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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO RETIREMENT

Introduced By: Senators Ciccone, Lynch Prata, Lombardi, Felag, and Gallo

Date Introduced: June 07, 2018

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 8-3-16 and 8-3-17 of the General Laws in Chapter 8-3 entitled
2 "Justices of Supreme, Superior, and Family Courts" are hereby amended to read as follows:

3 **8-3-16. Retirement contribution.**

4 (a) Judges engaged after December 31, 1989 shall have deducted from total salary
5 beginning December 31, 1989 and ending June 30, 2012 an amount equal to a rate percent of
6 compensation as specified in § 36-10-1 relating to member contributions to the state retirement
7 system. Effective July 1, 2012, all active judges whether engaged before or after December 31,
8 1989 shall have deducted from compensation as defined in subsection 36-8-1(8) an amount equal
9 to twelve percent (12%) of compensation, except active Supreme Court Judges as of June 30,
10 2012 who shall have deducted from compensation as defined in section 36-8-1(8) an amount
11 equal to the percent of compensation in effect on June 30, 2012. Proceeds deposited shall be held
12 in trust for the purpose of paying retirement benefits to participating judges or their beneficiaries
13 on the date contributions are withheld but no later than three (3) business days following the pay
14 period ending in which contributions were withheld. The retirement board shall establish rules
15 and regulations to govern the provisions of this section.

16 **(b) The state is required to deduct and withhold member contributions and to transmit**
17 **same to the retirement system and is hereby made liable for the contribution. In addition, any**
18 **amount of employee contributions actually deducted and withheld shall be deemed to be a special**
19 **fund in trust for the benefit of the member and shall be transmitted to the retirement system as set**

1 [forth herein.](#)

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

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

21 **8-3-17. State contributions.**

22 The state of Rhode Island shall make its contribution for the maintaining of the system
23 established by § 8-3-16 and providing the annuities, benefits, and retirement allowances in
24 accordance with the provisions of this chapter by annually appropriating an amount which will
25 pay a rate percent of the compensation paid after December 31, 1989 to judges engaged after
26 December 31, 1989. Such rate percent shall be computed and certified in accordance with the
27 procedures set forth in §§ 36-8-13 and 36-10-2 under rules and regulations promulgated by the
28 retirement board pursuant to § 36-8-3. The amounts that would have been contributed shall be
29 deposited in a special fund and not used for any purpose [on the date contributions are withheld](#)
30 [but no later than three \(3\) business days following the pay period ending in which contributions](#)
31 [were withheld.](#)

32 SECTION 2. Sections 8-8-10.1 and 8-8-10.2 of the General Laws in Chapter 8-8 entitled
33 "District Court" are hereby amended to read as follows:

34 **8-8-10.1. Retirement contribution.**

1 (a) Judges engaged after December 31, 1989 shall have deducted from total salary
2 beginning December 31, 1989 and ending June 30, 2012 an amount equal to a rate percent of
3 compensation as specified in § 36-10-1 relating to member contributions to the state retirement
4 system. Effective July 1, 2012, all active judges whether engaged before or after December
5 31,1989 shall have deducted from compensation as defined in subsection 36-8-1(8) an amount
6 equal to twelve percent (12%) of compensation. The receipts collected under this provision shall
7 be deposited in a restricted revenue account entitled "Judicial retirement benefits" on the date
8 contributions are withheld but no later than three (3) business days following the pay period
9 ending in which contributions were withheld. Proceeds deposited in this account shall be held in
10 trust for the purpose of paying retirement benefits to participating judges or their beneficiaries.
11 The retirement board shall establish rules and regulations to govern the provisions of this section.

12 (b) The state is required to deduct and withhold member contributions and to transmit
13 same to the retirement system and is hereby made liable for the contribution. In addition, any
14 amount of employee contributions actually deducted and withheld shall be deemed to be a special
15 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
16 forth herein.

17 ~~(b)~~(c) A member of the judiciary who withdraws from service or ceases to be a member
18 for any reason other than retirement shall be paid on demand a refund consisting of the
19 accumulated contributions standing to his or her credit in his or her individual account in the
20 judicial retirement benefits account. Any member receiving a refund shall thereby forfeit and
21 relinquish all accrued rights as a member of the system together with credits for total service
22 previously granted to the member; provided, however, that if any member who has received a
23 refund shall subsequently reenter the service and again become a member of the system, the
24 member shall have the privilege of restoring all money previously received or disbursed to his or
25 her credit as refund of contributions plus regular interest for the period from the date of refund to
26 the date of restoration. Upon the repayment of the refund as herein provided, the member shall
27 again receive credit for the amount of total service which he or she had previously forfeited by
28 the acceptance of the refund.

29 ~~(c)~~(d) Whenever any judge dies from any cause before retirement and has no surviving
30 spouse, domestic partner or minor child(ren), a payment shall be made of the accumulated
31 contributions standing to his or her credit in his or her individual account in the judicial
32 retirement benefits account. The payment of the accumulated contributions of the judge shall be
33 made to such person as the judge shall have nominated by written designation duly executed and
34 filed with the retirement board, or if the judge has filed no nomination, or if the person so

1 nominated has died, then to the estate of the deceased judge.

2 **8-8-10.2. State contributions.**

3 The state of Rhode Island shall make its contribution for the maintaining of the system
4 established by § 8-8-10.1 and providing the annuities, benefits, and retirement allowances in
5 accordance with the provisions of this chapter by annually appropriating an amount which will
6 pay a rate percent of the compensation paid after December 31, 1989 to judges engaged after
7 December 31, 1989. The rate percent shall be computed and certified in accordance with the
8 procedures set forth in § 36-8-13 and § 36-10-2 under rules and regulations promulgated by the
9 retirement board pursuant to § 36-8-3 and shall be transmitted on the date contributions are
10 withheld but no later than three (3) business days following the pay period ending in which
11 contributions were withheld.

12 SECTION 3. Sections 8-8.2-7 and 8-8.2-8 of the General Laws in Chapter 8-8.2 entitled
13 "Traffic tribunal" are hereby amended to read as follows:

14 **8-8.2-7. Retirement contribution.**

15 (a) Judges of the administrative adjudication court engaged after December 31, 1989 who
16 are reassigned by this chapter to the traffic tribunal shall have deducted from their total salary
17 beginning December 31, 1989 and ending June 30, 2012, an amount equal to a rate percent of
18 compensation as specified in § 36-10-1 relating to member contributions to the state retirement
19 system. Effective July 1, 2012, all active judges whether engaged before or after December
20 31,1989 shall have deducted from compensation as defined in 36-8-1(8) an amount equal to
21 twelve percent (12%) of compensation. The receipts collected under this provision shall be
22 deposited in a restricted revenue account entitled "administrative adjudication retirement
23 benefits" on the date contributions are withheld but no later than three (3) business days following
24 the pay period ending in which contributions were withheld. Proceeds deposited in this account
25 shall be used to pay judges' retirement costs. The retirement board shall establish rules and
26 regulations to govern the provisions of this section.

27 (b) The state is required to deduct and withhold member contributions and to transmit
28 same to the retirement system and is hereby made liable for the contribution. In addition, any
29 amount of employee contributions actually deducted and withheld shall be deemed to be a special
30 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
31 forth herein.

32 ~~(b)~~(c) A judge of the administrative adjudication court reassigned by this chapter to the
33 traffic tribunal who withdraws from service or ceases to be a member for any reason other than
34 death or retirement, shall be paid on demand a refund consisting of the accumulated contributions

1 standing to his or her credit in his or her individual account in the administrative adjudication
2 retirement benefits account. Any member receiving a refund shall thereby forfeit and relinquish
3 all accrued right as a member of the system together with credits for total service previously
4 granted to the member; provided, however, that if any member who has received a refund shall
5 subsequently reenter the service and again become a member of the system, he or she shall have
6 the privilege of restoring all moneys previously received or disbursed to his or her credit as a
7 refund of contributions plus regular interest for the period from the date of refund to the date of
8 restoration. Upon the repayment of the refund as herein provided, such member shall again
9 receive credit for the amount of total service which he or she had previously forfeited by the
10 acceptance of the refund.

11 ~~(e)~~(d) Whenever any judge of the administrative adjudication court dies from any cause
12 before retirement and has no surviving spouse or domestic partner or minor child(ren), a payment
13 shall be made of the accumulated contributions standing to his or her credit in his or her
14 individual account in the administrative adjudication court judges' retirement account. The
15 payment of the accumulated contributions of the judge shall be made to such person as the judge
16 shall have nominated by written designation duly executed and filed with the retirement board, or
17 if the judge has no filed nomination, or if the person so nominated has died, then to the estate of
18 the deceased judge.

19 **8-8.2-8. State contributions.**

20 The state of Rhode Island shall make its contribution for maintaining the system
21 established by § 8-8.2-7 and providing the annuities, benefits, and retirement allowances in
22 accordance with the provisions of this chapter, by annually appropriating an amount which will
23 pay a rate percent of the compensation paid after December 31, 1989 to judges of the
24 administrative adjudication court engaged after December 31, 1989 who are reassigned by this
25 chapter to the traffic tribunal. The rate percent shall be computed and certified in accordance with
26 the procedures set forth in § 36-8-13 and § 36-10-2 under rules and regulations promulgated by
27 the retirement board pursuant to § 36-8-3 and shall be transmitted on the date contributions are
28 withheld but no later than three (3) business days following the pay period ending in which
29 contributions were withheld.

30 SECTION 4. Sections 16-16-22 and 16-16-22.1 of the General Laws in Chapter 16-16
31 entitled "Teachers' Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education
32 Act]" are hereby amended to read as follows:

33 **16-16-22. Contributions to state system.**

34 (a) Prior to July 1, 2012, each teacher shall contribute into the system nine and one-half

1 percent (9.5%) of compensation as his or her share of the cost of annuities, benefits, and
2 allowances. Effective July 1, 2012, each teacher shall contribute an amount equal to three and
3 three quarters percent (3.75%) of his or her compensation. Effective July 1, 2015, each teacher
4 with twenty (20) or more years of total service as of June 30, 2012, shall contribute an amount
5 equal to eleven percent (11%) of his or her compensation. The employer contribution on behalf of
6 teacher members of the system shall be in an amount that will pay a rate percent of the
7 compensation paid to the members, according to the method of financing prescribed in the State
8 Retirement Act in chapters 8 -- 10 and 10.3 of title 36. This amount shall be paid forty percent
9 (40%) by the state, and sixty percent (60%) by the city, town, local educational agency, or any
10 formalized commissioner approved cooperative service arrangement by whom the teacher
11 members are employed, with the exception of teachers who work in federally funded projects and
12 further with the exception of any supplemental contributions by a local municipality employer
13 under chapter 36-10.3 which supplemental employer contributions shall be made wholly by the
14 local municipality. Provided, however, that the rate percent paid shall be rounded to the nearest
15 hundredth of one percent (.01%).

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

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

26 (d) The employer's contribution shared by the state shall be paid in the amounts
27 prescribed in this section for the city, town, or local educational agency and under the same
28 payment schedule. Notwithstanding any other provisions of this chapter, the city, town, or local
29 educational agency or any formalized commissioner approved cooperative service arrangement
30 shall remit to the general treasurer of the state the local employer's share of the teacher's
31 retirement ~~payments on a monthly basis, payable by the fifteenth (15th) of the following month~~
32 on the date contributions are withheld but no later than three (3) business days following the pay
33 period ending in which contributions were withheld. The amounts that would have been
34 contributed shall be deposited by the state in a special fund and not used for any purpose. The

1 general treasurer, upon receipt of the local employer's share, shall effect transfer of a matching
2 amount of money from the state funds appropriated for this purpose by the general assembly into
3 the retirement fund.

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

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

8 **16-16-22.1. City or town payment of teacher member contributions.**

9 (a) Each city or town, pursuant to the provisions of § 414(h)(2) of the United States
10 Internal Revenue Code, 26 U.S.C. § 414(h)(2), may, pursuant to appropriate local action by the
11 city or town, pick up and pay the contributions which would be payable by the employees as
12 teacher members under § 16-16-22. The contributions so picked up shall be treated as employer
13 contributions in determining tax treatment under the United States Internal Revenue Code.
14 Employee contributions picked up pursuant to this section shall be treated and identified as
15 teacher member contributions for all purposes of the retirement system except as specifically
16 provided to the contrary in this section.

17 (b) Teacher member contributions picked up by a city or town shall be paid from the
18 same source of funds used for the payment of compensation to a teacher member. A deduction
19 shall be made from a teacher member's compensation equal to the amount of his or her
20 contributions picked up by his or her city or town employer. This deduction, however, shall not
21 reduce his or her compensation for purposes of computing benefits under the retirement system
22 pursuant to this chapter or chapter 10 of title 36. Picked up contributions shall be transmitted to
23 the retirement system in accordance with the provisions of § 16-16-22 and § 36-10-1, on the date
24 contributions are withheld but no later than three (3) business days following the pay period
25 ending in which contributions were withheld.

26 (c) Every employer required to deduct and withhold member contributions and to
27 transmit same to the retirement system is hereby made liable for the contribution. In addition, any
28 amount of employee contributions actually deducted and withheld shall be deemed to be a special
29 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
30 forth herein.

31 (d) The liability of an employer who fails to segregate such trust funds, or refuses to
32 deduct and withhold member contributions from its employees, is enforceable by the Retirement
33 Board through an appropriate action in the superior court. The general treasurer is also authorized
34 to deduct the amount due from any money due the employer from the state.

1 SECTION 5. Sections 28-30-18.1 and 28-30-18.2 of the General Laws in Chapter 28-30
2 entitled "Workers' Compensation Court" are hereby amended to read as follows:

3 **28-30-18.1. Retirement contribution.**

4 (a) Workers' compensation judges engaged after December 31, 1989, shall have deducted
5 from total salary beginning December 31, 1989 and ending on June 30, 2012, an amount equal to
6 a rate percent of compensation as specified in § 36-10-1 relating to member contributions to the
7 state retirement system. Effective July 1, 2012, all active workers' compensation judges whether
8 engaged before or after December 31, 1989, shall have deducted from compensation as defined in
9 § 36-8-1(8) an amount equal to twelve percent (12%) of compensation. The receipts collected
10 under this provision shall be deposited in a restricted revenue account entitled "workers'
11 compensation judges' retirement benefits" on the date contributions are withheld but no later than
12 three (3) business days following the pay period ending in which contributions were withheld.
13 Proceeds deposited in this account shall be held in trust for the purpose of paying retirement
14 benefits to participating judges or their beneficiaries. The retirement board shall establish rules
15 and regulations to govern the provisions of this section.

16 (b) The state is required to deduct and withhold member contributions and to transmit
17 same to the retirement system and is hereby made liable for the contribution. In addition, any
18 amount of employee contributions actually deducted and withheld shall be deemed to be a special
19 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
20 forth herein.

21 ~~(b)~~(c) A judge of the court who withdraws from service or ceases to be a judge for any
22 reason other than retirement shall be paid on demand a refund consisting of the accumulated
23 contributions standing to his or her credit in his or her individual account in the workers'
24 compensation judges' retirement benefits account. Any judge receiving a refund shall forfeit and
25 relinquish all accrued rights as a member of the system together with credits for total service
26 previously granted to the judge; provided, that if any judge who has received a refund
27 subsequently reenters the service and again becomes a member of the system, he or she shall have
28 the privilege of restoring all money previously received or disbursed to his or her credit as refund
29 of contributions, together with regular interest for the time period from the date of refund to the
30 date of restoration. Upon the repayment of the refund, the judge shall again receive credit for the
31 amount of total service that he or she had previously forfeited by the acceptance of the refund.

32 ~~(c)~~(d) Whenever any judge of the workers' compensation court dies from any cause
33 before retirement and has no surviving spouse, domestic partner or minor child(ren), a payment
34 shall be made of the accumulated contributions standing to his or her credit in his or her

1 individual account in the workers' compensation judges' retirement account. The payment of the
2 accumulated contributions of the judge shall be made to such person as the judge shall have
3 nominated by written designation duly executed and filed with the retirement board, or if the
4 judge has filed no nomination, or if the person so nominated has died, then to the estate of the
5 deceased judge.

6 **28-30-18.2. State contributions.**

7 The state of Rhode Island shall make its contribution for the maintaining of the system
8 established by § 28-30-18.1 and providing the annuities, benefits, and retirement allowances in
9 accordance with the provisions of this chapter by annually appropriating an amount which will
10 pay a rate percent of the compensation paid after December 31, 1989, to judges engaged after
11 December 31, 1989. The rate percent shall be computed and certified in accordance with the
12 procedures set forth in §§ 36-8-13 and 36-10-2 under rules and regulations promulgated by the
13 retirement board pursuant to § 36-8-3 and shall be transmitted on the date contributions are
14 withheld but no later than three (3) business days following the pay period ending in which
15 contributions were withheld.

16 SECTION 6. Sections 36-10-1.1 and 36-10-2 of the General Laws in Chapter 36-10
17 entitled "Retirement System - Contributions and Benefits" are hereby amended to read as follows:

18 **36-10-1.1. Department payment of member contributions.**

19 (a) Each department, pursuant to the provisions of § 414(h)(2) of the United States
20 Internal Revenue Code, 26 U.S.C. § 414(h)(2), shall pick up and pay the contributions which
21 would be payable by the employees as members under §§ 36-10-1, 8-3-16, 8-8-10.1, 8-8.2-7, 28-
22 30-18.1, and 42-28-22.1. The contributions so picked up shall be treated as employer
23 contributions in determining tax treatment under the United States Internal Revenue Code; and
24 shall not be included as gross income of the employee until such time as they are distributed.
25 Employee contributions which are picked up pursuant to this section shall be treated and
26 identified as member contributions for all purposes of the retirement system except as specifically
27 provided to the contrary in this section.

28 (b) Member contributions picked up by a department shall be paid from the same source
29 of funds used for the payment of compensation to a member. A deduction shall be made from a
30 member's compensation equal to the amount of his or her contributions picked up by his or her
31 departmental employer. This deduction, however, shall not reduce his or her compensation for
32 purposes of computing benefits under the applicable retirement system. Picked up contributions
33 shall be transmitted to the retirement system in accordance with the provisions of § 36-10-1, on
34 the date contributions are withheld but no later than three (3) business days following the pay

1 [period ending in which contributions were withheld.](#)

2 [\(c\) The state is required to deduct and withhold member contributions and to transmit](#)
3 [same to the retirement system and is hereby made liable for the contribution. In addition, any](#)
4 [amount of employee contributions actually deducted and withheld shall be deemed to be a special](#)
5 [fund in trust for the benefit of the member and shall be transmitted to the retirement system as set](#)
6 [forth herein.](#)

7 **36-10-2. State contributions.**

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

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

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

- 19 (1) Pay the actuarial estimate of the normal cost for the next succeeding fiscal year;
20 (2) Amortize the unfunded liability of the system in accordance with section 36-10-
21 2.1(b).

22 (c) The State of Rhode Island shall remit to the general treasurer the employer's share of
23 the contribution for state employees, state police, and judges on a payroll frequency basis, [on the](#)
24 [date contributions are withheld but no later than three \(3\) business days following the pay period](#)
25 [ending in which contributions were withheld,](#) and for teachers in a manner pursuant to § 16-16-
26 22.

27 (d) (1) In accordance with the intent of § 36-8-20 that the retirement system satisfy the
28 requirements of § 401(a) of the Internal Revenue Code of 1986, the state shall pay to the
29 retirement system:

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

1 (ii) By December 31, 1994, twenty million seven hundred eighty eight thousand eight
2 hundred twelve dollars and nineteen cents (\$20,788,812.19) plus accrued interest on that amount
3 at eight percent (8%) compounded monthly beginning March 1, 1991, and ending on the date this
4 payment is completed (reduced by amortized amounts already repaid to the retirement system
5 with respect to the amounts withdrawn by the state during the fiscal year July 1, 1990 -- June 30,
6 1991); and

7 (iii) By June 30, 1995, the sum of the amounts paid by the retirement system for retiree
8 health benefits described in § 36-12-4 for all fiscal years beginning July 1, 1989, and ending June
9 30, 1994, to the extent that the amounts were not paid from the restricted fund described in
10 subsection (c).

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

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

19 (1) Except for fiscal year 2009, fiscal year 2010 and fiscal year 2011, for each fiscal year
20 in which the actuarially determined state contribution rate for state employees, including state
21 contributions under chapter 36-10.3, is lower than that for the prior fiscal year, the governor shall
22 include an appropriation to that system equivalent to twenty percent (20%) of the rate reduction
23 for the state's contribution rate for state employees to be applied to the actuarial accrued liability
24 of the state employees' retirement system for state employees for each fiscal year;

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

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

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

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

5 SECTION 7. Sections 36-10.3-4, 36-10.3-5 and 36-10.3-6 of the General Laws in
6 Chapter 36-10.3 entitled "Defined Contribution Retirement Plan" are hereby amended to read as
7 follows:

8 **36-10.3-4. Member contributions.**

9 (1) Each regular member shall contribute to the member's individual account in the plan
10 an amount equal to five percent (5%) of the member's compensation from July 1 to the following
11 June 30.

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

16 (3) Contributions by supplemental members shall be governed by § 36-10.3-6.

17 (4) The employer shall deduct the contribution from the member's compensation at the
18 end of each payroll period and shall remit such contributions on the date contributions are
19 withheld but no later than three (3) days following the pay period ending in which contributions
20 were withheld, and the contribution shall be credited by the plan to the member's individual
21 account. The contributions shall be deducted from the member's compensation before the
22 computation of applicable federal taxes and shall be treated as employer contributions under 26
23 U.S.C. § 414(h)(2). A member shall not have the option of making the payroll deduction directly
24 in cash instead of having the contribution picked up by the employer.

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

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

34 (7) Every employer required to deduct and withhold member contributions and to

1 [transmit same to the retirement system is hereby made liable for the contribution. In addition, any](#)
2 [amount of employee contributions actually deducted and withheld shall be deemed to be a special](#)
3 [fund in trust for the benefit of the member and shall be transmitted to the retirement system as set](#)
4 [forth herein.](#)

5 **36-10.3-5. Employer contributions.**

6 (1) An employer shall contribute to each regular member's individual account the
7 following amounts [on the date contributions are withheld but no later than three \(3\) days](#)
8 [following the pay period ending in which contributions were withheld:](#)

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

12 (ii) For members with ten (10) or more, but fewer than fifteen (15) years of total service
13 as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the
14 end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015,
15 an amount equal to one and one-quarter percent (1.25%) of the member's compensation at the end
16 of each payroll period; and

17 (iii) For members with fifteen (15) or more, but fewer than twenty (20) years of total
18 service as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation
19 at the end of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1,
20 2015, an amount equal to one and one-half percent (1.5%) of the member's compensation at the
21 end of each payroll period from July 1 to the following June 30.

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

26 (3) Contributions by supplemental employers shall be governed by § 36-10.3-6.

27 **36-10.3-6. Supplemental employer and member contributions.**

28 (a) A supplemental member shall contribute to the member's individual account an
29 amount equal to two percent (2%) of the member's compensation from July 1 to the following
30 June 30 in addition to the requirements of § 36-10.3-4. For such members, a supplemental
31 employer shall contribute to the member's individual account an amount equal to two percent
32 (2%) of the member's compensation from July 1 to the following June 30 in addition to the
33 requirements of § 36-10.3-5.

34 (b) A supplemental employer may request a different level of supplemental member

1 contributions and supplemental employer contributions subject to the approval of the state
2 investment commission.

3 (c) Such contributions shall be transmitted on the date contributions are withheld but no
4 later than three (3) days following the pay period ending in which contributions were withheld
5 and every employer required to deduct and withhold member supplemental contributions and to
6 transmit same to the retirement system is hereby made liable for the contribution. In addition, any
7 amount of employee contributions actually deducted and withheld shall be deemed to be a special
8 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
9 forth herein.

10 SECTION 8. Sections 42-28-22.1 and 42-28-22.2 of the General Laws in Chapter 42-28
11 entitled "State Police" are hereby amended to read as follows:

12 **42-28-22.1. Retirement contribution.**

13 (a) Legislative findings. The general assembly finds that:

14 (1) A trust was created for retirement purposes for members of the state police who were
15 hired after July 1, 1987; however, as of January 1, 2015, there was an unfunded liability of
16 approximately \$200 million attributable to the retirement benefits for members of the state police
17 hired on or before July 1, 1987, and no trust had been created for them.

18 (2) Unless a trust is established, these members' benefits will continue to be funded on a
19 pay-as-you-go basis and would not be recognized as a liability on the state's financial statements
20 under generally accepted accounting purposes.

21 (3) An investigation of Google, Inc., conducted by the Rhode Island U.S. attorney's office
22 and the Rhode Island task force of the U.S. food and drug administration's office of criminal
23 investigations, the department of the attorney general, and state and local police netted settlement
24 amounts of approximately \$230 million to the state, of which \$45.0 million has been allocated for
25 use by the state police.

26 (4) The allocation of Google settlement monies to the state police presents a unique
27 opportunity to reduce the amount of the unfunded liability attributable to the retirement benefits
28 for members of the state police hired on or before July 1, 1987.

29 (5) It is in the best interests of the members of the state police and the taxpayers of this
30 state to reduce the amount of the unfunded liability attributable to retirement benefits for these
31 police officers by creating a separate trust and to fund those benefits on an actuarial basis.

32 (b) Each member of the state police initially hired after July 1, 1987 shall have deducted
33 from "compensation" as defined in § 36-8-1(8) beginning July 1, 1989, an amount equal to a rate
34 percent of such compensation of eight and three quarters percent (8.75%). The receipts collected

1 from members of the state police shall be deposited in a restricted revenue account entitled "state
2 police retirement benefits" on the date contributions are withheld but no later than three (3)
3 business days following the pay period ending in which contributions were withheld. The
4 proceeds deposited in this account shall be held in trust for the purpose of paying retirement
5 benefits under this section to participating members of the state police or their beneficiaries. The
6 retirement board shall establish rules and regulations to govern the provisions of this section.

7 (c) The state is required to deduct and withhold member contributions and to transmit
8 same to the retirement system and is hereby made liable for the contribution. In addition, any
9 amount of employee contributions actually deducted and withheld shall be deemed to be a special
10 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
11 forth herein.

12 ~~(d)~~ A member of the state police initially hired after July 1, 1987 who withdraws from
13 service or ceases to be a member for any reason other than death or retirement, will, at the
14 member's request, be paid on demand a refund consisting of the accumulated contributions
15 standing to his or her credit in his or her individual account in the state police retirement benefits
16 account. Any member receiving a refund shall thereby forfeit and relinquish all accrued rights as
17 a member of the system together with credits for total service previously granted to the member;
18 provided, however, that if any member who has received a refund shall subsequently reenter the
19 service and again become a member of the system, he or she shall have the privilege of restoring
20 all moneys previously received or disbursed to his or her credit as refund of contributions, plus
21 regular interest for the period from the date of refund to the date of restoration.

22 ~~(e)~~ Upon the repayment of the refund provided in subsection (c) above, the member
23 shall again receive credit for the amount of total service which he or she had previously forfeited
24 by the acceptance of the refund.

25 ~~(f)~~ The state shall deposit contributions for members of the state police initially hired
26 on or before July 1, 1987, from time to time (as provided in § 42-28-22.2) to be held in trust. The
27 proceeds of this trust shall pay retirement benefits under this section to participating members of
28 the state police or their beneficiaries. The retirement board shall establish rules and regulations to
29 govern the provisions of this section.

30 **42-28-22.2. State contributions.**

31 The state of Rhode Island shall make its contribution for the maintaining of the system
32 established by § 42-28-22.1 and providing the annuities, benefits, and retirement allowances in
33 accordance with the provisions of this chapter by (a) annually appropriating an amount which will
34 pay a rate percent of the compensation paid after July 1, 1989 to members of the state police hired

1 after July 1, 1987 and (b) appropriating an amount which will amortize the unfunded liability
2 associated with the benefits payable to members of the state police hired on or before July 1,
3 1987. The dollar amount specified in subsection (b) above shall be computed on an actuarial basis
4 using an eighteen (18) year amortization schedule commencing on July 1, 2015, taking into
5 account an initial supplemental contribution from the state, and certified in accordance with the
6 procedures set forth in §§ 36-8-13 and 36-10-2 under rules and regulations promulgated by the
7 retirement board pursuant to § 36-8-3. Such contributions shall be transmitted on the date
8 contributions are withheld but no later than three (3) business days following the pay period
9 ending in which contributions were withheld.

10 SECTION 9. Sections 45-21-41.1 and 45-21-42 of the General Laws in Chapter 45-21
11 entitled "Retirement of Municipal Employees" are hereby amended to read as follows:

12 **45-21-41.1. Municipality payment of member contributions.**

13 (a) Each municipality, pursuant to the provisions of 26 U.S.C. § 414(h)(2) of the United
14 States Internal Revenue Code, may, pursuant to appropriate legal action by the municipality, pick
15 up and pay the contributions which would be payable by the employees as members under § 45-
16 21-41. The contributions so picked up shall be treated as employer contributions in determining
17 tax treatment under the United States Internal Revenue Code; however, each municipality shall
18 continue to withhold federal and state income taxes based upon these contributions until the
19 Internal Revenue Service rules that pursuant to 26 U.S.C. § 414(h)(2) of the United States
20 Internal Revenue Code, these contributions shall not be included as gross income of the employee
21 until the time they are distributed. Employee contributions which are picked up pursuant to this
22 section shall be treated and identified as member contributions for all purposes of the retirement
23 system except as specifically provided to the contrary in this section.

24 (b) Member contributions picked up by a municipality shall be paid from the same source
25 of funds used for the payment of compensation to a member. A deduction shall be made from a
26 member's compensation equal to the amount of the employee's contributions picked up by the
27 employee's municipal employer. This deduction, however, shall not reduce the employee's
28 compensation for purposes of computing benefits under the retirement system pursuant to this
29 chapter. Picked up contributions shall be submitted to the retirement system in accordance with
30 the provisions of § 45-21-41 on the date contributions are withheld but no later than three (3)
31 business days following the pay period ending in which contributions were withheld.

32 (c) Every employer required to deduct and withhold member contributions and to
33 transmit same to the retirement system is hereby made liable for the contribution. In addition, any
34 amount of employee contributions actually deducted and withheld shall be deemed to be a special

1 fund in trust for the benefit of the member and shall be transmitted to the retirement system as set
2 forth herein.

3 (d) The liability of an employer who fails to segregate such trust funds, or refuses to
4 deduct and withhold member contributions from its employees, is enforceable by the Retirement
5 Board through an appropriate action in the superior court. The general treasurer is also authorized
6 to deduct the amount due from any money due the employer from the state.

7 **45-21-42. Contributions by municipalities.**

8 (a) Each municipality shall make contributions to the system to provide for the remainder
9 of the obligation for retirement allowances, annuities, and other benefits provided in this chapter,
10 after applying the accumulated contributions of the members, interest income on investments of
11 the system, and other income accruing to the system. These contributions shall, in any event, be
12 sufficient to establish and maintain a reserve equal to the sum of:

13 (1) The full credits for accumulated contributions in the "members' contribution reserve"
14 described in § 45-21-43,

15 (2) The present value, determined in accordance with the actuarial tables in use by the
16 system, of the retirement allowances, disability allowances, accidental death benefits, and other
17 benefits in force, chargeable to the "retirement reserve" described in § 45-21-43, and

18 (3) The present value of deferred annuities to members who have acquired a vested right
19 under the provisions of § 45-21-18.

20 (b) The rate of contribution on the part of each municipality, to meet its obligations under
21 this chapter, is the rate certified by the retirement board at the date of participation of the
22 municipality. The rate is redetermined at least once every five (5) years and certified by the
23 retirement board, upon recommendation of the actuary, following an evaluation and analysis of
24 the operating experience of the system and of the assets, liabilities, and reserves of the system.
25 Nothing contained in this chapter is deemed to impose any obligation upon any municipality for
26 service which may have been rendered by an employee of one municipality in behalf of another
27 municipality.

28 (c) In case of failure of any city or town to pay to the state the amounts due from it under
29 this title within the time prescribed, the general treasurer is hereby authorized to deduct that
30 amount from any moneys due the city or town from the state for any purpose other than for
31 education.

32 (d) Notwithstanding any other provisions of the general laws, the payment of the
33 contributions for the employers' share shall be remitted to the retirement board ~~on a monthly~~
34 ~~basis, payable by the 15th of the following month~~ on the date contributions are withheld but no

1 [later than three \(3\) business days following the pay period ending in which contributions were](#)
2 [withheld.](#)

3 (e) This section is not subject to §§ 45-13-7 -- 45-13-10, as amended.

4 SECTION 10. This act shall take effect January 1, 2019.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO RETIREMENT

1 This act would require that contributions to a retirement plan be remitted to the retirement
2 board on the date contributions are withheld but not later than three (3) business days following
3 the pay period ending in which contributions were withheld.

4 This act would take effect January 1, 2019.

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LC005837
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