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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97 -
THE RHODE ISLAND BOARD OF EDUCATION ACT]

Introduced By: Representatives Messier, Donovan, Amore, O'Brien, and Serpa

Date Introduced: April 05, 2018

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'
2 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
3 amended to read as follows:

4 **16-16-40. Additional benefits payable to retired teachers.**

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

1 retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an
2 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year
3 thereafter, on the first day of January, the retirement allowance shall be increased an additional
4 three percent (3%) of the original retirement allowance, not compounded, to be continued through
5 December 31, 1980.

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

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

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

30 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,
31 2009, and not eligible upon passage of this article, and for their beneficiaries, the cost of living
32 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand
33 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third
34 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),

1 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the
2 percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published
3 by the United States Department of Labor Statistics determined as of September 30 of the prior
4 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars
5 (\$35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase
6 in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States
7 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
8 percent (3%), whichever is less, on the month following the anniversary date of each succeeding
9 year. For teachers eligible to retire as of September 30, 2009, or eligible upon passage of this
10 article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

11 (e) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

12 (f) This subsection (f) shall be effective for the period July 1, 2012, through June 30,
13 2015.

14 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (f)(2)
15 below, for all present and former teachers, active and retired teachers, and beneficiaries receiving
16 any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment
17 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
18 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
19 "subtrahend") from the Five-Year Average Investment Return of the retirement system
20 determined as of the last day of the plan year preceding the calendar year in which the adjustment
21 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
22 (0%), and (B) is equal to the lesser of the teacher's retirement allowance or the first twenty-five
23 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
24 amount to be indexed annually in the same percentage as determined under paragraph (f)(1)(A)
25 above. The "Five-Year Average Investment Return" shall mean the average of the investment
26 returns of the most recent five (5) plan years as determined by the retirement board. Subject to
27 paragraph (f)(2) below, the benefit adjustment provided by this paragraph shall commence upon
28 the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or
29 her Social Security retirement age, whichever is later. In the event the retirement board adjusts
30 the actuarially assumed rate of return for the system, either upward or downward, the subtrahend
31 shall be adjusted either upward or downward in the same amount.

32 (2) Except as provided in paragraph (f)(3), the benefit adjustments under this section for
33 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees'
34 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police

1 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds
2 eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for
3 such plan year.

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

7 (3) Notwithstanding paragraph (f)(2), in each fifth plan year commencing after June 30,
8 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
9 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (f)(1)
10 above until the Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial
11 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the
12 system's actuary on an aggregate basis, exceeds eighty percent (80%).

13 (4) Notwithstanding any other provisions of this chapter, the provisions of this paragraph
14 (f) of § 16-16-40 shall become effective July 1, 2012, and shall apply to any benefit adjustments
15 not granted on or prior to June 30, 2012.

16 (g) This subsection (g) shall become effective July 1, 2015.

17 (1) (A) As soon as administratively reasonable following the enactment into law of this
18 subsection (g)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or
19 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent
20 (2%) of the lesser of either the teacher's retirement allowance or the first twenty-five thousand
21 dollars (\$25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be
22 provided without regard to the retiree's age or number of years since retirement.

23 (B) Notwithstanding the prior subsections of this section, for all present and former
24 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or
25 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
26 year under this section for adjustments on and after January 1, 2016, and subject to subsection
27 (g)(2) below, shall be equal to (I) multiplied by (II):

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

29 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
30 (the "subtrahend") from the five-year average investment return of the retirement system
31 determined as of the last day of the plan year preceding the calendar year in which the adjustment
32 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
33 (0%). The "five-year average investment return" shall mean the average of the investment returns
34 of the most recent five (5) plan years as determined by the retirement board. In the event the

1 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
2 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

6 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be
7 less than (0%) percent.

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

11 The benefit adjustments provided by this subsection (g)(1)(B) shall be provided to all
12 retirees entitled to receive a benefit adjustment as of June 30, 2012, under the law then in effect,
13 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
14 date of retirement or the date on which the retiree reaches his or her Social Security retirement
15 age, whichever is later.

16 (2) Except as provided in subsection (g)(3), the benefit adjustments under subsection
17 (g)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
18 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
19 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
20 eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for
21 such plan year.

22 In determining whether a funding level under this subsection (g)(2) has been achieved,
23 the actuary shall calculate the funding percentage after taking into account the reinstatement of
24 any current or future benefit adjustment provided under this section.

25 (3) Notwithstanding subsection (g)(2), in each fourth plan year commencing after June
26 30, 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of
27 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
28 subsection (g)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who
29 retired on or before June 30, 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five
30 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
31 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
32 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
33 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

34 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before

1 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
2 days following the enactment of the legislation implementing this provision, and a second one-
3 time stipend of five hundred dollars (\$500) in the same month of the following year. These
4 stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the
5 applicable payment date and shall not be considered cost of living adjustments under the prior
6 provisions of this § 16-16-40.

7 (5) Effective January 1, 2019, for each year in which a cost of living adjustment (COLA)
8 is not scheduled pursuant to subsection (g)(3) of this section, a stipend in the amount of three
9 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
10 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
11 These stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the
12 applicable payment date and shall not be considered cost of living adjustments under the prior
13 provisions of § 16-16-40.

14 SECTION 2. Section 36-10-35 of the General Laws in Chapter 36-10 entitled
15 "Retirement System - Contributions and Benefits" is hereby amended to read as follows:

16 **36-10-35. Additional benefits payable to retired employees.**

17 (a) All state employees and all beneficiaries of state employees receiving any service
18 retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of
19 this title on or before December 31, 1967, shall receive a cost of living retirement adjustment
20 equal to one and one-half percent (1.5%) per year of the original retirement allowance, not
21 compounded, for each calendar year the retirement allowance has been in effect. For the purposes
22 of computation, credit shall be given for a full calendar year regardless of the effective date of the
23 retirement allowance. This cost of living adjustment shall be added to the amount of the
24 retirement allowance as of January 1, 1968, and an additional one and one-half percent (1.5%)
25 shall be added to the original retirement allowance in each succeeding year during the month of
26 January, and provided further, that this additional cost of living increase shall be three percent
27 (3%) for the year beginning January 1, 1971, and each year thereafter, through December 31,
28 1980. Notwithstanding any of the above provisions, no employee receiving any service retirement
29 allowance pursuant to the provisions of this title on or before December 31, 1967, or the
30 employee's beneficiary, shall receive any additional benefit hereunder in an amount less than two
31 hundred dollars (\$200) per year over the service retirement allowance where the employee retired
32 prior to January 1, 1958.

33 (b) All state employees and all beneficiaries of state employees retired on or after January
34 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement

1 allowance pursuant to the provisions of this title shall, on the first day of January next following
2 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in
3 addition to his or her retirement allowance, in an amount equal to three percent (3%) of the
4 original retirement allowance. In each succeeding year thereafter through December 31, 1980,
5 during the month of January, the retirement allowance shall be increased an additional three
6 percent (3%) of the original retirement allowance, not compounded, to be continued during the
7 lifetime of the employee or beneficiary. For the purposes of computation, credit shall be given for
8 a full calendar year regardless of the effective date of the service retirement allowance.

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

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

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

34 (d) For state employees not eligible to retire in accordance with this chapter as of

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

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

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

26 (g) This subsection (g) shall be effective for the period July 1, 2012 through June 30,
27 2015.

28 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(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, the annual benefit
31 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by
32 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
33 (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement
34 system determined as of the last day of the plan year preceding the calendar year in which the

1 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than
2 zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first
3 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand
4 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under
5 (g)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the
6 investment returns of the most recent five (5) plan years as determined by the retirement board.
7 Subject to paragraph (g)(2) below, the benefit adjustment provided by this paragraph shall
8 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
9 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
10 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 (2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for
13 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees'
14 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police
15 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds
16 eighty percent (80%) in which event the benefit adjustment will be reinstated for all members for
17 such plan year.

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

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

27 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
28 (g) of § 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit adjustment
29 not granted on or prior to June 30, 2012.

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

31 (1) (A) As soon as administratively reasonable following the enactment into law of this
32 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
33 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the
34 lesser of either the member's retirement allowance or the first twenty-five thousand dollars

1 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
2 provided without regard to the retiree's age or number of years since retirement.

3 (B) Notwithstanding the prior subsections of this section, for all present and former
4 employees, active and retired members, and beneficiaries receiving any retirement, disability or
5 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
6 year under this section for adjustments on and after January 1, 2016, and subject to subsection
7 (h)(2) below, shall be equal to (I) multiplied by (II):

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

9 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
10 (the "subtrahend") from the five-year average investment return of the retirement system
11 determined as of the last day of the plan year preceding the calendar year in which the adjustment
12 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
13 (0%). The "five-year average investment return" shall mean the average of the investment returns
14 of the most recent five (5) plan years as determined by the retirement board. 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 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
18 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
19 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
20 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

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

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

29 (2) Except as provided in subsection (h)(3) of this section, the benefit adjustments under
30 subsection (h)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio
31 of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the
32 state police retirement benefits trust, calculated by the system's actuary on an aggregate basis,
33 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
34 members for such plan year.

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

4 (3) Notwithstanding subsection (h)(2), 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:

7 (i) A benefit adjustment shall be calculated and made in accordance with subsection
8 (h)(1)(B) above; and

9 (ii) Effective for members and/or beneficiaries of members who retired on or before June
10 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and
11 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars
12 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial
13 retirement benefits trust and the state police retirement benefits trust, calculated by the system's
14 actuary on an aggregate basis, exceeds eighty percent (80%).

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

22 (iv) Effective January 1, 2019, for each year in which a cost of living adjustment (COLA)
23 is not scheduled pursuant to subsection (h)(3) of this section, a stipend in the amount of three
24 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
25 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
26 These stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the
27 applicable payment date and shall not be considered cost of living adjustments under the prior
28 provisions of § 36-10-3.

29 SECTION 3. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
30 "Retirement of Municipal Employees" is hereby amended to read as follows:

31 **45-21-52. Automatic increase in service retirement allowance.**

32 (a) The local legislative bodies of the cities and towns may extend to their respective
33 employees automatic adjustment increases in their service retirement allowances, by a resolution
34 accepting any of the plans described in this section:

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

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

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

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

24 (c) This subsection (c) shall be effective for the period July 1, 2012 through June 30,
25 2015.

26 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)
27 below, for all present and former employees, active and retired members, and beneficiaries
28 receiving any retirement, disability or death allowance or benefit of any kind by reason of
29 adoption of this section by their employer, the annual benefit adjustment provided in any calendar
30 year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the
31 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from
32 the Five-Year Average Investment Return of the retirement system determined as of the last day
33 of the plan year preceding the calendar year in which the adjustment is granted, said percentage
34 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the

1 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of
2 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually
3 in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment
4 Return" shall mean the average of the investment returns of the most recent five (5) plan years as
5 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment
6 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of
7 retirement or the date on which the retiree reaches his or her Social Security retirement age,
8 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-
9 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third
10 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
11 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the
12 system, either upward or downward, the subtrahend shall be adjusted either upward or downward
13 in the same amount.

14 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this
15 section for any plan year shall be suspended in their entirety for each municipal plan within the
16 municipal employees retirement system unless the municipal plan is determined to be funded at a
17 Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately
18 preceding plan year in accordance with the retirement system's actuarial valuation report as
19 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all
20 members for such plan year.

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

24 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a Funded Ratio of
25 less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing after June
26 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of
27 five (5) plan years, a benefit adjustment shall be calculated and made in accordance with
28 paragraph (c)(1) above until the municipal plan's Funded Ratio exceeds eighty percent (80%).

29 (d) This subsection (d) shall become effective July 1, 2015.

30 (1) (A) As soon as administratively reasonable following the enactment into law of this
31 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
32 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
33 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
34 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall

1 be provided without regard to the retiree's age or number of years since retirement.

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

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

9 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
10 (the "subtrahend") from the five-year average investment return of the retirement system
11 determined as of the last day of the plan year preceding the calendar year in which the adjustment
12 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
13 (0%). The "five-year average investment return" shall mean the average of the investment returns
14 of the most recent five (5) plan years as determined by the retirement board. 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 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
18 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
19 Statistics determined as of September 30 of the prior calendar year.

20 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be
21 less than zero percent (0%).

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

25 The benefit adjustments provided by this subsection (d)(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 anniversary of the
28 date of retirement or the date on which the retiree reaches his or her Social Security retirement
29 age, whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
30 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the
31 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
32 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the
33 benefit adjustment provided by this paragraph shall commence on the later of the third
34 anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

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

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

11 (3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June
12 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
13 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
14 subsection (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
15 retired on or before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five
16 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
17 and twenty-six dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent
18 (80%).

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

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

25 (g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-
26 52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract
27 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C
28 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be
29 separate from all other employees of the town and school department, union or non-union, who
30 are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the
31 town council, benefits in accordance with this section shall be available to all such employees
32 who retire on or after January 1, 2003.

33 (h) Effective for members and/or beneficiaries of members who have retired on or before
34 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a

1 benefit adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall
2 be payable within sixty (60) days following the enactment of the legislation implementing this
3 provision, and a second one-time stipend of five hundred dollars (\$500) in the same month of the
4 following year. These stipends shall not be considered cost of living adjustments under the prior
5 provisions of this § 45-21-52.

6 (i) Effective January 1, 2019, for each year in which a cost of living adjustment (COLA)
7 is not scheduled pursuant to subsection (d)(3) of this section, a stipend in the amount of three
8 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
9 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
10 These stipends shall be payable to all retired teachers 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 § 45-21-52.

13 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97 -
THE RHODE ISLAND BOARD OF EDUCATION ACT]

1 This act would provide for a stipend to be paid to certain retired state employees,
2 municipal employees, and teachers or their beneficiaries during years when a cost of living
3 adjustment is not scheduled.

4 This act would take effect upon passage.

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