

**§18254. Effect of district's withdrawal**

The withdrawal of a participating local district from the Participating Local District Retirement Program has the following effects on an employee of the district and on the district itself. [PL 2007, c. 491, §203 (AMD).]

**1. Employee eligible to withdraw accumulated contributions.** An employee of the district whose membership in the Participating Local District Retirement Program was compulsory under section 18251 must make an election to remain a member under that program or to withdraw accumulated contributions within 90 days of the effective date of the employer withdrawal from the program under section 18203, subsection 2. An employee who elects to withdraw accumulated contributions under this subsection may not be a member of the program as an employee of that district. Once an election is made under this subsection, the election is irrevocable with respect to all subsequent employment with the same employer when membership in the program is not mandatory if the employer later resumes participation in the program pursuant to section 18254-A unless the employee is electing to rejoin the Participating Local District Retirement Program and:

A. The employee is covered by a plan provided by the employer under section 18252-B with an employee contribution rate that is not lower than the employee contribution rate for the applicable plan under the Participating Local District Retirement Program; and [PL 2021, c. 90, §4 (NEW).]

B. Employee contributions after rejoining the Participating Local District Retirement Program qualify for treatment as pick-up contributions for federal tax purposes and the person's membership otherwise complies with the United States Internal Revenue Code as applicable to governmental qualified defined benefit plans. [PL 2021, c. 90, §4 (NEW).]

[PL 2021, c. 90, §4 (AMD).]

**2. Person employed after district withdrawal.** A person who begins employment with the district after the effective date of withdrawal of the district from the Participating Local District Retirement Program may not be a member of that program as an employee of that district.

[PL 2007, c. 491, §205 (AMD).]

**3. Former employee receiving or eligible for retirement benefits.** Except as provided in subsection 5, for a former employee who is receiving retirement benefits or is eligible for retirement benefits, the district continues to be a participating local district and that person is subject to this Part.

[PL 2001, c. 181, §9 (AMD).]

**4. Former employee who has not withdrawn accumulated contributions.** For a former employee who has not withdrawn accumulated contributions from the Participating Local District Retirement Program, the district continues to be a participating local district and that person is subject to this Part.

[PL 2007, c. 491, §206 (AMD).]

**5. Conditions under which withdrawn participating local district is no longer participating local district.** A participating local district that has no former employees eligible for retirement benefits under subsection 3 and no former employees covered under subsection 4 is no longer a participating local district when:

A. The participating local district's status as a participating local district is based solely on the existence of a former employee or employees who are retirees receiving retirement benefits or on the existence of current or potential beneficiaries of such retirees who are receiving or potentially entitled to receive benefits; and [PL 2001, c. 181, §10 (NEW).]

B. The district satisfies fully all liabilities as measured by the retirement system for those to whom paragraph A applies:

- (1) In accordance with state and federal law; and

(2) According to standards and procedures approved by the board as determined by the board to protect the interests of current and potential benefit recipients and any other affected or potentially affected person or entity. Such procedures may include, but are not limited to, the establishment by purchase or otherwise of an annuity or annuities as a means of satisfying the district's liabilities. [PL 2001, c. 181, §10 (NEW).]

Having satisfied its liabilities in compliance with this subsection, a district is no longer a participating local district, and once the retirement plan is terminated in accordance with federal law, the retirement system must return to it any assets in the district's retirement system account exceeding the amount necessary to comply. Satisfaction of district liabilities pursuant to this subsection bars any future claim by any person against the retirement system for liability to or responsibility for any retiree, beneficiary or the district, and a retiree, beneficiary or the district is not thereafter subject to this Part.

[PL 2009, c. 474, §36 (AMD).]

#### SECTION HISTORY

PL 1985, c. 801, §§5,7 (NEW). PL 1987, c. 739, §§30,48 (AMD). PL 2001, c. 181, §§8-10 (AMD). PL 2007, c. 491, §§203-206 (AMD). PL 2009, c. 474, §§35, 36 (AMD). PL 2021, c. 90, §4 (AMD).

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