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ARTICLE 21

RELATING TO PENSIONS

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

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

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

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

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

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

(5) (a) "Average compensation" for members eligible to retire as of September 30, 2009 shall mean the average of the highest three (3) consecutive years of compensation, within the total service when the average compensation was the highest. For members eligible to retire on or after October 1, 2009, "Average compensation" shall mean the average of the highest five (5) consecutive years of compensation within the total service when the average compensation was the highest.

(b) For members who become eligible to retire on or after July 1, 2012, if more than one half (1/2) of the member's total years of service consist of years of service during which the member devoted less than thirty (30) business hours per week to the service of the state, but the member's average compensation consists of three (3) or more years during which the member devoted more than thirty (30) business hours per week to the service of the state, such member's average compensation shall mean the average of the highest ten (10) consecutive years of

1 compensation within the total service when the average compensation was the highest; provided
2 however, effective July 1, 2015, if such member's average compensation as defined in subsection
3 (a) Above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be
4 indexed annually in accordance with § 36-10-35(h)(1)(B), such member's average compensation
5 shall mean the greater of: (i) The average of the highest ten (10) consecutive years of
6 compensation within the total service when the average compensation was the highest; or (ii) The
7 member's average compensation as defined in subsection (a) above. To protect a member's
8 accrued benefit on June 30, 2012 under this § 36-8-1(5)(b), in no event shall a member's average
9 compensation be lower than his or her average compensation determined as of June 30, 2012.

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

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

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

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

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

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

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

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

29 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose
30 business time is devoted exclusively to the services of the state, but shall not include one whose
31 duties are of a casual or seasonal nature. The retirement board shall determine who are employees
32 within the meaning of this chapter. The governor of the state, the lieutenant governor, the
33 secretary of state, the attorney general, the general treasurer, and the members of the general
34 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless

1 and until they elect to become members of the system as provided in section 36-9-6, but in no
2 case shall it deem as an employee, for the purposes of this chapter, any individual who devotes
3 less than twenty (20) business hours per week to the service of the state, and who receives less
4 than the equivalent of minimum wage compensation on an hourly basis for his or her services,
5 except as provided in section 36-9-24. Any commissioner of a municipal housing authority or any
6 member of a part-time state, municipal or local board, commission, committee or other public
7 authority shall not be deemed to be an employee within the meaning of this chapter.

8 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a
9 member claiming service credit for certain employment for which that payment is required which
10 is determined according to the age of the member and the employee's annual rate of compensation
11 at the time he or she applies for service credit and which is expressed as a rate percent of the
12 employee's annual rate of compensation to be multiplied by the number of years for which he or
13 she claims service credit as prescribed in a schedule adopted by the retirement board from time to
14 time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-
15 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- 30-
16 18.1(b).

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

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

22 The rules applicable to a service credit purchase shall be the rules of the retirement
23 system in effect at the time the purchase application is submitted to the retirement system.

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

26 ~~(11)~~(12) "Inactive member" shall mean a member who has withdrawn from service as an
27 employee but who has not received a refund of contributions.

28 ~~(12)~~(13) "Members" shall mean any person included in the membership of the retirement
29 system as provided in §§ 36-9-1 -- 36-9-7.

30 ~~(13)~~(14) "Prior service" shall mean service as a member rendered before July 1, 1936,
31 certified on his or her prior service certificate and allowable as provided in § 36-9-28.

32 ~~(14)~~(15) "Regular interest" shall mean interest at the assumed investment rate of return,
33 compounded annually, as may be prescribed from time to time by the retirement board.

34 ~~(15)~~(16) "Retirement allowance" shall mean annual payments for life made after

1 retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid
2 in equal monthly installments beginning as of the effective date thereof; provided, that a smaller
3 pro rata amount may be paid for part of a month where separation from service occurs during the
4 month in which the application was filed, and when the allowance ceases before the last day of
5 the month.

6 ~~(16)~~(17) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to
7 administer the retirement system.

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

10 ~~(18)~~(19) "Service" shall mean service as an employee of the state of Rhode Island as
11 described in subdivision (9) of this section.

12 ~~(19)~~(20) "Social Security retirement age" shall mean a member's full retirement age as
13 determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not
14 to exceed age sixty-seven (67).

15 ~~(20)~~(21) "Total service" shall mean prior service as defined above, plus service rendered
16 as a member on or after July 1, 1936.

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

19 **36-10-1. Member contributions -- Deduction from compensation.** -- (a) Prior to July
20 1, 2012, each member of the retirement system shall contribute an amount equal to eight and
21 three-quarters percent (8.75%) of his or her compensation as his or her share of the cost of
22 annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system
23 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her
24 compensation, except for correctional officers as defined in § 36-10-9.2 who shall contribute an
25 amount equal to eight and three quarters percent (8.75%) of his or her compensation. Effective
26 July 1, 2015, each member of the retirement system, except for correctional officers as defined in
27 § 36-10-9.2, with twenty (20) or more years of total service as of June 30, 2012 shall contribute
28 an amount equal to eleven percent (11%) of compensation. The contributions shall be made in the
29 form of deductions from compensation.

30 (b) The deductions provided for herein shall be made notwithstanding that the minimum
31 compensation provided by law for any member shall be reduced thereby. Every member shall be
32 deemed to consent and agree to the deductions made and provided for herein and receipt of his or
33 her full compensation and payment of compensation, less the deductions, shall be a full and
34 complete discharge and acquittance of all claims and demands whatsoever for the services

1 rendered by the person during the period covered by the payment except as to the benefit
2 provided under this chapter.

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

5 **36-10-2.1. Actuarial cost method.** -- (a) To determine the employer contribution rate for
6 the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary shall
7 compute the costs under chapter 10 of title 36 using the entry age normal cost method. ~~Effective~~
8 ~~July 1, 2012, the entry age normal cost method shall be as defined in Accounting Standard No. 27~~
9 ~~of the Governmental Accounting Standards Board as in effect from time to time.~~

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

15 (c) The determination of the employer contribution rate commencing with fiscal year
16 2017 shall include a re-amortization of the current unfunded actuarial accrued liability (UAAL)
17 attributable to the sixty percent (60%) of contribution responsibility not partitioned to the state in
18 § 16-16-22 over a closed twenty-five (25) year period. This will be accomplished by dividing the
19 UAAL as of June 30, 2014 into two (2) separate amortization periods. Future actuarial gains and
20 losses occurring within a plan year will be amortized over individual new twenty (20) year closed
21 periods and allocated in the forty percent (40%) state / sixty percent (60%) municipal proportion
22 set forth in § 16-16-22.

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

25 **36-10-9. Retirement on service allowance -- In general.** -- Retirement of a member on
26 a service retirement allowance shall be made by the retirement board as follows:

27 (1) (a) (i) Any member may retire upon his or her written application to the retirement
28 board as of the first day of the calendar month in which the application was filed; provided, the
29 member was separated from service prior thereto; and further provided, however, that if
30 separation from service occurs during the month in which application is filed, the effective date
31 shall be the first day following that separation from service; and provided further that the member
32 on his or her retirement date attained the age of sixty (60) and completed at least ten (10) years of
33 contributory service on or before July 1, 2005 or who, regardless of age, has completed twenty-
34 eight (28) years of total service and has completed at least ten (10) years of contributory service

1 on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of
2 September 30, 2009.

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

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

13 (2) The formula shall then take the member's total service credit as of September 30,
14 2009 as the numerator and the years of service credit determined under (1) as the denominator.

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

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

31 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to
32 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and
33 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five
34 (65) and completed at least ten (10) years of contributory service. For members in service as of

1 October 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to
2 retire prior to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement
3 age will be adjusted downward in proportion to the amount of service the member has earned as
4 of September 30, 2009. The proportional formula shall work as follows:

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

8 (2) The formula shall then take the member's total service credit as of September 30,
9 2009 as the numerator and the years of service credit determined under (1) as the denominator.

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

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

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

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

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

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

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

31 (iii) ~~A~~ [Effective July 1, 2015, a](#) member who has completed twenty (20) or more years of
32 total service and who has attained an age within five (5) years of the eligible retirement age under
33 subparagraphs (c)(i) or (c)(ii) above [or subsection \(d\) below](#), may elect to retire provided that the
34 retirement allowance shall be reduced actuarially for each month that the age of the member is

1 less than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subsection (d)
2 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>

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

16 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,
17 members in active service shall be eligible to retire upon the earlier of: (A) The attainment of at
18 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the
19 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of
20 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-
21 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion
22 of at least thirty-three (33) years of total service; or (B) The member's retirement eligibility date
23 under subsections (c)(i) or (c)(ii) above.

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

27 (3) (i) Except as specifically provided in § 36-10-9.1, §§ 36-10-12 -- 36-10-15, and §§
28 45-21-19 -- 45-21-22, (I) On or prior to June 30, 2012 no member shall be eligible for pension
29 benefits under this chapter unless the member shall have been a contributing member of the
30 employee's retirement system for at least ten (10) years, or (II) For members in active
31 contributory service on or after July 1, 2012, the member shall have been a contributing member
32 of the retirement system for at least five (5) years.

33 (ii) Provided, however, a person who has ten (10) years service credit on or before June
34 16, 1991, shall be vested.

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

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

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

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

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

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

32 (6) A member who seeks to purchase or receive service credit in this retirement system
33 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a
34 vested member in any other retirement system and/or is receiving a pension, retirement

1 allowance, or any annual payment for life. The retirement board shall have the right to investigate
2 as to whether or not the member has utilized the same time of service for credit in any other
3 retirement system. The member has an affirmative duty to cooperate with the retirement board
4 including, by way of illustration and not by way of limitations the duty to furnish or have
5 furnished to the retirement board any relevant information which is protected by any privacy act.

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

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

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

15 **36-10-10. Amount of service retirement allowance.** -- (a) (1) (i) For employees eligible
16 to retire on or before September 30, 2009, upon retirement for service under section 36-10-9, a
17 member whose membership commenced before July 1, 2005 and who has completed at least ten
18 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
19 which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

20 Schedule A

21 Years of Service	Percentage Allowance
22 1st through 10th inclusive	1.7%
23 11th through 20th inclusive	1.9%
24 21st through 34th inclusive	3.0%
25 35th	2.0%

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

33 (2) Upon retirement for service under section 36-10-9, a member whose membership
34 commenced after July 1, 2005, or who has not completed at least ten (10) years of contributory

1 service as of July 1, 2005, shall, receive a retirement allowance which shall be determined in
2 accordance with Schedule B below for service prior to July 1, 2012:

3 Schedule B

4 Years of Service	Percentage Allowance
5 1st through 10th inclusive	1.60%
6 11th through 20th inclusive	1.80%
7 21st through 25th inclusive	2.0%
8 26th through 30th inclusive	2.25%
9 31st through 37th inclusive	2.50%
10 38th	2.25%

11 (b) The retirement allowance of any member whose membership commenced before July
12 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,
13 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his
14 or her average highest three (3) consecutive years of compensation multiplied by the number of
15 years of total service, but in no case to exceed eighty percent (80%) of the compensation payable
16 at completion of thirty-five (35) years of service; provided, however, for employees retiring on or
17 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. Any member
19 who has in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any
20 refund, and any member with thirty-five (35) years or more on or after June 2, 1985, shall
21 contribute from July 1, 1985, until his or her retirement.

22 The retirement allowance of any member whose membership commenced after July 1,
23 2005 or who had not completed at least ten (10) years of contributory service as of July 1, 2005,
24 shall, be in an amount equal to the percentage allowance specified in Schedule B of his or her
25 average highest three (3) consecutive years of compensation multiplied by the number of years of
26 total service, but in no case to exceed seventy-five percent (75%) of the compensation payable at
27 the completion of thirty-eight (38) years of service; provided, however, for employees retiring on
28 or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
29 shall be based on the average highest five (5) consecutive years of compensation.

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

1 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
2 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
3 1, 2012, a member's retirement allowance shall be equal to:

4 (i) For members with fewer than twenty (20) years of total service as of June 30, 2012,
5 one percent (1%) of the member's average compensation multiplied by the member's years of
6 total service on and after July 1 2012; and

7 (ii) For members with twenty (20) or more years of total service as of June 30, 2012, a
8 member's retirement allowance shall be equal to one percent (1%) of the member's average
9 compensation multiplied by the member's years of total service between July 1, 2012 and June
10 30, 2015, and two percent (2%) of the member's average compensation multiplied by the
11 member's years of total service on and after July 1, 2015. For purposes of computing a member's
12 total service under the preceding sentence, service purchases shall be included in total service
13 only with respect to those service purchases approved prior to June 30, 2012 and those
14 applications for service purchases received by the retirement system on or before June 30, 2012.

15 In no event shall a member's retirement allowance exceed the maximum limitations set forth in
16 paragraph (b) above.

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

19 **36-10-10.2. Amount of service retirement allowance – Correctional officers. --** (a)
20 Upon retirement for service under § 36-10-9.2, a member with twenty-five (25) or more years of
21 service as of June 30, 2012 shall receive a retirement allowance of an amount determined under
22 (i) below. All other members shall receive a retirement allowance of an amount equal to the sum
23 of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1, 2012.
24 (i) Two percent (2%) of his or her average compensation multiplied by his or her first thirty (30)
25 years of total service within the department of corrections; any and all years of remaining service
26 shall be issued to the member at a retirement allowance of an amount equal to his or her average
27 compensation multiplied by the percentage allowance determined in accordance with Schedule A
28 below:

29 Schedule A

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

1 34th 3%
2 35th 2%

3 (ii) On and after July 1, 2012, Two two percent (2%) of his or her average compensation
4 multiplied by his or her first thirty (30) years of total service ~~years of service on and after July 1,~~
5 ~~2012~~ within the department of corrections, and three percent (3%) of his or her average
6 compensation multiplied by the member's thirty-first (31st) through thirty-fifth (35th) years of
7 service.

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

14 SECTION 7. 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.** -- (a) All state employees
17 and all beneficiaries of state employees receiving any service retirement or ordinary or accidental
18 disability retirement allowance pursuant to the provisions of this title on or before December 31,
19 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent
20 (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the
21 retirement allowance has been in effect. For the purposes of computation, credit shall be given for
22 a full calendar year regardless of the effective date of the retirement allowance. This cost of living
23 adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an
24 additional one and one-half percent (1.5%) shall be added to the original retirement allowance in
25 each succeeding year during the month of January, and provided further, that this additional cost
26 of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each
27 year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no
28 employee receiving any service retirement allowance pursuant to the provisions of this title on or
29 before December 31, 1967, or the employee's beneficiary, shall receive any additional benefit
30 hereunder in an amount less than two hundred dollars (\$200) per year over the service retirement
31 allowance where the employee retired prior to January 1, 1958.

32 (b) All state employees and all beneficiaries of state employees retired on or after
33 January 1, 1968, who are receiving any service retirement or ordinary or accidental disability
34 retirement allowance pursuant to the provisions of this title shall, on the first day of January next

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

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

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

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

33 (d) For state employees not eligible to retire in accordance with this chapter as of
34 September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the

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

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

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

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

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

1 zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or the first
2 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand
3 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under
4 (g)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of the
5 investment returns of the most recent five (5) plan years as determined by the retirement board.
6 Subject to paragraph (g)(2) below, the benefit adjustment provided by this paragraph shall
7 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
8 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
9 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
10 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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 ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island, the
25 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
26 the 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 SECTION 8. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined
23 Contribution Retirement Plan" is hereby amended to read as follows:

24 **36-10.3-1. Definitions.** -- As used in this chapter, the following terms, unless the context
25 requires a different interpretation, shall have the following meanings:

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

27 (2) "Employee" means an employee as defined in ~~section~~ §§ 36-8-1(9) and 45-21-2(7)
28 and a teacher as defined in § 16-16-1(12), effective July 1, 2012; provided however, effective
29 July 1, 2015, "employee" shall not include any employee with twenty (20) or more years of total
30 service as of June 30, 2012 in the employees retirement system under chapters 8 through 10 of
31 title 36 or chapter 16 of title 16 (ERS), or the municipal employees retirement system under
32 chapter 21 of title 45 (MERS).

33 (3) "Employer" means the State of Rhode Island or the local municipality which employs
34 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter

1 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2
2 of title 45 (MERS).

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

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

8 (6) "Regular member" means:

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

11 (ii) ~~A~~ [An employee who is a](#) member of MERS other than a public safety member.

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

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

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

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

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

22 **36-10.3-5. Employer contributions.** -- (1) An employer shall contribute to each regular
23 member's individual account [the following amounts](#):

24 [\(i\) For members with fewer then ten \(10\) years of total service as of June 30, 2012,](#) an
25 amount equal to one percent (1%) of the member's compensation at the end of each payroll period
26 from July 1 to the following June 30- ;

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

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

1 [2015, an amount equal to one and one-half percent \(1.5%\) of the member's compensation at the](#)
2 [end of each payroll period from July 1 to the following June 30.](#)

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

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

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

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

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

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

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

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

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

4 (B) The formula shall then take the teacher's total service credit as of September 30,
5 2009 as the numerator and the years of service credit determined under (A) as the denominator.

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

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

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

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

33 (B) The formula shall then take the teacher's total service credit as of September 30,
34 2009 as the numerator and the years of service credit determined under (A) as the denominator.

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

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

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

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

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

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

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

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

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

34 (iv) Notwithstanding any other provisions of ~~this~~ section [§ 16-16-12\(c\)](#), a teacher who

1 has completed ten (10) or more years of contributory service as of June 30, 2012, may elect to
2 retire at his or her eligible retirement date as determined under subsections (a) and (b) above
3 provided that a teacher making an election under this paragraph shall receive the teacher's
4 retirement benefit determined and calculated based on the teacher's service and average
5 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
6 manner to protect a teacher's accrued benefit on June 30, 2012.

7 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,
8 teachers in active service shall be eligible to retire upon the earlier of:

9 (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30)
10 years of total service, or the attainment of at least age sixty-four (64) and the completion of at
11 least thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the
12 completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-
13 two (62) and the completion of at least thirty-three (33) years of total service; or

14 (B) The teacher's retirement eligibility date under subsections (c)(i) or (c)(ii) above.

15 ~~(d)~~(e) Except as specifically provided in §§ 36-10-9.1, 36-10-12 through 36-10-15, and
16 45-21-19 through 45-21-22, no member shall be eligible for pension benefits under this chapter
17 unless

18 (i) The member shall have been a contributing member of the employees' retirement
19 system for at least ten (10) years; or

20 (ii) For teachers in active contributory service on or after July 1, 2012, the teacher shall
21 have been a contributing member of the employees' retirement system for at least five (5) years.

22 (2) Provided, however, a person who has ten (10) years service credit shall be vested;
23 provided that for teachers in active contributory service on or after July 1, 2012, a teacher who
24 has five (5) years of contributory service shall be vested.

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

27 (4) Any person who becomes a member of the employees' retirement system pursuant to
28 § 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and
29 this chapter.

30 (5) Notwithstanding any other provision of law, no more than five (5) years of service
31 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any
32 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years
33 of service credit before January 1, 1995, shall be permitted to apply the purchases towards the
34 member's service retirement. However, no further purchase will be permitted.

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

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

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

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

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

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

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

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

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

1 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable
2 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or
3 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
4 shall be based on the average highest five (5) consecutive years of compensation. The retirement
5 allowance of any teacher whose membership commenced after July 1, 2005 or who has not
6 completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount
7 equal to the percentage allowance specified in Schedule B of his or her average highest three (3)
8 consecutive years of compensation multiplied by the number of years of total service, but in no
9 case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-
10 eight (38) years of service; provided, however, for teachers retiring on or after October 1, 2009
11 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the
12 average highest five (5) consecutive years of compensation. Any teacher who has in excess of
13 thirty-five (35) years on or before June 2, 1985 shall not be entitled to any refund, and any teacher
14 with thirty-five (35) years or more on or after June 2, 1985 shall contribute from July 1, 1985
15 until his or her retirement.

16 (c) For service prior to July 2012, the retirement allowance of a teacher shall be
17 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
18 1, 2012;

19 (i) For teachers with fewer than twenty (20) years of total service as of June 30, 2012, a
20 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
21 compensation multiplied by the teacher's years of total service on and after July 1, 2012; and

22 (ii) For teachers with twenty (20) or more years of total service as of June 30, 2012, a
23 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
24 compensation multiplied by the teacher's years of total service between July 1, 2012 and June 30,
25 2015, and two percent (2%) of the teacher's average compensation multiplied by the teacher's
26 years of total service on and after July 1, 2015. For purposes of computing a teacher's total
27 service under the preceding sentence, service purchases shall be included in total service only
28 with respect to those service purchases approved prior to June 30, 2012 and those applications for
29 service purchases received by the retirement system on or before June 30, 2012. In no event shall
30 a teacher's retirement allowance exceed the maximum limitations set forth in subsection (b)
31 above.

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

34 **16-16-22. Contributions to state system.** -- (a) Prior to July 1, 2012, each teacher shall

1 contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of
2 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall
3 contribute an amount equal to three and three quarters percent (3.75%) of his or her
4 compensation. Effective July 1, 2015, each teacher with twenty (20) or more years of total service
5 as of June 30, 2012 shall contribute an amount equal to eleven percent (11%) of his or her
6 compensation. The employer contribution on behalf of teacher members of the system shall be in
7 an amount that will pay a rate percent of the compensation paid to the members, according to the
8 method of financing prescribed in the State Retirement Act in chapters 8 -- 10 and 10.3 of title 36.
9 This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,
10 town, local educational agency, or any formalized commissioner approved cooperative service
11 arrangement by whom the teacher members are employed, with the exception of teachers who
12 work in federally funded projects and further with the exception of any supplemental
13 contributions by a local municipality employer under chapter 36-10.3 which supplemental
14 employer contributions shall be made wholly by the local municipality. Provided, however, that
15 the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).

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

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

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

1 purpose by the general assembly into the retirement fund.

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

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

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

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

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

28 (c) (1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers
29 receiving any service retirement and all teachers and all beneficiaries of teachers who have
30 completed at least ten (10) years of contributory service on or before July 1, 2005, pursuant to the
31 provisions of this chapter, and for all teachers and beneficiaries of teachers who receive a
32 disability retirement allowance pursuant to §§ 16-16-14 -- 16-16-17, the cost of living adjustment
33 shall be computed and paid at the rate of three percent (3%) of the original retirement allowance
34 or the retirement allowance as computed in accordance with § 16-16-40.1, compounded annually

1 from the year for which the cost of living adjustment was determined to be payable by the
2 retirement board pursuant to the provisions of subsection (a) or (b) of this section. Such cost of
3 living adjustments are available to teachers who retire before October 1, 2009 or are eligible to
4 retire as of September 30, 2009.

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

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

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

33 (e) [This subsection \(e\) shall be effective for the period July 1, 2012 through June 30,](#)
34 [2015.](#)

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

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

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

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

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

4 (f) This subsection (f) shall become effective July 1, 2015.

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

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

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

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

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

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

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

33 The benefit adjustments provided by this subsection (f)(1)(B) shall be provided to all
34 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,

1 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
2 date of retirement or the date on which the retiree reaches his or her Social Security retirement
3 age, whichever is later.

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

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

13 (3) Notwithstanding subsection (f)(2), in each fourth plan year commencing after June
14 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
15 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
16 subsection (f)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who
17 retired on or before June 30, 2015, the dollar amount in subsection (f)(1)(B)(II) of twenty-five
18 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
19 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
20 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
21 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

22 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before
23 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
24 days following the enactment of the legislation implementing this provision, and a second one-
25 time stipend of five hundred dollars (\$500) in the same month of the following year. These
26 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 this § 16-16-40.

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

31 **45-21-2. Definitions. --** The following words and phrases as used in this chapter have the
32 following meanings unless a different meaning is plainly required by the context:

33 (1) "Accumulated contributions" means the sum of all amounts deducted from the
34 compensation of a member and credited to his or her individual account in the members'

1 contribution reserve account.

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

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

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

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

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

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

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

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

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

22 (A) Domestic partnership agreement or relationship contract;

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

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

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

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

31 (7) "Employee" means any regular and permanent employee or officer of any
32 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the
33 service of the municipality, including elective officials and officials and employees of city and
34 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the

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

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

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

1 (9) "Fiscal year" means the period beginning on July 1 in any year and ending on June
2 30 of the next succeeding year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 **45-21-16. Retirement on service allowance.** -- Retirement of a member on a service
12 retirement allowance shall be made by the retirement board as follows:

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

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

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

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

1 formula shall work as follows:

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

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

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

9 (C) Effective July 1, 2015, a member who has completed twenty (20) or more years of
10 total service and who has attained an age within five (5) years of the eligible retirement age under
11 subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below, may elect to retire provided that
12 the retirement allowance shall be reduced actuarially for each month that the age of the member is
13 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection
14 (iii) 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>

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

28 (iii) Notwithstanding any other provisions of subsection (ii) above, effective July 1, 2015,
29 members in active service shall be eligible to retire upon the earlier of: (I) The attainment of at
30 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the
31 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of
32 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-
33 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion
34 of at least thirty-three (33) years of total service; or (II) The member's retirement eligibility date

1 [under subsections \(ii\)\(A\) or \(ii\)\(B\) above.](#)

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

4 (I) On or prior to June 30, 2012 the member has been a contributing member of the
5 employees' retirement system for at least ten (10) years; or

6 (II) For members in active contributory service on or after July 1, 2012, the member
7 shall have been a contributing member of the employees' retirement system for at least five (5)
8 years.

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

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

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

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

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

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

26 (II) For service purchases for time periods for official periods of leave as authorized by
27 law, the purchase must be made within three (3) years of the time the official leave was
28 concluded by the member.

29 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,
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. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
16 "Retirement of Municipal Employees" is hereby amended to read as follows:

17 **45-21-52. Automatic increase in service retirement allowance.** -- (a) The local
18 legislative bodies of the cities and towns may extend to their respective employees automatic
19 adjustment increases in their service retirement allowances, by a resolution accepting any of the
20 plans described in this section:

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

31 (2) Plan B. - All employees and beneficiaries of those employees receiving a retirement
32 allowance under the provisions of this chapter on December 31 of the year their municipality
33 accepts this section, receive a cost of living adjustment equal to three percent (3%) of their
34 original retirement allowance. This adjustment is added to the amount of the retirement allowance

1 as of January 1 following acceptance of this provision, and an additional three percent (3%) of the
2 original retirement allowance, not compounded, is payable in each succeeding year in the month
3 of January.

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

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

10 (c) [This subsection \(c\) shall be effective for the period July 1, 2012 through June 30,](#)
11 [2015.](#)

12 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)
13 below, for all present and former employees, active and retired members, and beneficiaries
14 receiving any retirement, disability or death allowance or benefit of any kind by reason of
15 adoption of this section by their employer, the annual benefit adjustment provided in any calendar
16 year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the
17 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from
18 the Five-Year Average Investment Return of the retirement system determined as of the last day
19 of the plan year preceding the calendar year in which the adjustment is granted, said percentage
20 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the
21 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of
22 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually
23 in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment
24 Return" shall mean the average of the investment returns of the most recent five (5) plan years as
25 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment
26 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of
27 retirement or the date on which the retiree reaches his or her Social Security retirement age,
28 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-
29 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third
30 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
31 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the
32 system, either upward or downward, the subtrahend shall be adjusted either upward or downward
33 in the same amount.

34 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this

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

7 In determining whether a funding level under this paragraph (c)(2) 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 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a ~~GASB~~ Funded
12 Ratio of less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing
13 after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at
14 intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance
15 with paragraph (c)(1) above until the municipal plan's ~~GASB~~ Funded Ratio exceeds eighty
16 percent (80%).

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

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

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

30 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:
31 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
32 (the "subtrahend") from the five-year average investment return of the retirement system
33 determined as of the last day of the plan year preceding the calendar year in which the adjustment
34 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent

1 (0%). The "five-year average investment return" shall mean the average of the investment returns
2 of the most recent five (5) plan years as determined by the retirement board. In the event the
3 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
4 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

13 The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all
14 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
15 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
16 date of retirement or the date on which the retiree reaches his or her Social Security retirement
17 age, whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
18 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the
19 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
20 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the
21 benefit adjustment provided by this paragraph shall commence on the later of the third
22 anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

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

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

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

1 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
2 subsection (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
3 retired on or before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five
4 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
5 and twenty-six dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent
6 (80%).

7 ~~(d)~~(e) Upon acceptance of any of the plans in this section, each employee shall on
8 January 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to §
9 45-21-41, one percent (1%) of the employee's compensation concurrently with and in addition to
10 contributions otherwise being made to the retirement system.

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

13 ~~(f)~~(g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-
14 52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract
15 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C
16 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be
17 separate from all other employees of the town and school department, union or non-union, who
18 are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the
19 town council, benefits in accordance with this section shall be available to all such employees
20 who retire on or after January 1, 2003.

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

28 SECTION 20. Chapter 45-21 of the General Laws entitled "Retirement of Municipal
29 Employees" is hereby amended by adding thereto the following section:

30 **45-21-43.1. Actuarial cost method.** – (a) To determine the employer contribution rate
31 for any participating municipality, the actuary shall compute the costs under chapters 21 and 21.2
32 of title 45 using the entry age normal cost method.

33 (b) The determination of the employer contribution rate for fiscal year 2013 shall include
34 a re-amortization of the unfunded actuarial accrued liability (UAAL) over a closed twenty-five

1 (25) year period. After an initial period of five (5) years, future actuarial gains and losses
2 occurring within a plan year will be amortized over individual new twenty (20) year closed
3 periods.

4 (c) The determination of the employer contribution rate commencing with fiscal year
5 2017 shall include a re-amortization of the current unfunded actuarial accrued liability as of June
6 30, 2014 over a closed twenty-five (25) year period. Future actuarial gains and losses occurring
7 within a plan year will be amortized over individual new twenty (20) year closed periods.
8 Employers shall have the one-time option before August 1, 2015 to remain under the amortization
9 schedule set forth in subsection (b) above.

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
23 salary" 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) (1) 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
13 adjustment pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991
14 and ending June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars
15 (\$1,500).

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

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

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

29 (f) (1) Any member who retires, has served as a member for twenty (20) years or more,
30 and who served for a period of six (6) months or more of active duty in the armed service of the
31 United States or in the merchant marine service of the United States as defined in § 2 of chapter
32 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2)
33 years; provided that any member who has served at least six (6) months or more in any one year
34 shall be allowed to purchase one year for such service and any member who has served a fraction

1 of less than six (6) months in his or her total service shall be allowed to purchase six (6) months'
2 credit for such service.

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

8 (3) There will be no interest charge provided the member makes such purchase during
9 his or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later,
10 but will be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase
11 from the date of his or her twentieth (20th) year of state service or five (5) years from May 18,
12 1981, whichever is later.

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

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

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

28 (g) The provisions of this section shall not apply to civilian employees in the Rhode
29 Island state police; and, further, from and after April 28, 1937, chapters 8 -- 10, inclusive, of title
30 36 shall not be construed to apply to the members of the Rhode Island state police, except as
31 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)
32 effective July 1, 2012.

33 (h) Any member of the state police other than the superintendent of state police, who is
34 hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the

1 age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

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

7 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to
8 a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent
9 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the
10 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as
11 defined in subsection (b) hereof.

12 (j) Effective July 1, 2012, any other provision of this section notwithstanding:

13 (j) (1) Any member of the state police, other than the superintendent of state police, who
14 is not eligible to retire on or prior to June 30, 2012 may retire at any time subsequent to the date
15 the member's retirement allowance equals or exceeds fifty percent (50%) of average
16 compensation as defined in section 36-8-1(5)(a), provided that a member shall retire upon the
17 first to occur of:

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

19 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of
20 service; provided however, any current member as of June 30, 2012 who has not accrued fifty
21 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent
22 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

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

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

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

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

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

1 (C) Any member of the state police who is eligible to retire on or prior to June 30, 2012
2 shall retire with a retirement allowance calculated in accordance with paragraph (a) and (e) above
3 except that whole salary shall be defined as final compensation where compensation for purposes
4 of this section and § 42-28-22.1 includes base salary, longevity and holiday pay.

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

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

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

17 (4) [This subsection \(4\) shall be effective for the period July 1, 2012 through June 30,](#)
18 [2015.](#)

19 (i) Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii)
20 below, for all present and former members, active and retired members, and beneficiaries
21 receiving any retirement, disability or death allowance or benefit of any kind, whether for or on
22 behalf of a non-contributory member or contributory member, 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 member'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 (4)(i)(A) above. The
31 "Five-Year Average Investment Return" shall mean the average of the investment returns for the
32 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (4)(ii)
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 age fifty-five (55),

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

4 (ii) Except as provided in paragraph (4)(iii), the benefit adjustments under this section
5 for 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 members for such plan year.

10 In determining whether a funding level under this paragraph (4)(ii) 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 (iii) Notwithstanding paragraph (4)(ii), 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 (4)(i) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island,
18 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated
19 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

20 (iv) The provisions of this paragraph (j)(4) of § 42-28-22 shall become effective July 1,
21 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

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

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

26 (i)(A) As soon as administratively reasonable following the enactment into law of this
27 paragraph (5)(i)(A), a one-time benefit adjustment shall be provided to members and/or
28 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
29 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
30 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
31 be provided without regard to the retiree's age or number of years since retirement.

32 (B) Notwithstanding the prior subsections of this section, for all present and former
33 members, active and retired members, and beneficiaries receiving any retirement, disability or
34 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar

1 year under this section for adjustments on and after January 1, 2016, and subject to subsection
2 (5)(ii) below, shall be equal to (I) multiplied by (II):

3 (I) Shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:
4 (1) Is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
5 "subtrahend") from the five-year average investment return of the retirement system determined
6 as of the last day of the plan year preceding the calendar year in which the adjustment is granted,
7 said percentage not to exceed four percent (4%) and not to be less than zero percent (0%). The
8 "five-year average investment return" shall mean the average of the investment returns of the
9 most recent five (5) plan years as determined by the retirement board. In the event the retirement
10 board adjusts the actuarially assumed rate of return for the system, either upward or downward,
11 the subtrahend shall be adjusted either upward or downward in the same amount.

12 (2) 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.

15 In no event shall the sum of (1) plus (2) exceed three and one-half percent (3.5%) or be
16 less than zero percent (0%).

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

25 (ii) Except as provided in subsection (5)(iii), the benefit adjustments under subsection
26 (5)(i)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
27 employees' retirement system of Rhode Island, the Judicial retirement benefits trust and the state
28 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
29 eighty percent (80%) in which event the benefit adjustment will be reinstated for all members for
30 such plan year.

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

34 (iii) Notwithstanding subsection (5)(ii), in each fourth plan year commencing after June

1 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
2 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
3 paragraph (5)(i)(B) above; and (ii) Effective for members and/or beneficiaries of members who
4 retired on or before June 30, 2015, the dollar amount in subsection (5)(i)(B)(II) of twenty-five
5 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
6 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
7 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
8 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

20 ~~(6)~~(7) In no event shall a member's retirement allowance be less than the member's
21 retirement allowance calculated as of June 30, 2012 based on the member's years of total service
22 and whole salary as of June 30, 2012.

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

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

31 **8-3-15. Cost of living allowance.** -- (a) All justices of the supreme court, superior court,
32 family court, or district court, or their surviving spouses or domestic partners, who retire after
33 January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title
34 shall, on the first day of January next following the third anniversary date of retirement, receive a

1 cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount
2 equal to three percent (3%) of the original retirement allowance. In each succeeding year
3 thereafter during the month of January, the retirement allowance shall be increased an additional
4 three percent (3%) of the original allowance, not compounded, to be continued during the lifetime
5 of the justice or his or her surviving spouse or domestic partner. For the purpose of such
6 computation, credit shall be given for a full calendar year regardless of the effective date of the
7 retirement allowance.

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

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

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

27 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)
28 below, for all present and former justices, active and retired justices, and beneficiaries receiving
29 any retirement, disability or death allowance or benefit of any kind, whether provided for or on
30 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or
31 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment
32 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
33 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
34 "subtrahend") from the Five-Year Average Investment Return of the retirement system

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

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

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

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

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

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

33 [\(1\)\(A\) As soon as administratively reasonable following the enactment into law of this](#)
34 [subsection \(e\)\(1\)\(A\), a one-time benefit adjustment shall be provided to justices and/or](#)

1 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
2 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
3 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
4 provided without regard to the retiree's age or number of years since retirement.

5 (B) Notwithstanding the prior subsections of this section, for all present and former
6 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
7 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
8 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
9 a contributory justice, the annual benefit adjustment provided in any calendar year under this
10 section for adjustments on and after January 1, 2016, and subject to subsection (e)(2) below, shall
11 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 returns
18 of the most recent five (5) plan years as determined by the retirement board. In the event the
19 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. In no event shall the sum of
24 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

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

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

33 (2) Except as provided in subsection (e)(3), the benefit adjustments under subsection
34 (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the

1 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
2 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
3 eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
4 such plan year.

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

8 (3) Notwithstanding subsection (e)(2), in each fourth plan year commencing after June
9 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
10 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
11 paragraph (e)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
12 retired on or before June 30, 2015, the dollar amount in subsection (e)(1)(B)(II) of twenty-five
13 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
14 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
15 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
16 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

26 **8-8.2-12. Additional benefits payable to retired judges and their surviving spouses**
27 **or domestic partners. --** (a) All judges of the administrative adjudication court and all judges of
28 the administrative adjudication court who have been reassigned to the traffic tribunal, or their
29 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a
30 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next
31 following the third anniversary of the retirement, receive a cost of living retirement adjustment in
32 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
33 original retirement allowance. In each succeeding year thereafter during the month of January, the
34 retirement allowance shall be increased an additional three percent (3%) of the original

1 allowance, compounded annually from the year cost of living adjustment was first payable to be
2 continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For
3 the purpose of such computation, credit shall be given for a full calendar year regardless of the
4 effective date of the retirement allowance.

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

7 (c) For judges 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 (a) 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 judges 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 Retirements Benefits Trust, calculated by the system's actuary on an aggregate basis,
14 exceeds eighty percent (80%) in which even 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 § 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit adjustment
28 not 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 subsection (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 two percent
33 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
34 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be

1 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 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 subsection (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 returns
15 of the most recent five (5) plan years as determined by the retirement board. In the event the
16 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.

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

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

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

31 (2) Except as provided in subsection (e)(3), the benefit adjustments under subsection
32 (e)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
33 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
34 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds

1 eighty percent (80%) in which event the benefit adjustment will be reinstated for all justices for
2 such plan year.

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

6 (3) Notwithstanding subsection (e)(2), effective for members and/or beneficiaries of
7 members who retired on or before June 30, 2015, in each fourth plan year commencing after June
8 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
9 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
10 subsection (e)(1)(B) above; and (ii) The dollar amount in subsection (e)(1)(B)(II) of twenty-five
11 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
12 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
13 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
14 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

15 (A) 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 § 8-8.2-12.

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

24 **28-30-18. Additional benefits payable to retired judges and their surviving spouses**
25 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving
26 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
27 allowance pursuant to the provisions of this title, shall, on the first day of January next following
28 the third anniversary date of their 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 subsequent year during the month of January
31 the retirement allowance shall be increased an additional three percent (3%) of the original
32 allowance, compounded annually from the year the cost of living adjustment was first payable to
33 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.
34 For the purpose of that 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 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
11 exceeds eighty percent (80%) in which event 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 § 28-30-18 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 subsections (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 two percent
30 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
31 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
32 provided without regard to the retiree's age or number of years since retirement.

33 (B) Notwithstanding the prior subsections 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 subsection (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 returns
12 of the most recent five (5) plan years as determined by the retirement board. In the event the
13 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. In no event shall the sum of
18 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

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

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

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

33 In determining whether a funding level under this subsection (e)(2) has been achieved,
34 the actuary shall calculate the funding percentage after taking into account the reinstatement of

1 any current or future benefit adjustment provided under this section.

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

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

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

21 **45-21.2-5. Retirement on service allowance.** -- (a) Retirement of a member on a service
22 retirement allowance for members eligible to retire on or before June 30, 2012 shall be made,
23 subject to paragraph (a)(11) below, by the retirement board as follows:

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

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

33 (3) Any member may retire pursuant to this subdivision upon written application to the
34 board stating at what time the member desires to retire; provided, that the member at the specified

1 time for retirement has completed at least twenty-five (25) years of total service, and
2 notwithstanding that the member may have separated from service.

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

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

14 (6) Any member of the Johnston 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 pursuant to § 45-21.2-6.2.

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

30 (8) Any member of the Cranston police department hired after July 1, 1995, or any
31 member of the Cranston police department with five (5) years or less of service effective July 1,
32 1995, may retire pursuant to this subdivision upon written application to the board stating at what
33 time the member desires to retire; provided, that the member at the specified time for retirement
34 has earned a service retirement allowance of fifty percent (50%) of final compensation for at least

1 twenty (20) years service; final compensation for Cranston police department members is based
2 on the compensation components of weekly salary, longevity and holidays with longevity of the
3 members highest year of earnings and members shall receive a three percent (3%) escalation of
4 their pension payment compounded each year on January 1st following the year of retirement and
5 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
6 the general laws relating to the presumption of disability is governed by the collective bargaining
7 agreement between the City of Cranston and members of the Cranston police department.

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

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

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

25 (12) Notwithstanding any provisions of this section to the contrary, with respect to police
26 officers employed by the town of Johnston, only those police officers hired on or after July 1,
27 2010 shall be eligible to be members of the Municipal Employees' Retirement System of the state
28 of Rhode Island in accordance with this chapter.

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

31 (1) Any member may retire pursuant to this subdivision upon written application to the
32 board stating at what time the member desires to retire; provided, that the member at the specified
33 time for retirement attained the age of at least fifty-five (55) years and has completed at least
34 twenty-five (25) years of total service, and notwithstanding that the member may have separated

1 from service; or

2 (2) Effective July 1, 2015, the member makes contributions to the plan effective July 1,
3 2015 in accordance with § 45-21.2-14, and (i) The member at the specified time for retirement
4 attained the age of at least fifty (50) years and has completed at least twenty-five (25) years of
5 total service; or (ii) The member has completed at least twenty-seven (27) years of total service
6 regardless of the member's attained age, and notwithstanding that the member may have
7 separated from service.

8 ~~(2)~~(3) Any member with contributory service on or after July 1, 2012, who has
9 completed at least five (5) years of contributory service but who has not completed twenty-five
10 (25) years of service, shall be eligible to retire upon the attainment of the member's Social
11 Security retirement age.

12 ~~(3)~~(4) If a member had ten (10) or more years of contributory service and attained age
13 forty-five (45) prior to July 1, 2012 and would have been eligible to retire at or prior to age fifty-
14 two (52) in accordance with the rules in effect prior to July 1, 2012, the member may retire upon
15 attainment of age fifty-two (52).

16 ~~(4)~~(5) Effective July 1, 2015, a ~~A~~ member who has completed twenty (20) or more years
17 of total service who has attained an age within five (5) years of the eligible retirement age under
18 subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above, may elect to retire provided that the
19 retirement allowance shall be reduced actuarially for each month that the age of the member is
20 less than the eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above
21 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>

28 ~~(5)~~(6) Notwithstanding any other provisions of this section, a member on June 30, 2012,
29 may elect to retire at his or her eligible retirement date as determined under the rules in effect on
30 June 30, 2012 provided that a member making an election under this paragraph shall receive the
31 member's retirement benefit determined and calculated based on the member's service and final
32 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
33 manner to protect a member's accrued benefit on June 30, 2012.

34 SECTION 26. Section 45-21.2-6 of the General Laws in Chapter 45-21.2 entitled

1 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
2 as follows:

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

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

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

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

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

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

33 **45-21.2-14. Contributions.** -- (a) Each member shall contribute an amount equal to
34 seven percent (7%) of the salary or compensation earned or accruing to the member provided that

1 effective July 1, 2015 each member shall contribute an amount equal to nine percent (9%) of the
2 salary or compensation earned or accruing to the member. Special compensation or additional
3 fees shall not be considered as compensation for contribution purposes.

4 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with
5 § 45-21-43.

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

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

17 (e) Provided, further, that for service on or prior to June 30, 2012, members of the City
18 of Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an
19 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
20 Cranston fire department with five (5) years or less of service effective July 1, 1995, have the
21 option to either remain in the City of Cranston pension plan to which they belonged prior to the
22 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to
23 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
24 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
25 may request and the retirement board may authorize additional members of the City of Cranston
26 fire department hired after July 1, 1987, the option to either remain in the City of Cranston
27 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city
28 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)
29 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary
30 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a
31 member of the City of Cranston fire department shall make contributions in accordance with
32 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-
33 21.2-22(b).

34 (f) Further, provided, that for service on and prior to June 30, 2012, members of the City

1 of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an
2 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
3 Cranston police department with five (5) years or less of service effective July 1, 1995, have the
4 option to either remain in the City of Cranston pension plan to which they belonged prior to the
5 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to
6 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
7 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
8 may request and the retirement board may authorize additional members of the City of Cranston
9 police department hired after July 1, 1987, the option to either remain in the City of Cranston
10 pension plan to which they belonged prior to the adoption of local ordinance by the Cranston city
11 council as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20)
12 year retirement on service allowance an amount equal to ten percent (10%) of their weekly salary
13 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a
14 member of the City of Cranston police department shall make contributions in accordance with
15 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-
16 21.2-22(b).

17 SECTION 28. This article shall take effect upon passage.