

Member

Handbook

**MainePERS Benefits for
State Employees**



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MainePERS Benefits for State Employees

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 review current law, and consult with MainePERS staff and your own advisers.

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WELCOME TO MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

MainePERS was established to ensure that certain benefits are available to State employees, teachers, and employees of participating local districts (PLDs) in the State of Maine. These benefits include:

- ◆ **service retirement benefits**, which provide income to you after you retire;
- ◆ **disability retirement benefits**, which may provide income to you if you become disabled (as defined by MainePERS law) while you are in service and before you retire; and
- ◆ **death benefits**, which are paid to your designated beneficiary(ies). A designated beneficiary is a person you have named to receive a benefit.

These benefits and other information about MainePERS membership for State employees are described in this handbook.

MEMBERSHIP

As a State employee, you must become a member of MainePERS when you are hired. The major exception to this general rule is for elected and appointed officials, for whom membership is optional.

As a member, you contribute a percentage of your earnings to MainePERS, and these contributions earn interest at a rate set by MainePERS Board of Trustees. The percentage you contribute depends on which membership category applies to you. State employees covered by the regular plan contribute 7.65% of their gross earnable compensation. For those covered under special retirement plans, refer to the tables beginning on page 28.

Your MainePERS membership ends upon your retirement, upon your death, or if you take a refund of your contributions.

HOW SERVICE CREDIT ACCUMULATES

As a full-time employee you receive a year of service credit for a year of work. No more than a year of service credit may be earned in a year. A "year" is one calendar year for State employees or for "teachers" in State Institutions who are paid based on an annual, rather than an hourly rate, a "year" is one school year.

For purposes of accumulating service credit, a "full-time employee" works 100% of what is defined as full-time for a particular job classification. If you work less than this amount, you earn service credit based on the ratio of the number of hours you work to the number of hours worked by a full-time employee. For example, if you are a State employee working 35 hours per week in a 40-hour-per-week position, you work 1,820 hours in a calendar year (35 hours/week x 52 weeks). Full-time State employees in that job classification work 2,080 hours in a calendar year (40 hours/week x 52 weeks). Therefore, during a calendar year you would earn 87.5% of a year of service credit (1,820 hours ÷ 2,080 hours). This percentage is equal to 10 months and 15 days of service credit based on a 360-day creditable service year.

Most part-time, seasonal, and temporary (PST) employees earn service credit in the same way. For example, if you are a PST employee who works 1,040 hours in a year (20 hours/week x 52 weeks) you earn 50% of a year of service credit (1,040 hours ÷ 2,080 hours). This formula took effect for PST employees on July 1, 1991, but exceptions apply to certain members who were grandparented under the service credit provisions in existence before then. If you have questions about your service credit as a PST employee before July 1, 1991, please contact MainePERS Retirement Services Unit.

Service Credit With More Than One Employer

In addition to employees of the State of Maine, the Retirement System provides coverage for public school teachers, legislators, judges and employees of participating local districts (PLDs). PLDs are municipalities and other public entities that have chosen MainePERS as their retirement plan. While State

employees and teacher members are covered by the same retirement plan, some plan provisions differ for legislators, judges and PLD employees.

If you stop working as a State employee and do not withdraw your contributions, the service credit you earned will remain "on account" at MainePERS. If you subsequently earn additional service credit as a State employee, 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, depends on the category(ies) of other MainePERS-covered position(s) in which you earn service credit in addition to your position as a State employee. For instance, service credit you earn as a teacher member is equivalent to service credit you earn as a State employee for retirement eligibility and benefit determination purposes. However, while service credit you earn as a legislator or PLD employee is added to your service as a State employee or teacher member to determine retirement eligibility, your benefit may be calculated in separate portions, using the average final compensation (AFC) and service credit applicable to each position. You should also note that if you are employed as a State employee and at the same time are also a legislator, judge or PLD employee, your respective service credit amounts may not be combined to determine your eligibility to retire.

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

RECEIVING ADDITIONAL SERVICE CREDIT

Additional service credit granted

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

- ◆ If you stop working to enter military service, and your discharge from this service is other than dishonorable, and you return to MainePERS-covered employment within 90 days after leaving the service, then you may receive credit for up to 5 years of such military service. This service is granted, provided that you meet all other eligibility requirements and you do not withdraw your MainePERS contributions.
- ◆ You will continue to earn up to 30 days of creditable service per year for unpaid leaves of absence from your MainePERS-covered employer.
- ◆ Effective January 1, 2004, if you are on a leave of absence while receiving Workers' Compensation benefits, you are required to pay your MainePERS contributions based on the wages portion of the Workers' Compensation benefits that you receive. You will receive service credit during this period. If you do not pay the applicable MainePERS contributions within 30 days of when you receive Workers' Compensation benefits, you will be responsible for accrued interest until contributions are paid. For Workers' Compensation benefits received prior to January 1, 2004, these MainePERS contributions are optional, but please note that if you do not pay the contributions plus any accrued interest, you will not receive service credit for the time that you were on a leave of absence while receiving Workers' Compensation benefits.
- ◆ 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.

- ◆ You may receive service credit for the period you were employed by the State prior to July 1, 1942, the date that MainePERS was established.
- ◆ If you were a "teacher" in a State Institution who 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.

- ◆ Up to 4 years of active duty military service rendered prior to your becoming a MainePERS member.
- ◆ Up to 10 years of service earned working for a state other than Maine.
- ◆ Time that you worked in MainePERS-covered employment before you became a MainePERS member.
- ◆ MainePERS service time that you have previously refunded.
- ◆ Time that you were a teacher in a parochial school, or public or private academy.
- ◆ 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.
- ◆ Time that you worked for the federal employment service before it was returned to state control.
- ◆ Time that you worked for Head Start or CETA (U.S. Comprehensive Employment and Training Act).

- ◆ Time that you were a member of VISTA (Volunteers in Service to America), the Fulbright Exchange Program, the Peace Corps or during which you taught children of United States Foreign Service Corps personnel or United States armed forces personnel.
- ◆ Time that you were employed as a teacher's aide or Education Technician I prior to becoming a "teacher."
- ◆ *State employees only:* time that you were on an unpaid or partially paid educational leave under the Maine Educational Leave Act.

Note that there are eligibility and verification requirements that must be met in order to make these purchases. Contact the MainePERS Retirement Services Unit for more specific 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. These options are explained below.

Leaving Your Account with MainePERS

If you stop working in a MainePERS-covered job and do not take a refund, your contributions continue to earn interest depending on which of the following categories applies to you:

- ◆ If you terminated MainePERS-covered employment after June 30, 1993, or you terminated prior to that date and had 10 or more years of creditable service, your contributions will continue to accrue interest as long as they remain with MainePERS.
- ◆ If you terminated MainePERS-covered employment prior to July 1, 1993, and you had less than 10 years of creditable service when you terminated, your contributions earned interest for five years after your date of termination. Your contributions again began to

earn interest as of July 1, 1998, and will continue to do so for as long as they remain with MainePERS.

If you leave the contributions in your account with MainePERS, you may withdraw them 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; however, you can take a full refund of your contributions and interest if you are no longer employed in a MainePERS-covered position. If you are not vested, your account balance will automatically be refunded to you three years after you terminate.

Taking a Refund

If your membership in MainePERS is mandatory and you terminate all your MainePERS-covered employment, you may apply for a refund. If your membership is optional and you cease making contributions to MainePERS and are not contributing based on other MainePERS-covered employment, you also may withdraw your contributions. The refund application form includes important information to consider before making a final decision to request a refund. By refunding your MainePERS contributions, you give up your rights to any MainePERS benefits. Since it may not be in your best interest to withdraw your contributions, we advise you to investigate the pros and cons of taking a refund.

Certain conditions apply to refunds, including the following:

- ◆ MainePERS cannot give you a partial refund. It must refund all of your contributions and interest.
- ◆ You can receive a refund of only your own contributions, 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 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 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 once again receive service credit for the time covered by your refund.
- ◆ If you take a refund, you give up your rights to all MainePERS benefits.

If you would like more information about your eligibility to receive a refund or the effect of taking a refund, contact MainePERS Retirement Services Unit. If you would like information about the amount of your contributions and interest, contact MainePERS Payrolls Administration Unit.

OTHER BENEFITS

Other benefits may also be available to MainePERS members. These are explained below.

Disability Retirement Benefit

You may be eligible for a disability retirement benefit if you become mentally or physically disabled, as defined by MainePERS law, while you are in MainePERS-covered service. The amount of your disability benefit is either 66-2/3% or 59% of your 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, and did not elect to change to the no-age-limit plan. Under this plan, you are eligible to apply for a disability benefit if you are permanently unable to perform the duties of your position and you become incapacitated while in service and 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, and became a MainePERS member 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 are eligible to apply for a disability benefit if you become incapacitated while still in service and you are permanently unable to perform the duties of your position. 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 other sources such as 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 these programs. Depending on the circumstances, there may be other limitations on your eligibility to receive a disability benefit.

If you would like more information about your disability benefit, contact MainePERS Disability Services Unit or see "[An Overview of Disability Benefits](#)" - available in hardcopy or online in the Publications section at 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. This benefit is available as one of the following three options:

- (1) A lump-sum refund of your contributions and interest:

This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you named no beneficiary or he/she predeceases you, your spouse, child(ren), or older parent. If none of these persons survive you, the lump-sum refund is paid to your estate.

This option is 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 not receiving a MainePERS service retirement benefit; or
- ◆ receiving a MainePERS disability benefit.

(2) A monthly "survivor benefit":

This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you named no beneficiary or he/she predeceases you, your spouse, child(ren), or parent(s). The amount of the monthly survivor benefit is set by law based on the relationship of your beneficiary(ies) to you.

This option is 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 on the day you died you retired under retirement Option 2 (see page 18).

This option is available to the first-listed of the following persons who survive you: your designated beneficiary(ies) or, in the event you did not name a beneficiary or he/she predeceases you, your spouse, child(ren), or parent(s).

This option is 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.

Designating a Beneficiary for Your Ordinary Death Benefit

You may designate more than one beneficiary for your ordinary death benefit, and you may change your beneficiary(ies) at any time. *However, please note that if you designate more than one beneficiary, certain options under this section 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.

When you became a MainePERS member, you should have been given the opportunity to complete a Designation of Beneficiary, Pre-Retirement Death Benefit form for your ordinary death benefit, and this form should have been filed with MainePERS. If you would like to verify or change your beneficiary(ies), or if you have any questions about your ordinary death benefit, contact MainePERS Survivor Services Unit.

Accidental Death Benefit

Your spouse and/or dependent child(ren) may be entitled to receive an accidental death benefit, which provides monthly income if your death (1) occurs before you retire and (2) is the result of an injury that arose out of and in the course of your employment. (Dependent children are those who [a] are under age 18 and unmarried; [b] are under age 22, are unmarried, and are full-time students; or [c] are permanently mentally or physically incapacitated.) If you have a dependent child or dependent children, the amount of this benefit is the same as your average final compensation (AFC). If you do not have a dependent child or dependent children, it is two-thirds of your AFC. An accidental death benefit must be reduced by any Workers' Compensation benefits that your spouse and/or dependent child(ren) receive.

An accidental death benefit is available if:

- ◆ upon your death, you are either in service as a MainePERS member or receiving a MainePERS disability benefit;

- ◆ your death is the result of an injury that arose out of and in the course of your employment; and
- ◆ your beneficiary(ies) are your spouse and/or dependent child(ren).

Note that if the accidental death benefit is available, your spouse and/or dependent child(ren) will have a choice between this benefit or an ordinary death benefit as described on page 9.

Designating a Beneficiary for Your Accidental Death Benefit

Note that the same Designation of Beneficiary form governs your beneficiary(ies) for your ordinary and your accidental death benefit. If you should die as an active MainePERS member or while you are 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, but your Designation of Beneficiary form designates someone other than your spouse and/or dependent child(ren) as your beneficiary(ies), an accidental death benefit will not be available to your spouse and/or dependent child(ren).

If you would like to verify or change your beneficiary(ies), or if you have any questions about your accidental death benefit, contact MainePERS Survivor Services Unit.

A NOTE ABOUT THE GROUP LIFE INSURANCE PROGRAM

The Group Life Insurance Program is separate from the retirement program, but it is also administered by MainePERS. This program provides life insurance and accidental death and dismemberment insurance to eligible State employees. For most State employees, basic life insurance coverage (equal to an employee's annual salary rounded up to the next \$1,000) is paid for by the State. Supplemental insurance and/or dependent insurance is also available to State employees and is paid for by the employee.

If you would like to learn more about this program, contact MainePERS Survivor Services Unit. For the Group Life Insurance Certificate of Coverage, visit the Publications section of www.mainebers.org.

SERVICE RETIREMENT

Terminating Employment

In order to retire, you must first terminate employment from your MainePERS-covered position(s). If you qualify to receive a retirement benefit upon termination from employment, your benefit will be effective on the first day of the following month, unless you elect to have your benefit be effective at a later date. If you again accept MainePERS-covered employment before the effective date of your retirement benefit, you will no longer qualify to receive a benefit beginning the following month. This is because you will not meet the qualification requirements for a benefit until you are no longer employed in a MainePERS-covered position.

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. If you are covered by a special service retirement plan, the tables beginning on page 28 indicate the normal retirement age that is applicable to your plan. For those covered by the regular service retirement plan, your normal retirement age is either 60 or 62 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,
- ◆ had reached age 60 and had at least a year of service credit immediately prior to reaching age 60. If you do not meet either of these criteria, your normal retirement age is 62.

Please note: If before July 1, 1993, you were eligible to purchase enough additional service credit to have given you 10 years of service credit prior to July 1, 1993, the purchase of such service credit at any time prior to your retirement will place you in the category of having at least ten years of service credit before July 1, 1993 and your normal retirement age will be 60.

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 in order to be eligible 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 for a benefit.
- ◆ If you reach normal retirement age (either age 60 or 62 for regular plan employees) and have been in service for at least one year immediately before then, not only are you eligible for a benefit, but you also qualify to receive a benefit at that time, or at termination from employment, whichever is later.

Qualification to Receive a Service Retirement Benefit

If you are covered by a regular plan, the following information applies to you:

- ◆ You qualify to receive a benefit once you have at least 25 years of service credit.
- ◆ You qualify to receive a benefit upon reaching your normal retirement age of 60 or 62, whether or not you are in service, provided that you are vested with 5 or 10 years of service, whichever is applicable to you.
- ◆ You qualify to receive a benefit upon reaching your normal retirement age of 60 or 62, provided that you have been in service for at least one year immediately prior to your retirement.

If you are covered by a special plan, please refer to the tables beginning on page 28 for specifics about the years of service required to qualify for a benefit. Because special plan provisions can be complex, you should contact the Retirement Services State Unit if you would like clarification of the provisions indicated on the table.

HOW YOUR SERVICE RETIREMENT BENEFIT IS CALCULATED (REGULAR PLANS)

The retirement plan you are covered by is a "defined benefit" (or "DB") plan. This means that your benefit is determined by a specific formula. This formula, which is set by law, is based on three factors:

- (1) **Your 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, as defined by law. It may be subject to certain exclusions and limitations. Contact the MainePERS Retirement Services Unit if you would like more information about these exclusions and limitations.
- (2) **Your amount of 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 that you may receive under certain other conditions, as outlined on page 4.
- (3) **The accrual rate.** The accrual rate for regular plans is 2%. The accrual rate for special plans may be different (see tables on pages 28-32). This is the percentage of your AFC that you would receive as a benefit for each year of creditable service earned.

Your service retirement benefit is calculated as follows:

$$\begin{array}{l} \text{AFC} \times \text{Years of} \\ \text{Service Credit} \\ \times \text{Accrual Rate} \\ \text{(e.g. 2\% or .02)} \end{array} = \begin{array}{l} \text{Annual Service Retirement Benefit} \\ \text{under the Full Benefit option at} \\ \text{Normal Retirement Age} \\ \text{(see explanation of benefit} \\ \text{options beginning on page 17)} \end{array}$$

For example, assume that you retire at normal retirement age with 25 years of service credit in MainePERS and that your

three highest annual amounts of earnable compensation were \$33,000, \$34,000, and \$35,000. Your annual service retirement benefit under the Full Benefit option would be calculated as follows:

1. AFC Calculation:

	\$ 33,000
	34,000
	<u>+ 35,000</u>
	\$ 102,000 ÷ 3 years = \$34,000 AFC

2. Benefit Calculation:

$$\begin{aligned} \$34,000 \text{ AFC} \times 25 \text{ years} \times .02 &= \$17,000 \text{ annual benefit} \\ &\text{(or } \$1,416.67 \text{ monthly)} \end{aligned}$$

Note: If you have at least 25 years of service credit and decide to retire before you reach your normal retirement age of 60 or 62, your benefit will be reduced based on how old you are in relation to your normal retirement age. If you are covered under the age 60 plan, your reduction would be approximately 2 1/4% for each year that you are younger than age 60. If you are covered under the age 62 plan, your reduction would be 6% for each year that you are younger than age 62.

A Note About Special Service Retirement Plans

Because of the nature of the job, certain State employees are covered by a "special service retirement plan" rather than the "regular service retirement plan" by which most State employees are covered.

Special plans typically differ from regular plans in the areas of retirement eligibility requirements, benefit determination, and/or contribution rates. If you are covered under a special plan, the tables beginning on page 28 will provide more specific information about these special plans. The special plan that you are covered by depends on the qualifying position you hold. If you have additional questions, contact the Retirement Services State Unit.

Selecting A Benefit Payment Option

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 calculate an estimate of what your retirement benefit will be under each of the retirement benefit payment options available to you, and will provide this information to you. You will then need to choose the benefit payment option under which you will receive your service retirement benefit. To help you make the best choice for your particular circumstances, MainePERS Retirement Specialists are available to meet with you to explain the benefit payment options.

Note that under Options 1 through 8, you receive a reduced benefit payment because under each of those options, some level of benefit will be paid to your surviving beneficiary(ies) upon your death. Under those options, your service retirement benefit is first calculated based on the Full Benefit option, then adjusted according to MainePERS Board-approved reduction tables. The reduction varies depending upon the benefit payment option that you choose.

The service retirement benefit payment options are explained below:

Full Benefit

You receive an unreduced* benefit payment every month for the rest of your life. You do not designate a beneficiary under this option and payments cease upon your death.

* This benefit is unreduced if you retire upon (or after reaching) your normal retirement age (NRA). If you retire under your NRA, this benefit will be subject to an age reduction factor.

Option 1

You receive a reduced benefit payment every month for the rest of your life. Upon your death, the balance of your accumulated contributions that remain on account, if any, will be paid in a lump sum to your beneficiary(ies). As you

receive a monthly benefit under this option, your accumulated contributions on account will be reduced each month. The amount of time it will take for your contribution balance to reach zero will depend upon your age at retirement. You will continue to receive a monthly benefit even beyond the point that your contributions are exhausted. However, no benefit will be paid to your beneficiary(ies) upon your death in that event.

Option 2

You receive a reduced benefit payment every month for the rest of your life. Upon your death, the same reduced benefit amount that you were receiving every month will be shared in equal amounts by each of your beneficiaries for the rest of his or her life.

Option 3

You receive a reduced benefit payment every month for the rest of your life. Upon your death, each of your beneficiaries will share equally one-half the reduced benefit amount that you were receiving every month for the rest of his or her life.

Option 4

You receive a reduced benefit payment every month for the rest of your life. Upon your death, each of your beneficiaries will receive a benefit payment every month for the rest of his or her life. At point of retirement, you must specify the amount or percentage to be payable to your beneficiary(ies) upon your death. The amount or percentage that you specify must be other than that available under retirement benefit payment Options 2 and 3 (100% and 50% of your reduced benefit amount, respectively).

Option 5

You receive a reduced benefit payment every month, payable in part to you and in part to your beneficiary while both of you are alive. At the death of either of you, the higher of the two monthly benefit payments will be paid to the survivor for the rest of the survivor's life, and the lower

benefit payment will stop. At point of retirement, you must specify the percentage ratio of payments to be made to you and your beneficiary, the total of the two percentages to equal 100%. The minimum percentage that you may specify to receive yourself is 51% of the total. Only one beneficiary may be designated under this option.

Option 6

You receive a reduced benefit payment every month for the rest of your life. Upon your death, your beneficiary will receive the same reduced benefit amount that you were receiving every month for the rest of his or her life.

If your beneficiary predeceases you, your benefit will be revised to the amount that you would have received had you selected the full benefit payment option upon retirement. The benefit revision will be effective the first of the month following your beneficiary's death. The reduced benefit amount that you receive when you retire and choose this benefit payment option will be calculated to reflect the fact that your benefit will be revised to the full benefit amount should your beneficiary predecease you. Only one beneficiary may be designated under this option.

Option 7

You receive a reduced benefit payment every month for the rest of your life. Upon your death, your beneficiary will receive one-half the reduced benefit amount that you were receiving every month for the rest of his or her life.

If your beneficiary predeceases you, your benefit will be revised to the amount that you would have received had you selected the full benefit payment option upon retirement. The benefit revision will be effective the first of the month following your beneficiary's death. The reduced benefit amount that you receive when you retire and choose this benefit payment option will be calculated to reflect the fact that your benefit will be revised to the full benefit amount should your beneficiary predecease you. Only one beneficiary may be designated under this option.

Option 8

You receive a reduced benefit payment every month for the rest of your life. Upon your death, your beneficiary will receive a benefit amount every month for the rest of his or her life. At point of retirement, you must specify the amount or percentage to be payable to your beneficiary upon your death. The amount or percentage that you specify must be other than that available under retirement benefit payment Options 6 and 7 (100% and 50% of your reduced benefit amount, respectively).

If your beneficiary predeceases you, your benefit will be revised to the amount that you would have received had you selected the full benefit payment option upon retirement. The benefit revision will be effective the first of the month following your beneficiary's death. The reduced benefit amount that you receive when you retire and choose this benefit payment option will be calculated to reflect the fact that your benefit will be revised to the full benefit amount should your beneficiary predecease you. Only one beneficiary may be designated under this option.

Designating a Beneficiary at Retirement

If you select any of retirement benefit payment Options 1 through 8, you will need to designate a beneficiary to receive some level of benefit upon your death. Under any of these options, we will first calculate your benefit based on the Full Benefit option, then adjust your full benefit amount. The amount by which your full benefit is reduced depends on which option you select.

- (1) If you select 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) If you select any of 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) If you select Option 1, the number of beneficiaries that you designate will not impact the amount by which your full 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) If you select Option 2, 3 or 4, the number of beneficiaries you designate will directly impact the amount by which your full benefit is reduced. 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 amount by which your full benefit is reduced.

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, you must notify your spouse that you have not designated him or her as your beneficiary. If this situation applies to you, before we process your first benefit payment we will require you to provide us with proof of this notification.

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 8, and designate your spouse or former spouse as your sole beneficiary, you may change your beneficiary designation after you retire, if you are divorced, or get divorced, and your former spouse agrees to give up all rights to being your beneficiary.

If you select any of Options 2 through 5, and designate your spouse as your sole beneficiary, you may also change your beneficiary designation after you retire, if your spouse dies and you remarry.

A change of beneficiary under Options 2 through 8 will result in a revision in the amount of the benefit to which you are entitled. If you request a change of beneficiary under one of the above circumstances, we will calculate the revised benefit amount and provide that information to you. You will then need to decide whether you wish to proceed with the change in beneficiary and revision to your benefit.

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, under the following circumstances, to make a one-time change in your beneficiary designation after you retire:

- (1) The beneficiary that you named when you retired must still be alive.
- (2) You may not change your payment option, nor will your or your new beneficiary's benefit amounts change.
- (3) Because your 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 exceed what was expected to have been paid to your original beneficiary.

Therefore, if you name a new beneficiary, it is possible that a benefit will not be paid for the lifetime of that beneficiary. Upon your request to change your beneficiary, we will advise you as to when the benefit to the new beneficiary will stop. Of course, if the new beneficiary dies prior to that date, benefits will stop immediately.

RECEIVING YOUR FIRST BENEFIT PAYMENT QUICKLY: The Preliminary Benefit Program

To determine the actual amount of your retirement benefit, MainePERS must receive your final payroll information from your employer after you retire. 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 monthly retirement payment. But if you are eligible for MainePERS's Preliminary Benefit (PB) Program, you will receive a monthly retirement payment beginning at the end of your first month of retirement. The gross amount of each preliminary benefit payment will equal 90% of your estimated monthly retirement benefit under the retirement option that you have selected.

We recommend that you request an estimate of your service retirement benefits 6 to 12 months before you plan to retire. For more information about the program, you may also contact MainePERS Retirement Services Unit at any time.

The preceding is a general overview about receiving your service retirement benefit. Before you retire, there will be other important issues that you may need to address. When you are preparing to retire, you should contact your employer to be sure that you have all the information you need to address these issues.

SPECIAL PROVISIONS RELATING TO YOUR SERVICE RETIREMENT BENEFIT

Cost-of-Living Adjustment (COLA)

Once you become eligible to receive it, a COLA of up to 4% is applied to your service retirement benefit beginning in September each year. These adjustments match the increase (or decrease) in the Consumer Price Index for all Urban Consumers (CPI-U). This Index is compiled by the United States Department of Labor's Bureau of Labor Statistics.

In most cases, as a new retiree you become eligible to receive a COLA after you have received retirement benefit payments for at least 12 months. You begin receiving a COLA the September after you have met this requirement. Therefore, those whose retirement date is effective on September 1 (or earlier) of any year will begin receiving a COLA in September of the following year. For example, if you have an effective retirement date of September 1, 2008, you will begin receiving a COLA in September 2009, but if your effective retirement date is October 1, 2008, you will begin receiving a COLA in September 2010.

There is an exception to COLA eligibility if you had less than 10 years of service or had not reached age 60 as of July 1, 1993, and retired before reaching your normal retirement age of 62. If you are in this category, you are not eligible to receive a COLA until at least 12 months after you reach age 62. You will begin receiving a COLA the September after you have met this requirement.

Limitations on Your Benefit

Cap on Earnable Compensation Used in Calculating AFC

There are two caps on the amount of earnable compensation that will be included in calculating your AFC: earnings increases greater than 5% per year over the prior year and earnings increases greater than 10% over the highest three years. Amounts of earnable compensation identified with the application of these caps are not included unless your employer pays the cost of including such compensation. Any compensation you receive for unused sick and/or vacation leave that can be included as earnable compensation is considered to be final-year earnings for purposes of calculating the percentage increase in earnable compensation under the caps. *This provision became effective July 1, 1993.*

Retirement Incentives

If your employer offers or 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 will be considered a retirement incentive. Any retirement incentive that you receive cannot be included in the calculation of your AFC.

Unused Sick and Vacation Leave

For some members, payment for a maximum of 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 to those State employees who:

- ◆ had 10 or more years of service as of July 1, 1993, or
- ◆ had 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 such a payment, it is included as part of your final year's earnings to determine if the cap on earnable compensation used in calculating AFC applies to you. For more information on this cap, see the section titled "Limitations on Your Benefit."

Also note that 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. For more information on retirement incentives, see the section titled "Retirement Incentives" on the previous page.

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.

RESTORATION TO SERVICE

Definition of "Restoration to Service"

As a State employee 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 as a State employee or in a position covered under the teacher retirement plan.

Note: In order to become a service retirement benefit recipient, you must first terminate MainePERS-covered employment. Being restored to service prior to your effective date of retirement will make you ineligible for benefits as of that date.

Therefore, the earliest date that you may be restored to service without impacting your effective retirement date is the first day of the month following your date of termination.

Restored-to-Service Retirees who are under Normal Retirement Age (NRA) may be subject to a suspension of their retirement benefit.

MainePERS Rule Chapter 410, was promulgated effective May 3, 2004 because federal law and IRS regulations restrict MainePERS from paying a retirement benefit to a retiree who has not reached NRA and who returns to employment with the "same employer" after retirement. You generally would be considered to be returning to work with the "same employer" if you retire as a State employee or a teacher and are returning to either State or teacher employment. This rule requires suspension of your retirement benefit if you return to employment with the "same employer" after retirement until you either stop working or reach your NRA, whichever first occurs. Your benefit payment will be reinstated beginning the first day of the month after you reach your NRA or after you terminate employment with the "same employer," whichever occurs first. At that time, your monthly benefit amount will be increased to account for the period during which it was suspended.

There is one exception: your benefit will not be suspended if you return to covered employment with the "same employer" for no more than 60 days per year in a position that provides only intermittent on-call services, or services in a non-permanent interim assignment or appointment, provided that your employer's ordinary business operations depend on your services.

Note: You may work in a non-State or non-teacher member MainePERS-covered position and still receive your monthly MainePERS retirement benefit.

Whether retirement is before or after NRA, retirees do not accrue additional service credit nor are earnings received after retirement considered in determining the amount of a retirement benefit. Retirees are required to sign a waiver form to that effect as part of the retirement application process.

In addition, certification of a "bona fide termination" of employment is required from those who are under NRA when they retire. This must be received prior to your receipt of a service retirement benefit. For there to be a bona fide termination, you must have had no discussions or negotiations prior to termination of employment with your employer or any other employer defined as the "same employer" that resulted in an explicit or implicit arrangement or expectation of future employment after retirement with the "same employer."

A NOTE ABOUT SOCIAL SECURITY

If you are eligible to receive Social Security benefits in addition to a MainePERS service retirement benefit, your Social Security benefits may be reduced in some circumstances.

Because MainePERS does not administer Social Security benefits, we cannot answer questions relating to Social Security. Please contact the Social Security Administration directly with any questions that you have. You can find the location and phone number of your local Social Security office in the phone book under "United States Government-Health and Human Services," or you can call the Social Security Administration office toll-free at 800-772-1213; or online at www.ssa.gov.

The "Age-55 Choice" Plan

Employee Group	Plan Effective Date	Qualifications for Plan	Computation of Benefit Under Plan	Current Employee Contribution Rate
Baxter State Park Rangers hired before 1/1/00	11/1/95-12/31/99 Those hired on or after 11/1/1995 but before 7/1/1998 had 90 days from their date of hire to elect this plan. Those hired before 11/1/1995 had to elect this plan by 1/1/1997	Must have 25 years of service. Normal retirement age of 55. There were 2 methods by which this plan could be elected: (1) to join the plan and to include only service after the effective date of the plan by paying an increased employee contribution rate; or (2) to join the plan and to include all service in the covered position (including that before the effective date of the plan), by making a lump sum payment as well as paying an increased ongoing employee contribution rate.	For service under the plan, one-half of AFC for 25 years and 2% of AFC for each additional year. If the member retires after 25 years of service and is under age 55, the benefit is reduced for each year that the member is under age 55 at retirement. If the member elects method (1) and has service that is not part of the plan, the service is treated as service under the state regular plan.	An increased employee contribution rate based on age at entry into the plan, that is paid until the member has 25 years of service under the plan. The rate then reverts to the regular plan rate of 7.65%, or 1.15% for those with employer paid contributions.
Fire Marshals hired before 1/1/00	10/1/97-12/31/99 Those hired on or after 10/1/1997 but before 1/1/2000 had 90 days from their date of hire to elect this plan. Those hired before 10/1/1997 had to elect this plan by 1/1/1998			
Forest Rangers hired after 8/31/84 and before 7/1/98	5/1/96-6/30/98 Those hired on or after 5/1/1996 but before 7/1/1998 had 90 days from their date of hire to elect this plan. Those hired before 5/1/1996 had to elect this plan by 1/1/1997			
*Motor Vehicle Investigators	10/1/1997 Those hired on or after 10/1/1997 have 90 days from their date of hire to elect this plan. Those hired before 10/1/1997 had to elect this plan by 1/1/1998			

* Note: Motor Vehicle Investigator is the only classification of State employee to whom the "age-55 Choice" plan still applies.

The 1998 Special Plan

Employee Group	Qualifications for Plan	Computation of Benefit Under Plan	Current Employee Contribution Rate
(Certain) State Prison employees hired after 8/31/84 and employed on or hired after 7/1/98	10 yrs after 6/30/98 & age 55, <u>or</u> , 25 yrs in covered position.	2% of AFC for each year of service in a covered capacity position. Service in a non-covered position reduced for early retirement (60/62) and portion of benefit in a covered position reduced if under age 55.	8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions.
Liquor Inspectors, State Airplane Pilots and Forest Rangers hired after 8/31/84 and employed on or hired after 7/1/98	10 yrs after 6/30/98 & age 55, <u>or</u> , 25 yrs in covered position.	2% of AFC for each year of service under the plan. Service before 7/1/98 reduced for early retirement (60/62) and portion of benefit based on service after 6/30/98 reduced if under age 55.	8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions.
Federally funded Defense, Veterans & Emergency Mgmt Firefighters at BIA employed on or hired after 7/1/98	10 yrs after 6/30/98 & age 55, <u>or</u> , 25 yrs in covered position.	2% of AFC for each year of service under the plan. Service before 7/1/98 reduced for early retirement (60/62) and portion of benefit based on service after 6/30/98 reduced if under age 55.	8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions.
Baxter State Park Rangers, Fire Marshals (including inspectors and investigators) and certain Department of Corrections employees employed on or hired after 1/1/00	10 yrs after 12/31/99 & age 55, <u>or</u> , 25 yrs in covered position.	2% of AFC for each year of service under the plan. Service before 1/1/00 reduced for early retirement (60/62) and portion of benefit based on service after 12/31/99 reduced if under age 55.	8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions.
Capital Security Officers Employed by Department of Public Safety, Bureau of Capital Security employed on or hired after 7/1/02	10 yrs after 6/30/02 & age 55, <u>or</u> , 25 yrs in covered position.	2% of AFC for each year of service under the plan. Service before 7/1/02 reduced for early retirement (60/62) and portion of benefit based on service after 6/30/02 reduced if under age 55.	8.65% for the first 25 years of service under plan, 7.65% thereafter. 1.15% for those with employer paid contributions.
(Certain) Oil and Hazardous Materials Emergency Response Workers employed by the Dept. of Environmental Protection employed on or hired after 1/1/02	10 yrs of service after 12/31/01 and age 55, <u>or</u> , 25 yrs of service in a capacity covered position.	2% of AFC for each year of service in a covered capacity position. Service in a non-covered position reduced for early retirement (60/62) and portion of benefit in a covered position reduced if under age 55.	8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions.

State Employees Covered By Special Retirement Plans

Employee Group	Qualifications for Special Plan Benefit	Computation of Special Plan Benefit	Current Employee Contribution Rate
Airplane Pilots hired before 9/1/84	25 years of service and age 55. Must meet both requirements	1/2 of AFC for 25 years under the plan and 2% of AFC for each additional year.	8.65% for the first 25 years of service under plan, 7.65% thereafter. 1.15% for those with employer paid contributions
Forest Rangers hired before 9/1/84	25 years of service and age 50. Must meet both requirements.	1/2 of AFC for 25 years under the plan and 2% of AFC for each additional year. For service under the plan before 7/1/76, either the AFC or the current annual salary at retirement, whichever is greater, will be used to determine the benefit.	8.65% for the first 25 years of service under the plan or age 50 whichever is later. 7.65% thereafter, 1.15% for those with employer paid contributions.
IF&W Wardens and Marine Resources Wardens hired before 9/1/84	20 years of service with no age requirement.	1/2 of AFC for 20 years under the plan and 2% of AFC for each additional year. For service under the plan before 7/1/76, either the AFC or the current annual salary at retirement, whichever is greater, will be used to determine the benefit. If so elected at retirement, the surviving spouse is entitled to 1/2 of the retiree's full benefit amount upon retiree's death.	8.65% for the first 20 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions
IF&W Wardens and Marine Resources Wardens hired after 8/31/84	25 years under the plan with no age requirement.	1/2 of AFC for 25 years under plan and 2% of AFC for each additional year.	8.65% for the first 25 years of service under plan, 7.65% thereafter. 1.15% for those with employer paid contributions

State Employees Covered By Special Retirement Plans (continued)

Employee Group	Qualifications for Special Plan Benefit	Computation of Special Plan Benefit	Current Employee Contribution Rate
<p>Liquor Inspectors hired before 9/1/84 who were serving in that capacity on 9/1/84 and were laid off as liquor inspectors or chief inspectors pursuant to public law 2003, Chapter 20 and who did not meet age or service requirements for retirement under 5 MRSA §17851(10) prior to the layoff.</p>	<p>25 years of service in any special or regular plan covered by the Retirement System and age 55. <u>Must meet both requirements.</u></p>	<p>The part of the service retirement benefit based on service earned as a liquor inspector or chief inspector position is computed as 1/50th of AFC times the number of years of creditable service earned as liquor inspector or chief inspector and the part of the service retirement benefit based on service earned in any other position/capacity must be computed in accordance with the formula for computing benefits for the plan by which the member is then covered.</p>	<p>The rate required by the plan under which the member is currently covered</p>
<p>(Certain) State Prison employees hired before 9/1/84</p>	<p>20 years of service and age 50. <u>Must meet both requirements.</u></p>	<p>1/2 of AFC for 20 years under the plan and 2% of AFC for each additional year.</p>	<p>8.65% for the first 20 years of service under the plan or age 50 whichever is later. 7.65% thereafter. 1.15% for those with employer paid contributions</p>
<p>(Certain) State Prison employees hired on or after 9/1/84 but prior to 7/1/98</p>	<p>25 years of service, age 55.</p>	<p>For service under the plan, one-half of AFC, for 25 years and 2% of AFC for each additional year. If the member retires after 25 years of service and is under age 55, the benefit is reduced for each year that the member is under age 55 at retirement.</p>	<p>8.65% for the first 25 years of service under plan. 7.65% thereafter. 1.15% for those with employer paid contributions</p>

State Employees Covered By Special Retirement Plans (continued)

Employee Group	Qualifications for Special Plan Benefit	Computation of Special Plan Benefit	Current Employee Contribution Rate
State Police hired before 9/16/84	20 years of service with no age requirement.	½ of AFC for 20 years under the plan and 2% of AFC for each additional year. For service under the plan before 7/1/76, either the AFC or the current annual salary at retirement, whichever is greater, will be used to determine the benefit. If so elected at retirement, the surviving spouse is entitled to ½ of the retiree's full benefit amount upon the retiree's death.	8.65% for the first 20 years of service under the plan. 7.65% thereafter. 1.15% for those with employer paid contributions
State Police hired after 9/15/84 (Includes Special Agent Investigators hired by the Bureau of State police before 6/21/82).	25 years of service with no age requirement.	½ of AFC for 25 years under the plan and 2% of AFC for each additional year.	8.65% for the first 25 years of service under the plan. 7.65% thereafter. 1.15% for those with employer paid contributions



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