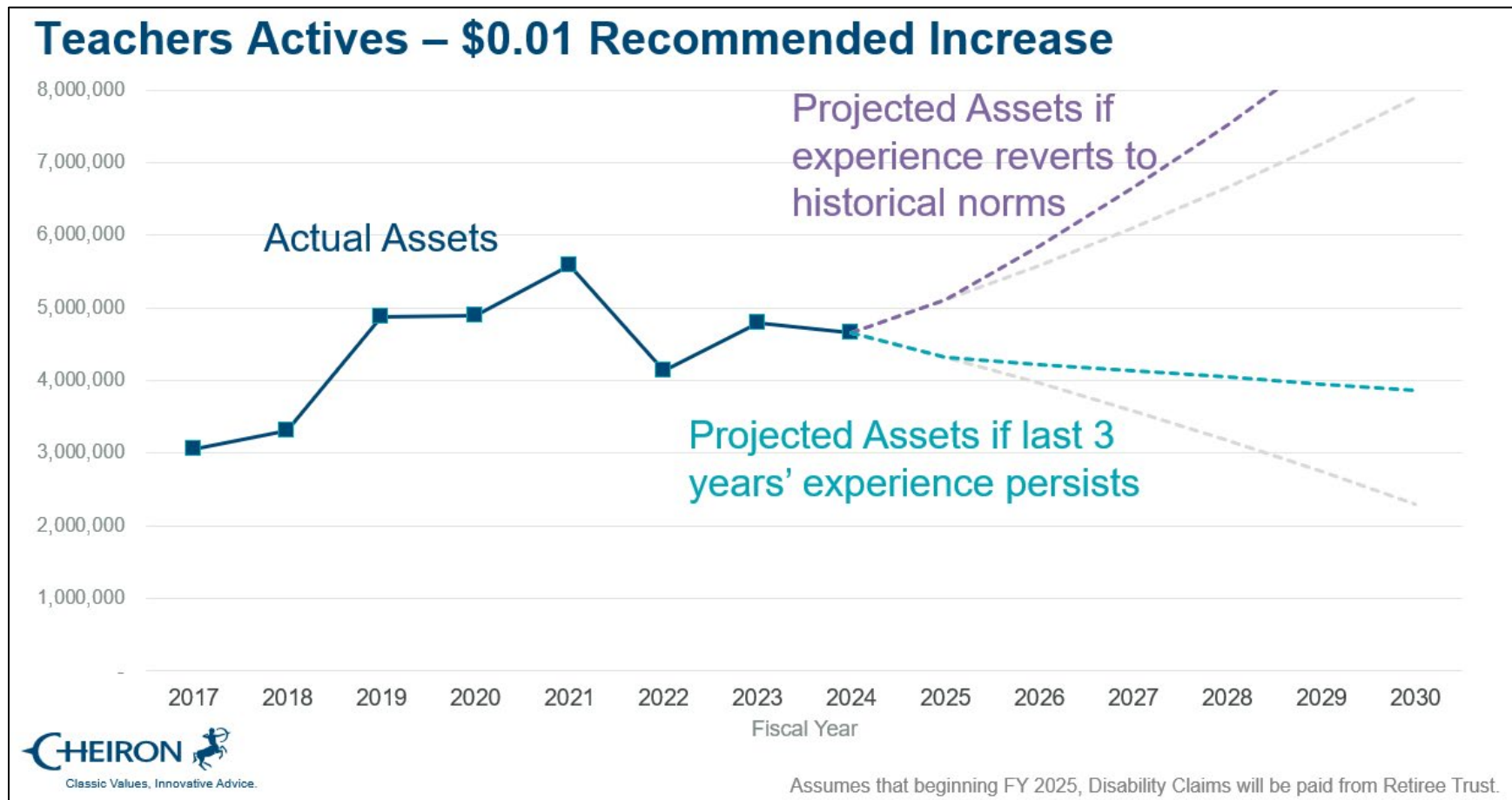
This chart displays the projected Teachers Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium continues to be \$0.05 bi-weekly per \$1,000 of coverage.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected Teachers Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected, and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium increases to the recommended \$0.06 bi-weekly per \$1,000 of coverage in FY 2026. The dotted gray lines show results if the contribution remains at \$0.05 as shown in the prior chart.



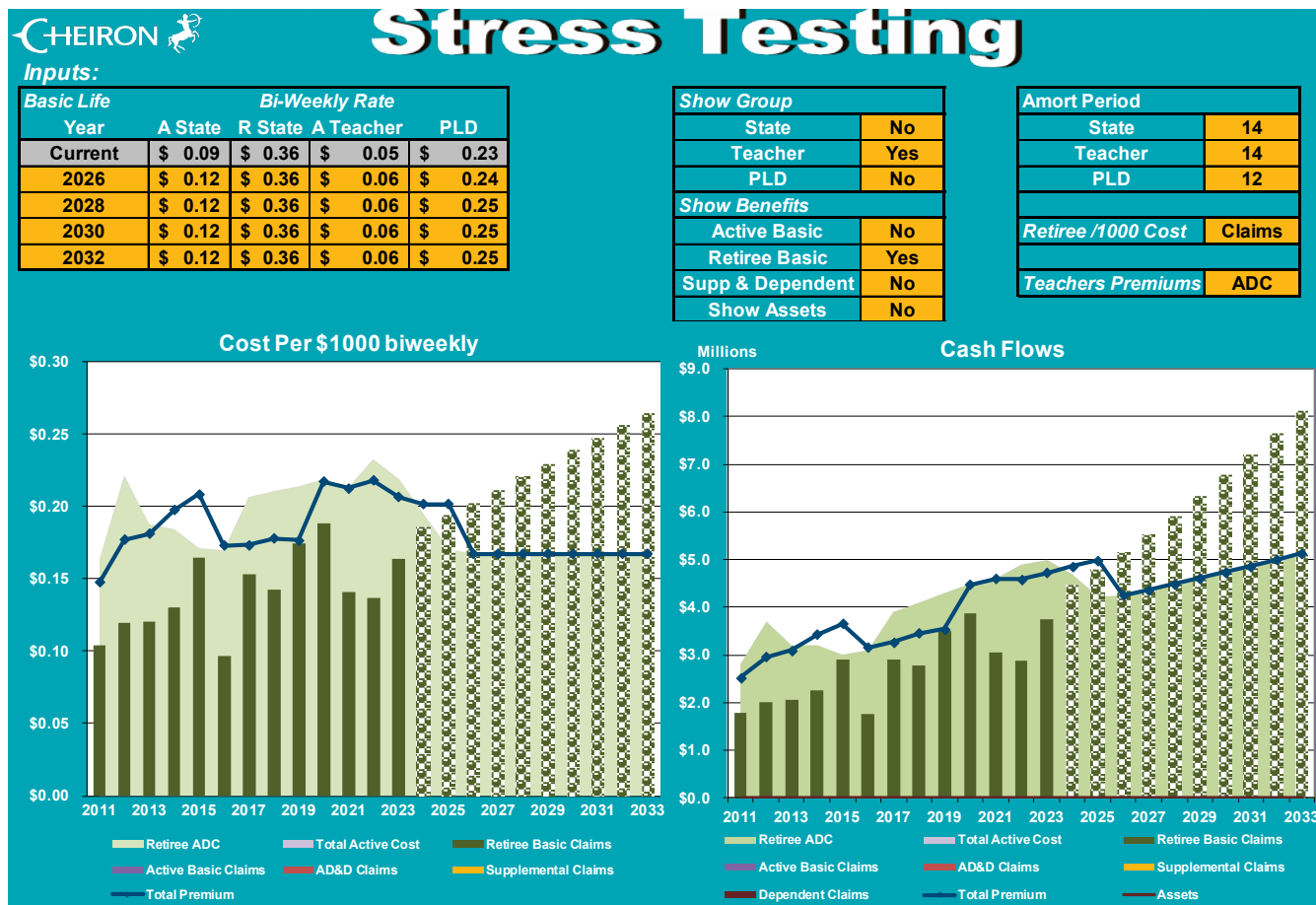
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teachers: Basic Retiree Life Insurance

The premiums for the Teachers' Basic Retiree Life Insurance benefit are paid by the State as the dollar amount of each year's ADC. (This benefit is not funded using a rate per \$1,000 of coverage.) This funding method is appropriate for funding the benefits, and a change is not indicated at this time.

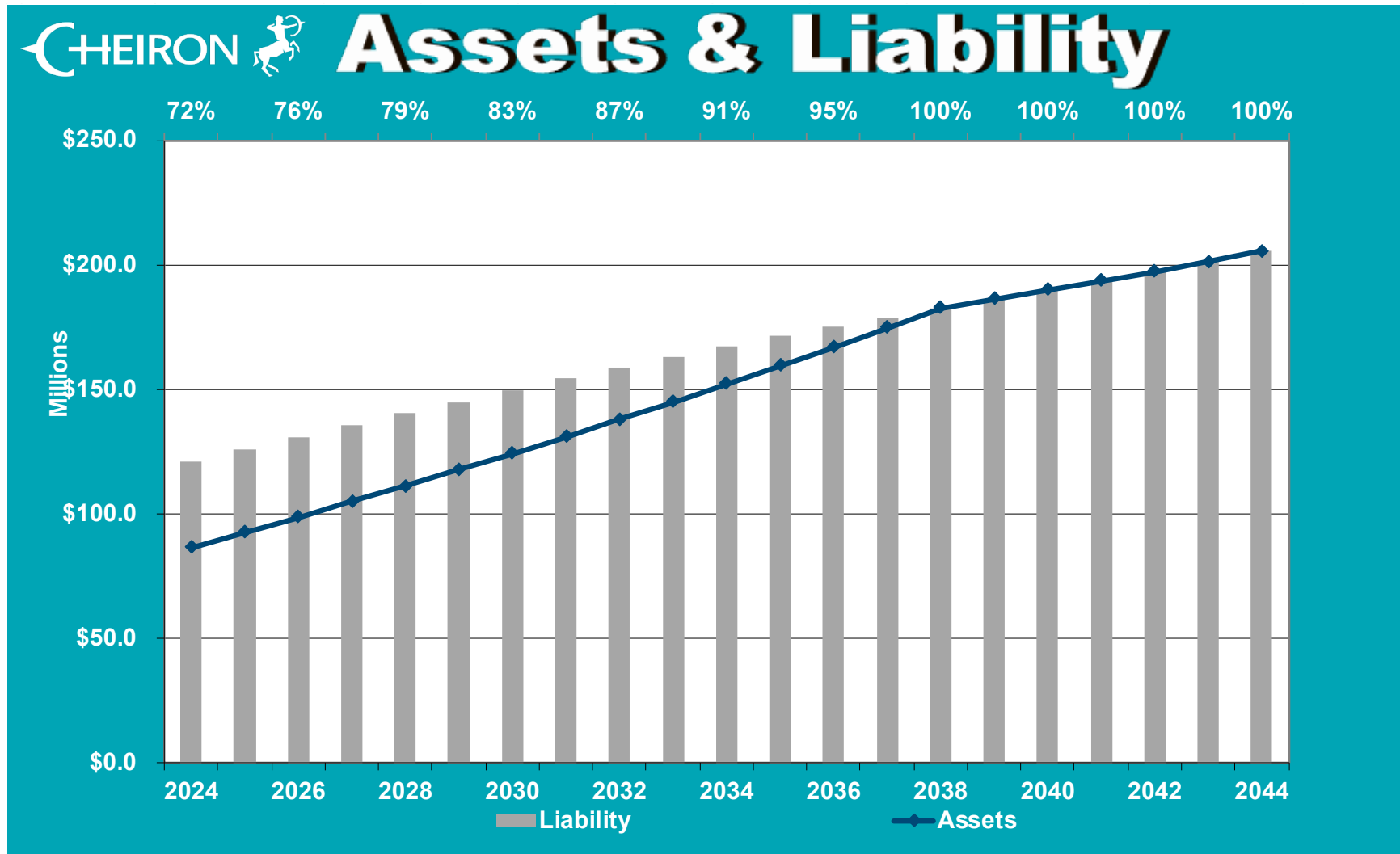
This chart shows projected cost, historic and projected cash flows, and retiree ADC on a Fiscal Year basis.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected Teacher Assets and Liabilities for Retiree Group Life Insurance under the current method of funding the ADC.

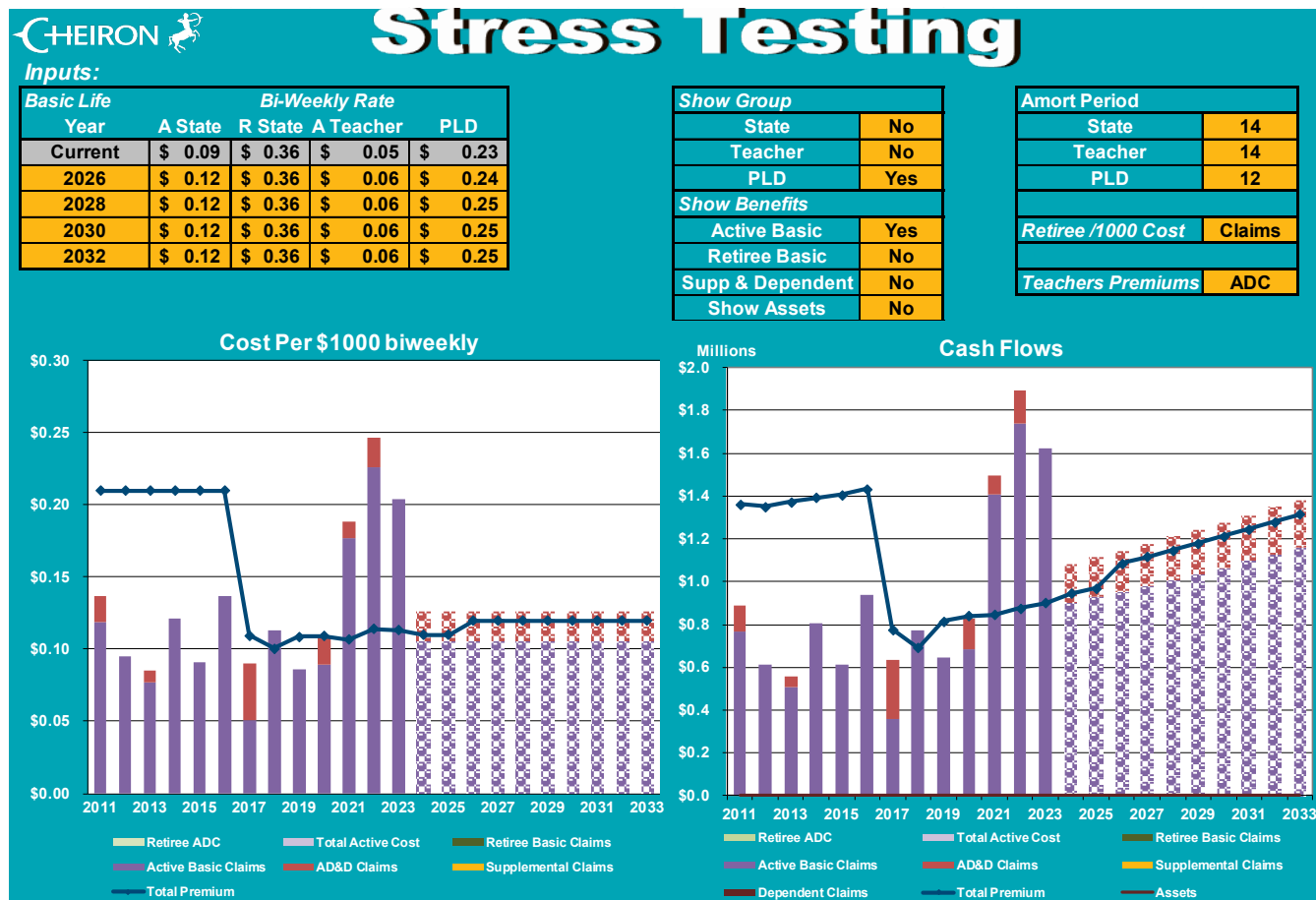


**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Active Life Insurance and AD&D

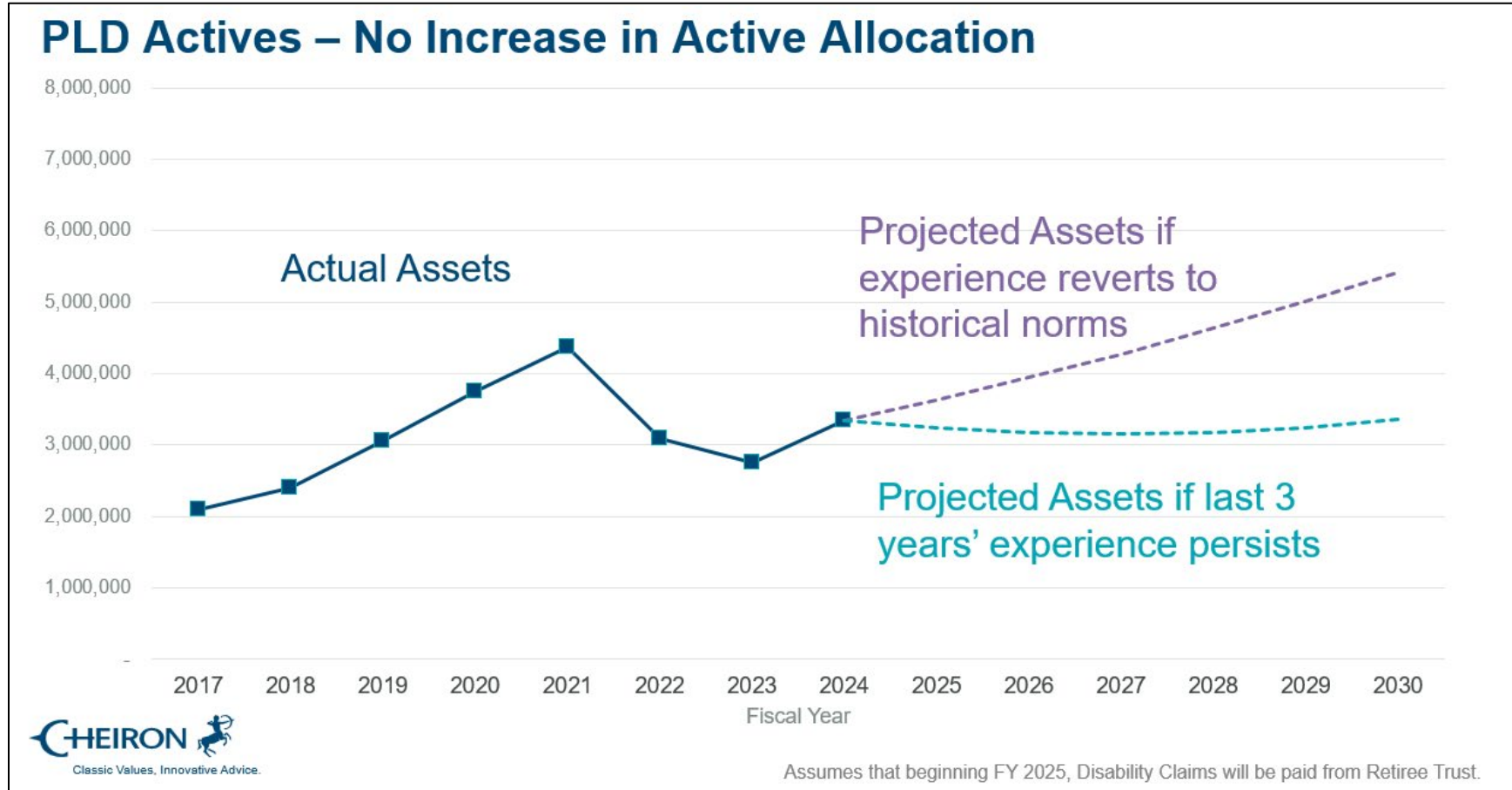
Current rate of \$0.23 bi-weekly per \$1,000 of coverage scheduled to increase to \$0.24 in 2026 based on the option selected from the 2020 Premium Study which was expected to be sufficient to pay the retiree UAL by 2036. For active employees, \$0.11 is being used for current active benefits and \$0.12 is being allocated for future retirement benefits. Due to the high incidence of active deaths in recent years, we are recommending increasing the amount allocated to fund active benefits from \$0.11 to \$0.12 bi-weekly per \$1,000 of coverage. This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and an additional increase to \$0.25 in 2028 and assuming experience returns to historical norms.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

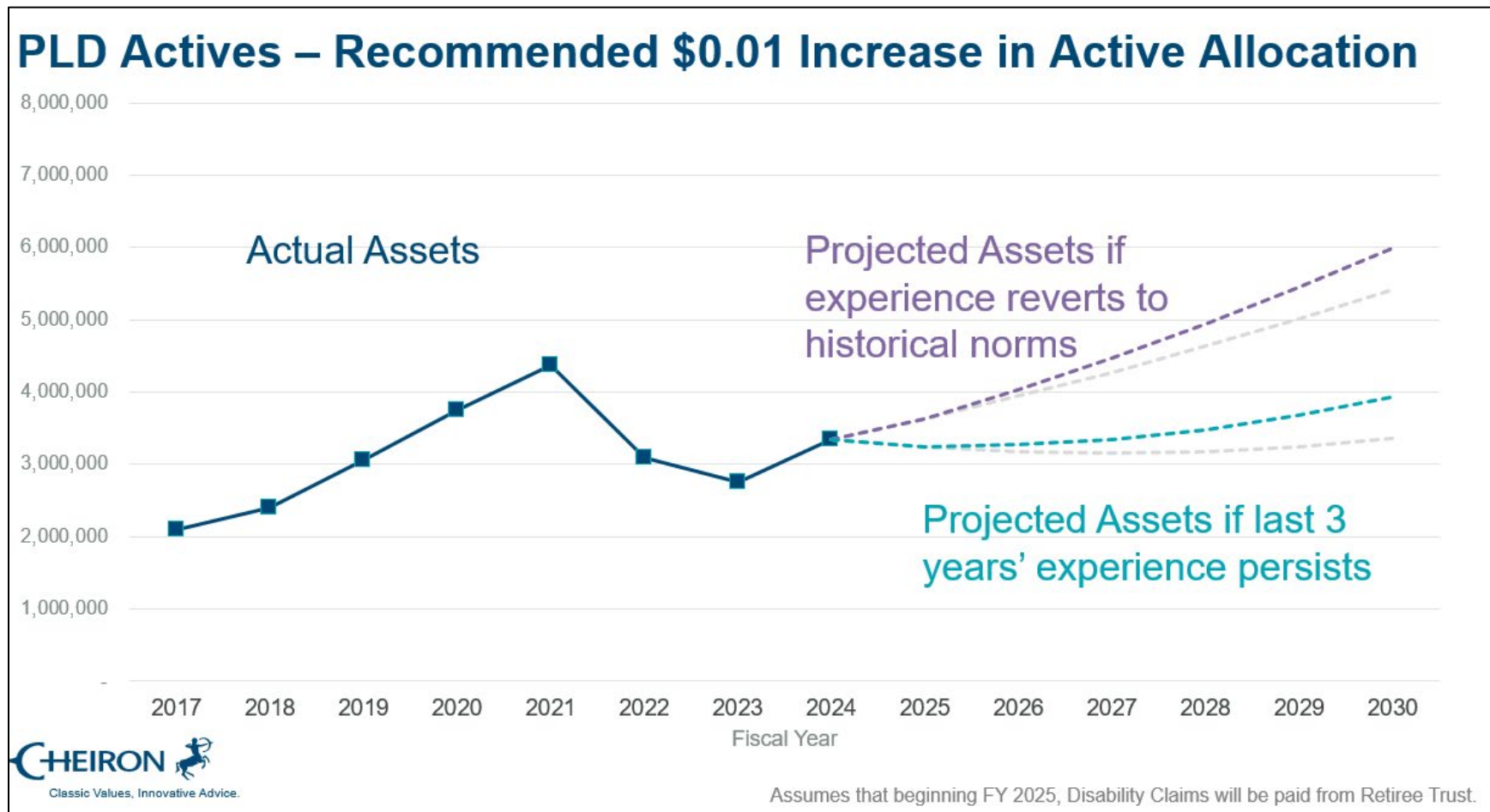
This chart displays the projected PLDs Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium allocated to the active fund continues to be \$0.11 bi-weekly per \$1,000 of coverage.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected PLDs Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium allocated to the active fund increases to the recommended \$0.12 bi-weekly per \$1,000 of coverage in FY 2026. The dotted gray lines show results if the contribution remains at \$0.11 as shown in the prior chart.



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance

The following charts show the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per \$1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current rate. With the recommended increase in the portion of the rate being directed to the active fund, the current premium rate will not be sufficient to pay off the Unfunded Actuarial Liability in the 12 years (by 2036) designated as a result of the 2020 Premium Study, but instead 13 years (by 2037).

The following pages show two scenarios:

- Results if premiums continue at the increases designated from the 2020 Premium Study with no further increases, but active contribution is increase from \$0.11 to \$0.12 in 2026 (UAL is paid for in 13 years by 2037):
 - FYE 2024 - \$0.23 for retirees with \$0.12 of active premiums allocated to the Retiree Fund
 - Active Contribution is \$0.23, with \$0.11 allocated to the Active Fund
 - FYE 2026 - \$0.24 for retirees with \$0.12 of active premiums allocated to the Retiree Fund
 - Active Contribution is \$0.24, with \$0.12 allocated to the Active Fund
- Results if premiums continue at the increases designated from the 2020 Premium Study with an additional increase in 2028 to compensate for the increase in active premiums (UAL is paid for in 12 years by 2036):
 - FYE 2024 - \$0.23 for retirees with \$0.12 of active premiums allocated to the Retiree Fund
 - Active Contribution is \$0.23, with \$0.11 allocated to the Active Fund
 - FYE 2026 - \$0.24 for retirees with \$0.12 of active premiums allocated to the Retiree Fund
 - Active Contribution is \$0.24, with \$0.12 allocated to the Active Fund
 - FYE 2028 - \$0.25 for retirees with \$0.13 of active premiums allocated to the Retiree Fund
 - Active Contribution is \$0.25, with \$0.12 allocated to the Active Fund

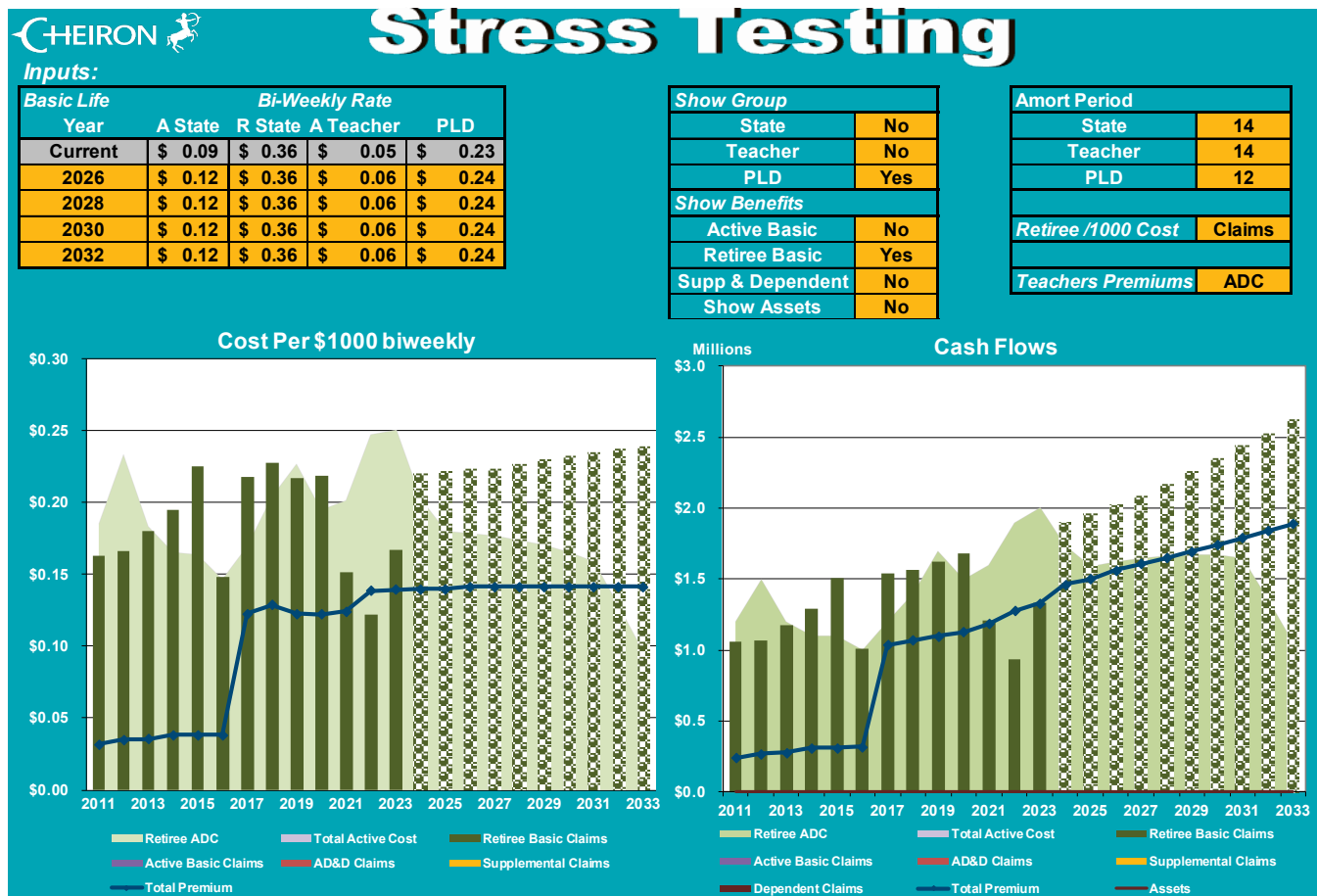
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance – Continue at the current increase schedule

Current rate: \$0.23 bi-weekly per \$1,000 of coverage for current retirees plus \$0.12 of active premium is allocated to the Retiree Fund.

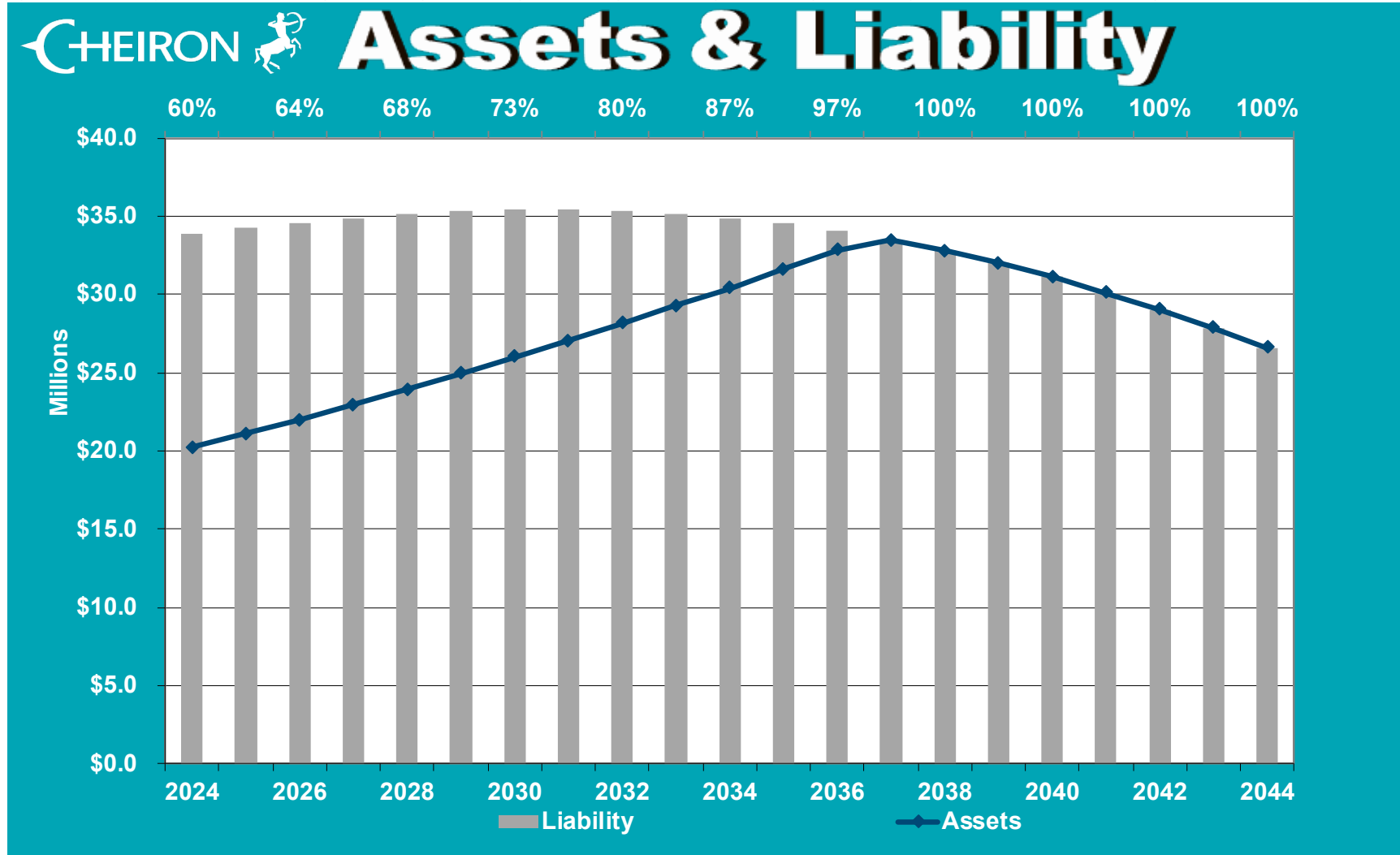
This chart shows the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per \$1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current rate. The current schedule is projected to pay off the Unfunded Actuarial Liability in 13 years (by 2037), one year behind the year designated based on the option selected from the 2020 Premium Study.



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected PLD Assets and Liabilities for the post-retirement life insurance benefit under the current premium rates of \$0.23 bi-weekly per \$1,000 of coverage for current retirees plus \$0.12 of active premium is allocated to the Retiree Fund, including the scheduled increase in 2026 to \$0.24 for current retirees plus \$0.12 of active premium is allocated to the Retiree Fund.



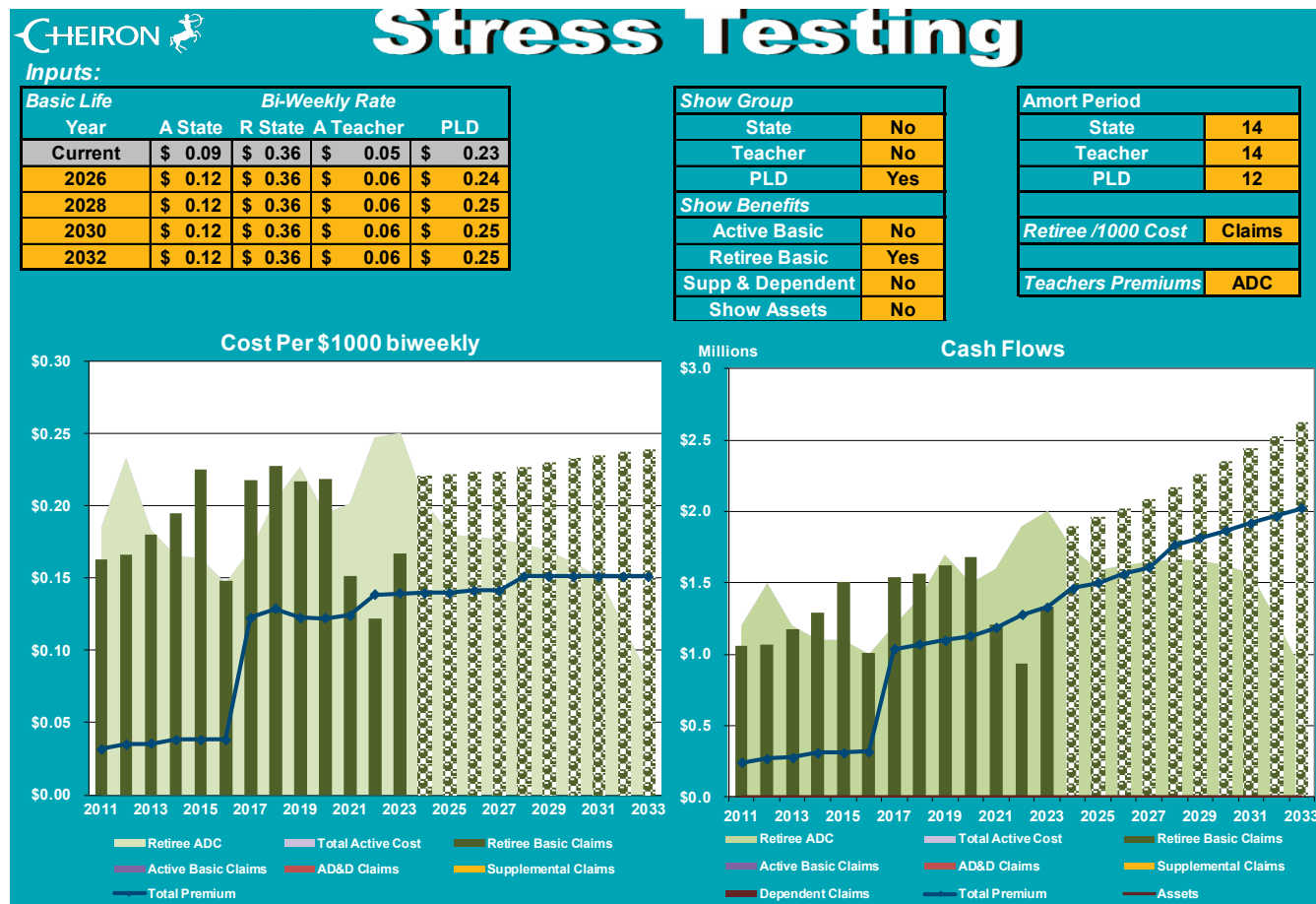
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance – Current increase schedule plus \$0.01 increase for 2028

Current rate: \$0.23 bi-weekly per \$1,000 of coverage for current retirees plus \$0.12 of active premium is allocated to the Retiree Fund.

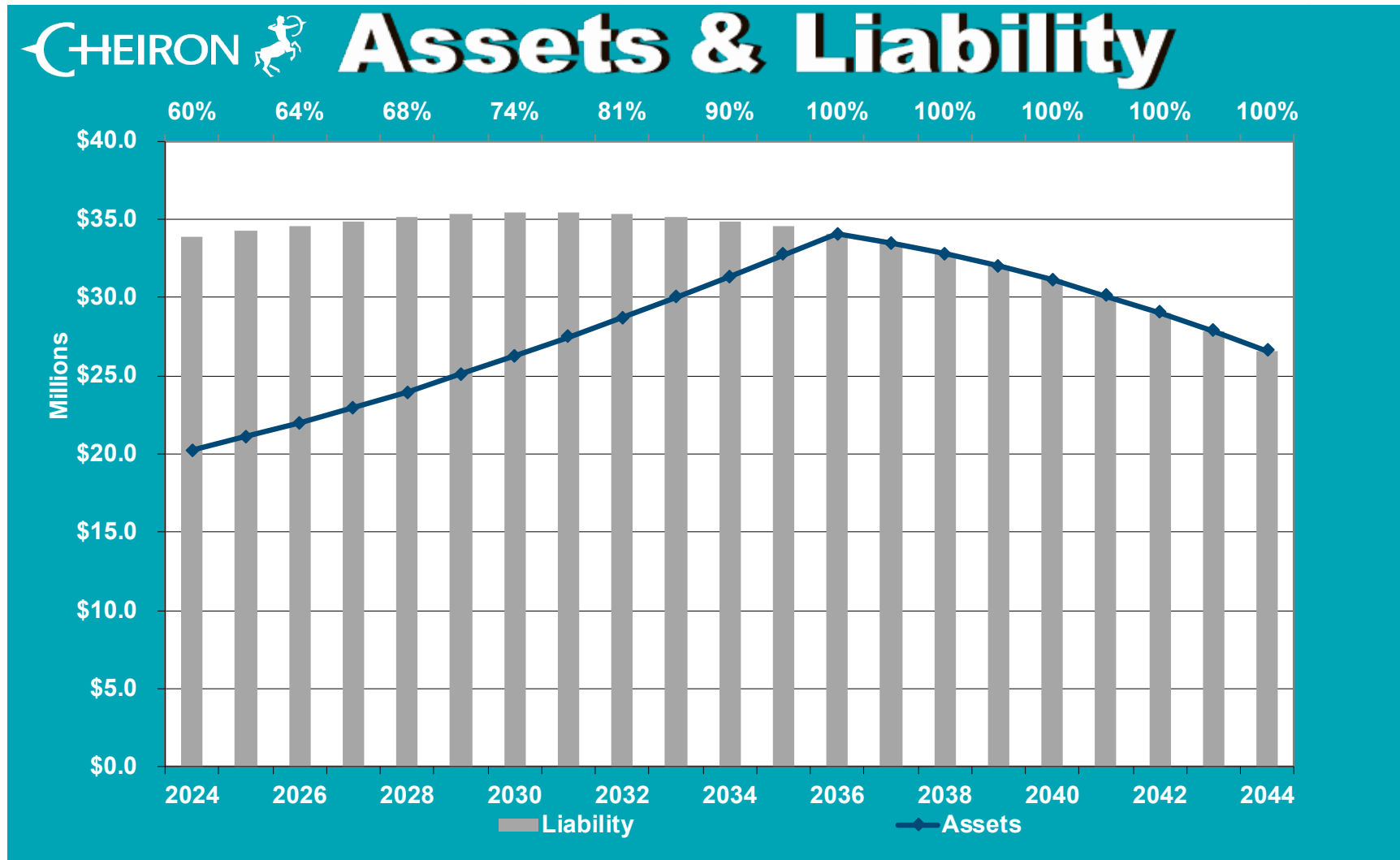
This chart shows the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per \$1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current increase schedule with one additional increase in 2028. This schedule is projected to be sufficient to pay off the Unfunded Actuarial Liability in 12 years (by 2036).



MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected PLD Assets and Liabilities for the post-retirement life insurance benefit with premium rates of \$0.23 bi-weekly per \$1,000 of coverage for current retirees (\$0.11 of active premium allocated to Retiree Fund), increasing in 2026 to \$0.24 (\$0.12 of active premium allocated to Retiree Fund) and in 2028 to \$0.25 (\$0.13 of active premium allocated to Retiree Fund).



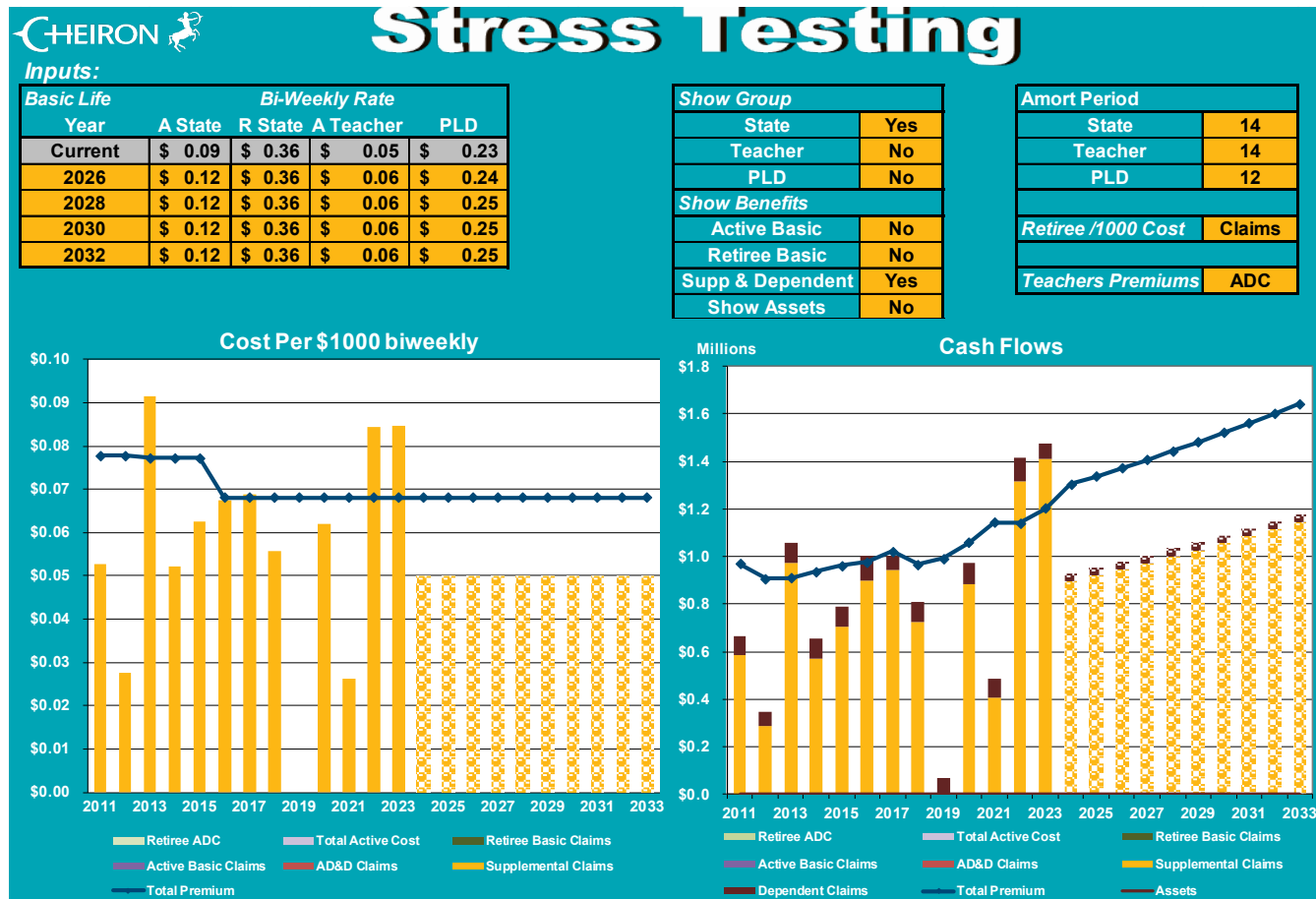
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State Active Supplemental and Dependent Life Insurance

The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.



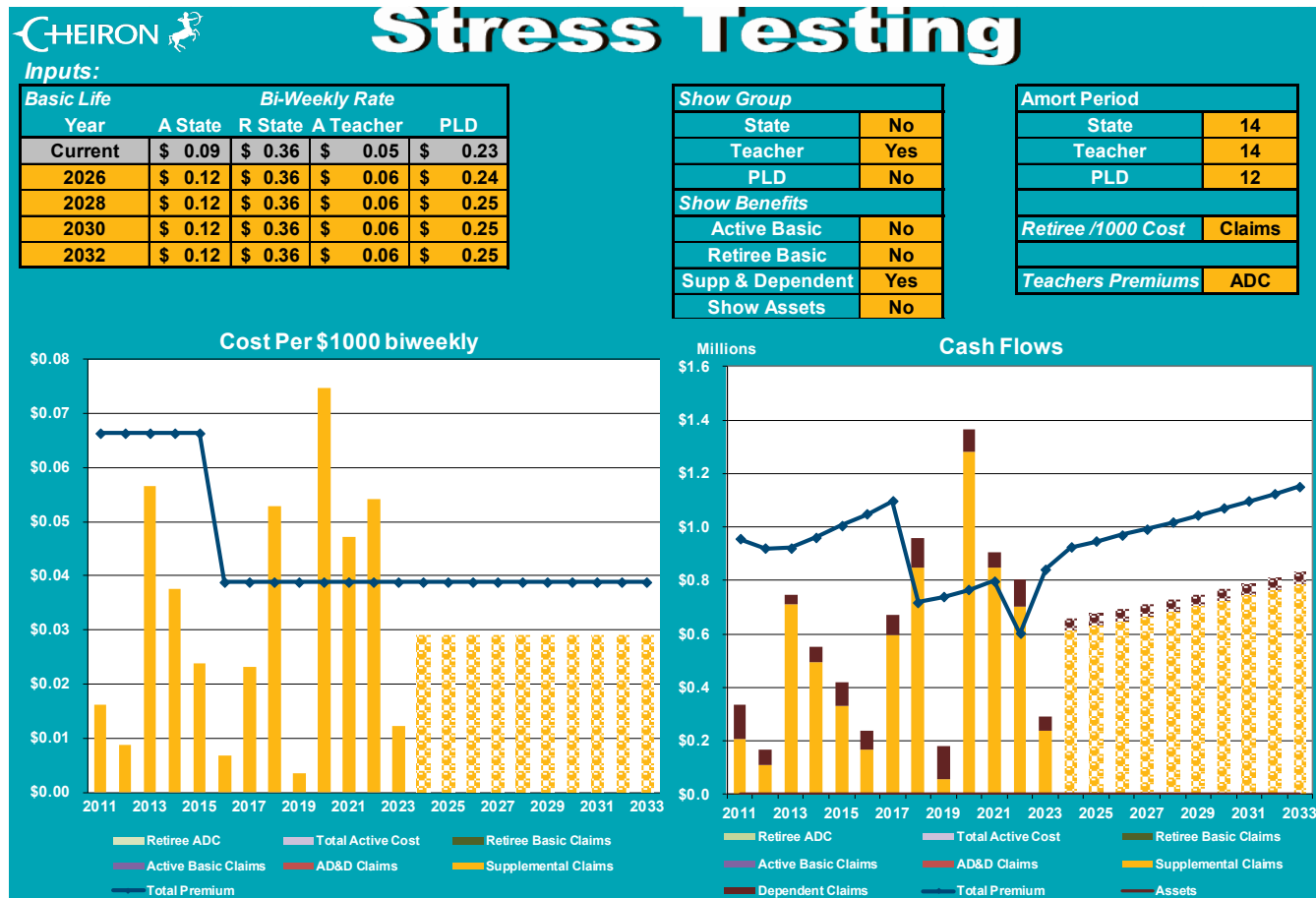
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM GROUP LIFE INSURANCE PREMIUM STUDY

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teacher Active Supplemental and Dependent Life Insurance

The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.



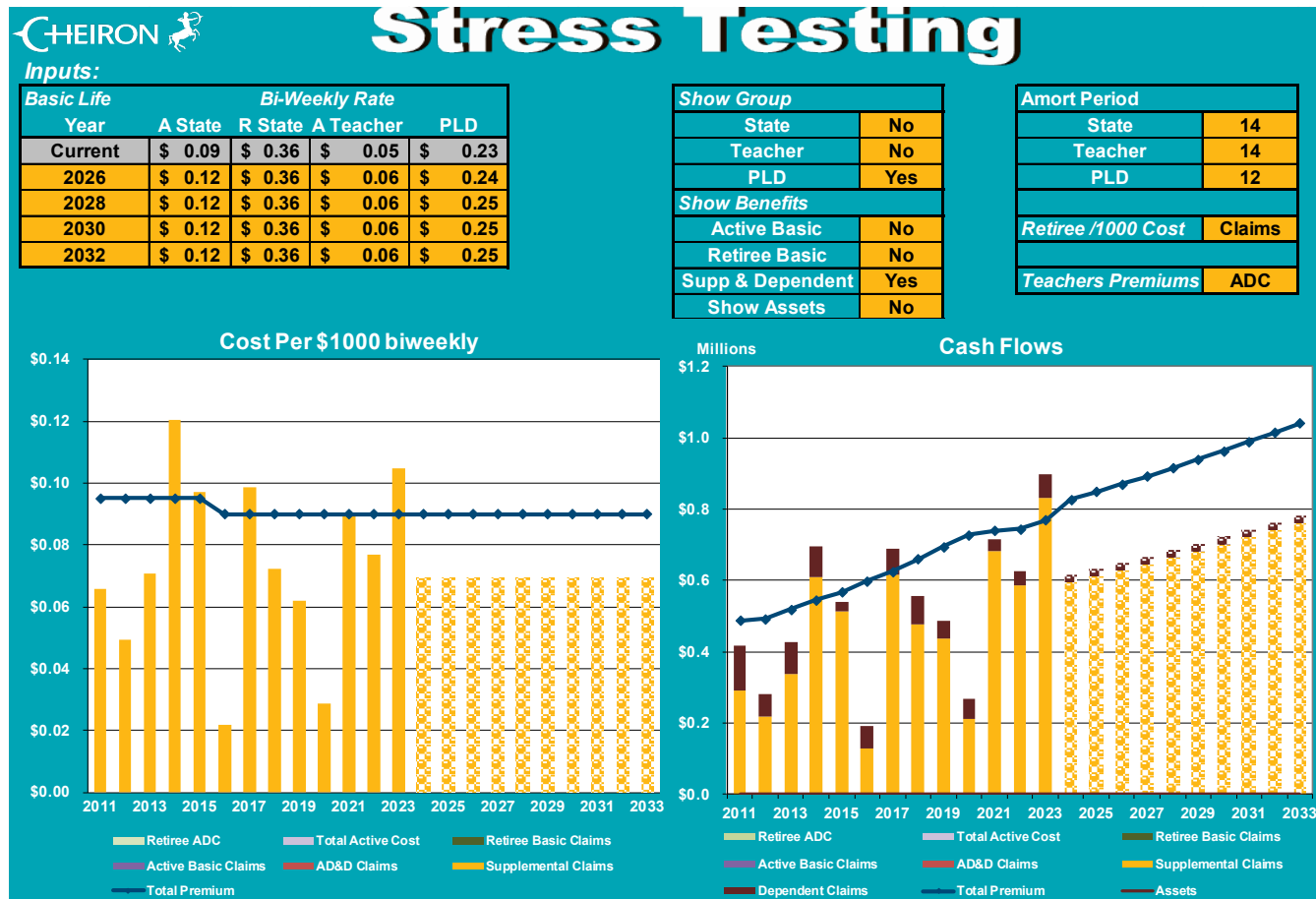
**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD Active Supplemental and Dependent Life Insurance

The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per \$1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.



**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION IV – IMPACT ON CONTRIBUTIONS

The following tables show the impact on contributions for each recommended increase in the biweekly rate proposed based on the following amounts of Insurance in Force.

	Insurance in Force in 2023		
FYE (6/30)	State	Teachers	PLDs
Active Basic	\$ 770,062,600	\$ 901,119,000	\$ 321,295,000
Active Sup	\$ 692,457,600	\$ 814,115,000	\$ 331,298,000
Active Dep A	\$ 4,325,000	\$ 5,900,000	\$ 3,040,000
Active Dep B	\$ 14,460,000	\$ 18,070,000	\$ 9,400,000
Retiree Basic	\$ 208,446,890	\$ 192,128,801	\$ 70,322,944

State Basic Active - Increase Bi-weekly rate schedule by \$0.03 in 2026			
FYE (6/30)	Current	Proposed	Difference
2024	\$1,851,500	\$1,851,500	\$0
2025	\$1,902,416	\$1,902,416	\$0
2026	\$1,954,733	\$2,606,310	\$651,578
2027	\$2,008,488	\$2,677,984	\$669,496
2028	\$2,063,721	\$2,751,628	\$687,907
2029	\$2,120,474	\$2,827,298	\$706,825
2030	\$2,178,787	\$2,905,049	\$726,262
2031	\$2,238,703	\$2,984,938	\$746,234
2032	\$2,300,268	\$3,067,023	\$766,756
2033	\$2,363,525	\$3,151,367	\$787,842

Teacher Basic Active - Increase Bi-weekly rate schedule by \$0.01 in 2026			
FYE (6/30)	Current	Proposed	Difference
2024	\$1,203,670	\$1,203,670	\$0
2025	\$1,236,771	\$1,236,771	\$0
2026	\$1,270,782	\$1,524,938	\$254,156
2027	\$1,305,728	\$1,566,874	\$261,146
2028	\$1,341,636	\$1,609,963	\$268,327
2029	\$1,378,531	\$1,654,237	\$275,706
2030	\$1,416,440	\$1,699,729	\$283,288
2031	\$1,455,393	\$1,746,471	\$291,079
2032	\$1,495,416	\$1,794,499	\$299,083
2033	\$1,536,540	\$1,843,848	\$307,308

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

SECTION IV – IMPACT ON CONTRIBUTIONS

PLD Basic - Increase Bi-weekly rate schedule by \$0.01 in 2026			
FYE (6/30)	Current	Proposed	Difference
2024	\$2,406,277	\$2,406,277	\$0
2025	\$2,472,449	\$2,472,449	\$0
2026	\$2,540,442	\$2,650,896	\$110,454
2027	\$2,610,304	\$2,723,795	\$113,491
2028	\$2,682,087	\$2,798,700	\$116,612
2029	\$2,755,845	\$2,875,664	\$119,819
2030	\$2,831,630	\$2,954,745	\$123,114
2031	\$2,909,500	\$3,036,000	\$126,500
2032	\$2,989,512	\$3,119,490	\$129,979
2033	\$3,071,723	\$3,205,276	\$133,553

PLD Basic - Increase Bi-weekly rate schedule by \$0.01 in 2026 and an additional \$0.01 in 2028			
FYE (6/30)	Current	Proposed	Difference
2024	\$2,406,277	\$2,406,277	\$0
2025	\$2,472,449	\$2,472,449	\$0
2026	\$2,540,442	\$2,650,896	\$110,454
2027	\$2,610,304	\$2,723,795	\$113,491
2028	\$2,682,087	\$2,915,312	\$233,225
2029	\$2,755,845	\$2,995,483	\$239,639
2030	\$2,831,630	\$3,077,859	\$246,229
2031	\$2,909,500	\$3,162,500	\$253,000
2032	\$2,989,512	\$3,249,469	\$259,958
2033	\$3,071,723	\$3,338,830	\$267,106

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Participant Data as of June 30, 2022

ACTIVE MEMBER DATA					
Group	Count	Average Age	Average Service	Average Salary	
State	11,286	47.9	12.3	\$	63,945
Teachers	15,374	46.4	13.3		56,620
Judges	59	60.0	14.5		140,627
Legislators	54	63.2	6.1		14,000
PLD	5,248	48.8	10.5		57,363
TOTAL	32,021	47.4	12.5		59,406

Note that Legislators are subject to eight-year term limits for each house. Therefore, it is assumed that no active Legislators will reach the 10 years of service required to be eligible for retiree life benefits. However, they are included in the counts for the above exhibit because they are included in the expected remaining service life.

NON-ACTIVE MEMBER DATA				
Group	Count	Average Age	Average Benefit¹	
State	8,909	73.2	\$	19,066
Teachers	8,039	74.3		21,496
Judges	55	76.0		46,642
Legislators	13	81.2		5,622
PLD	3,015	72.7		19,266
TOTAL	20,031	73.6		20,138

¹ Ultimate benefit (40% of initial base benefit)

Participant Data as of June 30, 2023

Group	Active Basic	Retiree Basic	Supplemental	Dependent A	Dependent B
State ¹	11,668	8,988	4,482	865	1,446
Teachers	15,403	8,004	6,145	1,180	1,807
PLDs	5,300	2,998	2,413	608	940
Total	32,371	19,990	13,040	2,653	4,193

¹ State Group including Judges and Legislators

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Economic Assumptions

Valuation Date: June 30, 2023, for the purposes of measuring active life insurance. June 30, 2022, for the purposes of measuring retiree life insurance cost.

Investment Return: 6.50% per year

Cost-of-Living Increases in Life Benefits:

N/A. Unlike pension benefits, life insurance benefits do not increase with Cost-of-Living.

Premium Expense and Conversion Assumption:

To reflect administrative expenses and conversion expenses associated with the distribution of benefits, the following loads have been added to the liabilities, normal cost, and benefit payments.

Expense Load

State Employees, Judges, and Legislators: 9.97%

Teachers: 18.08%

PLDs: 9.67%

Conversion Load

State Employees, Judges, and Legislators: 2.50%

Teachers: 2.48%

PLDs: 1.42%

Rates of Salary Increase

(Experience-based sample rates by service including both merit scale increase and yearly increase):

Service	State	Teachers	Judges & Legislators	PLD
0	9.43%	13.03%	2.75%	11.48%
5	6.24	5.83	2.75	3.78
10	5.32	4.81	2.75	3.26
15	3.98	4.29	2.75	3.01
20	3.78	3.26	2.75	2.75
25+	3.26	2.80	2.75	2.75

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Demographic Assumptions

Rates of Termination

(Experience-based sample rates by service):

Service	State	Teachers	PLDs Regular	PLDs Special
0	32.5%	26.0%	28.0%	17.9%
5	10.0	9.0	9.0	7.9
10	6.0	5.5	5.0	4.5
15	4.0	3.5	3.5	2.9
20	3.0	3.0	3.5	2.7
25	2.5	3.0	3.0	0.0

(Experience-based sample rates by age):

Age	Judges
25	7.0%
30	6.0
35	5.0
40	4.0
45	3.0
50	2.0
55	1.0

(Experience-based sample rates by service):

Service	Legislators
0	0.0%
1	5.0
2	10.0
3	15.0
4	20.0
5	25.0
6	30.0
7	40.0
8+	50.0

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rates of Mortality

(Experience-based sample deaths per 10,000 members by age):

State and Teacher Healthy Annuitant

(showing values in 2022)				
Age	State Employees		Teachers	
	Male	Female	Male	Female
50	31	25	10	6
55	47	35	21	17
60	71	48	36	26
65	103	69	59	37
70	159	112	97	60
75	269	200	179	114
80	485	370	342	320
85	894	703	715	629
90	1,556	1,314	1,335	1,191
95	2,428	2,146	2,246	2,119

Rates for the State Group are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

Rates for Teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

State and Teacher Healthy Active Employees

(showing values in 2022)				
Age	State Employees		Teachers	
	Male	Female	Male	Female
20	3	1	3	1
25	3	1	2	1
30	4	2	3	2
35	6	3	4	3
40	7	4	5	3
45	9	5	7	4
50	12	7	10	6
55	18	11	15	10
60	28	17	25	16
65	39	25	41	24

Rates for the State Group are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. Rates for Teachers are based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

PLD Healthy Annuitant

Age	Showing values in 2022	
	Male	Female
50	31	25
55	47	35
60	71	48
65	103	69
70	159	112
75	269	200
80	485	370
85	894	703
90	1,556	1,314
95	2,428	2,146

Rates are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. Proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, with convergence to the ultimate rates in 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

PLD Healthy Active Employees

(showing values in 2022)		
Age	Male	Female
20	3	1
25	3	1
30	4	2
35	6	3
40	7	4
45	9	5
50	12	7
55	18	11
60	28	17
65	39	25

Rates are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Mortality

(showing values in 2022)				
Age	State and PLDs		Teachers	
	Male	Female	Male	Female
25	36	21	32	25
30	54	37	47	42
35	73	57	64	69
40	90	76	79	91
45	113	99	99	119
50	161	143	141	172
55	219	184	192	221
60	278	213	244	255
65	330	222	289	267
70	389	262	341	314

Rates for the State and PLDs are based on 107.3% and 103.2% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. Rates for Teachers are based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rates of Retirement

(Experience-based sample retirements per 1,000 members by age)

Teachers and State Regular Plans

Age	State Regular Employees			Teachers		
	NRA 60	NRA 62	NRA 65	NRA 60	NRA 62	NRA 65
57	40	35	N/A	40	35	N/A
59	260	40	N/A	200	45	N/A
60	210	50	20	275	80	20
61	210	350	20	210	240	20
62	210	270	50	230	220	50
63	250	180	80	220	180	80
64	190	200	300	280	220	200
65	210	220	250	340	300	300
70	200	200	200	300	200	300
75	350	350	250	400	200	300
80	1,000	1,000	1,000	1,000	1,000	1,000

State Special Plans

Members of the 1998 Special Plan are assumed to retire at rates that vary by age and whether service is less than 25 years or not. Sample rates are as follows:

Age	1998 Special Plan Retirement	
	Service < 25	Service >= 25
55	20.0%	25.0%
57	10.0	25.0
60	20.0	30.0
62	30.0	30.0
65	23.4	30.0
67	36.8	50.0
70	100.0	100.0

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Members of the 25 & Out Plan are assumed to retire at rates that vary by service. Sample rates are as follows:

Service	Rate
<24	0.0%
25-29	25.0
30-31	25.0
32-34	40.0
35-37	40.0
38+	100.0

Members of State Special Plans other than the 25 & Out Plan and the 1998 Special Plan are all currently assumed to retire at a rate of 50% per year, beginning when they reach eligibility for unreduced benefits, with a 100% assumed rate at age 70. Rates are only applied when the member is at least age 50.

Judges:

Age	NRA 60	NRA 62	NRA 65
60-61	1,000	N/A	N/A
62	1,000	200	N/A
63	1,000	275	N/A
64	1,000	350	N/A
65	1,000	425	400
66	1,000	500	500
67	1,000	450	450
68	1,000	400	400
69	1,000	350	350
70	1,000	300	300
71-75	1,000	250	250
76-79	1,000	500	500
80+	1,000	1,000	1,000

Legislators:

Age	Fiscal Years Ending Even	Fiscal Years Ending Odd
57-69	0	250
70+	0	1,000

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

PLD Regular:

Age	NRA 60	NRA 65
60	120	60
65	250	200
70	1,000	250
75	1,000	1,000

PLD Special:

Service	Assumption
20	350
21	300
22	280
23	250
24	200
25	350
26	250
27	230
28	250
29	400
30-33	250
34	330
35+	1,000

Participants who are not members of MainePERS: Age 62

Rates of Disability

(Experience-based sample disablements per 10,000 members by service):

Age	State Regular	State Special	Teachers	Judges & Legislators	PLDs Regular	PLDs Special
25	2.5	5.4	1.1	0.0	0.9	2.3
30	3.1	6.5	1.2	0.0	1.2	3.0
35	9.3	9.9	1.2	0.0	1.8	4.5
40	14.0	15.8	1.6	0.0	4.2	10.5
45	16.0	24.4	3.1	0.0	8.7	21.8
50	18.0	36.4	6.6	0.0	16.5	41.3
55	25.0	42.6	22.1	0.0	28.5	70.0
60	43.4	46.4	22.2	0.0	30.0	70.0

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rationale for Assumptions

The economic and demographic assumptions listed above were adopted by the Board of Trustees at their March 11, 2021 meeting. The revised discount rate was adopted by the Board of Trustees at their August 12, 2021 meeting. The demographic assumptions adopted are based on an experience study covering the period from July 1, 2015 through June 30, 2020, and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants.

Other Assumptions (Unique to this Valuation)

Conversion Charges:

Apply to the cost of Active Group Life Insurance, and not Retiree Group Life Insurance.

Form of Benefit Payment:

Lump Sum

Mortality Projections Cashflows shown in Section III:

For actives, the static tables of the above mortality assumptions were used, projected to the year 2020, and adjusted by factors of 1.5 for State, 1.12 for Teachers, and 1.74 for PLD. For retirees, the factors were 0.9, 1.0, and 0.98, respectively.

Child Assumption for Dependent Insurance:

We made an assumption for the number of eligible children covered under dependent insurance, based on the sample employee's age. Employees are assumed to have zero children prior to age 24, one child from ages 24-28, two children from ages 28-46, one child from ages 46-50, and no children after age 50. Child mortality was assumed to be one half of the mortality at age 15.

Probability of AD&D:

Probability of receiving AD&D insurance was assumed to be 10% of mortality for healthy employees for all three groups.

Participation Percent for Future Retirees:

100% of those currently enrolled.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Additional Disclosures regarding Models Used

ProVal: Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Mortality Improvement Model: Cheiron utilized the RPEC_2014_v2020 Model Implementation Tool for the purposes of developing the customized version of MP-2020 used in this report. This tool is updated and published annually by the Society of Actuaries and their Retirement Plans Experience Committee and allows actuaries to develop customized versions of mortality improvement scales based on the parameters and data underlying the published MP-2020 scale but allowing practitioners to vary parameters from those used in the published MP-2020 scale.

We have reviewed this model and believe it is appropriate to our intended use in developing a customized mortality improvement scale for the Programs. Further, we are aware of no material inconsistencies that would limit our ability to use this model for its intended purpose.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Actuarial Cost Method

To be consistent with past analyses and with the Pension Plan funding, the individual entry age normal method is used to determine liabilities. Under this funding method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age of his expected future salary. The normal cost for each member is the product of annual salary and the normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs. The UAL is the total of the actuarial liability for all members, less the actuarial value of the System's assets.

The discount rate used reflects the long term funding policy to fully fund the benefits on an actuarial basis by FY 2038 for State and Teachers and by FY 2036 for PLDs.

To amortize the UAL, we used amortization period to the beginning of FY 2038 for State and Teacher employees and to the beginning of FY 2036 year amortization period for PLD employees. Amortization payments are calculated using a level percent of pay with a 2.75% annual increase in payroll assumed and a discount rate of 6.5%.

Asset Valuation Method

Figures were reported by MainePERS without audit or change. Assets as of June 30, 2024 were projected by MainePERS for July 2024 rate setting.

Assumption Changes Implemented for Premium Study

None

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY

APPENDIX B – SUMMARY OF KEY PLAN PROVISIONS

Active Employees

Membership

Actively at Work and a member of an Eligible Class, as defined in the Certificate of Coverage.

Basic Life Insurance

One times Annual Base Compensation, rounded to the next highest \$1,000.

Basic AD&D Insurance

One times Annual Base Compensation, rounded to the next highest \$1,000. See Schedule of Benefits in Certificate of Coverage for benefits by injury.

Supplemental Life Insurance

One, two, or three times Basic Life Insurance Amount.

Dependent Life Insurance

- Option A: \$5,000 for spouse, \$1,000 for dependent children under age six months, \$5,000 for dependent children over age six months but under age 19, except for full-time, unmarried students under age 22
- Option B: \$10,000 for spouse, \$2,500 for dependent children under age six months, \$5,000 for dependent children over age six months but under age 19, except for full-time, unmarried students under age 22

Employee Contributions

- State Employees: None for Basic; employee pays full premium for Supplemental and Dependent
- Teachers: Cost for Basic split between employer and employee, depending on employer; employee pays full premium for Supplemental and Dependent
- PLDs: Cost for Basic split between employer and employee, depending on employer; employee pays full premium for Supplemental and Dependent
- Judges: None for Basic; employee pays full premium for Supplemental and Dependent
- Legislators: None for Basic; employee pays full premium for Supplemental and Dependent

Portability and Conversion

Discontinued coverage may be ported to another group term product or converted to an individual policy. MainePERS is charged a fee for those active employees who convert to an individual policy upon termination from employment. Conversion charges are considered a cost of active, not retiree group life insurance.

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
GROUP LIFE INSURANCE PREMIUM STUDY**

APPENDIX B – SUMMARY OF KEY PLAN PROVISIONS

Retired Employees

Membership

- Service Retirement: A retiree must have participated in the group life insurance program for at least 10 years and possess coverage just prior to retirement
- Disability Retirement: An employee must have participated in the group life insurance program immediately prior to disablement

Basic Insurance

Average final compensation calculated for retirement purposes

Amount of Insurance for a Retiree

- Service Retirement: The Basic Insurance will be reduced by 15% per year until the amount equal to the greater of (a) 40% of the initial Basic Insurance, or (b) \$2,500.
- Disability Retirement: The amount of basic life insurance in force prior to retirement will be continued until normal retirement age. At normal retirement age, the amount of insurance will be reduced as for service retirement.

Retiree Contributions

- State Employees: None
- Teachers: None
- PLDs: PLD must pay \$0.46 per month per \$1,000 of base benefit, based on the coverage amounts declining from 100% to 40%.
- Judges: None
- Legislators: None

Normal Retirement Age

The specified age, the years of service requirement, or any age and years of service combination at which a participant may become eligible for unreduced service retirement benefits.

Discontinued Coverages at Retirement

- Supplemental Life
- Accidental Death and Dismemberment
- Dependent Life

Portability and Conversion

Discontinued coverage may be ported to another group term product or converted to an individual policy. MainePERS is charged a fee for those active employees who convert to an individual policy upon termination from employment. Conversion charges are considered a cost of active, not retiree group life insurance. Therefore, it is not included in these liabilities.)



Classic Values, Innovative Advice

PLD Plan Activity Memo

Date: July 30, 2024
To: PLD Advisory Committee Members
From: Deanna Doyle, PLD Plan Administrator

New or Rejoining PLD Employers (0)				
Employer	Plan	Effective	# of Members or Potential Members	Comments
Withdrawals/Partial Withdrawals (0)				
Employer	Plan	Effective	# of Members or Potential Members	Comments
Employer Plan Changes (11)				
Employer	New Plan	Old Plan	# of Members	Comments
Bangor Housing Authority (P0288)	AC	AC	70	Adopted a Section 218 Agreement with Social Security Administration effective retroactive to 1/27/2024 . This made MainePERS membership optional for employees whose membership had been mandatory as of 1/27/2024. Employees had to make a one-time, irrevocable election whether to remain participating in MainePERS or not as of 1/27/2024. Only one employee opted out of participating in MainePERS.
Lewiston-Auburn 9-1-1 (P0291)	3C	AC	13	Adopted 3C for dispatchers for future service only effective 8/1/2024
Mexico, Town of (P0074)	2C and AC	N/A	?	Add coverage for full-time Firefighters under 2C and for full-time non-union general govt employees under AC effective 7/1/2024 . Town is not allowing purchase of prior service at this time.
Monmouth, Town of (P0316)	AC and 3C	N/A	?	Adopted Limited Period Open Enrollment provision effective 8/1/2024 - First annual open enrollment in 2024
Raymond, Town of (P0394)	AC	N/A	?	Add coverage for general gov't employees effective 9/1/2024 under AC. Town is allowing purchase of prior service at employees' expense.
Richmond, Town of (P0213)	3C	AC	1	Adopted 3C for all service for current police officers on 7/1/2024 who had AC service with the Town before 12/1/2023. Town will pay IUUAL created by change in a lump sum by July 31, 2024.
Southwest Harbor, Town of (P0368)	2C	N/A	1	Add coverage for full-time Firefighters under 2C effective 7/1/2024 . Town is not allowing purchase of prior service at this time.
University of Maine System (P0379)	Adopt a Prior Service Provision	2C	20	Took action effective 7/1/2024 to allow employees with employment service to UMS prior to 7/1/2022 to purchase credit for prior service to UMS at the employees' expense
Wells Fire and Police (P0349)	1C	2C	19	Adopt 1C for police officers and firefighters future service only effective 7/1/2024
Wells, Town of (P0107)	3C	AC	8	Adopted 3C for dispatchers future service only effective 7/1/2024

Pending Plan Change Inquiries (38)

Employer Plan	New Plan	Old Plan	# of Members	Comments
Winslow, Town of (P0362)	3C	2C	10	Adopted 3C for firefighters future service only effective 7/1/2024
Acton, Town of (P0361)	3N or 2C	2N	4	Adopt 3N or 2C for firefighters and EMS future service only 7/1/2024
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,AC	13, 3	Adopt 3C future service only for police and/or dispatchers for future service only
Biddeford, City of (P0158)	1C	3C		firefighters who elect to move to new plan from 3C future service only or all service
Boothbay Harbor, Town of (P0146)	1C or 3C	2C	7	Adopt 1C or 3C for police officers future service only or all service effective 7/1/2024
Calais, City of (P0036)	2C	AC	12	Adopt 2C for public safety employees future service only
Camden, Town of (P0008)	3C	2C	4	Adopt 3C for firefighters and EMS for future service only
Caribou Fire & Police (P0208)	3C	N/A	?	Add coverage for new dispatchers under 3C effective 2/1/2024
Damariscotta, Town of (P0191)	2C or 3C	AC	4	Adopt 2C or 3C for police future service only
East Millinocket, Town of (P0054)	2C	AC	3	Adopt 2C for future service only for firefighters effective 12/1/2023
Falmouth, Town of (P0087, P0087a)	N/A	N/A	?	Adopting limited period open enrollment
Farmington, Town of (P0100)	1C	AC	12	Adopt 1C for firefighters for future service only
Glenburn, Town of (P0174)	2C	N/A	1	Adopt 2C for new job classification Code Enforcement Officer/Emergency Management Officer
Gray, Town of (P0399)	AC	N/A	?	Add coverage for additional classifications of employees under AC
Kennebunk, Kennebunkport & Wells Water District	N/A	N/A	?	Adopt Limited Period Open Enrollment provision to begin 2024
Kittery, Town of (P0014)	1C, 2C, 3C or 4C	AC	8	Adopt special plan for firefighters
Milford, Town of (P0186)	3C	AN	?	Adopt 3C for firefighters for future service only
Norridgewock, Town of (P0402)	AC	N/A	?	Add coverage for general gov't employees effective 4/1/2024 under AC
Northern Oxford Regional Ambulance Service dba Med-Care Ambulance	Adopt Group Life Insurance	N/A	17	Adopt group life insurance program for employees
Paris, Town of (P0127)	3C	2C	6	Adopt 3C for police effective 9/1/2024 for future service only
Penobscot County (P0011)	3C	2C,AC	45,26	Adopt 3C for law enforcement officers and/or dispatchers future service only
Phippsburg, Town of (P0202)	Adopt Open Enrollment	N/A	?	Adopt Limited Period Open Enrollment provision to begin 2024
Pittsfield, Town of (P0110)	AC, 2C, 3C	AN	?	Adopt better plan for some or all classifications of employees
Regional School Unit No. 4 (P0324)	AC	AC	?	Add coverage for additional classifications of school support employees under AC
Regional School Unit No. 26	AC	N/A	1	Add coverage for Director of Buildings, Grounds & Transportation under AC effective 7/1/2024
Rockland, City of (P0018)	1C	3C	13	Adopt 1C from 3C for police officers who elect to move to new plan future service only
Rockport, Town of (P0161)	1C,2C,3C,4C	AC	?	Adopt a special plan for firefighters in newly established Fire Department.
RSU #39 (P0332)	AC	AC	2	Add coverage for full-time central office staff under AC
Sanford Sewerage District (P0089)	AC	AN	13	Adopt COLA for future service only or for all service
Southwest Harbor, Town of (P0368)	2C or AC	N/A	1	Add coverage for Town Manager under 2C or AC

Pending Plan Change Inquiries (Continued)				
Employer Plan	New Plan	Old Plan	# of Members	Comments
Standish, Town of (P0371)	3C	2C	7	Adopt 3C for public safety employees effective 8/1/2024 for future service only
Union, Town of (P0342)	Adopt Group Life Insurance	N/A	?	Adopt group life insurance program for employees
Waterboro, Town of (P0356)	Adopt Limited Period Open Enrollment	N/A	?	Adopt Limited Period Open Enrollment provision to begin 2024
Waterville, City of (P0066)	3N, 2C or AC	N/A	?	Add coverage for public safety dispatchers under 3N, 2C or AC
Wells, Town of (P0107)	AC	AN	40	Adopt AC future service only or all service for general gov't employees and dispatchers with service before 7/1/2020
West Bath, Town of (P0333)	Adopt Limited Period Open Enrollment	N/A	?	Adopt Limited Period Open Enrollment provision to begin 2024
Winthrop, Town of (P0179)	3C	AC	13	Adopt 3C future service only for emergency medical services employees
Yarmouth, Town of (P0116)	3C	1C	9	Adopt 3C from 1C future service only for firefighters and EMS employees future service only - existing EES will make election to remain in 1C or move to 3C and new hires will be under 3C

Pending New or Rejoining PLD Employer Inquiries (34)				
Employer	In Addition to SS?	Effective	# of Potential Members	Comments
Arundel, Town of	Yes	2022	?	New - Join for fire/EMS
Belmont, Town of	No	2024	?	New
Bristol, Town of	Yes	2023	?	New
Canaan, Town of	Yes	2024	3 FT, 17 PT	New
Casco, Town of	Yes	2024	?	New
Castine, Town of	Yes	2024	1	New - Join for Town Manager
Clifton, Town of	No	2024	2	New
CSD #13 Deer Isle - Stonington	No	2023	1	New School Support PLD joining to cover Technology Director
Cushing, Town of	No	2024	?	New
Fiddlehead School	No	2024	?	New
Garland, Town of	Yes	2024	?	New
Gouldsboro, Town of	Yes	2023	?	New - Join for police & harbor masters
Hudson, Town of	Yes	2024	?	New
Kenduskeag, Town of	Yes	2023	2	New PLD - join for new fire chief, firefighter
Lake Stewards of Maine	?	2024	?	New PLD if qualify as Local District
Mid-Coast Solid Waste Corp.	No	2024	?	New
Mi'kmaq Nation	No	2024	?	New
Minot, Town of	Yes	2024	?	New
New Sweden, Town of	Yes	2024	?	New
Norway-Paris Solid Waste Incorporated	No	2024	?	Rejoin under Consolidated Plan for employees under AC and may adopt 218 Agreement so MainePERS membership is optional for employees
Palmyra, Town of	Yes	2023	?	New
Parsonsfield, Town of	Yes	2024	3	New

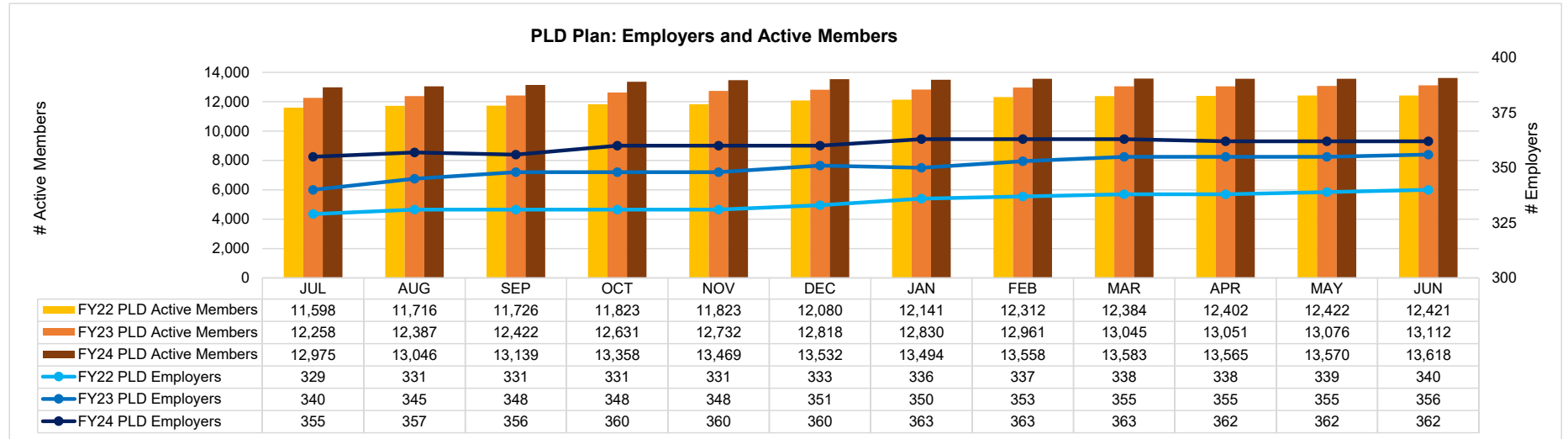
Pending New or Rejoining PLD Employer Inquiries (CONTINUED)

Employer	In Addition to SS?	Effective	# of Potential Members	Comments
Passamaquoddy Indian Township Reservation	Yes	2024	?	New PLD if qualify as Local District
Passamaquoddy Pleasant Point Reservation	Yes	2024	?	New PLD if qualify as Local District
Penobscot Nation Warden Service	?	2024	?	Need to determine if qualifies as Local District and/or if under Indian Tribal Government
Peru, Town of	Yes	2023	?	New PLD - also wants 457 Plan with MaineStart
Region 9 Technical Center	No	2023	?	New
Regional School Unit No. 22	Yes	2024	?	New School Support PLD
RSU #56	?	2024	?	New School Support PLD
RSU #70 dba MSAD #70	Yes	2024	?	New School Support PLD
RSU #74 - MSAD #74 (P0460)	Yes	2023	?	New School Support PLD (currently GLI only)
School Union #69 Appleton	?	2024	?	New School Support PLD if qualifies as Local District - Researching
Searsmont, Town of	No	2024	?	New PLD
Winterport, Town of	?	2024	?	New

Active Withdrawal /Partial Withdrawal Inquiries (3)

Employer	In Addition to SS?	Effective	# of Potential Members	Comments
Midcoast Council of Governments (P0343)	No	TBD	?	Wants to make full withdrawal, have not be administering plan appropriately for several years so need to resolve membership issues first
Milford, Town of & Milford School Dept (P0186, P0186A)	Yes	?	?	Considering excluding school support staff going forward - currently 0 school support staff participating - Town and School decided not to pursue withdrawing in 2024 but may do so in 2025
RSU #54 - MSAD #54 (P0115)	Yes	7/31/2024	?	Considering full withdrawal from participation in MainePERS - provided with withdrawal information including estimate of withdrawal liability RSU would need to cover

PLD Plan - Cumulative Employer and Member Numbers



PLD Plan - Monthly and Cumulative Employer Plan Changes

