

Fall 10-1-2012

# Maine PERSperspective, Fall 2012

Maine Public Employees Retirement System

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## Message from the Executive Director

Many MainePERS retirees received a cost-of-living-adjustment (COLA) in September. Retirees in the State/Teacher, Judicial and Legislative Plans received a non-cumulative COLA for the year ending June 30, 2011. PLD Plan retirees received a 1.7% regular COLA for the year ending June 30, 2012. You can read more about these COLA's on our website at [mainepers.org](http://mainepers.org) or on page 2 of this newsletter.

Your MainePERS benefit is an important part of your retirement planning. We all face the challenge of how much additional money to save and how to make the money we do save last throughout our retirement. This means more and more people of all ages each day are becoming aware of the advantages of financial preparation for and continuous budgeting in retirement.

MainePERS concentrates on providing you with accurate and timely information about your MainePERS Plan benefit. We occasionally offer information that we think is useful to all of our members, but cannot offer the type of comprehensive financial advice people are increasingly seeking.



The amount of retirement advice available to meet this need is growing in response to the demand. Whether you are new to financial planning or have been actively planning for some time, there are many ways you can narrow down the advice that pertains to your personal situation. The Internet remains one of the easiest ways to see what exists because website sponsors constantly update their websites for basic, as well as advanced information. The more time you can spend learning about planning for retirement, the better able you will be to evaluate the information you read.

If you are new to or struggling with how to manage your finances, one of the best places to start is with basic information that is not overly complicated. There are many non-profit consumer websites that have been studying the issues you face and offer advice that benefits most people in your situation. Some reliable nonprofit organizations with straightforward advice that we have found include:

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| • <a href="http://ebri.org">ebri.org</a>                       | • <a href="http://360financialliteracy.org">360financialliteracy.org</a> | • <a href="http://myfinancialgoals.org">myfinancialgoals.org</a>       |
| • <a href="http://feedthepig.org">feedthepig.org</a>           | • <a href="http://lifetuner.org/save-money">lifetuner.org/save-money</a> | • <a href="http://mymoney.gov">mymoney.gov</a>                         |
| • <a href="http://smartaboutmoney.org">smartaboutmoney.org</a> | • <a href="http://consumercredit.com">consumercredit.com</a>             | • <a href="http://lifetuner.org/budgeting">lifetuner.org/budgeting</a> |
| • <a href="http://incharge.org">incharge.org</a>               | • <a href="http://americasaves.org">americasaves.org</a>                 |  |

## Recent Legislative Amendments to Maine's Freedom of Access Act

Maine's Freedom of Access Act ("Act"), originally enacted in 1959 and sometimes referred to as Maine's "Open Meeting Law," or "Freedom of Information Law," relates not only to "public meetings" but also to "public records." The Act applies to all public entities, including MainePERS, and requires that:

- All "public proceedings" may be attended by members of the public;
- That the public must be given sufficient advance notice of the time and place of public proceedings; and
- That a record be made of each proceeding within a reasonable time.

### Inside this issue:

- Message from the Executive Director
- Cost-of-Living Update
- 2012 Legislative Update
- Retire Return to Work
- Maine's Freedom of Access
- Introducing Zixmail

*and more!*

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Editor: Robert L. Drury

## Cost-of-Living Update

### (One-time COLA Q&As)

MainePERS paid cost-of-living adjustments (COLAs) in September to eligible retirees of all retirement plans. Eligible retirees in Participating Local District (PLD) plans received a 1.7% regular COLA, while eligible state, teacher, judicial and legislative retirees in the state plans received a unique, one-time non-cumulative COLA in lieu of the regular COLA which was legislatively frozen for 2011, 2012, and 2013. The following are questions we have received from our benefit recipients regarding the one-time COLA payment paid on September 20, 2012.

*I received a payment on September 20 from MainePERS--what was this payment for? How was the amount I received determined?*

The payment you received is your 2011 COLA. This payment is being made now, instead of in 2011, because your regular COLA payments through 2013 were frozen by legislation in 2011. The same legislation provides for non-cumulative COLAs for 2011, 2012 and 2013 to be paid in 2012, 2013, and 2014 respectively, depending on the availability of budget surpluses in each prior fiscal year.

The 2011 COLA payment is 3% of the first \$20,000 of your benefit payment (see benefit example on homepage at mainepers.org). This is based on state law which allows up to 3% based on the 2011 Consumer Price Index for Urban Consumers (CPI-U) of the first \$20,000 of your benefit. Similarly, if sufficient state budget surplus exists again on June 30, 2013, your 2012 COLA (payable in 2013) will be up to 1.7% of the first \$20,000 of your benefit payment because that was the change in the CPI-U for 2012.

*Taxes are not deducted from my regular benefit. Why were taxes deducted from this payment and how do I get those back?*

MainePERS deducts taxes in accordance with the exemptions we have for you in our files. Certain types of payments require that we withhold federal taxes at a standard rate of 20% and state taxes at a standard rate of 5% unless we have an exemption provided from you on file. Because of the one-time nature of this COLA, our payment processing system classified this payment as one which requires withholding at the standard rates.

Excess taxes will be refunded when you file your income tax returns if the total amount withheld from all of your sources of income exceeds the amount you owe for federal or state taxes at the end of the year.

*The year-to-date information is incorrect on my advice of deposit/check stub. Will this be corrected? Also, what are the negative numbers appearing on my advice?*

This information will be corrected. The incorrect number is temporary because of the one-time nature of this payment and will show correctly at year-end or before. Our records for you are correct, and your cumulative total on your payment advice will also be correct as soon as we are able to reprogram our system to accommodate this type of one-time payment.

The negative number is temporary because of the one-time nature of this payment. We apologize for the inconvenience to you and request that you ignore the negative numbers on the advice for your 2011 one-time COLA.

**Additional One-Time COLA Q&As may be found on our website at [www.mainepers.org](http://www.mainepers.org).**



## 2012 Legislative Update

### Legislation enacted in the Second Regular Session of the 125<sup>th</sup> Legislature

The following legislation pertaining to either the programs or the operations of the Retirement System was passed during the Second Regular Session of the 125<sup>th</sup> Legislature.

#### **L.D. 1465 – An Act to Amend the Laws Governing Freedom of Access**

This bill makes several changes and clarifications to the Freedom of Access Act. *See article on page 1.*

*This bill was signed by the Governor and enacted as PL 2011, c. 662 and was effective August 30, 2012.*

#### **L.D. 1651 – An Act to Clarify Health Insurance Benefits for Disabled Participants in the Maine Public Employees Retirement System**

This bill excludes disability retirees who subsequently change to service retirement from the impact of recent health insurance changes.

*This bill was signed by the Governor and enacted as PL 2011, c. 540 and was effective March 30, 2012.*

#### **L.D. 1746– An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year Ending June 30, 2013**

This bill is the State's supplemental budget for fiscal years 2012 and 2013. It includes two sections that pertain to MainePERS. The first enables Charter Schools to elect to include employees in a MainePERS-administered defined benefit plan. The second further directs MainePERS on the implementation of a new pension plan for State employees and teachers hired after June 30, 2015.

*This bill was signed by the Governor and enacted as PL 2011, c. 657 and was effective May 16, 2012.*

#### **L.D. 1831 – An Act to Allow Forfeiture of Maine Public Employees Retirement System Benefits for Persons Convicted of Certain Crimes**

This bill provides for the forfeiture of benefits of a public employee who is convicted of certain types of crimes. It gives the court discretion to order the forfeiture of retirement benefits of a member of MainePERS who commits a crime in connection with the member's public office or public employment, or a crime the member's position placed the member in a position to commit.

*This bill was signed by the Governor and enacted as PL 2011, c. 606 and was effective August 30, 2012.*

#### **L.D. 1843 – An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-independent State Entities**

This bill implements the recommendations of the Office of Program Evaluation and Government Accountability (OPEGA) to require quasi-independent state agencies to adopt and implement policies and procedures for certain business practices, such as procurement.

*This bill was signed by the Governor and enacted as PL 2011, c. 616 and was effective August 30, 2012.*

## Retire Return to Work Update

Working for a non-MainePERS employer after you retired from a MainePERS employer does not impact your MainePERS service retirement benefit. On the other hand, if you return to work in a position eligible for MainePERS participation, certain requirements may apply. It is important to comply with these requirements because not doing so can result in a change in your retirement effective date, lost benefits and/or benefit suspension. The Retiree section of our web site is a good source of information about the requirements and the consequences of not meeting them. On our home page, click Retirees and then select Returning to Work from the drop-down menu.

### Freedom of Access...continued from page 1

The Act also states that the public has a right to inspect a public entity's "public records." "Public records" is broadly defined in the Act to include information in the possession or control of the public entity that has been "received or prepared for use in connection with the transaction of public or governmental business or contains information relating to the transaction of public or governmental business." \*

This year, the Maine Legislature amended the Act to, among other things to:

- Eliminate fees in most instances;
- Require the public entity to acknowledge receipt of the request "within a reasonable period of time" and to provide a "good faith nonbinding estimate" of the time needed to respond; and
- Require that each public entity shall designate a "public access officer" who will receive training on the requirements of the Act and who shall serve as the contact person between the public entity and requestors of information under the Act.

MainePERS complies with the spirit as well as the specific requirements of all parts of this law.

\* Some documents are deemed confidential by law and cannot be disclosed.

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### Introducing Zixmail

We value the importance of keeping your confidential information safe. With the addition of Zixmail, MainePERS representatives can securely send/receive email that contains confidential or sensitive information to recipients outside of MainePERS.

You may start to receive emails from MainePERS which look slightly different. These emails will contain a brief message of instruction to click on the Open Message box or the embedded link. You will then be taken to a login screen and prompted to choose a password.

Once connected, you will be able to read/reply/create a message with or without an attachment to send back to MainePERS. You can also use the link below to generate a secure email to MainePERS. Feel free to bookmark this link or you can always access it via the Contact Us page on our website.

<https://web1.zixmail.net/s/login?b=mainepers>

Note: Zixmail supplements the current email system with extra security; you may also continue to send and receive non-confidential emails via MainePERS regular email addresses.

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