

2015 -- S 0876

=====  
LC002562  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

—————  
A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--  
CONTRIBUTION AND BENEFITS

Introduced By: Senators DaPonte, Paiva Weed, Ruggerio, Goodwin, and McCaffrey

Date Introduced: May 05, 2015

Referred To: Senate Finance

(by request)

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 36-8-1 of the General Laws in Chapter 36-8 entitled "Retirement  
2 System - Administration" is hereby amended to read as follows:

3           **§ 36-8-1. Definition of terms.** -- The following words and phrases as used in chapters 8  
4 to 10 of this title unless a different meaning is plainly required by the context, shall have the  
5 following meanings:

6           (1) "Accumulated contributions" shall mean the sum of all the amounts deducted from  
7 the compensation of a member and credited to his or her individual pension account.

8           (2) "Active member" shall mean any employee of the state of Rhode Island as defined in  
9 this section for whom the retirement system is currently receiving regular contributions pursuant  
10 to §§ 36-10-1 and 36-10-1.1.

11           (3) "Actuarial equivalent" shall mean an allowance or benefit of equal value to any other  
12 allowance or benefit when computed upon the basis of the actuarial tables in use by the system.

13           (4) "Annuity reserve" shall mean the present value of all payments to be made on account  
14 of any annuity, benefit, or retirement allowance granted under the provisions of chapter 10 of this  
15 title computed upon the basis of such mortality tables as shall be adopted from time to time by the  
16 retirement board with regular interest.

17           (5)(a) "Average compensation" for members eligible to retire as of September 30, 2009  
18 shall mean the average of the highest three (3) consecutive years of compensation, within the total

1 service when the average compensation was the highest. For members eligible to retire on or after  
2 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)  
3 consecutive years of compensation within the total service when the average compensation was  
4 the highest.

5 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
6 half (1/2) of the member's total years of service consist of years of service during which the  
7 member devoted less than thirty (30) business hours per week to the service of the state, but the  
8 member's average compensation consists of three (3) or more years during which the member  
9 devoted more than thirty (30) business hours per week to the service of the state, such member's  
10 average compensation shall mean the average of the highest ten (10) consecutive years of  
11 compensation within the total service when the average compensation was the highest, provided  
12 however, effective July 1, 2015, if such member's average compensation as defined in paragraph  
13 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be  
14 indexed annually in accordance with Section 36-10-35(h)(1)(B), such member's average  
15 compensation shall mean the greater of: (i) the average of the highest ten (10) consecutive years  
16 of compensation within the total service when the average compensation was the highest, or (ii)  
17 the member's average compensation as defined in paragraph (a) above. To protect a member's  
18 accrued benefit on June 30, 2012 under this §36-8-1(5)(b), in no event shall a member's average  
19 compensation be lower than his or her average compensation determined as of June 30, 2012.

20 (6) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a retirement  
21 allowance, or other benefit as provided by chapter 10 of this title.

22 (7) "Casual employee" shall mean those persons hired for a temporary period, a period of  
23 emergency or an occasional period.

24 (8) "Compensation" as used in chapters 8 – 10 of this title, chapters 16 and 17 of title 16,  
25 and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of  
26 duties for covered employment, including regular longevity or incentive plans approved by the  
27 board, but shall not include payments made for overtime or any other reason other than  
28 performance of duties, including but not limited to the types of payments listed below:

29 (i) Payments contingent on the employee having terminated or died;

30 (ii) Payments made at termination for unused sick leave, vacation leave, or compensatory  
31 time;

32 (iii) Payments contingent on the employee terminating employment at a specified time in  
33 the future to secure voluntary retirement or to secure release of an unexpired contract of  
34 employment;

1 (iv) Individual salary adjustments which are granted primarily in anticipation of the  
2 employee's retirement;

3 (v) Additional payments for performing temporary or extra duties beyond the normal or  
4 regular work day or work year.

5 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose  
6 business time is devoted exclusively to the services of the state, but shall not include one whose  
7 duties are of a casual or seasonal nature. The retirement board shall determine who are employees  
8 within the meaning of this chapter. The governor of the state, the lieutenant governor, the  
9 secretary of state, the attorney general, the general treasurer, and the members of the general  
10 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless  
11 and until they elect to become members of the system as provided in § 36-9-6, but in no case shall  
12 it deem as an employee, for the purposes of this chapter, any individual who devotes less than  
13 twenty (20) business hours per week to the service of the state, and who receives less than the  
14 equivalent of minimum wage compensation on an hourly basis for his or her services, except as  
15 provided in § 36- 9-24. Any commissioner of a municipal housing authority or any member of a  
16 part-time state, municipal or local board, commission, committee or other public authority shall  
17 not be deemed to be an employee within the meaning of this chapter.

18 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a  
19 member claiming service credit for certain employment for which that payment is required which  
20 is determined according to the age of the member and the employee's annual rate of compensation  
21 at the time he or she applies for service credit and which is expressed as a rate percent of the  
22 employee's annual rate of compensation to be multiplied by the number of years for which he or  
23 she claims service credit as prescribed in a schedule adopted by the retirement board from time to  
24 time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-  
25 9- 31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-10.1(b), 42-28-22.1(b) and 28-  
26 30- 18.1(b).

27 (i) all service credit purchases requested after June 16, 2009 and prior to July 1, 2012,  
28 shall be at full actuarial value and

29 (ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial  
30 value which shall be determined using the system's assumed investment rate of return minus one  
31 percent (1%). The rules applicable to a service credit purchase shall be the rules of the retirement  
32 system in effect at the time the purchase application is submitted to the retirement system.

33 (11) "Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial  
34 accrued liability consistent with the funding policy of the retirement board as defined in § 36-8-4.

1           ~~(11)~~(12) "Inactive member" shall mean a member who has withdrawn from service as an  
2 employee but who has not received a refund of contributions.

3           ~~(12)~~(13) "Members" shall mean any person included in the membership of the retirement  
4 system as provided in §§ 36-9-1 -- 36-9-7.

5           ~~(13)~~(14) "Prior service" shall mean service as a member rendered before July 1, 1936,  
6 certified on his or her prior service certificate and allowable as provided in § 36-9-28.

7           ~~(14)~~(15) "Regular interest" shall mean interest at the assumed investment rate of return,  
8 compounded annually, as may be prescribed from time to time by the retirement board.

9           ~~(15)~~(16) "Retirement allowance" shall mean annual payments for life made after  
10 retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid  
11 in equal monthly installments beginning as of the effective date thereof; provided, that a smaller  
12 pro rata amount may be paid for part of a month where separation from service occurs during the  
13 month in which the application was filed, and when the allowance ceases before the last day of  
14 the month.

15           ~~(16)~~(17) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to  
16 administer the retirement system.

17           ~~(17)~~(18) "Retirement system" shall mean the employees' retirement system of the state of  
18 Rhode Island as defined in § 36-8-2.

19           ~~(18)~~(19) "Service" shall mean service as an employee of the state of Rhode Island as  
20 described in subdivision (9) of this section.

21           ~~(19)~~(20) "Social Security retirement age" shall mean a member's full retirement age as  
22 determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not  
23 to exceed age sixty-seven (67).

24           ~~(20)~~(21) "Total service" shall mean prior service as defined above, plus service rendered  
25 as a member on or after July 1, 1936.

26           SECTION 2. Section 36-10-1 of the General Laws in Chapter 36-10 entitled "Retirement  
27 System-Contributions and Benefits" is hereby amended to read as follows:

28           **§ 36-10-1. Member contributions -- Deduction from compensation.** -- (a) Prior to July  
29 1, 2012, each member of the retirement system shall contribute an amount equal to eight and  
30 three- quarters percent (8.75%) of his or her compensation as his or her share of the cost of  
31 annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system  
32 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her  
33 compensation, except for correctional officers as defined in § 36-10-9.2 who shall contribute an  
34 amount equal to eight and three quarters percent (8.75%) of his or her compensation. Effective

1 [July 1, 2015, each member of the retirement system, except for correctional officers as defined in](#)  
2 [§ 36-10-9.2, with twenty \(20\) or more years of total service as of June 30, 2012 shall contribute](#)  
3 [an amount equal to eleven percent \(11%\) of compensation.](#) The contributions shall be made in the  
4 form of deductions from compensation.

5 (b) The deductions provided for herein shall be made notwithstanding that the minimum  
6 compensation provided by law for any member shall be reduced thereby. Every member shall be  
7 deemed to consent and agree to the deductions made and provided for herein and receipt of his or  
8 her full compensation and payment of compensation, less the deductions, shall be a full and  
9 complete discharge and acquittance of all claims and demands whatsoever for the services  
10 rendered by the person during the period covered by the payment except as to the benefit  
11 provided under this chapter.

12 SECTION 3. Section 36-10-2.1 of the General Laws in Chapter 36-10 entitled  
13 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

14 **§ 36-10-2.1. Actuarial cost method.** -- a) To determine the employer contribution rate  
15 for the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary  
16 shall compute the costs under chapter 10 of title 36 using the entry age normal cost method.  
17 ~~Effective July 1, 2012, the entry age normal cost method shall be as defined in Accounting~~  
18 ~~Standard No. 27 of the Governmental Accounting Standards Board as in effect from time to time.~~

19 (b) The determination of the employer contribution rate for fiscal year 2013 shall include  
20 a reamortization of the current Unfunded Actuarial Accrued Liability (UAAL) over a closed  
21 twenty- five (25) year period. After an initial period of five (5) years, future actuarial gains and  
22 losses occurring within a plan year will be amortized over individual new twenty (20) year closed  
23 periods.

24 [\(c\) The determination of the employer contribution rate commencing with fiscal year](#)  
25 [2017 shall include a re-amortization of the current Unfunded Actuarial Accrued Liability](#)  
26 [\(UAAL\) attributable to the sixty percent \(60%\) of contribution responsibility not partitioned to](#)  
27 [the state in § 16-16-22 over a closed twenty-five \(25\) year period. This will be accomplished by](#)  
28 [dividing the UAAL as of June 30, 2014 into two separate amortization periods. Future actuarial](#)  
29 [gains and losses occurring within a plan year will be amortized over individual new twenty \(20\)](#)  
30 [year closed periods and allocated in the forty percent \(40%\) state / sixty percent \(60%\) municipal](#)  
31 [proportion set forth in § 16-16-22.](#)

32 SECTION 4. Section 36-10-9 of the General Laws in Chapter 36-10 entitled "Retirement  
33 System-Contributions and Benefits" is hereby amended to read as follows:

34 **§ 36-10-9. Retirement on service allowance -- In general.** -- Retirement of a member

1 on a service retirement allowance shall be made by the retirement board as follows:

2 (1)(a)(i) Any member may retire upon his or her written application to the retirement  
3 board as of the first day of the calendar month in which the application was filed; provided, the  
4 member was separated from service prior thereto; and further provided, however, that if  
5 separation from service occurs during the month in which application is filed, the effective date  
6 shall be the first day following that separation from service; and provided further that the member  
7 on his or her retirement date attained the age of sixty (60) and completed at least ten (10) years of  
8 contributory service on or before July 1, 2005 or who, regardless of age, has completed twenty-  
9 eight (28) years of total service and has completed at least ten (10) years of contributory service  
10 on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of  
11 September 30, 2009.

12 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to  
13 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
14 completed at least ten (10) years of contributory service. For members in service as of October 1,  
15 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior  
16 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
17 proportion to the amount of service the member has earned as of September 30, 2009. The  
18 proportional formula shall work as follows:

19 (1) The formula shall determine the first age of retirement eligibility under the laws in  
20 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
21 sixty-two (62).

22 (2) The formula shall then take the member's total service credit as of September 30,  
23 2009 as the numerator and the years of service credit determined under (1) as the denominator.

24 (3) The fraction determined in (2) shall then be multiplied by the age difference  
25 determined in (1) to apply a reduction in years from age sixty-two (62).

26 (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
27 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
28 of the first day of the calendar month in which the application was filed; provided, the member  
29 was separated from service prior thereto; and further provided, however, that if separation from  
30 service occurs during the month in which application is filed, the effective date shall be the first  
31 day following that separation from service; provided, the member or his or her retirement date  
32 had attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total  
33 service or provided that the member on his or her retirement date had attained the age of sixty-  
34 five (65) and had completed at least ten (10) years of contributory service; or provided, that the

1 member on his or her retirement date had attained the age of fifty-five (55) and had completed  
2 twenty (20) years of total service provided, that the retirement allowance, as determined  
3 according to the formula in § 36-10-10 is reduced actuarially for each month that the age of the  
4 member is less than sixty-five (65) years, and who retire before October 1, 2009 or are eligible to  
5 retire as of September 30, 2009.

6 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to  
7 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
8 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five  
9 (65) and completed at least ten (10) years of contributory service. For members in service as of  
10 October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to  
11 retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement  
12 age will be adjusted downward in proportion to the amount of service the member has earned as  
13 of September 30, 2009. The proportional formula shall work as follows:

14 (1) The formula shall determine the first age of retirement eligibility under the laws in  
15 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
16 sixty-two (62).

17 (2) The formula shall then take the member's total service credit as of September 30,  
18 2009 as the numerator and the years of service credit determined under (1) as the denominator.

19 (3) The fraction determined in (2) above shall then be multiplied by the age difference  
20 determined in (1) to apply a reduction in years from age sixty-two (62). (c) Effective July 1, 2012,  
21 the following shall apply to all members not eligible to retire prior to July 1, 2012:

22 (b)(i) A member with contributory service on or after July 1, 2012, shall be eligible to  
23 retire upon the completion of at least five (5) years of contributory service and attainment of the  
24 member's Social Security retirement age.

25 (ii) For members with five (5) or more years of contributory service as of June 30, 2012,  
26 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
27 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
28 service the member has earned as of June 30, 2012, but in no event shall a member's retirement  
29 age under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the  
30 member's retirement age determined under the laws in effect on June 30, 2012. The proportional  
31 formula shall work as follows:

32 (1) The formula shall determine the first age of retirement eligibility under the laws in  
33 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

34 (2) The formula shall then take the member's total service credit as of June 30, 2012 as

1 the numerator and the projected service at retirement age in effect on June 30, 2012 as the  
2 denominator;

3 (3) The fraction determined in (2) shall then be multiplied by the age difference  
4 determined in (1) to apply a reduction in years from Social Security retirement age.

5 (iii) Effective July 1, 2015, A a member who has completed twenty (20) or more years of  
6 total service and who has attained an age within five (5) years of the eligible retirement age under  
7 subparagraphs (c)(i) or (c)(ii) above or subparagraph (d) below, may elect to retire provided that  
8 the retirement allowance shall be reduced actuarially for each month that the age of the member is  
9 less than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subparagraph  
10 (d) below in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

17 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has  
18 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire  
19 at his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above  
20 provided that a member making an election under this paragraph shall receive the member's  
21 retirement benefit determined and calculated based on the member's service and average  
22 compensation as of June 30, 2012. This provision shall be interpreted and administered in a  
23 manner to protect a member's accrued benefit on June 30, 2012.

24 (d) Notwithstanding any other provisions of subparagraph (c) above, effective July 1,  
25 2015, members in active service shall be eligible to retire upon the earlier of (A) the attainment of  
26 at least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the  
27 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of  
28 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-  
29 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion  
30 of at least thirty- three (33) years of total service, or (B) the member's retirement eligibility date  
31 under subparagraphs (c)(i) or (c)(ii) above.

32 (2) Any faculty employee at a public institution of higher education under the jurisdiction  
33 of the board of governors for higher education shall not be involuntarily retired upon attaining the  
34 age of seventy (70) years.

1 (3)(i) Except as specifically provided in § 36-10-9.1, §§ 36-10-12 – 36-10-15, and §§ 45-  
2 21-19 – 45-21-22, (I) On or prior to June 30, 2012 no member shall be eligible for pension  
3 benefits under this chapter unless the member shall have been a contributing member of the  
4 employee's retirement system for at least ten (10) years, or (II) For members in active  
5 contributory service on or after July 1, 2012, the member shall have been a contributing member  
6 of the retirement system for at least five (5) years.

7 (ii) Provided, however, a person who has ten (10) years service credit on or before June  
8 16, 1991, shall be vested.

9 (iii) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall  
10 be counted towards vesting.

11 (iv) Any person who becomes a member of the employees' retirement system pursuant to  
12 § 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and  
13 this chapter.

14 (v) Notwithstanding any other provision of law, no more than five (5) years of service  
15 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
16 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years  
17 of service credits before January 1, 1995, shall be permitted to apply those purchases towards the  
18 member's service retirement. However, no further purchase will be permitted. Repayment in  
19 accordance with applicable law and regulation of any contribution previously withdrawn from the  
20 system shall not be deemed a purchase of service credit.

21 (vi) Notwithstanding any other provision of law, effective July 1, 2012, except for  
22 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53, (A) For service  
23 purchases for time periods prior to a member's initial date of hire, the purchase must be made  
24 within three (3) years of the member's initial date of hire, (B) For service purchases for time  
25 periods for official periods of leave as authorized by law, the purchase must be made within three  
26 (3) years of the time the official leave was concluded by the member. Notwithstanding the  
27 preceding sentence, service purchases from time periods prior to June 30, 2012 may be made on  
28 or prior to June 30, 2015.

29 (4) No member of the employees' retirement system shall be permitted to purchase  
30 service credits for casual, seasonal, or temporary employment, or emergency appointment, for  
31 employment as a page in the general assembly, or for employment at any state college or  
32 university while the employee is a student or graduate assistant of the college or university.

33 (5) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not  
34 receive service credit in this retirement system for any year or portion of it, which counts as

1 service credit in any other retirement system in which the member is vested or from which the  
2 member is receiving a pension and/or any annual payment for life. This subsection shall not apply  
3 to any payments received pursuant to the federal Social Security Act or to payments from a  
4 military pension earned prior to participation in state or municipal employment, or to military  
5 service credits earned prior to participation in state or municipal employment.

6 (6) A member who seeks to purchase or receive service credit in this retirement system  
7 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a  
8 vested member in any other retirement system and/or is receiving a pension, retirement  
9 allowance, or any annual payment for life. The retirement board shall have the right to investigate  
10 as to whether or not the member has utilized the same time of service for credit in any other  
11 retirement system. The member has an affirmative duty to cooperate with the retirement board  
12 including, by way of illustration and not by way of limitations the duty to furnish or have  
13 furnished to the retirement board any relevant information which is protected by any privacy act.

14 (7) A member who fails to cooperate with the retirement board shall not have the time of  
15 service counted toward total service credit until such time as the member cooperates with the  
16 retirement board and until such time as the retirement board determines the validity of the service  
17 credit.

18 (8) A member who knowingly makes a false statement to the retirement board regarding  
19 service time or credit shall not be entitled to a retirement allowance and is entitled only to the  
20 return of his or her contributions without interest.

21 SECTION 5. Section 36-10-10 of the General Laws in Chapter 36-10 entitled  
22 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

23 **§ 36-10-10. Amount of service retirement allowance.** -- (a)(1)(i) For employees  
24 eligible to retire on or before September 30, 2009, upon retirement for service under § 36-10-9, a  
25 member whose membership commenced before July 1, 2005 and who has completed at least ten  
26 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance  
27 which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

28 Schedule A

29	Years of Service	Percentage Allowance
30	1st through 10th inclusive	1.7%
31	11th through 20th inclusive	1.9%
32	21st through 34th inclusive	3.0%
33	35th	2.0%

34 (ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to

1 retire on or before September 30, 2009, upon retirement from service under § 36-10-9, a member  
2 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years  
3 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall  
4 be determined in accordance with schedule A above for service on before September 30, 2009,  
5 and shall be determined in accordance with schedule B in subsection (a)(2) below for service on  
6 or after October 1, 2009 and prior to July 1, 2012.

7 (2) Upon retirement for service under § 36-10-9, a member whose membership  
8 commenced after July 1, 2005, or who has not completed at least ten (10) years of contributory  
9 service as of July 1, 2005, shall, receive a retirement allowance which shall be determined in  
10 accordance with Schedule B below for service prior to July 1, 2012:

11 Schedule B

12 Years of Service	Percentage Allowance
13 1st through 10th inclusive	1.60%
14 11th through 20th inclusive	1.80%
15 21st through 25th inclusive	2.0%
16 26th through 30th inclusive	2.25%
17 31st through 37th inclusive	2.50%
18 38th	2.25%

19 (b) The retirement allowance of any member whose membership commenced before July  
20 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,  
21 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his  
22 or her average highest three (3) consecutive years of compensation multiplied by the number of  
23 years of total service, but in no case to exceed eighty percent (80%) of the compensation payable  
24 at completion of thirty-five (35) years of service; provided, however, for employees retiring on or  
25 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation  
26 shall be based on the average highest five (5) consecutive years of compensation. Any member  
27 who has in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any  
28 refund, and any member with thirty-five (35) years or more on or after June 2, 1985, shall  
29 contribute from July 1, 1985, until his or her retirement.

30 The retirement allowance of any member whose membership commenced after July 1,  
31 2005 or who had not completed at least ten (10) years of contributory service as of July 1, 2005,  
32 shall, be in an amount equal to the percentage allowance specified in Schedule B of his or her  
33 average highest three (3) consecutive years of compensation multiplied by the number of years of  
34 total service, but in no case to exceed seventy-five percent (75%) of the compensation payable at

1 the completion of thirty-eight (38) years of service; provided, however, for employees retiring on  
2 or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation  
3 shall be based on the average highest five (5) consecutive years of compensation.

4 (c) Any member with thirty-eight (38) years or more of service prior to December 31,  
5 1985, shall not be required to make additional contributions. Contributions made between  
6 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service  
7 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,  
8 administrators, or legal representatives.

9 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be  
10 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July  
11 1, 2012, a member's retirement allowance shall be equal to: (i) for members with fewer than  
12 twenty (20) years of total service as of June 30, 2012, one percent (1%) of the member's average  
13 compensation multiplied by the member's years of total service on and after July 1 2012, and (ii)  
14 for members with twenty (20) or more years of total service as of June 30, 2012, a member's  
15 retirement allowance shall be equal to one percent (1%) of the member's average compensation  
16 multiplied by the member's years of total service between July 1, 2012 and June 30, 2015, and  
17 two percent (2%) of the member's average compensation multiplied by the member's years of  
18 total service on and after July 1, 2015. For purposes of computing a member's total service under  
19 the preceding sentence, service purchases shall be included in total service only with respect to  
20 those service purchases approved prior to June 30, 2012 and those applications for service  
21 purchases received by the retirement system on or before June 30, 2012. In no event shall a  
22 member's retirement allowance exceed the maximum limitations set forth in paragraph (b) above.

23 SECTION 6. Section 36-10-10.2 of the General Laws in Chapter 36-10 entitled  
24 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

25 **§ 36-10-10.2. Amount of service retirement allowance -- Correctional officers. --** (a)  
26 Upon retirement for service under § 36-10-9.2, a member with twenty-five (25) or more years of  
27 service as of June 30, 2012 shall receive a retirement allowance of an amount determined under  
28 (i) below. All other members shall receive a retirement allowance of an amount equal to the sum  
29 of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1, 2012.  
30 (i) Two percent (2%) of his or her average compensation multiplied by his or her first thirty (30)  
31 years of total service within the department of corrections; any and all years of remaining service  
32 shall be issued to the member at a retirement allowance of an amount equal to his or her average  
33 compensation multiplied by the percentage allowance determined in accordance with Schedule A  
34 below:

Schedule A

Years of Service	Percentage Allowance
1 through 30 inclusive	2%
31st	6%
32nd	5%
33rd	4%
34th	3%
35th	2%

(ii) On and after July 1, 2012, Two percent (2%) of his or her average compensation multiplied by his or her first thirty (30) years of total service ~~years of service on and after July 1, 2012~~ within the department of corrections, and three percent (3%) of his or her average compensation multiplied by the member's thirty-first (31st) through thirty-fifth (35th) years of service.

(b) In no case shall a retirement percentage allowance exceed the greater of the member's retirement percentage allowance on June 30, 2012 or seventy-five percent (75%). Any member who has in excess of thirty-five (35) years on or before July 1, 1987, shall not be entitled to any refund. Any member with thirty-five (35) years or more on or after July 1, 1987, shall contribute from July 1, 1987, until his or her retirement, provided, however, that any member with thirty-eight (38) years of service prior to July 1, 1987, shall not be required to contribute.

SECTION 7. Section 36-10-35 of the General Laws in Chapter 36-10 entitled "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

**§ 36-10-35. Additional benefits payable to retired employees.** -- (a) All state employees and all beneficiaries of state employees receiving any service retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of this title on or before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the retirement allowance has been in effect. For the purposes of computation, credit shall be given for a full calendar year regardless of the effective date of the retirement allowance. This cost of living adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an additional one and one-half percent (1.5%) shall be added to the original retirement allowance in each succeeding year during the month of January, and provided further, that this additional cost of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no employee receiving any service retirement allowance pursuant to the

1 provisions of this title on or before December 31, 1967, or the employee's beneficiary, shall  
2 receive any additional benefit hereunder in an amount less than two hundred dollars (\$200) per  
3 year over the service retirement allowance where the employee retired prior to January 1, 1958.

4 (b) All state employees and all beneficiaries of state employees retired on or after January  
5 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement  
6 allowance pursuant to the provisions of this title shall, on the first day of January next following  
7 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in  
8 addition to his or her retirement allowance, in an amount equal to three percent (3%) of the  
9 original retirement allowance. In each succeeding year thereafter through December 31, 1980,  
10 during the month of January, the retirement allowance shall be increased an additional three  
11 percent (3%) of the original retirement allowance, not compounded, to be continued during the  
12 lifetime of the employee or beneficiary. For the purposes of computation, credit shall be given for  
13 a full calendar year regardless of the effective date of the service retirement allowance.

14 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state  
15 employees receiving any service retirement and all state employees, and all beneficiaries of state  
16 employees, who have completed at least ten (10) years of contributory service on or before July 1,  
17 2005 pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries  
18 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 – 36-  
19 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%)  
20 of the original retirement allowance or the retirement allowance as computed in accordance with  
21 § 36-10- 35.1, compounded annually from the year for which the cost of living adjustment was  
22 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or  
23 (b) of this section. Such cost of living adjustments are available to members who retire before  
24 October 1, 2009 or are eligible to retire as of September 30, 2009.

25 (2) The provisions of this subsection shall be deemed to apply prospectively only and no  
26 retroactive payment shall be made.

27 (3) The retirement allowance of all state employees and all beneficiaries of state  
28 employees who have not completed at least ten (10) years of contributory service on or before  
29 July 1, 2005 or were not eligible to retire as of September 30, 2009, shall, on the month following  
30 the third anniversary date of retirement, and on the month following the anniversary date of each  
31 succeeding year be adjusted and computed by multiplying the retirement allowance by three  
32 percent (3%) or the percentage of increase in the Consumer Price Index for all Urban Consumers  
33 (CPI-U) as published by the United States Department of Labor Statistics determined as of  
34 September 30 of the prior calendar year, whichever is less; the cost of living adjustment shall be

1 compounded annually from the year for which the cost of living adjustment was determined  
2 payable by the retirement board; provided, that no adjustment shall cause any retirement  
3 allowance to be decreased from the retirement allowance provided immediately before such  
4 adjustment.

5 (d) For state employees not eligible to retire in accordance with this chapter as of  
6 September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the  
7 cost of living adjustment described in subsection (3) above shall only apply to the first thirty-five  
8 thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon  
9 the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five  
10 (65), whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by  
11 the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as  
12 published by the United States Department of Labor Statistics determined as of September 30 of  
13 the prior calendar year or three percent (3%), whichever is less. The first thirty-five thousand  
14 dollars (\$35,000) of retirement allowance, as indexed, shall be multiplied by the percentage of  
15 increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the  
16 United States Department of Labor Statistics determined as of September 30 of the prior calendar  
17 year or three percent (3%), whichever is less, on the month following the anniversary date of each  
18 succeeding year. For state employees eligible to retire as of September 30, 2009 or eligible upon  
19 passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not  
20 apply.

21 (e) All legislators and all beneficiaries of legislators who are receiving a retirement  
22 allowance pursuant to the provisions of § 36-10-9.1 for a period of three (3) or more years, shall,  
23 commencing January 1, 1982, receive a cost of living retirement adjustment, in addition to a  
24 retirement allowance, in an amount equal to three percent (3%) of the original retirement  
25 allowance. In each succeeding year thereafter during the month of January, the retirement  
26 allowance shall be increased an additional three percent (3%) of the original retirement  
27 allowance, compounded annually, to be continued during the lifetime of the legislator or  
28 beneficiary. For the purposes of computation, credit shall be given for a full calendar year  
29 regardless of the effective date of the service retirement allowance.

30 (f) The provisions of §§ 45-13-7 – 45-13-10 shall not apply to this section.

31 (g) [This subsection \(g\) shall be effective for the period July 1, 2012 through June 30,](#)  
32 [2015.](#)

33 [\(1\)](#) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2)  
34 below, for all present and former employees, active and retired members, and beneficiaries

1 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit  
2 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by  
3 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent  
4 (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement  
5 system determined as of the last day of the plan year preceding the calendar year in which the  
6 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than  
7 zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first  
8 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand  
9 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under  
10 (g)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the  
11 investment returns of the most recent five (5) plan years as determined by the retirement board.  
12 Subject to paragraph (g)(2) below, the benefit adjustment provided by this paragraph shall  
13 commence upon the third (3rd) anniversary of the date of retirement or the date on which the  
14 retiree reaches his or her Social Security retirement age, whichever is later. In the event the  
15 retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
16 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

17 (2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for  
18 any plan year shall be suspended in their entirety unless the **GASB** Funded Ratio of the  
19 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
20 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
21 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
22 members for such plan year.

23 In determining whether a funding level under this paragraph (g)(2) has been achieved, the  
24 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
25 current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall  
26 mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

27 (3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,  
28 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
29 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)  
30 above until the **GASB** Funded Ratio of the Employees' Retirement System of Rhode Island, the  
31 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
32 the system's actuary on an aggregate basis, exceeds eighty percent (80%). (4) Notwithstanding  
33 any other provision of this chapter, the provisions of this paragraph (g) of § 36-10-35 shall  
34 become effective July 1, 2012 and shall apply to any benefit adjustment not granted on or prior to

1 June 30, 2012.

2 (h) This subsection (h) shall become effective July 1, 2015.

3 (1)(A) As soon as administratively reasonable following the enactment into law of this  
4 paragraph (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or  
5 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the  
6 lesser of either the member's retirement allowance or the first twenty-five thousand dollars  
7 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be  
8 provided without regard to the retiree's age or number of years since retirement.

9 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
10 employees, active and retired members, and beneficiaries receiving any retirement, disability or  
11 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar  
12 year under this section for adjustments on and after January 1, 2016, and subject to paragraph  
13 (h)(2) below, shall be equal to (I) multiplied by (II):

14 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

15 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
16 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
17 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
18 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
19 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
20 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
21 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
22 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

23 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
24 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
25 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of  
26 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent.

27 (II) is equal to the lesser of either the member's retirement allowance or the first twenty-  
28 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
29 to be indexed annually in the same percentage as determined under (h)(1)(B)(I) above.

30 The benefit adjustments provided by this paragraph (h)(1)(B) shall be provided to all  
31 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
32 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
33 of the date of retirement or the date on which the retiree reaches his or her Social Security  
34 retirement age, whichever is later.

1 (2) Except as provided in paragraph (h)(3), the benefit adjustments under paragraph  
2 (h)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
3 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
4 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
5 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
6 members for such plan year.

7 In determining whether a funding level under this paragraph (h)(2) has been achieved, the  
8 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
9 current or future benefit adjustment provided under this section.

10 (3) Notwithstanding paragraph (h)(2), in each fourth plan year commencing after June 30,  
11 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
12 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
13 (h)(1)(B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
14 before June 30, 2015, the dollar amount in paragraph (h)(1)(B)(II) of twenty-five thousand eight  
15 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
16 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island,  
17 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
18 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

19 (i) Effective for members and or beneficiaries of members who have retired on or before  
20 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
21 days following the enactment of the legislation implementing this provision, and a second one-  
22 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
23 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the  
24 applicable payment date and shall not be considered cost of living adjustments under the prior  
25 provisions of this Section 36-10-3.

26 SECTION 8. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined  
27 Contribution Retirement Plan" is hereby amended to read as follows:

28 **§ 36-10.3-1. Definitions.** -- As used in this chapter, the following terms, unless the  
29 context requires a different interpretation, shall have the following meanings:

30 (1) "Compensation" means compensation as defined in section 36-8-1(8).

31 (2) "Employee" means an employee as defined in sections 36-8-1(9) and 45-21-2(7) and a  
32 teacher as defined in section 16-16-1(12), effective July 1, 2012, provided however, effective July  
33 1, 2015, "employee" shall not include any employee with twenty (20) or more years of total  
34 service as of June 30, 2012 in the Employees Retirement System under chapters 8 through 10 of

1 [title 36 or chapter 16 of title 16 \(ERS\), or the Municipal Employees Retirement System under](#)  
2 [chapter 21 of title 45 \(MERS\).](#)

3 (3) "Employer" means the State of Rhode Island or the local municipality which employs  
4 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter  
5 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2  
6 of title 45 (MERS).

7 (4) "Plan" means the retirement plan established by this chapter.

8 (5) A "public safety member" shall mean a member of MERS who is a municipal fire  
9 fighter or a municipal policeman or policewoman as defined in § 45-21.2-2 who does not  
10 participate in Social Security under the Federal Old Age, Survivors, and Disability income  
11 program.

12 (6) "Regular member" means: (i) An employee who is a member of ERS other than  
13 correctional officers as defined in § 36-10-9.2; or (ii) [An employee who is a](#) ~~A~~ member of MERS  
14 other than a public safety member.

15 (7) The "retirement board" or "board" shall mean the retirement board of the Employees  
16 Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the  
17 plan administrator and plan trustee and shall administer the plan in accordance with § 36-8-4.1.

18 (8) "State investment commission" or "commission" means the state investment  
19 commission as defined in § 35-10-1.

20 (9) "Supplemental employer" includes any employer that provides supplemental  
21 contributions to the defined contribution retirement plan as provided in § 36-10.3-3.

22 (10) "Supplemental member" is defined in § 36-10.3-3.

23 SECTION 9. Section 36-10.3-5 of the General Laws in Chapter 36-10.3 entitled "Defined  
24 Contribution Retirement Plan" is hereby amended to read as follows:

25 **§ 36-10.3-5. Employer contributions.** -- (1) An employer shall contribute to each  
26 regular member's individual account [the following amounts:](#)

27 [\(i\) for members with fewer than ten \(10\) years of total service as of June 30, 2012,](#) an  
28 amount equal to one percent (1%) of the member's compensation at the end of each payroll period  
29 from July 1 to the following June 30; ~~;~~

30 [\(ii\) for members with ten \(10\) or more but fewer than fifteen \(15\) years of total service as](#)  
31 [of June 30, 2012, an amount equal to one percent \(1%\) of the member's compensation at the end](#)  
32 [of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015, an](#)  
33 [amount equal to one and one-quarter percent \(1.25%\) of the member's compensation at the end of](#)  
34 [each payroll period; and \(iii\) for members with fifteen \(15\) or more but fewer than twenty \(20\)](#)

1 years of total service as of June 30, 2012, an amount equal to one percent (1%) of the member's  
2 compensation at the end of each payroll period from July 1, 2012 through June 30, 2015, and  
3 effective July 1, 2015, an amount equal to one and one-half percent (1.5%) of the member's  
4 compensation at the end of each payroll period from July 1 to the following June 30.

5 (2) An employer shall contribute to the individual account of each public safety member,  
6 not participating in Social Security under the Federal Old Age, Survivors and Disability Income  
7 program, an amount equal to three percent (3%) of the member's compensation from July 1 to the  
8 following June 30.

9 (3) Contributions by supplemental employers shall be governed by § 36-10.3-6.

10 SECTION 10. Chapter 36-10.3 of the General Laws entitled "Defined Contribution  
11 Retirement Plan" is hereby amended by adding thereto the following section:

12 **§ 36-10.3-13. Waiver of administrative fees.** – Any plan administration fees assessed to  
13 members of the plan after July 1, 2015, shall be reimbursed by the state for any member whose  
14 annual compensation is thirty-five thousand dollars (\$35,000) or less, said dollar amount to be  
15 indexed annually in the same percentage determined under Section 36-10-35(h)(1)(B).

16 SECTION 11. Section 16-16-12 of the General Laws in Chapter 16-16 entitled "Teachers'  
17 Retirement" is hereby amended to read as follows:

18 **§ 16-16-12. Procedure for service retirement.** -- Retirement of a member on a service  
19 retirement allowance shall be made by the retirement board as follows:

20 (a)(i) Any member may retire upon his or her written application to the retirement board  
21 as of the first day of the calendar month in which the application was filed, provided the member  
22 was separated from service prior to filing the application, and further provided however, that if  
23 separation from service occurs during the month in which the application is filed, the effective  
24 date shall be the first day following the separation from service, and provided further that the  
25 member on retirement date has attained the age of sixty (60) years and has completed at least ten  
26 (10) years of contributory service on or before July 1, 2005, or regardless of age has completed  
27 twenty-eight (28) years of total service and has completed at least ten (10) years of contributory  
28 service on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as  
29 of September 30, 2009.

30 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to  
31 July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and  
32 completed at least ten (10) years of contributory service. For teachers in service as of October 1,  
33 2009 who were not eligible to retire as of September 30, 2009 but became eligible to retire prior  
34 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in

1 proportion to the amount of service the member has earned as of September 30, 2009. The  
2 proportional formula shall work as follows:

3 (A) The formula shall determine the first age of retirement eligibility under the laws in  
4 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
5 sixty-two (62).

6 (B) The formula shall then take the teacher's total service credit as of September 30, 2009  
7 as the numerator and the years of service credit determined under (A) as the denominator.

8 (C) The fraction determined in (B) shall then be multiplied by the age difference in (1) to  
9 apply a reduction in years from age sixty-two (62).

10 (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
11 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
12 of the first day of the calendar month in which the application was filed; provided, the member  
13 was separated from service prior thereto; and further provided, however, that if separation from  
14 service occurs during the month in which application is filed, the effective date shall be the first  
15 day following that separation from service; provided, the member on his or her retirement date  
16 had attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total  
17 service; or provided, that the member on his or her retirement date had attained the age of sixty-  
18 five (65) and had completed at least ten (10) years of contributory service; or provided, that the  
19 member on his or her retirement date had attained the age of fifty-five (55) and had completed  
20 twenty (20) years of total service and provided, that the retirement allowance, as determined  
21 according to the formula in § 16-16-13 is reduced actuarially for each month that the age of the  
22 member is less than sixty-five (65) years and who retire before October 1, 2009 or are eligible to  
23 retire as of September 30, 2009.

24 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to  
25 July 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and  
26 have completed at least twenty-nine (29) years of total service or have attained the age of sixty-  
27 five (65) and completed at least ten (10) years of contributory service. For teachers in service as  
28 of October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible  
29 to retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the  
30 retirement age will be adjusted downward in proportion to the amount of service the member has  
31 earned as of September 30, 2009. The proportional formula shall work as follows:

32 (A) The formula shall determine the first age of retirement eligibility under the laws in  
33 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
34 sixty-two (62).

1 (B) The formula shall then take the teacher's total service credit as of September 30, 2009  
2 as the numerator and the years of service credit determined under (A) as the denominator.

3 (C) The fraction determined in (B) shall then be multiplied by the age difference  
4 determined in (A) to apply a reduction in years from age sixty-two (62).

5 (c) Effective July 1, 2012, the following shall apply to all teachers not eligible to retire  
6 prior to July 1, 2012:

7 (i) A teacher with contributory service on or after July 1, 2012, shall be eligible to retire  
8 upon the completion of at least five (5) years of contributory service and attainment of the  
9 teacher's Social Security retirement age.

10 (ii) For teachers with five (5) or more years of contributory service as of June 30, 2012,  
11 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
12 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
13 service the teacher has earned as of June 30, 2012, but in no event shall a teacher's retirement age  
14 under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the  
15 teacher's retirement age determined under the laws in effect on June 30, 2012. The proportional  
16 formula shall work as follows:

17 (1) The formula shall determine the first age of retirement eligibility under the laws in  
18 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

19 (2) The formula shall then take the teacher's total service credit as of June 30, 2012 as the  
20 numerator and the projected service at retirement age in effect on June 30, 2012 as the  
21 denominator;

22 (3) The fraction determined in (2) shall then be multiplied by the age difference  
23 determined in (1) to apply a reduction in years from Social Security retirement age.

24 (iii) Effective July 1, 2015, a teacher who has completed twenty (20) or more years of  
25 total service and who has attained an age within five (5) years of the eligible retirement age under  
26 subdivisions (c)(i) or (c)(ii) above or subdivision (d) below, may elect to retire provided that the  
27 retirement allowance shall be reduced actuarially for each month that the age of the teacher is less  
28 than the eligible retirement age under subdivisions (c)(i) or (c)(ii) above or subdivision (d) below  
29 in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>



1 (i) For service purchases for time periods prior to a teacher's initial date of hire, the  
2 purchase must be made within three (3) years of the teacher's initial date of hire; and

3 (ii) For service purchases for time periods for official periods of leave as authorized by  
4 law, the purchase must be made within three (3) years of the time the official leave was  
5 concluded by the teacher. Notwithstanding paragraphs (i) and (ii) above, service purchases from  
6 time periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

7 ~~(e)~~(f) No member of the teachers' retirement system shall be permitted to purchase  
8 service credits for casual or seasonal employment, for employment as a temporary or emergency  
9 employee, a page in the general assembly, or for employment at any state college or university  
10 while the employee is a student or graduate of the college or university

11 ~~(f)~~(g) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not  
12 receive service credit in this retirement system for any year or portion of a year which counts as  
13 service credit in any other retirement system in which the member is vested or from which the  
14 member is receiving a pension and/or any annual payment for life. This subsection shall not apply  
15 to any payments received pursuant to the federal Social Security Act, 42 U.S.C. § 301 et seq.

16 ~~(g)~~(h) A member who seeks to purchase or receive service credit in this retirement  
17 system shall have the affirmative duty to disclose to the retirement board whether or not he or she  
18 is a vested member in any other retirement system and/or is receiving a pension, retirement  
19 allowance, or any annual payment for life. The retirement board shall have the right to investigate  
20 as to whether or not the member has utilized the same time of service for credit in any other  
21 retirement system. The member has an affirmative duty to cooperate with the retirement board  
22 including, by way of illustration and not by way of limitation, the duty to furnish or have  
23 furnished to the retirement board any relevant information that is protected by any privacy act.

24 ~~(h)~~(i) A member who fails to cooperate with the retirement board shall not have the time  
25 of service credit counted toward total service credit until the time the member cooperates with the  
26 retirement board and until the time the retirement board determines the validity of the service  
27 credit.

28 ~~(i)~~(j) A member who knowingly makes a false statement to the retirement board  
29 regarding service time or credit shall not be entitled to a retirement allowance and is entitled only  
30 to the return of his or her contributions without interest.

31 SECTION 12. Section 16-16-13 of the General Laws in Chapter 16-16 entitled "Teachers'  
32 Retirement" is hereby amended to read as follows:

33 **§ 16-16-13. Amount of service retirement allowance.** -- (a)(1)(i) For teachers eligible  
34 to retire on or before September 30, 2009, upon retirement from service under § 16-16-12 a

1 teacher whose membership commenced before July 1, 2005 and who has completed at least ten  
2 (10) years of contributory service on or before July 1, 2005, shall, receive a retirement allowance  
3 which shall be determined in accordance with schedule A for service prior to July 1, 2012.

4 SCHEDULE A

5 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
6 1st through 10th inclusive	1.7%
7 11th through 20th inclusive	1.9%
8 21st through 34th inclusive	3.0%
9 35th	2.0%

10 (ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to  
11 retire on or before September 30, 2009, upon retirement for service under § 16-16-12, a teacher  
12 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years  
13 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall  
14 be determined in accordance with schedule A above for service on before September 30, 2009,  
15 and shall be determined in accordance with schedule B in subsection (a)(2) below for service on  
16 or after October 1, 2009 and prior to July 1, 2012:

17 (2) Upon retirement from service under § 16-16-12 a teacher whose membership  
18 commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory  
19 service as of July 1, 2005 shall receive a retirement allowance which shall be determined in  
20 accordance with Schedule B for service prior to July 1, 2012.

21 SCHEDULE B

22 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
23 1st through 10th inclusive	1.60%
24 11th through 20th inclusive	1.80%
25 21st through 25th inclusive	2.0%
26 26th through 30th inclusive	2.25%
27 31st through 37th inclusive	2.50%
28 38th	2.25%

29 (b) The retirement allowance of any teacher whose membership commenced before July  
30 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,  
31 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his  
32 or her average highest three (3) consecutive years of compensation multiplied by the number of  
33 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable  
34 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or

1 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation  
2 shall be based on the average highest five (5) consecutive years of compensation. The retirement  
3 allowance of any teacher whose membership commenced after July 1, 2005 or who has not  
4 completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount  
5 equal to the percentage allowance specified in Schedule B of his or her average highest three (3)  
6 consecutive years of compensation multiplied by the number of years of total service, but in no  
7 case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-  
8 eight (38) years of service; provided, however, for teachers retiring on or after October 1, 2009  
9 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the  
10 average highest five (5) consecutive years of compensation. Any teacher who has in excess of  
11 thirty-five (35) years on or before June 2, 1985 shall not be entitled to any refund, and any teacher  
12 with thirty-five (35) years or more on or after June 2, 1985 shall contribute from July 1, 1985  
13 until his or her retirement.

14 (c) For service prior to July 2012, the retirement allowance of a teacher shall be  
15 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July  
16 1, 2012: [\(i\) for teachers with fewer than twenty \(20\) years of total service as of June 30, 2012](#), a  
17 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average  
18 compensation multiplied by the teacher's years of [total](#) service on and after July 1, 2012, [and \(ii\)](#)  
19 [for teachers with twenty \(20\) or more years of total service as of June 30, 2012, a teacher's](#)  
20 [retirement allowance shall be equal to one percent \(1%\) of the teacher's average compensation](#)  
21 [multiplied by the teacher's years of total service between July 1, 2012 and June 30, 2015, and two](#)  
22 [percent \(2%\) of the teacher's average compensation multiplied by the teacher's years of total](#)  
23 [service on and after July 1, 2015. For purposes of computing a teacher's total service under the](#)  
24 [preceding sentence, service purchases shall be included in total service only with respect to those](#)  
25 [service purchases approved prior to June 30, 2012 and those applications for service purchases](#)  
26 [received by the retirement system on or before June 30, 2012.](#) In no event shall a teacher's  
27 retirement allowance exceed the maximum limitations set forth in subsection (b) above.

28 SECTION 13. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'  
29 Retirement" is hereby amended to read as follows:

30 **§ 16-16-22. Contributions to state system.** -- (a) Prior to July 1, 2012, each teacher shall  
31 contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of  
32 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall  
33 contribute an amount equal to three and three quarters percent (3.75%) of his or her  
34 compensation. [Effective July 1, 2015, each teacher with twenty \(20\) or more years of total service](#)

1 [as of June 30, 2012 shall contribute an amount equal to eleven percent \(11%\) of his or her](#)  
2 [compensation](#) . The employer contribution on behalf of teacher members of the system shall be in  
3 an amount that will pay a rate percent of the compensation paid to the members, according to the  
4 method of financing prescribed in the State Retirement Act in chapters 8 – 10 and 10.3 of title 36.  
5 This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,  
6 town, local educational agency, or any formalized commissioner approved cooperative service  
7 arrangement by whom the teacher members are employed, with the exception of teachers who  
8 work in federally funded projects and further with the exception of any supplemental  
9 contributions by a local municipality employer under chapter 36-10.3 which supplemental  
10 employer contributions shall be made wholly by the local municipality. Provided, however, that  
11 the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).

12 (b) The employer contribution on behalf of teacher members of the system who work in  
13 fully or partially federally funded programs shall be prorated in accordance with the share of the  
14 contribution paid from the funds of the federal, city, town, or local educational agency, or any  
15 formalized commissioner approved cooperative service arrangement by whom the teacher  
16 members are approved.

17 (c) In case of the failure of any city, town, or local educational agency, or any formalized  
18 commissioner approved cooperative service arrangement to pay to the state retirement system the  
19 amounts due from it under this section within the time prescribed, the general treasurer is  
20 authorized to deduct the amount from any money due the city, town, or local educational agency  
21 from the state.

22 (d) The employer's contribution shared by the state shall be paid in the amounts  
23 prescribed in this section for the city, town, or local educational agency and under the same  
24 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local  
25 educational agency or any formalized commissioner approved cooperative service arrangement  
26 shall remit to the general treasurer of the state the local employer's share of the teacher's  
27 retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month.  
28 The amounts that would have been contributed shall be deposited by the state in a special fund  
29 and not used for any purpose. The general treasurer, upon receipt of the local employer's share,  
30 shall effect transfer of a matching amount of money from the state funds appropriated for this  
31 purpose by the general assembly into the retirement fund.

32 Upon reconciliation of the final amount owed to the retirement fund for the employer  
33 share, the state shall ensure that any local education aid reduction assumed for the FY 2010  
34 revised budget in excess of the actual savings is restored to the respective local entities.

1 (e) This section is not subject to §§ 45-13-7 through 45-13-10.

2 SECTION 14. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'  
3 Retirement" is hereby amended to read as follows:

4 **16-16-40. Additional benefits payable to retired teachers.** -- (a) All teachers and all  
5 beneficiaries of teachers receiving any service retirement or ordinary or accidental disability  
6 retirement allowance pursuant to the provisions of this chapter and chapter 17 of this title, on or  
7 before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and  
8 one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each  
9 year the retirement allowance has been in effect. For purposes of computation credit shall be  
10 given for a full calendar year regardless of the effective date of the retirement allowance. This  
11 cost of living retirement adjustment shall be added to the amount of the service retirement  
12 allowance as of January 1, 1970, and payment shall begin as of July 1, 1970. An additional cost  
13 of living retirement adjustment shall be added to the original retirement allowance equal to three  
14 percent (3%) of the original retirement allowance on the first day of January, 1971, and each year  
15 thereafter through December 31, 1980.

16 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary  
17 disability retirement allowance pursuant to the provisions of this title who retired on or after  
18 January 1, 1968, shall, on the first day of January, next following the third (3rd) year on  
19 retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an  
20 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year  
21 thereafter, on the first day of January, the retirement allowance shall be increased an additional  
22 three percent (3%) of the original retirement allowance, not compounded, to be continued through  
23 December 31, 1980.

24 (c)(1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers  
25 receiving any service retirement and all teachers and all beneficiaries of teachers who have  
26 completed at least ten (10) years of contributory service on or before July 1, 2005, pursuant to the  
27 provisions of this chapter, and for all teachers and beneficiaries of teachers who receive a  
28 disability retirement allowance pursuant to §§ 16-16-14 – 16-16-17, the cost of living adjustment  
29 shall be computed and paid at the rate of three percent (3%) of the original retirement allowance  
30 or the retirement allowance as computed in accordance with § 16-16-40.1, compounded annually  
31 from the year for which the cost of living adjustment was determined to be payable by the  
32 retirement board pursuant to the provisions of subsection (a) or (b) of this section. Such cost of  
33 living adjustments are available to teachers who retire before October 1, 2009 or are eligible to  
34 retire as of September 30, 2009.

1 (2) The provisions of this subsection shall be deemed to apply prospectively only and no  
2 retroactive payment shall be made.

3 (3) The retirement allowance of all teachers and all beneficiaries of teachers who have  
4 not completed at least ten (10) years of contributory service on or before July 1, 2005 or were not  
5 eligible to retire as of September 30, 2009, shall, on the month following the third anniversary  
6 date of the retirement, and on the month following the anniversary date of each succeeding year  
7 be adjusted and computed by multiplying the retirement allowance by three percent (3%) or the  
8 percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as  
9 published by the United States Department of Labor Statistics, determined as of September 30 of  
10 the prior calendar year, whichever is less; the cost of living adjustment shall be compounded  
11 annually from the year for which the cost of living adjustment was determined payable by the  
12 retirement board; provided, that no adjustment shall cause any retirement allowance to be  
13 decreased from the retirement allowance provided immediately before such adjustment.

14 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,  
15 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living  
16 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand  
17 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third  
18 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),  
19 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the  
20 percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published  
21 by the United States Department of Labor Statistics determined as of September 30 of the prior  
22 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars  
23 (\$35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase  
24 in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States  
25 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
26 percent (3%), whichever is less, on the month following the anniversary date of each succeeding  
27 year. For teachers eligible to retire as of September 30, 2009 or eligible upon passage of this  
28 article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

29 (e) [This subsection \(e\) shall be effective for the period July 1, 2012 through June 30,](#)  
30 [2015.](#)

31 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (e)(2)  
32 below, for all present and former teachers, active and retired teachers, and beneficiaries receiving  
33 any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment  
34 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)

1 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
2 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
3 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
4 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
5 (0%), and (B) is equal to the lesser of the teacher's retirement allowance or the first twenty-five  
6 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
7 amount to be indexed annually in the same percentage as determined under paragraph (e)(1)(A)  
8 above. The "Five-Year Average Investment Return" shall mean the average of the investment  
9 returns of the most recent five (5) plan years as determined by the retirement board. Subject to  
10 paragraph (e)(2) below, the benefit adjustment provided by this paragraph shall commence upon  
11 the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or  
12 her Social Security retirement age, whichever is later. In the event the retirement board adjusts  
13 the actuarially assumed rate of return for the system, either upward or downward, the subtrahend  
14 shall be adjusted either upward or downward in the same amount.

15 (2) Except as provided in paragraph (e)(3), the benefit adjustments under this section for  
16 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the  
17 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
18 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
19 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
20 teachers for such plan year. In determining whether a funding level under this paragraph (e)(2)  
21 has been achieved, the actuary shall calculate the funding percentage after taking into account the  
22 reinstatement of any current or future benefit adjustment provided under this section. ~~"GASB~~  
23 ~~Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial accrued~~  
24 ~~liability.~~

25 (3) Notwithstanding paragraph (e)(2), in each fifth plan year commencing after June 30,  
26 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
27 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (e)(1)  
28 above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island, the  
29 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
30 the system's actuary on an aggregate basis, exceeds eighty percent (80%). (4) Notwithstanding  
31 any other provisions of this chapter, the provisions of this paragraph (e) of § 16-16-40 shall  
32 become effective July 1, 2012, and shall apply to any benefit adjustments not granted on or prior  
33 to June 30, 2012.

34 [\(f\) This subsection \(f\) shall become effective July 1, 2015.](#)

1 (1)(A) As soon as administratively reasonable following the enactment into law of this  
2 paragraph (f)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or  
3 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of 2% of the lesser  
4 of either the teacher's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
5 the teacher's retirement allowance. This one-time benefit adjustment shall be provided without  
6 regard to the retiree's age or number of years since retirement.

7 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
8 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or  
9 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar  
10 year under this section for adjustments on and after January 1, 2016, and subject to paragraph  
11 (f)(2) below, shall be equal to (I) multiplied by (II):

12 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

13 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
14 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
15 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
16 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
17 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
18 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
19 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
20 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

21 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
22 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
23 Statistics determined as of September 30 of the prior calendar year.

24 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be  
25 less than zero percent.

26 (II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-  
27 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
28 to be indexed annually in the same percentage as determined under (f)(1)(B)(I) above.

29 The benefit adjustments provided by this paragraph (f)(1)(B) shall be provided to all  
30 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
31 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
32 of the date of retirement or the date on which the retiree reaches his or her Social Security  
33 retirement age, whichever is later.

34 (2) Except as provided in paragraph (f)(3), the benefit adjustments under paragraph

1 (f)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
2 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
3 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
4 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
5 teachers for such plan year.

6 In determining whether a funding level under this paragraph (f)(2) has been achieved, the  
7 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
8 current or future benefit adjustment provided under this section.

9 (3) Notwithstanding paragraph (f)(2), in each fourth plan year commencing after June 30,  
10 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
11 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
12 (f)(1)(B) above and (ii) effective for teachers and/or beneficiaries of teachers who retired on or  
13 before June 30, 2015, the dollar amount in paragraph (f)(1)(B)(II) of twenty-five thousand eight  
14 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
15 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island,  
16 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
17 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

18 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before  
19 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
20 days following the enactment of the legislation implementing this provision, and a second one-  
21 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
22 stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the  
23 applicable payment date and shall not be considered cost of living adjustments under the prior  
24 provisions of this Section 16-16-40.

25 SECTION 15. Section 45-21-2 of the General Laws in Chapter 45-21 entitled  
26 "Retirement of Municipal Employees" is hereby amended to read as follows:

27 **§ 45-21-2. Definitions. --** The following words and phrases as used in this chapter have  
28 the following meanings unless a different meaning is plainly required by the context:

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

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

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

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

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

9           (i) Both partners were at least eighteen (18) years of age and were mentally competent to  
10 contract;

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

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

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

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

18           (A) Domestic partnership agreement or relationship contract;

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

20           (C) Two (2) of:

21           (I) Joint ownership of motor vehicle;

22           (II) Joint checking account;

23           (III) Joint credit account;

24           (IV) Joint lease; and/or

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

27           (6) "Effective date of participation" means the date on which the provisions of this  
28 chapter have become applicable to a municipality accepting the provisions of the chapter in the  
29 manner stated in § 45-21-4.

30           (7) "Employee" means any regular and permanent employee or officer of any  
31 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the  
32 service of the municipality, including elective officials and officials and employees of city and  
33 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the  
34 purposes of this chapter, does not include any person whose duties are of a casual or seasonal

1 nature. The retirement board shall decide who are employees within the meaning of this chapter,  
2 but in no case shall it deem as an employee any individual who annually devotes less than twenty  
3 (20) business hours per week to the service of the municipality and who receives less than the  
4 equivalent of minimum wage compensation on an hourly basis for his or her services, except as  
5 provided in § 45- 21-14.1. Casual employees mean those persons hired for an occasional period  
6 or a period of emergency to perform special jobs or functions not necessarily related to the work  
7 of regular employees. Any commissioner of a municipal housing authority, or any member of a  
8 part-time state board commission, committee or other authority is not deemed to be an employee  
9 within the meaning of this chapter.

10 (8)(a) "Final compensation" for members who are eligible to retire on or prior to June  
11 30, 2012 shall mean the average annual compensation, pay, or salary of a member for services  
12 rendered during the period of three (3) consecutive years within the total service of the member  
13 when the average was highest, and as the term average annual compensation is further defined in  
14 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final  
15 compensation" means the average of the highest five (5) consecutive years of compensation  
16 within the total service when the final compensation was the highest.

17 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
18 half (1/2) of the member's total years of service consist of years of service during which the  
19 member devoted less than thirty (30) business hours per week to the service of the municipality,  
20 but the member's average compensation consists of three (3) or more years during which the  
21 member devoted more than thirty (30) business hours per week to the service of a municipality,  
22 such member's average compensation shall mean the average of the highest ten (10) consecutive  
23 years of compensation within the total service when the average compensation was the highest,  
24 provided however, effective July 1, 2015, if such member's average compensation as defined in  
25 paragraph (a) above is equal to or less than thirty- five thousand dollars (\$35,000), such amount  
26 to be indexed annually in accordance with Section 45-21-52(d)(1)(B), such member's average  
27 compensation shall mean the greater of: (i) the average of the highest ten (10) consecutive years  
28 of compensation within the total service when the average compensation was the highest, or (ii)  
29 the member's average compensation as defined in paragraph (a) above. To protect a member's  
30 accrued benefit on June 30, 2012 under this §45-21-2(8)(b), in no event shall a member's average  
31 compensation be lower than his or her average compensation determined as of June 30, 2012.  
32 Notwithstanding the preceding provisions, in no event shall a member's final compensation be  
33 lower than his or her final compensation determined as of June 30, 2012.

34 (9) "Fiscal year" means the period beginning on July 1 in any year and ending on June 30

1 of the next succeeding year.

2 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a  
3 member claiming service credit for certain employment for which payment is required, which is  
4 determined according to the age of the member and his or her annual rate of compensation at the  
5 time he or she applies for service credit, and which is expressed as a rate percent of the annual  
6 rate of compensation to be multiplied by the number of years for which he or she claims the  
7 service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on  
8 the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-  
9 10-10.4, and subdivision 45-21-53:

10 (i) All service credit purchases requested after June 16, 2009 and prior to July 1, 2012,  
11 shall be at full actuarial value; and

12 (ii) All service credit purchases requested after June 30, 2012 shall be at full actuarial  
13 value which shall be determined using the system's assumed investment rate of return minus one  
14 percent (1%).

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

17 (12) "Member" means any person included in the membership of the retirement system as  
18 provided in § 45-21-8.

19 (13) "Municipality" means any town or city in the state of Rhode Island, any city or town  
20 housing authority, fire, water, sewer district, regional school district, public building authority as  
21 established by chapter 14 of title 37, or any other municipal financed agency to which the  
22 retirement board has approved admission in the retirement system.

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

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

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

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

34 (18) "Retirement board" or "board" means the state retirement board created by chapter 8

1 of title 36.

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

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

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

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

11 SECTION 16. Section 45-21-16 of the General Laws in Chapter 45-21 entitled  
12 "Retirement of Municipal Employees" is hereby amended to read as follows:

13 **§ 45-21-16. Retirement on service allowance.** -- Retirement of a member on a service  
14 retirement allowance shall be made by the retirement board as follows:

15 (1)(i) Any member who is eligible to retire on or before June 30, 2012, may retire upon  
16 the member's written application to the retirement board as of the first day of the calendar month  
17 in which the application was filed, provided the member was separated from service prior to the  
18 application, and provided, further, that if separation from service occurs during the month in  
19 which application is filed, the effective date is the first day following the separation from service,  
20 provided that the member at the time so specified for the member's retirement has attained the  
21 applicable minimum retirement age and has completed at least ten (10) years of total service or  
22 who, regardless of age, completed thirty (30) years of total service, and notwithstanding that  
23 during the period of notification the member has separated from service. The minimum ages for  
24 service retirement (except for employees completing thirty (30) years of service) is fifty-eight  
25 (58) years.

26 (ii) Effective July 1, 2012, the following shall apply to all members not eligible to retire  
27 prior to July 1, 2012:

28 (A) A member with contributory service on or after July 1, 2012, shall be eligible to retire  
29 upon the completion of at least five (5) years of contributory service and attainment of the  
30 member's Social Security retirement age.

31 (B) For members with five (5) or more years of contributory service as of June 30, 2012,  
32 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
33 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
34 service the member has earned as of June 30, 2012, but in no event shall a member's retirement

1 age under this subparagraph (B) be prior to the attainment of age fifty-nine (59) or prior to the  
2 member's retirement age determined under the laws in effect on June 30, 2012. The proportional  
3 formula shall work as follows:

4 (1) The formula shall determine the first age of retirement eligibility under the laws in  
5 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

6 (2) The formula shall then take the member's total service credit as of June 30, 2012 as  
7 the numerator and the projected service at retirement age in effect on June 30, 2012 as the  
8 denominator;

9 (3) The fraction determined in (2) shall then be multiplied by the age difference  
10 determined in (1) to apply a reduction in years from Social Security retirement age.

11 (C) [Effective July 1, 2015](#), ~~A~~ a member who has completed twenty (20) or more years of  
12 total service and who has attained an age within five (5) years of the eligible retirement age under  
13 subparagraphs (ii)(A) or (ii)(B) above [or subparagraph \(iii\) below](#), may elect to retire provided  
14 that the retirement allowance shall be reduced actuarially for each month that the age of the  
15 member is less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above [or](#)  
16 [subparagraph \(iii\) below in accordance with the following table:](#)

<a href="#">Year Preceding Retirement</a>	<a href="#">Cumulative Annual Reduction</a>	<a href="#">Cumulative Monthly Reduction</a>
<a href="#">For Year 1</a>	<a href="#">9%</a>	<a href="#">.75%</a>
<a href="#">For Year 2</a>	<a href="#">8%</a>	<a href="#">.667%</a>
<a href="#">For Year 3</a>	<a href="#">7%</a>	<a href="#">.583%</a>
<a href="#">For Year 4</a>	<a href="#">7%</a>	<a href="#">.583%</a>
<a href="#">For Year 5</a>	<a href="#">7%</a>	<a href="#">.583%</a>

23 (D)(1) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who  
24 has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to  
25 retire at his or her eligible retirement date as determined under paragraph (i) above provided that  
26 a member making an election under this paragraph shall receive the member's retirement benefit  
27 determined and calculated based on the member's service and average compensation as of June  
28 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's  
29 accrued benefit on June 30, 2012.

30 [\(iii\) Notwithstanding any other provisions of subparagraph \(ii\) above, effective July 1,](#)  
31 [2015, members in active service shall be eligible to retire upon the earlier of \(I\) the attainment of](#)  
32 [at least age sixty-five \(65\) and the completion of at least thirty \(30\) years of total service, or the](#)  
33 [attainment of at least age sixty-four \(64\) and the completion of at least thirty-one \(31\) years of](#)  
34 [total service, or the attainment of at least age sixty-three \(63\) and the completion of at least thirty-](#)

1 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion  
2 of at least thirty-three (33) years of total service, or (II) the member's retirement eligibility date  
3 under subparagraphs (ii)(A) or (ii)(B) above.

4 (2) Except as specifically provided in §§ 45-21-19 – 45-21-22, no member is eligible for  
5 pension benefits under this chapter unless:

6 (I) On or prior to June 30, 2012 the member has been a contributing member of the  
7 employees' retirement system for at least ten (10) years; or (II) For members in active  
8 contributory service on or after July 1, 2012, the member shall have been a contributing member  
9 of the employees' retirement system for at least five (5) years.

10 (i) Provided, however, a person who has ten (10) years service credit on or before June  
11 16, 1991 is vested.

12 (ii) Furthermore, any past service credits purchased in accordance with § 45-21-62 are  
13 counted towards vesting.

14 (iii) Any person who becomes a member of the employees' retirement system pursuant to  
15 § 45-21-4 shall be considered a contributing member for the purpose of this chapter.

16 (iv) Notwithstanding any other provision of law, no more than five (5) years of service  
17 credit may be purchased by a member of the System. The five (5)-year limit does not apply to any  
18 purchases made prior to the effective date of this provision. A member who has purchased more  
19 than five (5) years of service credit maximum, before January 1, 1995, shall be permitted to apply  
20 the purchases towards the member's service retirement. However, no further purchase will be  
21 permitted. Repayment, in accordance with applicable law and regulation, of any contribution  
22 previously withdrawn from the System is not deemed a purchase of service credit.

23 (v) Notwithstanding any other provision of law, effective July 1, 2012, except for  
24 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

25 (I) For service purchases for time periods prior to a member's initial date of hire; the  
26 purchase must be made within three (3) years of the member's initial date of hire; and

27 (II) For service purchases for time periods for official periods of leave as authorized by  
28 law, the purchase must be made within three (3) years of the time the official leave was  
29 concluded by the member. Notwithstanding (I) and (II) above, service purchases from time  
30 periods prior to June 30, 2012 may be made on or prior to June 30, 2015.

31 (3) No member of the municipal employees' retirement system is permitted to purchase  
32 service credits for casual, temporary, emergency or seasonal employment, for employment as a  
33 page in the general assembly, or for employment at any state college or university while the  
34 employee is a student or graduate assistant of the college or university.

1 (4) A member does not receive service credit in this retirement system for any year or  
2 portion of a year, which counts as service credit in any other retirement system in which the  
3 member is vested or from which the member is receiving a pension and/or any annual payment  
4 for life. This subsection does not apply to any payments received pursuant to the Federal Social  
5 Security Act or to payments from a military pension earned prior to participation in state or  
6 municipal employment, or to military service credits earned prior to participation in state or  
7 municipal employment.

8 (5) A member who seeks to purchase or receive service credit in this retirement system  
9 has the affirmative duty to disclose to the retirement board whether or not he or she is a vested  
10 member in any other retirement system and/or is receiving a pension retirement allowance or any  
11 annual payment for life. The retirement board has the right to investigate whether or not the  
12 member has utilized the same time of service for credit in any other retirement system. The  
13 member has an affirmative duty to cooperate with the retirement board including, by way of  
14 illustration and not by way of limitation, the duty to furnish or have furnished to the retirement  
15 board any relevant information which is protected by any privacy act.

16 (6) A member who fails to cooperate with the retirement board shall not have the time of  
17 service counted toward total service credit until a time that the member cooperates with the  
18 retirement board and until a time that the retirement board determines the validity of the service  
19 credit.

20 (7) A member who knowingly makes a false statement to the retirement board regarding  
21 service time or credit is not entitled to a retirement allowance and is entitled only to the return of  
22 his or her contributions without interest.

23 SECTION 17. Section 45-21-17 of the General Laws in Chapter 45-21 entitled  
24 "Retirement of Municipal Employees" is hereby amended to read as follows:

25 **§ 45-21-17. Service retirement allowance.** -- (a) Upon retirement from service after  
26 January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable  
27 upon death of the annuitant and is an amount is equal to two percent (2%) of final compensation  
28 multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37  
29 1/2) years for services on and prior to June 30, 2012. For service on and after July 1, 2012: (i) for  
30 members with fewer than twenty (20) years of total service as of June 30, 2012, a member's  
31 retirement allowance shall be equal to one percent (1%) of the member's final compensation  
32 multiplied by the member's years of total service on and after July 1, 2012, and (ii) for members  
33 with twenty (20) or more years of total service as of June 30, 2012, a member's retirement  
34 allowance shall be equal to one percent (1%) of the member's average compensation multiplied

1 [by the member's years of total service between July 1, 2012 and June 30, 2015, and two percent](#)  
2 [\(2%\) of the member's average compensation multiplied by the member's years of total service on](#)  
3 [and after July 1, 2015. For purposes of computing a member's total service under the preceding](#)  
4 [sentence, service purchases shall be included in total service only with respect to those service](#)  
5 [purchases approved prior to June 30, 2012 and those applications for service purchases received](#)  
6 [by the retirement system on or before June 30, 2012.](#) In no event shall a member's retirement  
7 allowance exceed seventy-five percent (75%) of the member's final compensation. Provided,  
8 however, that every person elected prior to July 1, 2012 who has served as a part time elected  
9 official of the city of Cranston for a period of ten (10) years, is entitled to receive, upon  
10 retirement from that part time service, and not being otherwise regularly employed by the city of  
11 Cranston in which that person has served, a service retirement allowance equivalent to fifty  
12 percent (50%) of the salary received at the time of retirement by that part time elected official;  
13 and, provided, further, that if that person retires after a period of service greater than ten (10)  
14 years, the person is entitled to receive an additional service retirement allowance equivalent to  
15 five percent (5%) of the salary received at the time of retirement for each whole year of service,  
16 in excess of ten (10) years up to a maximum additional allowance equivalent to fifty percent  
17 (50%) of the salary received.

18 (b) This section also applies to any former part time elected official of the city of  
19 Cranston who is presently receiving retirement benefits from the municipal retirement system.

20 (c) Every person elected prior to July 1, 2012 who serves or has served at least four (4)  
21 years as a part time elected official of the city of Cranston may include that person's years of  
22 service as a member of the general assembly, and any other credits acquired while serving as a  
23 legislator, when computing the person's period of service to the city of Cranston pursuant to the  
24 provisions of this section.

25 SECTION 18. Section 45-21-41 of the General Laws in Chapter 45-21 entitled  
26 "Retirement of Municipal Employees" is hereby amended to read as follows:

27 **§ 45-21-41. Members' contributions -- Payroll deductions -- Certification to board. -**

28 (a) Prior to July 1, 2012, each member shall contribute an amount equal to six percent (6%) of  
29 salary or compensation earned and accruing to the member; provided, that contributions by any  
30 member cease when the member has completed the maximum amount of service credit attainable.  
31 Special compensation for additional fees shall not be considered as compensation for contribution  
32 purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent  
33 (1%) of his or her compensation as his or her share of the cost. [Effective July 1, 2015, each](#)  
34 [member with twenty \(20\) or more years of total service as of June 30, 2012 shall contribute an](#)

1 [amount equal to eight and one-quarter percent \(8.25%\) of compensation.](#)

2 (b) Each municipality shall deduct the previously stated rate from the compensation of  
3 each member on each and every payroll of the municipality, and the deduction made during the  
4 entire time a member is in service subject to termination as stated in the foregoing paragraph.

5 (c) The deductions provided for in this section shall be made notwithstanding that the  
6 minimum compensation provided for by law for any member is reduced by the compensation.  
7 Every member is deemed to consent and agree to the deductions made and provided for in this  
8 section, and shall receipt for his or her full salary or compensation; and payment of salary or  
9 compensation less those deductions are a full and complete discharge and acquittance of all  
10 claims and demands for the services rendered by the person during the period covered by the  
11 payment except as to the benefits provided under this chapter. Each participating municipality  
12 shall certify to the retirement board the amounts deducted from the compensation of members.  
13 Each of the amounts, when deducted, shall be credited to an individual account of the member  
14 from whose compensation the deduction was made.

15 SECTION 19. Chapter 45-21 of the General Laws entitled "Retirement of Municipal  
16 Employees" is hereby amended by adding thereto the following section:

17 **§ 45-21-43.1. Actuarial cost method.** – [\(a\) To determine the employer contribution rate](#)  
18 [for any participating municipality, the actuary shall compute the costs under chapters 21 and 21.2](#)  
19 [of title 45 using the entry age normal cost method.](#)

20 [\(b\) The determination of the employer contribution rate for fiscal year 2013 shall include](#)  
21 [a re-amortization of the Unfunded Actuarial Accrued Liability \(UAAL\) over a closed twenty-five](#)  
22 [\(25\) year period. After an initial period of five \(5\) years, future actuarial gains and losses](#)  
23 [occurring within a plan year will be amortized over individual new twenty \(20\) year closed](#)  
24 [periods.](#)

25 [\(c\) The determination of the employer contribution rate commencing with fiscal year](#)  
26 [2017 shall include a re-amortization of the current Unfunded Actuarial Accrued Liability as of](#)  
27 [June 30, 2014 over a closed twenty-five \(25\) year period. Future actuarial gains and losses](#)  
28 [occurring within a plan year will be amortized over individual new twenty \(20\) year closed](#)  
29 [periods. Employers shall have the one-time option before August 1, 2015 to remain under the](#)  
30 [amortization schedule set forth in subsection \(b\) above.](#)

31 SECTION 20. Section 45-21-52 of the General Laws in Chapter 45-21 entitled  
32 "Retirement of Municipal Employees" is hereby amended to read as follows:

33 **§ 45-21-52. Automatic increase in service retirement allowance.** -- (a) The local  
34 legislative bodies of the cities and towns may extend to their respective employees automatic

1 adjustment increases in their service retirement allowances, by a resolution accepting any of the  
2 plans described in this section:

3 (1) *Plan A.* All employees and beneficiaries of those employees receiving a service  
4 retirement or disability retirement allowance under the provisions of this chapter on December 31  
5 of the year their city or town accepts this section, receive a cost of living adjustment equal to one  
6 and one-half percent (1 1/2%) per year of the original retirement allowance, not compounded, for  
7 each calendar year the retirement allowance has been in effect. This cost of living adjustment is  
8 added to the amount of the retirement allowance as of January 1 following acceptance of this  
9 provision, and an additional one and one-half percent (1 1/2%) is added to the original retirement  
10 allowance in each succeeding year during the month of January, and provided, further, that this  
11 additional cost of living increase is three percent (3%) for the year beginning January 1 of the  
12 year the plan is accepted and each succeeding year.

13 (2) *Plan B.* All employees and beneficiaries of those employees receiving a retirement  
14 allowance under the provisions of this chapter on December 31 of the year their municipality  
15 accepts this section, receive a cost of living adjustment equal to three percent (3%) of their  
16 original retirement allowance. This adjustment is added to the amount of the retirement allowance  
17 as of January 1 following acceptance of this provision, and an additional three percent (3%) of the  
18 original retirement allowance, not compounded, is payable in each succeeding year in the month  
19 of January.

20 (3) *Plan C.* All employees and beneficiaries of those employees who retire on or after  
21 January 1 of the year following acceptance of this section, on the first day of January next  
22 following the date of the retirement, receive a cost of living adjustment in an amount equal to  
23 three percent (3%) of the original retirement allowance.

24 (b) In each succeeding year in the month of January, the retirement allowance is  
25 increased an additional three percent (3%) of the original retirement allowance, not compounded.

26 (c) [This subsection \(c\) shall be effective for the period July 1, 2012 through June 30,](#)  
27 [2015.](#)

28 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)  
29 below, for all present and former employees, active and retired members, and beneficiaries  
30 receiving any retirement, disability or death allowance or benefit of any kind by reason of  
31 adoption of this section by their employer, the annual benefit adjustment provided in any calendar  
32 year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the  
33 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from  
34 the Five-Year Average Investment Return of the retirement system determined as of the last day

1 of the plan year preceding the calendar year in which the adjustment is granted, said percentage  
2 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the  
3 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
4 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually  
5 in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment  
6 Return" shall mean the average of the investment returns of the most recent five (5) plan years as  
7 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment  
8 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of  
9 retirement or the date on which the retiree reaches his or her Social Security retirement age,  
10 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-  
11 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third  
12 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five  
13 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the  
14 system, either upward or downward, the subtrahend shall be adjusted either upward or downward  
15 in the same amount.

16 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this  
17 section for any plan year shall be suspended in their entirety for each municipal plan within the  
18 municipal employees retirement system unless the municipal plan is determined to be funded at a  
19 ~~GASB~~ Funded Ratio equal to or greater than eighty percent (80%) as of the end of the  
20 immediately preceding plan year in accordance with the retirement system's actuarial valuation  
21 report as prepared by the system's actuary, in which event the benefit adjustment will be  
22 reinstated for all members for such plan year. In determining whether a funding level under this  
23 paragraph (c)(2) has been achieved, the actuary shall calculate the funding percentage after taking  
24 into account the reinstatement of any current or future benefit adjustment provided under this  
25 section. ~~"GASB Funded Ratio" shall mean the ratio of the actuarial value of assets to the actuarial~~  
26 ~~accrued liability.~~

27 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a GASB Funded  
28 Ratio of less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing  
29 after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at  
30 intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance  
31 with paragraph (c)(1) above until the municipal plan's ~~GASB~~ Funded Ratio exceeds eighty  
32 percent (80%).

33 [\(d\) This subsection \(d\) shall become effective July 1, 2015.](#)

34 [\(1\)\(A\) As soon as administratively reasonable following the enactment into law of this](#)

1 paragraph (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or  
2 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the  
3 lesser of either the employee's retirement allowance or the first twenty-five thousand dollars  
4 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be  
5 provided without regard to the retiree's age or number of years since retirement.

6 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
7 employees, active and retired employees, and beneficiaries receiving any retirement, disability or  
8 death allowance or benefit of any kind by reason of adoption of this section by their employer, the  
9 annual benefit adjustment provided in any calendar year under this section for adjustments on and  
10 after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by  
11 (II):

12 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

13 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
14 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
15 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
16 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
17 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
18 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
19 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
20 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

21 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
22 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
23 Statistics determined as of September 30 of the prior calendar year.

24 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be  
25 less than zero percent.

26 (II) is equal to the lesser of either the member's retirement allowance or the first twenty-  
27 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
28 to be indexed annually in the same percentage as determined under (d)(1)(B)(I) above.

29 The benefit adjustments provided by this paragraph (d)(1)(B) shall be provided to all  
30 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
31 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
32 of the date of retirement or the date on which the retiree reaches his or her Social Security  
33 retirement age, whichever is later; or for municipal police and fire retiring under the provisions of  
34 section 45-21.2-5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on

1 the later of the third (3rd) anniversary of the date of retirement or the date on which the retiree  
2 reaches age fifty-five (55); or for municipal police and fire retiring under the provisions of section  
3 45-21.2-5(b)(1)(B), the benefit adjustment provided by this paragraph shall commence on the  
4 later of the third (3rd) anniversary of the date of retirement or the date on which the retiree  
5 reaches age fifty (50).

6 (2) Except as provided in paragraph (d)(3), the benefit adjustments under paragraph  
7 (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the  
8 municipal employees retirement system unless the municipal plan is determined to be funded at a  
9 Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately  
10 preceding plan year in accordance with the retirement system's actuarial valuation report as  
11 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all  
12 members for such plan year.

13 In determining whether a funding level under this paragraph (d)(2) has been achieved, the  
14 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
15 current or future benefit adjustment provided under this section.

16 (3) Notwithstanding paragraph (d)(2), in each fourth plan year commencing after June 30,  
17 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
18 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
19 (d)(1)(B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
20 before June 30, 2015, the dollar amount in paragraph (d)(1)(B)(II) of twenty-five thousand eight  
21 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
22 dollars (\$31,026) until the municipal plan's Funded Ratio exceeds eighty percent (80%).

23 ~~(d)~~(e) Upon acceptance of any of the plans in this section, each employee shall on  
24 January 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to §  
25 45-21- 41, one percent (1%) of the employee's compensation concurrently with and in addition to  
26 contributions otherwise being made to the retirement system.

27 ~~(d)~~(f) The city or town shall make any additional contributions to the system, pursuant to  
28 the terms of § 45-21-42, for the payment of any benefits provided by this section.

29 ~~(d)~~(g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-  
30 52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract  
31 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C  
32 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be  
33 separate from all other employees of the town and school department, union or non-union, who  
34 are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the

1 town council, benefits in accordance with this section shall be available to all such employees  
2 who retire on or after January 1, 2003.

3 (h) Effective for members and or beneficiaries of members who have retired on or before  
4 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a  
5 benefit adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall  
6 be payable within sixty (60) days following the enactment of the legislation implementing this  
7 provision, and a second one-time stipend of five hundred dollars (\$500) in the same month of the  
8 following year. These stipends shall not be considered cost of living adjustments under the prior  
9 provisions of this Section 45-21-52.

10 SECTION 21. Section 42-28-22 of the General Laws in Chapter 42-28 entitled "State  
11 Police" is hereby amended to read as follows:

12 **§ 42-28-22. Retirement of members.** -- (a) Whenever any member of the state police  
13 hired prior to July 1, 2007 has served for twenty (20) years, he or she may retire therefrom or he  
14 or she may be retired by the superintendent with the approval of the governor, and in either event  
15 a sum equal to one-half (1/2) of the whole salary for the position from which he or she retired  
16 determined on the date he or she receives his or her first retirement payment shall be paid him or  
17 her during life.

18 (b) For purposes of this section, the term "whole salary" means:

19 (1) For each member who retired prior to July 1, 1966, "whole salary" means the base  
20 salary for the position from which he or she retired as the base salary for that position was  
21 determined on July 31, 1972;

22 (2) For each member who retired between July 1, 1966 and June 30, 1973, "whole salary"  
23 means the base salary for the position from which he or she retired as the base salary,  
24 implemented by the longevity increment, for that position was determined on July 31, 1972 or on  
25 the date of his or her retirement, whichever is greater;

26 (3) For each member who retired or who retires after July 1, 1973 "whole salary" means  
27 the base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for  
28 the position from which he or she retired or retires.

29 (c) Any member who retired prior to July 1, 1977 shall receive a benefits payment  
30 adjustment equal to three percent (3%) of his or her original retirement, as determined in  
31 subsection (b) of this section, in addition to his or her original retirement allowance. In each  
32 succeeding year thereafter during the month of January, the retirement allowance shall be  
33 increased an additional three percent (3%) of the original retirement allowance, not compounded,  
34 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given

1 for a full calendar year regardless of the effective date of the service retirement allowance. For  
2 purposes of this subsection, the benefits payment adjustment shall be computed from January 1,  
3 1971 or the date of retirement, whichever is later in time.

4 (2) Any member of the state police who retires pursuant to the provisions of this chapter  
5 on or after January 1, 1977, shall on the first day of January, next following the third anniversary  
6 date of the retirement receive a benefits payment adjustment, in addition to his or her retirement  
7 allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each  
8 succeeding year thereafter during the month of January, the retirement allowance shall be  
9 increased an additional three percent (3%) of the original retirement allowance, not compounded,  
10 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given  
11 for a full calendar year regardless of the effective date of the service retirement allowance.

12 (3) Any retired member of the state police who is receiving a benefit payment adjustment  
13 pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991 and ending  
14 June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars (\$1,500).

15 (d) The benefits payment adjustment as provided in this section shall apply to and be in  
16 addition to the retirement benefits under the provisions of § 42-28-5, and to the injury and death  
17 benefits under the provisions of § 42-28-21.

18 (e) Any member who retires after July 1, 1972 and is eligible to retire prior to July 1,  
19 2012 and who has served beyond twenty (20) years shall be allowed an additional amount equal  
20 to three percent (3%) for each completed year served after twenty (20) years, but in no event shall  
21 the original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as  
22 defined in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in  
23 subsection (b) hereof in his or her twenty-fifth (25th) year whichever is less.

24 (2) Each member who retired prior to July 1, 1975, shall be entitled to all retirement  
25 benefits as set forth above or shall be paid benefits as set forth in subdivision (b)(1) with "whole  
26 salary" meaning the base salary for the position from which he or she retired as the base salary for  
27 the position was determined on July 1, 1975, whichever is greater.

28 (f) Any member who retires, has served as a member for twenty (20) years or more, and  
29 who served for a period of six (6) months or more of active duty in the armed service of the  
30 United States or in the merchant marine service of the United States as defined in § 2 of chapter  
31 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2)  
32 years; provided that any member who has served at least six (6) months or more in any one year  
33 shall be allowed to purchase one year for such service and any member who has served a fraction  
34 of less than six (6) months in his or her total service shall be allowed to purchase six (6) months'

1 credit for such service.

2 (2) The cost to purchase these credits shall be ten percent (10%) of the member's first  
3 year salary as a state policeman multiplied by the number of years and/or fraction thereof of such  
4 armed service up to a maximum of two (2) years. The purchase price shall be paid into the  
5 general fund. For members hired on or after July 1, 1989, the purchase price shall be paid into a  
6 restricted revenue account entitled "state police retirement benefits" and shall be held in trust.

7 (3) There will be no interest charge provided the member makes such purchase during his  
8 or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later, but  
9 will be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase from  
10 the date of his or her twentieth (20th) year of state service or five (5) years from May 18, 1981,  
11 whichever is later.

12 (4) Any member who is granted a leave of absence without pay for illness, injury or any  
13 other reason may receive credit therefor by making the full actuarial cost as defined in  
14 subdivision 36-8-1(10); provided the employee returns to state service for at least one year upon  
15 completion of the leave.

16 (5) In no event shall the original retirement allowance exceed sixty-five percent (65%) of  
17 his or her whole salary as defined in subsection (b) hereof or sixty-five percent (65%) of his or  
18 her salary as defined in subsection (b) hereof in his or her twenty-fifth (25th) year, whichever is  
19 less.

20 (6) Notwithstanding any other provision of law, no more than five (5) years of service  
21 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
22 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years  
23 of service credits before January 1, 1995, shall be permitted to apply those purchases towards the  
24 member's service retirement. However, no further purchase will be permitted. Repayment in  
25 accordance with applicable law and regulation of any contribution previously withdrawn from the  
26 system shall not be deemed a purchase of service credit.

27 (g) The provisions of this section shall not apply to civilian employees in the Rhode  
28 Island state police; and, further, from and after April 28, 1937, chapters 8 – 10, inclusive, of title  
29 36 shall not be construed to apply to the members of the Rhode Island state police, except as  
30 provided by §§ 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and (8)(a)  
31 effective July 1, 2012.

32 (h) Any member of the state police other than the superintendent of state police, who is  
33 hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the  
34 age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

1 (i) Any member of the state police, other than the superintendent, who is hired on or after  
2 July 1, 2007 and who has served for twenty-five (25) years, may retire therefrom or he or she may  
3 be retired by the superintendent with the approval of the governor, and shall be entitled to a  
4 retirement allowance of fifty percent (50%) of his or her "whole salary" as defined in subsection  
5 (b) hereof.

6 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to  
7 a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent  
8 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the  
9 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as  
10 defined in subsection (b) hereof. (j) Effective July 1, 2012, any other provision of this section  
11 notwithstanding: (j) Any member of the state police, other than the superintendent of state police,  
12 who is not eligible to retire on or prior to June 30, 2012 may retire at any time subsequent to the  
13 date the member's retirement allowance equals or exceeds fifty percent (50%) of average  
14 compensation as defined in section 36-8-1(5)(a), provided that a member shall retire upon the  
15 first to occur of:

16 (i) The date the member's retirement allowance equals sixty-five percent (65%); or

17 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of  
18 service; provided however, any current member as of June 30, 2012 who has not accrued fifty  
19 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent  
20 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

21 (A) For members hired prior to July 1, 2007 the sum of (i), (ii) and (iii) where

22 (i) Is calculated as the member's years of total service before July 1, 2012 multiplied by  
23 two and one half percent (2.5%) of average compensation for a member's first twenty (20) total  
24 years,

25 (ii) Is calculated as the member's years of total service before July 1, 2012 in excess of  
26 twenty (20) years not to exceed twenty-five (25) years multiplied by three percent (3%) of  
27 average compensation, and

28 (iii) Is the member's years of total service on or after July 1, 2012 multiplied by two  
29 percent (2%) of average compensation as defined in § 36-8-1(5)(a).

30 (B) For members hired on or after July 1, 2007, the member's retirement allowance shall  
31 be calculated as the member's years of total contributory service multiplied by two percent (2%)  
32 of average compensation.

33 (C) Any member of the state police who is eligible to retire on or prior to June 30, 2012  
34 shall retire with a retirement allowance calculated in accordance with paragraph (a) and (e) above

1 except that whole salary shall be defined as final compensation where compensation for purposes  
2 of this section and § 42-28-22.1 includes base salary, longevity and holiday pay.

3 (D) Notwithstanding the preceding provisions, in no event shall a member's final  
4 compensation be lower than his or her final compensation determined as of June 30, 2012.

5 (2) In no event shall a member's original retirement allowance under any provisions of  
6 this section exceed sixty-five percent (65%) of his or her average compensation.

7 (3) For each member who retires on or after July 1, 2012, except as provided in paragraph  
8 (j)(1)(C) above, compensation and average compensation shall be defined in accordance with §  
9 36- 8-1(5)(a) and (8), provided that for a member whose regular work period exceeds one  
10 hundred forty-seven (147) hours over a twenty-four (24) day period at any time during the  
11 four (4) year period immediately prior to his/her retirement that member shall have up to four  
12 hundred (400) hours of his/her pay for regularly scheduled work earned during this period shall  
13 be included as "compensation" and/or "average compensation" for purposes of this section and §  
14 42-28-22.1.

15 (4) [This subsection \(4\) shall be effective for the period July 1, 2012 through June 30,](#)  
16 [2015.](#)

17 Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii)  
18 below, for all present and former members, active and retired members, and beneficiaries  
19 receiving any retirement, disability or death allowance or benefit of any kind, whether for or on  
20 behalf of a non- contributory member or contributory member, the annual benefit adjustment  
21 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
22 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
23 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
24 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
25 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
26 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five  
27 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
28 amount to be indexed annually in the same percentage as determined under (4)(i)(A) above. The  
29 "Five-Year Average Investment Return" shall mean the average of the investment returns for the  
30 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (4)(ii)  
31 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)  
32 anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55),  
33 whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return  
34 for the system, either upward or downward, the subtrahend shall be adjusted either upward or

1 downward in the same amount. (ii) Except as provided in paragraph (4)(iii), the benefit  
2 adjustments under this section for any plan year shall be suspended in their entirety unless the  
3 ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial  
4 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the  
5 system's actuary on an aggregate basis, exceeds eighty percent (80%) in which event the benefit  
6 adjustment will be reinstated for all members for such plan year.

7 In determining whether a funding level under this paragraph (4)(ii) has been achieved,  
8 the actuary shall calculate the funding percentage after taking into account the reinstatement of  
9 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~  
10 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

11 (iii) Notwithstanding paragraph (4)(ii), in each fifth plan year commencing after June 30,  
12 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
13 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
14 (4)(i) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island,  
15 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
16 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

17 (iv) The provisions of this paragraph (j)(4) of § 42-28-22 shall become effective July 1,  
18 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

19 (v) The cost-of-living adjustment as provided in this paragraph (j)(4) shall apply to and  
20 be in addition to the retirement benefits under the provisions of § 42-28-5 and to the injury and  
21 death benefits under the provisions of § 42-28-21.

22 (5) This subsection (5) shall become effective July 1, 2015.

23 (i)(A) As soon as administratively reasonable following the enactment into law of this  
24 paragraph (5)(i)(A), a one-time benefit adjustment shall be provided to members and/or  
25 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the  
26 lesser of either the member's retirement allowance or the first twenty-five thousand dollars  
27 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be  
28 provided without regard to the retiree's age or number of years since retirement.

29 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
30 members, active and retired members, and beneficiaries receiving any retirement, disability or  
31 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar  
32 year under this section for adjustments on and after January 1, 2016, and subject to paragraph  
33 (5)(ii) below, shall be equal to (I) multiplied by (II):

34 (I) shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:

1 (1) is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
2 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
3 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
4 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
5 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
6 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
7 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
8 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

9 (2) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
10 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
11 Statistics determined as of September 30 of the prior calendar year.

12 In no event shall the sum of (1) plus (2) exceed three and one-half percent (3.5%) or be  
13 less than zero percent.

14 (II) is equal to the lesser of either the member's retirement allowance or the first twenty-  
15 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
16 to be indexed annually in the same percentage as determined under (5)(i)(B)(I) above. The benefit  
17 adjustments provided by this paragraph (5)(i)(B) shall be provided to all retirees entitled to  
18 receive a benefit adjustment as of June 30, 2012 under the law then in effect, and for all other  
19 retirees the benefit adjustments shall commence upon the third (3rd) anniversary of the date of  
20 retirement or the date on which the retiree reaches his or her Social Security retirement age,  
21 whichever is later.

22 (ii) Except as provided in paragraph (5)(iii), the benefit adjustments under paragraph  
23 (5)(i)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
24 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
25 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
26 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
27 members for such plan year.

28 In determining whether a funding level under this paragraph (5)(ii) has been achieved, the  
29 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
30 current or future benefit adjustment provided under this section.

31 (iii) Notwithstanding paragraph (5)(ii), in each fourth plan year commencing after June  
32 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of  
33 four plan years, (i) a benefit adjustment shall be calculated and made in accordance with  
34 paragraph (5)(i) (B) above and (ii) effective for members and/or beneficiaries of members who

1 retired on or before June 30, 2015, the dollar amount in paragraph (5)(i)(B)(II) of twenty-five  
2 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand  
3 and twenty-six dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of  
4 Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits  
5 Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

6 (iv) Effective for members and or beneficiaries of members who have retired on or before  
7 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
8 days following the enactment of the legislation implementing this provision, and a second one-  
9 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
10 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the  
11 applicable payment date and shall not be considered cost of living adjustments under the prior  
12 provisions of this § 42-28-22.

13 ~~(5)~~(6) Any member with contributory service on or after July 1, 2012, who has  
14 completed at least five (5) years of contributory service but who has not retired in accordance  
15 with (j)(1) above, shall be eligible to retire upon the attainment of member's Security retirement  
16 age as defined in 36-8-1(19).

17 ~~(6)~~(7) In no event shall a member's retirement allowance be less than the member's  
18 retirement allowance calculated as of June 30, 2012 based on the member's years of total service  
19 and whole salary as of June 30, 2012.

20 (k) In calculating the retirement benefit for any member, the term base salary as used in  
21 subdivision (b)(3) or average compensation as used in paragraph (j) shall not be affected by a  
22 deferral of salary plan or a reduced salary plan implemented to avoid shutdowns or layoffs or to  
23 effect cost savings. Basic salary shall remain for retirement calculation that which it would have  
24 been but for the salary deferral or salary reduction due to a plan implemented to avoid shutdowns  
25 or layoffs or to effect cost savings.

26 SECTION 22. Section 8-3-15 of the General Laws in Chapter 8-3 entitled "Justices of  
27 Supreme, Superior, and Family Courts" is hereby amended to read as follows:

28 **§ 8-3-15. Cost of living allowance.** -- (a) All justices of the supreme court, superior  
29 court, family court, or district court, or their surviving spouses or domestic partners, who retire  
30 after January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this  
31 title shall, on the first day of January next following the third anniversary date of retirement,  
32 receive a cost-of-living retirement adjustment in addition to his or her retirement allowance in an  
33 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year  
34 thereafter during the month of January, the retirement allowance shall be increased an additional

1 three percent (3%) of the original allowance, not compounded, to be continued during the lifetime  
2 of the justice or his or her surviving spouse or domestic partner. For the purpose of such  
3 computation, credit shall be given for a full calendar year regardless of the effective date of the  
4 retirement allowance.

5 (b) Any justice who retired prior to January 31, 1977 shall be deemed for the purpose of  
6 this section to have retired on January 1, 1977.

7 (c) For justices not eligible to retire as of September 30, 2009 and not eligible upon  
8 passage of this article, and for their beneficiaries, the cost of living adjustment described in  
9 subsection (3) above shall only apply to the first thirty-five thousand dollars (\$35,000) of  
10 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of  
11 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The  
12 thirty- five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in  
13 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States  
14 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
15 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of  
16 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price  
17 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor  
18 Statistics determined as of September 30 of the prior calendar year or three percent (3%),  
19 whichever is less, on the month following the anniversary date of each succeeding year. For  
20 justices eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for  
21 their beneficiaries, the provisions of this subsection (c) shall not apply.

22 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)  
23 [2015.](#)

24 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)  
25 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
26 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
27 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
28 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment  
29 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
30 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
31 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
32 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
33 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
34 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five

1 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
2 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The  
3 "Five-Year Average Investment Return" shall mean the average of the investment return of the  
4 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)  
5 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)  
6 anniversary of the date of retirement or the date on which the retiree reaches his or her Social  
7 Security retirement age, whichever is later. In the event the retirement board adjusts the  
8 actuarially assumed rate of return for the system, either upward or downward, the subtrahend  
9 shall be adjusted either upward or downward in the same amount.

10 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for  
11 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the  
12 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
13 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
14 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
15 justices for such plan year.

16 In determining whether a funding level under this paragraph (d)(2) has been achieved,  
17 the actuary shall calculate the funding percentage after taking into account the reinstatement of  
18 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~  
19 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

20 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,  
21 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
22 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
23 (d)(1) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode  
24 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,  
25 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%)

26 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph  
27 (d) of § 8-3-15 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
28 granted on or prior to June 30, 2012.

29 [\(e\) This subsection \(e\) shall become effective July 1, 2015.](#)

30 [\(1\)\(A\) As soon as administratively reasonable following the enactment into law of this](#)  
31 [paragraph \(e\)\(1\)\(A\), a one-time benefit adjustment shall be provided to justices and/or](#)  
32 [beneficiaries of justices who retired on or before June 30, 2012, in the amount of 2% of the lesser](#)  
33 [of either the justice's retirement allowance or the first twenty-five thousand dollars \(\\$25,000\) of](#)  
34 [the justice's retirement allowance. This one-time benefit adjustment shall be provided without](#)

1 regard to the retiree's age or number of years since retirement.

2 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
3 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death  
4 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or  
5 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as  
6 a contributory justice, the annual benefit adjustment provided in any calendar year under this  
7 section for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall  
8 be equal to (I) multiplied by (II):

9 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

10 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
11 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
12 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
13 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
14 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
15 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
16 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
17 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

18 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
19 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
20 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of  
21 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent. (II) is equal to  
22 the lesser of either the justice's retirement allowance or the first twenty-five thousand eight  
23 hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount to be indexed  
24 annually in the same percentage as determined under (e)(1)(B)(I) above.

25 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
26 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
27 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
28 of the date of retirement or the date on which the retiree reaches his or her Social Security  
29 retirement age, whichever is later.

30 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
31 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
32 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
33 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
34 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all

1 justices for such plan year.

2 In determining whether a funding level under this paragraph (e)(2) has been achieved, the  
3 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
4 current or future benefit adjustment provided under this section.

5 (3) Notwithstanding paragraph (e)(2), in each fourth plan year commencing after June 30,  
6 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
7 plan years,(i) a benefit adjustment shall be calculated and made in accordance with paragraph  
8 (e)(1) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
9 before June 30, 2015, the dollar amount in paragraph (e)(1)(B)(II) of twenty-five thousand eight  
10 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
11 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island,  
12 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
13 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

14 (A) Effective for members and or beneficiaries of members who have retired on or before  
15 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
16 days following the enactment of the legislation implementing this provision, and a second one-  
17 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
18 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the  
19 applicable payment date and shall not be considered cost of living adjustments under the prior  
20 provisions of this Section 8-3-15.

21 SECTION 23. Section 8-8.2-12 of the General Laws in Chapter 8-8.2 entitled "Traffic  
22 tribunal" is hereby amended to read as follows:

23 **§ 8-8.2-12. Additional benefits payable to retired judges and their surviving spouses**  
24 **or domestic partners.** -- (a) All judges of the administrative adjudication court and all judges of  
25 the administrative adjudication court who have been reassigned to the traffic tribunal, or their  
26 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a  
27 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next  
28 following the third anniversary of the retirement, receive a cost of living retirement adjustment in  
29 addition to his or her retirement allowance in an amount equal to three percent (3%) of the  
30 original retirement allowance. In each succeeding year thereafter during the month of January, the  
31 retirement allowance shall be increased an additional three percent (3%) of the original  
32 allowance, compounded annually from the year cost of living adjustment was first payable to be  
33 continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For  
34 the purpose of such computation, credit shall be given for a full calendar year regardless of the

1 effective date of the retirement allowance.

2 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of  
3 this section to have retired on January 1, 1980.

4 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon  
5 passage of this article, and for their beneficiaries, the cost of living adjustment described in  
6 subsection (a) above shall only apply to the first thirty-five thousand dollars (\$35,000) of  
7 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of  
8 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The  
9 thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in  
10 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States  
11 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
12 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of  
13 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price  
14 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor  
15 Statistics determined as of September 30 of the prior calendar year or three percent (3%),  
16 whichever is less on the month following the anniversary date of each succeeding year. For  
17 judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for  
18 their beneficiaries, the provisions of this subsection (c) shall not apply.

19 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)  
20 [2015.](#)

21 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)  
22 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
23 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
24 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
25 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment  
26 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
27 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
28 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
29 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
30 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
31 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five  
32 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
33 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The  
34 "Five-Year Average Investment Return" shall mean the average of the investment return of the

1 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)  
2 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)  
3 anniversary of the date of retirement or the date on which the retiree reaches his or her Social  
4 Security retirement age, whichever is later. In the event the retirement board adjusts the  
5 actuarially assumed rate of return for the system, either upward or downward, the subtrahend  
6 shall be adjusted either upward or downward in the same amount.

7 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for  
8 any plan year shall be suspended in their entirety unless the **GASB** Funded Ratio of the  
9 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
10 State Police Retirements Benefits Trust, calculated by the system's actuary on an aggregate basis,  
11 exceeds eighty percent (80%) in which even the benefit adjustment will be reinstated for all  
12 justices for such plan year.

13 In determining whether a funding level under this paragraph (d)(2) has been achieved,  
14 the actuary shall calculate the funding percentage after taking into account the reinstatement of  
15 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~  
16 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

17 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,  
18 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
19 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
20 (d)(1) above until the **GASB** Funded Ratio of the Employees' Retirement System of Rhode  
21 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,  
22 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

23 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph  
24 (d) of § 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit adjustment  
25 not granted on or prior to June 30, 2012.

26 (e) This subsection (e) shall become effective July 1, 2015.

27 (1)(A) As soon as administratively reasonable following the enactment into law of this  
28 paragraph (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or  
29 beneficiaries of justices who retired on or before June 30, 2012, in the amount of 2% of the lesser  
30 of either the justice's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
31 the justice's retirement allowance. This one-time benefit adjustment shall be provided without  
32 regard to the retiree's age or number of years since retirement.

33 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
34 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death

1 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or  
2 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as  
3 a contributory justice, the annual benefit adjustment provided in any calendar year under this  
4 section for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall  
5 be equal to (I) multiplied by (II):

6 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:  
7 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
8 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
9 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
10 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
11 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
12 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
13 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
14 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

15 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
16 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
17 Statistics determined as of September 30 of the prior calendar year.

18 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be  
19 less than zero percent.

20 (II) is equal to the lesser of either the justice's retirement allowance or the first twenty-  
21 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
22 to be indexed annually in the same percentage as determined under (e)(1)(B)(I) above.

23 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
24 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
25 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
26 of the date of retirement or the date on which the retiree reaches his or her Social Security  
27 retirement age, whichever is later.

28 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
29 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
30 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
31 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
32 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
33 justices for such plan year.

34 In determining whether a funding level under this paragraph (e)(2) has been achieved, the

1 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
2 current or future benefit adjustment provided under this section.

3 (3) Notwithstanding paragraph (e)(2), effective for members and/or beneficiaries of  
4 members who retired on or before June 30, 2015, in each fourth plan year commencing after June  
5 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of  
6 four plan years,(i) a benefit adjustment shall be calculated and made in accordance with  
7 paragraph (e)(1) (B) above and (ii) the dollar amount in paragraph (e)(1)(B)(II) of twenty-five  
8 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand  
9 and twenty-six dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of  
10 Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits  
11 Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

12 (A) Effective for members and or beneficiaries of members who have retired on or before  
13 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
14 days following the enactment of the legislation implementing this provision, and a second one-  
15 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
16 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the  
17 applicable payment date and shall not be considered cost of living adjustments under the prior  
18 provisions of this Section 8-8.2-12.

19 SECTION 24. Section 28-30-18 of the General Laws in Chapter 28-30 entitled "Workers'  
20 Compensation Court" is hereby amended to read as follows:

21 **§ 28-30-18. Additional benefits payable to retired judges and their surviving spouses**  
22 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving  
23 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement  
24 allowance pursuant to the provisions of this title, shall, on the first day of January next following  
25 the third anniversary date of their retirement, receive a cost of living retirement adjustment in  
26 addition to his or her retirement allowance in an amount equal to three percent (3%) of the  
27 original retirement allowance. In each succeeding subsequent year during the month of January  
28 the retirement allowance shall be increased an additional three percent (3%) of the original  
29 allowance, compounded annually from the year the cost of living adjustment was first payable to  
30 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.  
31 For the purpose of that computation, credit shall be given for a full calendar year regardless of the  
32 effective date of the retirement allowance.

33 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of  
34 this section to have retired on January 1, 1980.

1 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon  
2 passage of this article, and for their beneficiaries, the cost of living adjustment described in  
3 subsection (a) above shall only apply to the first thirty-five thousand dollars (\$35,000) of  
4 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of  
5 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The  
6 thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in  
7 the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United States  
8 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
9 percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed, of  
10 retirement allowance shall be multiplied by the percentage of increase in the Consumer Price  
11 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor  
12 Statistics determined as of September 30 of the prior calendar year or three percent (3%),  
13 whichever is less on the month following the anniversary date of each succeeding year. For  
14 judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for  
15 their beneficiaries, the provisions of this subsection (c) shall not apply.

16 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)  
17 [2015.](#)

18 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)  
19 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
20 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
21 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
22 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment  
23 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
24 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
25 "subtrahend") from the Five-Year Average Investment Return of the retirement system  
26 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
27 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
28 (0%), and (B) is equal to the lesser of the justice's retirement allowance or the first twenty-five  
29 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
30 amount to be indexed annually in the same percentage as determined under (d)(1)(A) above. The  
31 "Five-Year Average Investment Return" shall mean the average of the investment return of the  
32 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (d)(2)  
33 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)  
34 anniversary of the date of retirement or the date on which the retiree reaches his or her Social

1 Security retirement age, whichever is later. In the event the retirement board adjusts the  
2 actuarially assumed rate of return for the system, either upward or downward, the subtrahend  
3 shall be adjusted either upward or downward in the same amount.

4 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for  
5 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the  
6 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
7 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
8 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
9 justices for such plan year.

10 In determining whether a funding level under this paragraph (d)(2) has been achieved,  
11 the actuary shall calculate the funding percentage after taking into account the reinstatement of  
12 any current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall~~  
13 ~~mean the ratio of the actuarial value of assets to the actuarial accrued liability.~~

14 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,  
15 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
16 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
17 (d)(1) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode  
18 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,  
19 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

20 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph  
21 (d) of § 28-30-18 shall become effective July 1, 2012 and shall apply to any benefit adjustment  
22 not granted on or prior to June 30, 2012.

23 (e) This subsection (e) shall become effective July 1, 2015.

24 (1)(A) As soon as administratively reasonable following the enactment into law of this  
25 paragraph (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or  
26 beneficiaries of justices who retired on or before June 30, 2012, in the amount of 2% of the lesser  
27 of either the justice's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
28 the justice's retirement allowance. This one-time benefit adjustment shall be provided without  
29 regard to the retiree's age or number of years since retirement.

30 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
31 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death  
32 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or  
33 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as  
34 a contributory justice, the annual benefit adjustment provided in any calendar year under this

1 section for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall  
2 be equal to (I) multiplied by (II):

3 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

4 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
5 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
6 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
7 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
8 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
9 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
10 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
11 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

12 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
13 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
14 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of  
15 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent.

16 (II) is equal to the lesser of either the justice's retirement allowance or the first twenty-  
17 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
18 to be indexed annually in the same percentage as determined under (e)(1)(B)(I) above.

19 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
20 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
21 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
22 of the date of retirement or the date on which the retiree reaches his or her Social Security  
23 retirement age, whichever is later.

24 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
25 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
26 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
27 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
28 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
29 justices for such plan year.

30 In determining whether a funding level under this paragraph (e)(2) has been achieved, the  
31 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
32 current or future benefit adjustment provided under this section.

33 (3) Notwithstanding paragraph (e)(2), in each fourth plan year commencing after June 30,  
34 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four

1 plan years,(i) a benefit adjustment shall be calculated and made in accordance with paragraph  
2 (e)(1) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
3 before June 30, 2015, the dollar amount in paragraph (e)(1)(B)(II) of twenty-five thousand eight  
4 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
5 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island,  
6 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
7 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

8 (4) Effective for members and or beneficiaries of members who have retired on or before  
9 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
10 days following the enactment of the legislation implementing this provision, and a second one-  
11 time stipend of five hundred dollars (\$500) in the same month of the following year. These  
12 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the  
13 applicable payment date and shall not be considered cost of living adjustments under the prior  
14 provisions of this Section 8-8.2-12.

15 SECTION 25. Section 45-21.2-5 of the General Laws in Chapter 45-21.2 entitled  
16 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read  
17 as follows:

18 **§ 45-21.2-5. Retirement on service allowance.** -- (a) Retirement of a member on a  
19 service retirement allowance for members eligible to retire on or before June 30, 2012 shall be  
20 made, subject to paragraph (a)(11) below, by the retirement board as follows:

21 (1) Any member who has attained or attains age seventy (70) shall be retired as stated in  
22 § 45-21-16 subject to the discretions contained in that section; provided, that any member who is  
23 a member of the Woonsocket fire department who has attained or attains an age of sixty-five (65)  
24 years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in  
25 which the member has attained the age of sixty-five (65) years.

26 (2) Any member may retire pursuant to this subdivision upon written application to the  
27 board stating at what time the member desires to retire; provided, that the member at the specified  
28 time for retirement has attained an age of fifty-five (55) years and has completed at least ten (10)  
29 years of total service, and notwithstanding that the member may have separated from service.

30 (3) Any member may retire pursuant to this subdivision upon written application to the  
31 board stating at what time the member desires to retire; provided, that the member at the specified  
32 time for retirement has completed at least twenty-five (25) years of total service, and  
33 notwithstanding that the member may have separated from service.

34 (4) Any member may retire pursuant to this subdivision upon written application to the

1 board stating at what time the member desires to retire; provided, that the member at the specified  
2 time for retirement has attained an age of fifty (50) years and has completed at least twenty (20)  
3 years of total service, notwithstanding that the member may have separated from service;  
4 provided, that the service retirement allowance, as determined according to the formula provided  
5 in § 45- 21.2-6, is reduced one-half of one percent ( 1/2%) for each month that the age of the  
6 member is less than fifty-five (55) years.

7 (5) Any member of the South Kingstown police department may retire pursuant to this  
8 subdivision upon written application to the board stating at what time the member desires to  
9 retire; provided, that the member at the specified time for retirement has earned a service  
10 retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.1.

11 (6) Any member of the Johnston police department may retire pursuant to this  
12 subdivision upon written application to the board stating at what time the member desires to  
13 retire; provided, that the member at the specified time for retirement has earned a service  
14 retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.2.

15 (7) Any member of the Cranston fire department hired after July 1, 1995, or any member  
16 of the Cranston fire department with five (5) years or less of service effective July 1, 1995, may  
17 retire pursuant to this subdivision upon written application to the board stating at what time the  
18 member desires to retire; provided, that the member at the specified time for retirement has  
19 earned a service retirement allowance of fifty percent (50%) of final compensation for at least  
20 twenty (20) years service; final compensation for Cranston fire department members is based on  
21 the compensation components of weekly salary, longevity and holidays with longevity of the  
22 members highest year of earnings and members shall receive a three percent (3%) escalation of  
23 their pension payment compounded each year on January 1st following the year of retirement and  
24 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of  
25 the general laws relating to the presumption of disability is governed by the collective bargaining  
26 agreement between the City of Cranston and members of the Cranston fire department.

27 (8) Any member of the Cranston police department hired after July 1, 1995, or any  
28 member of the Cranston police department with five (5) years or less of service effective July 1,  
29 1995, may retire pursuant to this subdivision upon written application to the board stating at what  
30 time the member desires to retire; provided, that the member at the specified time for retirement  
31 has earned a service retirement allowance of fifty percent (50%) of final compensation for at least  
32 twenty (20) years service; final compensation for Cranston police department members is based  
33 on the compensation components of weekly salary, longevity and holidays with longevity of the  
34 members highest year of earnings and members shall receive a three percent (3%) escalation of

1 their pension payment compounded each year on January 1st following the year of retirement and  
2 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of  
3 the general laws relating to the presumption of disability is governed by the collective bargaining  
4 agreement between the City of Cranston and members of the Cranston police department.

5 (9) Any member of the Hopkinton police department may retire pursuant to this  
6 subdivision upon written application to the board stating at what time the member desires to  
7 retire; provided, that the member at the specified time for retirement has earned a service  
8 retirement allowance of fifty percent (50%) of final compensation for at least twenty (20) years  
9 service; final compensation for Hopkinton police department members is based on the  
10 compensation components of weekly salary, longevity and holidays with longevity of the  
11 members highest year of earnings and members shall receive a three percent (3%) escalation of  
12 their pension payment compounded each year on January 1st following the year of retirement and  
13 continuing on an annual basis on that date.

14 (10) Any member of the Richmond police department may retire pursuant to this  
15 subdivision upon written application to the board stating at what time the member desires to  
16 retire; provided, that the member at the specified time for retirement has earned a service  
17 retirement allowance of fifty percent (50%) of final compensation for at least twenty-two (22)  
18 years' service pursuant to § 45-21.2-6.3.

19 (11) Notwithstanding any provision in this section to the contrary, for any service on or  
20 after July 1, 2012, final compensation shall be defined in accordance with § 45-21.2-2, and no  
21 benefit adjustments shall be provided except as set forth in sub section 45-21-52(c).

22 (12) Notwithstanding any provisions of this section to the contrary, with respect to police  
23 officers employed by the town of Johnston, only those police officers hired on or after July 1,  
24 2010 shall be eligible to be members of the Municipal Employees' Retirement System of the state  
25 of Rhode Island in accordance with this chapter.

26 (b) Retirement of a member on a service retirement allowance eligible to retire on and  
27 after July 1, 2012 shall be made by the retirement board as follows:

28 (1) Any member may retire pursuant to this subdivision upon written application to the  
29 board stating at what time the member desires to retire; provided, that

30 (A) the member at the specified time for retirement attained the age of at least fifty-five  
31 (55) years and has completed at least twenty-five (25) years of total service, and notwithstanding  
32 that the member may have separated from service, or

33 (B) effective July 1, 2015, for members of fire departments exclusive of Cranston fire,  
34 the member makes contributions to the plan effective July 1, 2015 in accordance with section 45-

1 [21.2-14, and \(i\) the member at the specified time for retirement attained the age of at least fifty](#)  
2 [\(50\) years and has completed at least twenty-five \(25\) years of total service, or \(ii\) the member](#)  
3 [has completed at least twenty-seven \(27\) years of total service regardless of the member's](#)  
4 [attained age, and notwithstanding that the member may have separated from service.](#)

5 (2) Any member with contributory service on or after July 1, 2012, who has completed at  
6 least five (5) years of contributory service but who has not completed twenty-five (25) years of  
7 service, shall be eligible to retire upon the attainment of the member's Social Security retirement  
8 age.

9 (3) If a member had ten (10) or more years of contributory service and attained age  
10 forty-five (45) prior to July 1, 2012 and would have been eligible to retire at or prior to age fifty-  
11 two (52) in accordance with the rules in effect prior to July 1, 2012, the member may retire upon  
12 attainment of age fifty-two (52).

13 (4) [Effective July 1, 2015, A](#) a member who has completed twenty (20) or more years of  
14 total service who has attained an age within five (5) years of the eligible retirement age under  
15 subparagraphs (b)(1) or (b)(2) or (b)(3) above, may elect to retire provided that the retirement  
16 allowance shall be reduced actuarially for each month that the age of the member is less than the  
17 eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) above, [provided that for](#)  
18 [members of fire departments exclusive of Cranston fire, actuarial reduction will be made in](#)  
19 [accordance with the following table:](#)

<a href="#">Year Preceding Retirement</a>	<a href="#">Cumulative Annual Reduction</a>	<a href="#">Cumulative Monthly Reduction</a>
21 <a href="#">For Year 1</a>	<a href="#">9%</a>	<a href="#">.75%</a>
22 <a href="#">For Year 2</a>	<a href="#">8%</a>	<a href="#">.667%</a>
23 <a href="#">For Year 3</a>	<a href="#">7%</a>	<a href="#">.583%</a>
24 <a href="#">For Year 4</a>	<a href="#">7%</a>	<a href="#">.583%</a>
25 <a href="#">For Year 5</a>	<a href="#">7%</a>	<a href="#">.583%.</a>

26 (5) Notwithstanding any other provisions of this section, a member on June 30, 2012,  
27 may elect to retire at his or her eligible retirement date as determined under the rules in effect on  
28 June 30, 2012 provided that a member making an election under this paragraph shall receive the  
29 member's retirement benefit determined and calculated based on the member's service and final  
30 compensation as of June 30, 2012. This provision shall be interpreted and administered in a  
31 manner to protect a member's accrued benefit on June 30, 2012.

32 SECTION 26. Section 45-21.2-6 of the General Laws in Chapter 45-21.2 entitled  
33 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read  
34 as follows:

1           **§ 45-21.2-6. Service retirement allowance.** -- (a) Upon retirement from service pursuant  
2 to § 45-21.2-5, a member receives a retirement allowance which is a life annuity terminable at the  
3 death of the annuitant and shall be an amount equal to two percent (2%) of final compensation  
4 multiplied by the years of total service, provided that for members of fire departments, exclusive  
5 of Cranston fire, a member who retires upon the attainment of age of fifty-seven (57) years and  
6 has completed at least thirty (30) years of total service shall receive a retirement allowance which  
7 is a life annuity terminable at the death of the annuitant and shall be an amount equal to the  
8 greater of (i) two and one quarter percent (2.25%) of final compensation multiplied by total years  
9 of service or (ii) the member's accrued benefit determined as of June 30, 2012 plus two and one  
10 quarter percent (2.25%) of final compensation multiplied by member's years of service after June  
11 30, 2012; provided further that the life annuity under this paragraph (a) shall not ~~but not to~~ exceed  
12 seventy-five percent (75%) of final compensation.

13           (b) Upon retirement, the member may elect to receive the actuarial equivalent of his or  
14 her retirement allowance in a lesser retirement allowance as determined by actuarial calculation,  
15 which is payable throughout life with the provision that:

16           (1) *Option 1.* - A reduced retirement allowance payable during the member's life with the  
17 provisions that after his or her death it shall continue during the life of and be paid to the person  
18 that he or she nominated by written designation duly acknowledged and filed with the retirement  
19 board at the time of retirement; or

20           (2) *Option 2.* - A reduced retirement allowance payable during the member's life with the  
21 provision that after his or her death an allowance equal to one-half ( 1/2) of his or her reduced  
22 allowance shall continue during the life of and be paid to the person that he or she nominated by  
23 written designation duly acknowledged and filed with the board at the time of retirement.

24           (c) If prior to July 1, 2012, a member elected an optional form of benefit other than a life  
25 annuity in accordance with paragraph (b)(1) or (2) above, the member may elect to change his or  
26 her form of benefit to a life annuity by filing an election with the retirement board on or before  
27 June 30, 2013 provided that the member's beneficiary is still alive at the time the election is filed.

28           SECTION 27. Section 45-21.2-14 of the General Laws in Chapter 45-21.2 entitled  
29 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read  
30 as follows:

31           **§ 45-21.2-14. Contributions.** -- (a) Each member shall contribute an amount equal to  
32 seven percent (7%) of the salary or compensation earned or accruing to the member provided that  
33 effective July 1, 2015 each member of fire departments exclusive of Cranston fire shall contribute  
34 an amount equal to nine percent (9%) of the salary or compensation earned or accruing to the

1 [member](#). \_Special compensation or additional fees shall not be considered as compensation for  
2 contribution purposes.

3 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with  
4 § 45-21-43.

5 (c) Each municipality shall make contributions to the system to provide the remainder of  
6 the obligation for retirement allowances, annuities, and other benefits provided in this section,  
7 after applying the accumulated contribution of members, interest income on investments, and  
8 other accrued income. The contribution shall be compiled in accordance with §§ 45-21-42 -- 45-  
9 21-44, except that contributions for the first five (5) years of the system shall likewise be  
10 determined by the board.

11 (d) Provided, that members of the South Kingstown police department, beginning July 1,  
12 1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or  
13 compensation or additional fees are not considered as compensation for retirement purposes. For  
14 service on and after July 1, 2012, a member of the South Kingstown police department shall make  
15 contributions in accordance with paragraph (a) above.

16 (e) Provided, further, that for service on or prior to June 30, 2012, members of the City  
17 of Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an  
18 amount equal to ten percent (10%) of their weekly salary; and those members of the City of  
19 Cranston fire department with five (5) years or less of service effective July 1, 1995, have the  
20 option to either remain in the City of Cranston pension plan to which they belonged prior to the  
21 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to  
22 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount  
23 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston  
24 may request and the retirement board may authorize additional members of the City of Cranston  
25 fire department hired after July 1, 1987, the option to either remain in the City of Cranston  
26 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city  
27 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)  
28 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary  
29 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a  
30 member of the City of Cranston fire department shall make contributions in accordance with  
31 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-  
32 21.2-22(b).

33 (f) Further, provided, that for service on and prior to June 30, 2012, members of the City  
34 of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an

1 amount equal to ten percent (10%) of their weekly salary; and those members of the City of  
2 Cranston police department with five (5) years or less of service effective July 1, 1995, have the  
3 option to either remain in the City of Cranston pension plan to which they belonged prior to the  
4 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to  
5 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount  
6 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston  
7 may request and the retirement board may authorize additional members of the City of Cranston  
8 police department hired after July 1, 1987, the option to either remain in the City of Cranston  
9 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city  
10 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)  
11 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary  
12 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a  
13 member of the City of Cranston police department shall make contributions in accordance with  
14 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-  
15 21.2-22(b).

16 SECTION 28. This act shall take effect upon passage.

=====  
LC002562  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--  
CONTRIBUTION AND BENEFITS

\*\*\*

- 1           This act would make various revisions to the retirement provisions for many state and
- 2 municipal employees.
- 3           This act would take effect upon passage.

=====  
LC002562  
=====