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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO TOWNS AND CITIES -- RETIREMENT OF MUNICIPAL EMPLOYEES

Introduced By: Representatives Menard, MacBeth, Guthrie, Messier, and Jacquard

Date Introduced: February 16, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 45-21-2 of the General Laws in Chapter 45-21 entitled "Retirement
2 of Municipal Employees" is hereby amended to read as follows:

3 **45-21-2. Definitions. --** The following words and phrases as used in this chapter have the
4 following meanings unless a different meaning is plainly required by the context:

5 (1) "Accumulated contributions" means the sum of all amounts deducted from the
6 compensation of a member and credited to his or her individual account in the members'
7 contribution reserve account.

8 (2) "Active member" means any employee of a participating municipality as defined in
9 this section for whom the retirement system is currently receiving regular contributions pursuant
10 to sections 45-21-41, 45-21-41.1 or 45-21.2-14.

11 (3) "Actuarial reserve" means the present value of all payments to be made on account of
12 any annuity, retirement allowance, or benefit, computed upon the basis of mortality tables
13 adopted by the retirement board with regular interest.

14 (4) "Beneficiary" means any person in receipt of a retirement allowance, annuity, or
15 other benefit as provided by this chapter.

16 (5) For purposes of this chapter, "domestic partner" shall be defined as a person who,
17 prior to the decedent's death, was in an exclusive, intimate and committed relationship with the
18 decedent, and who certifies by affidavit that their relationship met the following qualifications:

19 (i) Both partners were at least eighteen (18) years of age and were mentally competent to

1 contract;

2 (ii) Neither partner was married to anyone else;

3 (iii) Partners were not related by blood to a degree which would prohibit marriage in the
4 state of Rhode Island;

5 (iv) Partners resided together and had resided together for at least one year at the time of
6 death; and

7 (v) Partners were financially interdependent as evidenced by at least two (2) of the
8 following:

9 (A) Domestic partnership agreement or relationship contract;

10 (B) Joint mortgage or joint ownership of primary residence;

11 (C) Two (2) of: (I) Joint ownership of motor vehicle; (II) Joint checking account; (III)
12 Joint credit account; (IV) Joint lease; and/or

13 (D) The domestic partner had been designated as a beneficiary for the decedent's will,
14 retirement contract or life insurance.

15 (6) "Effective date of participation" means the date on which the provisions of this
16 chapter have become applicable to a municipality accepting the provisions of the chapter in the
17 manner stated in section 45-21-4.

18 (7) "Employee" means any regular and permanent employee or officer of any
19 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the
20 service of the municipality, including elective officials and officials and employees of city and
21 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the
22 purposes of this chapter, does not include any person whose duties are of a casual or seasonal
23 nature. The retirement board shall decide who are employees within the meaning of this chapter,
24 but in no case shall it deem as an employee any individual who annually devotes less than twenty
25 (20) business hours per week to the service of the municipality and who receives less than the
26 equivalent of minimum wage compensation on an hourly basis for his or her services, except as
27 provided in section 45-21-14.1. Casual employees mean those persons hired for an occasional
28 period or a period of emergency to perform special jobs or functions not necessarily related to the
29 work of regular employees. Any commissioner of a municipal housing authority, or any member
30 of a part-time state board commission, committee or other authority is not deemed to be an
31 employee within the meaning of this chapter.

32 (8) "Final compensation" for members who are eligible to retire on or prior to June 30,
33 2012 shall mean the average annual compensation, pay, or salary of a member for services
34 rendered during the period of three (3) consecutive years within the total service of the member

1 when the average was highest, and as the term average annual compensation is further defined in
2 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final
3 compensation" means the average of the highest five (5) consecutive years of compensation
4 within the total service when the final compensation was the highest. For members who become
5 eligible to retire on or after July 1, 2012, if more than one half (1/2) of the member's total years of
6 service consist of years of service during which the member devoted less than thirty (30) business
7 hours per week to the service of the municipality, but the member's average compensation
8 consists of three (3) or more years during which the member devoted more than thirty (30)
9 business hours per week to the service of a municipality, such member's average compensation
10 shall mean the average of the highest ten (10) consecutive years of compensation within the total
11 service when the average compensation was the highest. Notwithstanding the preceding
12 provisions, in no event shall a member's final compensation be lower than his or her final
13 compensation determined as of June 30, 2012; provided, however, that where a portion of the
14 member's total services consists of any elective or appointive municipal office or membership on
15 a board or commission, the "final compensation" shall be the average of the salary, wage, or
16 stipend paid in all of the years counted toward the member's total service.

17 (9) "Fiscal year" means the period beginning on July 1 in any year and ending on June
18 30 of the next succeeding year.

19 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a
20 member claiming service credit for certain employment for which payment is required, which is
21 determined according to the age of the member and his or her annual rate of compensation at the
22 time he or she applies for service credit, and which is expressed as a rate percent of the annual
23 rate of compensation to be multiplied by the number of years for which he or she claims the
24 service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on
25 the basis of computation by the actuary. Except as provided in sections 16-16-7.1, 36-5-3, 36-9-
26 31, 36-10-10.4, and subdivision 45-21-53: (i) All service credit purchases requested after June 16,
27 2009 and prior to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases
28 requested after June 30, 2012 shall be at full actuarial value which shall be determined using the
29 system's assumed investment rate of return minus one percent (1%).

30 (11) "Governing body" means any and all bodies empowered to appropriate monies for,
31 and administer the operation of, the units as defined in subdivision (1) of this section.

32 (12) "Member" means any person included in the membership of the retirement system
33 as provided in section 45-21-8.

34 (13) "Municipality" means any town or city in the state of Rhode Island, any city or town

1 housing authority, fire, water, sewer district, regional school district, public building authority as
2 established by chapter 14 of title 37, or any other municipal financed agency to which the
3 retirement board has approved admission in the retirement system.

4 (14) "Participating municipality" means any municipality which has accepted this
5 chapter, as provided in section 45-21-4.

6 (15) "Prior service" means service as a member rendered before the effective date of
7 participation as defined in this section, certified on his or her prior service certificate, and
8 allowable as provided in section 45-21-15.

9 (16) "Regular interest" means interest at the assumed investment rate of return,
10 compounded annually, as may be prescribed from time to time by the retirement board.

11 (17) "Retirement allowance" or "annuity" means the amounts paid to any member of the
12 municipal employees' retirement system of the state of Rhode Island, or a survivor of the
13 member, as provided in this chapter. All retirement allowances or annuities shall be paid in equal
14 monthly installments for life, unless otherwise specifically provided.

15 (18) "Retirement board" or "board" means the state retirement board created by chapter 8
16 of title 36.

17 (19) "Retirement system" means the "municipal employees' retirement system of the
18 state of Rhode Island" as defined in section 45-21-32.

19 (20) "Service" means service as an employee of a municipality of the state of Rhode
20 Island as defined in subdivision (7).

21 (21) "Total service" means prior service as defined in subdivision (15) plus service
22 rendered as a member on or after the effective date of participation.

23 (22) Any term not specifically defined in this chapter and specifically defined in chapters
24 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would determine final compensation to be the average of the salary, wage, or
2 stipend paid in all the years counted toward the member's total service in cases where a portion of
3 the service consisted of any elective or appointed municipal office or membership on a board or
4 commission.

5 This act would take effect upon passage.

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