

2016 -- S 2454

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

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

Introduced By: Senator Hanna M. Gallo

Date Introduced: February 11, 2016

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 36-10-1 and 36-10-10 of the General Laws in Chapter 36-10
2 entitled "Retirement System-Contributions and Benefits" are hereby amended to read as follows:
3 **36-10-1. Member contributions -- Deduction from compensation.** -- (a) Prior to July
4 1, 2012, each member of the retirement system shall contribute an amount equal to eight and
5 three-quarters percent (8.75%) of his or her compensation as his or her share of the cost of
6 annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system
7 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her
8 compensation, except for correctional officers as defined in § 36-10-9.2 who shall contribute an
9 amount equal to eight and three quarters percent (8.75%) of his or her compensation. Effective
10 July 1, 2015, each member of the retirement system, except for correctional officers as defined in
11 § 36-10-9.2, [who was eligible to retire as of June 30, 2012, and each member](#) with twenty (20) or
12 more years of total service as of June 30, 2012 shall contribute an amount equal to eleven percent
13 (11%) of compensation. The contributions shall be made in the form of deductions from
14 compensation.
15 (b) The deductions provided for herein shall be made notwithstanding that the minimum
16 compensation provided by law for any member shall be reduced thereby. Every member shall be
17 deemed to consent and agree to the deductions made and provided for herein and receipt of his or
18 her full compensation and payment of compensation, less the deductions, shall be a full and

1 complete discharge and acquittance of all claims and demands whatsoever for the services
2 rendered by the person during the period covered by the payment except as to the benefit
3 provided under this chapter.

4 **36-10-10. Amount of service retirement allowance.** -- (a) (1) (i) For employees eligible
5 to retire on or before September 30, 2009, upon retirement for service under section 36-10-9, a
6 member whose membership commenced before July 1, 2005 and who has completed at least ten
7 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
8 which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

9 Schedule A

10	Years of Service	Percentage Allowance
11	1st through 10th inclusive	1.7%
12	11th through 20th inclusive	1.9%
13	21st through 34th inclusive	3.0%
14	35th	2.0%

15 (ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to
16 retire on or before September 30, 2009, upon retirement from service under § 36-10-9, a member
17 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years
18 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall
19 be determined in accordance with schedule A above for service on before September 30, 2009,
20 and shall be determined in accordance with schedule B in subsection (a)(2) below for service on
21 or after October 1, 2009 and prior to July 1, 2012.

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

26 Schedule B

27	Years of Service	Percentage Allowance
28	1st through 10th inclusive	1.60%
29	11th through 20th inclusive	1.80%
30	21st through 25th inclusive	2.0%
31	26th through 30th inclusive	2.25%
32	31st through 37th inclusive	2.50%
33	38th	2.25%

34 (b) The retirement allowance of any member whose membership commenced before July

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

11 The retirement allowance of any member whose membership commenced after July 1,
12 2005 or who had not completed at least ten (10) years of contributory service as of July 1, 2005,
13 shall, be in an amount equal to the percentage allowance specified in Schedule B of his or her
14 average highest three (3) consecutive years of compensation multiplied by the number of years of
15 total service, but in no case to exceed seventy-five percent (75%) of the compensation payable at
16 the completion of thirty-eight (38) years of service; provided, however, for employees retiring on
17 or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
18 shall be based on the average highest five (5) consecutive years of compensation.

19 (c) Any member with thirty-eight (38) years or more of service prior to December 31,
20 1985, shall not be required to make additional contributions. Contributions made between
21 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service
22 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,
23 administrators, or legal representatives.

24 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
25 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
26 1, 2012, a member's retirement allowance shall be equal to:

27 (i) For members with fewer than twenty (20) years of total service as of June 30, 2012
28 [who were not eligible to retire as of June 30, 2012](#), one percent (1%) of the member's average
29 compensation multiplied by the member's years of total service on and after July 1 2012; and

30 (ii) For members [who were eligible to retire as of June 30, 2012, and for members](#) with
31 twenty (20) or more years of total service as of June 30, 2012, a member's retirement allowance
32 shall be equal to one percent (1%) of the member's average compensation multiplied by the
33 member's years of total service between July 1, 2012 and June 30, 2015, and two percent (2%) of
34 the member's average compensation multiplied by the member's years of total service on and after

1 July 1, 2015. For purposes of computing a member's total service under the preceding sentence,
2 service purchases shall be included in total service only with respect to those service purchases
3 approved prior to June 30, 2012 and those applications for service purchases received by the
4 retirement system on or before June 30, 2012. In no event shall a member's retirement allowance
5 exceed the maximum limitations set forth in paragraph (b) above. In no event shall a member's
6 retirement allowance exceed the maximum limitations set forth in paragraph (b) above.

7 SECTION 2. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined
8 Contribution Retirement Plan" is hereby amended to read as follows:

9 **36-10.3-1. Definitions.** -- As used in this chapter, the following terms, unless the context
10 requires a different interpretation, shall have the following meanings:

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

12 (2) "Employee" means an employee as defined in §§ 36-8-1(9) and 45-21-2(7) and a
13 teacher as defined in § 16-16-1(12), effective July 1, 2012; provided however, effective July 1,
14 2015, "employee" shall not include any employee [who was eligible to retire as of June 30, 2012,](#)
15 [and any employee](#) with twenty (20) or more years of total service as of June 30, 2012 in the
16 employees retirement system under chapters 8 through 10 of title 36 or chapter 16 of title 16
17 (ERS), or the municipal employees retirement system under chapter 21 of title 45 (MERS).

18 (3) "Employer" means the State of Rhode Island or the local municipality which employs
19 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter
20 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2
21 of title 45 (MERS).

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

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

27 (6) "Regular member" means:

28 (i) An employee who is a member of ERS other than correctional officers as defined in §
29 36-10-9.2; or

30 (ii) An employee who is a member of MERS other than a public safety member.

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

34 (8) "State investment commission" or "commission" means the state investment

1 commission as defined in § 35-10-1.

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

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

5 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO PUBLIC OFFICERS AND EMPLOYEES - RETIREMENT SYSTEM -
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1 This act would remove state employees who were eligible to retire on June 30, 2012 from
2 inclusion in the defined contribution retirement plan and returns them to the traditional defined
3 benefit plan. The act would increase the employee's contribution from three and three quarters
4 percent (3.75%) to eleven percent (11%) of compensation. The employees would receive an
5 additional one percent (1%) per year of retirement allowance.

6 This act would take effect upon passage.

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