

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

ARTICLE 16 AS AMENDED

ARTICLE _____

AN ACT RELATING TO CENTRAL FALLS RETIREES' BENEFICIARIES

SECTION 1. Section 45-21-67 of the General Laws in Chapter 45-21 entitled "Retirement of Municipal Employees" is hereby amended to read as follows:

45-21-67. Central Falls retirees -- Settlement agreement.

(a) Definitions. As used in this section:

(1) "Base pension benefit" is the amount listed on Appendix A, Appendix D-A, and Appendix E-A, attached to the settlement agreement, under the column labeled "amount prior to reduction", which is the amount each Central Falls retiree was receiving as of July 31, 2011.

(2) "Central Falls retirees" are the retirees, or the beneficiaries of retirees, of the city of Central Falls, listed on Appendix A to the settlement agreement, as amended from time to time, when a retiree or beneficiary dies.

(3) "Settlement agreement" shall mean that settlement and release agreement, as set forth in P.L. 2012, Ch. 241, Art. 22, signed by and between the receiver of the city of Central Falls, the director of revenue and the participating retirees, approved by the bankruptcy court by order dated January 9, 2012.

(b) Legislative findings and purpose.

(1) Pursuant to P.L. 2012, Ch. 241, Art. 22, which defined the terms of the initial appropriation, the state made an appropriation of two million six hundred thirty-six thousand nine hundred thirty-two dollars (\$2,636,932), which was deposited into a restricted account held by the city of Central Falls, for the purpose of supplementing the reduced pensions of the Central Falls retirees, to enable the city to pay the Central Falls retirees seventy-five percent (75%) of their base pension benefit as of July 31, 2011, for a five-year (5) period, with the last supplemental appropriation to be paid on or within thirty (30) days of July 1, 2015.

(2) The drastic pension reductions experienced by the Central Falls retirees provided a harsh example of the risks of unfunded-pension liabilities, which, in turn, provided the primary incentive toward successful pension negotiations with other municipal, police, and fire retirees, saving the state more than sixty million dollars (\$60,000,000).

(3) If said appropriation is not made prior to July 1, 2016, the Central Falls retirees, many of whom sustained serious and permanent injuries in service to the city, will have their pensions reduced yet again, in some instances to less than sixty percent (60%) of the pension they were

1 receiving on July 11, 2011.

2 (4) It is fair and just that the state appropriate sufficient funds to the city to supplement the
3 city's funding of the pension benefits to the Central Falls retirees to ensure that the Central Falls
4 retirees continue to receive no less than seventy-five percent (75%) of the base pension benefit,
5 after taking into account all applicable cost-of-living adjustments, for their lifetime, and to the
6 extent applicable, for the life of their beneficiaries.

7 (c) Appropriation payment.

8 (1) Appropriation payment and restrictions on use. In accordance with the terms set forth
9 in Article 22 and the settlement agreement, the state shall annually appropriate sufficient funds to
10 the restricted account for the city of Central Falls to supplement the city's funding for payments to
11 Central Falls retirees in order that they continue to receive no less than seventy-five percent (75%)
12 of their base pension benefit as of July 31, 2011, after taking into account all applicable cost-of-
13 living adjustments, for their lifetime, and to the extent applicable, for the life of their beneficiaries.
14 Such appropriation shall be determined annually by an actuarial valuation ("appropriation
15 amount"), and it is expected over the life of the existing retirees to total four million eight hundred
16 seventeen thousand seven hundred eight dollars (\$4,817,708).

17 (2) Deposit of appropriation payment and payments to Central Falls retirees. The
18 appropriation payment shall be immediately deposited by the city into the previously established
19 "participating retirees restricted five-year (5) account", which shall be redesignated as the
20 "participating retirees' restricted account." The participating retirees' account shall be administered
21 by the city and not by any third-party pension-fund manager.

22 (d) Any and all withdrawals, transfers, and payments from the participating retirees'
23 account shall be made as set forth in the settlement agreement and accompanying appendices and
24 said Article 22 (c) until the payments are made on July 1, 2015.

25 (e) Beginning on or within thirty (30) days of July 1, 2016, and annually thereafter, with
26 payments to be paid each retiree or beneficiary as applicable on or within thirty (30) days of July
27 1 of each year they are eligible for benefits under the Central Falls pension plan, the city shall
28 distribute to each participating retiree or beneficiary the annual amount listed on the actuarial
29 spreadsheets prepared by Sherman Actuarial Services, which shall supplement the pension
30 payments paid by the city in order that each retiree will receive no less than seventy-five percent
31 (75%) of his or her base pension benefit, after taking into account all applicable cost-of-living
32 adjustments, for his or her lifetime, and to the extent applicable, sixty-seven and one-half percent
33 (67.5%) of the base pension benefit, after taking into account all applicable cost-of-living
34 adjustments, to his or her beneficiaries for his or her lifetime. Such supplemental distributions shall

1 be made by the city when the funds appropriated by the state are made available to the city, which
2 shall be as close to July 1 as practicable.

3 (f) Relationship to base pension payments. The supplemental payments to the Central Falls
4 retirees from the participating retirees' restricted account shall not be included in the calculation of
5 base pension benefits for the purposes of determining a retiree's or beneficiary's cost-of-living
6 adjustment.

7 (g) The cost-of-living adjustments as set forth in the settlement agreement are to be paid
8 by the city of Central Falls to the Central Falls retirees, and to the extent applicable, their
9 beneficiaries.

10 (h) The following provision shall amend and supersede P.L. 2012, Ch. 241, Art. 22 (c)(4)
11 regarding the balance in the participating retirees' restricted account as of August 1, 2015:

12 (1) Distribution of balance. As of August 1, 2015, no further supplemental payments shall
13 be distributed to the Central Falls retirees under the terms of the settlement agreement. The balance
14 of monies in the participating retirees' restricted account shall be distributed in accordance with this
15 Article, in the amounts and to those retirees and beneficiaries listed on the actuarial spreadsheets
16 prepared by Sherman Actuarial Services, LLC and maintained and administered by the city. The
17 amounts set forth on the actuarial spreadsheets will supplement the pension payments being made
18 by the city in order that each retiree will receive no less than seventy-five percent (75%) of their
19 base pension benefit, after taking into account all applicable cost-of-living adjustments, for his or
20 her lifetime, and to the extent applicable, sixty-seven and one-half percent (67.5%) of the base
21 pension benefit, after taking into account all applicable cost-of-living adjustments, to their
22 beneficiaries for his or her lifetime.

23 (2) Any monies remaining in the participating retirees' restricted account after the last-
24 living retiree attains seventy-five percent (75%) of the base pension benefit, after taking into
25 account all applicable cost-of-living adjustments, or last-living beneficiary attains sixty-seven and
26 one-half percent (67.5%) of the base pension benefit, after taking into account all applicable cost-
27 of-living adjustments, shall be returned to the state under state law.

28 (i) Access to account information and records. The city shall maintain appropriate account
29 information and records relating to all receipts into, maintenance of, and distributions from, the
30 participating retirees' restricted account, and shall allow, at all reasonable times, for the full
31 inspection and copying and sharing of information about such account and any and all payments
32 therefrom with any participating retiree and the state.

33 (j) Unclaimed payments. Any monies distributed to a participating retiree or beneficiary
34 from the participating retirees' restricted account and not claimed by a participating retiree or

1 beneficiary after the city has exercised good faith attempts over a six-month (6) period to deliver it
2 to the best, last-known address of such participating retiree or beneficiary, shall not escheat under
3 state law, but shall remain in the participating retirees' restricted account until the conditions of
4 subsection (h) herein have been satisfied.

5 (k) Liabilities and penalties for inappropriate use of appropriation payment. Any person,
6 whether in his/her individual capacity, who uses, appropriates, or takes or instructs another to use,
7 appropriate, or take, the appropriation payment, or any portion thereof, that is not specifically used
8 for making payments to participating retirees or their beneficiaries as required hereunder and under
9 the terms of the settlement agreement, shall be personally liable for repayment of said funds and
10 further shall be subject to any and all applicable civil and criminal sanctions and/or penalties for
11 such act(s).

12 (l) Retirees' beneficiaries. Upon the death of any retiree covered by this section, their
13 beneficiary shall receive sixty-seven percent (67%) of the retiree's base pension benefit, as defined
14 in § 45-21-67(a)(1)."