

Date: April 4, 2025

To: Senator Anne Carney, Senate Chair
Representative Amy Kuhn, House Chair
Members, Joint Standing Committee on Judiciary

From: Bill Brown, Director of Actuarial and Legislative Affairs

Subject: LD 1124, An Act Regarding Retirement Benefits and Salary Adjustments for Judicial Employees

Good afternoon, Chair Carney and Chair Kuhn and the other distinguished members of the Joint Standing Committee on Judiciary. I am Bill Brown, Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System (MainePERS).

MainePERS is neither for nor against LD 1124, An Act Regarding Retirement Benefits and Salary Adjustments for Judicial Employees. We are here to provide information and to offer any assistance the committee may request regarding this bill.

Most state employees are covered by the so-called "regular plan," in the State/Teacher Plan which requires twenty-five years of service and reaching a normal retirement age (NRA) of 60, 62 or 65 to retire with an unreduced benefit. Retirement with twenty-five years of service but prior to reaching normal retirement age results in a reduction in benefits, typically 6% per year prior to NRA, to account for the fact that benefits will be paid over a longer period of time. Judicial branch employees are covered under this plan.

Section 2 of LD 1124, the only section of the bill that pertains to MainePERS, proposes to allow employees of the judicial branch to retire before the age of 65 provided they have completed 35 continuous years of creditable service within the judicial branch. Under current law, as previously explained, these employees can retire before age 65 after having completed 25 years of service, subject to an early retirement reduction. We would note that requiring service to be continuous, as proposed in LD 1124, is unusual and is not a retirement eligibility requirement that exists in any other plan that MainePERS administers.

As drafted, judicial employees retiring under the provisions of LD 1124 are subject to the same early retirement reduction. It is possible that the sponsor intends to remove the early retirement reduction for members who retire under the provisions of this bill. We are available to work with the sponsor and the analyst to provide language to meet the intentions of the sponsor.

As drafted, there is no fiscal note applicable to Section 2 as it does not give a more favorable benefit. If the bill is amended to remove the early retirement reduction, then the costs, unfunded actuarial liability (UAL) and normal cost (NC), will need to be calculated and the Constitutional prohibitions on creating additional benefits without full and immediate funding would apply.

On a technical note, the Joint Standing Committee on Labor is currently considering a bill to include judicial marshals, a portion of this population, in the 1998 Special retirement plan. The 1998 Special Plan would allow members employed as Judicial Marshals to retire earlier than 65 years of age and with fewer than 35 years of service.

Thank you for your consideration of this testimony. I am happy to answer questions and we will be present for the work session.