

DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES

Bureau of Human Resources

July 30, 2003

HUMAN RESOURCES MEMORANDUM 08-03

TO: Agency Heads, Human Resource Representatives, Directors of
Administrative Services, Payroll Officers

SUBJECT: 2003 Retirement Incentive Program

This memorandum outlines a special retirement incentive program being implemented pursuant to Chapter 451, Public Law 2003, Part M. This incentive program is only **open to state employees who were normal retirement age upon the effective date of retirement.**

The **normal retirement age for regular plan employees** who had ten years of creditable service on July 1, 1993 is 60 (59 ½ if the years of completed creditable service is 25 or more years). For regular plan employees who had less than 10 years on July 1, 1993, normal retirement age is 62. The **normal retirement age for special plan employees** is the age at which they meet the years of service requirement for those special plans with no age requirement. For special plans that have an age and service requirement, normal retirement age is the age specified by law for that special plan. **To be able to retire under a special plan with an age and service requirement, the employee must meet both requirements.**

Any employee who meets these requirements is eligible for the incentive payment, even if the employee has already submitted a termination notice to retire, and even if the employee's position is scheduled to be abolished or left unfilled upon the employee's retirement.

The program provides a **cash incentive** to employees who meet the specified age and service requirements and who retire on September 1, 2003 or October 1, 2003. For full-time employees, the amount of the cash incentive is \$3,000. For **part-time employees**, the \$3,000 cash incentive will be pro-rated based upon authorized position hours in the position from which the employee will retire. (For example, a half-time employee would receive a \$1,500 retirement incentive.) For **seasonal employees**, the \$3,000 cash incentive will be pro-rated based upon number of weeks, also pro-rated for part time, if appropriate. (For example, a full-time seasonal employee with a 26-week season would receive a \$1,500 retirement incentive.) **The cash incentive that is paid to participating employees will not be part of the average final compensation that is used to compute retirement pensions. It is separate in all respects from the employee's retirement pension.**

Employees who participate may not be reemployed by the state prior to July 1, 2004. In the event that the employee is reemployed before July 1, 2004, the full retirement incentive payment must be repaid, in full, upon the date of reemployment.

When a position is vacated under this retirement incentive program it must remain vacant until April 1, 2004. In the event the position is deemed critical and must be filled (generally for health or safety reasons), the agency must identify comparable savings in the same fund before the position is refilled. Exceptions to this policy must be approved by the State Budget Officer.

In accordance with requirements of the Maine State Retirement System, all retirements are effective the first day of the month following the date of termination from State service. Consequently, **the retirement effective dates for this program will be September 1, 2003, or October 1, 2003.**

The cash incentive payment will be made by the employing department. The retirement incentive payment will be made in one lump sum, subject to appropriate tax withholdings, on or before January 15, 2004 or in six equal monthly installments commencing on or about January 15, 2004.

IMPORTANT INFORMATION FOR EMPLOYEES WHO WISH TO RETIRE UNDER THIS PROGRAM

1. There are specific eligibility requirements associated with this program that must be met in order to receive a cash incentive. Additionally, eligibility for group health insurance coverage and life insurance requires minimum service time. All employees are strongly encouraged to contact the Maine State Retirement System to verify eligibility for this incentive payment and to become informed about retirement on one of the effective dates for this program will affect retiree health and life insurance benefits.
2. Full eligibility to participate in this incentive program will be verified with the Maine State Retirement System before the incentive payment is released. In order to expedite this verification process, employees must notify the Bureau of Human Resources that they wish to participate by the following dates:

<u>Retirement Date</u>	<u>Notification Deadline</u>
September 1, 2003	August 15, 2003
October 1, 2003	September 12, 2003

Notification to the Bureau of Human Resources must be made on the attached **RETIREMENT INCENTIVE NOTIFICATION OF INTENT** form, which may be obtained from your agency personnel office or through the Bureau of Human Resources website by clicking on "Forms" at <http://www.maine.gov/bhr/bhrforms/index.htm>

In addition, departments must use **termination code 1P** (Cash Payment Incentive) on the Termination Form to maintain an electronic record of employees who retire under this program.

Information related to the budget aspects and the recovery of payment costs associated with this program will be released by the Budget Office in the near future.

Questions on the incentive program itself should be directed to the Bureau of Human Resources, ATTN: Phil Schlegel at philip.j.schlegel@maine.gov or 624-7369.

S/ Donald A. Wills

Donald A. Wills, Director
Bureau of Human Resources

**NOTICE OF INTENT TO PARTICIPATE IN THE 2003 RETIREMENT
INCENTIVE PROGRAM**

Name (Please Print)

Department

Social Security Number

Date

I wish to participate in the retirement incentive program. I understand that I must have reached my normal retirement age upon the effective date of my retirement in order to be eligible, and that I must retire effective September 1, 2003 or October 1, 2003. **(NOTE: See important information on eligibility on the reverse side of this form.)** I will retire effective _____.

In order to be eligible for the incentive this completed form must be received by the Bureau of Human Resources (4 State House Station) not later than 5:00 pm on the "Notification Deadline" listed below.

<u>Retirement Date</u>	<u>Notification Deadline</u>
September 1, 2003	August 15, 2003
October 1, 2003	September 12, 2003

I understand that the payment of the \$3,000 retirement incentive payment will not be part of the average final compensation that is used to compute retirement pensions. I further understand that the incentive payment will be prorated for part time and/or seasonal employment, and that if I am a part time or seasonal employee, the incentive payment will be less than \$3,000.

I understand that the cash incentive payment will be made by the employing department. The retirement incentive payment will be made either in one lump sum, subject to appropriate tax withholdings, on or about January 15, 2004 or in six equal monthly installments commencing on or about January 15, 2004. I choose:

LUMP SUM PAYMENT ON OR ABOUT JANUARY 15, 2004

SIX EQUAL MONTHLY INSTALLMENTS COMMENCING ON OR ABOUT JANUARY 15, 2004

I agree that as a condition of receiving the retirement incentive payment, I will not return to work with any state agency in any capacity prior to July 1, 2004. In the event that I do return to work for any state agency prior to that date, I agree to repay the full retirement incentive payment to the State of Maine upon the date of reemployment.

I understand that my eligibility for this retirement incentive program will be verified with the Maine State Retirement System and that payment will not be made until eligibility has been verified.

Employee Signature

Date

Important Information on Eligibility to Participate in this Program

The **normal retirement age for regular plan employees** who had ten years of creditable service on July 1, 1993 is 60 (59 ½ if the years of completed creditable service is 25 or more years). For regular plan employees who had less than 10 years on July 1, 1993, normal retirement age is 62. The **normal retirement age for special plan employees** is the age at which they meet the years of service requirement for those special plans with no age requirement. For special plans that have an age and service requirement, normal retirement age is the age specified by law for that special plan. **To be able to retire under a special plan with an age and service requirement, the employee must meet both requirements.**