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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO EDUCATION -- TEACHERS', MUNICIPAL AND STATE EMPLOYEES  
EARLY RETIREMENT PENALTY

Introduced By: Senators Bissaillon, Felag, LaMountain, DiPalma, Quezada, Burke, and  
Appollonio

Date Introduced: February 26, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-16-12 of the General Laws in Chapter 16-16 entitled "Teachers'  
2 Retirement [See Title 16 Chapter 97 — The Rhode Island Board of Education Act]" is hereby  
3 amended to read as follows:

4 **16-16-12. Procedure for service retirement.**

5 Retirement of a member on a service retirement allowance shall be made by the retirement  
6 board as follows:

7 (a)(i) Any member may retire upon his or her written application to the retirement board  
8 as of the first day of the calendar month in which the application was filed, provided the member  
9 was separated from service prior to filing the application, and further provided however, that if  
10 separation from service occurs during the month in which the application is filed, the effective date  
11 shall be the first day following the separation from service, and provided further that the member  
12 on retirement date has attained the age of sixty (60) years and has completed at least ten (10) years  
13 of contributory service on or before July 1, 2005, or regardless of age has completed twenty-eight  
14 (28) years of total service and has completed at least ten (10) years of contributory service on or  
15 before July 1, 2005, and who retire before October 1, 2009, or are eligible to retire as of September  
16 30, 2009.

17 (ii) For teachers who become eligible to retire on or after October 1, 2009, and prior to July  
18 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and

1 completed at least ten (10) years of contributory service. For teachers in service as of October 1,  
2 2009, who were not eligible to retire as of September 30, 2009, but became eligible to retire prior  
3 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
4 proportion to the amount of service the member has earned as of September 30, 2009. The  
5 proportional formula shall work as follows:

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

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

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

13 (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
14 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
15 of the first day of the calendar month in which the application was filed; provided, the member was  
16 separated from service prior thereto; and further provided, however, that if separation from service  
17 occurs during the month in which application is filed, the effective date shall be the first day  
18 following that separation from service; provided, the member on his or her retirement date had  
19 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service;  
20 or provided, that the member on his or her retirement date had attained the age of sixty-five (65)  
21 and had completed at least ten (10) years of contributory service; or provided, that the member on  
22 his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20)  
23 years of total service and provided, that the retirement allowance, as determined according to the  
24 formula in § 16-16-13 is reduced actuarially for each month that the age of the member is less than  
25 sixty-five (65) years and who retire before October 1, 2009, or are eligible to retire as of September  
26 30, 2009.

27 (ii) For teachers who become eligible to retire on or after October 1, 2009, and prior to July  
28 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and have  
29 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
30 and completed at least ten (10) years of contributory service. For teachers in service as of October  
31 1, 2009, who were not eligible to retire as of September 30, 2009, but become eligible to retire prior  
32 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
33 adjusted downward in proportion to the amount of service the member has earned as of September  
34 30, 2009. The 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, 2009,  
5 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  
7 determined in (A) to apply a reduction in years from age sixty-two (62).

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

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

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

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

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

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

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

33 <b>Year Preceding Retirement</b>	<b>Cumulative Annual Reduction</b>	<b>Cumulative</b>	<b>Monthly</b>
34 <b>Reduction</b>			

1	For Year 1	<del>9%</del> <u>3%</u>	<del>.75%</del> <u>.25%</u>
2	For Year 2	<del>8%</del> <u>3%</u>	<del>.667%</del> <u>.25%</u>
3	For Year 3	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
4	For Year 4	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
5	For Year 5	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>

6 (iv) Notwithstanding any other provisions of section § 16-16-12(c), a teacher who has  
7 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
8 his or her eligible retirement date as determined under subsections (a) and (b) above provided that  
9 a teacher making an election under this paragraph shall receive the teacher's retirement benefit  
10 determined and calculated based on the teacher's service and average compensation as of June 30,  
11 2012. This provision shall be interpreted and administered in a manner to protect a teacher's  
12 accrued benefit on June 30, 2012.

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

15 (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30)  
16 years of total service, or the attainment of at least age sixty-four (64) and the completion of at least  
17 thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the  
18 completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-  
19 two (62) and the completion of at least thirty-three (33) years of total service; or

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

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

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

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

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

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

32 (4) Any person who becomes a member of the employees' retirement system pursuant to  
33 § 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and  
34 this chapter.

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

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

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

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

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

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

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

31 (i) A member who fails to cooperate with the retirement board shall not have the time of  
32 service credit counted toward total service credit until the time the member cooperates with the  
33 retirement board and until the time the retirement board determines the validity of the service credit.

34 (j) A member who knowingly makes a false statement to the retirement board regarding

1 service time or credit shall not be entitled to a retirement allowance and is entitled only to the return  
2 of his or her contributions without interest.

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

5 **36-10-9. Retirement on service allowance -- In general.**

6 Retirement of a member on a service retirement allowance shall be made by the retirement  
7 board as follows:

8 (1)(a)(i) Any member may retire upon his or her written application to the retirement board  
9 as of the first day of the calendar month in which the application was filed; provided, the member  
10 was separated from service prior thereto; and further provided, however, that if separation from  
11 service occurs during the month in which application is filed, the effective date shall be the first  
12 day following that separation from service; and provided further that the member on his or her  
13 retirement date attained the age of sixty (60) and completed at least ten (10) years of contributory  
14 service on or before July 1, 2005, or who, regardless of age, has completed twenty-eight (28) years  
15 of total service and has completed at least ten (10) years of contributory service on or before July  
16 1, 2005, and who retire before October 1, 2009, or are eligible to retire as of September 30, 2009.

17 (ii) For members who become eligible to retire on or after October 1, 2009, and prior to  
18 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
19 completed at least ten (10) years of contributory service. For members in service as of October 1,  
20 2009, who were not eligible to retire as of September 30, 2009, but become eligible to retire prior  
21 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
22 proportion to the amount of service the member has earned as of September 30, 2009. The  
23 proportional formula shall work as follows:

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

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

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

31 (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
32 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
33 of the first day of the calendar month in which the application was filed; provided, the member was  
34 separated from service prior thereto; and further provided, however, that if separation from service

1 occurs during the month in which application is filed, the effective date shall be the first day  
2 following that separation from service; provided, the member or his or her retirement date had  
3 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service  
4 or provided that the member on his or her retirement date had attained the age of sixty-five (65)  
5 and had completed at least ten (10) years of contributory service; or provided, that the member on  
6 his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20)  
7 years of total service provided, that the retirement allowance, as determined according to the  
8 formula in § 36-10-10 is reduced actuarially for each month that the age of the member is less than  
9 sixty-five (65) years, and who retire before October 1, 2009, or are eligible to retire as of September  
10 30, 2009.

11 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to  
12 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
13 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
14 and completed at least ten (10) years of contributory service. For members in service as of October  
15 1, 2009, who were not eligible to retire as of September 30, 2009, but become eligible to retire prior  
16 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
17 adjusted downward in proportion to the amount of service the member has earned as of September  
18 30, 2009. The proportional formula shall work as follows:

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

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

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

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

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

31 (ii) For members with five (5) or more years of contributory service as of June 30, 2012,  
32 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
33 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
34 service the member has earned as of June 30, 2012, but in no event shall a member's retirement

1 age under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the  
 2 member's retirement age determined under the laws in effect on June 30, 2012. The proportional  
 3 formula shall work as follows:

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

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

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

11 (iii) Effective July 1, 2015, a member who has completed twenty (20) or more years of  
 12 total service and who has attained an age within five (5) years of the eligible retirement age under  
 13 subparagraphs (c)(i) or (c)(ii) above or subsection (d) below, may elect to retire provided that the  
 14 retirement allowance shall be reduced actuarially for each month that the age of the member is less  
 15 than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subsection (d) below  
 16 in accordance with the following table:

17 Year Preceding Retirement	Cumulative Annual Reduction	Cumulative Monthly
18 Reduction		
19 For Year 1	<del>9%</del> <u>3%</u>	<del>.75%</del> <u>.25%</u>
20 For Year 2	<del>8%</del> <u>3%</u>	<del>.667%</del> <u>.25%</u>
21 For Year 3	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
22 For Year 4	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
23 For Year 5	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>

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

31 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,  
 32 members in active service shall be eligible to retire upon the earlier of: (A) The attainment of at  
 33 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the  
 34 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total

1 service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two  
2 (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at  
3 least thirty-three (33) years of total service; or (B) The member's retirement eligibility date under  
4 subsections (c)(i) or (c)(ii) above.

5 (2) Any faculty employee at a public institution of higher education under the jurisdiction  
6 of the council on postsecondary education shall not be involuntarily retired upon attaining the age  
7 of seventy (70) years.

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

14 (ii) Provided, however, a person who has ten (10) years service credit on or before June 16,  
15 1991, shall be vested.

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

18 (iv) Any person who becomes a member of the employees' retirement system pursuant to  
19 § 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and  
20 this chapter.

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

1 June 30, 2015.

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

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

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

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

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

28 SECTION 3. Section 45-21-16 of the General Laws in Chapter 45-21 entitled "Retirement  
29 of Municipal Employees" is hereby amended to read as follows:

30 **45-21-16. Retirement on service allowance.**

31 Retirement of a member on a service retirement allowance shall be made by the retirement  
32 board as follows:

33 (1)(i) Any member who is eligible to retire on or before June 30, 2012, may retire upon the  
34 member's written application to the retirement board as of the first day of the calendar month in

1 which the application was filed, provided the member was separated from service prior to the  
2 application, and provided, further, that if separation from service occurs during the month in which  
3 application is filed, the effective date is the first day following the separation from service, provided  
4 that the member at the time so specified for the member's retirement has attained the applicable  
5 minimum retirement age and has completed at least ten (10) years of total service or who, regardless  
6 of age, completed thirty (30) years of total service, and notwithstanding that during the period of  
7 notification the member has separated from service. The minimum ages for service retirement  
8 (except for employees completing thirty (30) years of service) is fifty-eight (58) years.

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

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

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

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

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

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

28 (C) Effective July 1, 2015, a member who has completed twenty (20) or more years of total  
29 service and who has attained an age within five (5) years of the eligible retirement age under  
30 subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below, may elect to retire provided that  
31 the retirement allowance shall be reduced actuarially for each month that the age of the member is  
32 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection (iii)  
33 below in accordance with the following table:

34 Year Preceding Retirement	Cumulative Annual Reduction	Cumulative	Monthly
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1 Reduction

2	For Year 1	<del>9%</del> <u>3%</u>	<del>.75%</del> <u>.25%</u>
3	For Year 2	<del>8%</del> <u>3%</u>	<del>.667%</del> <u>.25%</u>
4	For Year 3	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
5	For Year 4	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>
6	For Year 5	<del>7%</del> <u>3%</u>	<del>.583%</del> <u>.25%</u>

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

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

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

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

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

28 (i) Provided, however, a person who has ten (10) years service credit on or before June 16,  
29 1991, is vested.

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

32 (iii) Any person who becomes a member of the employees' retirement system pursuant to  
33 § 45-21-4 shall be considered a contributing member for the purpose of this chapter.

34 (iv) Notwithstanding any other provision of law, no more than five (5) years of service

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

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

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

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

14 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,  
15 2012, may be made on or prior to June 30, 2015.

16 (3) No member of the municipal employees' retirement system is permitted to purchase  
17 service credits for casual, temporary, emergency or seasonal employment, for employment as a  
18 page in the general assembly, or for employment at any state college or university while the  
19 employee is a student or graduate assistant of the college or university.

20 (4) A member does not receive service credit in this retirement system for any year or  
21 portion of a year, which counts as service credit in any other retirement system in which the member  
22 is vested or from which the member is receiving a pension and/or any annual payment for life. This  
23 subsection does not apply to any payments received pursuant to the federal Social Security Act or  
24 to payments from a military pension earned prior to participation in state or municipal employment,  
25 or to military service credits earned prior to participation in state or municipal employment.

26 (5) A member who seeks to purchase or receive service credit in this retirement system has  
27 the affirmative duty to disclose to the retirement board whether or not he or she is a vested member  
28 in any other retirement system and/or is receiving a pension retirement allowance or any annual  
29 payment for life. The retirement board has the right to investigate whether or not the member has  
30 utilized the same time of service for credit in any other retirement system. The member has an  
31 affirmative duty to cooperate with the retirement board including, by way of illustration and not by  
32 way of limitation, the duty to furnish or have furnished to the retirement board any relevant  
33 information which is protected by any privacy act.

34 (6) A member who fails to cooperate with the retirement board shall not have the time of

1 service counted toward total service credit until a time that the member cooperates with the  
2 retirement board and until a time that the retirement board determines the validity of the service  
3 credit.

4 (7) A member who knowingly makes a false statement to the retirement board regarding  
5 service time or credit is not entitled to a retirement allowance and is entitled only to the return of  
6 his or her contributions without interest.

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

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LC001301  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO EDUCATION -- TEACHERS', MUNICIPAL AND STATE EMPLOYEES  
EARLY RETIREMENT PENALTY

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1           This act would reduce the current varying percentages for early retirement penalty for  
2 teachers, municipal and state employees to a cumulative annual reduction of three percent (3%)  
3 and monthly reduction of twenty-five hundredths percent (.25%).

4           This act would take effect upon passage.

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LC001301  
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