

DATE: March 12, 2025

TO: Senator Michael Tipping, Chair
Representative Amy Roeder, Chair
Members, Joint Standing Committee on Labor

FROM: Kathy J. Morin, Director, Actuarial and Legislative Affairs

SUBJECT: Testimony on L.D. 794 – An Act to Include Judicial Marshals in the 1998 Special Plan for Retirement

Good morning, Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor. My name is Kathy Morin, and I am the Director of Actuarial and Legislative Affairs for the Maine Public Employees Retirement System. MainePERS is neither for nor against L.D. 794. We are here to provide information and offer any assistance the Committee might need regarding this bill.

State employees are covered by either a “regular plan” or a “special plan.” The majority of state employees are covered by the regular plan, which permits retirement after twenty-five years of service and/or attainment of normal retirement age of 60, 62 or 65. Special plans typically allow for retirement with fewer years of service and/or at a younger age. Because of the more favorable provisions of the special plans, they are more expensive to fund.

Individuals employed as Judicial Marshals are covered by the regular plan. L.D. 794 would move these employees into the 1998 Special Plan effective October 1, 2025, and would apply retroactively to include all covered service in the special plan. Under this plan, participants become eligible to retire in one of two ways: 1) by accruing 25 years of service in a covered capacity; or 2) by accruing 10 years under the 1998 Special Plan and attaining age 55. Under the first provision, all service in a covered capacity is counted towards meeting the 25-year requirement while under the second provision, only service earned in a covered capacity after the date that a specific group is included in the plan is counted towards meeting the 10 year requirement.

This bill will have a fiscal impact because the Constitution does not allow the creation of new or additional benefits unless immediately and fully funded. New benefits are created under L.D. 794 because covered employees would be able to retire earlier and with a higher benefit and therefore would receive benefits in excess of those currently accounted for and funded, creating a new unfunded actuarial liability (UAL).

MainePERS estimates the cost for the plan to change to be approximately \$1.6 million in increased UAL. There will also be an increase to ongoing employer and member normal costs for the employees covered by this bill.

On a technical note, Section 10 of L.D. 794 establishes a report from MainePERS to include the number of judicial marshals enrolled in the 1998 Special Plan and any recommended legislation. The intent of this report is unclear since under L.D. 794, all Judicial Marshals employed on October 1, 2025 or hired thereafter would be covered by the 1998 Special Plan.

Thank you for your consideration of this testimony. I would be happy to answer your questions and will be available at your work session.