



129th MAINE LEGISLATURE

LD 1184

LR 1421(01)

An Act Regarding Penalties for Early Retirement for Certain Members of the Maine Public Employees Retirement System

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Doore of Augusta

Committee: Labor and Housing

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Current biennium cost increase - General Fund

Fiscal Detail and Notes

Under current law, employees who are members of the Maine State Retirement System (MainePERS) but did not have 10 years of creditable service as of July 1, 1993 are assessed a 6% per year reduction in their retirement benefit for each year that their age is below 62 years of age at retirement. This bill proposes to permit certain retired state employees and teachers who retired between July 1, 2011 and July 1, 2012 to have their retirement benefit recalculated based upon a 2.25% per year early retirement reduction instead of the 6% reduction in current law.

If this legislation were to be approved by the Legislature, it would create an unfunded actuarial liability that would need to be funded immediately. MainePERS has identified 115 retirees that would be affected by this change and has estimated the cost of this provision, if it were to be recalculated retroactive to each retiree's retirement date, to be approximately \$10.9 million. If the retirees benefit were to be calculated prospectively, the cost is estimated to be \$5.8 million.