



130th MAINE LEGISLATURE

LD 111

LR 474(02)

An Act To Allow Career Educators To Retire without Penalty

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor and Housing

Fiscal Note Required: Yes

Fiscal Note

Increased normal retirement costs - local school administrative units

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

Fiscal Detail and Notes

Current law provides that 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 includes a one-time General Fund appropriation of \$83.0 million in fiscal year 2021-22 to the Teacher Retirement program within the Department of Education to fund the unfunded actuarial liability created by amending current law to allow teachers with at least 35 years of service to retire with full retirement benefits regardless of age. The bill will 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.