

## §286-B. Irrevocable Trust Funds for Other Post-employment Benefits

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Retiree health benefits" means health benefits as determined from time to time by the State Employee Health Commission pursuant to section 285. [PL 2007, c. 240, Pt. RRR, §1 (NEW).]

B. "Investment trust fund" means the Retiree Health Insurance Post-employment Benefits Investment Trust Fund established under section 17432. [PL 2007, c. 240, Pt. RRR, §1 (NEW).]

C. "Irrevocable trust funds" means the Irrevocable Trust Funds for Other Post-employment Benefits established under subsection 2. "Irrevocable trust funds" includes the state employee plan, the teacher plan and the first responder plan. [PL 2011, c. 380, Pt. Y, §1 (AMD).]

D. "State employee plan" means the irrevocable trust fund established for eligible participants described in section 285, subsection 1-A. [PL 2011, c. 380, Pt. Y, §1 (NEW).]

E. "Teacher plan" means the irrevocable trust fund established for eligible participants described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C. [PL 2011, c. 380, Pt. Y, §1 (NEW).]

F. "First responder plan" means the irrevocable trust fund established for eligible participants described in section 285, subsection 11-A. [PL 2011, c. 380, Pt. Y, §1 (NEW).]  
[PL 2011, c. 380, Pt. Y, §1 (AMD).]

**2. Establishment.** The Irrevocable Trust Funds for Other Post-employment Benefits are established to meet the State's unfunded liability obligations for retiree health benefits. The state employee plan is established for eligible participants as described in section 285, subsection 1-A. The teacher plan is established for eligible participants, beginning July 1, 2011, as described in Title 20-A, section 13451, subsections 2, 2-A, 2-B and 2-C. The first responder plan is established for eligible participants as described in section 285, subsection 11-A. Funds appropriated for the irrevocable trust funds must be held in trust and must be invested or disbursed for the exclusive purpose of providing for retiree health benefits and may not be encumbered for, or diverted to, other purposes. Funds appropriated for the irrevocable trust funds may not be diverted or deappropriated by any subsequent action.

Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission to provide retiree health benefits pursuant to section 285, subsection 5 and, if applicable, to meet the State's obligations under any self-insured group health plan pursuant to section 285, subsection 9. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not exceeding 10 years.

Annually, beginning with the fiscal year starting July 1, 2009, the Legislature shall appropriate funds that will retire, in 30 years or less from July 1, 2007, the unfunded liability for retiree health benefits for eligible participants in the state employee plan. The unfunded liability referred to in this section is that determined by the Department of Administrative and Financial Services, Office of the State Controller's actuaries and certified by the Commissioner of Administrative and Financial Services as of June 30, 2006.

Annually, beginning with the fiscal year starting July 1, 2011, the Legislature shall appropriate funds that will retire, in 30 years or less from July 1, 2007, the unfunded liability for retiree health benefits for eligible participants in the first responder plan. The unfunded liability referred to in this section is that determined by the Department of Administrative and Financial Services, Office of the State

Controller's actuaries and certified by the Commissioner of Administrative and Financial Services as of June 30, 2006.

Annually, beginning with the fiscal year starting July 1, 2015, the Legislature shall appropriate funds that will retire, in 30 years or less from July 1, 2007, the unfunded liability for retiree health benefits for eligible participants in the teacher plan. The unfunded liability referred to in this section is that determined by the Department of Administrative and Financial Services, Office of the State Controller's actuaries and certified by the Commissioner of Administrative and Financial Services as of June 30, 2006.

[PL 2013, c. 368, Pt. H, §2 (AMD).]

**3. Trustees.** The trustees of the irrevocable trust funds are as follows.

A. The Treasurer of State and the State Controller shall serve as trustees of the state employee plan. [PL 2011, c. 380, Pt. Y, §1 (NEW).]

B. An independent, nongovernmental entity with a physical presence in the State selected by the Treasurer of State with the advice of the State Controller and municipal, school management and education associations pursuant to the process set forth in Title 5, chapter 155 shall serve as the trustee of the teacher plan and the first responder plan. [PL 2011, c. 380, Pt. Y, §1 (NEW).]

[PL 2011, c. 380, Pt. Y, §1 (AMD).]

**4. Duties of the trustees.** The trustees of the irrevocable trust funds have the following duties.

A. The trustees of the irrevocable trust funds shall calculate the funds necessary to fund the state employee health insurance program, including the unfunded liability as determined in accordance with subsection 2, on an actuarially sound basis and transmit those calculations to the State Budget Officer as required by chapter 149. The Legislature shall appropriate and transfer annually those funds the trustees of the irrevocable trust funds determine to be necessary under this subsection to fund the state employee health insurance program on an actuarially sound basis, including a contribution to the irrevocable trust funds. [PL 2011, c. 380, Pt. Y, §1 (AMD).]

B. The trustees of the irrevocable trust funds biannually shall make, or cause to be made, valuations of the assets and liabilities of the state employee health insurance program. The trustees of the irrevocable trust funds shall select an independent actuary to make annual valuations of the assets and liabilities of the state employee health insurance program on the basis of actuarial assumptions adopted by the trustees of the irrevocable trust funds. The actuary may not be an officer or employee of the State. The goal of the actuarial assumptions is to achieve a fully funded state employee health insurance program. [PL 2011, c. 380, Pt. Y, §1 (AMD).]

C. The trustees of the irrevocable trust funds annually shall conduct, or cause to be conducted, an audit of the irrevocable trust funds. The trustees of the irrevocable trust funds shall select an independent auditor to perform the audit. The auditor may not be an officer or employee of the State. [PL 2011, c. 380, Pt. Y, §1 (AMD).]

D. The trustees of the irrevocable trust funds shall make the final decision on all matters pertaining to administration, actuarial assumptions, actuarial recommendations, funding, payout schedule and long-term time horizon for the irrevocable trust funds. [PL 2011, c. 380, Pt. Y, §1 (AMD).]

[PL 2011, c. 380, Pt. Y, §1 (AMD).]

**5. Investment of funds.** The trustees of the investment trust fund are responsible for the investment and reinvestment of the funds appropriated to the irrevocable trust funds and transferred to the investment trust fund in accordance with the Maine Uniform Trust Code and the Maine Uniform Prudent Investor Act under Title 18-B, subject to the guidelines set for the investment trust fund in section 17435.

[PL 2011, c. 380, Pt. Y, §1 (AMD).]

**6. Report to Legislature.** The trustees of the irrevocable trust funds shall make a written report to the joint standing committee of the Legislature having jurisdiction over appropriations matters and the joint standing committee of the Legislature having jurisdiction over labor matters on or before March 1st of each year that contains a discussion of any areas of policy or administration of the irrevocable trust funds that, in the opinion of the trustees of the irrevocable trust funds, should be brought to the attention of the joint standing committees; a discussion of the progress toward meeting the goals of this section; and a review of the status of the irrevocable trust funds.

[PL 2011, c. 380, Pt. Y, §1 (AMD).]

#### SECTION HISTORY

PL 2007, c. 240, Pt. RRR, §1 (NEW). PL 2009, c. 213, Pt. N, §1 (AMD). PL 2011, c. 380, Pt. Y, §1 (AMD). PL 2013, c. 368, Pt. H, §2 (AMD).

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