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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97-
THE RHODE ISLAND BOARD OF EDUCATION ACT]

Introduced By: Representatives Craven, Morin, McEntee, and Caldwell

Date Introduced: March 07, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'
2 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby
3 amended to read as follows:

4 **16-16-40. Additional benefits payable to retired teachers.**

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

16 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary
17 disability retirement allowance pursuant to the provisions of this title who retired on or after
18 January 1, 1968, shall, on the first day of January, next following the third (3rd) year on

1 retirement, receive a cost of living adjustment, in addition to his or her retirement allowance, an
2 amount equal to three percent (3%) of the original retirement allowance. In each succeeding year
3 thereafter, on the first day of January, the retirement allowance shall be increased an additional
4 three percent (3%) of the original retirement allowance, not compounded, to be continued through
5 December 31, 1980.

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

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

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

30 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,
31 2009, and not eligible upon passage of this article, and for their beneficiaries, the cost of living
32 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand
33 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third
34 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),

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

11 (e) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

12 (f) This subsection (f) shall be effective for the period July 1, 2012, through June 30,
13 2015.

14 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (f)(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 (f)(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 (f)(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 (f)(3), the benefit adjustments under this section for
33 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees'
34 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police

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

4 In determining whether a funding level under this paragraph (f)(2) 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.

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

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

16 (g) This subsection (g) shall become effective July 1, 2015.

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

23 (B) Notwithstanding the prior subsections of this section, for all present and former
24 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or
25 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
26 year under this section for adjustments on and after January 1, 2016, and subject to subsection
27 (g)(2) below, shall be equal to (I) multiplied by (II):

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

29 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
30 (the "subtrahend") from the five-year average investment return of the retirement system
31 determined as of the last day of the plan year preceding the calendar year in which the adjustment
32 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
33 (0%). The "five-year average investment return" shall mean the average of the investment returns
34 of the most recent five (5) plan years as determined by the retirement board. In the event the

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

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

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

8 (II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-
9 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
10 to be indexed annually in the same percentage as determined under subsection (g)(1)(B)(I) above.

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

16 (2) Except as provided in subsection (g)(3), the benefit adjustments under subsection
17 (g)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the
18 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state
19 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds
20 eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for
21 such plan year.

22 In determining whether a funding level under this subsection (g)(2) has been achieved,
23 the actuary shall calculate the funding percentage after taking into account the reinstatement of
24 any current or future benefit adjustment provided under this section.

25 (3) Notwithstanding subsection (g)(2), in each fourth plan year commencing after June
26 30, 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of
27 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
28 subsection (g)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who
29 retired on or before June 30, 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five
30 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
31 and twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of
32 Rhode Island, the judicial retirement benefits trust and the state police retirement benefits trust,
33 calculated by the system's actuary on an aggregate basis, exceeds eighty percent (80%).

34 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before

1 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
2 days following the enactment of the legislation implementing this provision, and a second one-
3 time stipend of five hundred dollars (\$500) in the same month of the following year. These
4 stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the
5 applicable payment date and shall not be considered cost of living adjustments under the prior
6 provisions of this § 16-16-40.

7 (5) Effective January 1, 2020, for each year in which a cost of living adjustment (COLA)
8 is not scheduled pursuant to subsection (g)(3) of this section, a stipend in the amount of three
9 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
10 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
11 These stipends shall be payable to all (COLA) eligible retired teachers or beneficiaries receiving a
12 benefit as of the applicable payment date and shall not be considered cost of living adjustments
13 under the prior provisions of § 16-16-40.

14 (6) Effective January 2022, the maximum stipend shall be increased with a cap of twenty
15 thousand dollars (\$20,000) to six hundred dollars (\$600) per the provisions of section (g)(5) of
16 this section.

17 (7) Effective January 2026, the maximum stipend shall be increased with a cap of twenty-
18 five thousand dollars (\$25,000) to seven hundred fifty dollars (\$750) per the provisions of section
19 (g)(5) of this section.

20 (8) Effective January 2030, the maximum stipend shall be determined by the indexed
21 COLA cap in effect for that calendar year.

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

24 **36-10-35. Additional benefits payable to retired employees.**

25 (a) All state employees and all beneficiaries of state employees receiving any service
26 retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of
27 this title on or before December 31, 1967, shall receive a cost of living retirement adjustment
28 equal to one and one-half percent (1.5%) per year of the original retirement allowance, not
29 compounded, for each calendar year the retirement allowance has been in effect. For the purposes
30 of computation, credit shall be given for a full calendar year regardless of the effective date of the
31 retirement allowance. This cost of living adjustment shall be added to the amount of the
32 retirement allowance as of January 1, 1968, and an additional one and one-half percent (1.5%)
33 shall be added to the original retirement allowance in each succeeding year during the month of
34 January, and provided further, that this additional cost of living increase shall be three percent

1 (3%) for the year beginning January 1, 1971, and each year thereafter, through December 31,
2 1980. Notwithstanding any of the above provisions, no employee receiving any service retirement
3 allowance pursuant to the provisions of this title on or before December 31, 1967, or the
4 employee's beneficiary, shall receive any additional benefit hereunder in an amount less than two
5 hundred dollars (\$200) per year over the service retirement allowance where the employee retired
6 prior to January 1, 1958.

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

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

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

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

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

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

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

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

34 (g) This subsection (g) shall be effective for the period July 1, 2012 through June 30,

1 2015.

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

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

26 In determining whether a funding level under this paragraph (g)(2) has been achieved, the
27 actuary shall calculate the funding percentage after taking into account the reinstatement of any
28 current or future benefit adjustment provided under this section.

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

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

4 (h) This subsection (h) shall become effective July 1, 2015.

5 (1)(A) As soon as administratively reasonable following the enactment into law of this
6 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
7 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the
8 lesser of either the member's retirement allowance or the first twenty-five thousand dollars
9 (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
10 provided without regard to the retiree's age or number of years since retirement.

11 (B) Notwithstanding the prior subsections of this section, for all present and former
12 employees, active and retired members, and beneficiaries receiving any retirement, disability or
13 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar
14 year under this section for adjustments on and after January 1, 2016, and subject to subsection
15 (h)(2) below, shall be equal to (I) multiplied by (II):

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

17 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)
18 (the "subtrahend") from the five-year average investment return of the retirement system
19 determined as of the last day of the plan year preceding the calendar year in which the adjustment
20 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
21 (0%). The "five-year average investment return" shall mean the average of the investment returns
22 of the most recent five (5) plan years as determined by the retirement board. In the event the
23 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
24 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

29 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
30 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
31 to be indexed annually in the same percentage as determined under subsection (h)(1)(B)(I) above.

32 The benefit adjustments provided by this subsection (h)(1)(B) shall be provided to all
33 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,
34 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the

1 date of retirement or the date on which the retiree reaches his or her Social Security retirement
2 age, whichever is later.

3 (2) Except as provided in subsection (h)(3) of this section, the benefit adjustments under
4 subsection (h)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio
5 of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the
6 state police retirement benefits trust, calculated by the system's actuary on an aggregate basis,
7 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all
8 members for such plan year.

9 In determining whether a funding level under this subsection (h)(2) has been achieved,
10 the actuary shall calculate the funding percentage after taking into account the reinstatement of
11 any current or future benefit adjustment provided under this section.

12 (3) Notwithstanding subsection (h)(2), in each fourth plan year commencing after June
13 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of
14 four plan years:

15 (i) A benefit adjustment shall be calculated and made in accordance with subsection
16 (h)(1)(B) above; and

17 (ii) Effective for members and/or beneficiaries of members who retired on or before June
18 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and
19 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars
20 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial
21 retirement benefits trust and the state police retirement benefits trust, calculated by the system's
22 actuary on an aggregate basis, exceeds eighty percent (80%).

23 (i) Effective for members and or beneficiaries of members who have retired on or before
24 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
25 days following the enactment of the legislation implementing this provision, and a second one-
26 time stipend of five hundred dollars (\$500) in the same month of the following year. These
27 stipends shall be payable to all retired members or beneficiaries receiving a benefit as of the
28 applicable payment date and shall not be considered cost of living adjustments under the prior
29 provisions of this § 36-10-3.

30 (iv) Effective January 1, 2020, for each year in which a cost of living adjustment (COLA)
31 is not scheduled pursuant to subsection (h)(3) of this section, a stipend in the amount of three
32 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
33 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
34 These stipends shall be payable to all COLA eligible retired teachers or beneficiaries receiving a

1 benefit as of the applicable payment date and shall not be considered cost of living adjustments
2 under the prior provisions of § 36-10-3.

3 (v) Effective January 2022, the maximum stipend shall be increased with a cap of twenty
4 thousand dollars (\$20,000) to six hundred dollars (\$600) per the provisions of section (h)(3)(iv)
5 of this section.

6 (vi) Effective January 2026, the maximum stipend shall be increased with a cap of
7 twenty-five thousand dollars (\$25,000) to seven hundred fifty dollars (\$750) per the provisions of
8 section (h)(3)(iv) of this section.

9 (vii) Effective January 2030, the maximum stipend shall be determined by the indexed
10 COLA cap in effect for the calendar year.

11 SECTION 3. Section 45-21-52 of the General Laws in Chapter 45-21 entitled
12 "Retirement of Municipal Employees" is hereby amended to read as follows:

13 **45-21-52. Automatic increase in service retirement allowance.**

14 (a) The local legislative bodies of the cities and towns may extend to their respective
15 employees automatic adjustment increases in their service retirement allowances, by a resolution
16 accepting any of the plans described in this section:

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

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

34 (3) Plan C. All employees and beneficiaries of those employees who retire on or after

1 January 1 of the year following acceptance of this section, on the first day of January next
2 following the date of the retirement, receive a cost of living adjustment in an amount equal to
3 three percent (3%) of the original retirement allowance.

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

6 (c) This subsection (c) shall be effective for the period July 1, 2012, through June 30,
7 2015.

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

30 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this
31 section for any plan year shall be suspended in their entirety for each municipal plan within the
32 municipal employees retirement system unless the municipal plan is determined to be funded at a
33 Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately
34 preceding plan year in accordance with the retirement system's actuarial valuation report as

1 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all
2 members for such plan year.

3 In determining whether a funding level under this paragraph (c)(2) has been achieved, the
4 actuary shall calculate the funding percentage after taking into account the reinstatement of any
5 current or future benefit adjustment provided under this section.

6 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a Funded Ratio of
7 less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing after June
8 30, 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of
9 five (5) plan years, a benefit adjustment shall be calculated and made in accordance with
10 paragraph (c)(1) above until the municipal plan's Funded Ratio exceeds eighty percent (80%).

11 (d) This subsection (d) shall become effective July 1, 2015.

12 (1)(A) As soon as administratively reasonable following the enactment into law of this
13 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
14 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
15 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
16 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall
17 be provided without regard to the retiree's age or number of years since retirement.

18 (B) Notwithstanding the prior subsections of this section, for all present and former
19 employees, active and retired employees, and beneficiaries receiving any retirement, disability or
20 death allowance or benefit of any kind by reason of adoption of this section by their employer, the
21 annual benefit adjustment provided in any calendar year under this section for adjustments on and
22 after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by
23 (II):

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

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

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

1 Statistics determined as of September 30 of the prior calendar year.

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

4 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-
5 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount
6 to be indexed annually in the same percentage as determined under subsection (d)(1)(B)(I) above.

7 The benefit adjustments provided by this subsection (d)(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 anniversary of the
10 date of retirement or the date on which the retiree reaches his or her Social Security retirement
11 age, whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
12 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the
13 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
14 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the
15 benefit adjustment provided by this paragraph shall commence on the later of the third
16 anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

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

24 In determining whether a funding level under this subsection (d)(2) has been achieved,
25 the actuary shall calculate the funding percentage after taking into account the reinstatement of
26 any current or future benefit adjustment provided under this section.

27 (3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June
28 30, 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of
29 four plan years: (i) A benefit adjustment shall be calculated and made in accordance with
30 subsection (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who
31 retired on or before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five
32 thousand eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand
33 and twenty-six dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent
34 (80%).

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

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

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

15 (h) Effective for members and/or beneficiaries of members who have retired on or before
16 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a
17 benefit adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall
18 be payable within sixty (60) days following the enactment of the legislation implementing this
19 provision, and a second one-time stipend of five hundred dollars (\$500) in the same month of the
20 following year. These stipends shall not be considered cost of living adjustments under the prior
21 provisions of this § 45-21-52.

22 (i) Effective January 1, 2020, for each year in which a cost of living adjustment (COLA)
23 is not scheduled pursuant to subsection (d)(3) of this section, a stipend in the amount of three
24 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a
25 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.
26 These stipends shall be payable to all COLA eligible retired teachers or beneficiaries receiving a
27 benefit as of the applicable payment date and shall not be considered cost of living adjustments
28 under the prior provisions of § 45-21-52.

29 (ii) Effective January 2022, the maximum stipend shall be increased with a cap of twenty
30 thousand dollars (\$20,000) to six hundred dollars (\$600) per the provisions of section (h)(i) of
31 this section.

32 (iii) Effective January 2026, the maximum stipend shall be increased with a cap of
33 twenty-five thousand dollars (\$25,000) to seven hundred fifty dollars (\$750) per the provisions of
34 section (h)(i) of this section.

- 1 [\(iv\) Effective January 2030, the maximum stipend shall be determined by the indexed](#)
- 2 [COLA cap in effect for that calendar year.](#)
- 3 SECTION 4. This act shall take effect upon passage.

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LC002048
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97-
THE RHODE ISLAND BOARD OF EDUCATION ACT]

1 This act would provide for an increasing stipend to be paid to certain retired state
2 employees, municipal employees, and teachers or their beneficiaries during years when a cost of
3 living adjustment is not scheduled.

4 This act would take effect upon passage.

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