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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

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

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

Date Introduced: February 28, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 36-10-9 of the General Laws in Chapter 36-10 entitled "Retirement
2 System-Contributions and Benefits" is hereby amended to read as follows:

3 **36-10-9. Retirement on service allowance -- In general. --** Retirement of a member on
4 a service retirement allowance shall be made by the retirement board as follows:

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

15 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to
16 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and
17 completed at least ten (10) years of contributory service. For members in service as of October 1,
18 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior

1 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in
2 proportion to the amount of service the member has earned as of September 30, 2009. The
3 proportional formula shall work as follows:

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

7 (2) The formula shall then take the member's total service credit as of September 30,
8 2009 as the numerator and the years of service credit determined under (1) as the 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 age sixty-two (62).

11 (b) (i) Any member, who has not completed at least ten (10) years of contributory
12 service on or before July 1, 2005, may retire upon his or her written application to the retirement
13 board as of the first day of the calendar month in which the application was filed; provided, the
14 member was separated from service prior thereto; and further provided, however, that if
15 separation from service occurs during the month in which application is filed, the effective date
16 shall be the first day following that separation from service; provided, the member or his or her
17 retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29)
18 years of total service or provided that the member on his or her retirement date had attained the
19 age of sixty-five (65) and had completed at least ten (10) years of contributory service; or
20 provided, that the member on his or her retirement date had attained the age of fifty-five (55) and
21 had completed twenty (20) years of total service provided, that the retirement allowance, as
22 determined according to the formula in section 36-10-10 is reduced actuarially for each month
23 that the age of the member is less than sixty-five (65) years, and who retire before October 1,
24 2009 or are eligible to retire as of September 30, 2009.

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

33 (1) The formula shall determine the first age of retirement eligibility under the laws in
34 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of

1 sixty-two (62).

2 (2) The formula shall then take the member's total service credit as of September 30,
3 2009 as the numerator and the years of service credit determined under (1) as the denominator.

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

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

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

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

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

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

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

25 (iii) A member who has completed twenty (20) or more years of total service and who
26 has attained an age within five (5) years of the eligible retirement age under subparagraphs (c)(i)
27 or (c)(ii) above, may elect to retire provided that the retirement allowance shall be reduced
28 actuarially for each month that the age of the member is less than the eligible retirement age
29 under subparagraphs (c)(i) or (c)(ii) above.

30 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has
31 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire
32 at his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above
33 provided that a member making an election under this paragraph shall receive the member's
34 retirement benefit determined and calculated based on the member's service and average

1 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
2 manner to protect a member's accrued benefit on June 30, 2012.

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

6 (3) (i) Except as specifically provided in section 36-10-9.1, sections 36-10-12 -- 36-10-
7 15, and sections 45-21-19 -- 45-21-22, (I) On or prior to June 30, 2012 no member shall be
8 eligible for pension benefits under this chapter unless the member shall have been a contributing
9 member of the employee's retirement system for at least ten (10) years, or (II) For members in
10 active contributory service on or after July 1, 2012, the member shall have been a contributing
11 member of the retirement system for at least five (5) years.

12 (ii) Provided, however, a person who has ten (10) years service credit on or before June
13 16, 1991, shall be vested.

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

16 (iv) Any person who becomes a member of the employees' retirement system pursuant to
17 section 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title
18 45 and this chapter.

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

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

34 (4) No member of the employees' retirement system shall be permitted to purchase

1 service credits for casual, seasonal, or temporary employment, or emergency appointment, for
2 employment as a page in the general assembly, or for employment at any state college or
3 university while the employee is a student or graduate assistant of the college or university.

4 (5) Except as specifically provided in sections 16-16-6.2 and 16-16-6.4, a member shall
5 not receive service credit in this retirement system for any year or portion of it, which counts as
6 service credit in any other retirement system in which the member is vested or from which the
7 member is receiving a pension and/or any annual payment for life. This subsection shall not apply
8 to any payments received pursuant to the federal Social Security Act or to payments from a
9 military pension earned prior to participation in state or municipal employment, or to military
10 service credits earned prior to participation in state or municipal employment.

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

19 (7) A member who fails to cooperate with the retirement board shall not have the time of
20 service counted toward total service credit until such time as the member cooperates with the
21 retirement board and until such time as the retirement board determines the validity of the service
22 credit.

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

26 (9) Any elected or appointed municipal official or member of a board or commission who
27 is currently devoting less than thirty (30) business hours per week to the service of the state
28 and/or a municipality, and who has not qualified or is not eligible to retire or collect a pension
29 shall no longer be qualified to participate in, or accrue time in the retirement system. Any such
30 employee who has qualified or is eligible to retire or collect a pension shall no longer be eligible
31 to accrue further service credits.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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

1 This act would provide that an elected or appointed municipal official or member of a
2 board or commission currently devoting less than thirty (30) business hours per week to the
3 service of the state and/or a municipality, and who has not qualified or is not eligible to retire or
4 collect a pension would no longer be qualified to participate in or accrue time in the retirement
5 system. Any such employee who has qualified or is eligible to retire or collect a pension would no
6 longer be eligible to accrue further service credits.

7 This act would take effect upon passage.

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