

LD 567	An Act to Amend the Penalty for Early Retirement for Certain Members of the Maine Public Employees Retirement System
Description	This bill requires a recalculation of retirement benefits based on a decreased early retirement reduction for certain retired state employees and teachers.
Impact	This bill would impact certain state employees who retired before normal retirement age between July 1, 2011 and January 1, 2012, and certain teachers who retired before normal retirement age between July 1, 2011 and July 1, 2012.
Costs	<p>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.</p> <p>These costs have not yet been determined.</p>
Reason for Costs	<p>Under current law, state employees and teachers who had less than 10 years of service on July 1, 1993 have a normal retirement age of 62, with a reduction in benefits of 6% per year for retirement before normal retirement age.</p> <p>Under LD 567, benefits for certain retired state employees and teachers would be recalculated based on a 2.25% per year reduction for early retirement, with the revised benefit effective October 1, 2021.</p> <p>Since required funding for these additional benefits has not been paid, 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.</p>