

# Maine Voices: Maine's public workers deserve cost-of-living pension adjustments

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By Wayne Ross and Robert Powers Special to the Press Herald

Janice was employed for 34 years by the state of Maine in various positions, working her way up from clerical assistant to supervisor. When she went to work for the people of Maine, she was assured that the pension plan that she contributed to all those years would provide her with a modest but comfortable retirement income.

Today, Janice is retired and is 77 years old. Her monthly pension check from the Maine Public Employees Retirement System has not kept up with her basic living costs, and she may qualify for Supplemental Nutrition Assistance, fuel and housing assistance and other welfare benefits. This isn't how she imagined her retirement would be. Janice isn't the only Maine state retiree in this situation.

## about the authors

**Wayne Ross** is a former president of Southern Maine Community College, and **Robert Powers** is a retired public school superintendent.

The Maine Association of Retirees is a 15,000-member organization that represents the interests of Maine's state, county, local and teacher retirees. Nearly a third of our members are in a situation similar to Janice's. Nearly 900 of them are 90 years and older, and are unable to go back to work to supplement their modest pensions.

The Maine Public Employees Retirement System was set up to provide for our state, county, municipal and public school employees in their retirement. Because they were employed in the public sector, they do not receive Social Security.

Maine citizens who make a career in public service – whether as teachers, state highway workers, municipal police officers or any number of other state, county or local government jobs – all enter into a compact with their fellow citizens.

That compact says that when it comes time for them to retire, they will be able to afford food, clothing and shelter. In doing so, they give up something that most of their neighbors have – the right to collect Social Security and to receive basic health care coverage through Medicare.

Until 2009, Maine's public service retirees could count on an annual adjustment in their retirement benefits so as to keep up with the steadily increasing cost of the necessities of life – just like their neighbors on Social Security – and it was a matter of state law that they would receive a cost-of-living increase, to be determined by MePERS. But that is no longer the case.

In 2010 the law was changed, and our retired public service workers were denied an adjustment in their pensions. Furthermore, the law ensuring that they would receive an annual adjustment was repealed by the Legislature.

When cost-of-living adjustments resumed last September after three years of no adjustment, public service retirees were limited by a 3 percent cap and a cost-of-living adjustment that applied only to the first \$20,000 of their retirement income.

And retirees don't know from one year to the next whether their pensions will be adjusted for inflation because the law no longer ensures that the adjustment will be made every year, unlike Social Security.

A bill now before the Legislature – [L.D. 518](#), An Act To Clarify and Protect Certain Public Service Retirement Benefits, introduced by Sen. David Woodsome, R-North Waterboro, and Rep. Danny Martin, D-Sinclair – would restore the annual cost-of-living adjustment as a matter of law, leaving it up to MePERS to determine the amount of the adjustment each year. This is an important point because it avoids a problem that could occur if the cost-of-living adjustment rate were embedded in law.

By allowing MePERS to determine the annual cost-of-living adjustment, MePERS can take into account all its resources and set the cost-of-living adjustment at a level that avoids increasing the unfunded liability of the retirement system.

But most important of all, L.D. 518 would give our retirees the assurance that their hard-earned pensions will keep up with their cost of basic living each year, just as they were promised when they began their careers.

The MePERS program was created to provide Maine's public service retirees with a reasonable and reliable retirement income. But the program has not kept pace with rising costs of living, falling behind the retirement afforded Social Security recipients. The state of Maine can do better. We urge the Maine Legislature to enact L.D. 518.