

**LD 190**                      **An Act to Amend the Laws Governing Retirement Benefit Reductions for Corrections Officers Currently Included in the 1998 Special Plan**

**Description**                      This bill would allow certain Department of Corrections employees covered by the 1998 Special Plan to retire at age 55 with no reduction in benefits.

**Impact**                              This would impact certain Department of Corrections employees.

**Costs**                                The bill would increase pension costs because it would create an actuarial liability, which would have to be funded up front under the State Constitution. Those costs have not yet been determined.

**Reason for Costs**                      Under current law, benefits for the Department of Corrections employees impacted by this bill are subject to a reduction for early retirement based upon the plan in which service was earned. For most, this is a 6% per year reduction from the normal retirement age of 60 or 62 for service earned in the regular plan and a 6% per year reduction from age 55 for service earned in the special plan. The contributions that have been paid toward retirement for these members have been based on this structure.

Under LD 190, all service earned by the impacted employees would be considered service under the special plan. The benefit would not be reduced for early retirement if the member is at least age 55. If retirement is prior to age 55, benefits would be subject to an early retirement reduction, typically 6% for each year before age 55.

Since contributions for these members have been based on a less-expensive plan with the reduction for early retirement partially based on the regular plan normal retirement 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.