

LD 1041 **An Act to Include Certain Mental Health Workers under the 1998 Special Plan for Retirement**

Description This bill would change the retirement plan by which certain mental health workers are covered by including them in the 1998 Special Plan.

Impact This would impact certain mental health workers employed by the Department of Health and Human Services.

Costs The bill would increase pension costs in two ways.

First, it would create an actuarial liability, which would have to be funded up front under the State Constitution.

Second, it would increase the normal costs that are paid by the State.

These costs have not yet been determined.

Reason for Costs Under current law, mental health workers are included in the State regular plan, which allows retirement after 25 years of service at age 60, 62, or 65. Retirement prior to normal retirement age is subject to an early retirement reduction, which is 6% for most State employees.

LD 1041 would include certain mental health workers in the 1998 Special Plan, which allows retirement with 10 years of service in the plan at age 55, or with 25 years of service in any position covered by the 1998 Special Plan at age 55. All service earned as a mental health worker would be included in the special plan, regardless of when earned.

Since contributions for these members have been based on a less-expensive plan with an older age-based requirement and a reduction for retirement prior to that age, the bill would create an actuarial liability that does not currently exist. The Maine Constitution requires that the cost of enhancing benefits must be fully paid at the time that the enhancement is made. As a result, the increased actuarial liability must be fully funded up front.

Plan costs for mental health workers on an ongoing basis is also more expensive because benefits are being earned under a plan that permits earlier retirement. As a result, the normal cost for this group will also increase.