



**MainePERS**  
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# PLD Advisory Committee

## Special Meeting Packet

June 10, 2025

# MainePERS PLD ADVISORY COMMITTEE

June 10, 2025 at 1:00 p.m.

via Zoom Only

## AGENDA

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1:00 p.m.	<b>CALL TO ORDER</b>		Dr. Rebecca M. Wyke
	1. <u>MINUTES of April 29,2025</u>	<b>ACTION</b>	Dr. Rebecca M. Wyke
	2. <u>SOCIAL SECURITY OFFSET TO DISABILITY BENEFITS</u>	<b>ACTION</b>	Dr. Rebecca M. Wyke Michael Colleran Kathy Morin Bill Brown
	- LD 1638 as amended pending legislative action		
	- Cost to Eliminate Offset		
	- Cost of Retroactive Benefit		
	- MainePERS Recommendation		
	- <u>Social Security Offsets Presentation 04.29.25</u>		
2:00 p.m.	<b><u>ADJOURNMENT</u></b>		Dr. Rebecca M. Wyke

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## MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### Minutes

PLD Advisory Committee  
Regular Meeting  
April 29, 2025

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

*The PLD Advisory Committee met at 1:00 p.m. on Tuesday, April 29, 2025 at MainePERS. Dr. Rebecca M. Wyke, Chief Executive Officer, presided.*

*Members present: Steve Butterfield, Maine Service Employees Association; Rick Cailler, Professional Firefighters of Maine; John Bracciodieta, Maine Education Association; Deborah Roberts, Maine School Management Association (remote); Dick Thompson, Governor's Designee; Eben Gilman, Maine Municipal Association; Brendan O'Connell, Maine Municipal Association; (remote); Ed Marzano, Teamsters Local 340 (remote); and Sophia Wilson, Maine Municipal Association (remote); and, Dr. Rebecca M. Wyke, Chief Executive Officer. Members absent: John Nuttal, AFSCME Counsel 93; and Chris Downing, Maine School Management Association. Joining the Committee were: Dick Metivier, Board Vice Chair (remote); Michael Colleran, Chief Operating Officer and General Counsel; Deanna Doyle, PLD Plan Administrator; Chip Gavin, Chief Services Officer; Monica Gorman, Executive Assistant; Kathy Morin, Director of Actuarial and Legislative Affairs; Bill Brown, Incoming Director of Actuarial & Legislative Affairs; Nanette Ardry, Associate General Counsel; Mara McGowen, Assistant Director for Member Services; and, Betsy Stivers Assistant Attorney General (remote).*

### **LEGISLATIVE & RULEMAKING UPDATE**

Bill Brown updated the Committee on various pieces of legislation pertaining to the PLD Consolidated Plan. Bill shared the provisionally adopted Rule Chapter 201, Employer Reporting and Payments, will be considered by the full Legislature in the near future. Bill and Michael Colleran answered questions from the Committee.

### **MINUTES**

Steve Butterfield made the motion, seconded by Rick Cailler to approve the minutes of November 5, 2024 and January 28, 2025. Seven voted in the affirmative (Marzano, Roberts, O'Connell, Wilson, Butterfield, Bracciodieta, and Cailler) with one abstention (Gilman).

Dr. Rebecca Wyke welcomed new committee member Eben Gilman, Maine Municipal Association's CFO, to the group.

### **CEO UPDATE**

Dr. Wyke shared that Trustees Shirin Blaisdell and John Beliveau were confirmed for an additional 3-year term. She stated Bill Brown, the new Director of Actuarial and Legislative Affairs, has been working closely with Kathy Morin as she prepares to retire with 37 years of service. Dr. Wyke thanked Kathy for her dedication and hard work over the past three decades. Michael Colleran and Steve Butterfield shared their appreciation for Kathy's work with the Committee. Committee members also expressed their gratitude for her hard work and knowledge that she has shared over her tenure.

### Pension Administration System (PAS) and Employer Advisory Panel

Dr. Wyke stated the contract was awarded to Sagitec Solutions, LLC effective April 14, 2025. She shared that a working group is being established to involve our employers as the new PAS system is developed. It will engage employers from the beginning, build trust and transparency, help with standardizing processes, and, hopefully simplify the transition.

### Recognition Award for Funding

Dr. Wyke shared for the seventeenth consecutive year, MainePERS has received the Public Pension Coordinating Council Recognition Award for Funding.

### **SOCIAL SECURITY OFFSETS**

Dr. Wyke, Michael Colleran, Bill Brown, and Mara McGowen provided a presentation regarding social security offsets to disability retirement benefits and the proposed elimination of the offsets. Also included was a refresher on improvements made to the disability program. The group answered various questions from the Committee members and agreed to address further questions raised by Rick Cailler at a future meeting.

### **ADMINISTRATIVE**

#### Current PLD Activity Report.

Deanna Doyle reported that the activity level had increased with two large employers joining. Effective dates of those employers are March and June, 2025. Deanna shared a large employer who considered withdrawing last year is considering a partial withdrawal this year.

Deanna stated an email to all PLD Consolidated Plan employers will be sent out next month regarding rate changes effective July 1<sup>st</sup>. The GLI rate for those participating in the group life insurance plan will also have rate changes effective July 1<sup>st</sup>.

### **ADJOURNMENT**

The meeting adjourned at 2:10 p.m.

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June 10, 2025  
Date Approved

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Dr. Rebecca M. Wyke, Chief Executive Officer

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## MAINEPERS

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### PARTICIPATING LOCAL DISTRICT ADVISORY COMMITTEE MEMORANDUM

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**TO:** PLD ADVISORY COMMITTEE MEMBERS  
**FROM:** DR. REBECCA M. WYKE, CEO  
**SUBJECT:** SOCIAL SECURITY OFFSET TO DISABILITY BENEFITS  
**DATE:** MAY 28, 2025

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At the April PLD Advisory Committee meeting, MainePERS did a presentation on the Social Security Offset. Under current law, disability retirement benefits are reduced if the member also receives a Social Security benefit for the same disability. This offset applies only to members who also were covered by Social Security for the same employment. Only the Participating Local District Consolidated Plan includes members who pay into both MainePERS and Social Security. A copy of the presentation is attached.

The Legislature's Labor Committee recently unanimously voted "ought to pass as amended" on LD 1638 "An Act Regarding Disability Retirement Benefits Under the Maine Public Employees Retirement System". This legislation as amended would remove the Social Security offset and provide affected members a retroactive reimbursement with interest of 6.5% back to January 1, 2024.

If enacted, pursuant to Title 5, Section 18801, subsection 2, amendments to retirement benefit statutes do not become part of the PLD plan unless adopted by the Board of Trustees through rulemaking based on a recommendation of the PLD Advisory Committee.

The estimated (rounded) costs associated with LD 1638 as amended are shown below.

**Cost to eliminate offset:**

Increase in actuarial liabilities	Increase in annual contributions	Increase in annual normal costs
\$2.8 million	\$200 thousand	\$75 thousand

The increased actuarial liabilities result from the elimination of the disability benefit offset and consist of two components. First, the increase in liabilities for the existing disability benefit recipients who would no longer be offset. Higher benefits would be paid to those individuals as long as they continue to receive disability benefits, and the actuarial value of those higher benefits is determined, taking into consideration actuarial assumptions. Second, liabilities would increase for the existing active member population, because it is currently assumed that some number of those members will become disabled and some portion of those will receive lower benefits because of the offset. If those offsets no longer exist, the projected liabilities for that population would increase.

**Retroactive benefit cost:**

	<i>Cost in thousands</i>	
Scenario	Including interest at 6.5%	Annual increase in contributions
Retro to 1/1/2024*	\$876	\$71

\*Retroactive effective date for repeal of WEP/GPO (Federal)

The costs to eliminate the offset and pay retroactive benefits would be a combination of the costs in the two above tables.

At the June 10<sup>th</sup> meeting, we will review the legislation as amended with the PLD Advisory Committee and ask the Committee to make a recommendation to the Board of Trustees. We anticipate that the effective date of the legislation if enacted will be late-September. Having the recommendation in advance of the effective date will allow us to do the necessary rulemaking such that any benefit adjustments can be made timely to when the law goes into effect.

**Recommendation:**

MainePERS recommends the PLD Advisory Committee recommend to the Board of Trustees adoption of the changes in LD 1638 as amended. The changes received strong legislative committee support, would be favorable to disability retirees whose benefits are currently offset, and would have a very small impact on funding and rates.



**MainePERS**  
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Social Security Offsets

# Disability Retirement Overview

- Disability retirement serves members who are permanently unable to work but are not ready for service retirement.
- Disability Retirement eligibility requirements:
  - One or more medically diagnosable conditions exist,
  - Functional limitations caused by the conditions make the member unable to perform the essential functions of the member's employment position with reasonable accommodation, and
  - The inability can be expected to be permanent.
- 75-100 applicants/year
- Approximately 800 recipients
- Approximately \$25.8 million in benefits paid FY 2024



# Disability Retirement vs. SSDI

- Disability retirement requirements and benefit amounts are specified in Maine statute and differ from other disability programs like Social Security Disability Insurance (SSDI).
- Disability retirement generally provides income replacement at 59% of Annual Final Compensation (AFC) until service retirement would provide an equivalent benefit.
  - The average monthly benefit is \$2,017 (FY 24 PLD Regular Plans)
  - Practically speaking, there is no maximum (IRS limit of \$23,333 per month)
    - Current maximum received is \$8,044 (FY24 PLD)
- SSDI provides income replacement until full retirement age at a level determined based on the how long the individual has worked and their earnings over time in Social Security-covered positions.
  - The average monthly benefit is \$1,538
  - The maximum monthly benefit is \$4,018

# History of 59% of AFC Benefit

- In 1975 the Legislature redesigned MainePERS benefits after a two-year study by a legislative committee using a consultant.
- Among many other changes, it established a single disability retirement benefit of 66 2/3% of AFC.
  - Previously “occupational” disabilities had been at 66 2/3%, while “ordinary” disabilities were at a lower amount based on years of service.
  - Consultant had recommended 66 2/3% as adequate income replacement considering elimination of work-related expenses and tax treatment at that time.
- In 1991 the Legislature lowered the percentage of AFC from 66 2/3% to current 59% in response to changes in federal law.
  - Changes required Maine to remove age-based limitations on disability retirement.
  - Because this increased benefits paid to older members, the benefit percentage was reduced for cost-neutrality.

# Comparison of 59%

- MainePERS benefit level is higher than SSDI for those with an annual earnings history in excess of approximately \$30,000.
- NASRA Study in 2019 – Statewide retirement systems that have an income replacement disability model like MainePERS average 56% of pre-disability income, with a range of 25-100%.

# Offsets to Disability Retirement

- By statute, MainePERS disability retirement benefits are reduced if the member also receives Workers Compensation or Social Security benefits for the same disability.
  - The Social Security offset applies only to members who also were covered by Social Security for the same employment.
- When the offset applies, the MainePERS benefit is reduced so that the combined benefits do not exceed 80% of pre-disability earnings.
- The Social Security offset was put into Maine statute in 1975 as a result of the same legislative study discussed earlier.
  - The consultant's recommendation and the original version of the bill called for a dollar-for-dollar offset.
  - The bill was amended in committee to replace this with the current 80% figure.
  - There is no legislative history on why this change was made.

# Comparison of 80%

- NASRA Study in 2019 – Statewide retirement systems vary in offsetting Social Security disability benefits.
  - Most do not offset.
  - Some offset dollar-for-dollar.
  - Some offset to 100%.
  - The study did not report any other system with an 80% level.
- Social Security reduces SSDI if the recipient receives certain types of other disability benefits so that the combination of benefits does not exceed 80% of pre-disability earnings.

# Current Offsets

- Out of approximately 800 disability retirees, 51 currently have a disability retirement benefit reduced because of the receipt of Social Security disability benefits.
  - Some are also being reduced because of the receipt of Workers Compensation benefits.
- The average Social Security-related reduction in the disability retirement benefit is 40% or \$956.
  - The average monthly benefit before offset is \$2,426
  - The average monthly benefit after offset is \$1,452
- The total annual amount of the reduction is \$586,454

# Proposed Elimination of Offsets

- Impact on disability retirees
- Impact on administration
- Impact on plan funding and contribution rates
  - Impact on assets, liabilities, and funding level
    - How offsets are captured in actuarial assumptions and experience
  - Impact on rates
    - Timing and process
- Process for considering elimination of Social Security offsets

# Recent Law and Rule Changes

- P.L. 2024, Ch. 277, effective 11/18/2021
  - Eliminated use of MainePERS' Medical Board
  - Introduction of routine Independent Medical Examinations (IMEs)
  - Introduction of Healthcare Provider Assessment Form
  - Revision of eligibility language to “unable to perform the essential functions of the position with reasonable accommodation”
  - Provided applicants a role in selecting a Hearing Officer during appeal
- Established Chapter 512, effective 5/31/2022
  - Outlined Independent Medical Examination process
    - MainePERS utilizes a third party to source Independent Medical Examination providers



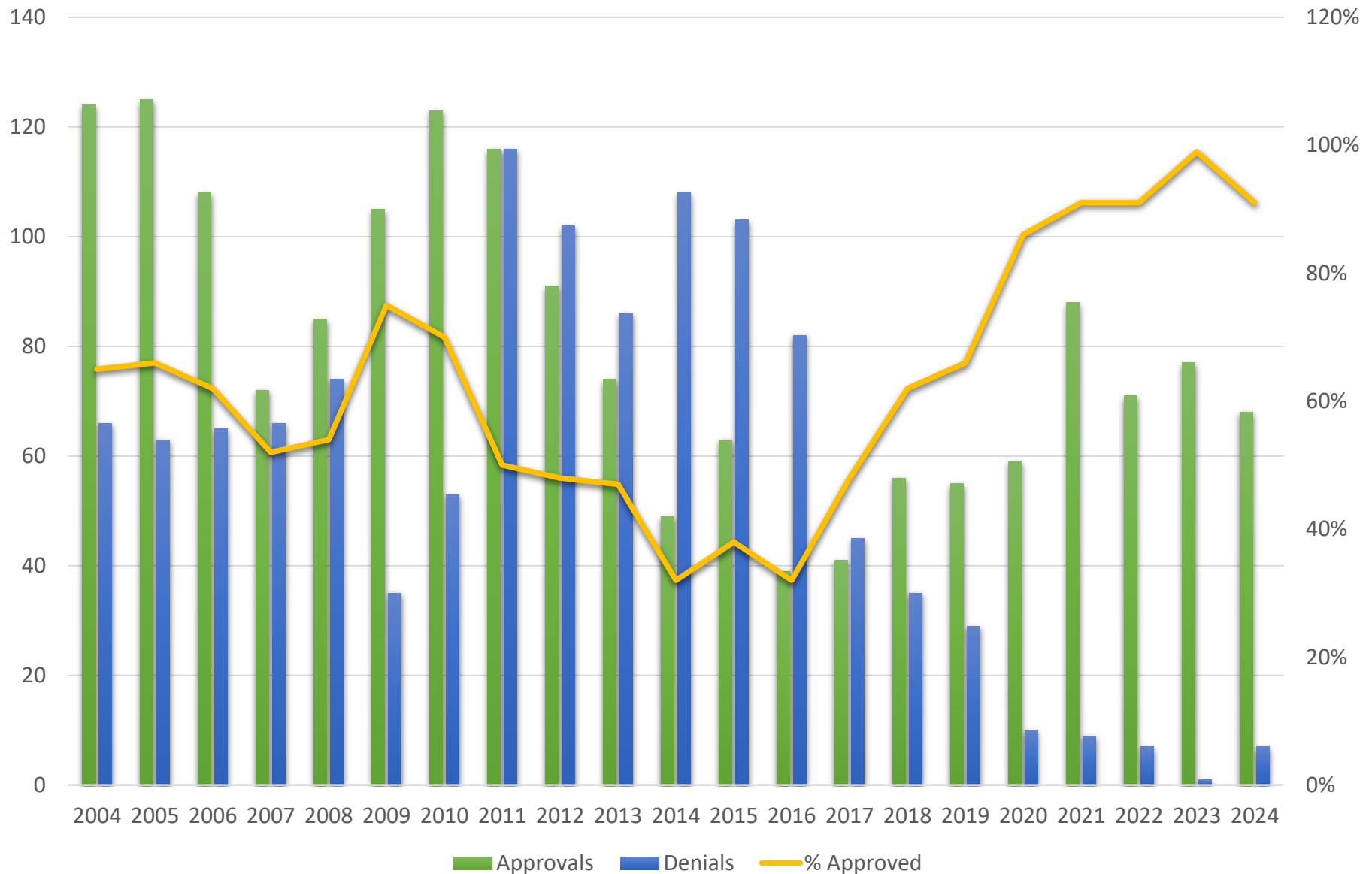
# Law and Rule Changes Cont.

- Established Chapter 506, effective 3/1/2023
  - Engaged in consensus based rulemaking with shareholder groups
  - Language clean-up and consolidation of prior Disability Program related rules
  - Added provision to bypass the Medical Review Service Provider when an approval is “clear to the layperson”
  - Adjusted the timing and frequency of reviews for continued eligibility
- Revised Chapter 506, effective 7/31/2024
  - Clarified the definition of earnings for Disability calculations
- Established Chapter 513, effective 7/31/2024
  - Codified current practices related to compensation limitations and benefit offsets
  - Refined what is required to be submitted for tax documentation in the Annual Statement of Compensation process
  - Clarified the definition of earnings for Disability calculations

# Program Improvements

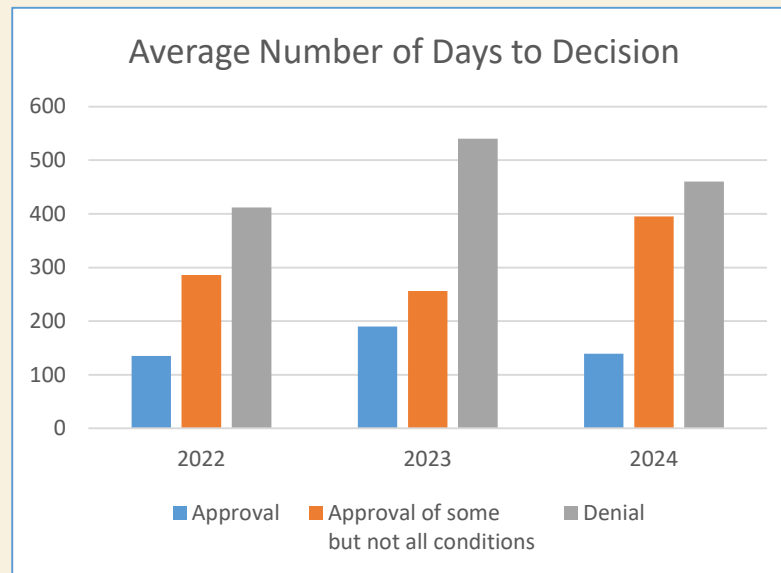
- Established Disability Services Practice 2.1.22 – *Expediting Disability Retirement Applications* effective 1/2/2024
  - Utilizes Social Security's Compassionate Allowance List to help to identify cases for expedited processing
  - Provides guidance to staff on expediting applications
- Updated the 2024 Annual Statement of Compensation packet
  - Member centric language improvements
  - Updates to tax documentation requirements
  - Introduction of two ASC Filing events, March 19<sup>th</sup> and April 2<sup>nd</sup>
- Website Content Update
- Beneficiary Verification within the Application Process
- Introduction of the Prospective Beneficiary of Member Changing to Service Retirement Form
- Annual Disability Applicant Experience Survey
- Proactive Sourcing of Independent Medical Examination Providers

# Decisions by Year



# 2024 in Review

- 798 Disability Recipients as of 12/31/2024
- 68 Applications Approved in 2024
- 91% of applications lead to an approval
- 37% of approvals expedited under new practice
  - 16 through use of the Compassionate Allowance List
  - 9 through use of new rule allowing for approval when eligibility is “clear to the layperson”
- The average processing time for expedited cases was 45 days



# Disability Applicant Experience Survey

- Approx. 81% agreed, strongly agreed or responded neutral to the statement, “the disability application and process is easy to understand and follow”
- 100% agreed, strongly agreed or responded neutral to the statement “I was treated with respect by those handling my application”
- Approx. 94% agreed, strongly agreed or responded neutral to the statement, “The Disability Services process was fairly conducted”
- Respondents’ comments:
  - “I found the staff to be very efficient, professional and respectful. They have always been patient with my questions and I appreciate their efforts.”
  - “[Staff Member’s Name] was amazing! Kept in touch and guided us through everything with professionalism and great care. PERS was the only agency that we dealt with throughout this chaos that was kind, caring and very knowledgeable. Wonderful!
  - “I was incredibly thankful for the help and support that I was given throughout this process. This was a very difficult step for me to take, but I was met with understanding and patience. I will be forever grateful.”

# What's New?

- Formal Waiver Process for the Annual Statement of Compensation (ASC)
  - MainePERS may waive the ASC filing requirement for good cause
    - Residency in an assisted living home, nursing home or hospice care
    - Under guardianship of the Department of Health and Human Services
    - Health complications that prevent timely filing
    - History of reporting no income, and condition(s) is such that earning an income is unlikely
    - A recently completed review for continued eligibility found the individual does not have work capacity

# Earnings Limitations

- Additional questions raised by Rick Cailler since last meeting regarding earnings limitations and recovery of overpaid benefits resulting from exceeding earnings limitations.
- Earnings limitations are set forth in Maine statute, as are the requirements for recovering overpaid benefits.
- As we reported to you in January, MainePERS has proposed in its “System bill” to reduce the stringency of the recovery requirements.
  - Current law requires recovery over one year.
  - MainePERS has proposed eliminating this in favor of a reasonableness standard that takes into account the retiree’s economic circumstances.
- There is no other legislation proposed on earnings limitations.
- We would be happy to provide education on earnings limitations and overpayment recovery at a future meeting.

Q&A