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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT

Introduced By: Representatives McEntee, Fogarty, Tanzi, O'Brien, Dawson, Caldwell,
Craven, Knight, Handy, and Casimiro

Date Introduced: March 05, 2024

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 16-16-26 and 16-16-40 of the General Laws in Chapter 16-16
2 entitled "Teachers' Retirement [See Title 16 Chapter 97 — The Rhode Island Board of Education
3 Act]" are hereby amended to read as follows:

4 **16-16-26. Spouse's, former spouse divorced, or domestic partner's benefits.**

5 (a) Spouse's, former spouse divorced, and domestic partner's benefits are payable
6 following the decease of a member as provided in §§ 16-16-25 — 16-16-38.

7 (b) The spouse, former spouse divorced, or domestic partner shall be entitled to benefits
8 upon attaining the age of sixty (60) years.

9 (c) The spouse, former spouse divorced, or domestic partner was living with the deceased
10 member at the time of the member's death. A spouse, former spouse divorced, or domestic partner
11 is deemed to have been living with the deceased member if they were both members of the same
12 household on the date of the deceased member's death, or the spouse, former spouse divorced, or
13 domestic partner was receiving contributions from the deceased member toward support on that
14 date, or the deceased member had been ordered by a court to contribute to the spouse's, former
15 spouse divorced, or domestic partner's support.

16 (d) Remarriage of the spouse, former spouse divorced, or domestic partner or establishment
17 of a domestic partnership shall render the person ineligible to receive current or future benefits
18 under this section.

19 (e) The spouse or domestic partner of a member, as defined in this section, shall be entitled

1 to monthly benefits payable in accordance with the following table:

2		Spouse's or Domestic
3	Highest Annual	Partner's Monthly
4	Salary	Minimum Benefit
5	\$17,000 or less	\$825 <u>\$955</u>
6	\$17,001 to \$25,000	\$963 <u>\$1,115</u>
7	\$25,001 to \$33,000	\$1,100 <u>\$1,275</u>
8	\$33,001 to \$40,000	\$1,238 <u>\$1,435</u>
9	\$40,001 and over	\$1,375 <u>\$1,600</u>

10 (f) The former spouse divorced shall be entitled to monthly benefits, payable in accordance
11 with the table provided in subsection (e) of this section, only if there are no dependent children,
12 parents, or other spouse or domestic partner entitled to benefits.

13 (g) A yearly cost-of-living adjustment for spouse's, former spouse divorced, or domestic
14 partner's benefits shall be based on the annual social security adjustment.

15 **16-16-40. Additional benefits payable to retired teachers. [Effective January 1, 2024.]**

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

27 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary
28 disability retirement allowance pursuant to the provisions of this title who retired on or after January
29 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive
30 a cost of living adjustment, in addition to his or her retirement allowance, an amount equal to three
31 percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first
32 day of January, the retirement allowance shall be increased an additional three percent (3%) of the
33 original retirement allowance, not compounded, to be continued through December 31, 1980.

34 (c)(1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers receiving

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

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

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

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

1 percent (3%), whichever is less, on the month following the anniversary date of each succeeding
2 year. For teachers eligible to retire as of September 30, 2009, or eligible upon passage of this article,
3 and for their beneficiaries, the provisions of this subsection (d) shall not apply.

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

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

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

24 (2) Except as provided in subsection (f)(3), the benefit adjustments under this section for
25 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees’
26 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police
27 Retirement Benefits Trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty
28 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan
29 year.

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

33 (3) Notwithstanding subsection (f)(2), in each fifth plan year commencing after June 30,
34 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five

1 plan years, a benefit adjustment shall be calculated and made in accordance with subsection (f)(1)
2 above until the Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial
3 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the
4 system's actuary on an aggregate basis, exceeds eighty percent (80%).

5 (4) Notwithstanding any other provisions of this chapter, the provisions of this subsection
6 (f) shall become effective July 1, 2012, and shall apply to any benefit adjustments not granted on
7 or prior to June 30, 2012.

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

9 (1)(A) As soon as administratively reasonable following the enactment into law of this
10 subsection (g)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or
11 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent (2%)
12 of the lesser of either the teacher's retirement allowance or the first twenty-five thousand dollars
13 (\$25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be provided
14 without regard to the retiree's age or number of years since retirement.

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

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

21 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
22 (the "subtrahend") from the five-year average investment return of the retirement system
23 determined as of the last day of the plan year preceding the calendar year in which the adjustment
24 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
25 (0%). The "five-year average investment return" shall mean the average of the investment returns
26 of the most recent five (5) plan years as determined by the retirement board. In the event the
27 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
28 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

34 (II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-

1 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
2 to be indexed annually in the same percentage as determined under subsection (g)(1)(B)(I) above.

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

8 (2) The benefit adjustments under subsection (g)(1)(B) for any plan year shall be reduced
9 to twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'
10 retirement system of Rhode Island, the judicial retirement benefits trust and the state police
11 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty
12 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan
13 year. [For plan year 2025, an additional, one-time supplemental two percent \(2%\) benefit adjustment](#)
14 [shall be awarded.](#)

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

18 (3) Effective for teachers and/or beneficiaries of teachers who retired on or before June 30,
19 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five thousand eight hundred and fifty-
20 five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars (\$31,026)
21 until the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement
22 benefits trust and the state police retirement benefits trust, calculated by the system's actuary on an
23 aggregate basis, exceeds eighty percent (80%).

24 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before
25 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
26 days following the enactment of the legislation implementing this provision, and a second one-time
27 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends
28 shall be payable to all retired teachers or beneficiaries receiving a benefit as of the applicable
29 payment date and shall not be considered cost of living adjustments under the prior provisions of
30 this section.

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

33 **36-10-35. Additional benefits payable to retired employees. [Effective January 1,**
34 **2024.]**

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

16 (b) All state employees and all beneficiaries of state employees retired on or after January
17 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement
18 allowance pursuant to the provisions of this title shall, on the first day of January next following
19 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in
20 addition to his or her retirement allowance, in an amount equal to three percent (3%) of the original
21 retirement allowance. In each succeeding year thereafter through December 31, 1980, during the
22 month of January, the retirement allowance shall be increased an additional three percent (3%) of
23 the original retirement allowance, not compounded, to be continued during the lifetime of the
24 employee or beneficiary. For the purposes of computation, credit shall be given for a full calendar
25 year regardless of the effective date of the service retirement allowance.

26 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state
27 employees receiving any service retirement and all state employees, and all beneficiaries of state
28 employees, who have completed at least ten (10) years of contributory service on or before July 1,
29 2005, pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries
30 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 — 36-
31 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of
32 the original retirement allowance or the retirement allowance as computed in accordance with §
33 36-10-35.1, compounded annually from the year for which the cost of living adjustment was
34 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)

1 of this section. Such cost of living adjustments are available to members who retire before October
2 1, 2009, or are eligible to retire as of September 30, 2009.

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

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

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

32 (e) All legislators and all beneficiaries of legislators who are receiving a retirement
33 allowance pursuant to the provisions of § 36-10-9.1 for a period of three (3) or more years, shall,
34 commencing January 1, 1982, receive a cost of living retirement adjustment, in addition to a

1 retirement allowance, in an amount equal to three percent (3%) of the original retirement allowance.
2 In each succeeding year thereafter during the month of January, the retirement allowance shall be
3 increased an additional three percent (3%) of the original retirement allowance, compounded
4 annually, to be continued during the lifetime of the legislator or beneficiary. For the purposes of
5 computation, credit shall be given for a full calendar year regardless of the effective date of the
6 service retirement allowance.

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

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

9 (1) Notwithstanding the prior paragraphs of this section, and subject to subsection (g)(2)
10 below, for all present and former employees, active and retired members, and beneficiaries
11 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit
12 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B)
13 where (A) 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%), and (B) is equal to the lesser of the member’s retirement allowance or the first twenty-five
18 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
19 amount to be indexed annually in the same percentage as determined under (g)(1)(A) above. The
20 “Five-Year Average Investment Return” shall mean the average of the investment returns of the
21 most recent five (5) plan years as determined by the retirement board. Subject to subsection (g)(2)
22 below, the benefit adjustment provided by this subsection (g)(1) shall commence upon the third
23 (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her Social
24 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially
25 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted
26 either upward or downward in the same amount.

27 (2) Except as provided in subsection (g)(3), the benefit adjustments under this section for
28 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees’
29 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police
30 Retirement Benefits Trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty
31 percent (80%) in which event the benefit adjustment will be reinstated for all members for such
32 plan year.

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

1 current or future benefit adjustment provided under this section.

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

8 (4) Notwithstanding any other provision of this chapter, the provisions of this subsection
9 (g) shall become effective July 1, 2012, and shall apply to any benefit adjustment not granted on or
10 prior to June 30, 2012.

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

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

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

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

24 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
25 (the "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%). The "five-year average investment return" shall mean the average of the investment returns
29 of the most recent five (5) plan years as determined by the retirement board. In the event the
30 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
31 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

32 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
33 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
34 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of (i)

1 plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

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

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

10 (2) The benefit adjustments under subsection (h)(1)(B) for any plan year shall be reduced
11 to twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'
12 retirement system of Rhode Island, the judicial retirement benefits trust and the state police
13 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty
14 percent (80%) in which event the benefit adjustment will be reinstated for all members for such
15 plan year. [For plan year 2025, an additional, one-time supplemental two percent \(2%\) benefit](#)
16 [adjustment shall be awarded.](#)

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

20 (3) Effective for members and/or beneficiaries of members who retired on or before June
21 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and
22 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars
23 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial
24 retirement benefits trust and the state police retirement benefits trust, calculated by the system's
25 actuary on an aggregate basis, exceeds eighty percent (80%).

26 (i) Effective for members and/or beneficiaries of members who have retired on or before
27 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
28 days following the enactment of the legislation implementing this provision, and a second one-time
29 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends
30 shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable
31 payment date and shall not be considered cost of living adjustments under the prior provisions of
32 this section.

33 SECTION 3. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal
34 Income Tax" is hereby amended to read as follows:

1 **44-30-12. Rhode Island income of a resident individual.**

2 (a) **General.** The Rhode Island income of a resident individual means his or her adjusted
3 gross income for federal income tax purposes, with the modifications specified in this section.

4 (b) **Modifications increasing federal adjusted gross income.** There shall be added to
5 federal adjusted gross income:

6 (1) Interest income on obligations of any state, or its political subdivisions, other than
7 Rhode Island or its political subdivisions;

8 (2) Interest or dividend income on obligations or securities of any authority, commission,
9 or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the
10 extent exempted by the laws of the United States from federal income tax but not from state income
11 taxes;

12 (3) The modification described in § 44-30-25(g);

13 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in
14 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified
15 withdrawal is:

16 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
17 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
18 6.1; and

19 (B) A withdrawal or distribution that is:

20 (I) Not applied on a timely basis to pay “qualified higher education expenses” as defined
21 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

22 (II) Not made for a reason referred to in § 16-57-6.1(e); or

23 (III) Not made in other circumstances for which an exclusion from tax made applicable by
24 Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover,
25 withdrawal, or distribution is made within two (2) taxable years following the taxable year for
26 which a contributions modification pursuant to subsection (c)(4) of this section is taken based on
27 contributions to any tuition savings program account by the person who is the participant of the
28 account at the time of the contribution, whether or not the person is the participant of the account
29 at the time of the transfer, rollover, withdrawal or distribution;

30 (ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B)
31 of this section, there shall be added to the federal adjusted gross income of that person for the
32 taxable year of the withdrawal an amount equal to the lesser of:

33 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any
34 administrative fee or penalty imposed under the tuition savings program in connection with the

1 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the
2 person's federal adjusted gross income for the taxable year; and

3 (B) The amount of the person's contribution modification pursuant to subsection (c)(4) of
4 this section for the person's taxable year of the withdrawal and the two (2) prior taxable years less
5 the amount of any nonqualified withdrawal for the two (2) prior taxable years included in
6 computing the person's Rhode Island income by application of this subsection for those years. Any
7 amount added to federal adjusted gross income pursuant to this subdivision shall constitute Rhode
8 Island income for residents, nonresidents and part-year residents;

9 (5) The modification described in § 44-30-25.1(d)(3)(i);

10 (6) The amount equal to any unemployment compensation received but not included in
11 federal adjusted gross income;

12 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a
13 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6); and

14 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
15 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus
16 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
17 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
18 of the loan forgiven exceeds \$250,000, including an individual's distributive share of the amount
19 of a pass-through entity's loan forgiveness in excess of \$250,000.

20 (c) **Modifications reducing federal adjusted gross income.** There shall be subtracted
21 from federal adjusted gross income:

22 (1) Any interest income on obligations of the United States and its possessions to the extent
23 includible in gross income for federal income tax purposes, and any interest or dividend income on
24 obligations, or securities of any authority, commission, or instrumentality of the United States to
25 the extent includible in gross income for federal income tax purposes but exempt from state income
26 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any
27 case be reduced by any interest on indebtedness incurred or continued to purchase or carry
28 obligations or securities the income of which is exempt from Rhode Island personal income tax, to
29 the extent the interest has been deducted in determining federal adjusted gross income or taxable
30 income;

31 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

32 (3) The amount of any withdrawal or distribution from the "tuition savings program"
33 referred to in § 16-57-6.1 that is included in federal adjusted gross income, other than a withdrawal
34 or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

1 (4) Contributions made to an account under the tuition savings program, including the
2 “contributions carryover” pursuant to subsection (c)(4)(iv) of this section, if any, subject to the
3 following limitations, restrictions and qualifications:

4 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the
5 taxpayer shall not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint
6 return;

7 (ii) The following shall not be considered contributions:

8 (A) Contributions made by any person to an account who is not a participant of the account
9 at the time the contribution is made;

10 (B) Transfers or rollovers to an account from any other tuition savings program account or
11 from any other “qualified tuition program” under section 529 of the Internal Revenue Code, 26
12 U.S.C. § 529; or

13 (C) A change of the beneficiary of the account;

14 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer’s federal
15 adjusted gross income to less than zero (0);

16 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the
17 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition
18 savings program for all preceding taxable years for which this subsection is effective over the sum
19 of:

20 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
21 such preceding taxable years; and

22 (B) That part of any remaining contribution carryover at the end of the taxable year which
23 exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable
24 years not included in the addition provided for in this subdivision for those years. Any such part
25 shall be disregarded in computing the contributions carryover for any subsequent taxable year;

26 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer
27 shall include a computation of the carryover with the taxpayer’s Rhode Island personal income tax
28 return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a
29 joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a
30 subsequent taxable year, the computation shall reflect how the carryover is being allocated between
31 the prior joint filers;

32 (5) The modification described in § 44-30-25.1(d)(1);

33 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of
34 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or

1 other coverage plan;

2 **(7) Modification for organ transplantation.**

3 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted
4 gross income if he or she, while living, donates one or more of his or her human organs to another
5 human being for human organ transplantation, except that for purposes of this subsection, “human
6 organ” means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract
7 modification that is claimed hereunder may be claimed in the taxable year in which the human
8 organ transplantation occurs.

9 (ii) An individual may claim that subtract modification hereunder only once, and the
10 subtract modification may be claimed for only the following unreimbursed expenses that are
11 incurred by the claimant and related to the claimant’s organ donation:

12 (A) Travel expenses.

13 (B) Lodging expenses.

14 (C) Lost wages.

15 (iii) The subtract modification hereunder may not be claimed by a part-time resident or a
16 nonresident of this state;

17 **(8) Modification for taxable Social Security income.**

18 (i) For tax years beginning on or after January 1, 2016:

19 (A) For a person who has attained the age used for calculating full or unreduced Social
20 Security retirement benefits who files a return as an unmarried individual, head of household, or
21 married filing separate whose federal adjusted gross income for the taxable year is less than eighty
22 thousand dollars (\$80,000); or

23 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
24 attained the age used for calculating full or unreduced Social Security retirement benefits whose
25 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
26 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
27 income.

28 (ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and
29 (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

30 (A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section
31 adjusted for inflation using a base tax year of 2000, multiplied by;

32 (B) The cost-of-living adjustment with a base year of 2000.

33 (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is
34 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds

1 the consumer price index for the base year. The consumer price index for any calendar year is the
2 average of the consumer price index as of the close of the twelve-month (12) period ending on
3 August 31, of such calendar year.

4 (iv) For the purpose of this section the term “consumer price index” means the last
5 consumer price index for all urban consumers published by the department of labor. For the purpose
6 of this section the revision of the consumer price index which is most consistent with the consumer
7 price index for calendar year 1986 shall be used.

8 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
9 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
10 married individual filing separate return, if any increase determined under this section is not a
11 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
12 of twenty-five dollars (\$25.00);

13 **(9) Modification of taxable retirement income from certain pension plans or**
14 **annuities.**

15 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January
16 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax
17 years beginning on or after January 1, 2023, a modification shall be allowed for up to twenty
18 thousand dollars (\$20,000), of taxable pension and/or annuity income that is included in federal
19 adjusted gross income for the taxable year:

20 (A) For a person who has attained the age used for calculating full or unreduced Social
21 Security retirement benefits who files a return as an unmarried individual, head of household, or
22 married filing separate whose federal adjusted gross income for such taxable year is less than the
23 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not
24 to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning
25 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years
26 beginning on or after January 1, 2023, of taxable pension and/or annuity income includible in
27 federal adjusted gross income; or

28 (B) For a married individual filing jointly or individual filing qualifying widow(er) who
29 has attained the age used for calculating full or unreduced Social Security retirement benefits whose
30 joint federal adjusted gross income for such taxable year is less than the amount used for the
31 modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000
32 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022,
33 and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after
34 January 1, 2023, of taxable pension and/or annuity income includible in federal adjusted gross

1 income.

2 (ii) Adjustment for inflation. The dollar amount contained by reference in subsections
3 (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on
4 or after January 1, 2018, by an amount equal to:

5 (A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B)
6 of this section adjusted for inflation using a base tax year of 2000, multiplied by;

7 (B) The cost-of-living adjustment with a base year of 2000.

8 (iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is
9 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
10 the consumer price index for the base year. The consumer price index for any calendar year is the
11 average of the consumer price index as of the close of the twelve-month (12) period ending on
12 August 31, of such calendar year.

13 (iv) For the purpose of this section, the term “consumer price index” means the last
14 consumer price index for all urban consumers published by the department of labor. For the purpose
15 of this section, the revision of the consumer price index which is most consistent with the consumer
16 price index for calendar year 1986 shall be used.

17 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
18 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
19 married individual filing a separate return, if any increase determined under this section is not a
20 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
21 of twenty-five dollars (\$25.00).

22 (vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by
23 reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in
24 subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in
25 subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection
26 (c)(8)(i)(B), as adjusted for inflation;

27 **(10) Modification for Rhode Island investment in opportunity zones.** For purposes of
28 a taxpayer’s state tax liability, in the case of any investment in a Rhode Island opportunity zone by
29 the taxpayer for at least seven (7) years, a modification to income shall be allowed for the
30 incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and
31 the federal benefit allowed under 26 U.S.C. § 1400Z-2(c);

32 **(11) Modification for military service pensions.**

33 (i) For purposes of a taxpayer’s state tax liability, a modification to income shall be allowed
34 as follows:

1 (A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal
2 adjusted gross income the taxpayer's military service pension benefits included in federal adjusted
3 gross income;

4 (ii) As used in this subsection, the term "military service" shall have the same meaning as
5 set forth in 20 C.F.R. § 212.2;

6 (iii) At no time shall the modification allowed under this subsection alone or in conjunction
7 with subsection (c)(9) exceed the amount of the military service pension received in the tax year
8 for which the modification is claimed; ~~and~~

9 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in
10 gross income for federal tax purposes; ~~and~~

11 (13) The amount received from public pension benefits administered by the Employees
12 Retirement System of Rhode Island.

13 (i) For purposes of a taxpayer's state liability, a modification to income shall be allowed
14 as follows:

15 (A) For the tax years beginning on January 1, 2025, a taxpayer may subtract from federal
16 adjusted gross income the taxpayer's public pension benefits administered by the Employees
17 Retirement System of Rhode Island included in federal adjusted gross income.

18 (ii) At no time shall the modification allowed under this subsection alone or in conjunction
19 with subsection (c)(9) of this section exceed the amount of the public pension benefits received in
20 the tax year for which the modification is claimed.

21 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or
22 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as
23 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
24 30-17.

25 (e) **Partners.** The amounts of modifications required to be made under this section by a
26 partner, which relate to items of income or deduction of a partnership, shall be determined under §
27 44-30-15.

28 SECTION 4. Section 45-21-52 of the General Laws in Chapter 45-21 entitled "Retirement
29 of Municipal Employees" is hereby amended to read as follows:

30 **45-21-52. Automatic increase in service retirement allowance. [Effective January 1,**
31 **2024.]**

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

1 (1) **Plan A.** All employees and beneficiaries of those employees receiving a service
2 retirement or disability retirement allowance under the provisions of this chapter on December 31
3 of the year their city or town accepts this section, receive a cost of living adjustment equal to one
4 and one-half percent (1.5%) per year of the original retirement allowance, not compounded, for
5 each calendar year the retirement allowance has been in effect. This cost of living adjustment is
6 added to the amount of the retirement allowance as of January 1 following acceptance of this
7 provision, and an additional one and one-half percent (1.5%) is added to the original retirement
8 allowance in each succeeding year during the month of January, and provided, further, that this
9 additional cost of living increase is three percent (3%) for the year beginning January 1 of the year
10 the plan is accepted and each succeeding year.

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

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

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

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

25 (1) Notwithstanding any other subsections of this section, and subject to subsection (c)(2)
26 below, for all present and former employees, active and retired members, and beneficiaries
27 receiving any retirement, disability or death allowance or benefit of any kind by reason of adoption
28 of this section by their employer, the annual benefit adjustment provided in any calendar year under
29 this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined
30 by subtracting five and one-half percent (5.5%) (the “subtrahend”) from the Five-Year Average
31 Investment Return of the retirement system determined as of the last day of the plan year preceding
32 the calendar year in which the adjustment is granted, said percentage not to exceed four percent
33 (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the member’s
34 retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement allowance,

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

13 (2) Except as provided in subsection (c)(3) the benefit adjustments provided under this
14 section for any plan year shall be reduced to twenty-five percent (25%) of the benefit adjustment
15 for each municipal plan within the municipal employees retirement system unless the municipal
16 plan is determined to be funded at a Funded Ratio equal to or greater than eighty percent (80%) as
17 of the end of the immediately preceding plan year in accordance with the retirement system’s
18 actuarial valuation report as prepared by the system’s actuary, in which event the benefit adjustment
19 will be reinstated for all members for such plan year.

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

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

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

29 (1)(A) As soon as administratively reasonable following the enactment into law of this
30 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
31 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
32 (2%) of the lesser of either the employee’s retirement allowance or the first twenty-five thousand
33 dollars (\$25,000) of the member’s retirement allowance. This one-time benefit adjustment shall be
34 provided without regard to the retiree’s age or number of years since retirement.

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

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

8 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)
9 (the “subtrahend”) from the five-year average investment return of the retirement system
10 determined as of the last day of the plan year preceding the calendar year in which the adjustment
11 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
12 (0%). The “five-year average investment return” shall mean the average of the investment returns
13 of the most recent five (5) plan years as determined by the retirement board. In the event the
14 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
15 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

19 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less
20 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 (d)(1)(B)(I) above.

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

34 (2) The benefit adjustments under subsection (d)(1)(B) for any plan year shall be reduced

1 to twenty-five percent (25%) of the benefit adjustment for each municipal plan within the municipal
2 employees retirement system unless the municipal plan is determined to be funded at a funded ratio
3 equal to or greater than eighty percent (80%) as of the end of the immediately preceding plan year
4 in accordance with the retirement system's actuarial valuation report as prepared by the system's
5 actuary, in which event the benefit adjustment will be reinstated for all members for such plan year.
6 For plan year 2025, an additional, one-time supplemental two percent (2%) benefit adjustment shall
7 be awarded.

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

11 (3) Effective for members and/or beneficiaries of members who retired on or before June
12 30, 2015, the dollar amount in (d)(1)(B)(II) of twenty-five thousand eight hundred and fifty-five
13 dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars (\$31,026) until
14 the municipal plan's funded ratio exceeds eighty percent (80%).

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

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

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

29 (h) Effective for members and/or beneficiaries of members who have retired on or before
30 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit
31 adjustment under this section, a one-time stipend of five hundred dollars (\$500) shall be payable
32 within sixty (60) days following the enactment of the legislation implementing this provision, and
33 a second one-time stipend of five hundred dollars (\$500) in the same month of the following year.
34 These stipends shall not be considered cost of living adjustments under the prior provisions of this

1 section.

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

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LC005252
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO EDUCATION -- TEACHERS' RETIREMENT

1 This act would allow for a one-time two percent (2%) supplemental cost of living
2 adjustment for plan year 2025 to the public pension benefits administered by the Employees
3 Retirement System of Rhode Island (ERSRI), and allow for those benefits to be deducted from the
4 taxpayer's adjusted gross income.

5 This act would take effect upon passage.

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LC005252
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