**§17806. Cost-of-living adjustment to retirement benefits**

Cost-of-living adjustments to the retirement benefits being paid to retired state employees, teachers or beneficiaries of either shall be governed as follows. [PL 1985, c. 801, §§5, 7 (NEW).]

**1. Determination of adjustment.**  The cost-of-living adjustment shall be determined as follows.

A. Except as provided in paragraphs A‑1, A‑2 and A‑3, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of 3%. Effective July 1, 2011, the increase applies to that portion of the retirement benefit up to $20,000, which amount must be indexed in subsequent years by the same percentage adjustments granted under this section. Effective July 1, 2022, the increase applies to that portion of the retirement benefit up to $24,186.25, which amount must be indexed in subsequent years by the same percentage adjustments granted under this section. [PL 2021, c. 635, Pt. NN, §1 (AMD).]

A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to June 30th, the board shall set the percentage change at 0% for that September. The adjustment for the following year must be set based on the actuarially compounded Consumer Price Index for both years in a cost-neutral manner. If the Consumer Price Index in the subsequent year or years is not sufficient to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment needed for cost-neutrality must continue to be applied to following years until such time as the cost-neutrality requirement is met. [PL 2009, c. 473, §4 (AMD).]

A-2. Regardless of the amount of increase in the Consumer Price Index, for cost-of-living adjustments awarded in fiscal year 2015-16 and fiscal year 2016-17 only, the board shall automatically make a percentage increase in retirement benefits of no less than 2.55%. The increase applies to that portion of the retirement benefit that would otherwise be subject to an increase under paragraph A. [RR 2015, c. 2, §4 (COR).]

A-3. For cost-of-living adjustments awarded in fiscal year 2021-22 only, the board shall automatically make a percentage increase in retirement benefits of 4.0%. The increase applies to that portion of the retirement benefit that would otherwise be subject to an increase under paragraph A. [PL 2021, c. 635, Pt. NN, §2 (NEW).]

B. Whenever the annual percentage increase in the Consumer Price Index from July 1st to June 30th exceeds 3%, the board shall make whatever adjustments in the retirement benefits are necessary to reflect an annual increase of 3% and shall submit a supplemental budget request to the Governor for the additional funds that would be required to make adjustments in the retirement benefits to reflect the actual increase in the Consumer Price Index. The request must include a report stating the cost of the 3% increase, the actual percentage increase in the Consumer Price Index and the percentage adjustments granted during the previous 5 years. The board shall make an additional adjustment in the retirement benefits in the month following the appropriation only in that amount. [PL 2011, c. 380, Pt. T, §11 (AMD); PL 2011, c. 380, Pt. T, §26 (AFF).]

C. Notwithstanding any other provision of this section, the amount of annual retirement benefit otherwise payable under this Part may not be less than the retired member received on the effective date of the member's retirement or on July 1, 1977, whichever amount is greater. [RR 2023, c. 2, Pt. B, §113 (COR).]

[RR 2023, c. 2, Pt. B, §113 (COR).]

**2. Cost.**  The board shall determine the costs of the adjustments under this section and shall include those costs in its budget requests.

[PL 1985, c. 801, §§5, 7 (NEW).]

**3. Eligibility.**  Cost-of-living adjustments under this section must be applied to the retirement benefits of all retirees who have been retired for at least 12 months before the date that the adjustment becomes payable, except that a member who has less than 10 years of creditable service on July 1, 1993 may not receive a cost-of-living adjustment until at least 12 months after reaching normal retirement age. Beneficiaries of deceased retirees and members are eligible for the cost-of-living adjustment at the same time the deceased retiree or member would have become eligible. A member who is eligible to retire as of June 30, 1993 and who actually retires effective no later than July 1, 1994 is eligible for the cost-of-living adjustment if that member has been retired for at least 6 months before the date that the adjustment becomes payable.

[PL 1993, c. 595, §6 (AMD).]

**4. Limitation on changes in eligibility.**  Effective October 1, 1999:

A. The time requirement of subsection 3 that a member be retired for at least 12 months before a cost-of-living adjustment becomes payable may not be increased for a member who, on October 1, 1999 or thereafter, meets the creditable service requirement for eligibility to receive a service retirement benefit, at the applicable age if so required, under section 17851 or section 17851‑A, subsection 2; [PL 1999, c. 489, §4 (NEW).]

B. The time requirement that a member who had fewer than 10 years of creditable service on July 1, 1993 may not receive a cost-of-living adjustment until at least 12 months after reaching normal retirement age may not be increased for a member who, on October 1, 1999 or thereafter, meets the creditable service requirement for eligibility to receive a service retirement benefit, at the applicable age if so required, under section 17851, subsection 1‑C, paragraph A; section 17851, subsection 1‑C, paragraph B; section 17851, subsection 2‑C, paragraph A; section 17851, subsection 2‑C, paragraph B; or section 17851‑A, subsection 2, paragraph A; and [PL 1999, c. 489, §4 (NEW).]

C. The time requirement that a member who had fewer than 10 years of creditable service on July 1, 1993 may not receive a cost-of-living adjustment until at least 12 months after reaching normal retirement age may not be made applicable to a member who had at least 10 years of creditable service on July 1, 1993. [PL 1999, c. 489, §4 (NEW).]

[PL 1999, c. 489, §4 (NEW).]

SECTION HISTORY

PL 1985, c. 801, §§5,7 (NEW). PL 1989, c. 557 (AMD). PL 1993, c. 410, §L31 (AMD). PL 1993, c. 595, §6 (AMD). PL 1999, c. 489, §4 (AMD). PL 2009, c. 433, §§3, 4 (AMD). PL 2009, c. 473, §§3, 4 (AMD). PL 2011, c. 380, Pt. T, §§10, 11 (AMD). PL 2011, c. 380, Pt. T, §26 (AFF). PL 2013, c. 424, Pt. B, §1 (AMD). PL 2015, c. 334, §§1, 2 (AMD). RR 2015, c. 2, §4 (COR). PL 2021, c. 635, Pt. NN, §§1, 2 (AMD). RR 2023, c. 2, Pt. B, §113 (COR).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Maine Legislature and is current through January 1, 2025
 . The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.