

STATE OF MAINE
BUREAU OF HUMAN RESOURCES

JANUARY 12, 1989

HUMAN RESOURCES MEMORANDUM 1-89

TO: All Agency/Department Heads/Personnel Officers/
Directors of Administrative Services

SUBJECT: Retirement Option Letters

The purpose of this memo is to notify you of:

- a. the mailing of retirement option letter to certain employees in your department.
- b. the procedures used to identify these employees, and the documentation needed for the retirement option.
- c. your role in identifying errors.

RETIREMENT OPTION LETTERS

We have mailed a letter to each employee in each department who has been identified as eligible for a special Retirement Option for Appointees. Attached is a sample letter, a copy of the form and a computer generated listed of employees who have been identified as eligible for the option (one copy for Personnel Officers only). The employee will forward the completed form to the Bureau of Human Resources, where it will be authorized. The authorized forms will be distributed as shown on the bottom of the form. We will film a copy of the authorized form on the microfiche record for the employee.

IDENTIFICATION PROCEDURES

The special retirement option for appointees is offered to those persons who are unclassified by statute and who serve at the pleasure of their appointing authority or for a fixed term. Unclassified confidential employees serve at the pleasure of their appointing authority.

POSSIBLE ERRORS

Please review the computer generated listing to determine whether the list is correct. Report any errors or inconsistencies to George Viles in the Department of Administration. He is also available to answer questions.



John R. McKernan, Jr.
Governor

Nancy J. Kenniston
Director

DEPARTMENT OF ADMINISTRATION

Bureau of Human Resources
Telephone (207) 289-3761

January 6, 1989

!a!

RE: Consideration of Changing Your Retirement Contribution Option and MSRS Membership.

Dear !b!:

Maine State Retirement System (MSRS) law changes have been approved by the Internal Revenue Service and may affect your option regarding your retirement contribution, or, if not already an MSRS member, consideration of joining now and selecting an option.

Under the new law (Ch. 739, P.L. 1987), employees who serve for a fixed term or at the pleasure of their appointing authority, have until March 1, 1989, to change their retirement contribution option.

The retirement contribution options are:

1. State payment of your individual contribution; or
2. payment of your own contribution (6.5% of salary for most employees) and election of a 5% salary premium.

The reason to consider changing is that the new law provides for deferred taxation on the 6.5% individual contribution.

Accordingly, if you choose to pay your own 6.5% contribution and take the 5% salary premium, your net pay will now be higher than before under the same option because of the tax deferral. You also have the right to withdraw your own contribution, with interest, if leaving MSRS membership before retirement. And upon retirement, your retirement based on income averaged over your three highest earning years will be greater than if you had chosen State payment of your individual retirement contribution and were at the non-premium salary level.

A member's individual contribution paid by the State cannot be withdrawn.

Appointees who have opted not to join MSRS may wish to join now that there is a tax deferral on one's own contribution. Membership provides regular retirement, disability retirement, and survivor options. However, current retirement law prohibits the retroactive purchase of any retirement credits which could have been earned during the period that an appointee did not elect to be a member of MSRS (5 MRS Section 17652).

Attached are brief examples of the effect of the new law providing tax deferral on individual retirement contributions to the MSRS.

In order for us to be certain that you have had the opportunity to determine whether or not you wish to be a member of MSRS and, if so, the contribution option chosen, you must complete the enclosed form "Retirement Option for Appointed Officials" and return it no later than March 1, 1989 to:

Personnel Authorization Supervisor
Bureau of Human Resources
State House Station #4
Augusta, ME 04333

For further information on the Retirement Contribution Option for Appointees, see Section V of the handbook entitled "Benefit Package for Confidential Employees, July 1988" put out by the Bureau of Employee Relations.

Each appointee is responsible for his/her decision. However, George Viles, Director of Administrative Services, D.O.A. (289-4502), and Mary Manley, Benefits Manager, M.S.R.S. (289-3461) will try to assist you if you need further information.

Sincerely,

Charles A. Morrison
Commissioner
Department of Administration

Claude Perrier
Executive Director
Maine State Retirement System

Attachments:

1. Examples of tax deferral
2. Form "Retirement Option for Appointed Officials"

STATE OF MAINE
 BUREAU OF HUMAN RESOURCES
 DEPARTMENT OF ADMINISTRATION
 RETIREMENT OPTION FOR APPOINTED OFFICIALS

NAME OF EMPLOYEE (TYPE OR PRINT IN INK)		SSAN
CLASSIFICATION TITLE		CODE
DEPARTMENT	DIVISION	

This is to notify you that I elect:

Check One

1. to have the State pay my individual retirement contribution.
2. to pay my own individual retirement contribution and be paid on the 5% premium salary schedule.
3. to be paid on the 5% premium salary schedule but not to belong to the Maine State Retirement System.

SIGNATURE OF EMPLOYEE	DATE
DIRECTOR, BUREAU OF HUMAN RESOURCES	DATE

Note: This election is pursuant to Chapter 453 of the Public Laws of 1981 and subject to the provisions of 2 MRSA, Section 6. Retirement system forms must be completed to join the MSRS or to withdraw. Forward your completed form to the Personnel Authorization Supervisor at the Bureau of Human Resources, State House Station #4, Augusta, ME 04333. Authorized copies will be forwarded by the Bureau to the following:

- the appointed official
- the agency personnel office
- the State Retirement System
- the Bureau of Human Resources, D.O.A.
- the Bureau of Accounts and Control, D.O.F.
- the Bureau of the Budget, D.O.F.