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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

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

Introduced By: Representatives Edwards, Azzinaro, DaSilva, Brien, and Lally

Date Introduced: January 18, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 **36-8-1. Definition of terms.** -- The following words and phrases as used in chapters 8 to
4 10 of this title unless a different meaning is plainly required by the context, shall have the
5 following meanings:

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

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

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

13 (4) "Annuity reserve" shall mean the present value of all payments to be made on
14 account of any annuity, benefit, or retirement allowance granted under the provisions of chapter
15 10 of this title computed upon the basis of such mortality tables as shall be adopted from time to
16 time by the retirement board with regular interest.

17 (5) (a) "Average compensation" for members eligible to retire as of September 30, 2009
18 shall mean the average of the highest three (3) consecutive years of compensation, within the total

1 service when the average compensation was the highest. For members eligible to retire on or after
2 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)
3 consecutive years of compensation within the total service when the average compensation was
4 the highest. Notwithstanding the aforementioned, for all present and former employees, active
5 and retired members, and beneficiaries receiving any retirement, disability or death allowance or
6 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
7 section shall not exceed one hundred five percent (105%) of the highest annual compensation
8 paid prior to retirement.

9 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
10 half (1/2) of the member's total years of service consist of years of service during which the
11 member devoted less than thirty (30) business hours per week to the service of the state, but the
12 member's average compensation consists of three (3) or more years during which the member
13 devoted more than thirty (30) business hours per week to the service of the state, such member's
14 average compensation shall mean the average of the highest ten (10) consecutive years of
15 compensation within the total service when the average compensation was the highest.
16 Notwithstanding the aforementioned, for all present and former employees, active and retired
17 members, and beneficiaries receiving any retirement, disability or death allowance or benefit of
18 any kind, the annual benefit adjustment provided in any calendar year under this section shall not
19 exceed one hundred five percent (105%) of the highest annual compensation paid prior to
20 retirement.

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

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

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

- 30 (i) Payments contingent on the employee having terminated or died;
- 31 (ii) Payments made at termination for unused sick leave, vacation leave, or
32 compensatory time;
- 33 (iii) Payments contingent on the employee terminating employment at a specified time in
34 the future to secure voluntary retirement or to secure release of an unexpired contract of

1 employment;

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

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

6 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose
7 business time is devoted exclusively to the services of the state, but shall not include one whose
8 duties are of a casual or seasonal nature. The retirement board shall determine who are employees
9 within the meaning of this chapter. The governor of the state, the lieutenant governor, the
10 secretary of state, the attorney general, the general treasurer, and the members of the general
11 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless
12 and until they elect to become members of the system as provided in section 36-9-6, but in no case
13 shall it deem as an employee, for the purposes of this chapter, any individual who devotes less
14 than twenty (20) business hours per week to the service of the state, and who receives less than
15 the equivalent of minimum wage compensation on an hourly basis for his or her services, except
16 as provided in section 36-9-24. Any commissioner of a municipal housing authority or any
17 member of a part-time state, municipal or local board, commission, committee or other public
18 authority shall not be deemed to be an employee within the meaning of this chapter.

19 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a
20 member claiming service credit for certain employment for which that payment is required which
21 is determined according to the age of the member and the employee's annual rate of compensation
22 at the time he or she applies for service credit and which is expressed as a rate percent of the
23 employee's annual rate of compensation to be multiplied by the number of years for which he or
24 she claims service credit as prescribed in a schedule adopted by the retirement board from time to
25 time on the basis of computation by the actuary. Except as provided in sections 16-16-7.1, 36-5-3,
26 36-9-31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-10.1(b), 42-28-22.1(b) and 28-
27 30-18.1(b).

28 (i) ~~all~~ All service credit purchases requested after June 16, 2009 and prior to July 1,
29 2012, shall be at full actuarial value and

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

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

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

3 (12) "Members" shall mean any person included in the membership of the retirement
4 system as provided in sections 36-9-1 -- 36-9-7.

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

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

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

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

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

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

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

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

26 SECTION 2. Sections 36-10-10, 36-10-10.2 and 36-10-35 of the General Laws in
27 Chapter 36-10 entitled "Retirement System- Contributions and Benefits" are hereby amended to
28 read as follows:

29 **36-10-10. Amount of service retirement allowance.** -- (a) (1) (i) For employees eligible
30 to retire on or before September 30, 2009, upon retirement for service under section 36-10-9, a
31 member whose membership commenced before July 1, 2005 and who has completed at least ten
32 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
33 which shall be determined in accordance with schedule A below for service prior to July 1, 2012:

34 Schedule A

| 1 | Years of Service | Percentage Allowance |
|---|-----------------------------------|----------------------|
| 2 | 1st through 10th inclusive | 1.7% |
| 3 | 11th through 20th inclusive | 1.9% |
| 4 | 21st through 34th inclusive..... | 3.0% |
| 5 | 35th | 2.0% |

6 (ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to
7 retire on or before September 30, 2009, upon retirement from service under section 36-10-9, a
8 member whose membership commenced before July 1, 2005 and who has completed at least ten
9 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
10 which shall be determined in accordance with schedule A above for service on before September
11 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for
12 service on or after October 1, 2009 and prior to July 1, 2012. (2) Upon retirement for service
13 under section 36-10-9, a member whose membership commenced after July 1, 2005, or who has
14 not completed at least ten (10) years of contributory service as of July 1, 2005, shall, receive a
15 retirement allowance which shall be determined in accordance with Schedule B below for service
16 prior to July 1, 2012:

17 Schedule B

| 18 | Years of Service | Percentage Allowance |
|----|-----------------------------------|----------------------|
| 19 | 1st through 10th inclusive | 1.60% |
| 20 | 11th through 20th inclusive | 1.80% |
| 21 | 21st through 25th inclusive | 2.0% |
| 22 | 26th through 30th inclusive | 2.25% |
| 23 | 31st through 37th inclusive | 2.50% |
| 24 | 38th | 2.25% |

25 (b) The retirement allowance of any member whose membership commenced before July
26 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,
27 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his
28 or her average highest three (3) consecutive years of compensation multiplied by the number of
29 years of total service, but in no case to exceed eighty percent (80%) of the compensation payable
30 at completion of thirty-five (35) years of service; provided, however, for employees retiring on or
31 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
32 shall be based on the average highest five (5) consecutive years of compensation. Any member
33 who has in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any
34 refund, and any member with thirty-five (35) years or more on or after June 2, 1985, shall

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

10 (c) Any member with thirty-eight (38) years or more of service prior to December 31,
11 1985, shall not be required to make additional contributions. Contributions made between
12 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service
13 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,
14 administrators, or legal representatives.

15 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
16 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
17 1, 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's
18 average compensation multiplied by the member's years of service on and after July 1 2012. In no
19 event shall a member's retirement allowance exceed the maximum limitations set forth in
20 paragraph (b) above.

21 (e) Notwithstanding the aforementioned, for all present and former employees, active and
22 retired members, and beneficiaries receiving any retirement, disability or death allowance or
23 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
24 section shall not exceed one hundred five percent (105%) of the highest annual compensation
25 paid prior to retirement.

26 **36-10-10.2. Amount of service retirement allowance -- Correctional officers. --** (a)
27 Upon retirement for service under section 36-10-9.2, a member with twenty-five (25) or more
28 years of service as of June 30, 2012 shall receive a retirement allowance of an amount determined
29 under (i) below. All other members shall receive a retirement allowance of an amount equal to the
30 sum of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1,
31 2012. (i) Two percent (2%) of his or her average compensation multiplied by his or her first
32 thirty (30) years of total service within the department of corrections; any and all years of
33 remaining service shall be issued to the member at a retirement allowance of an amount equal to
34 his or her average compensation multiplied by the percentage allowance determined in

1 accordance with Schedule A below:

2 Schedule A

| 3 Years of Service | Percentage Allowance |
|--------------------------|----------------------|
| 4 1 through 30 inclusive | 2% |
| 5 31st | 6% |
| 6 32nd | 5% |
| 7 33rd | 4% |
| 8 34th | 3% |
| 9 35th | 2% |

10 (ii) Two percent (2%) of his or her average compensation multiplied by his or her years
11 of service on and after July 1, 2012 within the department of corrections.

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

18 (c) Notwithstanding the aforementioned, for all present and former employees, active and
19 retired members, and beneficiaries receiving any retirement, disability or death allowance or
20 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
21 section shall not exceed one hundred five percent (105%) of the highest annual compensation
22 paid prior to retirement.

23 **36-10-35. Additional benefits payable to retired employees.** -- (a) All state employees
24 and all beneficiaries of state employees receiving any service retirement or ordinary or accidental
25 disability retirement allowance pursuant to the provisions of this title on or before December 31,
26 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent
27 (1.5%) per year of the original retirement allowance, not compounded, for each calendar year the
28 retirement allowance has been in effect. For the purposes of computation, credit shall be given for
29 a full calendar year regardless of the effective date of the retirement allowance. This cost of living
30 adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an
31 additional one and one-half percent (1.5%) shall be added to the original retirement allowance in
32 each succeeding year during the month of January, and provided further, that this additional cost
33 of living increase shall be three percent (3%) for the year beginning January 1, 1971, and each
34 year thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no

1 employee receiving any service retirement allowance pursuant to the provisions of this title on or
2 before December 31, 1967, or the employee's beneficiary, shall receive any additional benefit
3 hereunder in an amount less than two hundred dollars (\$200) per year over the service retirement
4 allowance where the employee retired prior to January 1, 1958.

5 (b) All state employees and all beneficiaries of state employees retired on or after
6 January 1, 1968, who are receiving any service retirement or ordinary or accidental disability
7 retirement allowance pursuant to the provisions of this title shall, on the first day of January next
8 following the third anniversary date of the retirement, receive a cost of living retirement
9 adjustment, in addition to his or her retirement allowance, in an amount equal to three percent
10 (3%) of the original retirement allowance. In each succeeding year thereafter through December
11 31, 1980, during the month of January, the retirement allowance shall be increased an additional
12 three percent (3%) of the original retirement allowance, not compounded, to be continued during
13 the lifetime of the employee or beneficiary. For the purposes of computation, credit shall be given
14 for a full calendar year regardless of the effective date of the service retirement allowance.

15 (c) (1) Beginning on January 1, 1981, for all state employees and beneficiaries of the
16 state employees receiving any service retirement and all state employees, and all beneficiaries of
17 state employees, who have completed at least ten (10) years of contributory service on or before
18 July 1, 2005 pursuant to the provisions of this chapter, and for all state employees, and all
19 beneficiaries of state employees who receive a disability retirement allowance pursuant to
20 sections 36-10-12 -- 36-10-15, the cost of living adjustment shall be computed and paid at the rate
21 of three percent (3%) of the original retirement allowance or the retirement allowance as
22 computed in accordance with section 36-10-35.1, compounded annually from the year for which
23 the cost of living adjustment was determined to be payable by the retirement board pursuant to
24 the provisions of subsection (a) or (b) of this section. Such cost of living adjustments are
25 available to members who retire before October 1, 2009 or are eligible to retire as of September
26 30, 2009.

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

29 (3) The retirement allowance of all state employees and all beneficiaries of state
30 employees who have not completed at least ten (10) years of contributory service on or before
31 July 1, 2005 or were not eligible to retire as of September 30, 2009, shall, on the month following
32 the third anniversary date of retirement, and on the month following the anniversary date of each
33 succeeding year be adjusted and computed by multiplying the retirement allowance by three
34 percent (3%) or the percentage of increase in the Consumer Price Index for all Urban Consumers

1 (CPI-U) as published by the United States Department of Labor Statistics determined as of
2 September 30 of the prior calendar year, whichever is less; the cost of living adjustment shall be
3 compounded annually from the year for which the cost of living adjustment was determined
4 payable by the retirement board; provided, that no adjustment shall cause any retirement
5 allowance to be decreased from the retirement allowance provided immediately before such
6 adjustment.

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

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

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

33 (g) (1) Notwithstanding the prior paragraphs of this section, and subject to paragraphs
34 (g)(2) below, for all present and former employees, active and retired members, and beneficiaries

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

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

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

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

34 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph

1 (g) of section 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit
2 adjustment not granted on or prior to June 30, 2012.

3 (5) Notwithstanding the aforementioned, for all present and former employees, active and
4 retired members, and beneficiaries receiving any retirement, disability or death allowance or
5 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
6 section shall not exceed one hundred five percent (105%) of the highest annual compensation
7 paid prior to retirement.

8 SECTION 3. Sections 16-16-13 and 16-16-40 of the General Laws in chapter 16-16
9 entitled "Teachers' Retirement" are hereby amended to read as follows:

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

15 SCHEDULE A

| 16 YEARS OF SERVICE | PERCENTAGE ALLOWANCE |
|--------------------------------------|----------------------|
| 17 1st through 10th inclusive..... | 1.7% |
| 18 11th through 20th inclusive | 1.9% |
| 19 21st through 34th inclusive..... | 3.0% |
| 20 35 th | 2.0% |

21 (ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to
22 retire on or before September 30, 2009, upon retirement for service under section 16-16-12, a
23 teacher whose membership commenced before July 1, 2005 and who has completed at least ten
24 (10) years of contributory service on or before July 1, 2005 shall receive a retirement allowance
25 which shall be determined in accordance with schedule A above for service on before September
26 30, 2009, and shall be determined in accordance with schedule B in subsection (a)(2) below for
27 service on or after October 1, 2009 and prior to July 1, 2012: (2) Upon retirement from service
28 under section 16-16-12 a teacher whose membership commenced after July 1, 2005 or who has
29 not completed at least ten (10) years of contributory service as of July 1, 2005 shall receive a
30 retirement allowance which shall be determined in accordance with Schedule B for service prior
31 to July 1, 2012.

32 SCHEDULE B

| 33 YEARS OF SERVICE | PERCENTAGE ALLOWANCE |
|------------------------------------|----------------------|
| 34 1st through 10th inclusive..... | 1.60% |

| | | |
|---|-----------------------------------|-------|
| 1 | 11th through 20th inclusive | 1.80% |
| 2 | 21st through 25th inclusive..... | 2.0% |
| 3 | 26th through 30th inclusive | 2.25% |
| 4 | 31st through 37th inclusive..... | 2.50% |
| 5 | 38 th | 2.25% |

6 (b) The retirement allowance of any teacher whose membership commenced before July
7 1, 2005 and who has completed at least ten (10) years of contributory service on or before July 1,
8 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his
9 or her average highest three (3) consecutive years of compensation multiplied by the number of
10 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable
11 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or
12 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation
13 shall be based on the average highest five (5) consecutive years of compensation. The retirement
14 allowance of any teacher whose membership commenced after July 1, 2005 or who has not
15 completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an amount
16 equal to the percentage allowance specified in Schedule B of his or her average highest three (3)
17 consecutive years of compensation multiplied by the number of years of total service, but in no
18 case to exceed seventy-five percent (75%) of the compensation, payable at completion of thirty-
19 eight (38) years of service; provided, however, for teachers retiring on or after October 1, 2009
20 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the
21 average highest five (5) consecutive years of compensation. Any teacher who has in excess of
22 thirty-five (35) years on or before June 2, 1985 shall not be entitled to any refund, and any teacher
23 with thirty-five (35) years or more on or after June 2, 1985 shall contribute from July 1, 1985
24 until his or her retirement. (c) For service prior to July 2012, the retirement allowance of a teacher
25 shall be determined in accordance with subsections (a)(1) and (a)(2) above. For service on and
26 after July 1, 2012, a teacher's retirement allowance shall be equal to one percent (1%) of the
27 teacher's average compensation multiplied by the teacher's years of service on and after July 1,
28 2012. In no event shall a teacher's retirement allowance exceed the maximum limitations set forth
29 in subsection (b) above.

30 (c) Notwithstanding the aforementioned, for all present and former teachers, active and
31 retired members, and beneficiaries receiving any retirement, disability or death allowance or
32 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
33 section shall not exceed one hundred five percent (105%) of the highest annual compensation
34 paid prior to retirement.

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

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

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

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

34 (3) The retirement allowance of all teachers and all beneficiaries of teachers who have

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

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

26 (e) (1) Notwithstanding the prior paragraphs of this section, and subject to ~~paragraph~~
27 paragraphs (e)(2) and (5) below, for all present and former teachers, active and retired teachers,
28 and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind,
29 the annual benefit adjustment provided in any calendar year under this section shall be equal to
30 (A) multiplied by (B) where (A) is equal to the percentage determined by subtracting five and
31 one-half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the
32 retirement system determined as of the last day of the plan year preceding the calendar year in
33 which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be
34 less than zero percent (0%), and (B) is equal to the lesser of the teacher's retirement allowance or

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

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

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

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

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

30 (5) Notwithstanding the aforementioned, for all present and former teachers, active and
31 retired members, and beneficiaries receiving any retirement, disability or death allowance or
32 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
33 section shall not exceed one hundred five percent (105%) of the highest annual compensation
34 paid prior to retirement.

1 SECTION 4. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
2 “Retirement of Municipal Employees’ is hereby amended to read as follows:

3 **45-21-52. Automatic increase in service retirement allowance.** -- (a) The local
4 legislative bodies of the cities and towns may extend to their respective employees automatic
5 adjustment increases in their service retirement allowances, by a resolution accepting any of the
6 plans described in this section:

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

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

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

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

30 (c) (1) Notwithstanding any other paragraphs of this section, and subject to ~~paragraph~~
31 ~~paragraphs~~ (c)(2) and (4) below, for all present and former employees, active and retired
32 members, and beneficiaries receiving any retirement, disability or death allowance or benefit of
33 any kind by reason of adoption of this section by their employer, the annual benefit adjustment
34 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)

1 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
2 "subtrahend") from the Five-Year Average Investment Return of the retirement system
3 determined as of the last day of the plan year preceding the calendar year in which the adjustment
4 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
5 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five
6 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
7 amount to be indexed annually in the same percentage as determined under (c)(1)(A) above. The
8 "Five-Year Average Investment Return" shall mean the average of the investment returns of the
9 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (c)(2)
10 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
11 anniversary of the date of retirement or the date on which the retiree reaches his or her Social
12 Security retirement age, whichever is later; or for municipal police and fire retiring under the
13 provisions of chapter 45-21.2, the benefit adjustment provided by this paragraph shall commence
14 on the later of the third (3rd) anniversary of the date of retirement or the date on which the retiree
15 reaches age fifty-five (55). In the event the retirement board adjusts the actuarially assumed rate
16 of return for the system, either upward or downward, the subtrahend shall be adjusted either
17 upward or downward in the same amount.

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

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

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

1 (4) Notwithstanding the aforementioned, for all present and former municipal employees,
2 active and retired members, and beneficiaries receiving any retirement, disability or death
3 allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year
4 under this section shall not exceed one hundred five percent (105%) of the highest annual
5 compensation paid prior to retirement.

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

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

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

20 SECTION 5. Section 45-21.2-2 of the General Laws in Chapter 45-21.2 entitled
21 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
22 as follows:

23 **45-21.2-2. Definitions.** -- As used in this chapter, the words defined in section 45-21-2
24 have the same meanings stated in that section except that "employee" means any regular and
25 permanent police official or officer and any regular and permanent fire fighter. The retirement
26 board shall determine who are employees within the meaning of this chapter; and "final
27 compensation" means for members who retire on or prior to June 30, 2012, the average annual
28 compensation, pay or salary of a member for services rendered during the period of three (3)
29 consecutive years within the total service of the member when that average was highest. Effective
30 on and after July 1, 2012, "final compensation" means the average annual compensation of a
31 member for services rendered during the period of the highest five (5) consecutive years within
32 the total service of the member, and compensation shall be defined in accordance with section 36-
33 8-1(8). Notwithstanding the prior sentence, in no event shall a member's final compensation be
34 less than the member's final compensation on or before June 30, 2012. Notwithstanding the

1 aforementioned, for all present and former members of the police force and fire department,
2 active and retired members, and beneficiaries receiving any retirement, disability or death
3 allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year
4 under this section shall not exceed one hundred five percent (105%) of the highest annual
5 compensation paid prior to retirement.

6 SECTION 6. Chapter 45-21.2 of the General Laws entitled "Optional Retirement for
7 Members of Police Force and Fire Fighters" is hereby amended by adding thereto the following
8 section:

9 **45-21.2-26. Maximum Retirement allowance.** -- Notwithstanding the aforementioned,
10 for all present and former members of the police force and fire department, active and retired
11 members, and beneficiaries receiving any retirement, disability or death allowance or benefit of
12 any kind, the annual benefit adjustment provided in any calendar year under this section shall not
13 exceed one hundred five percent (105%) of the highest annual compensation paid prior to
14 retirement.

15 SECTION 7. Section 42-28-22 in Chapter 42-28 entitled "State Police" is hereby
16 amended to read as follows:

17 **42-28-22. Retirement of members.** -- (a) Whenever any member of the state police
18 hired prior to July 1, 2007 has served for twenty (20) years, he or she may retire therefrom or he
19 or she may be retired by the superintendent with the approval of the governor, and in either event
20 a sum equal to one-half (1/2) of the whole salary for the position from which he or she retired
21 determined on the date he or she receives his or her first retirement payment shall be paid him or
22 her during life.

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

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

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

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

34 (c) (1) Any member who retired prior to July 1, 1977 shall receive a benefits payment

1 adjustment equal to three percent (3%) of his or her original retirement, as determined in
2 subsection (b) of this section, in addition to his or her original retirement allowance. In each
3 succeeding year thereafter during the month of January, the retirement allowance shall be
4 increased an additional three percent (3%) of the original retirement allowance, not compounded,
5 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
6 for a full calendar year regardless of the effective date of the service retirement allowance. For
7 purposes of this subsection, the benefits payment adjustment shall be computed from January 1,
8 1971 or the date of retirement, whichever is later in time.

9 (2) Any member of the state police who retires pursuant to the provisions of this chapter
10 on or after January 1, 1977, shall on the first day of January, next following the third anniversary
11 date of the retirement receive a benefits payment adjustment, in addition to his or her retirement
12 allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each
13 succeeding year thereafter during the month of January, the retirement allowance shall be
14 increased an additional three percent (3%) of the original retirement allowance, not compounded,
15 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
16 for a full calendar year regardless of the effective date of the service retirement allowance.

17 (3) Any retired member of the state police who is receiving a benefit payment
18 adjustment pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991
19 and ending June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars
20 (\$1,500).

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

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

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

34 (f) (1) Any member who retires, has served as a member for twenty (20) years or more,

1 and who served for a period of six (6) months or more of active duty in the armed service of the
2 United States or in the merchant marine service of the United States as defined in section 2 of
3 chapter 1721 of the Public Laws, 1946, may purchase credit for such service up to a maximum of
4 two (2) years; provided that any member who has served at least six (6) months or more in any
5 one year shall be allowed to purchase one year for such service and any member who has served a
6 fraction of less than six (6) months in his or her total service shall be allowed to purchase six (6)
7 months' credit for such service.

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

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

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

22 (g) The provisions of this section shall not apply to civilian employees in the Rhode
23 Island state police; and, further, from and after April 28, 1937, chapters 8 -- 10, inclusive, of title
24 36 shall not be construed to apply to the members of the Rhode Island state police, except as
25 provided by sections 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and
26 (8)(a) effective July 1, 2012.

27 (h) Any member of the state police other than the superintendent of state police, who is
28 hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the
29 age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

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

1 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to
2 a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent
3 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the
4 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as
5 defined in subsection (b) hereof.

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

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

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

12 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of
13 service; provided however, any current member as of June 30, 2012 who has not accrued fifty
14 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent
15 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

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

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

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

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

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

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

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

34 (2) In no event shall a member's original retirement allowance under any provisions of

1 this section exceed sixty-five percent (65%) of his or her average compensation.

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

10 (4) (i) Notwithstanding the prior paragraphs of this section, and subject to ~~paragraph~~
11 paragraphs (4)(ii) and (7) below, for all present and former members, active and retired members,
12 and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind,
13 whether for or on behalf of a non-contributory member or contributory member, the annual
14 benefit adjustment provided in any calendar year under this section shall be equal to (A)
15 multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-
16 half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the
17 retirement system determined as of the last day of the plan year preceding the calendar year in
18 which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be
19 less than zero percent (0%), and (B) is equal to the lesser of the member's retirement allowance or
20 the first twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five
21 thousand dollars (\$25,000) amount to be indexed annually in the same percentage as determined
22 under (4)(i)(A) above. The "Five-Year Average Investment Return" shall mean the average of the
23 investment returns for the most recent five (5) plan years as determined by the retirement board.
24 Subject to paragraph (4)(ii) below, the benefit adjustment provided by this paragraph shall
25 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
26 retiree reaches age fifty-five (55), whichever is later. In the event the retirement board adjusts the
27 actuarially assumed rate of return for the system, either upward or downward, the subtrahend
28 shall be adjusted either upward or downward in the same amount.

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

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

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

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

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

16 (5) 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 retired in accordance with (j)(1)
18 above, shall be eligible to retire upon the attainment of member's Security retirement age as
19 defined in 36-8-1(19).

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

23 (7) Notwithstanding the aforementioned, for all present and former members of the state
24 police, active and retired members, and beneficiaries receiving any retirement, disability or death
25 allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year
26 under this section shall not exceed one hundred five percent (105%) of the highest annual
27 compensation paid prior to retirement.

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

33 SECTION 8. Section 8-3-15 of the General laws in Chapter 8-3 entitled "Justices of
34 Supreme, Superior, and Family Courts" is hereby mended to read as follows:

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

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

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

29 (d) (1) Notwithstanding the prior paragraphs of this section, and subject to ~~paragraph~~
30 paragraphs (d)(2) and (5) below, for all present and former justices, active and retired justices,
31 and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind,
32 whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-
33 contributory justice or engaged after December 31, 1989 as a contributory justice, the annual
34 benefit adjustment provided in any calendar year under this section shall be equal to (A)

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

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

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

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

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

34 [\(5\) Notwithstanding the aforementioned, for all present and former Justices of the](#)

1 Supreme, Superior, and Family Courts, active and retired members, and beneficiaries receiving
2 any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment
3 provided in any calendar year under this section shall not exceed one hundred five percent
4 (105%) of the highest annual compensation paid prior to retirement.

5 SECTION 9. Chapter 8-8 of the General Laws entitled “District Court” is hereby
6 amended by adding thereto the following section:

7 **8-8-10.3. Maximum Retirement Allowance.** -- Notwithstanding the aforementioned, for
8 all present and former judges, active and retired members, and beneficiaries receiving any
9 retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment
10 provided in any calendar year under this section shall not exceed one hundred five percent
11 (105%) of the highest annual compensation paid prior to retirement.

12 SECTION 10. Section 8-8.2-10 of the General Laws in Chapter 8-8.2 entitled “Traffic
13 Tribunal” is hereby amended to read as follows:

14 **8-8.2-12. Additional benefits payable to retired judges and their surviving spouses**
15 **or domestic partners.** -- (a) All judges of the administrative adjudication court and all judges of
16 the administrative adjudication court who have been reassigned to the traffic tribunal, or their
17 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a
18 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next
19 following the third anniversary of the retirement, receive a cost of living retirement adjustment in
20 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
21 original retirement allowance. In each succeeding year thereafter during the month of January, the
22 retirement allowance shall be increased an additional three percent (3%) of the original
23 allowance, compounded annually from the year cost of living adjustment was first payable to be
24 continued during the lifetime of the judge or his or her surviving spouse or domestic partner. For
25 the purpose of such computation, credit shall be given for a full calendar year regardless of the
26 effective date of the retirement allowance.

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

29 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon
30 passage of this article, and for their beneficiaries, the cost of living adjustment described in
31 subsection (a) above shall only apply to the first thirty-five thousand dollars (\$35,000) of
32 retirement allowance, indexed annually, and shall commence upon the third (3rd) anniversary of
33 the date of retirement or when the retiree reaches age sixty-five (65), whichever is later. The
34 thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage increase in

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

10 (d) (1) Notwithstanding the prior paragraphs of this section, and subject to ~~paragraph~~
11 paragraphs (d)(2) and (5) below, for all present and former justices, active and retired justices,
12 and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind,
13 whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-
14 contributory justice or engaged after December 31, 1989 as a contributory justice, the annual
15 benefit adjustment provided in any calendar year under this section shall be equal to (A)
16 multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-
17 half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the
18 retirement system determined as of the last day of the plan year preceding the calendar year in
19 which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be
20 less than zero percent (0%), and (B) is equal to the lesser of the justice's retirement allowance or
21 the first twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five
22 thousand dollars (\$25,000) amount to be indexed annually in the same percentage as determined
23 under (d)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of
24 the investment return of the most recent five (5) plan years as determined by the retirement board.
25 Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall
26 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
27 retiree reaches his or her Social Security retirement age, whichever is later. In the event the
28 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
29 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

30 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
31 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
32 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
33 State Police Retirements Benefits Trust, calculated by the system's actuary on an aggregate basis,
34 exceeds eighty percent (80%) in which even the benefit adjustment will be reinstated for all

1 justices for such plan year.

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

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

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

15 (5) Notwithstanding the aforementioned, for all present and former justices, active and
16 retired members, and beneficiaries receiving any retirement, disability or death allowance or
17 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
18 section shall not exceed one hundred five percent (105%) of the highest annual compensation
19 paid prior to retirement.

20 SECTION 11. Section 28-30-18 of the General Laws in Chapter 28-0 entitled "Workers'
21 Compensation Court" is hereby amended to read as follows:

22 **28-30-18. Additional benefits payable to retired judges and their surviving spouses**
23 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving
24 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
25 allowance pursuant to the provisions of this title, shall, on the first day of January next following
26 the third anniversary date of their retirement, receive a cost of living retirement adjustment in
27 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
28 original retirement allowance. In each succeeding subsequent year during the month of January
29 the retirement allowance shall be increased an additional three percent (3%) of the original
30 allowance, compounded annually from the year the cost of living adjustment was first payable to
31 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.
32 For the purpose of that computation, credit shall be given for a full calendar year regardless of the
33 effective date of the retirement allowance.

34 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of

1 this section to have retired on January 1, 1980.

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

17 (d) (1) Notwithstanding the prior paragraphs of this section, and subject to ~~paragraph~~
18 paragraphs (d)(2) and (5) below, for all present and former justices, active and retired justices,
19 and beneficiaries receiving any retirement, disability or death allowance or benefit of any kind,
20 whether provided for or on behalf of justices engaged on or prior to December 31, 1989 as a non-
21 contributory justice or engaged after December 31, 1989 as a contributory justice, the annual
22 benefit adjustment provided in any calendar year under this section shall be equal to (A)
23 multiplied by (B) where (A) is equal to the percentage determined by subtracting five and one-
24 half percent (5.5%) (the "subtrahend") from the Five-Year Average Investment Return of the
25 retirement system determined as of the last day of the plan year preceding the calendar year in
26 which the adjustment is granted, said percentage not to exceed four percent (4%) and not to be
27 less than zero percent (0%), and (B) is equal to the lesser of the justice's retirement allowance or
28 the first twenty-five thousand dollars (\$25,000) of retirement allowance, such twenty-five
29 thousand dollars (\$25,000) amount to be indexed annually in the same percentage as determined
30 under (d)(1)(A) above. The "Five-Year Average Investment Return" shall mean the average of
31 the investment return of the most recent five (5) plan years as determined by the retirement board.
32 Subject to paragraph (d)(2) below, the benefit adjustment provided by this paragraph shall
33 commence upon the third (3rd) anniversary of the date of retirement or the date on which the
34 retiree reaches his or her Social Security retirement age, whichever is later. In the event the

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

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

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

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

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

22 (5) Notwithstanding the aforementioned, for all present and former justices, active and
23 retired members, and beneficiaries receiving any retirement, disability or death allowance or
24 benefit of any kind, the annual benefit adjustment provided in any calendar year under this
25 section shall not exceed one hundred five percent (105%) of the highest annual compensation
26 paid prior to retirement.

27 SECTION 12. Chapter 45-6 of the General Laws entitled "Ordinances" is hereby
28 amended by adding thereto the following section:

29 **45-6-12. Maximum Retirement Allowance.** -- The city or town councils of the various
30 cities or towns may, by a two-thirds (2/3) majority vote, provide by ordinance or through
31 collective bargaining, that all present and former, personnel, active and retired members, and
32 beneficiaries receiving any retirement, disability or death allowance or benefit of any kind, the
33 annual benefit adjustment provided in any calendar year under this section shall not exceed one
34 hundred five percent (105%) of the highest annual compensation paid prior to retirement.

1 SECTION 13. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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

1 This act would amend statutes relating to the various state and municipal retirement
2 systems to provide that the annual benefit adjustment provided in any calendar year not exceed
3 one hundred five percent (105%) of the highest annual compensation paid prior to retirement for
4 all present and former personnel, active and retired members, and beneficiaries receiving any
5 retirement, disability or death allowance or benefit of any kind.

6 The act would take effect upon passage.

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