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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

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

Introduced By: Representative Spencer E. Dickinson

Date Introduced: March 04, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. [Legislative intent and findings.](#)

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

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

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

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

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

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

18 (5) (a) "Average compensation" for members eligible to retire as of September 30, 2009

1 shall mean the average of the highest three (3) consecutive years of compensation, within the total
2 service when the average compensation was the highest. For members eligible to retire on or after
3 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)
4 consecutive years of compensation within the total service when the average compensation was
5 the highest.

6 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
7 half (1/2) of the member's total years of service consist of years of service during which the
8 member devoted less than thirty (30) business hours per week to the service of the state, but the
9 member's average compensation consists of three (3) or more years during which the member
10 devoted more than thirty (30) business hours per week to the service of the state, such member's
11 average compensation shall mean the average of the highest ten (10) consecutive years of
12 compensation within the total service when the average compensation was the highest; provided,
13 however, effective July 1, 2014, if such member's average compensation as defined in paragraph
14 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be
15 indexed annually in accordance with § 36-10-35(h)(1)(B), such member's average compensation
16 shall mean the greater of:

17 (i) The average of the highest ten (10) consecutive years of compensation within the total
18 service when the average compensation was the highest; or

19 (ii) The member's average compensation as defined in paragraph (a) above. To protect a
20 member's accrued benefit on June 30, 2012 under § 36-8-1(5)(b), in no event shall a member's
21 average compensation be lower than his or her average compensation determined as of June 30,
22 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 SECTION 3. Section 36-10-1 of the General Laws in Chapter 36-10 entitled "Retirement
29 System-Contributions and Benefits" is hereby amended to read as follows:

30 **36-10-1. Member contributions -- Deduction from compensation.** -- (a) Prior to July
31 1, 2012, each member of the retirement system shall contribute an amount equal to eight and
32 three-quarters percent (8.75%) of his or her compensation as his or her share of the cost of
33 annuities, benefits, and allowances. Effective July 1, 2012, each member of the retirement system
34 shall contribute an amount equal to three and three quarters percent (3.75%) of his or her

1 compensation, except for correctional officers as defined in section 36-10-9.2 who shall
2 contribute an amount equal to eight and three quarters percent (8.75%) of his or her
3 compensation. Effective July 1, 2014, each member of the retirement system, except for
4 correctional officers as defined in § 36-10-9.2, with twenty (20) or more years of total service as
5 of June 30, 2012 shall contribute an amount equal to eleven percent (11%) of compensation. The
6 contributions shall be made in the form of deductions from compensation.

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

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

16 **36-10-9. Retirement on service allowance -- In general.** -- Retirement of a member on
17 a service retirement allowance shall be made by the retirement board as follows:

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

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

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

4 (2) The formula shall then take the member's total service credit as of September 30,
5 2009 as the numerator and the years of service credit determined under (1) as the denominator.

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

8 (b) (i) Any member, who has not completed at least ten (10) years of contributory
9 service on or before July 1, 2005, may retire upon his or her written application to the retirement
10 board as of the first day of the calendar month in which the application was filed; provided, the
11 member was separated from service prior thereto; and further provided, however, that if
12 separation from service occurs during the month in which application is filed, the effective date
13 shall be the first day following that separation from service; provided, the member or his or her
14 retirement date had attained the age of fifty-nine (59) and had completed at least twenty-nine (29)
15 years of total service or provided that the member on his or her retirement date had attained the
16 age of sixty-five (65) and had completed at least ten (10) years of contributory service; or
17 provided, that the member on his or her retirement date had attained the age of fifty-five (55) and
18 had completed twenty (20) years of total service provided, that the retirement allowance, as
19 determined according to the formula in section 36-10-10 is reduced actuarially for each month
20 that the age of the member is less than sixty-five (65) years, and who retire before October 1,
21 2009 or are eligible to retire as of September 30, 2009.

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

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

33 (2) The formula shall then take the member's total service credit as of September 30,
34 2009 as the numerator and the years of service credit determined under (1) as the denominator.

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

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

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

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

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

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

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

22 (iii) A member who has completed twenty (20) or more years of total service and who
23 has attained an age within five (5) years of the eligible retirement age under subparagraphs (c)(i)
24 or (c)(ii) above [or subparagraph \(d\) below](#), may elect to retire provided that the retirement
25 allowance shall be reduced actuarially for each month that the age of the member is less than the
26 eligible retirement age under subparagraphs (c)(i) or (c)(ii) above [or subparagraph \(d\) below in](#)
27 [accordance with the following table:](#)

Year Preceding Retirement	Cumulative Annual Reduction	Cumulative Monthly Reduction
For Year 1	9%	.75%
For Year 2	8%	.667%
For Year 3	7%	.583%
For Year 4	7%	.583%
For Year 5	7%	.583%

34 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has

1 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire
2 at his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above
3 provided that a member making an election under this paragraph shall receive the member's
4 retirement benefit determined and calculated based on the member's service and average
5 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
6 manner to protect a member's accrued benefit on June 30, 2012.

7 (d) Notwithstanding any other provisions of subparagraph (c) above, effective July 1,
8 2014, a member in active service as of June 30, 2012 shall be eligible to retire upon the earlier of:
9 (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of
10 total service; or (B) The member's retirement eligibility date under subparagraphs (c)(i) or (c)(ii)
11 above.

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

15 (3) (i) Except as specifically provided in section 36-10-9.1, sections 36-10-12 -- 36-10-
16 15, and sections 45-21-19 -- 45-21-22, (I) On or prior to June 30, 2012 no member shall be
17 eligible for pension benefits under this chapter unless the member shall have been a contributing
18 member of the employee's retirement system for at least ten (10) years, or (II) For members in
19 active contributory service on or after July 1, 2012, the member shall have been a contributing
20 member of the retirement system for at least five (5) years.

21 (ii) Provided, however, a person who has ten (10) years service credit on or before June
22 16, 1991, shall be vested.

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

25 (iv) Any person who becomes a member of the employees' retirement system pursuant to
26 section 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title
27 45 and this chapter.

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

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

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

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

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

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

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

1 SECTION 5. Section 36-10-10 of the General Laws in Chapter 36-10 entitled
2 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

3 **36-10-10. Amount of service retirement allowance.** -- (a) (1) (i) For employees
4 eligible to retire on or before September 30, 2009, upon retirement for service under section 36-
5 10-9, a member whose membership commenced before July 1, 2005 and who has completed at
6 least ten (10) years of contributory service on or before July 1, 2005 shall receive a retirement
7 allowance which shall be determined in accordance with schedule A below for service prior to
8 July 1, 2012:

9 Schedule A

10 Years of Service Percentage Allowance

11 1st through 10th inclusive	1.7%
12 11th through 20th inclusive	1.9%
13 21st through 34th inclusive	3.0%
14 35th	2.0%

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

26 Schedule B

27 Years of Service Percentage Allowance

28 1st through 10th inclusive	1.60%
29 11th through 20th inclusive	1.80%
30 21st through 25th inclusive	2.0%
31 26th through 30th inclusive	2.25%
32 31st through 37th inclusive	2.50%
33 38th	2.25%

34 (b) The retirement allowance of any member whose membership commenced before July

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

19 (c) Any member with thirty-eight (38) years or more of service prior to December 31,
20 1985, shall not be required to make additional contributions. Contributions made between
21 December 31, 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service
22 prior to December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,
23 administrators, or legal representatives.

24 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be
25 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
26 1, 2012, a member's retirement allowance shall be equal to:

27 (1) For members with fewer than twenty (20) years of total services as of June 30, 2012,
28 one percent (1%) of the member's average compensation multiplied by the member's years of
29 total service on and after July 1 2012-; and

30 (2) For members with twenty (20) or more years of total service as of June 30, 2012, a
31 member's retirement allowance shall be equal to one percent (1 %) of the member's average
32 compensation multiplied by the member's years of total service between July 1, 2012 and June
33 30, 2014, and two percent (2%) of the member's average compensation multiplied by the
34 member's years of total service on and after July 1, 2014. For purposes of computing a member's

1 total service under the preceding sentence, service purchases shall be included in total service
2 only with respect to those service purchases approved prior to June 30, 2012 and those
3 applications for service purchases received by the retirement system on or before June 30, 2012.

4 In no event shall a member's retirement allowance exceed the maximum limitations set forth in
5 paragraph (b) above.

6 SECTION 6. Section 36-10-10.2 of the General Laws in Chapter 36-10 entitled
7 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

8 **36-10-10.2. Amount of service retirement allowance -- Correctional officers. --** (a)

9 Upon retirement for service under section 36-10-9.2, a member with twenty-five (25) or more
10 years of service as of June 30, 2012 shall receive a retirement allowance of an amount determined
11 under (i) below. All other members shall receive a retirement allowance of an amount equal to the
12 sum of (i) below for service prior to July 1, 2012, plus (ii) below for service on and after July 1,
13 2012. (i) Two percent (2%) of his or her average compensation multiplied by his or her first
14 thirty (30) years of total service within the department of corrections; any and all years of
15 remaining service shall be issued to the member at a retirement allowance of an amount equal to
16 his or her average compensation multiplied by the percentage allowance determined in
17 accordance with Schedule A below:

18 Schedule A

19 Years of Service Percentage Allowance

20 1 through 30 inclusive	2%
21 31st	6%
22 32nd	5%
23 33rd	4%
24 34th	3%
25 35th	2%

26 (ii) On and after July 1, 2012, ~~Two two~~ percent (2%) of his or her average compensation
27 multiplied by his or her ~~years of service on and after July 1, 2012~~
28 within the department of corrections, ~~and three percent (3%) of his or her average compensation~~
29 multiplied by the member's thirty-first (31st) through thirty-fifth (35th) years of service.

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

1 eight (38) years of service prior to July 1, 1987, shall not be required to contribute.

2 SECTION 7. Section 36-10-35 of the General Laws in Chapter 36-10 entitled
3 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

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

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

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

1 sections 36-10-12 -- 36-10-15, the cost of living adjustment shall be computed and paid at the rate
2 of three percent (3%) of the original retirement allowance or the retirement allowance as
3 computed in accordance with section 36-10-35.1, compounded annually from the year for which
4 the cost of living adjustment was determined to be payable by the retirement board pursuant to
5 the provisions of subsection (a) or (b) of this section. Such cost of living adjustments are
6 available to members who retire before October 1, 2009 or are eligible to retire as of September
7 30, 2009.

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

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

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

1 succeeding year. For state employees eligible to retire as of September 30, 2009 or eligible upon
2 passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not
3 apply.

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

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

14 (g) (1) [This subsection shall be effective for the period July 1, 2012 through June 30,](#)
15 [2014.](#) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2) below,
16 for all present and former employees, active and retired members, and beneficiaries receiving any
17 retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment
18 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)
19 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the
20 "subtrahend") from the Five-Year Average Investment Return of the retirement system
21 determined as of the last day of the plan year preceding the calendar year in which the adjustment
22 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
23 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five
24 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
25 amount to be indexed annually in the same percentage as determined under (g)(1)(A) above. The
26 "Five-Year Average Investment Return" shall mean the average of the investment returns of the
27 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (g)(2)
28 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)
29 anniversary of the date of retirement or the date on which the retiree reaches his or her Social
30 Security retirement age, whichever is later. In the event the retirement board adjusts the
31 actuarially assumed rate of return for the system, either upward or downward, the subtrahend
32 shall be adjusted either upward or downward in the same amount.

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

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

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

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

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

18 (h) This subsection shall become effective July 1, 2014.

19 (I)(A) As soon as administratively reasonable following the enactment into law of this
20 paragraph, a one-time benefit adjustment shall be provided to members and/or beneficiaries of
21 members who retired on or before June 30, 2012, in the amount of two percent (2%) of the lesser
22 of either the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of
23 the member's retirement allowance. This one-time benefit adjustment shall be provided without
24 regard to the retiree's age or number of years since retirement.

25 (B) Notwithstanding the prior subsections of this section, for all present and former
26 employees, active and retired members, and beneficiaries receiving any retirement, disability or
27 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
28 year under this section for adjustments on and after January 1, 2015, and subject to paragraph
29 (h)(2) below, shall be equal to (I) multiplied by (II):

30 (I) Shall equal the sum of fifty percent (50%) of subsection (i) plus fifty percent (50%) or
31 (ii) where:

32 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
33 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system
34 determined as of the last day of the plan year preceding the calendar year in which the adjustment

1 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
2 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment
3 returns of the most recent five (5) plan years as determined by the retirement board. In the event
4 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or
5 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

6 (i) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
7 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
8 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
9 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

10 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
11 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
12 amount to be indexed annually in the same percentage as determined under subsection (h)(1)(B)(I)
13 above.

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

19 (2) Except as provided in subsection (h)(3), the benefit adjustments under subsection
20 (h)(1)(B) for any plan year shall be suspended in their entirety unless the Actuarial Funded Ratio
21 of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and
22 the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate
23 basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for
24 all members for such plan year.

25 In determining whether a funding level under this subsection (h)(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. "Actuarial Funded Ratio"
28 shall mean the ratio of the actuarial value of assets to the actuarial accrued liability.

29 (3) Notwithstanding subsection (h)(2), in each fourth (4th) plan year commencing after
30 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at
31 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance
32 with subsection (h)(1)(B) above until the Actuarial Funded Ratio of the Employees' Retirement
33 System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement
34 Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent

1 [\(80%\)](#).

2 SECTION 8. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined
3 Contribution Retirement Plan" is hereby amended to read as follows:

4 **36-10.3-1. Definitions.** -- As used in this chapter, the following terms, unless the context
5 requires a different interpretation, shall have the following meanings:

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

7 (2) "Employee" means an employee as defined in ~~section §§~~ 36-8-1(9) [and 45-21-2\(7\)](#),
8 [and a teacher as defined in § 16-16-1\(12\)](#), effective July 1, 2012 2012; [provided however,](#)
9 [effective July 1, 2014, "employee" shall not include any employee with twenty \(20\) or more years](#)
10 [of total service as of June 30, 2012 in the Employees Retirement System under chapters 8 through](#)
11 [10 of title 36 or chapter 16 of title 16 \(ERS\), or the Municipal Employees' Retirement System](#)
12 [under chapters 21 and 21.2 of title 45 \(MERS\).](#)

13 (3) "Employer" means the State of Rhode Island or the local municipality which employs
14 a member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter
15 16 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2
16 of title 45 (MERS).

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

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

22 (6) "Regular member" means: (i) An employee who is a member of ERS other than
23 correctional officers as defined in section 36-10-9.2; or (ii) ~~A~~ [An employee who is a](#) member of
24 MERS other than a public safety member.

25 (7) The "retirement board" or "board" shall mean the retirement board of the Employees
26 Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the
27 plan administrator and plan trustee and shall administer the plan in accordance with section 36-8-
28 4.1.

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

31 (9) "Supplemental employer" includes any employer that provides supplemental
32 contributions to the defined contribution retirement plan as provided in section 36-10.3-3.

33 (10) "Supplemental member" is defined in section 36-10.3-3.

34 SECTION 9. Section 36-10.3-5 of the General Laws in Chapter 36-10.3 entitled "Defined

1 Contribution Retirement Plan" is hereby amended to read as follows:

2 **36-10.3-5. Employer contributions.** -- (1) An employer shall contribute to each regular
3 member's individual account the following amounts:

4 (i) For members with fewer than ten (10) years of total services as of June 30, 2012, an
5 amount equal to one percent (1%) of the member's compensation at the end of each payroll period
6 from July 1 to the following June 30; :

7 (ii) For members with ten (10) or more but fewer than fifteen (15) years of total service
8 as of June 30, 2012, an amount equal to one percent (1 %) of the member's compensation at the
9 end of each payroll period from July 1, 2012 through June 30, 2014, and effective July 1, 2014,
10 an amount equal to one and one-quarter percent (1.25%) of the member's compensation at the end
11 of each payroll period from July 1 to the following June 30; and

12 (iii) For members with fifteen (15) or more but fewer than twenty (20) years of total
13 service as of June 30, 2012, an amount equal to one percent (1 %) of the member's compensation
14 at the end of each payroll period from July 1, 2012 through June 30, 2014, and effective July 1,
15 2014, an amount equal to one and one-half percent (1.5%) of the member's compensation at the
16 end of each payroll period from July 1 to the following June 30.

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

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

22 SECTION 10. Chapter 36-10.3 of the General Laws entitled "Defined Contribution
23 Retirement Plan" is hereby amended by adding thereto the following section:

24 **36-10.3-13. Waiver of administrative fees.** -- Any plan administration fees assessed to
25 members of the plan after July 1, 2014 shall be reimbursed by the state for any member whose
26 annual compensation is thirty-five thousand dollars (\$35,000) or less, said dollar amount to be
27 indexed annually in the same percentage determined under § 36-10-35(h)(1)(B).

28 SECTION 11. Section 16-16-12 of the General Laws in Chapter 16-16 entitled "Teachers'
29 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
30 amended to read as follows:

31 **16-16-12. Procedure for service retirement.** -- Retirement of a member on a service
32 retirement allowance shall be made by the retirement board as follows:

33 (a) (i) Any member may retire upon his or her written application to the retirement board
34 as of the first day of the calendar month in which the application was filed, provided the member

1 was separated from service prior to filing the application, and further provided however, that if
2 separation from service occurs during the month in which the application is filed, the effective
3 date shall be the first day following the separation from service, and provided further that the
4 member on retirement date has attained the age of sixty (60) years and has completed at least ten
5 (10) years of contributory service on or before July 1, 2005, or regardless of age has completed
6 twenty-eight (28) years of total service and has completed at least ten (10) years of contributory
7 service on or before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as
8 of September 30, 2009.

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

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

19 (B) The formula shall then take the teacher's total service credit as of September 30,
20 2009 as the numerator and the years of service credit determined under (A) as the denominator.

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

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

1 that the age of the member is less than sixty-five (65) years and who retire before October 1, 2009
2 or are eligible to retire as of September 30, 2009.

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

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

14 (B) The formula shall then take the teacher's total service credit as of September 30,
15 2009 as the numerator and the years of service credit determined under (A) as the denominator.

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

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

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

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

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

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

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

3 (iii) A teacher who has completed twenty (20) or more years of total service and who has
4 attained an age within five (5) years of the eligible retirement age under subdivisions (c)(i) or
5 (c)(ii) above or subsection (d) below, may elect to retire provided that the retirement allowance
6 shall be reduced actuarially for each month that the age of the teacher is less than the eligible
7 retirement age under subdivisions (c)(i) or (c)(ii) above or subdivision (d) below in accordance
8 with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

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

22 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2014,
23 A teacher in active service as of June 30, 2012 shall be eligible to retire upon the earlier of: (A)
24 The attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of
25 total service; or (B) The teacher's retirement eligibility date under subsections (c)(i) or (c)(ii)
26 above.

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

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

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

34 (2) Provided, however, a person who has ten (10) years service credit shall be vested;

1 provided that for teachers in active contributory service on or after July 1, 2012, a teacher who
2 has five (5) years of contributory service shall be vested.

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

5 (4) Any person who becomes a member of the employees' retirement system pursuant to
6 section 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title
7 45 and this chapter.

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

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

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

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

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

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

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

1 as to whether or not the member has utilized the same time of service for credit in any other
2 retirement system. The member has an affirmative duty to cooperate with the retirement board
3 including, by way of illustration and not by way of limitation, the duty to furnish or have
4 furnished to the retirement board any relevant information that is protected by any privacy act.

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

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

12 SECTION 12. Section 16-16-13 of the General Laws in Chapter 16-16 entitled "Teachers'
13 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
14 amended to read as follows:

15 **16-16-13. Amount of service retirement allowance.** -- (a) (1) (i) For teachers eligible
16 to retire on or before September 30, 2009, upon retirement from service under section 16-16-12 a
17 teacher whose membership commenced before July 1, 2005 and who has completed at least ten
18 (10) years of contributory service on or before July 1, 2005, shall, receive a retirement allowance
19 which shall be determined in accordance with schedule A for service prior to July 1, 2012.

20 SCHEDULE A

21 YEARS OF SERVICE PERCENTAGE ALLOWANCE

22 1st through 10th inclusive	1.7%
23 11th through 20th inclusive	1.9%
24 21st through 34th inclusive	3.0%
25 5th	2.0%

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

1 retirement allowance which shall be determined in accordance with Schedule B for service prior
2 to July 1, 2012.

3 SCHEDULE B

4 YEARS OF SERVICE PERCENTAGE ALLOWANCE

5 1st through 10th inclusive	1.60%
6 11th through 20th inclusive	1.80%
7 21st through 25th inclusive	2.0%
8 26th through 30th inclusive	2.25%
9 31st through 37th inclusive	2.50%
10 38th	2.25%

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

30 (c) For service prior to July 2012, the retirement allowance of a teacher shall be
31 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July
32 1, 2012: [\(i\) For teachers with fewer than twenty \(20\) years of total service as of June 30, 2012](#), a
33 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average
34 compensation multiplied by the teacher's years of [total](#) service on and after July 1, 2012; [and \(ii\)](#)

1 For teachers with twenty (20) or more years of total service as of June 30, 2012, a teacher's
2 retirement allowance shall be equal to one percent (1%) of the teacher's average compensation
3 multiplied by the teacher's years of total service between July 1, 2012 and June 30, 2014, and two
4 percent (2%) of the teacher's average compensation multiplied by the teacher's years of total
5 service on and after July 1, 2014. For purposes of computing a teacher's total service under the
6 preceding sentence, service purchases shall be included in total service only with respect to those
7 service purchases approved prior to June 30, 2012 and those applications for service purchases
8 received by the retirement system on or before June 30, 2012. In no event shall a teacher's
9 retirement allowance exceed the maximum limitations set forth in subsection (b) above.

10 SECTION 13. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'
11 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
12 amended to read as follows:

13 **16-16-22. Contributions to state system.** -- (a) Prior to July 1, 2012, each teacher shall
14 contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of
15 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall
16 contribute an amount equal to three and three quarters percent (3.75%) of his or her
17 compensation. Effective July 1, 2014, each teacher with twenty (20) or more years of total service
18 as of June 30, 2012 shall contribute an amount equal to eleven percent (11 %) of his or her
19 compensation. The employer contribution on behalf of teacher members of the system shall be in
20 an amount that will pay a rate percent of the compensation paid to the members, according to the
21 method of financing prescribed in the State Retirement Act in chapters 8 -- 10 and 10.3 of title 36.
22 This amount shall be paid forty percent (40%) by the state, and sixty percent (60%) by the city,
23 town, local educational agency, or any formalized commissioner approved cooperative service
24 arrangement by whom the teacher members are employed, with the exception of teachers who
25 work in federally funded projects and further with the exception of any supplemental
26 contributions by a local municipality employer under chapter 36-10.3 which supplemental
27 employer contributions shall be made wholly by the local municipality. Provided, however, that
28 the rate percent paid shall be rounded to the nearest hundredth of one percent (.01%).

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

34 (c) In case of the failure of any city, town, or local educational agency, or any formalized

1 commissioner approved cooperative service arrangement to pay to the state retirement system the
2 amounts due from it under this section within the time prescribed, the general treasurer is
3 authorized to deduct the amount from any money due the city, town, or local educational agency
4 from the state.

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

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

18 (e) This section is not subject to sections 45-13-7 through 45-13-10.

19 SECTION 14. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'
20 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
21 amended to read as follows:

22 **16-16-40. Additional benefits payable to retired teachers.** -- (a) All teachers and all
23 beneficiaries of teachers receiving any service retirement or ordinary or accidental disability
24 retirement allowance pursuant to the provisions of this chapter and chapter 17 of this title, on or
25 before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and
26 one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each
27 year the retirement allowance has been in effect. For purposes of computation credit shall be
28 given for a full calendar year regardless of the effective date of the retirement allowance. This
29 cost of living retirement adjustment shall be added to the amount of the service retirement
30 allowance as of January 1, 1970, and payment shall begin as of July 1, 1970. An additional cost
31 of living retirement adjustment shall be added to the original retirement allowance equal to three
32 percent (3%) of the original retirement allowance on the first day of January, 1971, and each year
33 thereafter through December 31, 1980.

34 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary

1 disability retirement allowance pursuant to the provisions of this title who retired on or after
2 January 1, 1968, shall, on the first day of January, next following the third (3rd) year on
3 retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an
4 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year
5 thereafter, on the first day of January, the retirement allowance shall be increased an additional
6 three percent (3%) of the original retirement allowance, not compounded, to be continued through
7 December 31, 1980.

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

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

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

32 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,
33 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living
34 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand

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

13 (e) [This subsection shall be effective for the period July 1, 2012 through June 30, 2014.](#)

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

32 (2) Except as provided in paragraph (e)(3), the benefit adjustments under this section for
33 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
34 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the

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

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

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

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

17 (f) This subsection shall become effective July 1, 2014.

18 (1)(A) As soon as administratively reasonable following the enactment into law of this
19 subsection (f)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or
20 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent
21 (2%) of the lesser of either the teacher's retirement allowance or the first twenty-five thousand
22 dollars (\$25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be
23 provided without regard to the retiree's age or number of years since retirement.

24 (B) Notwithstanding the prior subsections of this section, for all present and former
25 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or
26 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
27 year under this section for adjustments on and after January 1, 2015, and subject to subsection
28 (f)(2) below, shall be equal to (I) multiplied by (II):

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

30 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
31 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system
32 determined as of the last day of the plan year preceding the calendar year in which the adjustment
33 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
34 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment

1 returns of the most recent five (5) plan years as determined by the retirement board. In the event
2 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or
3 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

4 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer
5 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor
6 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of
7 (i) plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

8 (II) Is equal to the lesser of either the teacher's retirement allowance or the first twenty-
9 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
10 amount to be indexed annually in the same percentage as determined under subsection(f)(1)(B)(I)
11 of this section.

12 The benefit adjustments provided by this subsection (f)(1)(B) of this section shall be
13 provided to all retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law
14 then in effect, and for all other retirees the benefit adjustments shall commence upon the third
15 (3rd) anniversary of the date of retirement or the date on which the retiree reaches his or her
16 Social Security retirement age, whichever is later.

17 (2) Except as provided in subsection (f)(3), the benefit adjustments under subsection
18 (f)(1)(B) for any plan year shall be suspended in their entirety unless the Actuarial Funded Ratio
19 of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust,
20 and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate
21 basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for
22 all teachers for such plan year.

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

27 (3) Notwithstanding subsection (f)(2), in each fourth (4th) plan year commencing after
28 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at
29 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance
30 with paragraph (f)(1)(B) above until the Actuarial Funded Ratio of the Employees' Retirement
31 System of Rhode Island, the Judicial Retirement Benefits Trust, and the State Police Retirement
32 Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent
33 (80%).

34 SECTION 15. Section 45-21-2 of the General Laws in Chapter 45-21 entitled

1 "Retirement of Municipal Employees" is hereby amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

27 (A) Domestic partnership agreement or relationship contract;

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

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

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

33 (6) "Effective date of participation" means the date on which the provisions of this
34 chapter have become applicable to a municipality accepting the provisions of the chapter in the

1 manner stated in section 45-21-4.

2 (7) "Employee" means any regular and permanent employee or officer of any
3 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the
4 service of the municipality, including elective officials and officials and employees of city and
5 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the
6 purposes of this chapter, does not include any person whose duties are of a casual or seasonal
7 nature. The retirement board shall decide who are employees within the meaning of this chapter,
8 but in no case shall it deem as an employee any individual who annually devotes less than twenty
9 (20) business hours per week to the service of the municipality and who receives less than the
10 equivalent of minimum wage compensation on an hourly basis for his or her services, except as
11 provided in section 45-21-14.1. Casual employees mean those persons hired for an occasional
12 period or a period of emergency to perform special jobs or functions not necessarily related to the
13 work of regular employees. Any commissioner of a municipal housing authority, or any member
14 of a part-time state board commission, committee or other authority is not deemed to be an
15 employee within the meaning of this chapter.

16 (8)(a) "Final compensation" for members who are eligible to retire on or prior to June
17 30, 2012 shall mean the average annual compensation, pay, or salary of a member for services
18 rendered during the period of three (3) consecutive years within the total service of the member
19 when the average was highest, and as the term average annual compensation is further defined in
20 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final
21 compensation" means the average of the highest five (5) consecutive years of compensation
22 within the total service when the final compensation was the highest.

23 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
24 half (1/2) of the member's total years of service consist of years of service during which the
25 member devoted less than thirty (30) business hours per week to the service of the municipality,
26 but the member's average compensation consists of three (3) or more years during which the
27 member devoted more than thirty (30) business hours per week to the service of a municipality,
28 such member's average compensation shall mean the average of the highest ten (10) consecutive
29 years of compensation within the total service when the average compensation was the highest; ~~;~~
30 provided, however, effective July 1, 2014, if such member's average compensation as defined in
31 paragraph (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to
32 be indexed annually in accordance with § 45-21-52(d)(1)(B), such member's average
33 compensation shall mean the greater of:

34 (i) The average of the highest ten (10) consecutive years of compensation within the total

1 service when the average compensation was the highest; or

2 (ii) The member's average compensation as defined in paragraph (a) above. To protect a
3 member's accrued benefit on June 30, 2012 under § 45-21-2(8)(b), in no event shall a member's
4 average compensation be lower than his or her average compensation determined as of June 30,
5 2012.

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

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

10 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a
11 member claiming service credit for certain employment for which payment is required, which is
12 determined according to the age of the member and his or her annual rate of compensation at the
13 time he or she applies for service credit, and which is expressed as a rate percent of the annual
14 rate of compensation to be multiplied by the number of years for which he or she claims the
15 service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on
16 the basis of computation by the actuary. Except as provided in sections 16-16-7.1, 36-5-3, 36-9-
17 31, 36-10-10.4, and subdivision 45-21-53: (i) All service credit purchases requested after June 16,
18 2009 and prior to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases
19 requested after June 30, 2012 shall be at full actuarial value which shall be determined using the
20 system's assumed investment rate of return minus one percent (1%).

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

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

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

29 (14) "Participating municipality" means any municipality which has accepted this
30 chapter, as provided in section 45-21-4.

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

34 (16) "Regular interest" means interest at the assumed investment rate of return,

1 compounded annually, as may be prescribed from time to time by the retirement board.

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

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

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

10 (20) "Service" means service as an employee of a municipality of the state of Rhode
11 Island as defined in subdivision (7).

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

14 (22) Any term not specifically defined in this chapter and specifically defined in chapters
15 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

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

18 **45-21-16. Retirement on service allowance. --** Retirement of a member on a service
19 retirement allowance shall be made by the retirement board as follows:

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

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

33 (A) A member with contributory service on or after July 1, 2012, shall be eligible to
34 retire upon the completion of at least five (5) years of contributory service and attainment of the

1 member's Social Security retirement age.

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

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

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

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

16 (C) A member who has completed twenty (20) or more years of total service and who
17 has attained an age within five (5) years of the eligible retirement age under subparagraphs (ii)(A)
18 or (ii)(B) above [or subdivision \(iii\) below](#), may elect to retire provided that the retirement
19 allowance shall be reduced actuarially for each month that the age of the member is less than the
20 eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above [or subdivision \(iii\) below in](#)
21 [accordance with the following table:](#)

Year Preceding Retirement	Cumulative Annual Reduction	Cumulative Monthly Reduction
For Year 1	9%	.75%
For Year 2	8%	.667%
For Year 3	7%	.583%
For Year 4	7%	.583%
For Year 5	7%	.583%.

28 [\(iii\) Notwithstanding any other provisions of subparagraph \(ii\) above, effective July 1,](#)
29 [2014, a member in active service as of June 30, 2012 shall be eligible to retire upon the earlier of](#)
30 [\(I\) The attainment of at least age sixty-five \(65\) and the completion of at least thirty \(30\) years of](#)
31 [total service; or \(II\) the member's retirement eligibility date under subparagraphs \(ii\)\(A\) or \(ii\)\(B\)](#)
32 [above.](#)

33 (D) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who has
34 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire

1 at his or her eligible retirement date as determined under paragraph (i) above provided that a
2 member making an election under this paragraph shall receive the member's retirement benefit
3 determined and calculated based on the member's service and average compensation as of June
4 30, 2012. This provision shall be interpreted and administered in a manner to protect a member's
5 accrued benefit on June 30, 2012.

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

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

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

13 (i) Provided, however, a person who has ten (10) years service credit on or before June
14 16, 1991 is vested.

15 (ii) Furthermore, any past service credits purchased in accordance with section 45-21-62
16 are counted towards vesting.

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

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

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

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

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

33 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,
34 2012 may be made on or prior to June 30, 2015.

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

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

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

20 (6) A member who fails to cooperate with the retirement board shall not have the time of
21 service counted toward total service credit until a time that the member cooperates with the
22 retirement board and until a time that the retirement board determines the validity of the service
23 credit.

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

27 SECTION 17. Section 45-21-17 of the General Laws in Chapter 45-21 entitled
28 "Retirement of Municipal Employees" is hereby amended to read as follows:

29 **45-21-17. Service retirement allowance.** -- (a) Upon retirement from service after
30 January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable
31 upon death of the annuitant and is an amount is equal to two percent (2%) of final compensation
32 multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37
33 1/2) years for services on and prior to June 30, 2012. For service on and after July 1, 2012: [\(i\) For](#)
34 [members with fewer than twenty \(20\) years of total service as of June 30, 2012,](#) a member's

1 retirement allowance shall be equal to one percent (1%) of the member's final compensation
2 multiplied by the member's years of total service on and after July 1, 2012; and (ii) For members
3 with twenty (20) or more years of total service as of June 30, 2012, a member's retirement
4 allowance shall be equal to one percent (1 %) of the member's average compensation multiplied
5 by the member's years of total service between July 1, 2012 and June 30, 2014, and two percent
6 (2%) of the member's average compensation multiplied by the member's years of total service on
7 and after July 1, 2014. For purposes of computing a member's total service under the preceding
8 sentence, service purchases shall be included in total service only with respect to those service
9 purchases approved prior to June 30, 2012 and those applications for service purchases received
10 by the retirement system on or before June 30, 2012. In no event shall a member's retirement
11 allowance exceed seventy-five percent (75%) of the member's final compensation. Provided,
12 however, that every person elected prior to July 1, 2012 who has served as a part time elected
13 official of the city of Cranston for a period of ten (10) years, is entitled to receive, upon
14 retirement from that part time service, and not being otherwise regularly employed by the city of
15 Cranston in which that person has served, a service retirement allowance equivalent to fifty
16 percent (50%) of the salary received at the time of retirement by that part time elected official;
17 and, provided, further, that if that person retires after a period of service greater than ten (10)
18 years, the person is entitled to receive an additional service retirement allowance equivalent to
19 five percent (5%) of the salary received at the time of retirement for each whole year of service,
20 in excess of ten (10) years up to a maximum additional allowance equivalent to fifty percent
21 (50%) of the salary received.

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

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

29 SECTION 18. Section 45-21-41 of the General Laws in Chapter 45-21 entitled
30 "Retirement of Municipal Employees" is hereby amended to read as follows:

31 **45-21-41. Members' contributions -- Payroll deductions -- Certification to board. --**

32 (a) Prior to July 1, 2012, each member shall contribute an amount equal to six percent (6%) of
33 salary or compensation earned and accruing to the member; provided, that contributions by any
34 member cease when the member has completed the maximum amount of service credit attainable.

1 Special compensation for additional fees shall not be considered as compensation for contribution
2 purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent
3 (1%) of his or her compensation as his or her share of the cost. Effective July 1, 2014, each
4 member with twenty (20) or more years of total service as of June 30, 2012 shall contribute an
5 amount equal to eight and one-quarter percent (8.25%) of compensation.

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

9 (c) The deductions provided for in this section shall be made notwithstanding that the
10 minimum compensation provided for by law for any member is reduced by the compensation.
11 Every member is deemed to consent and agree to the deductions made and provided for in this
12 section, and shall receipt for his or her full salary or compensation; and payment of salary or
13 compensation less those deductions are a full and complete discharge and acquittance of all
14 claims and demands for the services rendered by the person during the period covered by the
15 payment except as to the benefits provided under this chapter. Each participating municipality
16 shall certify to the retirement board the amounts deducted from the compensation of members.
17 Each of the amounts, when deducted, shall be credited to an individual account of the member
18 from whose compensation the deduction was made.

19 SECTION 19. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
20 "Retirement of Municipal Employees" is hereby amended to read as follows:

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

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

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

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

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

14 (c) [This subsection shall be effective for the period July 1, 2012 through June 30, 2014.](#)

15 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)
16 below, for all present and former employees, active and retired members, and beneficiaries
17 receiving any retirement, disability or death allowance or benefit of any kind by reason of
18 adoption of this section by their employer, the annual benefit adjustment provided in any calendar
19 year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the
20 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from
21 the Five-Year Average Investment Return of the retirement system determined as of the last day
22 of the plan year preceding the calendar year in which the adjustment is granted, said percentage
23 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the
24 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of
25 retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually
26 in the same percentage as determined under (c)(1)(A) above. The "Five-Year Average Investment
27 Return" shall mean the average of the investment returns of the most recent five (5) plan years as
28 determined by the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment
29 provided by this paragraph shall commence upon the third (3rd) anniversary of the date of
30 retirement or the date on which the retiree reaches his or her Social Security retirement age,
31 whichever is later; or for municipal police and fire retiring under the provisions of chapter 45-
32 21.2, the benefit adjustment provided by this paragraph shall commence on the later of the third
33 (3rd) anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
34 (55). In the event the retirement board adjusts the actuarially assumed rate of return for the

1 system, either upward or downward, the subtrahend shall be adjusted either upward or downward
2 in the same amount.

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

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

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

20 (d) This subsection shall become effective July 1, 2014.

21 (I)(A) As soon as administratively reasonable following the enactment into law of
22 subsection (d)(I)(A), a one-time benefit adjustment shall be provided to members and/or
23 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
24 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
25 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
26 be provided without regard to the retiree's age or number of years since retirement.

27 (B) Notwithstanding the prior subsection of this section, for all present and former
28 employees, active and retired employees, and beneficiaries receiving any retirement, disability or
29 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
30 year under this section for adjustments on and after January 1, 2015, and subject to subsection
31 (d)(2) below, shall be equal to (I) multiplied by (II):

32 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:
33 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
34 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system

1 determined as of the last day of the plan year preceding the calendar year in which the adjustment
2 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
3 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment
4 returns of the most recent five (5) plan years as determined by the retirement board. In the event
5 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or
6 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

12 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
13 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
14 amount to be indexed annually in the same percentage as determined under subsection(d)(1)(B)(I)
15 above.

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

21 (2) Except as provided in subsection (d)(3), the benefit adjustments under subsection
22 (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the
23 municipal employees' retirement system unless the municipal plan is determined to be funded at
24 an Actuarial Funded Ratio equal to or greater than eighty percent (80%) as of the end of the
25 immediately preceding plan year in accordance with the retirement system's actuarial valuation
26 report as prepared by the system's actuary, in which event the benefit adjustment will be
27 reinstated for all members for such plan year.

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

32 (3) Notwithstanding subsection (d)(2), in each fourth (4th) plan year commencing after
33 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at
34 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance

1 [with subsection \(d\)\(1\)\(B\) above until the municipal plan's Actuarial Funded Ratio exceeds eighty](#)
2 [percent \(80%\).](#)

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

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

9 ~~(f)~~(g) The East Greenwich town council shall be allowed to accept Plan C of section 45-
10 21-52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract
11 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C
12 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be
13 separate from all other employees of the town and school department, union or non-union, who
14 are in the same pension group but have not been granted Plan C benefits. Upon acceptance by the
15 town council, benefits in accordance with this section shall be available to all such employees
16 who retire on or after January 1, 2003.

17 SECTION 20. Section 42-28-22 of the General Laws in Chapter 42-28 entitled "State
18 Police" is hereby amended to read as follows:

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

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

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

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

33 (3) For each member who retired or who retires after July 1, 1973 "whole salary" means
34 the base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for

1 the position from which he or she retired or retires.

2 (c) (1) Any member who retired prior to July 1, 1977 shall receive a benefits payment
3 adjustment equal to three percent (3%) of his or her original retirement, as determined in
4 subsection (b) of this section, in addition to his or her original retirement allowance. In each
5 succeeding year thereafter during the month of January, the retirement allowance shall be
6 increased an additional three percent (3%) of the original retirement allowance, not compounded,
7 to be continued until January 1, 1991. For the purposes of the computation, credit shall be given
8 for a full calendar year regardless of the effective date of the service retirement allowance. For
9 purposes of this subsection, the benefits payment adjustment shall be computed from January 1,
10 1971 or the date of retirement, whichever is later in time.

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

19 (3) Any retired member of the state police who is receiving a benefit payment
20 adjustment pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991
21 and ending June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars
22 (\$1,500).

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

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

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

1 the position was determined on July 1, 1975, whichever is greater.

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

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

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

20 (4) Any member who is granted a leave of absence without pay for illness, injury or any
21 other reason may receive credit therefor by making the full actuarial cost as defined in
22 subdivision 36-8-1(10); provided the employee returns to state service for at least one year upon
23 completion of the leave.

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

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

1 (g) The provisions of this section shall not apply to civilian employees in the Rhode
2 Island state police; and, further, from and after April 28, 1937, chapters 8 -- 10, inclusive, of title
3 36 shall not be construed to apply to the members of the Rhode Island state police, except as
4 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
5 (8)(a) effective July 1, 2012.

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

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

14 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to
15 a maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent
16 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the
17 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as
18 defined in subsection (b) hereof.

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

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

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

26 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of
27 service; provided however, any current member as of June 30, 2012 who has not accrued fifty
28 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent
29 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

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

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

34 (ii) Is calculated as the member's years of total service before July 1, 2012 in excess of

1 twenty (20) years not to exceed twenty-five (25) years multiplied by three percent (3%) of
2 average compensation, and

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

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

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

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

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

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

24 (4) (i) [This subdivision shall be effective for the period July 1, 2012 through June 30,](#)
25 [2014.](#) Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii) below,
26 for all present and former members, active and retired members, and beneficiaries receiving any
27 retirement, disability or death allowance or benefit of any kind, whether for or on behalf of a non-
28 contributory member or contributory member, the annual benefit adjustment provided in any
29 calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the
30 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from
31 the Five-Year Average Investment Return of the retirement system determined as of the last day
32 of the plan year preceding the calendar year in which the adjustment is granted, said percentage
33 not to exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the
34 lesser of the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of

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

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

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

20 (iii) Notwithstanding paragraph (4)(ii), in each fifth plan year commencing after June 30,
21 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
22 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
23 (4)(i) above until the GASB Funded Ratio of the Employees' Retirement System of Rhode Island,
24 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated
25 by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

31 [\(5\) This subdivision shall become effective July 1, 2014.](#)

32 [\(i\)\(A\) As soon as administratively reasonable following the enactment into law of this](#)
33 [subdivision \(5\)\(i\)\(A\), a one-time benefit adjustment shall be provided to members and/or](#)
34 [beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent](#)

1 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
2 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
3 be provided without regard to the retiree's age or number of years since retirement.

4 (B) Notwithstanding the prior subsections of this section, for all present and former
5 members, active and retired members, and beneficiaries receiving any retirement, disability or
6 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
7 year under this section for adjustments on and after January 1, 2015, and subject to subdivision
8 (5)(ii) below, shall be equal to (I) multiplied by (II):

9 (I) Shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:

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

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

21 In no event shall the sum of (1) plus (2) exceed three and one-half percent (3.5%) or be
22 less than zero percent (0%).

23 (II) is equal to the lesser of either the member's retirement allowance or the first twenty-
24 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
25 amount to be indexed annually in the same percentage as determined under
26 subdivision(5)(i)(B)(I) above.

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

32 (ii) Except as provided in paragraph (5)(iii), the benefit adjustments under subdivision
33 (5)(i)(B) for any plan year shall be suspended in their entirety unless the Actuarial Funded Ratio
34 of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and

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

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

8 (iii) Notwithstanding subdivision (5)(ii), in each fourth (4th) plan year commencing after
9 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at
10 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance
11 with subdivision (5)(i)(B) above until the Actuarial Funded Ratio of the Employees' Retirement
12 System of Rhode Island, the Judicial Retirement Benefits Trust, and the State Police Retirement
13 Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent
14 (80%).

15 ~~(5)~~(6) Any member with contributory service on or after July 1, 2012, who has
16 completed at least five (5) years of contributory service but who has not retired in accordance
17 with (j)(1) above, shall be eligible to retire upon the attainment of member's Security retirement
18 age as defined in 36-8-1(19).

19 ~~(6)~~(7) In no event shall a member's retirement allowance be less than the member's
20 retirement allowance calculated as of June 30, 2012 based on the member's years of total service
21 and whole salary as of June 30, 2012.

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

28 SECTION 21. Section 8-3-15 of the General Laws in Chapter 8-3 entitled "Justices of
29 Supreme, Superior, and Family Courts" is hereby amended to read as follows:

30 **8-3-15. Cost of living allowance.** -- (a) All justices of the supreme court, superior court,
31 family court, or district court, or their surviving spouses or domestic partners, who retire after
32 January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title
33 shall, on the first day of January next following the third anniversary date of retirement, receive a
34 cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount

1 equal to three percent (3%) of the original retirement allowance. In each succeeding year
2 thereafter during the month of January, the retirement allowance shall be increased an additional
3 three percent (3%) of the original allowance, not compounded, to be continued during the lifetime
4 of the justice or his or her surviving spouse or domestic partner. For the purpose of such
5 computation, credit shall be given for a full calendar year regardless of the effective date of the
6 retirement allowance.

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

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

24 (d) [This subsection shall be effective for the period July 1, 2012 through June 30, 2014.](#)

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

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

11 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for
12 any plan year shall be suspended in their entirety unless the GASB Funded Ratio of the
13 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the
14 State Police 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 justices for such plan year.

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

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

30 (e) This subsection shall become effective July 1, 2014.

31 (1)(A) As soon as administratively reasonable following the enactment into law of this
32 subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
33 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
34 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand

1 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
2 provided without regard to the retiree's age or number of years since retirement.

3 (B) Notwithstanding the prior subsections of this section, for all present and former
4 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
5 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
6 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
7 a contributory justice, the annual benefit adjustment provided in any calendar year under this
8 section for adjustments on and after January 1, 2015, and subject to paragraph (e)(2) below, shall
9 be equal to (I) multiplied by (II):

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

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

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

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

24 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
25 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
26 amount to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(1)
27 above.

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

33 (2) Except as provided in subsection (e)(3) , the benefit adjustments under subsection
34 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Actuarial Funded Ratio

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

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

9 (3) Notwithstanding subsection (e)(2), in each fourth (4th) plan year commencing after
10 June 30, 2012, commencing with the plan year ending June 30, 2016, and subsequently at
11 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance
12 with subsection (e)(1)(B) above until the Actuarial Funded Ratio of the Employees' Retirement
13 System of Rhode Island, the Judicial Retirement Benefits Trust, and the State Police Retirement
14 Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent
15 (80%).

16 SECTION 22. Section 8-8.2-12 of the General Laws in Chapter 8-8.2 entitled "Traffic
17 tribunal" is hereby amended to read as follows:

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

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

33 (c) For judges not eligible to retire as of September 30, 2009 and not eligible upon
34 passage of this article, and for their beneficiaries, the cost of living adjustment described in

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

14 (d) [This subsection shall be effective for the period July 1, 2012 through June 30, 2014.](#)

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

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

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

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

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

20 (e) This subsection shall become effective July 1, 2014.

21 (1)(A) As soon as administratively reasonable following the enactment into law of this
22 subsection (e)(1)(A), a one-time benefit adjustment shall be provided to justices and/or
23 beneficiaries of justices who retired on or before June 30, 2012, in the amount of two percent
24 (2%) of the lesser of either the justice's retirement allowance or the first twenty-five thousand
25 dollars (\$25,000) of the justice's retirement allowance. This one-time benefit adjustment shall be
26 provided without regard to the retiree's age or number of years since retirement.

27 (B) Notwithstanding the prior subsections of this section, for all present and former
28 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
29 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
30 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
31 a contributory justice, the annual benefit adjustment provided in any calendar year under this
32 section for adjustments on and after January 1, 2015, and subject to subsection (e)(2) below, shall
33 be equal to (I) multiplied by (II):

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

1 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
2 (the " 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%). The "Five-Year Average Investment Return" shall mean the average of the investment
6 returns of the most recent five (5) plan years as determined by the retirement board. In the event
7 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or
8 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

14 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
15 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
16 amount to be indexed annually in the same percentage as determined under subsection(e)(I)(B)(I)
17 above.

18 The benefit adjustments provided by this subsection (e)(I)(B) shall be provided to all
19 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
20 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary
21 of the date of retirement or the date on which the retiree reaches his or her Social Security
22 retirement age, whichever is later.

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

29 In determining whether a funding level under this subsection (e)(2) has been achieved,
30 the actuary shall calculate the funding percentage after taking into account the reinstatement of
31 any current or future benefit adjustment provided under this section. "Actuarial Funded Ratio"
32 shall mean the ratio of the actuarial value of assets to the actuarial accrued liability.

33 (3) Notwithstanding subsection (e)(2), in each fourth (4th) plan year commencing after
34 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at

1 [intervals of four \(4\) plan years, a benefit adjustment shall be calculated and made in accordance](#)
2 [with subsection \(e\)\(1\)\(B\) above until the Actuarial Funded Ratio of the Employees' Retirement](#)
3 [System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement](#)
4 [Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent](#)
5 [\(80%\).](#)

6 SECTION 23. Section 28-30-18 of the General Laws in Chapter 28-30 entitled "Workers'
7 Compensation Court" is hereby amended to read as follows:

8 **28-30-18. Additional benefits payable to retired judges and their surviving spouses**
9 **or domestic partners.** -- (a) All judges of the workers' compensation court, or their surviving
10 spouses or domestic partners, who retire after January 1, 1970 and who receive a retirement
11 allowance pursuant to the provisions of this title, shall, on the first day of January next following
12 the third anniversary date of their retirement, receive a cost of living retirement adjustment in
13 addition to his or her retirement allowance in an amount equal to three percent (3%) of the
14 original retirement allowance. In each succeeding subsequent year during the month of January
15 the retirement allowance shall be increased an additional three percent (3%) of the original
16 allowance, compounded annually from the year the cost of living adjustment was first payable to
17 be continued during the lifetime of that judge or his or her surviving spouse or domestic partner.
18 For the purpose of that computation, credit shall be given for a full calendar year regardless of the
19 effective date of the retirement allowance.

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

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

1 judges eligible to retire as of September 30, 2009 or eligible upon passage of this article, and for
2 their beneficiaries, the provisions of this subsection (c) shall not apply.

3 (d) This subsection shall be effective for the period July 1, 2012 through June 30, 2014.

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

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

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

34 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,

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

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

9 (e) This subsection shall become effective July 1, 2014.

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

16 (B) Notwithstanding the prior subsections of this section, for all present and former
17 justices, active and retired justices, and beneficiaries receiving any retirement, disability or death
18 allowance or benefit of any kind, whether provided for or on behalf of justices engaged on or
19 prior to December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as
20 a contributory justice, the annual benefit adjustment provided in any calendar year under this
21 section for adjustments on and after January 1, 2015, and subject to subsection (e)(2) below, shall
22 be equal to (I) multiplied by (II):

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

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

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

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

3 (II) Is equal to the lesser of either the justice's retirement allowance or the first twenty-
4 five thousand one hundred and sixty-eight dollars (\$25,168) of retirement allowance, such
5 amount to be indexed annually in the same percentage as determined under subsection (e)(1)(B)(I)
6 above.

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

12 (2) Except as provided in paragraph (e)(3), the benefit adjustments under subsection
13 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Actuarial Funded Ratio
14 of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust,
15 and the State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate
16 basis, exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for
17 all justices for such plan year.

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

22 (3) Notwithstanding paragraph (e)(2), in each fourth (4th) plan year commencing after
23 June 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at
24 intervals of four (4) plan years, a benefit adjustment shall be calculated and made in accordance
25 with subsection (e)(1)(B) above until the Actuarial Funded Ratio of the Employees' Retirement
26 System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement
27 Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty percent
28 (80%).

29 SECTION 24. Section 45-21.2-5 of the General Laws in Chapter 45-21.2 entitled
30 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
31 as follows:

32 **45-21.2-5. Retirement on service allowance.** -- (a) Retirement of a member on a service
33 retirement allowance for members eligible to retire on or before June 30, 2012 shall be made,
34 subject to paragraph (a)(11) below, by the retirement board as follows:

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

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

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

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

21 (5) Any member of the South Kingstown police department may retire pursuant to this
22 subdivision upon written application to the board stating at what time the member desires to
23 retire; provided, that the member at the specified time for retirement has earned a service
24 retirement allowance of fifty percent (50%) of final compensation pursuant to section 45-21.2-
25 6.1.

26 (6) Any member of the Johnston police department may retire pursuant to this
27 subdivision upon written application to the board stating at what time the member desires to
28 retire; provided, that the member at the specified time for retirement has earned a service
29 retirement allowance of fifty percent (50%) of final compensation pursuant to section 45-21.2-
30 6.2.

31 (7) Any member of the Cranston fire department hired after July 1, 1995, or any member
32 of the Cranston fire department with five (5) years or less of service effective July 1, 1995, may
33 retire pursuant to this subdivision upon written application to the board stating at what time the
34 member desires to retire; provided, that the member at the specified time for retirement has

1 earned a service retirement allowance of fifty percent (50%) of final compensation for at least
2 twenty (20) years service; final compensation for Cranston fire department members is based on
3 the compensation components of weekly salary, longevity and holidays with longevity of the
4 members highest year of earnings and members shall receive a three percent (3%) escalation of
5 their pension payment compounded each year on January 1st following the year of retirement and
6 continuing on an annual basis on that date; further, any illness or injury not covered in title 45 of
7 the general laws relating to the presumption of disability is governed by the collective bargaining
8 agreement between the City of Cranston and members of the Cranston fire department.

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

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

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

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

4 (12) Notwithstanding any provisions of this section to the contrary, with respect to police
5 officers employed by the town of Johnston, only those police officers hired on or after July 1,
6 2010 shall be eligible to be members of the Municipal Employees' Retirement System of the state
7 of Rhode Island in accordance with this chapter.

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

10 (1) Any member may retire pursuant to this subdivision upon written application to the
11 board stating at what time the member desires to retire; provided, that:

12 ~~(A) the~~ The member at the specified time for retirement attained the age of at least fifty-
13 five (55) years and has completed at least twenty-five (25) years of total service, and
14 notwithstanding that the member may have separated from service.

15 (B) The member:

16 (i) Was actively employed on or before June 30, 2012;

17 (ii) Makes contributions to the plan effective July 1, 2014 in accordance with § 45-21.2-
18 14; and

19 (iii) The member at the specified time for retirement attained the age of at least fifty (50)
20 years and has completed at least twenty-five (25) years of total service, and notwithstanding that
21 the member may have separated from service.

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

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

30 (4) A member who has completed twenty (20) or more years of total service who has
31 attained an age within five (5) years of the eligible retirement age under subparagraphs (b)(1) or
32 (b)(2) above, may elect to retire provided that the retirement allowance shall be reduced
33 actuarially for each month that the age of the member is less than the eligible retirement age
34 under subparagraphs (b)(1) or (b)(2) above in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%</u>

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

SECTION 25. Section 45-21.2-6 of the General Laws in Chapter 45-21.2 entitled "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read as follows:

45-21.2-6. Service retirement allowance. -- (a) Upon retirement from service pursuant to section 45-21.2-5, a member receives a retirement allowance which is a life annuity terminable at the death of the annuitant and shall be an amount equal to two percent (2%) of final compensation multiplied by the years of total service, provided that a member that has attained the age of at least fifty-seven (57) years and has completed at least thirty (30) years of total service shall receive a retirement allowance which is a life annuity terminable at the death of the annuitant and shall be an amount equal to two and one quarter percent (2.25%) of final compensation multiplied by the years of total service, provided further that the life annuity under this subsection (a) shall not ~~but not to~~ exceed seventy-five percent (75%) of final compensation.

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

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

(2) Option 2. - A reduced retirement allowance payable during the member's life with the provision that after his or her death an allowance equal to one-half (1/2) of his or her reduced allowance shall continue during the life of and be paid to the person that he or she nominated by

1 written designation duly acknowledged and filed with the board at the time of retirement.

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

6 SECTION 26. Section 45-21.2-14 of the General Laws in Chapter 45-21.2 entitled
7 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read
8 as follows:

9 **45-21.2-14. Contributions.** -- (a) Each member shall contribute an amount equal to
10 seven percent (7%) of the salary or compensation earned or accruing to the member, provided
11 that effective July 1, 2014 each member actively employed prior to July 1, 2012 shall contribute
12 an amount equal to nine percent (9%) of the salary or compensation earned or accruing to the
13 member. Special compensation or additional fees shall not be considered as compensation for
14 contribution purposes.

15 (b) Deductions are made in accordance with section 45-21-14 and credited in accordance
16 with section 45-21-43.

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

23 (d) Provided, that members of the South Kingstown police department, beginning July 1,
24 1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or
25 compensation or additional fees are not considered as compensation for retirement purposes. For
26 service on and after July 1, 2012, a member of the South Kingstown police department shall make
27 contributions in accordance with paragraph (a) above.

28 (e) Provided, further, that for service on or prior to June 30, 2012, members of the City
29 of Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an
30 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
31 Cranston fire department with five (5) years or less of service effective July 1, 1995, have the
32 option to either remain in the City of Cranston pension plan to which they belonged prior to the
33 adoption of local ordinance by the Cranston city council as stated in section 45-21.2-22 or
34 contribute to the State of Rhode Island optional twenty (20) year retirement on service allowance

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

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

28 SECTION 27. This Section 27 of this act shall take effect upon passage. The remainder
29 of this act shall take effect upon an affirmative vote by a majority of members from each union
30 that is a party to the state pension legislation litigation entitled "In re Pension cases, "P.C.C.A.
31 Numbers 12-3166, 12-3167, 12-3168, 12-3169, and 12-3579, and the case of "Rhode Island
32 council 94 et al. v. Chaffee et al., "C.A. No. 10-2859, which vote accepts the proposed
33 settlements of said litigation.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

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

1 This act would enact and codify changes to the employees' retirement system, based upon
2 a settlement of litigation between the state and various public employees' unions.

3 This Section 27 of this act would take effect upon passage. The remainder of this act
4 would take effect upon an affirmative vote by a majority of members from each union that is a
5 party to the state pension legislation litigation entitled "In re Pension cases, "P.C.C.A. Numbers
6 12-3166, 12-3167, 12-3168, 12-3169, and 12-3579, and the case of "Rhode Island council 94 et
7 al. v. Chaffee et al., "C.A. No. 10-2859, which vote accepts the proposed settlements of said
8 litigation..

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