



# 130th MAINE LEGISLATURE

LD 111

LR 474(01)

## An Act To Allow Career Educators To Retire without Penalty

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Tuell of East Machias

Committee: Labor and Housing

Fiscal Note Required: Yes

### Preliminary Fiscal Impact Statement

Increased normal retirement costs - local school administrative units

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
<b>Net Cost (Savings)</b>				
General Fund	\$83,000,000	\$0	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$83,000,000	\$0	\$0	\$0

#### Fiscal Detail and Notes

Under current law, a teacher who is a member of the Maine Public Employees Retirement System (MainePERS) State Employee and Teacher retirement plan becomes eligible to retire by either reaching 25 years of service or by reaching the applicable normal retirement age, which is 60, 62 or 65 depending on service requirements at specific dates set in law. A member with 25 years of service who retires prior to reaching normal retirement age will have their retirement benefit reduced by a certain percentage (either 2.25% or 6%) for each year that their age is below normal retirement age.

This bill proposes to allow teachers with at least 35 years of service to retire with full retirement benefits regardless of age. This would create an unfunded actuarial liability, estimated to be \$83.0 million, that would need to be funded immediately. The bill would also increase the normal cost component for teacher members by .15% of payroll, estimated to be approximately \$1.6 million per year. Under current law, normal costs are paid by local school administrative units.

Contributions from the requirement in this legislation that a reemployed retired teacher or retired school administrator pay the same employee contribution rate to MainePERS as is required for the position if the position were filled by an employee who is not retired will accrue to the trust fund.