

# TEACHER

## Member Handbook

MainePERS Benefits for  
Teachers

2026



**MainePERS**  
PUBLIC EMPLOYEES RETIREMENT SYSTEM



# *MainePERS Benefits for Teachers*

A general summary  
of the benefits available to you  
as a MainePERS member

A publication of  
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*The information in this handbook is intended to give you a general understanding of benefits available to members of Maine Public Employees Retirement System (MainePERS). The contents are not the basis of any rights between MainePERS and any party, nor does this handbook provide all of the detail of the laws and rules that govern MainePERS membership and related rights. There are frequent changes to the statutes and rules relating to MainePERS, and the most recent law may not be reflected in this handbook. Before making a decision relating to your rights and benefits, you should take appropriate steps to assure they are based on current law, and consult with MainePERS staff and your own advisors. We welcome the opportunity to help with questions about your MainePERS benefits.*

## WELCOME TO MAINEPERS

Since 1942, the Maine Public Employees Retirement System (MainePERS) has helped public employees prepare for retirement. Contributing members include teachers, state, county, and municipal employees, legislators, judges, and those who work for other participating public entities.

Upon retirement, public sector retirees and their beneficiaries receive monthly benefits from retirement plans offered by MainePERS. The System also administers Disability Retirement, Group Life Insurance, and MaineSTART, a tax-deferred retirement savings program.

This booklet is intended to assist in explaining your benefits. If you have questions, please contact the Retirement Services Division at MainePERS. *We welcome calls from members.*

## DEFINED BENEFIT

MainePERS provides a defined benefit plan. Once a member is vested by accruing the minimum years of service credit to be eligible, the plan will provide a specific, lifetime monthly payment at retirement, or a *defined benefit*. The amount of the benefit is determined by a formula that includes length of service, average final compensation, and an accrual rate. (See page 16 for details.)

### Advantages of a Defined Benefit Plan

**Stable Retirement Benefits** - Your benefit is not affected by the ups and downs of investment returns. It is determined by your age, three highest years of salary, length of service, and an accrual rate of 2% for each year of service.

**Sound Investment Policies** - The System's assets are managed, under the direction of the Board of Trustees, by experienced investment professionals.

**Early Vesting** - You are vested after earning only five years of service credit. Being vested means you are eligible to draw a lifetime monthly benefit upon retirement at the normal retirement age under your plan. Being vested protects your pension coverage even if you decide to leave your MainePERS-covered position, so long as you do not withdraw your contributions.

**Benefit Payment Options** - When you retire you may choose one of many benefit payment options for yourself and beneficiaries.

**Death Benefits** - As a member, benefits are available to your survivors if you die before retirement.

## MEMBERSHIP

If you are an employee of a public school or education service center and your position falls under the legal definition of “teacher,” membership in MainePERS is mandatory from the first date of employment. You will contribute to your MainePERS pension instead of Social Security.

The legal definition of teacher includes anyone in a position that:

- (a) is one the Department of Education (DOE) requires be filled by a person who holds appropriate certification or license for that position and you hold that certification or license, or
- (b) has as its principal function introducing new learning to students.

As a member, you contribute 7.65% of your earnable compensation to MainePERS, and these contributions earn interest at a rate set by MainePERS Board of Trustees. Your employer also contributes an amount to MainePERS that is a percentage of your total earnable compensation. This percentage varies from year to year.

## Exceptions

There are exceptions to mandatory membership for Adult Education teachers and coaches who are excluded from membership unless they have another basis for MainePERS membership. You are considered to have “another basis” for membership if you are already making contributions in another position as a State employee or teacher member, or previously contributed in another position and still have contributions on account at MainePERS.

There is also an exception for substitute teachers, for whom membership is optional. When hired as a substitute, you make a one-time, irrevocable election whether to participate in MainePERS. You make an election with each separate employer that hires you as



a substitute. Your election applies to all current and future optional membership positions with that employer, even if you terminate and are later rehired in a different optional membership position. If at any time you hold a position in which membership is mandatory (e.g. tutor or classroom teacher), MainePERS membership for that position will begin from the first day of employment.

If your position does not meet the standards for MainePERS teacher membership, you must be covered under Social Security; a MainePERS Participating Local District Plan, if applicable; or an alternative qualifying retirement plan provided by your employer.

For additional information on membership eligibility, contact the MainePERS Retirement Services Division.

## MEMBER RESOURCES

### MainePERS Member Portal

MainePERS encourages members to register for the online Member Portal to obtain secure and convenient access to your MainePERS account information including member statements, tax documentation, and beneficiary and group life insurance selections. You may also update your contact information through the portal. Registration instructions, a list of portal features, and helpful frequently asked questions can be found at [www.mainebers.org/memberportal](http://www.mainebers.org/memberportal).

*Participation in the portal is optional and contact with MainePERS is available via telephone, email, or in person if you prefer.*

### Annual Member Account Statements

Active members receive an Annual Member Account Statement in the month of their birth. These statements contain key information about their account, including named beneficiary, service credit, vesting status, and contributions paid. This statement also provides members an opportunity to review the contact information MainePERS has on file. Updating your contact information is easy to do through the **Member Portal** and ensures that you receive important updates and timely information.

## **Introductory Educational Sessions**

Want to find out more about your MainePERS benefits?

Introductory educational sessions are tailored to new and mid-career members and offered in a webinar format. These sessions are open to anyone wanting to learn more about their pension plan and how it can fit into long-term retirement planning. The topics in these 60 minute presentations include how your retirement benefit is calculated, how service credit accrues, eligibility/vesting, and common MainePERS terms.

Session dates and an online registration are available at [www.mainebers.org/teachersessions](http://www.mainebers.org/teachersessions).

## **Interactions with MainePERS**

When you contact MainePERS by telephone or visit us in person, we will take several steps to confirm your identity prior to releasing any personal or financial information that is considered non-public under Maine law. This verification is part of our security processes to safeguard your information.

Another security process MainePERS may take is to call and complete an identity verification if you have recently filed a form to change your direct deposit account, a refund application, or any other form that may lead to a new or redirected payment on your account. Identity verification involves asking questions about you to ensure that you are the one who initiated the requested action. If you receive a call from MainePERS after filing a form and are uncertain about who is calling, you may hang up and call us back at one of our published phone numbers (see inside cover) in order to proceed with validating the form.

If you initiate an email request for assistance involving personal or financial information, we will send a secure email and request that you do the same. You may send us secure emails using Mimecast, which is available on our website at [www.mainebers.org/contact/](http://www.mainebers.org/contact/). Secure email should always be used when sending us any personal or financial information.

Remember, if you are ever in doubt about any correspondence, email, or telephone call you receive from MainePERS, please take the extra step of contacting us at one of our published numbers to confirm.

## HOW SERVICE CREDIT ACCUMULATES

As a full-time employee, you receive a year of service credit for a year of work. You may not earn more than a year of service credit in a year.

For purposes of accumulating service credit, a “full-time employee” works 100% of what is defined as full-time for a particular job. If you work less, you earn service credit based on the ratio of the time you work to the time worked by a full-time employee. For example, if a full-time teacher works one-half of a school year, one-half of a year (6 months) of service credit is earned. Likewise, if a half-time teacher works the entire school year, one-half of a year (6 months) of service credit is earned.

If you are a per-diem employee (e.g. substitute teacher) you receive service credit based on the ratio of the amount of time you worked compared to what is defined as full-time.

**Example:** A substitute teacher paid at a daily rate receives service credit based on the ratio of days worked compared to the number of days in the school year. If you work as a substitute for 45 full days during a 180-day school year, you would earn one-fourth of a year (.25) of service credit.

If you are an hourly employee (e.g. tutor, educational technician II or III) you receive service credit based on the ratio of the amount of time you work compared to 900 hours, what MainePERS considers to be full-time.

**Example:** A tutor paid by the hour who works 900 or more hours in a school year receives a full year of service credit. A tutor who works 450 hours receives one-half of a year (.50) of credit.

If you earn less than full-time service credit during any school year in which you also hold a co-curricular or athletic stipend position, you receive service credit in the amount of 2 months and 20 days for each distinct co-curricular or athletic stipend position held. You may not earn more than a year of service credit in a school year.

**Example:** If you hold a half-time teaching position and also coach an athletic activity for which you receive an annual stipend, in addition to

the service earned as a half-time teacher (.50), you will receive 2 months and 20 days (.222) of service credit for the coaching position.

If you are receiving Workers' Compensation benefits, you must pay MainePERS contributions based on the wages portion of your Workers' Compensation benefits in order to receive credit for service and/or earnings during this period. If you do not pay the required MainePERS contributions when due, interest will accrue on the unpaid balance.

## **Service Credit with More Than One Employer**

In addition to providing coverage for public school teachers, the Retirement System provides coverage for employees of the State of Maine, legislators, judges and employees of participating local districts (PLDs). PLDs are municipalities and other public entities that participate in MainePERS. While teacher members and State employees are covered by the same retirement plan, some plan provisions differ for legislators, judges and PLD employees.

If you stop working as a teacher member and do not withdraw your contributions from MainePERS, the service credit you earned will remain "on account" at MainePERS. If you subsequently earn additional service credit as a teacher or with another MainePERS-covered employer, it will be added to your original amount of service as long as you do not withdraw your contributions. This means that you can work for more than one MainePERS-covered employer and still earn the service credit needed to be eligible to receive a MainePERS service retirement benefit.

How your service accrues and how your benefit is determined depend on the categories of other MainePERS-covered positions in which you earn service credit in addition to your position as a teacher member. For instance, service credit you earn as a State employee is equivalent to service credit you earn as a teacher member for retirement eligibility and benefit determination purposes. While service credit you earn as a legislator, or PLD employee is added to your service as a teacher member or State employee to determine retirement eligibility, MainePERS may calculate your retirement benefit in separate portions, using the average final compensation (AFC) and service credit applicable to each position. If you are employed as a teacher member at the same time you are a judge

or PLD employee, you may not combine your respective service credit amounts to determine your vested status or eligibility to retire. If you go on a leave of absence to serve in the Maine Legislature, your membership in MainePERS will continue during your legislative service, provided you remain on an approved leave.

If you have contributed or are currently contributing to MainePERS as a State employee, legislator, judge or PLD employee, you may want to contact our Retirement Services Division to determine how that service credit relates to the service credit you earn as a teacher member.

## RECEIVING ADDITIONAL SERVICE CREDIT

You may be eligible to receive additional service credit under the following circumstances:

**Military Service:** If you stop working to enter military service, your discharge from this service is not dishonorable, and you return to MainePERS-covered employment within 90 days after leaving the service, you may receive credit for up to 5 years of such military service. This service is granted, provided you meet all other eligibility requirements and you do not withdraw your MainePERS contributions.

**Unpaid Leave of Absence:** You will continue to earn up to 30 days of creditable service per year for an unpaid leave of absence from your MainePERS-covered employer.

**Unused, Unpaid Leave Time:** Upon your final termination before retirement, you will receive service credit for up to 90 days of unused and unpaid sick and/or vacation leave for which you are credited by your employer.

**Sabbatical Leave:** If you took a sabbatical leave and were paid a percentage of your full contract amount during the leave, you will receive service credit based on twice the amount that you were paid. For example, if you receive half of your annual contract salary you will receive a full year of service credit.

## Additional Service Credit Available For Purchase

You may be eligible to purchase additional service credit in the following categories:

Type of Service	Description	Maximum Purchase
Active Military	Active duty military service before you became a MainePERS member	4 years
Out-of-State	Service earned working for a state other than Maine	10 years
Non-Contributory MainePERS	Time you worked in MainePERS-covered employment before you became a MainePERS member	No Limit
Refunded	MainePERS service time you have previously refunded	No Limit
Private/Parochial Teaching	Time you were a teacher in a parochial school, or public or private academy	10 years
Teacher Prior Service	Time that you taught in Maine's public schools before July 1, 1947, the date that MainePERS began to cover Maine's public school teachers	No Limit
Non-Military Federal Service	Time you worked as a non-military, public employee for the United States government	5 years
Head Start	Time that you worked in one of Maine's Head Start programs.	2 Years
CETA	Employment under the U.S. Comprehensive Employment and Training Act	No Limit
VISTA	Time you were a member of Volunteers in Service to America	2 Years
Fulbright Exchange	Time you were a member of the Fulbright Exchange Program	2 Years
Peace Corps	Time you were a member of the Peace Corps	2 Years
Foreign Teaching	Time you taught children of United States Foreign Service Corps personnel or United States armed forces personnel	2 Years
Teacher's Aide	Time that you were employed as a teacher's aide or Educational Technician I in Maine's public schools prior to becoming a "Teacher."	No Limit
Maine Educational Leave Act	<b>State employees only:</b> time that you were on an unpaid or partially paid educational leave under the Maine Educational Leave Act.	No Limit

**Note:** There are specific eligibility and verification requirements to make these purchases. Contact MainePERS' Retirement Services Division for more information.

## LEAVING YOUR MAINEPERS-COVERED JOB

If you stop working for your MainePERS-covered employer, you may leave your contributions and interest on account at MainePERS, or you may take a refund of your contributions and interest.

### Leaving Your Contributions with MainePERS

If you stop working in a MainePERS-covered job and do not take a refund, your contributions continue to earn interest. You may withdraw your contributions at a later date or apply for a retirement benefit if and when you qualify. You cannot borrow against the funds you leave in your MainePERS account. If you are not vested, your account balance may be automatically refunded to you three years after you terminate.

### Required Minimum Distributions

Federal law requires that you begin receiving your retirement benefits or a refund of your contributions by April 1, after the year you turn a certain age as shown below:

Those Born:	RMD Age
Before July 1, 1949	70½
Between July 1, 1949 and December 31, 1950	72
Between January 1, 1950 and December 31, 1959	73
January 1, 1960 and after	75

If you are an active member, this requirement does not apply until April 1, following the year you terminate from MainePERS-covered employment.

### Taking a Refund

If you terminate all MainePERS-covered employment, you may apply for a refund. The refund application packet includes information to consider before deciding to request a refund. Since it may not be in your best interest to withdraw your contributions, we suggest you investigate the pros and cons of taking a refund.

Certain conditions apply to refunds, including the following:

- MainePERS cannot give you a partial refund. We must refund all of your contributions and interest.
- You can receive a refund of only your own contributions and interest, including contributions that your employer has “picked-up” for you. (“Pick-up contributions” are member contributions to MainePERS that are assumed and paid by the employer through a reduction of the member’s salary, in accordance with Internal Revenue Code Section 414[h].)
- You may roll over all or a portion of your refund to another eligible employer plan that accepts rollovers or to an Individual Retirement Account/Annuity (IRA), with certain restrictions.
- All or a portion of your refund may be subject to state and/or federal taxes if you take a direct disbursement. In addition, if you are under age 59½, your refund may also be subject to an IRS 10% early distribution tax.
- If you return to MainePERS membership, you may pay back to MainePERS the amount of your refund, plus applicable interest. If you pay back this amount, you will receive service credit for the time covered by your refund.
- If you take a refund, you give up your rights to all MainePERS benefits.

## OTHER BENEFITS

### Disability Retirement Benefit

You may be eligible for a disability retirement benefit if you become mentally or physically disabled while you are in MainePERS-covered service and are permanently unable to perform the essential functions of your position with reasonable accommodation. The amount of your disability benefit is either 66-2/3% or 59% of your Average Final Compensation (AFC), depending on whether you are in the “age-limited” disability plan or the “no-age-limit” disability plan:

- You are in the [age-limited plan](#) if you were hired and became a MainePERS member before October 16, 1992, were employed on that date, continued to be employed and did not



elect to change to the no-age-limit plan. Under this plan, you are eligible to apply for a disability benefit before you reach your normal retirement age. The benefit under this plan is 66-2/3% of your AFC.

- You are in the **no-age-limit plan** if you were hired or rehired on or after October 16, 1992, or if you were hired before then and you elected to change from the age-limited plan to the no-age-limit plan. Under this plan, you can apply for a disability benefit at any age. The benefit under this plan is currently 59% of your AFC.

Your disability benefit may be reduced by benefits you receive for the same disability from Workers' Compensation. You must inform MainePERS whenever you receive these benefits, and you may have to reimburse MainePERS if you receive retroactive payments or lump-sum settlements from this program. Depending on the circumstances, there may be other limitations on your eligibility to receive a disability benefit.

If you would like more information about the disability retirement benefit, contact MainePERS Disability Services Unit or visit the **Disability Retirement Section** at [www.mainebers.org](http://www.mainebers.org).

## Ordinary Death Benefit

If your death occurs before you retire, an ordinary death benefit is available under the eligibility guidelines explained below. One of the following options may be available:

- (1) A lump-sum refund of your contributions and interest. This option may be available to the first-listed of the following persons who survive you: your designated beneficiaries or, in the event you named no beneficiary or your beneficiary predeceases you, your spouse, children, or older parent. If none of these persons survive you, the lump-sum refund is paid to your estate.

This option may be available if, upon your death, you are:

- in service as a MainePERS member;
- no longer in service as a MainePERS member, but you have not taken a refund of your contributions; or receiving a MainePERS disability benefit.

(2) A monthly “survivor benefit.”

This option may be available to the first-listed of the following persons who survive you: your designated beneficiaries or, in the event you named no beneficiary or your beneficiaries predecease you, your spouse, designated beneficiaries, or parents. The amount of the monthly survivor benefit is set by law based on the relationship of your beneficiaries to you.

This option may be available if, upon your death, you are:

- in service as a MainePERS member; or
- receiving a MainePERS disability benefit.

(3) A monthly payment calculated as though you retired under retirement Option 2 (see page 19).

This option may be available to the first-listed of the following persons who survive you: your designated beneficiaries or, in the event you did not name a beneficiary or your beneficiaries predecease you, your spouse, children, or parents.

This option may be available if, upon your death, you are:

- in service as a MainePERS member;
- no longer in service as a MainePERS member, but you have not taken a refund of your contributions, and you are eligible to receive but are not yet receiving a MainePERS retirement benefit; or
- receiving a MainePERS disability benefit.

## Accidental Death Benefit

Your spouse and/or dependent children may be entitled to receive a monthly income if your death occurs (1) while you are in service as a MainePERS member, or receiving a disability benefit and (2) as the result of an injury that arose out of and in the course of your employment.

If you have any dependent children, the amount of this benefit is the same as your average final compensation (AFC). If you do not have any dependent children, it is two-thirds of your AFC. An accidental death benefit is reduced by any Workers’ Compensation benefits that your spouse and/or dependent children receive.

Dependent children are those who are:

- [a] under age 18 and unmarried;
- [b] under age 22, unmarried, and full-time students; or

[c] permanently disabled by a mental or physical condition.

**Note:** If the accidental death benefit is available, your spouse and/or dependent children will have a choice between this benefit or an ordinary death benefit as described on page 11.

## Designating a Beneficiary for Your Accidental Death Benefits

When you become a MainePERS member, you have the opportunity to complete a “Pension Beneficiary Designation for Pre-Retirement Death Benefits” form, which your employer files with MainePERS.

This form governs both your ordinary and accidental death beneficiaries. If you would like to verify or change your beneficiaries, or if you have any questions about your death benefits, contact MainePERS’ Survivor Services Unit. You may change your beneficiaries at any time.

You may designate more than one beneficiary for your ordinary death benefit. *However, if you designate more than one beneficiary, certain ordinary death benefits may not be available.* For example, if your designated beneficiaries are your spouse and a non-dependent child, the survivor benefit option will not apply.

An accidental death benefit will not be available to your spouse and/or dependent children if you designate someone other than your spouse and/or dependent children as your beneficiaries and die as an active MainePERS member or while receiving a MainePERS disability benefit and your death is the result of an injury that arose out of and in the course of your employment.

## Group Life Insurance

MainePERS also administers a Group Life Insurance Program, separate from the retirement plan. This program provides term life insurance and accidental death and dismemberment insurance to eligible teacher members and retirees. You may choose to pay for basic life insurance coverage (equal to your annual salary rounded up to the next \$1,000), supplemental insurance and/or dependent insurance.

As a retiree, you can keep your basic Group Life Insurance at no cost to you if you meet the following criteria:

- Coverage was held for at least 120 months,
- Coverage is in effect immediately prior to retiring and all premiums are paid,

- Your effective date of retirement occurs within 31 days of your termination, and
- Your application for Service Retirement is received by MainePERS no later than 31 days after your retirement effective date.

Basic retiree coverage is based on your average final compensation at time of retirement and decreases by 15% each year until it is 40% of your AFC.

If you would like to learn more about Group Life Insurance benefits, contact MainePERS' Survivor Services Unit. To view the Group Life Insurance Certificate of Coverage, visit the Publications section of [www.mainebers.org](http://www.mainebers.org).

## DEFINED CONTRIBUTION/DEFERRED COMPENSATION PLANS

If offered by your employer, you may be eligible to participate in Main-eSTART's 401(a) Defined Contribution Plan or the 457(b) Deferred Compensation Plan which offers both Traditional and Roth Accounts. MainePERS is the Plan Sponsor of the MaineSTART program. Ask your employer if you are eligible for participation in one of these plans. For more information about the MaineSTART program, visit [www.maine-start.org](http://www.maine-start.org).

## SERVICE RETIREMENT

This section provides a general overview about receiving your service retirement benefit. When you are preparing to retire, contact your employer to be sure that you have all of the information that you need to address these issues.

### Terminating Employment

In order to retire, you must first terminate employment from all MainePERS-covered positions. If you qualify to receive a retirement benefit, your benefit will be effective on the first day of the month following your termination, unless you elect a later date. If you again accept MainePERS-covered employment before the effective date of your retirement benefit, you cannot receive a benefit until you terminate covered employment again. If you retire before the age of 59½ and you do not have a bona fide termination of employment, your benefit will be subject to an early distribution tax of 10%. This IRS rule applies even if your benefit is not subject to a reduction for early retirement (a.k.a. age reduction). For more information about the requirements of a bona fide

termination, visit the “While Working, Getting Ready to Retire” webpage at [www.mainebers.org](http://www.mainebers.org) or contact MainePERS’ Retirement Services Division.

## Normal Retirement Age

Your normal retirement age is the age at which you can retire without your benefit being subject to an early retirement reduction. Your normal retirement age is 60, 62 or 65, depending on which of the following applies to you:

**Your normal retirement age is 60** if, before July 1, 1993, you had:

- at least 10 years of service credit or,
- reached age 60 and had at least a year of service credit immediately prior to reaching age 60.

**Your normal retirement age is 62** if:

- before July 1, 1993, you had:
  - less than 10 years of service credit and
  - not reached age 60 with at least a year of service credit
- AND
- before July 1, 2011, you had:
  - at least 5 years of service credit or,
  - reached age 62 and had at least a year of service credit immediately prior to reaching age 62.

**Your normal retirement age is 65** if, before July 1, 2011, you had:

- less than 5 years of service credit and
- not reached age 62 with at least a year of service credit.

**Note:** If before July 1, 1993, you were eligible to purchase enough additional service credit to give you 10 years of service credit, and you purchase that service credit before you retire, your normal retirement age will be 60.

If before July 1, 2011, you were eligible to purchase enough additional service credit to give you 5 years of service credit, and you purchase that service credit before you retire, your normal retirement age will be 62.

## Eligibility for a Service Retirement Benefit (Being Vested)

- If your final termination from MainePERS-covered employment was before October 1, 1999, you must have at least 10 years of service credit to qualify for a benefit.

- If your final termination from MainePERS-covered employment is after September 30, 1999, you must have at least 5 years of service credit in order to be eligible to qualify for a benefit.
- If you reach normal retirement age (age 60, 62 or 65) and have been in service at least one year immediately before then, you are eligible for a benefit at termination.

## **Qualifying to Receive a Service Retirement Benefit**

You qualify to receive a benefit:

- once you have at least 25 years of service credit;  
or
- upon reaching your normal retirement age of 60, 62 or 65, whether or not you are in service, provided you have earned creditable service of 5 or 10 years, whichever applies to you; or
- upon reaching your normal retirement age of 60, 62 or 65, provided you have been in service for at least one year immediately prior to your retirement.

## **HOW MAINEPERS DETERMINES YOUR SERVICE RETIREMENT BENEFIT**

Your retirement plan is a “Defined Benefit” (or “DB”) plan. Defined benefit plans use a specific formula to calculate the benefit amount. This formula, which is set by law, is based on three factors:

**(1) Average Final Compensation (AFC).** This is the average of your three highest years of earnable compensation. Earnable compensation is the salary or wages you earn for employment. Certain payments do not count towards earnable compensation.

**(2) Service Credit.** This is:

- credit you receive for the time you spend working in a MainePERS-covered employment position,
- credit you receive for time during which you receive a MainePERS disability retirement benefit, and
- additional credit you may receive under certain other conditions, as outlined beginning on page 7.

- (3) Accrual Rate.** The accrual rate is 2%. This is the percentage of your AFC that you would receive as a benefit for each year of service credit earned.

Your service retirement benefit is calculated as follows:

$$\begin{array}{l} \text{AFC x Years of} \\ \text{Service Credit} \\ \text{X Accrual Rate} \\ \text{(e.g. 2\% or .02)} \end{array} = \begin{array}{l} \text{Annual Service Retirement Benefit} \\ \text{under the Full Benefit option at} \\ \text{Normal Retirement Age} \\ \text{(see explanation of benefit options} \\ \text{beginning on page 18)} \end{array}$$

For example, assume that you retire at your normal retirement age with 25 years of service credit. Your three highest annual amounts of earnable compensation were \$35,000, \$36,000, and \$37,000. Your annual service retirement benefit under the Full Benefit option would be:

**1. Average Final Compensation (AFC):**

$$\begin{array}{r} \$ 35,000 \\ 36,000 \\ + 37,000 \\ \hline \$ 108,000 \div 3 \text{ years} = \$36,000 \text{ AFC} \end{array}$$

**2. Benefit:**

$$\$ 36,000 \text{ AFC} \times 25 \text{ years} \times .02 = \$18,000 \text{ annual benefit} \\ \text{(or \$1,500 monthly)}$$

MainePERS provides an online Benefit Estimator to help members with their long-term retirement planning. The Benefit Estimator allows you to project service retirement benefits in a regular (non-special) retirement plan. Please note that Benefit Estimator results are for informational purposes only and do not replace MainePERS' actual calculation of benefits at the time of retirement. Visit [www.mainebers.org/estimator](http://www.mainebers.org/estimator) to find out more.

**Note:** If you have at least 25 years of service credit and decide to retire before you reach your normal retirement age of 60, 62 or 65, MainePERS must reduce your benefit based on how old you are in relation to your normal retirement age. If your normal retirement age is 60, your reduction would be approximately 2¼% for each full year you are younger than age 60. If your normal retirement age is 62 or 65, your reduction would be 6% for each full year you are younger than your normal retirement age.

## Selecting a Benefit Payment Option

When you retire, you can choose to reserve the maximum amount of your benefit for yourself, or take one of several “reduced benefit” payment options. A reduced benefit is a way for you to provide for your beneficiary after your death. Since it's not possible for MainePERS to fully understand each member's unique circumstances, we do not advise members on which option to select. Our staff can help your decision process by explaining each benefit payment option in more detail.

The first step toward receiving your service retirement benefit is to request an estimate of your benefit when you are within 6 to 12 months of your anticipated retirement date. MainePERS will provide an estimate of your retirement benefit for each of the retirement benefit payment options available to you. You choose the benefit payment option under which you will receive your service retirement benefit.

(Many members find the Benefit Estimator noted above helpful for planning purposes until they are eligible to request a formal estimate.)

**Note:** Under Options 1 through 8, you receive a reduced benefit payment because some level of benefit may be paid to any surviving beneficiary upon your death. Under those options, we first determine your service retirement benefit based on the Full Benefit option, then adjust based on several factors, including which option you choose.

The service retirement benefit options are as follows:

### Full Benefit

Provides you with the highest retirement benefit, but nothing for a beneficiary. All benefits stop effective the first of the month following your death, regardless of the number of benefit payments you received. **(Options 1-8 are reduced from this amount.)**

### Option 1

If, at the time of your death, any of the contributions you made to MainePERS, or the interest accrued on those contributions, remain on account, a one-time lump-sum payment will be made to your surviving beneficiary. The amount of time it takes to use all of your contributions depends on your age at retirement. Your contributions are reduced equally each month over a period of time based on your



life expectancy.

### **Option 2**

The same amount you are receiving at the time of your death continues until the death of your designated beneficiary. Under this option, if your beneficiary dies first, you continue to receive the same amount you were at the time of their death.

### **Option 3**

One half of the amount you are receiving at the time of your death continues until the death of your designated beneficiary. Under this option, if your beneficiary dies first, you continue to receive the same amount you were at the time of their death.

### **Option 4**

A percentage of the benefit you are receiving at the time of your death continues until the death of your beneficiary. You designate the percentage to continue to your beneficiary when you retire. Under this option, if your beneficiary dies first, you continue to receive the same amount you were at the time of their death.

### **Option 5**

A monthly benefit that is shared by you and your beneficiary while you both are living. Each month you both receive a percentage you designate at retirement. Following the first death, whether it be yours or your beneficiary's, the payment of the smaller percentage stops and the survivor continues to receive the remaining (higher) percentage for the remainder of their lifetime. Note: The percentage you designate to your beneficiary cannot be more than 49%.

### **Option 6**

Like Option 2, except your benefit will increase to the Full Benefit amount in the event that your beneficiary dies before you.

### **Option 7**

Like Option 3, except your benefit will increase to the Full Benefit amount in the event that your beneficiary dies before you.

### **Option 8**

Like Option 4, except your benefit will increase to the Full Benefit

amount in the event that your beneficiary dies before you.

### **Designating a Beneficiary at Retirement**

If you select any of the Options 1 through 8, you will designate a beneficiary who will receive a benefit upon your death.

- (1) Option 1: The reduction from your Full Benefit amount is based on your age when you retire and on the accumulated contributions in your account when you retire.
- (2) Options 2 through 8: The reduction from your Full Benefit amount is based on your age and your beneficiary's age when you retire, and the benefit amount that your beneficiary will receive when you die.

If you select any of retirement benefit payment Options 1 through 4, you may choose to designate more than one beneficiary.

- (1) Option 1: The number of beneficiaries that you designate will not impact the amount by which your benefit is reduced. This is because the reduction from your Full Benefit amount under this option is not based on whom you designate as your beneficiary.
- (2) Option 2, 3 or 4: The number of beneficiaries you designate will affect the amount of reduction from Full Benefit. This is because the reduction from your Full Benefit amount under any of these options is based in part on the age of each beneficiary and the level of benefit to be paid to each surviving beneficiary upon your death. Thus, each additional beneficiary that you designate will increase the reduction from full benefit.

If you are married on the date that your retirement becomes effective and select the Full Benefit payment option, or any of Options 1 through 8, and designate a beneficiary other than your spouse, Maine law requires that you notify your spouse of your selection. If this situation applies to you, MainePERS must have proof you notified your spouse before we process your first benefit payment.

### **Changing Your Beneficiary After You Retire**

If you select Option 1, you may change your beneficiary designation at any time.

If you select any of Options 2 through 5, designate your spouse as your sole beneficiary, and your spouse dies and you remarry, you may

change your retirement beneficiary designation.

If you select any of Options 2 through 8, and designate your spouse or former spouse as your sole beneficiary and you are divorced, or get divorced, and your former spouse agrees to give up all rights as your beneficiary, you may change your retirement beneficiary designation.

A change of beneficiary under Options 2 through 8 will result in a change in your benefit amount. If you request a change of beneficiary under one of the above circumstances, we will tell you the amount of the change before you make your decision.

If you select any of Options 2 through 8, and designate someone other than your spouse or former spouse as your sole beneficiary, you will be allowed to make a one-time change in your retirement beneficiary, under the following circumstances:

- (1) The beneficiary you named when you retired must still be alive.
- (2) You cannot change your payment option. Your new beneficiary's benefit amount will be the same as your original beneficiary's.
- (3) Because you and your new beneficiary's benefit amounts will not change, the amount remains based upon your age and the age of the original beneficiary. Payment of a benefit to your new beneficiary cannot be more than what was expected to be paid to your original beneficiary.

Therefore, if you name a new beneficiary, it is possible that a benefit will not be paid for the new beneficiary's lifetime. If you ask to change your beneficiary, we will tell you when the benefit to the new beneficiary will stop. If the new beneficiary dies prior to that date, their benefits will stop immediately.

## **Receiving Your First Benefit Payment: Preliminary Benefit Payments**

To determine the actual amount of your retirement benefit, MainePERS must receive your final payroll information from your employer. If this does not happen promptly, or if the details of your service credit or compensation are complex, a number of months may pass before you receive your first full monthly retirement payment. In order not to delay the start of retirement benefits, MainePERS will begin paying you a "preliminary" monthly payment. The gross amount of each preliminary benefit payment will be an estimated monthly retirement benefit under the retirement option you selected, based on earnings reported to us at the time of your first preliminary benefit payment. MainePERS cannot

make preliminary payments in some situations.

## **OTHER SERVICE RETIREMENT PROVISIONS**

### **Cost-of-Living Adjustment (COLA)**

If your Normal Retirement Age (NRA) is 60, you are eligible to receive any COLA after you have received retirement benefit payments for at least 12 months. Your COLA begins the September after you meet this requirement. For example, if your retirement date is on or before September 1 of any year, you will receive any COLA effective in September of the following year.

If your normal retirement age is 62 or 65, you will receive any COLA effective the first September that is at least 12 months after you reach your normal retirement age.

The Cost of Living adjustment matches the Consumer Price Index for all Urban Consumers (CPI-U), an index compiled by the United States Department of Labor's Bureau of Labor Statistics. When the CPI is negative, there will be no COLA. COLA is applicable to the first \$20,000 of your retirement benefit (indexed).

### **Cap on Earnable Compensation Used in Calculating Average Final Compensation (AFC)**

There are two caps on the amount of earnable compensation that will be included in your AFC: earnings increases greater than

- (1) 5% per year over the prior year and
- (2) 10% over the highest three years.

Amounts of earnable compensation that exceed these caps are not included in your AFC unless your employer pays the cost to include such compensation.

Exception for retirements effective October 1, 2019 and after. These limits do not apply to increases in earnable compensation received as the result of promotions or collectively bargained wage increases.

### **Retirement Incentives**

If your employer provides you with a significant payment or award (such as money or additional service time) to induce you to retire or to make you eligible to retire, that payment or award is a retirement incentive. Retirement incentives are not included in your AFC.

## Unused Sick and Vacation Leave

For some members, payment for up to 30 days of unused sick and/or vacation leave can be included in the calculation of their AFC. For purposes of this provision, a “day” is considered your normal working day, up to a maximum of eight hours.

This applies if you had:

- 10 or more years of service as of July 1, 1993, or
- reached age 60 before July 1, 1993, and had been in service for at least one year before July 1, 1993.

**Note:** If you receive this type of payment, it is included as part of your final year’s earnings to determine if the cap on earnable compensation applies.

If such a payment was made as a retirement incentive/bonus/stipend, it cannot be included in the amount of earnable compensation used in the calculation of your AFC.

## Your Minimum Benefit

If you have earned 10 or more years of creditable service, your service retirement benefit under the Full Benefit option will not be less than \$100 per month.

## RETURNING TO WORK AFTER RETIREMENT

### Definition of “Restoration to Service”

As a teacher member, you are considered restored to service if you retire, begin receiving your MainePERS service retirement benefit, then return to work for the “same” employer. Returning to work for the same employer means that you have accepted employment in a position covered by the State Employee and Teacher Retirement Program.

You must wait to return to employment with the “same employer” until after the later of:

- 30 days after termination of employment  
**and**
- The effective date of your MainePERS retirement.

If you return to work for the “same employer” **before** your NRA, MainePERS must suspend your retirement benefit if you:

- have an explicit understanding or agreement to return to work for the “same employer” prior to your termination; **or**
- provide services to the “same employer” for more than 90 days in one year.

The suspension continues until you either stop working or reach your NRA, whichever first occurs. Your benefit payment will then be reinstated at an increased amount that accounts for the period of suspension.

Whether you retire before or after NRA, as a retiree, you do not earn additional service credit, nor do your earnings affect the amount of your retirement benefit.

**Note:** You may work in any position not covered by the State Employee and Teacher Retirement program and still receive your monthly MainePERS retirement benefit. There are no limitations on the length of time you can work, or on compensation you can earn.

## SOCIAL SECURITY

In early 2025, the Social Security Fairness Act of 2023 repealed the Social Security Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). Please contact the Social Security Administration directly with any questions you have about Social Security benefits. You can find the location and phone number of your local Social Security office or you can call the Social Security Administration office toll-free at 800-772-1213; or online at [www.ssa.gov/locator](http://www.ssa.gov/locator).

## RETIREMENT PLANNING SESSIONS

MainePERS offers a specific presentation for Teacher members nearing or considering retirement.

This session is for those who are eligible and intend to retire within the next year and who have received a retirement estimate within the past year. Topics covered include how each benefit payment option works, how benefits are paid, and other common retirement questions.

To attend a session register online at [www.maineopers.org/teachersessions](http://www.maineopers.org/teachersessions). If you need to request a retirement estimate, contact the Teacher Unit at [teacher@maineopers.org](mailto:teacher@maineopers.org) or by calling 1-800-451-9800.





# MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Teacher Contacts



### Reach us by phone or fax

Main Line: 207-512-3100

Toll-free: 800-451-9800

Fax: 207-512-3101

Maine Relay: 711



### On the web

[mainepers.org](http://mainepers.org)

Email: [teacher@mainepers.org](mailto:teacher@mainepers.org)



### Mailing Address

PO Box 349, Augusta, Maine 04332-0349