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LC03021/SUB A/2
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

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A N A C T

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

Introduced By: Representatives Fox, Mattiello, E Coderre, and Petrarca

Date Introduced: October 18, 2011

Referred To: House FINANCE

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative intent and findings.

2 (a) It is the intention of the general assembly, in enacting this, the Rhode Island
3 Retirement Security Act of 2011, to ensure the sustainability of the state's public retirement
4 systems. In thoroughly reviewing the condition of the retirement systems throughout the State of
5 Rhode Island and assessing the need for comprehensive reform thereof, the general assembly
6 finds and declares that:

7 (1) The State of Rhode Island has one of the lowest funded and most vulnerable statewide
8 pension systems in the country.

9 (2) The State of Rhode Island has suffered deeply through the recent recession and
10 continues to endure some of the highest unemployment and foreclosure rates in the United States.

11 (3) The current condition of Rhode Island's critically underfunded pension system,
12 combined with the state's continuing financial instability and existing onerous tax burden,
13 threatens the base pensions of current and future public workers, hampers the ability of the state
14 to provide its citizens with vital services necessary for the public's health, safety and welfare, and
15 places an unsustainable financial burden on all Rhode Island citizens and taxpayers.

16 (4) The state retirement system's unfunded liability exceeds \$7 billion as measured by
17 well-established and accepted public accounting standards.

18 (5) The largest portion of the retirement system, the Employees Retirement System of

1 Rhode Island (ERSRI) fund for teachers and state employees, is funded at a level of 48% which is
2 well below benchmarks for a viable, sustainable and adequately funded system.

3 (6) Annual government contributions to ERSRI more than doubled between fiscal years
4 2005 and 2011 and those contributions are estimated to double again in fiscal year 2013 to exceed
5 over \$600 million. Without immediate and comprehensive legislative action future contributions
6 will continue to grow dramatically and exceed \$1 billion dollars in necessary annual
7 contributions.

8 (7) If pension contributions continue to grow at the current and projected levels, they will
9 be unaffordable and the pension security of our valued public employees will be placed in
10 jeopardy.

11 (8) It is critical and of paramount importance to ensure that the public pension plans in
12 Rhode Island can provide secure pension benefits to our public employees.

13 (9) Life expectancy is increasing dramatically as evidenced by the significant changes
14 made to the mortality tables in the most recent experience study conducted by the actuary for the
15 ERSRI and the Municipal Employees Retirement System (MERS). It is essential that these new
16 life expectancy trends be recognized and that retirement ages be increased in a manner that will
17 provide for a fiscally sound balance between the career length of active employees and the
18 expected length of years in which a retiree will receive plan benefits.

19 (10) The vast majority of the unfunded liability for ERSRI is attributable to service
20 rendered by employees who have already retired, and a very significant portion of this unfunded
21 liability is represented by future cost of living adjustments (COLAs). Although the pension
22 benefits of active employees have been reduced by recent legislative reforms, retirees still receive
23 all the benefits that were in place before the legislative changes. In order to provide a sound
24 benefit program for all members of the retirement system, and to provide current and future
25 employees with adequate benefit levels that will enable the state and its cities and towns to attract
26 and retain a highly qualified workforce, it is essential that the COLA benefits for retirees be
27 impacted as part of this comprehensive reform of the retirement system.

28 (11) The national credit rating agencies that evaluate the security of Rhode Island's debt
29 offerings have consistently and unanimously emphasized the significant threat posed by the
30 unfunded liabilities of the state's current retirement system. Rapidly escalating pension costs
31 were a critical factor in the negative outlook for the state's credit rating recently issued by
32 Moody's Investors Service.

33 (12) Future downgrades in the public debt markets related to the rising costs and
34 expenses of the currently existing state pension system will substantially increase Rhode Island's

1 capital cost structure and adversely affect and greatly diminish the state's ability to address
2 critical infrastructure needs for education, transportation and other crucial public projects.

3 (13) While plans in the Municipal Employees Retirement System (MERS), with an
4 average funding level of 73%, are generally more adequately funded than the ERS plans, annual
5 contributions to the MERS plans will increase dramatically in Fiscal Year 2013 at an average rate
6 of more than 90% for MERS police and fire plans, and greater than 60% for MERS general
7 municipal employee plans. The dramatically increasing costs from rising contributions to the
8 MERS plan will result in the further erosion of the ability of towns and cities to provide services
9 necessary for the health, safety and welfare of their residents.

10 (14) The fiscal peril related to the growing and substantial unfunded pension liabilities
11 may necessitate other Rhode Island communities filing for bankruptcy protection which has
12 already been shown to jeopardize and result in the reduction of significant percentages of the base
13 of pensions of its retired public servants.

14 (15) The looming pension crisis has also impacted the ability of many Rhode Island
15 communities to access the debt markets and has resulted in Moody's Investors Service taking
16 negative action on numerous localities which adversely impacts the taxpayers and their ability to
17 provide vital public services.

18 (16) The myriad of pension program designs throughout Rhode Island creates
19 inefficiencies and it is efficient, equitable and fiscally prudent, wherever feasible, to promote
20 similar plan designs for public employees in similar employment positions.

21 (b) To advance and maintain the long-term stability of the public pension programs
22 sponsored by the State of Rhode Island and its municipalities, the general assembly further finds
23 and declares that it is of critical and immediate public importance that these public pension
24 programs be restructured:

25 (1) To ensure that the state and its cities and towns will be able to provide retirement
26 benefits that will enable our public employees to enjoy a dignified retirement.

27 (2) To ensure a secure and adequate source of retirement funds for public retiree benefits.

28 (3) To ensure that the cost of current and future benefits is not so great and onerous that it
29 jeopardizes the ability and obligation of the state and its town and cities to fund the costs of
30 providing our children with an excellent public education; rebuilding and sustaining our
31 economy; maintaining roads and bridges; providing assistance, care, and support of our neediest
32 and most vulnerable citizens; and addressing other essential public programs and purposes.

33 (4) The general assembly expressly finds and declares that the situation currently
34 confronting the State of Rhode Island's publicly financed pension systems has reached an

1 emergency stage and must be addressed without delay and the enactment of the Rhode Island
2 Retirement Security Act of 2011 is reasonable and necessary to achieve and protect the
3 compelling public interests listed herein. The general assembly further finds and declares that the
4 achievement of those compelling public interests, on balance, far outweigh any impact that such
5 enactment might have upon the expectations of active and retired members of the affected
6 pension systems as to potential future pension benefits.

7 SECTION 2. Section 36-8-1 of the General Laws in Chapter 36-8 entitled "Retirement
8 System - Administration" is hereby amended to read as follows:

9 **36-8-1. Definition of terms.** -- The following words and phrases as used in chapters 8 to
10 10 of this title unless a different meaning is plainly required by the context, shall have the
11 following meanings:

12 (1) "Accumulated contributions" shall mean the sum of all the amounts deducted from
13 the compensation of a member and credited to his or her individual pension account ~~together with~~
14 ~~regular interest thereon.~~

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

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

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

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

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

1 devoted more than thirty (30) business hours per week to the service of the state, such member's
2 average compensation shall mean the average of the highest ten (10) consecutive years of
3 compensation within the total service when the average compensation was the highest.

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

6 (7) "Casual employee" shall mean those persons hired for a temporary period, a period of
7 emergency or an occasional period ~~to perform special jobs or functions not necessarily related to~~
8 ~~the work of regular employees.~~

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

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

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

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

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

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

25 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose
26 business time is devoted exclusively to the services of the state, but shall not include one whose
27 duties are of a casual or seasonal nature. The retirement board shall determine who are employees
28 within the meaning of this chapter. The governor of the state, the lieutenant governor, the
29 secretary of state, the attorney general, the general treasurer, and the members of the general
30 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless
31 and until they elect to become members of the system as provided in § 36-9-6, but in no case shall
32 it deem as an employee, for the purposes of this chapter, any individual who devotes less than
33 twenty (20) business hours per week to the service of the state and who receives less than the
34 equivalent of minimum wage compensation on an hourly basis for his or her services, except as

1 provided in § 36-9-24. Any commissioner of a municipal housing authority any member of a part-
2 time state, municipal or local board, commission, committee or other public authority shall not be
3 deemed to be an employee within the meaning of this chapter.

4 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a
5 member claiming service credit for certain employment for which that payment is required which
6 is determined according to the age of the member and the employee's annual rate of
7 compensation at the time he or she applies for service credit and which is expressed as a rate
8 percent of the employee's annual rate of compensation to be multiplied by the number of years
9 for which he or she claims service credit as prescribed in a schedule adopted by the retirement
10 board from time to time on the basis of computation by the actuary. Except as provided in
11 sections 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-
12 10.1(b), 42-28-22.1(b) and 28- 30-18.1(b).

13 (i) all AH service credit purchases requested after June 16, 2009 and prior to July 1, 2012,
14 ~~except military credit a provided by § 36-9-31 and 16-16-7.1,~~ shall be at full actuarial value. and

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

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

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

22 (12) ~~Member~~ Members shall mean any person included in the membership of the
23 retirement system as provided in sections 36-9-1 -- 36-9-7.

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

26 (14) "Regular interest" shall mean interest ~~at the rate of two percent (2%) per annum,~~
27 ~~compounded annually, or at such other rate determined from the actual experience of the system~~
28 ~~as may be prescribed from time to time by the board.~~ at the assumed investment rate of return,
29 compounded annually, as may be prescribed from time to time by the retirement board.

30 (15) "Retirement allowance" shall mean annual payments for life made after retirement
31 under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid in equal
32 monthly installments beginning as of the effective date thereof; provided, that a smaller pro rata
33 amount may be paid for part of a month where separation from service occurs during the month
34 in which the application was filed, and when the allowance ceases before the last day of the

1 month.

2 (16) "Retirement board" or "board" shall mean the board provided in section 36-8-3 to
3 administer the retirement system.

4 (17) "Retirement system" shall mean the employees' retirement system of the State of
5 Rhode Island as defined in section 36-8-2.

6 (18) "Service" shall mean service as an employee of the State of Rhode Island as
7 described in subdivision ~~(8)~~ (9) of this section.

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

11 (20) ~~(19)~~ "Total service" shall mean prior service as defined above, plus service rendered
12 as a member on or after July 1, 1936.

13 SECTION 3. Chapter 36-8 of the General Laws entitled "Retirement System -
14 Administration" is hereby amended by adding thereto the following section:

15 **36-8-4.1. Fiduciary and continuing education requirements.** -- (a) A member of the
16 board shall discharge duties with respect to the retirement system:

17 (1) Solely in the interest of the participants and beneficiaries;

18 (2) For the exclusive purpose of providing benefits to participants and beneficiaries and
19 paying reasonable expenses of administering the system;

20 (3) With the care, skill, and caution under the circumstances then prevailing which a
21 prudent person acting in a like capacity and familiar with those matters would use in the conduct
22 of an activity of like character and purpose;

23 (4) Impartially, taking into account any differing interests of participants and
24 beneficiaries;

25 (5) Incurring only costs that are appropriate and reasonable; and

26 (6) In accordance with a good-faith interpretation of the law governing the retirement
27 system.

28 (b) The retirement board shall establish mandatory continuing education requirements for
29 members of the board.

30 (c) In the event the retirement board takes any action(s) contrary to the recommendation
31 of the plan actuary, the executive director shall within thirty (30) days, provide notice of such
32 action(s) to all plan members, the governor, the speaker of the house of representatives and the
33 president of the senate. The notice shall also be posted electronically on the retirement board's
34 website.

1 SECTION 4. Section 36-8-8.1 of the General Laws in Chapter 36-8 entitled "Retirement
2 System - Administration" is hereby repealed.

3 ~~**36-8-8.1. Disclosure of special pension benefits.** --- (a) (1) The retirement board is~~
4 ~~directed to conduct an audit of all special pension benefits conferred on or after January 1, 1970,~~
5 ~~to date by statute, by the retirement board, or by other public officials or agencies, and report its~~
6 ~~findings to the governor and to the general assembly no later than March 15, 1993. The report~~
7 ~~shall disclose all beneficiaries of special pension benefits and shall describe in detail, by~~
8 ~~beneficiary, the nature of the special pension benefits received, including pension credits or~~
9 ~~retirement benefits that were purchased by, awarded to, conferred on, or obtained by individuals~~
10 ~~other than for full time service as a paid employee of the state of Rhode Island. In addition, the~~
11 ~~report shall describe the manner and method by which those special pension benefits were~~
12 ~~conferred. For each beneficiary of special pension benefits, the report will calculate the~~
13 ~~contribution actuarially required to support the special pension benefits conferred and the actual~~
14 ~~contribution of the beneficiary, adjusted for the ordinary contribution of the state to the retirement~~
15 ~~system under section 36-10-2 and the investment return of the fund. The report will:~~

16 ~~(i) Disclose for each beneficiary the difference between the actual contribution of the~~
17 ~~member and the contribution actuarially required to fund the special pension benefit;~~

18 ~~(ii) Render a judgment as to whether the conferral of each benefit, by legislation or~~
19 ~~otherwise, was correct, lawful and appropriate; and~~

20 ~~(iii) Recommend appropriate remedial legislation and/or administrative action including,~~
21 ~~where warranted, the repeal of specific legislation conferring inappropriate and/or unwarranted~~
22 ~~retirement benefits upon individuals.~~

23 ~~(2) The report will include a description by the actuary of the effect on the retirement~~
24 ~~fund of the special pension benefits described and quantified in the report, and will be certified as~~
25 ~~true and accurate.~~

26 ~~(3) The cost of the audit and the report shall not exceed the sum of five hundred~~
27 ~~thousand dollars (\$500,000).~~

28 ~~(b) In each subsequent annual report filed pursuant to section 36-8-8, the retirement~~
29 ~~board will disclose all special pension benefits awarded to any individual or group during the~~
30 ~~reporting period and disclose for each member receiving the special pension benefits the~~
31 ~~difference between the actual contribution of the member and the contribution actuarially~~
32 ~~required to fund the special pension benefits awarded. The report will include a description by the~~
33 ~~actuary of the effect on the retirement fund of the special pension benefits described and~~
34 ~~quantified in the report.~~

1 ~~-(c) The retirement board shall take all steps necessary and proper to timely implement~~
2 ~~the provisions of this section, and shall, through March 15, 1993, report to the governor and the~~
3 ~~general assembly on a continuing basis its progress towards and means of effectuating these~~
4 ~~legislative purposes.~~

5 SECTION 5. Section 36-8-9 of the General Laws in Chapter 36-8 entitled "Retirement
6 System - Administration" is hereby amended to read as follows:

7 **36-8-9. Legal adviser – Treasurer – Executive officers and secretary.** – (a) There shall
8 be a legal counsel to the board who shall be appointed by the general treasurer. The general
9 treasurer shall be ex-officio chairperson [and treasurer](#) of the retirement board and he or she shall
10 be [responsible for appointing](#) the custodian of the funds ~~and the treasurer thereof~~. There shall also
11 be an executive director who shall be appointed by the retirement board. The executive director
12 shall be in charge of administration of the retirement system and shall serve as secretary to the
13 retirement board. In addition, the retirement board shall appoint an assistant director who shall
14 serve as director and/or secretary in the absence of the director.

15 (b) Any negotiated agreement entered into after June 1, 1992, between any state or
16 municipal agency or department and an employee or employees, whose conditions are contrary to
17 the general laws or the rules, regulations, and policies as adopted and promulgated by the
18 retirement board shall be null and void unless and until approved by formal action of the
19 retirement board for good cause shown.

20 SECTION 6. Sections 36-9-2, 36-9-5, 36-9-20, 36-9-21, 36-9-25.1, 36-9-26 and 36-9-
21 31.1 of the General Laws in Chapter 36-9 entitled "Retirement System-Membership and Service
22 Credits" are hereby amended to read as follows:

23 **36-9-2. Membership of persons employed after establishment of system.** – All
24 employees as defined in chapter 8 of this title who became employees on or after July 1, 1936,
25 shall, under contract of their employment become members of the retirement system and shall
26 receive no pension or retirement allowance from any other pension or retirement system
27 supported wholly or in part by the State of Rhode Island, except as provided in [chapter 10.3 of](#)
28 [title 36 and](#) section 36-9-3, nor shall they be required to make contributions under any other
29 pension or retirement system of the state [except as provided in chapter 10.3 of title 36](#), anything
30 to the contrary notwithstanding; provided, however, that this section shall not apply to those
31 employees who may be required or elect to participate in a retirement program existing by virtue
32 of chapter 17.1 of title 16 or section 36-10-9.1.

33 **36-9-5. Officers and employees exempt – Former court judges and clerks.** – (a) The
34 members of the general assembly and the general officers of the state, except to the extent herein

1 provided, the judges of the supreme, superior, family, district courts, the traffic tribunal, judges of
2 the workers' compensation court except to the extent herein provided, school teachers as defined
3 by section 16-16-1 except to the extent provided by chapter 17 of title 16, and members of the
4 Rhode Island state police shall be exempt from the provisions of chapters 8 – 10 of this title;
5 provided, however, that any justice or associate justice or judge of the supreme court, superior
6 court, family court, district court, or traffic tribunal, chairperson of the workers' compensation
7 court, or judge of the workers' compensation court who was a member of the retirement system
8 prior to becoming a justice or associate justice or judge, shall, upon his or her filing with the
9 retirement board a written waiver of all benefits under the provisions of section 8-3-7 – 8-3-11 or
10 28-30-15 – 28-30-18 be permitted to elect to remain a member of the retirement system by paying
11 into the retirement system such sums as provided in section 36-10-1 computed on his or her
12 salary as a justice, associate justice, or judge and shall be eligible for all benefits under this title.

13 (b) Any justice, associate justice, or judge who shall have retired in accordance with the
14 provisions of this section and who shall be recalled to service shall be recalled in accordance with
15 the provisions of section 8-3-7~~(b)~~(c), section 28-30-15(b), or section 28-30-16, or section 28-30-
16 16.1.

17 **36-9-20. Credit for service as a teacher, municipal employee, or legislator.** – (a) Any
18 state employee who shall have rendered service as a teacher as defined under the provisions of
19 chapters 16 and 17 of title 16 shall be entitled to credit for that service for the various purposes of
20 this system, provided the member shall have been a contributing member of this system for that
21 period. Any state employee who shall have been a contributing member of the municipal system
22 as defined under the provisions of chapter 21 of title 45 shall be given credit for that service for
23 the various purposes of this system, provided the member's contributions are transferred to this
24 system. All contributions made by the member shall be transferred into this system for the periods
25 of service and the retirement system shall calculate the full actuarial value of the accrued benefit
26 with the former employer. If the full actuarial value of the accrued benefit with the former
27 employer is greater than the total employee contributions transferred, the retirement system shall
28 also transfer the difference between the full actuarial value of the accrued benefit with the former
29 employer and the employee's contributions from the account of the former employer to the
30 account of the current employer. In any case in which a member shall have received a refund or
31 refunds of contributions made to the system, the allowance of the aforesaid credit for service shall
32 be conditioned upon the payment of the full actuarial cost as defined in subsection 36-8-1(910).
33 Any service as defined herein for which no contributions were made may be granted provided the
34 member pays to the retirement system the full actuarial cost as defined in section 36-8-1(910).

1 Any state employee or teacher as defined under the provisions of chapters 16 and 17 of title 16
2 who shall have been employed by a municipality which did not elect to accept chapter 21 of title
3 45 as provided in section 45-21-4 shall be given credit for that service for the various purposes of
4 this system, provided that the employee shall have met the definitional requirements of
5 "employee" as stated in section 45-21-2(5) and provided the member pays to the retirement
6 system an amount equal to the full actuarial value of the credit as certified by the retirement
7 board; provided, however, that any state employee who shall have been employed by a
8 municipality which did not elect to accept chapter 21 of title 45 as provided in section 45-21-4
9 shall be given credit for that service for the various purposes of this system, to a maximum period
10 of four (4) years, provided the member pays to the retirement system the full actuarial cost as
11 defined in subsection 36-8-1(9~~10~~). Nothing in this section shall be deemed to allow the purchase
12 of four (4) years of service for credit in more than one retirement system.

13 (b) The retirement board shall fix and determine rules and regulations to govern the
14 provisions of this section.

15 **36-9-21. Service information submitted by department heads.** – It shall be the duty of
16 the head of each department and agency to ~~submit~~ furnish at the times and in the manner that the
17 retirement board and/or the retirement system may direct, to the retirement board a statement
18 showing information concerning the name, title, compensation, duties, date of birth, and length of
19 service of each member employed, and ~~such~~ any other information which the retirement board or
20 retirement system considers necessary for the proper execution of this chapter, and to give prompt
21 notice of all appointments, removals, deaths, resignations, leaves of absence and changes in pay
22 of members as the retirement board may require.

23 **36-9-25.1. Leave service credits.** -- (a) Notwithstanding any other provisions of the
24 retirement law or rulings of the retirement board in accordance with the powers vested therein,
25 state employees with at least one year of service who have been granted by their appointing
26 authority a leave of absence without pay to further their education in the field of their state
27 employment, shall be entitled to credit as service for the various purposes of their retirement
28 system, provided the person, upon completion of his or her educational leave, returns to state
29 service for at least one year; and provided further that the employee makes arrangements to pay
30 into the retirement system on or before the date of retirement and in such manner as the
31 retirement board may prescribe an amount equal to the full actuarial cost as defined in subsection
32 36-8-1(9 ~~10~~) based upon his or her expected compensation but for the granting of leave without
33 pay.

34 (b) Any state employee who is granted a leave of absence without pay for illness, injury,

1 or any other reason may receive credit therefor by making the full actuarial cost as defined in
2 subsection 36-8-1 (~~9~~ [10](#)); provided the employee returns to state service for at least one year
3 upon completion of the leave. Credit for leaves of absence shall be limited in the aggregate during
4 the total service of an employee to a period of four (4) years.

5 **36-9-26. Credits for layoffs. --** (a) Members who are laid off for any reason and are not
6 on leave without pay may purchase up to one years' credit for retirement purposes; provided the
7 member did not withdraw his or her retirement contributions while on layoff, and returns to active
8 membership; provided, further, that the member purchases that credit upon his or her return to
9 service from the layoff and pays into the retirement system the full actuarial cost as defined in
10 subsection 36-8-1 (~~9~~ [10](#)).

11 (b) The retirement board shall fix and determine rules and regulations to govern the
12 provisions of this section.

13 **36-9-31.1. Peace corps, teacher corps, and volunteers in service to America. --**

14 (a) Any active member who served in the peace corps, teacher corps, or in Volunteers in
15 service to America may purchase credit for that service up to a maximum of four (4) years in the
16 aggregate; provided, that any member on an official leave of absence for illness or injury shall be
17 eligible to purchase those credits while on the leave of absence.

18 (b) The cost to purchase these credits shall be the full actuarial cost as defined in
19 subsection 36-8-1(~~9~~ [10](#)) of that service in the peace corps, teacher corps, or VISTA, up to a
20 maximum of four (4) years.

21 SECTION 7. Sections 36-10-1, 36-10-2, 36-10-2.1, 36-10-8, 36-10-9, 36-10-9.1, 36-10-
22 9.2, 36-10-9.3, 36-10-9.6, 36-10-10, 36-10-10.2, 36-10-10.4, 36-10-11, 36-10-18, 36-10-19.1, 36-
23 10-33, 36-10-35 and 36-10-37 of the General Laws in Chapter 36-10 entitled "Retirement
24 System-Contributions and Benefits" are hereby amended to read as follows:

25 **36-10-1. Member contributions – Deduction from compensation. –** (a) Prior to July 1,
26 2012, each ~~Each~~ member of the retirement system shall contribute an amount equal to eight and
27 ~~one-half~~ three-quarters percent (8.75%) (~~8.5%~~) of his or her compensation as his or her share of
28 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each member of the
29 retirement system shall contribute an amount equal to three and three quarters percent (3.75%) of
30 his or her compensation, except for correctional officers as defined in section 36-10-9.2 who shall
31 contribute an amount equal to eight and three quarters percent (8.75%) of his or her
32 compensation. ~~;provided, however, that each member will also initially contribute one-eighth of~~
33 ~~one percent (0.125%) in the fiscal year beginning July 1, 1989, and one-eighth of one percent~~
34 ~~(0.125%) in the fiscal year beginning July 1, 1990. Any contributions made by employees prior to~~

~~July 1, 1990, for the purpose of providing health benefits to retirees as provided in section 36-12-4 shall be transferred to each employee's retirement annuity account. Every person being a member of the general assembly and electing to participate in the benefits provided of section 36-9-6, shall contribute an amount equal to thirty percent (30%) of his or her compensation.~~ The contributions shall be made in the form of deductions from compensation.

(b) The deductions provided for herein shall be made notwithstanding that the minimum compensation provided by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deductions made and provided for herein and shall receipt of ~~for~~ his or her full compensation and payment of compensation, less the deductions, shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by the person during the period covered by the payment except as to the benefit provided under this chapter.

36-10-2. State contributions. – (a) The State of Rhode Island shall make its contribution for the maintenance of the system, including the proper and timely payment of benefits in accordance with the provisions of this chapter and chapters 8, 16, 28, 31 and 42 of this title, by annually appropriating an amount equal to a percentage of the total compensation paid to the active membership. The percentage shall be computed by the actuary employed by the retirement system and shall be certified by the retirement board to the director of administration on or before the fifteenth day of October in each year. In arriving at the yearly employer contribution the actuary shall determine the value of:

- (1) The contributions made by the members;
- (2) Income on investments; and
- (3) Other income of the system.

(b) The Actuary shall thereupon compute the yearly employer contribution that will:

- (1) Pay the actuarial estimate of the normal cost for the next succeeding fiscal year;
- (2) Amortize the unfunded liability of the system ~~as of June 30, 1999 utilizing a time period not to exceed thirty (30) years~~ in accordance with section 36-10-2.1(b).

~~(3) Provided, that the employer contribution shall be deferred from the effective date of this act until June 15, 2010. The amounts that would have been contributed shall be deposited in a special fund and not used for any purpose.~~

(c) The State of Rhode Island shall remit to the general treasurer the employer's share of the contribution for state employees, state police, and judges on a payroll frequency basis, and for teachers in a manner pursuant to section 16-16-22.

(d) In accordance with the intent of section 36-8-20 that the retirement system satisfy the

1 requirements of section 401(a) of the Internal Revenue Code of 1986, the state shall pay to the
2 retirement system:

3 (i) By June 30, 1995, an amount equal to the sum of the benefits paid to state legislators
4 pursuant to section 36-10-10.1 in excess of ten thousand dollars (\$10,000) per member (plus
5 accrued interest on such amount at eight percent (8%)) for all fiscal years beginning July 1, 1991,
6 and ending June 30, 1995, but this amount shall be paid only if section 36-10-10.1(e) becomes
7 effective January 1, 1995; and

8 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight
9 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount
10 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this
11 payment is completed (reduced by amortized amounts already repaid to the retirement system
12 with respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 – June 30,
13 1991); and

14 (iii) By June 30, 1995, the sum of the amounts paid by the retirement system for retiree
15 health benefits described in section 36-12-4 for all fiscal years beginning July 1, 1989, and ending
16 June 30, 1994, to the extent that the amounts were not paid from the restricted fund described in
17 subsection (c).

18 (2) Any and all amounts paid to the retirement system under this subsection shall not
19 increase the amount otherwise payable to the system by the State of Rhode Island under
20 subsection (a) for the applicable fiscal year. The actuary shall make such adjustments in the
21 amortization bases and other accounts of the retirement system as he or she deems appropriate to
22 carry out the provisions and intent of this subsection.

23 (e) In addition to the contributions provided for in subsection (a) through (c) and in order
24 to provide supplemental employer contributions to the retirement system, commencing in fiscal
25 year 2006, and each year thereafter:

26 (1) Except for fiscal year 2009, fiscal year 2010 and fiscal year 2011, for each fiscal year
27 in which the actuarially determined state contribution rate for state employees, [including state](#)
28 [contributions under chapter 36-10.3](#), is lower than that for the prior fiscal year, the governor shall
29 include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction
30 for the state's contribution rate for state employees to be applied to the actuarial accrued liability
31 of the state employees' retirement system for state employees for each fiscal year.

32 (2) Except for fiscal year 2009, fiscal year 2010 and fiscal year 2011, for each fiscal year
33 in which the actuarially determined state contribution rate for teachers, [including state](#)
34 [contributions under chapter 36-10.3](#), is lower than that for the prior fiscal year, the governor shall

1 include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction
2 for the state's share of the contribution rate for teachers to be applied to the actuarial accrued
3 liability of the state employees' retirement system for teachers for each fiscal year.

4 (3) The amounts to be appropriated shall be included in the annual appropriation bill and
5 shall be paid by the general treasurer into the retirement system.

6 (4) Assessments pursuant to section 42-149-3.1 shall be included in the annual
7 appropriation bill and shall be paid by the general treasurer into the retirement system beginning
8 FY2013.

9 (f) While the retirement system's actuary shall not adjust the computation of the annual
10 required contribution for the year in which supplemental contributions are received, such
11 contributions once made may be treated as reducing the actuarial liability remaining for
12 amortization in the next following actuarial valuation to be performed.

13 **36-10-2.1. Actuarial cost method.** – (a) To determine the employer contribution rate for
14 the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary shall
15 compute the costs under chapter 10 of title 36 using the entry age normal cost method. Effective
16 July 1, 2012, the entry age normal cost method shall be as defined in Accounting Standard No. 27
17 of the Governmental Accounting Standards Board as in effect from time to time.

18 (b) The determination of the employer contribution rate for fiscal year ~~2013~~ 2002 and
19 ~~thereafter~~ shall include a reamortization of the current Unfunded Actuarial Accrued Liability
20 (UAAL) over a closed twenty-five (25) year period. After an initial period of five (5) years, future
21 actuarial gains and losses occurring within a plan year will be amortized over individual new
22 twenty (20) year closed periods ~~period not to exceed thirty (30) years.~~

23 **36-10-8. Refund of contributions – Repayment and restoration of credits.** – A
24 member who withdraws from service or ceases to be a member for any reason other than death or
25 retirement shall be paid on demand a refund consisting of the accumulated contributions standing
26 to his or her credit in his or her individual account ~~in the annuity savings account~~, without
27 interest. Any member receiving a refund shall thereby forfeit and relinquish all accrued rights as a
28 member of the system together with credits for total service previously granted to the member;
29 provided, however, that if any member who has received a refund shall subsequently reenter the
30 service and again become a member of the system, he or she shall have the privilege of restoring
31 all money previously received or disbursed to his or her credit as a refund of contributions, plus
32 regular interest for the period from the date of refund to the date of the restoration. Upon the
33 repayment of such refund including accrued interest as herein provided, the member shall again
34 receive credit for the amount of total service which he or she had previously forfeited by the

1 acceptance of the refund. The restoration of that credit shall be permitted only after the member
2 shall have rendered at least one year of continuous service following his or her latest reentry into
3 service for which he or she shall have made contributions to this system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 member's retirement age determined under the laws in effect on June 30, 2012. The proportional
2 formula shall work as follows:

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

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

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

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

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

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

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

31 (ii) Provided, however, a person who has ten (10) years service credit on or before June
32 16, 1991, shall be vested.

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

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

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

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

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

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

30 (6) A member who seeks to purchase or receive service credit in this retirement system
31 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a
32 vested member in any other retirement system and/or is receiving a pension, retirement
33 allowance, or any annual payment for life. The retirement board shall have the right to investigate
34 as to whether or not the member has utilized the same time of service for credit in any other

1 retirement system. The member has an affirmative duty to cooperate with the retirement board
2 including, by way of illustration and not by way of limitations the duty to furnish or have
3 furnished to the retirement board any relevant information which is protected by any privacy act.

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

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

11 **36-10-9.2. Retirement on service allowance – Correctional officers.** – (a) This section
12 shall apply to the retirement of members employed as assistant director (adult services), assistant
13 deputy director, chief of inspection, and associate directors, correctional officer, chief of security,
14 work rehabilitation program supervisor, supervisor of custodial records and reports, and
15 classification counselor within the department of corrections.

16 (b)(i) Any member who has attained the age of fifty (50) years may be retired subsequent
17 to the proper execution and filing of a written application; provided, however, that the member
18 shall have completed twenty (20) years of total service within the department of corrections and
19 who retires before October 1, 2009 or is eligible to retire as of September 30, 2009.

20 (ii) For members who become eligible to retire on or after October 1, 2009 benefits are
21 available to members who have attained the age of fifty-five (55) and have completed at least
22 twenty-five (25) years of total contributory service within the department of corrections. For
23 members in service as of October 1, 2009 who were not eligible to retire as of September 30,
24 2009 but who are eligible to retire on or prior to June 30, 2012, the minimum retirement age of
25 fifty-five (55) will be adjusted downward in proportion to the amount of service the member has
26 earned as of September 30, 2009. The proportional formula shall work as follows:

27 (1) The formula shall determine the first age of retirement eligibility under the laws in
28 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
29 fifty-five (55).

30 (2) The formula shall then take the member's total service credit as of September 30,
31 2009 as the numerator and the years of service credit determined under (1) as the denominator.

32 (3) The fraction determined in (2) shall then be multiplied by the age difference
33 determined in (1) to apply a reduction in years from age fifty-five (55).

34 (c) Any member with contributory service on or after July 1, 2012, who has completed at

1 [least five \(5\) years of contributory service but who has not completed twenty-five \(25\) years of](#)
2 [contributory service, shall be eligible to retire upon the attainment of the member's Social](#)
3 [Security retirement age.](#)

4 **36-10-9.3. Retirement on service allowance - Registered nurses. --** (a) This section
5 shall apply to the retirement of members employed as registered nurses within the department of
6 behavioral healthcare, developmental disabilities and hospitals.

7 (b) Any member who has attained the age of fifty (50) years may be retired subsequent to
8 the proper execution and filing of written application; provided, however, that the member shall
9 have completed twenty-five (25) years of total service within the department of behavioral
10 healthcare, developmental disabilities and hospitals and who retires before October 1, 2009 or is
11 eligible to retire as of September 30, 2009.

12 (c) For members who become eligible to retire on or after October 1, 2009, benefits are
13 available to members who have attained the age of fifty-five (55) and have completed at least
14 twenty-five (25) years of total service within the department of behavioral healthcare,
15 developmental disabilities and hospitals. For members in service as of October 1, 2009 who were
16 not eligible to retire as of September 30, 2009 [but who are eligible to retire on or prior to June 30,](#)
17 [2012,](#) the minimum retirement age of fifty-five (55), the retirement age will be adjusted
18 downward in proportion to the amount of service the member has earned as of September 30,
19 2009. The proportional formula shall work as follows:

20 (1) The formula shall determine the first age of retirement eligibility under the laws in
21 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of
22 fifty-five (55).

23 (2) The formula shall then take the member's total service credit as of September 30,
24 2009 as the numerator and the years of service credit determined under (1) as the denominator.

25 (3) The fraction determined in (2) shall then be multiplied by the age difference
26 determined in (1) to apply a reduction in years from age fifty-five (55).

27 **36-10-9.6. Aeronautics inspectors – Retirement. –** (a) This section shall only apply to
28 the retirement of members employed as aeronautics inspectors.

29 (b) In determining the [creditable](#) ~~eredible~~ service of any aeronautics inspector employed
30 by the State of Rhode Island for the purpose of retirement of a service retirement allowance, not
31 including a deferred retirement allowance, there may be added to, and included in, total service as
32 defined in this chapter, not more than four (4) years of applied work experience, the experience to
33 be defined as a pilot or aeronautics inspector. The service shall not be counted as credible service
34 unless the member shall pay into the retirement system the contribution equal to ten percent

1 (10%) of the member's first year earnings as an aeronautics inspector for the first year purchased,
2 ten percent (10%) of the member's second year earnings as an aeronautics inspector for the
3 second year purchased, ten percent (10%) of the member's third year earnings as an aeronautics
4 inspector for the third year purchased, and ten percent (10%) of the member's fourth year
5 earnings as an aeronautics inspector for the fourth year purchased. Application to purchase credit
6 and payment for each year of the year for which he or she claims credit shall be made on or
7 before December 31, 1987. Thereafter, a member applying for credits shall pay full actuarial
8 costs.

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

14 Schedule A

15 Years of Service Percentage Allowance

16 1st through 10th inclusive 1.7%

17 11th through 20th inclusive 1.9%

18 21st through 34th inclusive 3.0%

19 35th 2.0%

20 (ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to
21 retire on or before September 30, 2009, upon retirement from service under section 36-10-9, a
22 member whose membership commenced before July 1, 2005 and who has completed at least ten
23 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
24 which shall be determined in accordance with schedule A above for service on before September
25 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for
26 service on or after October 1, 2009 [and prior to July 1, 2012](#).

27 (2) Upon retirement for service under section 36-10-9, a member whose membership
28 commenced after July 1, 2005, or who has not completed at least ten (10) years of contributory
29 service as of July 1, 2005, shall, receive a retirement allowance which shall be determined in
30 accordance with Schedule B below [for service prior to July 1, 2012](#):

31 Schedule B

32 Years of Service Percentage Allowance

33 1st through 10th inclusive 1.60%

34 11th through 20th inclusive 1.80%

1 21st through 25th inclusive 2.0%
2 26th through 30th inclusive 2.25%
3 31st through 37th inclusive 2.50%
4 38th 2.25%

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

24 (c) Any member with thirty-eight (38) years or more of service prior to December 31,
25 1985, shall not be required to make additional contributions. Contributions made between
26 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service
27 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,
28 administrators, or legal representatives.

29 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
30 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1,
31 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's
32 average compensation multiplied by the member's years of service on and after July 1 2012. In
33 no event shall a member's retirement allowance exceed the maximum limitations set forth in
34 paragraph (b) above.

1 compensation for members eligible to retire on or before September 30, 2009, or his or her
2 highest five (5) consecutive years of compensation for members who are not eligible to retire on
3 or before September 30, 2009. This provision is subject to subsection (c) of this section.

4 (b) For purposes of subsection (a), reduction of salary shall mean:

5 (i) The actual dollar amount which represents the difference between the employee's
6 salary prior to the voluntary reduction of salary and the employee's salary after the voluntary
7 reduction of salary; or

8 (ii) The actual dollar amount which represents the difference between the employee's
9 salary prior to the renegotiation and/or alteration of an existing collective bargaining agreement
10 and the employee's salary after the renegotiation and/or alteration of an existing collective
11 bargaining agreement.

12 (2) Reduction of salary also means the voluntary or negotiated reduction in the number of
13 hours that an employee works in a pay period and for which he or she is paid.

14 (c) An employee who has sustained a reduction in salary in accordance with subsection
15 (a) shall pay, prior to retirement, to the retirement board an amount equal to the difference
16 between the amount of contribution the employee would have paid on his or her salary prior to
17 the reduction in salary and the amount that the employee actually contributed plus interest.

18 **36-10-11. Service allowance to member withdrawing from service before retirement**

19 **age.** – ~~(a)~~ The right of a service retirement allowance under the provisions of this chapter shall
20 vest in a member who shall withdraw from service prior to his or her attainment of the minimum
21 age of retirement specified in section 36-10-9 – 36-10-9.3 who shall not have received a refund,
22 provided the member shall have completed at least ten (10) years of contributory service on or
23 before ~~July 1, 2005~~ June 30, 2012, for members terminating service or retiring on or before June
24 30, 2012, or at least five (5) years of contributory service for members terminating service or
25 retiring on or after July 1, 2012. The member shall become entitled to a service retirement
26 allowance upon his or her attainment of the age established in section 36-10-9 or at his or her
27 option at any date subsequent thereto. The rate of service retirement allowance payable in the
28 case of any member shall be that provided in section 36-10-10, for the period of total service
29 earned and accrued at the date of withdrawal from service of the member.

30 ~~(b) For a member who shall not have completed at least ten (10) years of contributory~~
31 ~~service on or before July 1, 2005, the right of a service retirement allowance under the provisions~~
32 ~~of this chapter shall vest in a member who shall withdraw from service prior to his or her~~
33 ~~attainment of the minimum age of retirement specified in section 36-10-9 – 36-10-9.3 who shall~~
34 ~~not have received a refund, provided, the member shall have completed at least ten (10) years of~~

~~1 contributory service. The member shall become entitled to a service retirement allowance upon
2 his or her attainment of the age of sixty five (65) years or at his or her option at any date
3 subsequent thereto. The rate of service retirement allowance payable in the case of any member
4 shall be that provided in section 36-10-10, Schedule B, for the period of total service earned and
5 accrued at the date of withdrawal from service of the member.~~

6 **36-10-18. Optional benefits.** -- (a) A beneficiary, or, if the beneficiary be an
7 incompetent, then the beneficiary's spouse or domestic partner or if there is no spouse or domestic
8 partner, a guardian of the beneficiary's estate, may elect to receive the benefit in a retirement
9 allowance, payable throughout life, or the beneficiary may then elect to receive the actuarial
10 equivalent, at that time, of the beneficiary's retirement allowance in a lesser retirement allowance
11 as determined by actuarial calculation, which shall be payable throughout life with the provision
12 that:

13 (1) *Option 1.* Upon the beneficiary's death, the beneficiary's lesser retirement allowance
14 shall be continued throughout the life of and paid to such person having an insurable interest in
15 the beneficiary's life, as the beneficiary, the beneficiary's spouse or domestic partner, or the
16 beneficiary's guardian so electing, shall nominate by written designation duly acknowledged and
17 filed with the retirement board at the time of his or her retirement.

18 (2) *Option 2.* Upon the beneficiary's death, one-half (1/2) of the beneficiary's lesser
19 retirement allowance shall be continued throughout the life of and paid to such person, having an
20 insurable interest in the beneficiary's life, as the beneficiary, the beneficiary's spouse or domestic
21 partner, or the beneficiary's guardian so electing, shall nominate by written designation duly
22 acknowledged and filed with the retirement board at the time of the beneficiary's retirement.

23 (b)(1) For purposes of any election under this section or section 36-10-19.1, the member,
24 member's spouse or domestic partner, or guardian, as the case may be, may designate more than
25 one person to receive benefits after the member's death, provided that the designation shall
26 specify the portion of the actuarial equivalent of the member's retirement allowance to be paid to
27 each person, and provided further that the aggregate actuarial value of the portions shall not
28 exceed the actuarial equivalent of the member's retirement benefit determined:

29 (i) In the case of an election under this section) as of the date of the member's retirement;
30 or

31 (ii) In the case of an election under section 36-10-19.1 as of the member's date of death.

32 (2) A member selecting more than one person to receive benefits under this section or
33 section 36-10-19.1 may only select beneficiaries from among his or her children, adopted
34 children, step-children, and/or spouse or domestic partner.

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

6 **36-10-19.1. Optional annuity protection - In service. --** (a) Upon the death of a
7 member having: (1) ~~At~~ At least ten (10) years of membership service on or before June 30, 2012;
8 or (2) For active contributing members on or after July 1, 2012, at least five (5) years of
9 membership service, the spouse or domestic partner of the member shall have the option to elect
10 to receive option one as provided in section 36-10-18(a) in lieu of a return of contributions,
11 provided the spouse or domestic partner is the designated beneficiary of the member's retirement
12 account. The election shall be based upon the amount of retirement allowance or actuarial
13 equivalent that may accrue at the date of death of the member.

14 (b) The election under option one of section 36-10-18(a) for a person other than the
15 spouse or domestic partner of the member may be made by the member, while in service,
16 provided the member has (1) ~~At~~ At least ten (10) years of membership service on or before June
17 30, 2012 and before retirement; or (2) For active contributing members on or after July 1, 2012, at
18 least five (5) years of membership service and before retirement, on a form prescribed by the
19 retirement board. The election shall be based upon the amount of retirement allowances or
20 actuarial equivalents that may accrue at the date of death of the member, provided that the
21 election form is executed and filed with the retirement board prior to the date of death. The
22 election may be revoked or modified by the member at any time prior to the date of retirement on
23 a form prescribed by the retirement board.

24 (c) Upon the death of a member, the option shall become effective thirty (30) days after
25 the first day of the calendar month next following the date of death of the member if death occurs
26 while in an employee status. Should death occur while in an inactive member status, the option
27 under this section shall become payable on the first of the month next succeeding that in which
28 the designated beneficiary attains the age of sixty (60) years.

29 **36-10-33. Penalty for fraudulent claim or statement. --** Every person who knowingly
30 or willfully makes, presents, or in anyway procures the making or presentation of any false or
31 fraudulent affidavit or affirmation concerning any claim for pension or payment thereof, shall, in
32 every case, forfeit a sum not exceeding ten thousand dollars (\$10,000) ~~one thousand dollars~~
33 ~~(\$1,000)~~, in addition to the repayment of any and all money received from the retirement system
34 because of a false or fraudulent claim or statement, with interest, at the rate of twelve percent

1 (12%) per annum, to be sued and recovered by and in the name of the retirement board of the
2 retirement system, and when recovered, paid over to and thereupon become a part of the funds of
3 the retirement system.

4 **36-10-35. Additional benefits payable to retired employees.** – (a) All state employees
5 and all beneficiaries of state employees receiving any service retirement or ordinary or accidental
6 disability retirement allowance pursuant to the provisions of this title on or before December 31,
7 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent
8 (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the
9 retirement allowance has been in effect. For the purposes of computation, credit shall be given for
10 a full calendar year regardless of the effective date of the retirement allowance. This cost of living
11 adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an
12 additional one and one-half percent (1.5%) shall be added to the original retirement allowance in
13 each succeeding year during the month of January, and provided further, that this additional cost
14 of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each
15 year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no
16 employee receiving any service retirement allowance pursuant to the provisions of this title on or
17 before December 31, 1967, or the employee's beneficiary, shall receive any additional benefit
18 hereunder in an amount less than two hundred dollars (\$200) per year over the service retirement
19 allowance where the employee retired prior to January 1, 1958.

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

30 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state
31 employees receiving any service retirement and all state employees, and all beneficiaries of state
32 employees, who have completed at least ten (10) years of contributory service on or before July 1,
33 2005 pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries
34 of state employees who receive a disability retirement allowance pursuant to section 36-10-12 –

1 36-10-15, the cost of living adjustment shall be computed and paid at the rate of three percent
2 (3%) of the original retirement allowance or the retirement allowance as computed in accordance
3 with section 36-10-35.1, compounded annually from the year for which the cost of living
4 adjustment was determined to be payable by the retirement board pursuant to the provisions of
5 subsection (a) or (b) of this section. Such cost of living adjustments are available to members who
6 retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

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

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

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

1 passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not
2 apply.

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

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

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

31 (2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for
32 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
33 Employees’ Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
34 State Police Retirement Benefits Trust, calculated by the system’s actuary on an aggregate basis,

1 _____
2 members for such plan year.

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

7 (3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,
8 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
9 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)
10 above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the
11 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
12 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

13 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
14 (g) of Section 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit
15 adjustment not granted on or prior to June 30, 2012.

16 **36-10-37. Retirement benefits for certain general state officers.** -- Any person who
17 has served as governor, lieutenant governor, attorney general, secretary of state, or general
18 treasurer for a period of twenty (20) consecutive years shall be entitled, upon his or her
19 resignation or retirement, to receive annually during his or her life a sum equal to three quarters
20 (3/4) of the salary he or she was receiving at the time of his or her resignation or retirement. This
21 section shall not apply to any person initially elected as governor, lieutenant governor, attorney
22 general, secretary of state, or general treasurer on or after July 1, 2012.

23 SECTION 8. Title 36 of the General Laws entitled "PUBLIC OFFICERS AND
24 EMPLOYEES" is hereby amended by adding thereto the following chapter:

25 CHAPTER 10.2

26 PENSION PROTECTION ACT

27 **36-10.2-1. Short title.** – This chapter shall be known and may be cited as the "Rhode
28 Island Pension Protection Act".

29 **36-10.2-2. Purpose.** – The purpose of the Rhode Island Pension Protection Act is to
30 provide current, retired and future public employees financial retirement security by codifying
31 procedures that will promote the sustainability and longevity of the state's retirement systems.
32 The act will implement a fair process to be used to facilitate needed changes in times of fiscal
33 distress.

34 **36-10.2-3. Definitions.** – As used in this chapter, the following terms, unless the context

1 requires a different interpretation, have the following meanings:

2 (1) “Retirement board” or “board” means the retirement board of the Employees’
3 Retirement System of the State of Rhode Island as defined in Chapter 36-8.

4 (2) “Actuary” means the actuary selected from time to time and employed by the board in
5 accordance with Chapter 36-8.

6 (3) “Plan” or “plans” means any plan or plans that are part of the following public
7 retirement systems: the Employees’ Retirement System of Rhode Island (ERS); the Municipal
8 Employees’ Retirement System of Rhode Island (MERS); the Rhode Island State Police
9 Retirement Benefits Trust (SPRBT); and the Rhode Island Judicial Retirement Benefits Trust
10 (JRBT).

11 (4) “Funded percentage” means the percentage equal to a fraction— the numerator of
12 which is the actuarial value of the plan’s assets, as determined by the actuary, and the
13 denominator of which is the accrued liability of the plan, determined by the actuary using
14 actuarial assumptions approved by the board.

15 **36-10.2-4. Actuarial valuation methodology.** – Actuarial accounting methods used by
16 the actuary in determining the funded percentage shall be determined by the board in compliance
17 with all applicable public pension accounting laws, rules and regulations. The actuary or the
18 board shall not, year to year, change actuarial methods for the sole purpose of achieving a more
19 favorable funding or fiscal result. Any actuarial assumptions not determined by the board shall
20 be made by the actuary in good faith and in accordance with accepted actuarial standards.

21 **36-10.2-5. Determination of endangered status.** – A plan is in endangered status for a
22 plan year if the retirement board determines, in consultation with the plan actuary, that the plan:

23 (i) Has a funded percentage of fifty percent (50%) or less; and (ii) The plan’s funded
24 percentage has decreased for five (5) consecutive plan years.

25 **36-10.2-6. Annual certification and notice requirements.** – (1) Not later than
26 November 1st of each plan year of a plan, the actuary shall certify to the board and the executive
27 director of the retirement system whether or not a plan is in endangered status for such a plan
28 year.

29 (2) In any case in which the actuary certifies that a plan is in endangered status for a plan
30 year, the executive director of the retirement system shall, not later than thirty (30) business days
31 following the certification, provide notification of the endangered status to the members,
32 beneficiaries, the general assembly, the governor, the general treasurer and any local or municipal
33 employer of a MERS plan determined to be in endangered status. The notification shall also be
34 posted electronically on the retirement board’s website.

1 **36-10.2-7. Funding improvement strategy procedure.** – (1) In any case in which a plan
2 is in endangered status for a plan year, except for a plan year where a plan is already in a funding
3 improvement period and meeting its scheduled funding targets for the three (3) consecutive prior
4 plan years, a funding improvement strategy shall be implemented not later than June 30th
5 following the date the plan was certified as being in endangered status under section 36-10.2-6.
6 The plan actuary shall submit preliminary funding improvement strategies including a default
7 strategy as described in subparagraphs (3) and (4) to the board for review not later than January
8 1st following the date the plan was certified as being in endangered status under section 36-10.2-
9 6.

10 (2) The funding improvement strategy shall be formulated to achieve, based on
11 reasonably anticipated experience and reasonable actuarial assumptions, the following
12 requirements:

13 (a) The plan’s funded percentage shall improve in accordance with paragraph (i) or
14 paragraph (ii), applying the paragraph that produces the greater funded percentage increase for
15 the plan in a ten (10) year period.

16 (i) As of the close of a ten (10) year funding improvement period, the plan’s funded
17 percentage shall equal or exceed the sum of:

18 (I) The plan’s funded percentage as of the beginning of the plan year that the actuary
19 initially certified the plan as endangered; plus

20 (II) Fifty percent (50%) of the difference between eighty percent (80%) and the plan’s
21 funded percentage under paragraph (I); or

22 (ii) The plan’s funded percentage shall improve at the rate of at least one percent (1%)
23 annually until the plan’s funded percentage equals or exceeds eighty percent (80%).

24 (b) In the event that the state or a local municipality, as the employer of a plan,
25 determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable
26 measures, the plan cannot reasonably be expected to meet the guidelines of subdivisions (i) and
27 (ii), then the employer’s legislative governing body shall provide a report to the retirement board,
28 no later than March 1st following the date the plan was certified as being in endangered status
29 under section 36-10.2-6, explaining why the plan is not reasonably expected to meet the
30 guidelines of subdivisions (i) or (ii) and provide a reasonable funding improvement strategy to
31 emerge from endangered status.

32 (3) Not later than January 1st following the date the plan was certified as being in
33 endangered status under 36-10.2-6, the actuary shall provide to the board, and in the case of
34 MERS plan shall also provide to the impacted local municipality’s legislative governing body, at

1 least five (5) funding improvement strategies but no more than ten (10) funding improvement
2 strategies showing revised benefit structures, revised contribution structures, or both, which, if
3 adopted, may reasonably be expected to enable the plan to meet the applicable requirements
4 found in subparagraph (2).

5 (4) In addition to any funding improvement strategies provided by the board in
6 subparagraph (3), the board shall include a default funding improvement strategy (“Default A”)
7 that shall show increases in employer and employee contributions under the plan necessary to
8 achieve the applicable requirements found in subsection (2), assuming no amendments to reduce
9 future benefit accruals under the plan.

10 (5) Not later than April 1st following the date the plan was certified as being in
11 endangered status under section 36-10.2-6, the board shall submit the “Default A” strategy as
12 described in subparagraph (4) and one additional funding improvement strategy, as selected by
13 the board, to the general assembly.

14 (6) Not later than June 30th following the date the plan was certified as being in
15 endangered status under section 36-10.2-6, the general assembly shall select and enact into law
16 one of the two (2) submitted funding improvement strategies. If no funding improvement strategy
17 is approved by the general assembly by June 30th, the “Default A” strategy as described in
18 subparagraph (4) shall be enacted into law effective July 1st following the date the plan was
19 certified as being in endangered status under section 36-10.2-6. “Default A” shall remain in
20 effect until either the actuary certifies under section 36-10.2-6 for a plan year that the plan is no
21 longer in endangered status or the general assembly selects a funding improvement strategy
22 consistent with the provisions of this chapter.

23 (7) Notwithstanding any other law to the contrary, any reports and funding strategies
24 submitted to the board pursuant to this section shall be public records.

25 **36-10.2-8. Funding improvement period.** – (1) The funding improvement period for
26 any funding improvement strategy adopted pursuant to this chapter shall begin on the first day of
27 July immediately after the adoption date of the funding improvement strategy.

28 (2) The funding improvement period shall be a ten (10) year period unless the actuary
29 certifies under section 36-10.2-6 for a plan year that the plan is no longer in endangered status. In
30 such a case, the funding improvement period shall end as of the close of the preceding plan year.

31 (3) A plan may not be amended during the funding improvement period so as to be
32 inconsistent with the funding improvement strategy.

33 **36-10.2-9. Transition period.** – Effective for plan years beginning July 1, 2012 any new
34 legislation enacted contemporaneously with this chapter that is expected to improve the funding

1 percentage of such a plan to eighty percent (80%) or greater within a reasonable funding
2 improvement period not to exceed twenty (20) years shall be considered to constitute a funding
3 improvement strategy. The funding improvement period shall be governed by such enacted
4 legislation and shall begin July 1, 2012.

5 **36-10.2-10. Severability.** – The holding of any section or sections or parts hereof to be
6 void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other section
7 or part hereof.

8 SECTION 9. Title 36 of the General Laws entitled "PUBLIC OFFICERS AND
9 EMPLOYEES" is hereby amended by adding thereto the following chapter:

10 CHAPTER 10.3

11 DEFINED CONTRIBUTION RETIREMENT PLAN

12 **36-10.3-1. Definitions.** – As used in this chapter, the following terms, unless the context
13 requires a different interpretation, shall have the following meanings:

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

15 (2) "Employee" means an employee as defined in section 36-8-1(9) effective July 1,
16 2012.

17 (3) "Employer" means the State of Rhode Island or the local municipality which employs
18 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter
19 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2
20 of title 45 (MERS).

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

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

26 (6) "Regular member" means: (i) An employee who is a member of ERS other than
27 correctional officers as defined in section 36-10-9.2; or (ii) A member of MERS other than a
28 public safety member.

29 (7) The "retirement board" or "board" shall mean the retirement board of the Employees
30 Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the
31 plan administrator and plan trustee and shall administer the plan in accordance with section 36-8-
32 4.1.

33 (8) "State investment commission" or "commission" means the state investment
34 commission as defined in section 35-10-1.

1 (9) “Supplemental employer” includes any employer that provides supplemental
2 contributions to the defined contribution retirement plan as provided in section 36-10.3-3.

3 (10) “Supplemental member” is defined in section 36-10.3-3.

4 **36-10.3-2. Establishment.** – (1) A defined contribution retirement plan is established for
5 members of the of the Employees’ Retirement System of Rhode Island (ERS) and the Municipal
6 Employees’ Retirement System of Rhode Island (MERS).

7 (2) The defined contribution retirement plan is a plan in which retirement savings are
8 accumulated in an individual account for the exclusive benefit of the member or beneficiaries.
9 The plan is established effective July 1, 2012, at which time contributions by employers and
10 members begin.

11 (3) The defined contribution plan established by this chapter is intended to qualify under
12 26 U.S.C. 401(a), 414(d), and 414(k) (Internal Revenue Code) in effect from time to time as a
13 qualified governmental retirement plan established and maintained by the state for its employees,
14 for the employees of participating political subdivisions, public corporations, and public
15 organizations of the state, and for the employees of other employers whose participation is
16 authorized by this chapter.

17 (4) (a) *Exclusive benefit.* All funds of the plan shall be held in one or more trusts, in one
18 or more custodial accounts treated as trusts in accordance with section 401(f) of the Internal
19 Revenue Code, or in a combination thereof. Under any trust or custodial account, it shall be
20 impossible at any time prior to the satisfaction of all liabilities with respect to employees and their
21 beneficiaries, for any part of the corpus or income to be used for, or diverted to, purposes other
22 than the payment of retirement savings benefits to employees and their beneficiaries. However,
23 this requirement shall not prohibit: (i) The return of a contribution within six (6) months after the
24 plan administrator determines that the contribution was made by a mistake of fact; or (ii) The
25 payment of expenses of the plan in accordance with applicable law.

26 (b) *Vesting on plan termination.* In the event of the termination (within the meaning of
27 the Internal Revenue Code) of the plan, the amounts credited to members’ accounts shall become
28 fully and immediately vested.

29 (c) *Forfeitures.* Amounts forfeited by an employee shall not be applied to increase the
30 benefits of any other employee, and shall reduce employer contributions as shall be set forth in
31 the plan document.

32 (d) *Required distributions.* In no event shall a member receive contributions in any year
33 that exceed the limitation set forth in section 415(c) of the Internal Revenue Code.

34 (e) *Limitation on benefits.* Benefits shall not be payable to the extent that they exceed the

1 limitations imposed by section 415 of the Internal Revenue Code, 26 U.S.C. section 415, as
2 adjusted from time to time pursuant to section 415(d) of the Internal Revenue Code. In no event
3 shall the member receive a retirement benefit in any year that exceeds the limitations set forth in
4 section 415(b) of the Internal Revenue Code.

5 (f) *Limitation on compensation.* Benefits and contributions shall not be computed with
6 reference to any compensation that exceeds the maximum dollar amount permitted by section
7 401(a)(17) of the Internal Revenue Code as adjusted for increases in the cost-of-living.

8 (5) The state investment commission shall select an appropriate third-party administrator
9 for the plan and shall adopt such plan, trust and/or custodial documents, with such features and
10 attributes as the commission determines necessary or advisable in its discretion to effectuate the
11 provisions of this chapter in accordance with the following:

12 (a) The commission shall select one or more firm(s) or company(ies) to provide
13 retirement plan investment, plan administration, and communication services to employees who
14 participate in the defined contribution plan. The plan shall provide for appropriate long-term
15 retirement oriented investments, and shall include annuity or annuity-like options as determined
16 by the commission. In determining the firm or the company to provide these plan services, the
17 commission shall consider all of the following:

18 (i) The financial stability of the company or firm.

19 (ii) The cost of the investments, plan administration, and services to the members.

20 (iii) The experience of the company or firm in providing defined contribution retirement
21 plans.

22 (iv) The experience of the company or firm in providing plan education, counseling, and
23 advice to participants of defined contribution plans.

24 (v) Any criminal convictions, securities or antitrust law violations, material civil or
25 regulatory fines or judgments against the company or firm which the company or firm shall be
26 required to disclose to the commission as part of the selection process.

27 (b) The defined contribution retirement plan shall include an option that any
28 disbursement of the accumulated assets in a participant's defined contribution plan account or
29 accounts may be made as a life annuity. The defined contribution retirement plan may offer
30 participants a menu of lifetime annuity options, either fixed or variable, or a combination of both.

31 (c) Accumulations in the defined contribution plan are intended to be for retirement
32 purposes and loans or hardship distribution options permitted under the plan, if any, shall be
33 structured for the primary purpose of this plan to support members in their retirement.

34 (d) The plan shall provide education, counseling and objective employee-specific plan

1 advice to employees.

2 (e) The plan shall include a limited number of investment options which shall include
3 either: (i) Investment portfolio options that are constructed to reflect different risk profiles such as
4 conservative, moderate and aggressive; and/or (ii) Options constructed to reflect different risk
5 profiles that automatically reallocate and rebalance contributions as an employee ages.

6 **36-10.3-3. Supplemental participation for local public employers.** – Employers that
7 include job positions, other than public safety positions, that do not participate in Social Security
8 under the Federal Old Age, Survivors and Disability Income program, but which currently
9 contribute to ERS or MERS on behalf of such positions, shall make supplemental contributions to
10 the plan on behalf of regular members in such positions as a supplemental employer in
11 accordance with subsection 36-10.3-6(a). A supplemental employer may request a different level
12 of supplemental contributions in accordance with subsection 36-10.3-6(b) by an ordinance or
13 resolution of its governing body. A regular member in such positions shall be referred to as a
14 “supplemental member” in section 36-10.3-6.

15 **36-10.3-4. Member contributions.** – (1) Each regular member shall contribute to the
16 member's individual account in the plan an amount equal to five percent (5%) of the member's
17 compensation from July 1 to the following June 30.

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

22 (3) Contributions by supplemental members shall be governed by section 36-10.3-6.

23 (4) The employer shall deduct the contribution from the member's compensation at the
24 end of each payroll period, and the contribution shall be credited by the plan to the member's
25 individual account. The contributions shall be deducted from the member's compensation before
26 the computation of applicable federal taxes and shall be treated as employer contributions under
27 26 U.S.C. 414(h)(2). A member shall not have the option of making the payroll deduction directly
28 in cash instead of having the contribution picked up by the employer.

29 (5) Contributions of employees shall be made by payroll deductions. Every member shall
30 be considered to consent to payroll deductions. It is of no consequence that a payroll deduction
31 may cause the compensation paid in cash to an employee to be reduced below the minimum
32 required by law. Payment of an employee's compensation, less payroll deductions, is a full and
33 complete discharge and satisfaction of all claims and demands by the employee relating to
34 remuneration of services during the period covered by the payment, except with respect to the

1 benefits provided under the plan.

2 (6) Additional voluntary member contributions may be permitted in accordance with this
3 section in such manner as determined in the discretion of the commission.

4 **36-10.3-5. Employer contributions.** – (1) An employer shall contribute to each regular
5 member's individual account an amount equal to one percent (1%) of the member's
6 compensation at the end of each payroll period from July 1 to the following June 30.

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

11 (3) Contributions by supplemental employers shall be governed by section 36-10.3-6.

12 **36-10.3-6. Supplemental employer and member contributions.** – (a) A supplemental
13 member shall contribute to the member's individual account an amount equal to two percent (2%)
14 of the member's compensation from July 1 to the following June 30 in addition to the
15 requirements of section 36-10.3-4. For such members, a supplemental employer shall contribute
16 to the member's individual account an amount equal to two percent (2%) of the member's
17 compensation from July 1 to the following June 30 in addition to the requirements of section 36-
18 10.3-5.

19 (b) A supplemental employer may request a different level of supplemental member
20 contributions and supplemental employer contributions subject to the approval of the state
21 investment commission.

22 **36-10.3-7. Vesting of contributions.** – (1) The total amount contributed by the member,
23 including associated investment gains and losses, shall immediately vest in the member and is
24 non-forfeitable.

25 (2) The total amount contributed by the employer, including associated investment gains
26 and losses, vests with the member and is nonforfeitable upon completion of three (3) years of
27 contributory service. Service credited under ERS or MERS prior to the effective date of this plan
28 shall be credited to members for vesting purposes.

29 **36-10.3-8. Investments.** – The state investment commission shall determine from time to
30 time the investment options available under the plan and a member may direct his or her account
31 among the investment options offered under the plan pursuant to the plan documents.

32 **36-10.3-9. Distributions.** – The plan documents shall specify the distribution options
33 available under the plan which shall include a lump sum and rollover distribution option, and may
34 include such installment, annuity, hardship, loan or death benefit options as determined by the

1 state investment commission in its discretion subject to section 36-10.3-2(5).

2 **36-10.3-10. Rollover contributions and distributions.** – (1) An employee entering the
3 plan may elect, at the time and in the manner prescribed by the administrator, to have all or part
4 of a direct rollover distribution from an eligible retirement plan owned by the member paid
5 directly into the member's individual account.

6 (2) Rollover contributions do not count as a purchase of membership service for the
7 purpose of determining years of service.

8 (3) A distributee may elect, at the time and in the manner prescribed by the administrator,
9 to have all or part of an eligible rollover distribution paid directly to an eligible retirement plan
10 specified by the distributee in the direct rollover.

11 (4) In this section:

12 (a) "Direct rollover" means the payment of an eligible rollover distribution by the plan to
13 an eligible retirement plan specified by a distributee who is eligible to elect a direct rollover;

14 (b) "Distributee" means a member, or a beneficiary who is the surviving spouse or
15 domestic partner of the member, or an alternate payee;

16 (c) "Eligible retirement plan" means:

17 (i) An individual retirement account described in 26 U.S.C. 408(d)(3)(A);

18 (ii) An annuity plan described in 26 U.S.C. 403(a);

19 (iii) A qualified trust described in 26 U.S.C. 401(a);

20 (iv) An annuity plan described in 26 U.S.C. 403(b);

21 (v) A governmental plan described in 26 U.S.C. 457(b);

22 (vi) An individual retirement annuity defined in 26 U.S.C. 408(b); or

23 (vii) On or after January 1, 2008, a Roth IRA described in 26 U.S.C. 408A;

24 (d) "Eligible rollover distribution" means a distribution of all or part of a total account to
25 a distributee, except for:

26 (i) A distribution that is one of a series of substantially equal installments payable not less
27 frequently than annually over the life expectancy of the distributee or the joint and last survivor
28 life expectancy of the distributee and the distributee's designated beneficiary, as defined in 26
29 U.S.C. 401(a)(9);

30 (ii) A distribution that is one of a series of substantially equal installments payable not
31 less frequently than annually over a specified period of ten (10) years or more;

32 (iii) A distribution that is required under 26 U.S.C. 401(a)(9);

33 (iv) The portion of any distribution that is not includable in gross income; however, a
34 portion under this paragraph may be transferred only to an individual retirement account or

1 [annuity described in 26 U.S.C. 408\(a\) or \(b\), to a qualified plan described in 26 U.S.C. 401\(a\) or](#)
2 [403\(a\), or to an annuity contract described in 26 U.S.C. 403\(b\), that agrees to separately account](#)
3 [for amounts transferred, including separately accounting for the portion of the distribution that is](#)
4 [includable in gross income and the portion of the distribution that is not includable in gross](#)
5 [income; and](#)

6 [\(v\) Other distributions that are reasonably expected to total less than two hundred dollars](#)
7 [\(\\$200\) during a year.](#)

8 **36-10.3-11. Annual report and statement.** – [The retirement board shall submit to the](#)
9 [governor, the general treasurer, the auditor general, the speaker of the house of representatives](#)
10 [and the president of the senate, on or before the first day of December of each fiscal year, an](#)
11 [annual report including a financial statement of the plan for the fiscal year of the state next](#)
12 [preceding said date. The retirement board shall cause to be published for distribution among the](#)
13 [members of the system a financial statement summarizing the results of operations for the fiscal](#)
14 [year. The report and financial statement shall also be posted electronically on the retirement](#)
15 [board’s website.](#)

16 **36-10.3-12. Severability.** – [The holding of any section or sections or parts hereof to be](#)
17 [void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other section](#)
18 [or part hereof.](#)

19 SECTION 10. Sections 16-16-1, 16-16-5, 16-16-6.1, 16-16-6.2, 16-16-6.4, 16-16-7.2, 16-
20 16-8, 16-16-12, 16-16-13, 16-16-22, 16-16-22.1 and 16-16-40 of the General Laws in Chapter 16-
21 16 entitled "Teachers' Retirement" are hereby amended to read as follows:

22 **16-16-1. Definitions.** – (a) The following words and phrases used in this chapter, unless a
23 different meaning is plainly required by the context, have the following meanings:

24 (1) "Active member" means any teacher as defined in this section for whom the
25 retirement system is currently receiving regular contributions pursuant to section 16-16-22 and
26 16-16-22.1.

27 Except as otherwise provided in this section, the words and phrases used in this chapter,
28 so far as applicable, have the same meanings as they have in chapters 8 to 10 of title 36.

29 (2) "Beneficiary" means any person in receipt of annuity, benefit, or retirement allowance
30 from the retirement system as provided in this chapter.

31 (3) "Child" includes a stepchild of a deceased member who has been a stepchild for at
32 least one year immediately preceding the date on which the member died or an adopted child of a
33 deceased member without regard to the length of time the child has been adopted.

34 (4) "Former spouse divorced" means a person divorced from a deceased member, but

1 only if the person meets one of the following conditions:

2 (i) Is the mother or father of the deceased member's child(ren);

3 (ii) Legally adopted the deceased member's child(ren) while married to the deceased
4 member and while the child(ren) was under the age of eighteen (18) years; or

5 (iii) Was married to the deceased member at the time both of them legally adopted a
6 child(ren) under the age of eighteen (18) years.

7 (5) "Member" means any person included in the membership of the retirement system
8 under the provisions of this chapter.

9 (6) "Prior service" means service as a teacher rendered prior to the first day of July, 1949,
10 certified on his or her prior service certificate and allowable as prior service under the provisions
11 of this chapter.

12 (7) "Retired teacher" means any teacher who retired prior to July 1, 1949, pursuant to the
13 provisions of G.L. 1938, ch. 195, as amended, and who on June 30, 1949, was in receipt of a
14 pension under the provisions of that chapter.

15 (8) "Retirement system" and "system" means the employees' retirement system of the
16 State of Rhode Island created by chapter 8 of title 36, and "retirement board" means the board
17 established under that chapter.

18 (9) "Salary" or "compensation" includes any and all salary paid for teaching services
19 regardless of whether any part of the salary or compensation is derived from any state or federal
20 grant or appropriation for teachers' salaries, as the term is defined in section 36-8-1~~(7)~~(8).
21 "Average compensation" shall be defined in accordance with section 36-8-1(5)(a).

22 (10) "Service" means service as a teacher as described in subdivision (12) of this section.
23 Periods of employment as teacher, principal, assistant principal, supervisor, superintendent, or
24 assistant superintendent shall be combined in computing periods of service and employment.

25 (11) "Spouse" means the surviving person who was married to a deceased member, but
26 only if the surviving person meets one of the following conditions:

27 (i) Was married to the deceased member for not less than one year immediately prior to
28 the date on which the member died;

29 (ii) Is the mother or father of the deceased member's child(ren);

30 (iii) Legally adopted the deceased member's child(ren) while married to the deceased
31 member and while the child(ren) was under the age of eighteen (18) years; or

32 (iv) Was married to the deceased member at the time both of them legally adopted a
33 child(ren) under the age of eighteen (18) years.

34 (12) "Teacher" means a person required to hold a certificate of qualification issued by or

1 under the authority of the board of regents for elementary and secondary education and who is
2 engaged in teaching as his or her principal occupation and is regularly employed as a teacher in
3 the public schools of any city or town in the state, or any formalized, commissioner approved,
4 cooperative service arrangement. The term includes a person employed as a teacher, supervisor,
5 principal, assistant principal, superintendent, or assistant superintendent of schools, director,
6 assistant director, coordinator, consultant, dean, assistant dean, educational administrator, nurse
7 teacher, and attendance officer or any person who has worked in the field of education or is
8 working in the field of education that holds a teaching or administrative certificate, ~~and any~~
9 ~~teacher who serves during a school year at least three quarters (3/4) of the number of days that the~~
10 ~~public schools are required by law to be in session during the year.~~ In determining the number of
11 days served by a teacher the total number of days served in any public school of any city or town
12 in the state may be combined for any one school year. The term also includes a school business
13 administrator whether or not the administrator holds a teaching or administrative certificate, and
14 also includes occupational therapists and physical therapists licensed by the department of health
15 and employed by a school committee in the state, or by any formalized, commissioner approved,
16 cooperative service arrangement

17 (13) "Teaching" includes teaching, supervising, and superintending or assistant
18 superintending of schools.

19 (14) "Total service" means prior service as defined in subdivision (6) of this section, plus
20 service rendered as a member of the system on or after the first day of July, 1949.

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

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

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

27 (iii) Partners were not related by blood to a degree which would prohibit marriage in the
28 State of Rhode Island;

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

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

33 (A) Domestic partnership agreement or relationship contract;

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

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

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

5 (b) The masculine pronoun wherever used shall also include the feminine pronoun.

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

8 **16-16-5. Service creditable.** – (a) In calculating "service", "prior service", or "total
9 service" as defined in section 16-16-1, every teacher shall be given credit for a year of service for
10 each year in which he or she shall have served as a teacher; provided, that any teacher who
11 through illness or leave of absence without pay does not serve a full school year may receive
12 credit for a full school year of service by paying the full actuarial cost as defined in section 36-8-
13 1(9). Credit for leaves of absence shall be limited, in the aggregate, during the total service of a
14 teacher to a period of four (4) years; provided, however, every teacher who had been required to
15 resign for maternity reasons may receive credit for maternity reasons by making contribution to
16 the system upon her return to teaching the amount she would have contributed to the retirement
17 system, with regular interest, based upon her expected compensation but for her absence due to
18 maternity reasons.

19 (b) The retirement board shall fix and determine the time when and the conditions under
20 which the payments shall be made.

21 (c) Any teacher who serves or who has served during a school year ~~at least three quarters~~
22 ~~(3/4) of~~ the number of days that the public schools are required by law to be in session during the
23 year shall be given credit for a year of service for that year. In determining the number of days
24 served by a substitute teacher the total number of days served in any public school of any city or
25 town in the state may be combined for any one school year. Any teacher shall be entitled to "prior
26 service" credit for service prior to July 1, 1949, provided the teacher shall have been in service
27 during the school year 1949-1950. The teacher shall be entitled to service credit for any year
28 subsequent to July 1, 1949 in accordance with this chapter, by making contribution to the
29 retirement system of the full actuarial cost for any such service credit. ~~amount he or she would~~
30 ~~have contributed to the retirement system had he or she been a member, plus regular interest~~
31 ~~compounded annually to date of payment, payable at a time or in any manner that may be~~
32 ~~provided by the rules of the retirement board.~~

33 (d) Any teacher employed in at least a half (1/2) program including a job share program,
34 or working at least half the number of days that the public schools are required to be in session,

1 shall remain a contributing member and shall receive credit for that ~~part-time~~ part-time service
2 on a proportional basis. The purchase of any remaining program or job share time in which the
3 teacher did not work shall not be permitted.

4 (e) In computing service or in computing compensation, the retirement board shall credit
5 no more than one year of service on account of all service in one calendar year.

6 (f) Notwithstanding any other section of law, no member of the retirement system shall
7 be permitted to purchase service credit for any portion of a year for which he or she is already
8 receiving service credit in this retirement system.

9 **16-16-6.1. Credit for service outside state.** – (a) In determining the creditable service of
10 any teacher employed in any city or town for the purpose of retirement, there may be added to,
11 and included in, total service as defined in this chapter not more than five (5) years of service as a
12 teacher in the public school outside this state; provided, however, this service shall not be counted
13 as creditable service unless the member shall pay into the retirement system a contribution equal
14 to the full actuarial value of each year of credit for which application is made based upon the
15 teacher's compensation at the time he or she makes application to purchase credit for each year of
16 service for which he or she claims credit.

17 (b) Credit for service outside the state which is purchased under paragraph (a) above may
18 also be used for retirement purposes under the provisions of subsection (a) for teachers who retire
19 on ordinary disability under ~~section 36-10-13~~ section 16-16-14 provided these teachers have at
20 least ten (10) years creditable service within the state.

21 (c) The term "outside this state" means service in any state college, university, school, or
22 public school in any other state of the United States, or in any territory or possession of the
23 United States, including the Philippine Islands, or in any school under the jurisdiction of the
24 United States government.

25 (d) The retirement board shall fix and determine by rules and regulations the time when
26 and the conditions under which payments shall be made.

27 **16-16-6.2. Service credit for appropriate work experience – Contributions.** – (a) In
28 determining the creditable service of any vocational education teacher employed in any city or
29 town or by the state for the purpose of retirement or a service retirement allowance (not including
30 a deferred retirement allowance), there may be added to, and included in, total service as defined
31 in this chapter not more than five (5) years of "appropriate work experience" pursuant to section
32 16-60-4(9)(ii). This service shall not be counted as creditable service unless the member shall pay
33 into the retirement system a contribution equal to the full actuarial costs for each year of service
34 for which he or she claims credit.

1 (b) Credit for “appropriate work experience” [which is purchased under paragraph \(a\)](#)
2 [above](#) may also be used for retirement purposes under the provisions of subsection (a) for
3 teachers who retire on ordinary disability under ~~section 36-10-13~~ [section 16-16-14](#), provided those
4 teachers have at least ten (10) years’ creditable service.

5 (c) The term "appropriate work experience" means service in any industry, business, or
6 other appropriate enterprise for which certification credit has been given pursuant to the
7 "standards and qualifications for certification of teachers" as provided in section 16-60-4(9)(ii).

8 **16-16-6.4. Service credit for appropriate work experience – Certified nurse teachers**

9 **– Contributions.** – (a) In determining the creditable service of any certified nurse teacher
10 employed by the state or by any city or town for the purpose of retirement or a service retirement
11 allowance (not including a deferred retirement allowance), there may be added to, and included
12 in, total service as defined in this chapter not more than four (4) years of "appropriate work
13 experience." The service shall not be counted as creditable service unless the member shall pay
14 into the retirement system a contribution equal to the full actuarial costs for each year of the
15 service for which the member claims credit.

16 (b) Credit for "appropriate work experience" [which is purchased under paragraph \(a\)](#)
17 [above](#) may also be used for retirement purposes under the provisions of subsection (a) for
18 certified nurse teachers who retire on ordinary disability under section 36-10-13 [or section 16-16-](#)
19 [14](#), provided the certified nurse teachers have at least ten (10) years' creditable service.

20 (c) The term "appropriate work experience" for the purposes of a certified nurse teacher
21 means service in any industry, business, or other appropriate enterprise where a member has
22 worked as a registered nurse and for which no credit for the purposes of retirement has been
23 granted for either teaching in a school of nursing or for any other appropriate work experience;
24 provided, however, that no member shall be allowed credit for more than a total of four (4) years
25 of service credit.

26 **16-16-7.2. Peace corps, teacher corps, and volunteers in service to America – Credit.**

27 **–** (a) Any active teacher who served in the peace corps, teacher corps, or in volunteers in service
28 to America may purchase credit for that service, up to a maximum of four (4) years. Any teacher
29 on an official leave of absence for illness or injury shall be eligible to purchase the credits while
30 on the leave of absence.

31 (b) The cost to purchase these credits shall be the full actuarial cost as defined in section
32 36-8-1~~(9)~~[\(10\)](#).

33 **16-16-8. Credit for service as a state or municipal employee.** – Any member who shall

34 have rendered service as a state employee as defined by the provisions of chapter 17 of this title

1 and chapters 8 – 10 of title 36 or who shall have rendered service as an employee of a
2 participating municipality, as defined by chapter 21 of title 45, shall be entitled to credit for his or
3 her service for the various purposes of this system, provided the member shall have been a
4 contributing member for that period. All contributions made by the member shall be transferred
5 into this system for the periods of service and the retirement system shall calculate the full
6 actuarial value of the accrued benefit with the former employer. If the full actuarial value of the
7 accrued benefit with the former employer is greater than the total employee contributions
8 transferred, the retirement system shall also transfer the difference between full actuarial value of
9 the accrued benefit with the former employer and the employee's contributions from the account
10 of the former employer to the account of the current employer. In any case in which a member
11 shall have received a refund or refunds of contributions made to the system, the allowance of the
12 credit for service shall be conditioned upon the repayment of the full actuarial cost as defined in
13 section 36-8-1~~(9)~~(10). Any service as defined in this section for which no contributions were
14 made may be granted provided the member pays to the retirement system the full actuarial cost as
15 defined in section 36-8-1~~(9)~~(10). The retirement board shall fix and determine the rules and
16 regulations needed to govern the provisions of this section.

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

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

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

1 proportional formula shall work as follows:

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

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

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

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

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

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

34 (B) The formula shall then take the teacher's total service credit as of September 30, 2009

1 as the numerator and the years of service credit determined under (A) as the denominator.

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

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

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

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

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

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

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

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

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

1 ~~(e) Any member also paying into the retirement system under the provisions of chapter 9~~
2 ~~of title 36 shall not be disqualified from receiving benefits provided by that chapter and the~~
3 ~~provisions of this chapter simultaneously.~~

4 (d) Except as specifically provided in section 36-10-9.1, 36-10-12 through 36-10-15, and
5 45-21-19 through 45-21-22, no member shall be eligible for pension benefits under this chapter
6 unless

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

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

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

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

16 (4) Any person who becomes a member of the employees' retirement system pursuant to
17 section 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title
18 45 and this chapter.

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

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

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

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

34 (e) No member of the teachers' retirement system shall be permitted to purchase service

1 credits for casual or seasonal employment, for employment as a [temporary or emergency](#)
2 [employee](#), a page in the general assembly, or for employment at any state college or university
3 while the employee is a student or graduate of the college or university.

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

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

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

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

25 **16-16-13. Amount of service retirement allowance.** – (a)[\(1\)\(i\)](#) For teachers eligible to
26 retire on or before September 30, 2009, upon retirement from service under section 16-16-12 a
27 teacher whose membership commenced before July 1, 2005 and who has completed at least ten
28 (10) years of contributory service on or before July 1, 2005, shall, receive a retirement allowance
29 which shall be determined in accordance with schedule A [for service prior to July 1, 2012](#).

30 SCHEDULE A

31 YEARS OF SERVICE PERCENTAGE ALLOWANCE

32 1st through 10th inclusive 1.7%

33 11th through 20th inclusive 1.9%

34 21st through 34th inclusive 3.0%

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5th 2.0%

(ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to retire on or before September 30, 2009, upon retirement for service under section 16-16-12, a teacher whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with schedule A above for service on before September 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for service on or after October 1, 2009 [and prior to July 1, 2012](#):

(2) Upon retirement from service under section 16-16-12 a teacher whose membership commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory service as of July 1, 2005 shall receive a retirement allowance which shall be determined in accordance with Schedule B [for service prior to July 1, 2012](#).

SCHEDULE B

YEARS OF SERVICE PERCENTAGE ALLOWANCE

1 st through 10 th inclusive	1.60%
11 th through 20 th inclusive	1.80%
21 st through 25 th inclusive	2.0%
26 th through 30 th inclusive	2.25%
31 st through 37 th inclusive	2.50%
38 th	2.25%

(b) The retirement allowance of any teacher whose membership commenced before July 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1, 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his or her average highest three (3) consecutive years of compensation multiplied by the number of years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the average highest five (5) consecutive years of compensation.

The retirement allowance of any teacher whose membership commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount equal to the percentage allowance specified in Schedule B of his or her average highest three (3) consecutive years of compensation multiplied by the number of years of total service, but in no case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-eight (38) years of service; provided, however, for teachers retiring on or

1 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
2 shall be based on the average highest five (5) consecutive years of compensation.

3 Any teacher who has in excess of thirty-five (35) years on or before June 2, 1985 shall
4 not be entitled to any refund, and any teacher with thirty-five (35) years or more on or after June
5 2, 1985 shall contribute from July 1, 1985 until his or her retirement.

6 (c) For service prior to July 2012, the retirement allowance of a teacher shall be
7 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
8 1, 2012, a teacher's retirement allowance shall be equal to one percent (1%) of the teacher's
9 average compensation multiplied by the teacher's years of service on and after July 1, 2012. In no
10 event shall a teacher's retirement allowance exceed the maximum limitations set forth in
11 subsection (b) above.

12 **16-16-22. Contributions to state system.** – (a) Prior to July 1, 2012, each ~~Each~~ teacher
13 ~~member~~ shall contribute into the system nine and one-half percent (9.5%) of compensation as his
14 or her share of the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher
15 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her
16 compensation. The employer contribution on behalf of teacher members of the system shall be in
17 an amount that will pay a rate percent of the compensation paid to the members, according to the
18 method of financing prescribed in the State Retirement Act in chapters 8 – 10 and 10.3 of title 36.
19 This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,
20 town, local educational agency, or any formalized commissioner approved cooperative service
21 arrangement by whom the teacher members are employed, with the exception of teachers who
22 work in federally funded projects and further with the exception of any supplemental
23 contributions by a local municipality employer under chapter 36-10.3 which supplemental
24 employer contributions shall be made wholly by the local municipality. Provided, however, that
25 the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).

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

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

1 from the state.

2 (d) The employer's contribution shared by the state shall be paid in the amounts
3 prescribed in this section for the city, town, or local educational agency and under the same
4 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local
5 educational agency or any formalized commissioner approved cooperative service arrangement
6 shall remit to the general treasurer of the state the local employer's share of the teacher's
7 retirement payments on a monthly basis, payable by the fifteenth (15th) of the following month;
8 ~~provided that the employer contribution shall be deferred from the effective date of this act until~~
9 ~~June 15, 2010.~~ The amounts that would have been contributed shall be deposited by the state in a
10 special fund and not used for any purpose. The general treasurer, upon receipt of the local
11 employer's share, shall effect transfer of a matching amount of money from the state funds
12 appropriated for this purpose by the general assembly into the retirement fund, ~~provided that for~~
13 ~~the period from the effective date of this act until June 15, 2010, the general treasurer shall not~~
14 ~~make such transfer.~~

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

18 **16-16-22.1. City or town payment of teacher member contributions.** -- (a) Each city
19 or town, pursuant to the provisions of section 414(h)(2) of the United States Internal Revenue
20 Code, 26 U.S.C. section 414(h)(2), may, pursuant to appropriate local action by the city or town,
21 pick up and pay the contributions which would be payable by the employees as teacher members
22 under section 16-16-22. The contributions so picked up shall be treated as employer contributions
23 in determining tax treatment under the United States Internal Revenue Code; ~~however, each city~~
24 ~~or town shall continue to withhold federal and state income taxes based upon these contributions~~
25 ~~until the internal revenue service rules that pursuant to 26 U.S.C. section 414(h)(2) these~~
26 ~~contributions shall not be included as gross income of the employee until the time they are~~
27 ~~distributed.~~ Employee contributions picked up pursuant to this section shall be treated and
28 identified as teacher member contributions for all purposes of the retirement system except as
29 specifically provided to the contrary in this section.

30 (b) Teacher member contributions picked up by a city or town shall be paid from the
31 same source of funds used for the payment of compensation to a teacher member. A deduction
32 shall be made from a teacher member's compensation equal to the amount of his or her
33 contributions picked up by his or her city or town employer. This deduction, however, shall not
34 reduce his or her compensation for purposes of computing benefits under the retirement system

1 pursuant to this chapter or chapter 10 of title 36. Picked up contributions shall be transmitted to
2 the retirement system in accordance with the provisions of section 16-16-22 and section 36-10-1.

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

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

23 (c)(1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers
24 receiving any service retirement and all teachers and all beneficiaries of teachers who have
25 completed at least ten (10) years of contributory service on or before July 1, 2005, pursuant to the
26 provisions of this chapter, and for all teachers and beneficiaries of teachers who receive a
27 disability retirement allowance pursuant to section 16-16-14 – 16-16-17, the cost of living
28 adjustment shall be computed and paid at the rate of three percent (3%) of the original retirement
29 allowance or the retirement allowance as computed in accordance with section 16-16-40.1,
30 compounded annually from the year for which the cost of living adjustment was determined to be
31 payable by the retirement board pursuant to the provisions of subsection (a) or (b) of this section.
32 Such cost of living adjustments are available to teachers who retire before October 1, 2009 or are
33 eligible to retire as of September 30, 2009.

34 (2) The provisions of this subsection shall be deemed to apply prospectively only and no

1 retroactive payment shall be made.

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

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

28 (e)(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (e)
29 (2) below, for all present and former teachers, active and retired teachers, and beneficiaries
30 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit
31 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by
32 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
33 (5.5%) (the “subtrahend”) from the Five-Year Average Investment Return of the retirement
34 system determined as of the last day of the plan year preceding the calendar year in which the

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

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

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

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

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

31 SECTION 11. Sections 45-21-2, 45-21-6, 45-21-7, 45-21-8, 45-21-8.1, 45-21-9, 45-21-
32 12.1, 45-21-14.2, 45-21-16, 45-21-17, 45-21-17.2, 45-21-18, 45-21-30, 45-21-35, 45-21-41, 45-
33 21-46, 45-21-51.1, 45-21-52, 45-21-58 and 45-21-66 of the General Laws in Chapter 45-21
34 entitled "Retirement of Municipal Employees are hereby amended to read as follows:

1 **45-21-2. Definitions.** -- The following words and phrases as used in this chapter have the
2 following meanings unless a different meaning is plainly required by the context:

3 (1) "Accumulated contributions" means the sum of all amounts deducted from the
4 compensation of a member and credited to his or her individual account in the members'
5 contribution reserve account.

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

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

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

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

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

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

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

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

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

26 (A) Domestic partnership agreement or relationship contract;

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

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

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

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

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

15 (8) “Final compensation” for members who are eligible to retire on or prior to June 30,
16 2012 shall means the average annual compensation, pay, or salary of a member for services
17 rendered during the period of three (3) consecutive years within the total service of the member
18 when the average was highest, and as the term average annual compensation is further defined in
19 subdivision 36-8-1(5)(a)(4). For members eligible to retire on or after July 1, 2012, “final
20 compensation” means the average of the highest five (5) consecutive years of compensation
21 within the total service when the final compensation was the highest. For members who become
22 eligible to retire on or after July 1, 2012, if more than one half (1/2) of the member’s total years
23 of service consist of years of service during which the member devoted less than thirty (30)
24 business hours per week to the service of the municipality, but the member’s average
25 compensation consists of three (3) or more years during which the member devoted more than
26 thirty (30) business hours per week to the service of a municipality, such member’s average
27 compensation shall mean the average of the highest ten (10) consecutive years of compensation
28 within the total service when the average compensation was the highest. Notwithstanding the
29 preceding provisions, in no event shall a member’s final compensation be lower than his or her
30 final compensation determined as of June 30, 2012.

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

33 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a
34 member claiming service credit for certain employment for which payment is required, which is

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

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

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

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

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

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

23 (16) "Regular interest" means interest ~~compounded annually as determined by the~~
24 ~~retirement board based upon the experience of the system.~~ at the assumed investment rate of
25 return, compounded annually, as may be prescribed from time to time by the retirement board.

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

30 (18) "Retirement board" or "board" means the state retirement board created by chapter
31 8 of title 36.

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

34 (20) "Service" means service as an employee of a municipality of the state of Rhode

1 Island as defined in subdivision (7).

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

4 [\(22\) Any term not specifically defined in this chapter and specifically defined in chapters](#)
5 [36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.](#)

6 **45-21-6. Settlement on withdrawal from system. --** (a) Upon withdrawal from the
7 system, the retirement board retains in the system from contributions made by the members from
8 the municipality and by the municipality the following amounts:

9 (1) An amount equal to the actuarial value, determined in accordance with the actuarial
10 tables in use by the system, of the retirement and disability allowances in force, being paid to
11 former employees of the municipality who were granted allowances as members of the system or
12 to the beneficiaries of those members;

13 (2) An amount equal to the actuarial value of deferred annuities to members who have
14 not retired but who have acquired a vested right to a retirement allowance who may desire to
15 maintain that vested right; and

16 (3) An amount equal to the accumulated contributions of the members who have not
17 acquired a vested right which shall be refunded to those members.

18 (b) Any remainder in the system after providing for the foregoing amounts shall be paid
19 over to the municipality [in such amount as the retirement board shall in its sole discretion](#)
20 [determine to be prudent and legally permissible](#); provided, that if no remainder exists and a
21 deficiency to pay those amounts has accumulated, the municipality is liable to the system for the
22 amount of the deficiency as provided in this section.

23 **45-21-7. Liability of municipalities - Enforcement. --** (a) Each participating
24 municipality is liable to the retirement system for the cost of funding a retirement system for its
25 employees who are members of the system, including all contributions collected from employees,
26 [including any contributions pursuant to chapter 36-10.3.](#)

27 (b) The liability of a municipality, including the liability under any formalized,
28 commissioner approved, cooperative service arrangement under this chapter is enforceable by the
29 retirement board against the municipality through appropriate action in the superior court.

30 (c) The state is further empowered to withhold from any municipality that amount of the
31 municipality's portion of any shared taxes which is sufficient to satisfy the liability, [including any](#)
32 [liability pursuant to chapter 36-10.3.](#)

33 **45-21-8. Membership in system. --** Membership in the retirement system does not begin
34 before the effective date of participation in the system as provided in § 45-21-4, and consists of

1 the following:

2 (a) Any employee of a participating municipality as defined in this chapter, who
3 becomes an employee on and after the effective date of participation, shall, under contract of his
4 or her employment, become a member of the retirement system; provided, that the employee is
5 not receiving any pension or retirement allowance from any other pension or retirement system
6 supported wholly or in part by a participating municipality, and is not a contributor to any other
7 pension or retirement system of a participating municipality. Any employee who is elected to an
8 office in the service of a municipality after the effective date and prior to July 1, 2012, has the
9 option of becoming a member of the system, which option must be exercised within sixty (60)
10 days following the date the employee assumes the duties of his or her office, otherwise that
11 person is not entitled to participate under the provisions of this section;

12 (b) Any employee or elected official of a participating municipality in service prior to
13 the effective date of participation, who is not a member of any other pension or retirement system
14 supported wholly or in part by a participating municipality, and who does not notify the
15 retirement board in writing before the expiration of sixty (60) days from the effective date of
16 participation that he or she does not wish to join the system, shall automatically become a
17 member; and

18 (c) Any employee of a participating municipality in service prior to the effective date of
19 participation, who is a member of any other pension or retirement system supported wholly or in
20 part by a participating municipality on the effective date of participation of their municipality,
21 who then or thereafter makes written application to join this system, and waives and renounces all
22 accrued rights and benefits of any other pension or retirement system supported wholly or in part
23 by a participating municipality, becomes a member of this retirement system and shall not be
24 required to make contribution under any other pension or retirement system of a participating
25 municipality, any thing to the contrary notwithstanding.

26 (d) Notwithstanding the provisions of this section, present firefighters employed by the
27 town of Johnston shall establish a pension plan separate from the state of Rhode Island retirement
28 system. If the town of Johnston is thirty (30) days or more late on employer or employee
29 contributions to the pension plan, the auditor general is authorized to redirect any Johnston funds
30 to cover the shortfall or to deduct that amount from any moneys due the town from the state for
31 any purpose other than for education. Disability determinations of present firefighters shall be
32 made by the state retirement board, subject to the provisions of § 45-21-19 at the town of
33 Johnston's expense. All new firefighters hired by the town of Johnston shall become members of
34 the state retirement system.

1 (e) Notwithstanding the provisions of this section, any City of Cranston employees, who
2 are presently members of Teamsters Local Union No. 251, hired between the dates of July 1,
3 2005 and June 30, 2010 inclusive and who are currently members of the retirement system
4 established by this chapter, may opt out of said retirement system and choose to enroll in a
5 defined contribution plan (i.e., a 403 (b) plan or equivalent thereof) established by the City of
6 Cranston.

7 (f) Notwithstanding the provisions of this section, any City of Cranston employees, who
8 will be members of Teamsters Local Union No. 251, hired after June 30, 2010 shall be enrolled in
9 a defined contribution plan (i.e., a 403 (b) plan or equivalent thereof) established by the City of
10 Cranston and shall not be a member of the retirement system established by this chapter.

11 (g) Notwithstanding the provisions of this section, any City of Cranston employees
12 defined in (e) and (f) of this section shall be precluded from purchase of service credit for time
13 served on or after July 1, 2010 while participating in the defined contribution plan (i.e., a 403 (b)
14 plan or equivalent thereof) established by the City of Cranston should the member cease
15 employment with the City of Cranston or Teamsters Local Union No. 251 and re-enter the system
16 with another participating employer who has accepted the provisions, as defined, in § 45-21-4.

17 ~~**45-21-8.1. Exclusion of elected city, or town council members.**~~ **Exclusion of elected**
18 **city, town council or other elected members.** -- Notwithstanding any provision of this chapter
19 or any provision of the general or public laws to the contrary, no city or town council member,
20 school committee members or other local elected officials, other than elected officials who are
21 compensated for devoting thirty-five (35) or more hours per week to their elected position,
22 elected for the first time after ~~November 4~~ June 30, 2012, shall be allowed membership into the
23 municipal employees' retirement system, as a result of that elective service.

24 **45-21-9. Prior service credit of members joining by election – Purchase of credit for**
25 **prior service.** -- (a) No employee of a participating municipality whose membership in the
26 retirement system is contingent on his or her own election to join under § 45-21-8(c), shall
27 receive prior service credit unless the employee makes application for membership within one
28 year from the effective date of participation of the municipality by which the employee is
29 employed. Any employee who elects not to join this retirement system, as provided in § 45-21-
30 8(b), may thereafter be admitted to membership, but no employee shall receive credit for prior
31 service unless the employee applies for membership within one year from the effective date of
32 participation of the municipality by which the employee is employed.

33 (b) Any member who becomes an employee after the effective date of participation by a
34 municipality into the system, has the privilege of purchasing credit for prior service with the city

1 or town of which the employee is now employed. This privilege does not become effective until a
2 member has had at least one year of service following his or her latest reentry into membership
3 with the system, and credit is granted only when the member makes a lump sum payment of six
4 percent (6%) of the rate of compensation in effect on the date of reentry, plus regular interest,
5 compounded annually from that date to the date of purchase. The maximum period of service that
6 may be purchased under this section is ten (10) years. Upon granting prior service under the
7 provisions of this section, the board shall bill the applicable city or town for its share of the total
8 liability for the prior service. [Effective July 1, 2012, any purchase requested under this paragraph](#)
9 [shall be made by a member at full actuarial cost.](#)

10 **45-21-12.1. Credit for service as a teacher or state employee.** -- Any member who has
11 rendered service as a teacher, as defined under the provisions of chapters 16 and 17 of title 16, or
12 as a state employee, as defined by the provisions of chapters 8 to 10 of title 36, is entitled to credit
13 for that service for the various purposes of this system; provided, that the member was a
14 contributing member for that period. All contributions made by the member for those periods of
15 service shall be transferred in ~~total~~ [to](#) this system and the retirement system shall calculate the
16 full actuarial value of the accrued benefit with the former employer. If the full actuarial value of
17 the accrued benefit with the former employer is greater than the total employee contributions
18 transferred, the retirement system shall also transfer the difference between the full actuarial
19 value of the accrued benefit with the former employer and the employee's contributions from the
20 account of the former employer to the account of the current employing municipality. In any case
21 in which a member has received a refund or refunds of contributions made to the system, the
22 allowance of the previously stated credit for service is conditioned upon the repayment of the
23 refund or refunds, including regular interest from the date of refund to the date of repayment. Any
24 service as defined in this section for which no contributions were made, may be granted;
25 provided, that the member pays to the retirement system a lump sum payment equal to the
26 amount had he or she been a member during that period, plus interest as defined in this section.
27 [Effective July 1, 2012, any purchase requested under this paragraph shall be made by a member](#)
28 [at full actuarial cost.](#) The retirement board shall fix and determine rules and regulations that are
29 needed to govern the provisions of this section.

30 **45-21-14.2. Leave of absence credits.** -- (a) Members with at least one year of
31 membership credits who have been granted an official leave of absence without pay for illness,
32 injury, educational or, any other reason, may receive credit for the leave by making contributions
33 to the retirement system, in a lump sum, in an amount equal to the contribution the member
34 would have made to the retirement system based upon the member's expected compensation but

1 for the granting of leave without pay, plus regular interest compounded annually to date of
2 payment; provided, that the member returns to service for at least one year immediately upon
3 completion of that leave. Credit for leaves of absence under this section are limited, in the
4 aggregate, during the total service of a member to a period of four (4) years maximum. Effective
5 July 1, 2012, any purchase requested under this paragraph shall be made by a member at full
6 actuarial cost.

7 (b) The retirement board fixes the time when and the conditions under which payments
8 are made under this section.

9 (c) This section is exempt from the provisions of §§ 45-13-6 – 45-13-10.

10 **45-21-16. Retirement on service allowance.** -- Retirement of a member on a service
11 retirement allowance shall be made by the retirement board as follows:

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

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

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

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

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

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

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

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

13 (D) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who has
14 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire
15 at his or her eligible retirement date as determined under paragraph (i) above provided that a
16 member making an election under this paragraph shall receive the member's retirement benefit
17 determined and calculated based on the member's service and average compensation as of June
18 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's
19 accrued benefit on June 30, 2012.

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

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

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

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

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

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

33 (iv) Notwithstanding any other provision of law, no more than five (5) years of service
34 credit may be purchased by a member of the System. The five (5)-year limit does not apply to any

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

6 (v) Notwithstanding any other provision of law, effective July 1, 2012, except for
7 purchases under sections 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 member's initial date of hire; the
9 purchase must be made within three (3) years of the member'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
12 concluded by the member.

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

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

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

26 (5) A member who seeks to purchase or receive service credit in this retirement system
27 has the affirmative duty to disclose to the retirement board whether or not he or she is a vested
28 member in any other retirement system and/or is receiving a pension retirement allowance or any
29 annual payment for life. The retirement board has the right to investigate whether or not the
30 member has utilized the same time of service for credit in any other retirement system. The
31 member has an affirmative duty to cooperate with the retirement board including, by way of
32 illustration and not by way of limitation, the duty to furnish or have furnished to the retirement
33 board any relevant 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 **45-21-17. Service retirement allowance.** -- (a) Upon retirement from service after
8 January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable
9 upon death of the annuitant and is an amount is equal to two percent (2%) of final compensation
10 multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37
11 1/2) years for services on and prior to June 30, 2012. For service on and after July 1, 2012, a
12 member's retirement allowance shall be equal to one percent (1%) of the member's final
13 compensation multiplied by the member's years of service on and after July 1, 2012. In no event
14 shall a member's retirement allowance exceed seventy-five percent (75%) of the member's final
15 compensation. ~~;~~ ~~provided;~~ Provided, however, that every person elected prior to July 1, 2012 who
16 has served as a part time elected official of the city of Cranston for a period often (10) years, is
17 entitled to receive, upon retirement from that part time service, and not being otherwise regularly
18 employed by the city of Cranston in which that person has served, a service retirement allowance
19 equivalent to fifty percent (50%) of the salary received at the time of retirement by that part time
20 elected official; and, provided, further, that if that person retires after a period of service greater
21 than ten (10) years, the person is entitled to receive an additional service retirement allowance
22 equivalent to five percent (5%) of the salary received at the time of retirement for each whole
23 year of service, in excess of ten (10) years up to a maximum additional allowance equivalent to
24 fifty percent (50%) of the salary received.

25 (b) This section also applies to any former part time elected official of the city of
26 Cranston who is presently receiving retirement benefits from the municipal retirement system.

27 (c) Every person elected prior to July 1, 2012 who serves or has served at least four (4)
28 years as a part time elected official of the city of Cranston may include that person's years of
29 service as a member of the general assembly, and any other credits acquired while serving as a
30 legislator, when computing the person's period of service to the city of Cranston pursuant to the
31 provisions of this section.

32 **45-21-17.2. Social security supplemental option.** -- (a) In lieu of the retirement on
33 service allowance, a vested member who retires in accordance with § 45-21-16 may choose an
34 optional form of retirement benefit known as the social security supplemental option.

1 (b) This option provides for the payment of a larger benefit before the attainment of age
2 sixty-two (62) and a reduced benefit thereafter. The reduced amount is equal to the benefit before
3 age sixty-two (62), including cost of living increases, reduced by the member's estimated social
4 security benefit payable at age sixty-two (62). Benefits payable under this option before and after
5 the attainment of age sixty-two (62) are actuarially determined to be equivalent to the lifetime
6 service retirement allowance as determined in § 45-21-17.

7 (c) Election of this social security supplemental option is available only to members with
8 ten (10) or more years of contributing service on or before June 30, 2012 ~~those~~ who elect the
9 service retirement allowance set forth in § 45-21-17.

10 **45-21-18. Deferred allowance on service retirement before minimum age.** – The right
11 to a service retirement allowance under the provisions of this chapter is vested in a member who
12 withdraws from service prior to the attainment of the applicable minimum age of retirement as
13 prescribed in this section, who has not received a refund; provided, that the member has
14 completed at least ten (10) years of total service, or for members in active service on or after July
15 1, 2012, at least five (5) years of total service. The member becomes entitled to a service
16 retirement allowance upon the member's attainment of the applicable minimum retirement age or
17 at the member's option at any date subsequent to attaining that age. The rate of service retirement
18 allowance payable in the case of any member is that provided in § 45-21-17 for the period of total
19 service earned and accrued at the date of withdrawal from service of the member.

20 **45-21-30. Optional benefits on service retirement.** -- (a) A beneficiary, or, if the
21 beneficiary is an incompetent, then his or her spouse or domestic partner, or if he or she has no
22 spouse or domestic partner, a guardian of the beneficiary's estate, may elect to receive a benefit in
23 a retirement allowance, payable throughout life, or the beneficiary may then elect to receive the
24 actuarial equivalent, at that time, of the beneficiary's retirement allowance in a lesser retirement
25 allowance as determined by actuarial calculation, which shall be payable throughout life with the
26 provision that:

27 (1) Option 1. A reduced retirement allowance payable during the beneficiary's life, with
28 the provisions that after the beneficiary's death, it shall continue during the life of and be paid to
29 the person that the beneficiary has nominated by written designation duly acknowledged and filed
30 with the retirement board at the time of retirement; or

31 (2) Option 2. A reduced retirement allowance payable during the beneficiary's life, with
32 the provision that after the beneficiary's death an allowance equal to one-half (1/2) of the
33 beneficiary's reduced allowance shall continue during the life of and be paid to the person that the
34 beneficiary has nominated by written designation duly acknowledged and filed with the board at

1 the time of retirement.

2 (b) This section does not apply to any person who elects the social security supplemental
3 option related in section 45-21-17.2.

4 (c) This section is exempt from the provisions of sections 45-13-6 - 45-13-10.

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

10 **45-21-35. Legal adviser - General treasurer - Executive director - Assistant director.**

11 —There shall be a legal counsel to the board appointed by the general treasurer. The general
12 treasurer is the ex-officio chairperson of the retirement board ~~and he or she is the custodian of the~~
13 ~~funds~~ and the treasurer of the retirement board and he or she shall be responsible for appointing
14 the custodian. There shall be an executive director appointed by the retirement board in charge of
15 the administration of the retirement system and who shall serve as secretary to the retirement
16 board. In addition, the retirement board shall appoint an assistant director to serve as director
17 and/or secretary in the absence of the director.

18 **45-21-41. Members' contributions – Payroll deductions – Certification to board. –**

19 (a) Prior to July 1, 2012, each ~~Each~~ member shall contribute an amount equal to six percent (6%)
20 of salary or compensation earned and accruing to the member; provided, that contributions by any
21 member cease when the member has completed the maximum amount of service credit attainable.
22 Special compensation for additional fees shall not be considered as compensation for contribution
23 purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent
24 (1%) of his or her compensation as his or her share of the cost.

25 (b) Each municipality shall deduct the previously stated rate from the compensation of
26 each member on each and every payroll of the municipality, and the deduction made during the
27 entire time a member is in service subject to termination as stated in the foregoing paragraph.

28 (c) The deductions provided for in this section shall be made notwithstanding that the
29 minimum compensation provided for by law for any member is reduced by the compensation.
30 Every member is deemed to consent and agree to the deductions made and provided for in this
31 section, and shall receipt for his or her full salary or compensation; and payment of salary or
32 compensation less those deductions are a full and complete discharge and acquittance of all
33 claims and demands for the services rendered by the person during the period covered by the
34 payment except as to the benefits provided under this chapter. Each participating municipality

1 shall certify to the retirement board the amounts deducted from the compensation of members.
2 Each of the amounts, when deducted, shall be credited to an individual account of the member
3 from whose compensation the deduction was made.

4 **45-21-46. Forfeiture for fraudulent claims.** -- Every person who knowingly or willfully
5 makes or presents or in any way procures the making or presentation of any false or fraudulent
6 affidavit or affirmation concerning any claim for retirement allowance or payment of retirement
7 allowance, shall, in every case, forfeit a sum not exceeding ~~one~~ ten thousand dollars (\$10,000)
8 ~~(\$1,000)~~, to be sued and recovered by and in the name of the retirement board, and when
9 recovered paid over to and become a part of the funds of the retirement system.

10 **45-21-51.1. Optional annuity protection – Election of option by member.** -- (a) Upon
11 death of a member having (1) at least ten (10) years of membership service on or before June 30,
12 2012 or (2) for active contributing members on or after July 1, 2012, at least five (5) years of
13 membership service, the spouse or domestic partner of the member has the option to elect to
14 receive option one as provided in § 45-21-30 in lieu of a return of contributions, provided the
15 spouse or domestic partner is the designated beneficiary of the member's retirement account. The
16 election is based upon the amount of retirement allowance or actuarial equivalent that may accrue
17 at the date of death of the member.

18 (b) The election under option one for a person other than the spouse or domestic partner
19 of the member may be made by the member, while in service; provided, that the member has (i)
20 at least ten (10) years of membership service on or before June 30, 2012 and before retirement or
21 (ii) for active contributing members on or after July 1, 2012, at least five (5) years of membership
22 service and before retirement, on a form prescribed by the retirement board. The election is based
23 upon the amount of retirement allowances or actuarial equivalents that may accrue at the date of
24 death of the member; provided that the election form is executed and filed with the retirement
25 board prior to the date of death. The election may be revoked or modified by the member at any
26 time prior to the date of retirement, on a form prescribed by the retirement board.

27 (c) Upon the death of a member, the option becomes effective thirty (30) days after the
28 first day of the next calendar month following the date of death of the member if death occurs
29 while in an employee status. Should death occur while in an inactive member status, the option
30 under this section becomes payable on the first day of the next succeeding month that in which
31 the designated beneficiary attains the age of sixty (60) years.

32 **45-21-52. Automatic increase in service retirement allowance.** -- (a) The local
33 legislative bodies of the cities and towns may extend to their respective employees automatic
34 adjustment increases in their service retirement allowances, by a resolution accepting any of the

1 plans described in this section:

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

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

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

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

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

1 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually
2 in the same percentage as determined under (c)(1)(A) above. The “Five-Year Average Investment
3 Return” shall mean the average of the investment returns of the most recent five (5) plan years as
4 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment
5 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of
6 retirement or the date on which the retiree reaches his or her Social Security retirement age,
7 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-
8 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third
9 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty- five
10 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the
11 system, either upward or downward, the subtrahend shall be adjusted either upward or downward
12 in the same amount.

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

20 In determining whether a funding level under this paragraph (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. “GASB Funded Ratio” shall
23 mean the ratio of the actuarial value of assets to the actuarial accrued liability.

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

30 ~~(e)~~(d) Upon acceptance of any of the plans in this section, each employee shall on
31 January 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to §
32 45-21-41, one percent (1%) of the employee's compensation concurrently with and in addition to
33 contributions otherwise being made to the retirement system.

34 ~~(d)~~(e) The city or town shall make any additional contributions to the system, pursuant to

1 the terms of § 45-21-42, for the payment of any benefits provided by this section.

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

10 **45-21-58. Credits for layoffs.** -- (a) Members who are laid off for any reason and are not
11 on leave without pay may purchase up to one year's credit for retirement purposes; provided, that
12 the member did not withdraw his or her retirement contributions while on layoff, and returns to
13 active membership; provided, further, that the member purchases the credit upon his or her return
14 to service from being laid off and pays into the retirement system, in a lump sum, the amount he
15 or she would have contributed to the system but for the layoff plus regular interest. [Effective July](#)
16 [1, 2012 any purchase under this paragraph shall be at full actuarial cost.](#)

17 (b) The retirement board shall fix and determine rules and regulations to govern the
18 provisions of this section.

19 **45-21-66. Severability.**-- [The holding of any section or sections or parts of this chapter to](#)
20 [be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other](#)
21 [section or part hereof.](#)

22 SECTION 12. Sections 45-21.2-2, 45-21.2-5, 45-21.5-5.1, 45-21.5-6, 45-21.5-6.1, 45-
23 21.2-6.2, 45-21.2-6.3, 45-21.2-14, 45-21.2-16, 45-21.2-18, 45-21.2-19, 45-21.2-20, 45-21.2-21,
24 45-21.2-22, 45-21.2-22.1 and 45-21.2-25 of the General Laws in Chapter 45-21.2 entitled
25 "Optional Retirement for Members of Police Force and Fire Fighters" are hereby amended to read
26 as follows:

27 **45-21.2-2. Definitions.** -- As used in this chapter, the words defined in § 45-21-2 have
28 the same meanings stated in that section except that "employee" means any regular and
29 permanent police official or officer and any regular and permanent fire fighter. The retirement
30 board shall determine who are employees within the meaning of this chapter; and "final
31 compensation" means [for members who retire on or prior to June 30, 2012](#), the average annual
32 compensation, pay or salary of a member for services rendered during the period of three (3)
33 consecutive years within the total service of the member when that average was highest.
34 [Effective on and after July 1, 2012, "final compensation" means the average annual compensation](#)

1 of a member for services rendered during the period of the highest five (5) consecutive years
2 within the total service of the member, and compensation shall be defined in accordance with §
3 36-8-1 (8). Notwithstanding the prior sentence, in no event shall a member's final compensation
4 be less than the member's final compensation on or before June 30, 2012.

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

8 (1) Any member who has attained or attains age seventy (70) shall be retired as stated in
9 § 45-21-16 subject to the discretions contained in that section; provided, that any member who is
10 a member of the Woonsocket fire department who has attained or attains an age of sixty-five (65)
11 years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in
12 which the member has attained the age of sixty-five (65) years.

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

17 (3) Any member may retire pursuant to this subdivision upon written application to the
18 board stating at what time the member desires to retire; provided, that the member at the specified
19 time for retirement has completed at least twenty-five (25) years of total service, and
20 notwithstanding that the member may have separated from service.

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

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

32 (6) Any member of the Johnston police department may retire pursuant to this
33 subdivision upon written application to the board stating at what time the member desires to
34 retire; provided, that the member at the specified time for retirement has earned a service

1 retirement allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.2.

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

14 (8) Any member of the Cranston police department hired after July 1, 1995, or any
15 member of the Cranston police department with five (5) years or less of service effective July 1,
16 1995, may retire pursuant to this subdivision upon written application to the board stating at what
17 time the member desires to retire; provided, that the member at the specified time for retirement
18 has earned a service retirement allowance of fifty percent (50%) of final compensation for at least
19 twenty (20) years service; final compensation for Cranston police department members is based
20 on the compensation components of weekly salary, longevity and holidays with longevity of the
21 members highest year of earnings and members shall receive a three percent (3%) escalation of
22 their pension payment compounded each year on January 1st following the year of retirement and
23 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
24 the general laws relating to the presumption of disability is governed by the collective bargaining
25 agreement between the City of Cranston and members of the Cranston police department.

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

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

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

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

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

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

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

24 (4) A member who has completed twenty (20) or more years of total service who has
25 attained an age within five (5) years of the eligible retirement age under subparagraphs (b)(1) or
26 (b)(2) above, may elect to retire provided that the retirement allowance shall be reduced
27 actuarially for each month that the age of the member is less than the eligible retirement age
28 under subparagraphs (b)(1) or (b)(2) above.

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

1 **45-21.2-5.1. Retirement credits for layoffs.** -- (a) Members who are laid off for any
2 reason, and not on leave without pay, may purchase layoff time up to one year service credit for
3 retirement purposes, provided the member did not withdraw his or her retirement contributions
4 while on the layoff, and returns to active service.

5 (b) Provided, further, that the member purchases the credit within one year of the
6 member's return to service from the layoff and [\(1\) for purchases on or prior to June 30, 2012, the](#)
7 [member](#) pays into the retirement system in a lump sum the amount the member would have
8 contributed to the system but for the layoff plus regular interest [and \(2\) for purchases on or after](#)
9 [July 1, 2012, the member pays into the retirement system in a lump sum the full actuarial cost of](#)
10 [the time being purchased.](#)

11 (c) The retirement board shall fix and determine rules and regulations to govern the
12 provisions of this section.

13 **45-21.2-6. Service retirement allowance.** -- (a) Upon retirement from service pursuant
14 to ~~subdivision (1), (2), or (3) of~~ § 45-21.2-5, a member receives a retirement allowance which is a
15 life annuity terminable at the death of the annuitant and shall be an amount equal to two percent
16 (2%) of final compensation multiplied by the years of total service, but not to exceed seventy-five
17 percent (75%) of final compensation.

18 ~~(b) Upon retirement from service pursuant to subdivision (4) of § 45-21.2-5, a member~~
19 ~~receives a retirement allowance which is a life annuity terminable at the death of the annuitant~~
20 ~~computed in accordance with subsection (a) of this section, reduced by one-half of one percent (~~
21 ~~1/2%) for each month that the member was under age fifty-five (55) at his or her retirement.~~

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

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

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

33 [\(c\) If prior to July 1, 2012, a member elected an optional form of benefit other than a life](#)
34 [annuity in accordance with paragraph \(b\)\(1\) or \(2\) above, the member may elect to change his or](#)

1 [her form of benefit to a life annuity by filing an election with the retirement board on or before](#)
2 [June 30, 2013 provided that the member's beneficiary is still alive at the time the election is filed.](#)

3 **45-21.2-6.1. South Kingstown police department – Retirement allowance.** -- Upon
4 retirement from service pursuant to subdivision (1), (2), or (5) of § 45-21.2-5, a member of the
5 South Kingstown police department receives a retirement allowance which is a life annuity
6 terminable at the death of the annuitant, and is an amount equal to the sum of two and one-half
7 percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993
8 [and until June 30, 2012](#) and two percent (2%) of final compensation multiplied by the years of
9 service accrued prior to July 1, 1993. [For service on and after July 1, 2012, a member's service](#)
10 [retirement allowance shall be determined in accordance with § 45-21.2-6.](#) The annual retirement
11 allowance in no event shall exceed seventy-five percent (75%) of final compensation.

12 **45-21.2-6.2. Johnston police department retirement allowance.** -- Upon retirement
13 from service pursuant to subdivision (1), (2), or (6) of § 45-21.2-5, a member of the Johnston
14 police department receives a retirement allowance which is a life annuity terminable at the death
15 of the annuitant, and is an amount equal to the sum of two percent (2%) of final compensation
16 multiplied by the first twenty-five (25) years of service and four percent (4%) of final
17 compensation multiplied by the years of service in excess of twenty-five (25) years [for service on](#)
18 [and prior to June 30, 2012. For service on and after July 1, 2012, a member's service retirement](#)
19 [allowance shall be determined in accordance with § 45-21.2-6.](#) The annual retirement allowance
20 in no event shall exceed seventy-five percent (75%) of final compensation.

21 **45-21.2-6.3. Richmond police department – Retirement allowance.** -- Upon retirement
22 from service pursuant to chapter 45-21.2-5, a member of the Richmond police department shall
23 receive a retirement allowance which shall be terminable at the death of the annuitant, and shall
24 be an amount equal to the sum of two and two thousand seven hundred twenty-seven ten
25 thousandths of a percent (2.2727%) of final compensation (average of final three years' salary)
26 multiplied by the years of service [on and prior to June 30, 2012. For service on and after July 1,](#)
27 [2012, a member's service retirement allowance shall be determined in accordance with section](#)
28 [45-21.2-6.](#) The annual retirement allowance in no event shall exceed seventy-five percent (75%)
29 of final compensation.

30 **45-21.2-14. Contributions.** -- (a) Each member shall contribute an amount equal to
31 seven percent (7%) of the salary or compensation earned or accruing to the member. Special
32 compensation or additional fees shall not be considered as compensation for contribution
33 purposes.

34 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with

1 § 45-21-43.

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

8 (d) Provided, that members of the South Kingstown police department, beginning July 1,
9 1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or
10 compensation or additional fees are not considered as compensation for retirement purposes. For
11 service on and after July 1, 2012, a member of the South Kingstown police department shall make
12 contributions in accordance with paragraph (a) above.

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

30 (f) Further, provided, that for service on and prior to June 30, 2012, members of the City
31 of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an
32 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
33 Cranston police department with five (5) years or less of service effective July 1, 1995, have the
34 option to either remain in the City of Cranston pension plan to which they belonged prior to the

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

13 **45-21.2-16. Call system credit - North Providence fire department. --** Any person
14 who, from January 1, 1960 and thereafter, was a member of the call system of the North
15 Providence fire department, is entitled to credit as service for the various purposes of the
16 retirement system for one year for every three (3) years served as a member of the call system;
17 provided, that the person pays into the retirement system in the manner, at the times and in an
18 amount that the retirement board may prescribe, [\(1\) for purchases requested on or before June 30,](#)
19 [2012,](#) an amount based upon his or her compensation for the last year of each three (3) year
20 period at the time of purchase of the credit and regular interest as defined in chapter 8 of title 36;
21 [and \(2\) for purchases requested on or after July 1, 2012, the full actuarial cost of the time being](#)
22 [purchased.](#)

23 **45-21.2-18. Call system credit - North Kingstown fire department. --** Any person
24 who, from January 1, 1950 and thereafter, was a member of the call system of the North
25 Kingstown fire department, is entitled to credit as service for the various purposes of the
26 retirement system for one year for every three (3) years served as a member of the call system;
27 provided, that the person pays into the retirement system in the manner, at the times and in an
28 amount that the retirement board may prescribe, [\(1\) for purchases requested on or before June 30,](#)
29 [2012,](#) an amount based upon his or her compensation for the last year of each three (3) year
30 period at the time of purchase of the credit and regular interest as defined in chapter 8 of title 36;
31 [and \(2\) for purchases requested on or after July 1, 2012, the full actuarial cost of the time being](#)
32 [purchased.](#)

33 **45-21.2-19. Volunteer time and call system credit – East Greenwich fire district. --**
34 Any person who, from January 1, 1943 and thereafter, was a volunteer member and/or a member

1 of the call system of the East Greenwich fire district, is entitled to credit as service for the various
2 purposes of the retirement system for one year for every three (3) years served as a volunteer
3 and/or call fire fighter of the district; provided, that the person pays into the retirement system in
4 the manner, at the times and in an amount that the retirement board may prescribe, [\(1\) for](#)
5 [purchases requested on or before June 30, 2012,](#) an amount based upon his or her compensation,
6 which for the purposes of this section is deemed to be in an amount of not less than three hundred
7 dollars (\$300) annually, for the last year of each three (3) year period at the time of purchase of
8 the credit, and regular interest as defined in chapter 8 of title 36; [and \(2\) for purchases requested](#)
9 [on or after July 1, 2012, the full actuarial cost of the time being purchased.](#)

10 **45-21.2-20. Persons eligible for optional benefits – Time of election – Modification or**
11 **revocation – Effective date.** -- (a) The optional provisions of § 45-21.2-6~~(e)~~(b) are applicable
12 only to a member applying for a service retirement allowance, an accidental disability retirement
13 allowance, an ordinary disability retirement allowance or any inactive member applying for
14 retirement under vested rights. The election under option 1 or 2 is made at the time of retirement
15 of the member as part of his or her application for a retirement allowance.

16 (b) The election is based upon the amount of retirement allowances that may accrue at the
17 date of death of the member, and may be revoked or modified by the member at any time after
18 retirement on a form prescribed by the retirement board; and, provided, further, that, during this
19 time, the named beneficiary has not been divorced from the member.

20 (c) The option in the case of death of a retired member becomes effective on the day
21 following the death of the member, and payment of benefits are made in accordance with the
22 provisions of this section, subject to the limitations prescribed in § 45-21.2-6.

23 **45-21.2-21. Optional annuity protection – Death while employee or inactive member**
24 **status.** -- The election under option 1 may be made by the member while in service; provided,
25 that the member has at least ten (10) years of membership service [for members terminating on or](#)
26 [before June 30, 2012, or at least five \(5\) years of membership service for members terminating on](#)
27 [or after July 1, 2012,](#) and before retirement, on a form prescribed by the retirement board. The
28 election is based upon the amount of retirement allowances or actuarial equivalents that may
29 accrue at the date of death of the member; provided, that the election form is executed and filed
30 with the retirement board prior to the date of death. The election may be revoked or modified by
31 the member at any time prior to the date of retirement, on a form prescribed by the retirement
32 board; provided, that, during this time, the named beneficiary has not been divorced from the
33 member. Upon death of a member making this election, the option selected becomes effective
34 thirty (30) days after the first day of the calendar month following the date of death of the

1 member if death occurs while in an employee status. Should death occur while in an inactive
2 member status, the option selected under this section becomes payable on the first of the month
3 succeeding that in which the designated beneficiary attains the age of sixty (60) years.

4 **45-21.2-22. Optional twenty year retirement on service allowance. -- (a)** The local
5 legislative bodies of the cities and towns may, by ordinance adopted, permit the retirement of a
6 member on a service retirement allowance [for members retiring on or before June 30, 2012](#) as
7 follows:

8 (1) Any member may retire pursuant to this section upon his or her written application to
9 the board stating at what time he or she desires to retire; provided, that the member, at the
10 specified time for his or her retirement, has completed at least twenty (20) years of total service,
11 and, notwithstanding that the member may have separated from service;

12 (2) Upon retirement from service pursuant to subdivision (1), a member receives a
13 retirement allowance which is a life annuity terminable at the death of the annuitant, and is equal
14 to two and one-half percent (2 1/2%) of final compensation multiplied by the years of total
15 service, but not to exceed seventy-five percent (75%) of final compensation;

16 (3) Upon the adoption of a service retirement allowance, pursuant to this subdivision,
17 each member contributes an amount equal to one percent (1%) more than that contribution
18 required under § 45-21.2-14;

19 (4) This section is exempt from the provisions of chapter 13 of this title.

20 [\(b\) For members retiring on or after July 1, 2012, the member's retirement allowance](#)
21 [shall equal the sum of \(i\) and \(ii\) where \(i\) is the member's benefit calculated under \(a\)\(1\)-\(4\)](#)
22 [above or section 45-21.2-5 for service on and before June 30, 2012 and \(ii\) is the member's](#)
23 [benefit determined under section 45-21.2-6 for service on and after July 1, 2012. For service on](#)
24 [and after July 1, 2012, the provisions of \(a\)\(3\) above shall no longer apply.](#)

25 **45-21.2-22.1. Burrillville police – Optional twenty-year retirement on service**
26 **allowance. -- (a)** Notwithstanding § 45-21.2-22, the town council of the town of Burrillville, may
27 by ordinance adopted, permit the retirement of a member on a service retirement allowance [for](#)
28 [members retiring on or before June 30, 2012](#), as follows:

29 (1) Any member may retire pursuant to this section upon his or her written application to
30 the board stating at what time he or she desires to retire; provided, that the member, at the
31 specified time of his or her retirement, has completed at least twenty (20) years of total service;

32 (2) Upon retirement from service, pursuant to subdivision (1), a member receives a
33 retirement allowance that is a life annuity terminable at the death of the annuitant, and is equal to
34 three percent (3%) of final compensation multiplied by the years of total service, but not to

1 exceed sixty percent (60%) of final compensation;

2 (3) Upon retirement from service where member has in excess of twenty (20) years of
3 service, a member receives a retirement allowance that is a life annuity terminable at the death of
4 the annuitant, and is an amount equal to the sum of three percent (3%) of final compensation
5 multiplied by the first twenty (20) years of service and one and one-half percent (1.5%) of final
6 compensation multiplied by the years of service in excess of twenty (20) years. The annual
7 retirement allowance in no event shall exceed seventy-five percent (75%) of final compensation;

8 (4) Upon the adoption of a service retirement allowance, pursuant to this section, each
9 member shall contribute an amount equal to ten and two-tenths percent (10.2%) of the salary or
10 compensation earned or accrued to the member;

11 (5) Notwithstanding anything to the contrary hereinabove, any member who retires with
12 less than twenty (20) years of service shall be subject to § 45-21.2-6 for purposes of determining
13 any service retirement allowance;

14 (6) This section is exempt from the provisions of chapter 13 of this title;

15 (7) Except as specifically set forth hereinabove, all other provisions of chapter 21.2 of
16 this title shall be applicable to Burrillville police officers who make application to retire.

17 (b) For members retiring on or after July 1, 2012, the member's retirement allowance
18 shall equal the sum of (i) and (ii) where (i) is the member's benefit calculated under (a)(1)
19 through (a)(7) above for service on and before June 30, 2012 and (ii) is the member's benefit
20 determined under section 45-21.2-6 for service on and after July 1, 2012. For service on and after
21 July 1, 2012, the provisions of (a)(4) above shall no longer apply.

22 **45-21.2-25. Severability.--** The holding of any section or sections or parts of this chapter
23 to be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other
24 section or part hereof.

25 SECTION 13. Sections 42-28-5, 42-28-8, 42-28-21, 42-28-22, 42-28-22.1, 42-28-22.2,
26 42-28-22.3 and 42-28-23 of the General Laws in Chapter 42-28 entitled "State Police" are hereby
27 amended to read as follows:

28 **42-28-5. Superintendent – Appointment, tenure, duties, and retirement. --** (a) The
29 governor shall appoint the superintendent of state police, who shall serve at the pleasure of the
30 governor and shall perform the duties prescribed by this chapter.

31 (b) Any superintendent who has served for at least ten (10) years and has reached the age
32 of sixty (60) years, may resign his or her office, and thereafter shall receive annually during his or
33 her life a sum equal to fifty percent (50%) of the salary he or she was receiving at the time of his
34 or her resignation, or for any superintendant hired on or after July 1, 2012 a sum equal to fifty

1 percent (50%) of the average compensation as defined in 36-8-1(5)(a) he or she was receiving at
2 the time of his or her resignation.

3 (c) In no event shall the retirement allowance granted to a superintendent in accordance
4 with subsection (b) plus any other retirement allowance received by the superintendent from any
5 state or municipal retirement system exceed seventy-five percent (75%) of the average
6 compensation as defined in 36-8-1(5)(a) he or she was receiving at the time of his or her
7 resignation. This subsection (c) shall only apply to superintendents hired on or after July 1, 2012.

8 **42-28-8. Clerk of division.** -- The superintendent may employ a clerk who shall be a
9 competent stenographer, and the general assembly shall annually appropriate such sum as it may
10 deem necessary for the payment of the salary of the clerk. The clerk shall be numbered among the
11 personnel of the division within the meaning of §§ 42-28-21 and 42-28-22. Any clerk hired on or
12 after July 1, 2012 shall be considered a civilian employee in accordance with the provisions of
13 42-28-22(g).

14 **42-28-21. Injury and death benefits.** -- (a) If any member of the division whose service
15 is terminated on or after January 1, 1960 shall have in the course of performance of his or her
16 duties suffered injury causing disability or causing death, that member or his or her surviving
17 dependent relatives, whose dependence shall be determined from time to time by the
18 superintendent subject to confirmation by the governor, shall be entitled to an annual pension of
19 seventy-five percent (75%) of the annual salary paid to that member at the time of his or her
20 termination of service by reason of injury or death. In the event that the member thus disabled or
21 killed in the performance of his or her official duties is the superintendent, then confirmation and
22 determination provided by this section shall be made by the governor. The provisions of chapters
23 29 – 38, inclusive, of title 28, shall not apply to members of the division.

24 (b) Upon the death of a member due to any cause other than that incurred while in the
25 course of performance of his or her duties, occurring while in service or after retirement, if that
26 member shall have rendered at least ten (10) years of service as a member of the Rhode Island
27 state police, his or her surviving widow or domestic partner shall be entitled to a pension equal to
28 two percent (2%) of his or her last annual salary as determined by the provision of § 42-28-22 as
29 amended herein for each year of service as a member of the state police, subject to a minimum
30 pension of twenty-five percent (25%) of salary, and subject to the following conditions:

31 (1) The widow or widower or domestic partner shall have been married to or a domestic
32 partner of the member at least one year on the date of death of the member or on the date of
33 retirement, whichever first occurs, and in any event while the member was in active service;

34 (2) ~~the~~ The widow or widower or domestic partner shall be at least forty (40) years of

1 age, otherwise payment of the annuity shall be deferred until she attains such age;

2 (3) ~~the~~ [The](#) annuity shall terminate in any event when he or she remarries or enters into a
3 domestic partnership or dies.

4 (c) If a widow or widower or domestic partner shall have minor children in his or her
5 care, payment of the annuity shall commence immediately regardless of whether the widow or
6 widower or domestic partner shall have attained age forty (40) years or not. In such a case, the
7 payment to the widow or widower or domestic partner shall be increased one-third (1/3) on
8 account of each minor child, provided that the maximum payment shall be fifty percent (50%) of
9 annual salary.

10 (d) Allowances on account of minor children shall terminate upon their attainment of age
11 eighteen (18) and if unemancipated and a full-time student to age twenty-two (22) years, death, or
12 marriage, whichever first occurs. In the event a widow or widower or domestic partner remarries
13 or enters into a domestic partnership or dies, payment on account of minor children shall be
14 increased to twice the amounts previously payable on account of the children, subject to a
15 combined payment to all children equal to fifty percent (50%) of the final salary of the member.

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

19 (1) Both partners were at least eighteen (18) years of age and were mentally competent to
20 contract;

21 (2) Neither partner was married to anyone else;

22 (3) Partners were not related by blood to a degree which would prohibit marriage in the
23 state of Rhode Island;

24 (4) Partners resided together and had resided together for at least one year at the time of
25 death; and

26 (5) Partners were financially interdependent as evidenced by at least two (2) of the
27 following:

28 (i) Domestic partnership agreement or relationship contract;

29 (ii) Joint mortgage or joint ownership of primary residence;

30 (iii) Two (2) of: (A) joint ownership of motor vehicle; (B) joint checking account; (C)
31 joint credit account; (D) joint lease; and/or

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

34 [\(f\) Effective July 1, 2012, any reference in this section to "salary" or "annual salary"](#)

1 [shall be changed to “average compensation” as defined in 36-8-1\(5\)\(a\).](#)

2 **42-28-22. Retirement of members.** -- (a) Whenever any member of the state police
3 hired prior to July 1, 2007 has served for twenty (20) years, he or she may retire therefrom or he
4 or she may be retired by the superintendent with the approval of the governor, and in either event
5 a sum equal to one-half (1/2) of the whole salary for the position from which he or she retired
6 determined on the date he or she receives his or her first retirement payment shall be paid him or
7 her during life.

8 (b) For purposes of this section, the term "whole salary" means:

9 (1) For each member who retired prior to July 1, 1966, "whole salary" means the base
10 salary for the position from which he or she retired as the base salary for that position was
11 determined on July 31, 1972;

12 (2) For each member who retired between July 1, 1966 and June 30, 1973, "whole salary"
13 means the base salary for the position from which he or she retired as the base salary,
14 implemented by the longevity increment, for that position was determined on July 31, 1972 or on
15 the date of his or her retirement, whichever is greater;

16 (3) For each member who retired or who retires after July 1, 1973 "whole salary" means
17 the base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for
18 the position from which he or she retired or retires.

19 (c)(1) Any member who retired prior to July 1, 1977 shall receive a benefits payment
20 adjustment equal to three percent (3%) of his or her original retirement, as determined in
21 subsection (b) of this section, in addition to his or her original retirement allowance. In each
22 succeeding year thereafter during the month of January, the retirement allowance shall be
23 increased an additional three percent (3%) of the original retirement allowance, not compounded,
24 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
25 for a full calendar year regardless of the effective date of the service retirement allowance. For
26 purposes of this subsection, the benefits payment adjustment shall be computed from January 1,
27 1971 or the date of retirement, whichever is later in time.

28 (2) Any member of the state police who retires pursuant to the provisions of this chapter
29 on or after January 1, 1977, shall on the first day of January, next following the third anniversary
30 date of the retirement receive a benefits payment adjustment, in addition to his or her retirement
31 allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each
32 succeeding year thereafter during the month of January, the retirement allowance shall be
33 increased an additional three percent (3%) of the original retirement allowance, not compounded,
34 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given

1 for a full calendar year regardless of the effective date of the service retirement allowance.

2 (3) Any retired member of the state police who is receiving a benefit payment adjustment
3 pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991 and ending
4 June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars (\$1,500). ~~In~~
5 ~~each succeeding year thereafter during the month of January, the retirement allowance shall be~~
6 ~~increased by fifteen hundred dollars (\$1,500) to be continued during the lifetime of the member.~~

7 (d) The benefits payment adjustment as provided in this section shall apply to and be in
8 addition to the retirement benefits under the provisions of § 42-28-5, and to the injury and death
9 benefits under the provisions of § 42-28-21, ~~and to the death and disability payments as provided~~
10 ~~in § 42-28-36.~~

11 (e)(1) Any member who retires after July 1, 1972 and is eligible to retire prior to July 1,
12 2012 and who has served beyond twenty (20) years shall be allowed an additional amount equal
13 to three percent (3%) for each completed year served after twenty (20) years, but in no event shall
14 the original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as
15 defined in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in
16 subsection (b) hereof in his or her twenty-fifth (25th) year whichever is less.

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

21 (f)(1) Any member who retires, has served as a member for twenty (20) years or more,
22 and who served for a period of six (6) months or more of active duty in the armed service of the
23 United States or in the merchant marine service of the United States as defined in § 2 of chapter
24 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2)
25 years; provided that any member who has served at least six (6) months or more in any one year
26 shall be allowed to purchase one year for such service and any member who has served a fraction
27 of less than six (6) months in his or her total service shall be allowed to purchase six (6) months'
28 credit for such service.

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

34 (3) There will be no interest charge provided the member makes such purchase during his

1 or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later, but
2 will be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase from
3 the date of his or her twentieth (20th) year of state service or five (5) years from May 18, 1981,
4 whichever is later.

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

9 (g) The provisions of this section shall not apply to civilian employees in the Rhode
10 Island state police; and, further, from and after April 28, 1937, chapters 8 – 10, inclusive, of title
11 36 shall not be construed to apply to the members of the Rhode Island state police, except as
12 provided by §§ 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and (8)(a)
13 effective July 1, 2012.

14 (h) Any ~~other provision of the section notwithstanding any~~ member of the state police
15 other than the superintendent of state police, who is hired prior to July 1, 2007 and who has
16 served for twenty-five (25) years or who has attained the age of sixty-two (62) years, whichever
17 shall first occur, shall retire therefrom.

18 (i)(1) Any ~~other provision of the section notwithstanding any~~ member of the state police,
19 other than the superintendent, who is hired on or after July 1, 2007 and who has served for
20 twenty-five (25) years, may retire therefrom or he or she may be retired by the superintendent
21 with the approval of the governor, and shall be entitled to a retirement allowance of fifty percent
22 (50%) of his or her "whole salary" as defined in subsection (b) hereof.

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

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

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

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

34 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of

1 service; provided however, any current member as of June 30, 2012 who has not accrued fifty
2 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent
3 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

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

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

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

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

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

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

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

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

24 (3) For each member who retires on or after July 1, 2012, except as provided in paragraph
25 (j)(1)(C) above, compensation and average compensation shall be defined in accordance with §
26 36-8-1(5)(a) and (8), provided that for a member whose regular work period exceeds one hundred
27 forty-seven (147) hours over a twenty-four (24) day period at any time during the four (4) year
28 period immediately prior to his/her retirement that member shall have up to four hundred (400)
29 hours of his/her pay for regularly scheduled work earned during this period shall be included as
30 "compensation" and/or "average compensation" for purposes of this section and section 42-28-
31 22.1.

32 (4)(i) Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)
33 (ii) below, for all present and former members, active and retired members, and beneficiaries
34 receiving any retirement, disability or death allowance or benefit of any kind, whether for or on

1 behalf of a non-contributory member or contributory member, the annual benefit adjustment
2 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
3 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
4 “subtrahend”) from the Five-Year Average Investment Return of the retirement system
5 determined as of the last day of the plan year preceding the calendar year in which the adjustment
6 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
7 (0%), and (B) is equal to the lesser of the member’s retirement allowance or the first twenty-five
8 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
9 amount to be indexed annually in the same percentage as determined under (4)(i)(A) above. The
10 “Five-Year Average Investment Return” shall mean the average of the investment returns for the
11 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (4)(ii)
12 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
13 anniversary of the date of retirement or the date on which the retiree reaches age fifty-five (55),
14 whichever is later. In the event the retirement board adjusts the actuarially assumed rate of return
15 for the system, either upward or downward, the subtrahend shall be adjusted either upward or
16 downward in the same amount.

17 (ii) Except as provided in paragraph (4)(iii), the benefit adjustments under this section for
18 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
19 Employees’ Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
20 State Police Retirement Benefits Trust, calculated by the system’s actuary on an aggregate basis,
21 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
22 members for such plan year.

23 In determining whether a funding level under this paragraph (4)(ii) has been achieved, the
24 actuary shall calculate the funding percentage after taking into account the reinstatement of any
25 current or future benefit adjustment provided under this section. “GASB Funded Ratio” shall
26 mean the ratio of the actuarial value of assets to the actuarial accrued liability.

27 (iii) Notwithstanding paragraph (4)(ii), in each fifth plan year commencing after June 30,
28 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
29 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (4)(i)
30 above until the GASB Funded Ratio of the Employees’ Retirement System of Rhode Island, the
31 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
32 the system’s actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

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

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

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

17 **42-28-22.1. Retirement contribution.** -- (a) Each member of the state police initially
18 hired after July 1, 1987 shall have deducted from "compensation" as defined in § 36-8-1~~(11)~~(8)
19 beginning July 1, 1989, an amount equal to a rate percent of such compensation of eight and three
20 quarters percent (8.75%) as specified in § 36-10-1 relating to member contributions to the state
21 ~~retirement system.~~ The receipts collected from members of the state police shall be deposited in a
22 restricted revenue account entitled "state police retirement benefits". The proceeds deposited in
23 this account shall be held in trust for the purpose of paying retirement benefits to participating
24 members of the state police or their beneficiaries. The retirement board shall establish rules and
25 regulations to govern the provisions of this section.

26 (b) A member of the state police who withdraws from service or ceases to be a member
27 for any reason other than death or retirement, ~~shall~~ will, at the member's request, be paid on
28 demand a refund consisting of the accumulated contributions standing to his or her credit in his or
29 her individual account in the state police retirement benefits account. Any member receiving a
30 refund shall thereby forfeit and relinquish all accrued rights as a member of the system together
31 with credits for total service previously granted to the member; provided, however, that if any
32 member who has received a refund shall subsequently reenter the service and again become a
33 member of the system, he or she shall have the privilege of restoring all moneys previously
34 received or disbursed to his or her credit as refund of contributions, plus regular interest for the

1 [period from the date of refund to the date of restoration.](#)

2 (c) Upon the repayment of the refund as herein provided, the member shall again receive
3 credit for the amount of total service which he or she had previously forfeited by the acceptance
4 of the refund.

5 **42-28-22.2. State contributions.** -- The state of Rhode Island shall make its contribution
6 for the maintaining of the system established by § 42-28-22.1 and providing the annuities,
7 benefits, and retirement allowances in accordance with the provisions of this chapter by annually
8 appropriating an amount which will pay a rate percent of the compensation paid after July 1, 1989
9 to members of the state police hired after July 1, 1987. This rate percent shall be computed and
10 certified in accordance with the procedures set forth in §§ 36-8-13 and 36-10-2 under rules and
11 regulations promulgated by the retirement board pursuant to § 36-8-3. ~~Provided, that the~~
12 ~~employer contribution shall be deferred from the effective date of this act until June 15, 2010.~~
13 ~~The amounts that would have been contributed shall be deposited in a special fund and not used~~
14 ~~for any purpose.~~

15 **42-28-22.3. Separate plan and trust for retirement program of state police.** -- (a) The
16 retirement program established by § 42-28-22.1 shall constitute a separate retirement program
17 known as the "State Police Retirement Program" which shall be deemed to be a separate plan for
18 purposes of § 401(a) of the Internal Revenue Code of 1986 [26 U.S.C. § 401(a)], as amended.
19 The provisions of § 36-8-20(a) – ~~(h)~~(i) shall be applicable to such program, shall be administered
20 and interpreted in a manner consistent with maintaining the tax qualification of such program,
21 and shall supercede any conflicting provision of law.

22 (b) Any trust established for the purpose of providing retirement benefits under the state
23 police retirement program, including the trust described in § 42-28-22.1, shall be maintained
24 pursuant to a written document which expressly provides that it shall be impossible at any time
25 prior to the satisfaction of all liabilities with respect to employees and their beneficiaries, for any
26 part of the corpus or income of the trust to be used for, or diverted to, purposes other than the
27 payment of retirement allowances and other pension benefits to employees and their
28 beneficiaries. However, this requirement shall not prohibit: (1) the return of a contribution made
29 by a mistake of fact within six (6) months, or (2) the payment of expenses in accordance with
30 applicable law; nor shall this provision restrict the collective investment of the funds of such trust
31 with the funds of the state and municipal retirement systems or other retirement programs
32 administered by the retirement board, as determined by the state investment commission.

33 **42-28-23. Military credit on retirement.** -- Whenever a member of the Rhode Island
34 state police, other than a civilian member, has been granted a leave of absence from the state

1 police to enable him or her to serve in the armed forces of the United States in time of war or
2 national emergency, the time during which he or she so serves while on leave of absence shall be
3 included in his or her ~~computed toward his or her twenty (20) years of~~ state police service for
4 retirement as provided in § 42-28-22, except when the member shall have been dishonorably
5 discharged from the armed forces.

6 SECTION 14. Chapter 42-28 of the General Laws entitled "State Police" is hereby
7 amended by adding thereto the following sections:

8 **42-28-50. Severability.--** The holding of any section or sections or parts of this chapter to
9 be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other
10 section or part hereof.

11 SECTION 15. Sections 8-3-11, 8-3-15, 8-3-16, 8-3-17 and 8-3-20 of the General Laws in
12 Chapter 8-3 entitled "Justices of Supreme, Superior and Family Courts" are hereby amended to
13 read as follows:

14 **8-3-11. Allowances to surviving spouses, domestic partners or minor children of**
15 **deceased justices. --** (a) Whenever any justice of the supreme court, the superior court, the family
16 court, or the district court who was engaged as a judge prior to January 1, 2009, dies after
17 retirement or during active service while eligible for retirement, or during active service after
18 having served fifteen (15) years or more in office, his or her surviving spouse or domestic partner
19 shall receive annually thereafter, during his or her lifetime and so long as he or she remains
20 unmarried or not in a domestic partnership, an amount equal to one-half (1/2) of the annual
21 payment that the justice was receiving by way of salary or retirement pay at the time of his or her
22 death. Whenever a justice of any of the courts shall die without having become eligible to retire
23 either under § 8-3-7 or 8-3-8 and has served seven (7) years or more in office, his or her surviving
24 spouse or domestic partner shall receive annually thereafter, during his or her lifetime and so long
25 as he or she remains unmarried or not in a domestic partnership, one-third (1/3) of the annual
26 salary that the justice was receiving at the time of his or her death. Whenever a justice of the
27 courts shall die without having become eligible to retire either under § 8-3-7 or 8-3-8 and has not
28 served seven (7) years in office, his or her surviving spouse or domestic partner shall receive
29 annually thereafter, during his or her lifetime and so long as he or she remains unmarried or not in
30 a domestic partnership, one-fourth (1/4) of the annual salary that the justice was receiving at the
31 time of his or her death.

32 (b) Any justice of the courts who is engaged as a judge on or after January 1, 2009, and
33 prior to July 1, 2009 may elect to receive retirement pay that is reduced by an additional ten
34 percent (10%) of the average of the highest three (3) consecutive years annual compensation (i.e.,

1 ninety percent (90%) reduced to eighty percent (80%) or seventy percent (70) reduced to sixty
2 percent (60%)), and where such option is exercised by giving the general treasurer notice in
3 writing thereof within ninety (90) days after the date of his or her retirement his or her surviving
4 spouse or domestic partner or minor children shall receive annually one-half (1/2) of his or her
5 retirement pay during his or her lifetime so long as he or she remains unmarried or not in a
6 domestic partnership, or the children are under twenty-one (21) years of age provided, however,
7 for any justice engaged on or after July 1, 2009 but prior to July 1, 2012, the reduction shall be
8 based on the average of the highest five (5) consecutive years annual compensation.

9 (c)(1) Any justice of the courts who is engaged as a judge on or after July 1, 2012 and
10 who elects to receive a retirement pay that is reduced, shall receive a lesser retirement allowance
11 as determined by actuarial calculation, which shall be payable throughout life with the provision
12 that:

13 (i) Option 1. Upon the justice's death, the justice's lesser retirement allowance shall be
14 continued throughout the life of and paid to such person having an insurable interest in the
15 justice's life, as the justice shall nominate by written designation duly acknowledged and filed
16 with the retirement board at the time of his or her retirement.

17 (ii) Option 2. Upon the justice's death, one-half (1/2) of the justice's lesser retirement
18 allowance shall be continued throughout the life of and paid to such person, having an insurable
19 interest in the justice's life, as the justice shall nominate by written designation duly
20 acknowledged and filed with the retirement board at the time of the beneficiary's retirement.

21 (2) For purposes of any election under this section the justice may designate more than
22 one person to receive benefits after his or her death, provided that the designation shall specify
23 the portion of the actuarial equivalent of the justice's retirement allowance to be paid to each
24 person, and provided further that the aggregate actuarial value of the portions shall not exceed the
25 actuarial equivalent of the justice's retirement benefit determined in the case of an election under
26 this section as of the date of the justice's retirement.

27 (3) A justice selecting more than one person to receive benefits under this section may
28 only select beneficiaries from among his or her children, adopted children, step-children, and/or
29 spouse or domestic partner.

30 ~~(e)~~(d) Whenever any justice of the supreme court, the superior court, the family court, or
31 the district court who was engaged as a judge on or after January 1, 2009, dies during active
32 service while eligible for retirement, or during active service after having served fifteen (15)
33 years or more in office, his or her surviving spouse or domestic partner shall receive annually
34 thereafter, during his or her lifetime and so long as he or she remains unmarried or not in a

1 domestic partnership, an amount equal to one-half (1/2) of the annual payment that the justice
2 was receiving by way of salary.

3 ~~(e)~~(e) Whenever a justice of any of the courts who was engaged as a judge on or after
4 January 1, 2009, shall die without having become eligible to retire either under § 8-3-7 or 8-3-8
5 and has served seven (7) years or more in office, his or her surviving spouse or domestic partner
6 shall receive annually thereafter, during his or her lifetime and so long as he or she remains
7 unmarried or not in a domestic partnership, one-third (1/3) of the annual salary that the justice
8 was receiving at the time of his or her death.

9 ~~(e)~~(f) Whenever a justice of the courts who was engaged as a judge on or after January 1,
10 2009, shall die without having become eligible to retire either under § 8-3-7 or 8-3-8 and has not
11 served seven (7) years or more in office, his or her surviving spouse or domestic partner shall
12 receive annually thereafter, during his or her lifetime and so long as he or she remains unmarried
13 or not in a domestic partnership, one-fourth (1/4) of the annual salary that the justice was
14 receiving at the time of his or her death.

15 ~~(e)~~(g) In the event the deceased justice shall have no surviving spouse or domestic
16 partner, or the surviving spouse or domestic partner should predecease their minor children, then
17 the benefits conferred by this section shall be received in equal shares by the minor children, if
18 any, until each shall attain the age of twenty-one (21) years.

19 **8-3-15. Cost of living allowance.** – (a) All justices of the supreme court, superior court,
20 family court, or district court, or their surviving spouses or domestic partners, who retire after
21 January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title
22 shall, on the first day of January next following the third anniversary date of retirement, receive a
23 cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount
24 equal to three percent (3%) of the original retirement allowance. In each succeeding year
25 thereafter during the month of January, the retirement allowance shall be increased an additional
26 three percent (3%) of the original allowance, not compounded, to be continued during the lifetime
27 of the justice or his or her surviving spouse or domestic partner. For the purpose of such
28 computation, credit shall be given for a full calendar year regardless of the effective date of the
29 retirement allowance.

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

32 (c) For justices not eligible to retire as of September 30, 2009 and not eligible upon
33 passage of this article, and for their beneficiaries, the cost of living adjustment described in
34 subsection (3) above shall only apply to the first thirty-five thousand dollars (\$35,000) of

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

13 (d)(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)
14 (2) below, for all present and former justices, active and retired justices, and beneficiaries
15 receiving any retirement, disability or death allowance or benefit of any kind, whether provided
16 for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory
17 justice or engaged after December 31, 1989 as a contributory justice, the annual benefit
18 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by
19 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
20 (5.5%) (the “subtrahend”) from the Five-Year Average Investment Return of the retirement
21 system determined as of the last day of the plan year preceding the calendar year in which the
22 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than
23 zero percent (0%), and (B) is equal to the lesser of the justice’s retirement allowance or the first
24 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand
25 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under
26 (d)(1)(A) above. The “Five-Year Average Investment Return” shall mean the average of the
27 investment return of the most recent five plan years as determined by the retirement board.
28 Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall
29 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
30 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
31 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
32 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

33 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
34 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the

1 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
2 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,
3 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
4 justices for such plan year.

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

9 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
10 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
11 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
12 (d)(1) above until the GASB Funded Ratio of the Employees' Retirement System of Rhode
13 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,
14 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%)

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

18 **8-3-16. Retirement contribution.** -- (a) Judges engaged after December 31, 1989 shall
19 have deducted from total salary beginning December 31, 1989 and ending June 30, 2012 an
20 amount equal to a rate percent of compensation as specified in § 36-10-1 relating to member
21 contributions to the state retirement system. Effective July 1, 2012, all active judges whether
22 engaged before or after December 31, 1989 shall have deducted from compensation as defined in
23 subsection 36-8-1(8) an amount equal to twelve percent (12%) of compensation, except active
24 Supreme Court Judges as of June 30, 2012 who shall have deducted from compensation as
25 defined in section 36-8-1(8) an amount equal to the percent of compensation in effect on June 30,
26 2012. Proceeds deposited shall be held in trust for the purpose of paying retirement benefits to
27 participating judges or their beneficiaries. The retirement board shall establish rules and
28 regulations to govern the provisions of this section.

29 (b) A member of the judiciary who withdraws from service or ceases to be a member for
30 any reason other than retirement, shall be paid on demand a refund consisting of the accumulated
31 contributions standing to his or her credit in his or her individual account in the judicial
32 retirement benefits account. Any member receiving a refund shall thereby forfeit and relinquish
33 all accrued rights as a member of the system together with credits for total service previously
34 granted to the member; provided, however, that if any member who has received a refund shall

1 subsequently reenter the service and again become a member of the system, he or she shall have
2 the privilege of restoring all money previously received or disbursed to his or her credit as refund
3 of contributions plus regular interest for the period from the date of refund to the date of
4 restoration. Upon the repayment of the refund as herein provided, the member shall again receive
5 credit for the amount of total service which he or she had previously forfeited by the acceptance
6 of the refund.

7 (c) Whenever any judge dies from any cause before retirement and has no surviving
8 spouse, domestic partner or minor child(ren), a payment shall be made of the accumulated
9 contributions standing to his or her credit in his or her individual account in the judicial
10 retirement benefits account. The payment of the accumulated contributions of the judge shall be
11 made to such person as the judge shall have nominated by written designation duly executed and
12 filed with the retirement board, or if the judge has filed no nomination, or if the person so
13 nominated has died, then to the estate of the deceased judge.

14 **8-3-17. State contributions.** -- The state of Rhode Island shall make its contribution for
15 the maintaining of the system established by § 8-3-16 and providing the annuities, benefits, and
16 retirement allowances in accordance with the provisions of this chapter by annually appropriating
17 an amount which will pay a rate percent of the compensation paid after December 31, 1989 to
18 judges engaged after December 31, 1989. Such rate percent shall be computed and certified in
19 accordance with the procedures set forth in §§ 36-8-13 and 36-10-2 under rules and regulations
20 promulgated by the retirement board pursuant to § 36-8-3. ~~Provided, that the employer~~
21 ~~contribution shall be deferred from the effective date of this act until June 15, 2010.~~ The amounts
22 that would have been contributed shall be deposited in a special fund and not used for any
23 purpose.

24 **8-3-20. Severability.**-- The holding of any section or sections or parts of this chapter to
25 be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other
26 section or part hereof.

27 SECTION 16. Section 8-8-10.1 of the General Laws in Chapter 8-8 entitled "District
28 Court" is hereby amended to read as follows:

29 **8-8-10.1. Retirement contribution.** -- (a) Judges engaged after December 31, 1989 shall
30 have deducted from total salary beginning December 31, 1989 and ending June 30, 2012 an
31 amount equal to a rate percent of compensation as specified in § 36-10-1 relating to member
32 contributions to the state retirement system. Effective July 1, 2012, all active judges whether
33 engaged before or after December 31, 1989 shall have deducted from compensation as defined in
34 subsection 36-8-1(8) an amount equal to twelve percent (12%) of compensation. The receipts

1 collected under this provision shall be deposited in a restricted revenue account entitled "Judicial
2 retirement benefits". Proceeds deposited in this account shall be held in trust for the purpose of
3 paying retirement benefits to participating judges or their beneficiaries. The retirement board
4 shall establish rules and regulations to govern the provisions of this section.

5 (b) A member of the judiciary who withdraws from service or ceases to be a member for
6 any reason other than retirement shall be paid on demand a refund consisting of the accumulated
7 contributions standing to his or her credit in his or her individual account in the judicial
8 retirement benefits account. Any member receiving a refund shall thereby forfeit and relinquish
9 all accrued rights as a member of the system together with credits for total service previously
10 granted to the member; provided, however, that if any member who has received a refund shall
11 subsequently reenter the service and again become a member of the system, the member shall
12 have the privilege of restoring all money previously received or disbursed to his or her credit as
13 refund of contributions [plus regular interest for the period from the date of refund to the date of](#)
14 [restoration](#). Upon the repayment of the refund as herein provided, the member shall again receive
15 credit for the amount of total service which he or she had previously forfeited by the acceptance
16 of the refund.

17 (c) Whenever any judge dies from any cause before retirement and has no surviving
18 spouse, [domestic partner](#) or minor child(ren), a payment shall be made of the accumulated
19 contributions standing to his or her credit in his or her individual account in the judicial
20 retirement benefits account. The payment of the accumulated contributions of the judge shall be
21 made to such person as the judge shall have nominated by written designation duly executed and
22 filed with the retirement board, or if the judge has filed no nomination, or if the person so
23 nominated has died, then to the estate of the deceased judge.

24 SECTION 17. Chapter 8-8 of the General Laws entitled "District Court" is hereby
25 amended by adding the following section:

26 **8-8-33. Severability.--** [The holding of any section or sections or parts of this chapter to](#)
27 [be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other](#)
28 [section or part hereof.](#)

29 SECTION 18. Sections 8-8.2-7 and 8-8.2-12 of the General Laws in Chapter 8-8.2
30 entitled "Traffic Tribunal" are hereby amended to read as follows:

31 **8-8.2-7. Retirement contribution.** -- (a) Judges of the administrative adjudication court
32 engaged after December 31, 1989 who are reassigned by this chapter to the traffic tribunal shall
33 have deducted from their total salary beginning December 31, 1989 [and ending June 30, 2012](#), an
34 amount equal to a rate percent of compensation as specified in § 36-10-1 relating to member

1 contributions to the state retirement system. Effective July 1, 2012, all active judges whether
2 engaged before or after December 31, 1989 shall have deducted from compensation as defined in
3 36-8-1(8) an amount equal to twelve percent (12%) of compensation. The receipts collected under
4 this provision shall be deposited in a restricted revenue account entitled "administrative
5 adjudication retirement benefits". Proceeds deposited in this account shall be used to pay judges'
6 retirement costs. The retirement board shall establish rules and regulations to govern the
7 provisions of this section.

8 (b) A judge of the administrative adjudication court reassigned by this chapter to the
9 traffic tribunal who withdraws from service or ceases to be a member for any reason other than
10 death or retirement, shall be paid on demand a refund consisting of the accumulated contributions
11 standing to his or her credit in his or her individual account in the administrative adjudication
12 retirement benefits account. Any member receiving a refund shall thereby forfeit and relinquish
13 all accrued right as a member of the system together with credits for total service previously
14 granted to the member; provided, however, that if any member who has received a refund shall
15 subsequently reenter the service and again become a member of the system, he or she shall have
16 the privilege of restoring all moneys previously received or disbursed to his or her credit as a
17 refund of contributions plus regular interest for the period from the date of refund to the date of
18 restoration. Upon the repayment of the refund as herein provided, such member shall again
19 receive credit for the amount of total service which he or she had previously forfeited by the
20 acceptance of the refund.

21 ~~(b)~~(c) Whenever any judge of the administrative adjudication court dies from any cause
22 before retirement and has no surviving spouse or domestic partner or minor child(ren), a payment
23 shall be made of the accumulated contributions standing to his or her credit in his or her
24 individual account in the administrative adjudication court judges' retirement account. The
25 payment of the accumulated contributions of the judge shall be made to such person as the judge
26 shall have nominated by written designation duly executed and filed with the retirement board, or
27 if the judge has no filed nomination, or if the person so nominated has died, then to the estate of
28 the deceased judge.

29 **8-8.2-12. Additional benefits payable to retired judges and their surviving spouses**
30 **or domestic partners.** -- (a) All judges of the administrative adjudication court and all judges of
31 the administrative adjudication court who have been reassigned to the traffic tribunal, or their
32 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a
33 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next
34 following the third anniversary of the retirement, receive a cost of living retirement adjustment in

1 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
2 original retirement allowance. In each succeeding year thereafter during the month of January, the
3 retirement allowance shall be increased an additional three percent (3%) of the original
4 allowance, compounded annually from the year cost of living adjustment was first payable to be
5 continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For
6 the purpose of such computation, credit shall be given for a full calendar year regardless of the
7 effective date of the retirement allowance.

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

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

25 (d)(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)
26 (2) below, for all present and former justices, active and retired justices, and beneficiaries
27 receiving any retirement, disability or death allowance or benefit of any kind, whether provided
28 for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory
29 justice or engaged after December 31, 1989 as a contributory justice, the annual benefit
30 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by
31 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
32 (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the retirement
33 system determined as of the last day of the plan year preceding the calendar year in which the
34 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than

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

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

17 In determining whether a funding level under this paragraph (d)(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. “GASB Funded Ratio” shall
20 mean the ratio of the actuarial value of assets to the actuarial accrued liability.

21 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
22 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
23 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
24 (d)(1) above until the GASB Funded Ratio of the Employees’ Retirement System of Rhode
25 Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust,
26 calculated by the system’s actuary on an aggregate basis, exceeds eighty percent (80%).

27 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
28 (d) of section 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit
29 adjustment not granted on or prior to June 30, 2012.

30 SECTION 19. Sections 28-30-17, 28-30-18 and 28-30-18.1 of the General Laws in
31 Chapter 28-30 entitled “Workers' Compensation Court” are hereby amended to read as follows:

32 **28-30-17. Allowance to surviving spouses, domestic partners of deceased judges. –**

33 (a) Whenever any judge of the workers' compensation court who was engaged as a judge prior to
34 January 1, 2009 dies after retirement or during active service while eligible for retirement or

1 during active service after having served fifteen (15) years or more in office, his or her surviving
2 spouse or domestic partner shall receive annually thereafter during his or her lifetime and so long
3 as he or she remains unmarried or not in a domestic partnership, an amount equal to one-half (
4 1/2) of the annual payment that the judge was receiving by way of salary or retirement pay at the
5 time of his or her death.

6 (b) For those engaged as a judge on or after January 1, 2009, and prior to July 1, 2009,
7 the judge may elect to receive retirement pay that is reduced by an additional ten percent (10%)
8 of the average of the highest three (3) consecutive years annual compensation (i.e., ninety percent
9 (90%) reduced to eighty percent (80%) or seventy percent (70%) reduced to sixty percent (60%))
10 and where such option is exercised by giving the general treasurer notice in writing thereof within
11 ninety (90) days after the date of his or her retirement his or her surviving spouse or domestic
12 partner or minor children shall receive annually one-half (1/2) of his or her retirement pay during
13 his or her lifetime so long as he or she remains unmarried or not in a domestic partnership, or the
14 children are under twenty-one (21) years of age; provided, however, for any judge engaged on or
15 after July 1, 2009, the reduction shall be based upon the average of the highest five (5) years
16 consecutive annual compensation.

17 (c)(1) Any judge of the courts who is engaged as a judge on or after July 1, 2012 and who
18 elects to receive a retirement pay that is reduced, shall receive a lesser retirement allowance as
19 determined by actuarial calculation, which shall be payable throughout life with the provision
20 that:

21 (i) Option 1. Upon the justice's death, the justice's lesser retirement allowance shall be
22 continued throughout the life of and paid to such person having an insurable interest in the
23 justice's life, as the judge shall nominate by written designation duly acknowledged and filed with
24 the retirement board at the time of his or her retirement.

25 (ii) Option 2. Upon the justice's death, one-half (1/2) of the judge's lesser retirement
26 allowance shall be continued throughout the life of and paid to such person, having an insurable
27 interest in the judge's life, as the judge shall nominate by written designation duly acknowledged
28 and filed with the retirement board at the time of the beneficiary's retirement.

29 (2) For purposes of any election under this section the judge may designate more than
30 one person to receive benefits after his or her death, provided that the designation shall specify
31 the portion of the actuarial equivalent of the judge's retirement allowance to be paid to each
32 person, and provided further that the aggregate actuarial value of the portions shall not exceed the
33 actuarial equivalent of the judge's retirement benefit determined in the case of an election under
34 this section as of the date of the judge's retirement.

1 (3) A judge selecting more than one person to receive benefits under this section may
2 only select beneficiaries from among his or her children, adopted children, step-children, and/or
3 spouse or domestic partner.

4 ~~(e)~~(d) Whenever a judge of the workers' compensation court dies without having become
5 eligible to retire either under § 28-30-15 or 28-30-16 and has served seven (7) years or more in
6 office, his or her surviving spouse or domestic partner shall receive annually thereafter during his
7 or her lifetime and so long as he or she remains unmarried or not in a domestic partnership one-
8 third (1/3) of the annual salary that the judge was receiving at the time of his or her death.

9 ~~(d)~~(e) Whenever any judge of the workers' compensation court who was engaged as a
10 judge on or after January 1, 2009 dies during active service while eligible for retirement or during
11 active service after having served fifteen (15) years or more in office, his or her surviving spouse
12 or domestic partner shall receive annually thereafter during his or her lifetime and so long as he
13 or she remains unmarried or not in a domestic partnership, an amount equal to one-half (1/2) of
14 the annual payment that the judge was receiving by way of salary or retirement pay at the time of
15 his or her death.

16 ~~(e)~~(f) Whenever a judge of the workers' compensation court dies without having become
17 eligible to retire either under § 28-30-15 or 28-30-16 and has not served seven (7) years in office,
18 his or her surviving spouse or domestic partner shall subsequently receive annually during his or
19 her lifetime and so long as he or she remains unmarried or not in a domestic partnership, one
20 fourth (1/4) of the annual salary that the judge was receiving at the time of his or her death.

21 ~~(f)~~(g) In the event the deceased judge has no surviving spouse or domestic partner or the
22 surviving spouse or domestic partner predeceases their minor children, the benefits conferred by
23 this section shall be received in equal shares by the minor children, if any, until each attains the
24 age of twenty-one (21) years.

25 **28-30-18 Additional benefits payable to retired judges and their surviving spouses**
26 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving
27 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
28 allowance pursuant to the provisions of this title, shall, on the first day of January next following
29 the third anniversary date of their retirement, receive a cost of living retirement adjustment in
30 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
31 original retirement allowance. In each succeeding subsequent year during the month of January
32 the retirement allowance shall be increased an additional three percent (3%) of the original
33 allowance, compounded annually from the year the cost of living adjustment was first payable to
34 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.

1 For the purpose of that computation, credit shall be given for a full calendar year regardless of the
2 effective date of the retirement allowance.

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

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

20 (d)(1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)
21 (2) below, for all present and former justices, active and retired justices, and beneficiaries
22 receiving any retirement, disability or death allowance or benefit of any kind, whether provided
23 for or on behalf of justices engaged on or prior to December 31, 1989 as a non-contributory
24 justice or engaged after December 31, 1989 as a contributory justice, the annual benefit
25 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by
26 (B) where (A) is equal to the percentage determined by subtracting five and one-half percent
27 (5.5%) (the “subtrahend”) from the Five-Year Average Investment Return of the retirement
28 system determined as of the last day of the plan year preceding the calendar year in which the
29 adjustment is granted, said percentage not to exceed four percent (4%) and not to be less than
30 zero percent (0%), and (B) is equal to the lesser of the justice’s retirement allowance or the first
31 twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand
32 dollars (\$25,000) amount to be indexed annually in the same percentage as determined under
33 (d)(1)(A) above. The “Five-Year Average Investment Return” shall mean the average of the
34 investment return of the most recent five (5) plan years as determined by the retirement board.

1 Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall
2 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
3 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
4 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
5 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

16 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,
17 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
18 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (d)(1)
19 above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island, the
20 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by
21 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

22 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
23 (d) of Section 28-30-18 shall become effective July 1, 2012 and shall apply to any benefit
24 adjustment not granted on or prior to June 30, 2012.

25 **28-30-18.1. Retirement contribution.** -- (a) Workers' compensation judges engaged
26 after December 31, 1989, shall have deducted from total salary beginning December 31, 1989 and
27 ending on June 30, 2012, an amount equal to a rate percent of compensation as specified in § 36-
28 10-1 relating to member contributions to the state retirement system. Effective July 1, 2012, all
29 active workers' compensation judges whether engaged before or after December 31, 1989, shall
30 have deducted from compensation as defined in § 36-8-1(8) an amount equal to twelve percent
31 (12%) of compensation. The receipts collected under this provision shall be deposited in a
32 restricted revenue account entitled "workers' compensation judges' retirement benefits". Proceeds
33 deposited in this account shall be held in trust for the purpose of paying retirement benefits to
34 participating judges or their beneficiaries. The retirement board shall establish rules and

1 regulations to govern the provisions of this section.

2 (b) A judge of the court who withdraws from service or ceases to be a judge for any
3 reason other than retirement shall be paid on demand a refund consisting of the accumulated
4 contributions standing to his or her credit in his or her individual account in the workers'
5 compensation judges' retirement benefits account. Any judge receiving a refund shall forfeit and
6 relinquish all accrued rights as a member of the system together with credits for total service
7 previously granted to the judge; provided, that if any judge who has received a refund
8 subsequently reenters the service and again becomes a member of the system, he or she shall have
9 the privilege of restoring all money previously received or disbursed to his or her credit as refund
10 of contributions, [together with regular interest for the time period from the date of refund to the](#)
11 [date of restoration](#). Upon the repayment of the refund, the judge shall again receive credit for the
12 amount of total service that he or she had previously forfeited by the acceptance of the refund.

13 (c) Whenever any judge of the workers' compensation court dies from any cause before
14 retirement and has no surviving spouse, [domestic partner](#) or minor child(ren), a payment shall be
15 made of the accumulated contributions standing to his or her credit in his or her individual
16 account in the workers' compensation judges' retirement account. The payment of the
17 accumulated contributions of the judge shall be made to such person as the judge shall have
18 nominated by written designation duly executed and filed with the retirement board, or if the
19 judge has filed no nomination, or if the person so nominated has died, then to the estate of the
20 deceased judge.

21 SECTION 20. Chapter 28-30 of the General Laws entitled "Workers' Compensation
22 Court" is hereby amended by adding the following section:

23 **28-30-25. Severability.--** [The holding of any section or sections or parts of this chapter to](#)
24 [be void, ineffective, or unconstitutional for any cause shall not be deemed to affect any other](#)
25 [section or part hereof.](#)

26 SECTION 21. Section 23-4-5 of the General Laws in Chapter 23-4 entitled "Office of
27 State Medical Examiners" is hereby amended to read as follows:

28 **23-4-5. Chief medical examiner – Assistants and other staff.** -- (a) The office shall be
29 under the immediate supervision of a chief, who shall be known as the "chief medical examiner"
30 and who shall be a physician licensed under the provisions of chapter 37 of title 5, and a qualified
31 pathologist certified by the American Board of Pathology and who has had forensic training or
32 experience. He or she shall be appointed by the director of health as shall the deputy chief
33 medical examiner with the advice of the medical examiner's commission. The chief medical
34 examiner shall be in the unclassified service and the deputy chief medical examiner shall be in the

1 classified service.

2 (b) The chief medical examiner shall appoint, with the approval of the director of health,
3 assistant medical examiners and shall hire other staff as necessary to carry out the provisions of
4 this chapter.

5 (c) Persons employed full time at the time of enactment of this chapter within the
6 division of medical examiners in the department of the attorney general shall be transferred to the
7 office of state medical examiners with their former rights and privileges of employment. ~~and~~
8 ~~shall be~~ For members eligible to retire on or before June 30, 2012, such members shall be eligible
9 for retirement benefits after the age of fifty (50) years and service of twenty (20) years, including
10 service within the division of medical examiners. For members eligible to retire on or after July 1,
11 2012, such members shall be eligible for retirement benefits in accordance with chapters 8
12 through 10 of title 36.

13 SECTION 22. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby
14 amended by adding thereto the following chapter:

15 CHAPTER 65

16 RETIREMENT SECURITY ACT FOR LOCALLY ADMINISTERED PENSION FUNDS

17 **45-65-1. Short title.** -- This chapter shall be known as and may be cited as the “Pathway
18 to Retirement Security for Locally Administered Pension Funds Act.”

19 **45-65-2. Purpose.** -- The purpose of this chapter is to provide retirement security to
20 current and retired municipal employees by codifying standards to promote the sustainability and
21 longevity of pension plans established and administered by municipalities.

22 **45-65-3. Legislative Findings.** -- It is the intention of the general assembly to begin the
23 process of ensuring the sustainability of locally administered pension plans and to advance and
24 maintain the long-term stability of such plans. The general assembly finds and declares that:

25 (1) Rhode Island law authorizes and empowers municipalities to administer their own
26 municipal pension plans; currently, there are thirty-six (36) such plans administered by twenty-
27 four (24) municipalities.

28 (2) According to a report by the Office of the Auditor General entitled *Pension and*
29 *OPEB Plans Administered by Rhode Island Municipalities* (September 2011): “Many municipal
30 pension plans are severely underfunded which presents the risk that sufficient funds will not be
31 available to meet promised benefits to retirees. It also undermines the overall fiscal health of the
32 plan’s sponsor.”

33 (3) It is in the best interests of individual employees, taxpayers, municipalities and the
34 state itself to maintain viable and sustainable municipal public pension plans. These interests

1 include:

2 Preserving a level of pension benefits that is, over the long term, reasonable for current
3 and retired municipal employees and affordable for taxpayers;

4 Avoiding significant and unanticipated retirement benefit reductions, which could cause
5 an increase in poverty among retired municipal employees and a resulting strain on state social
6 services;

7 Maintaining investments in infrastructure and education on the state and local levels in
8 lieu of diverting critical resources to satisfy pension obligations;

9 Preventing the financial downgrade of municipalities by rating agencies as a result of
10 unfunded pension obligations, which would make it more difficult to access the capital markets
11 and increase the costs of borrowing;

12 Encouraging rating agencies, in recognition of the state's proactive approach toward
13 financial discipline, to take positive credit actions on Rhode Island municipal bonds; and

14 Creating a more stable and well-managed environment in Rhode Island to attract new
15 businesses and maintain and expand existing businesses, which will diminish the uncertainty and
16 fiscal instability that accompany uncontrolled pension obligations.

17 (4) The first step in ensuring the viability and sustainability of local pension plans is to
18 get an accurate analysis of the current condition and fiscal health of the individual plans.

19 **45-65-4. Definitions.** -- As used in this chapter the following terms shall have the
20 following meanings:

21 (1) "Actuarial experience study" means a report provided by an actuary that includes a
22 recent discussion of plan experience, recommendations for actuarial assumptions and methods,
23 and information about the actuarial impact of these recommendations on the liabilities and other
24 key actuarial measures.

25 (2) "Annual actuarial valuation study" means a valuation of a locally administered plan
26 completed by an actuary, and a certification based on that valuation indicating whether such plan
27 is or is not in critical status, on an annual basis.

28 (3) "Critical status" means that, as determined by its actuary, as of the beginning of the
29 plan year, a plan's funded percentage for such plan year is less than sixty percent (60%).

30 (4) "Locally administered plan" or "plan" means any defined benefit pension plan
31 established by a municipality for its employees, other than: (a) A plan that is part of the
32 Employees' Retirement System of Rhode Island as defined in chapter 36-8 or the Municipal
33 Employees' Retirement System of Rhode Island as defined in chapter 45-21; or (b) A plan
34 established by a municipality that has filed for bankruptcy protection pursuant to chapter 9 of title

1 11 of the United States Code, a plan established by a municipality for which a receiver has been
2 appointed pursuant to chapter 45-9 or a plan established by a municipality for which a fiscal
3 overseer has been appointed pursuant to chapter 45-9.

4 (5) "Municipality" means any town or city in the State of Rhode Island, any city or town
5 housing authority, fire, water, sewer district, regional school district or public building authority
6 as established by chapter 14 of title 37.

7 **45-65-5. Actuarial valuation methodology.** -- Actuarial methods used by the actuary in
8 preparing an actuarial experience study or annual actuarial valuation shall be in compliance with
9 accepted actuarial standards and applicable public pension accounting laws, rules and regulations.
10 The actuary shall not, year to year, change actuarial methods for the sole purpose of achieving a
11 more favorable funding or fiscal result. Any actuarial study shall be made by the actuary in good
12 faith and in accordance with accepted actuarial standards.

13 **45-65-6. Certification and notice requirements.** -- (1) Every municipality that
14 maintains a locally administered plan shall submit its initial annual actuarial valuation study to
15 the study commission created herein under section 45-64-8 on or before April 1, 2012, and for
16 each plan year ending on or after December 31, 2012, within six (6) months of completing such
17 plan year. The initial actuarial experience study shall be submitted to the study commission on or
18 before April 1, 2012, and subsequent actuarial experience studies must be submitted to the study
19 commission no less frequently than once every three (3) years.

20 (2) In any case in which an actuary certifies that a locally administered plan is in critical
21 status for a plan year, the municipality administering such a plan shall, not later than thirty (30)
22 business days following the certification, provide notification of the critical status to the
23 participants and beneficiaries of the plan and to the general assembly, the governor, the general
24 treasurer, the director of revenue, and the auditor general. The notification shall also be posted
25 electronically on the general treasurer's website. Within one hundred eighty (180) days of
26 sending the critical status notice, the municipality shall submit to the study commission a
27 reasonable alternative funding improvement plan to emerge from critical status.

28 (3) The state shall reimburse every municipality for fifty percent (50%) of the cost of
29 undertaking its annual actuarial valuation study.

30 (4) Notwithstanding any other law to the contrary, the funding improvement plans and
31 actuarial valuation studies submitted pursuant to this section shall be public records.

32 **45-65-7. Failure to comply.** -- (1) With respect to any municipality that fails to comply
33 with the requirements of this chapter within the prescribed time, the general treasurer is
34 authorized to withhold moneys due to the municipality from the state for any purpose other than

1 education, including, but not limited to, municipal aid and other aid provided under sections 45-
2 13-5.1, 45-13-12, 44-34.1-2, 44-13-13, 44-18-18.1, 44-18-36.1(b) and 42-63.1-3.

3 **45-65-8. Study commission. --** A study commission for locally administered plans shall
4 be established to review existing legislation and pension plan administrative practices and to
5 make recommendations for the improved security and funding of locally administered plans and
6 other post-retirement benefit obligations of cities and towns. The commission shall consist of
7 fourteen (14) members: the director of the department of revenue, or his or her designee; who
8 shall be the chair, the auditor general, one member each representing the department of
9 administration, the general treasurer, the League of Cities and Towns and the Rhode Island Public
10 Expenditures Council, and three (3) members appointed by the governor representing municipal
11 police, fire and non-public safety employees. In addition, the Speaker of the House and President
12 of the State Senate shall each appoint one member to the commission and then shall jointly select
13 and appoint one elected mayor from a city or town with a population greater than 50,000, one
14 elected mayor from a city or town with a population less than 50,000 and one appointed town
15 administrator.

16 **45-65-9. Severability; Indispensable Party. --** The holding of any section or sections or
17 parts hereof to be void, ineffective, or unconstitutional for any cause shall not be deemed to affect
18 any other section or part hereof. The state shall be an indispensable party in any action contesting
19 the validity of this chapter.

20 SECTION 23. Chapter 42-149 of the General Laws entitled "State Expenditures for Non-
21 State Employee Services" is hereby amended by adding thereto the following section:

22 **42-149-3.1. Assessment on state expenditures for non-state employee services. --**
23 Whenever a department, commission, board, council, agency or public corporation incurs
24 expenditures through contracts or agreements by which a nongovernmental person or entity
25 agrees to provide services which are substantially similar to and in lieu of services hereto fore
26 provided, in whole or in part, by regular employees of the department, commission, board,
27 council, agency or public corporation covered by chapter 36-8, those expenditures shall be
28 subject to an assessment equal to five and one-half percent (5.5%) of the cost of the service. That
29 assessment shall be paid to the retirement system on a quarterly basis in accordance with
30 subsection 36-10-2(e).

31 SECTION 24. This act shall take effect upon passage.

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LC03021/SUB A/2
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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

- 1 This act would comprehensively amend the contribution and benefits' provisions of both
- 2 the state and municipal employees' retirement systems.
- 3 This act would take effect upon passage.

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LC03021/SUB A/2
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2011 -- H 6319
SUBSTITUTE A

A N A C T

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

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LC03021/SUB A/2
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Presented by