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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO PUBLIC FINANCE -- RETIREMENT OF MUNICIPAL EMPLOYEES AND
CLOSED MUNICIPAL RETIREMENT PLANS

Introduced By: Representative Shelby Maldonado

Date Introduced: May 20, 2019

Referred To: House Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 35 of the General Laws entitled "PUBLIC FINANCE" is hereby
2 amended by adding thereto the following chapter:

3 CHAPTER 10.4

4 RHODE ISLAND CLOSED MUNICIPAL RETIREMENT PLANS TRUST FUND ACT

5 **35-10.4-1. Short title.**

6 This chapter shall be known and may be cited as the "Rhode Island Closed Municipal
7 Retirement Plans Trust Fund Act".

8 **35-10.4-2. Purpose.**

9 The purpose of this chapter is to enable eligible municipal governmental entities to allow
10 the state investment commission, in conjunction with the office of the general treasurer, to invest
11 the assets held in eligible municipal employee retirement plans which have been closed to new
12 participants in order to maximize the efficient and cost effective investment of its assets, and
13 improve the safety and liquidity of such assets through one or more pooled investment trust
14 funds.

15 **35-10.4-3. Definitions.**

16 As used in this chapter, the following terms, unless the context requires a different
17 interpretation, have the following meanings:

18 (1) "Closed municipal retirement plan" means any employee defined benefit plan

1 sponsored by a municipality that has been closed to any new participants in accordance with state
2 and federal laws.

3 (2) "Commission" means the state investment commission as established in chapter 10 of
4 title 35.

5 (3) "Municipality" means any town or city in the state of Rhode Island, any city or town
6 housing authority, fire, water, sewer district, regional school district, public building authority as
7 established by chapter 14 of title 37, or any other municipal financed agency which has one or
8 more closed municipal retirement plans.

9 **35-10.4-4. Establishing trust funds.**

10 (a) Notwithstanding any general or special law or regulation to the contrary, the general
11 treasurer may establish, subject to the approval of the commission, one or more trust funds in
12 which a municipality may request all of the assets in one or more of its closed municipal
13 retirement plans, together with future contributions to any of those closed municipal retirement
14 plans, be included for investment on a pooled basis together with certain other monies in
15 accordance with § 35-10.4-5. The trust fund or trust funds established under this section shall be
16 maintained pursuant to written documents as directed by the general treasurer with the approval
17 of the commission. The trust fund documents shall expressly provide that none of the assets of a
18 closed municipal retirement plan that is part of the trust fund shall be used or diverted for
19 purposes other than the payment of benefits to the participants of the closed municipal retirement
20 plan and their beneficiaries or the payment of the administrative and investment management
21 expenses of the closed municipal retirement plan in accordance with its terms.

22 (b) The general treasurer, with the approval of the commission, shall have the discretion
23 to determine if the assets of a closed municipal retirement plan may, upon the request of the
24 municipality sponsoring the closed municipal retirement plan, be included in or, at any time after
25 its inclusion, be removed from the trust fund.

26 (c) A municipality in its sole and absolute discretion may have the assets of any closed
27 municipal retirement plan sponsored by the municipality removed from participation in any such
28 trust fund at any time upon at least ninety (90) days prior written notice to the general treasurer
29 and the commission.

30 (d) Upon any removal of a closed municipal retirement plan from any trust fund, the
31 investment management, and all related duties and responsibilities associated therewith or
32 otherwise provided by the general treasurer or the commission under this chapter, shall revert in
33 all respects back to the municipality that sponsored the closed municipal retirement plan.

34 **35-10.4-5. Other monies available for investment with any trust funds.**

1 The monies or other assets of any closed municipal retirement plan that are included in a
2 trust fund under this chapter may be invested, as determined by the general treasurer, with the
3 approval of the commission, together with any, or a combination of any, of the following:

4 (1) Monies of any of the several funds of the state in accordance with the provisions of §
5 35-10-2, including, without limitation, the employees' retirement fund; and

6 (2) The monies and other assets of any closed municipal retirement plan that are included
7 in a trust fund under this chapter.

8 **35-10.4-6. Trustee of the funds.**

9 The general treasurer shall serve as trustee for each established trust fund in accordance
10 with this chapter.

11 **35-10.4-7. Investment and distribution of funds.**

12 (a) The general treasurer shall invest each trust fund in the manner determined, and in the
13 amounts approved by the commission in accordance with the provisions of §§ 35-10-2 and 35-10-
14 6, including the investment of the funds in accordance with the prudent person standard as
15 defined in § 35-10-6.

16 (b) While the assets of a closed municipal retirement plan are included in a trust fund
17 established under this chapter, disbursements from the assets of any closed municipal retirement
18 plan shall be made in accordance with rules and regulations adopted by the general treasurer,
19 subject to the approval of the commission, under § 35-10.4-10.

20 **35-10.4-8. Immunity from liability.**

21 The general treasurer, members of the commission and their representatives and agents
22 shall have no liability or responsibility, and shall be immune from suit in any civil action, for any
23 damages or economic loss incurred by any municipality, participants or beneficiaries under any
24 closed municipal retirement plan, or any other party as a result of the administration of, or
25 disbursement of funds under any closed municipal retirement plan, or as a result of any actions or
26 omissions by the general treasurer, the commission or their representatives or agents in
27 connection with the management and investment of funds relating to any trust fund under this
28 chapter; provided, that such actions or omissions were in accordance with the prudent person
29 standard set forth in § 35-10-6.

30 **35-10.4-9. Reporting.**

31 (a) The general treasurer shall keep a separate account for each municipality having funds
32 in a trust fund under this chapter with respect to a closed municipal retirement plan. Each account
33 shall record the individual amounts deposited from time to time in the trust fund, the interest in
34 the trust fund held, the date of the withdrawals and the earnings credited or paid.

1 (b) Within ninety (90) days after the end of each fiscal year during which the commission
2 is investing trust funds under this chapter, the commission shall prepare and submit to the
3 governor, the speaker of the house of representatives, the president of the senate, and the
4 secretary of state its annual report in accordance with § 35-10-1(e) with information included on
5 the balance of funds held in trust under this chapter, the earnings of each trust fund, the
6 administrative expenses of each trust fund, and any other information on each trust fund as the
7 commission deems relevant.

8 **35-10.4-10. Rules and regulations.**

9 The general treasurer, subject to the approval of the commission, shall by rule or
10 regulation, prescribe the procedure and documents required for the administration of the
11 investment of the funds for the closed municipal retirement plans included in any trust fund under
12 this chapter. The general treasurer, subject to the approval of the commission, shall promulgate
13 any other rules or regulations as are deemed necessary for the efficient operation of any trust fund
14 under this chapter.

15 **35-10.4-11. Severability.**

16 If any provision of this chapter, any rule, or regulation made thereunder, or the
17 application thereof to any person or circumstance is held invalid by a court of competent
18 jurisdiction, the remainder of this chapter, rules, or regulations and the application of those
19 provisions to other persons or circumstances shall not be affected thereby.

20 SECTION 2. Sections 36-10.2-5, 36-10.2-7 and 36-10.2-8 of the General Laws in
21 Chapter 36-10.2 entitled "Pension Protection Act" are hereby amended to read as follows:

22 **36-10.2-5. Determination of endangered status.**

23 (a) A plan is in endangered status for a plan year if the retirement board determines, in
24 consultation with the plan actuary, that the plan:

25 ~~(1)~~ (1) Has a funded percentage of fifty percent (50%) or less; and

26 ~~(2)~~ (2) The plan's funded percentage has decreased for five (5) consecutive plan years.

27 (b) Notwithstanding the provisions of subsection (a) of this section, for a plan entering
28 the system in critical status as defined in § 45-65-4 as of the effective date of participation, the
29 plan shall only be determined to be in endangered status for a plan year if the retirement board
30 determines, in consultation with the plan actuary, that:

31 (1) The plan's funded percentage has decreased for five (5) consecutive plan years
32 following the effective date of participation; and

33 (2) The plan's funded percentage has decreased by one-half (1/2) or more between the
34 first and last year of any five (5) year period commencing on or after the effective date of

1 participation.

2 (c) Once a plan entering the system in critical status as defined in § 45-65-4, has achieved
3 a funding status of fifty percent (50%) or greater after the expiration of five (5) years from the
4 effective date of participation, endangered status shall thereafter be determined for that
5 municipality pursuant to the provisions of subsection (a) of this section.

6 **36-10.2-7. Funding improvement strategy procedure.**

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

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

18 (a) The plan's funded percentage shall improve in accordance with paragraph (i) or
19 paragraph (ii), applying the paragraph that produces the greater funded percentage increase for
20 the plan in a ten (10) year period.

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

23 (I) The plan's funded percentage as of the beginning of the plan year that the actuary
24 initially certified the plan as endangered; plus

25 (II) Fifty percent (50%) of the difference between eighty percent (80%) and the plan's
26 funded percentage under paragraph (I); or

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

29 (b) Notwithstanding any provision of this section to the contrary, for a plan entering the
30 system in critical status as defined in § 45-65-4, determined to be in endangered status in
31 accordance with § 36-10.2-5(b), the funding improvement period established in subsection (2)(a)
32 of this section, may be set by the retirement board at a time period not to exceed fifteen (15)
33 years, based upon the recommendation of the plan's actuary; provided, that if a plan entering the
34 system in critical status as defined in § 45-65-4 has achieved a funding status of fifty percent

1 (50%) or greater after the expiration of five (5) years from the effective date of participation, the
2 plan shall be subject to the provisions of subsection (2)(a) of this section.

3 ~~(b)~~(c) In the event that the state or a local municipality, as the employer of a plan,
4 determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable
5 measures, the plan cannot reasonably be expected to meet the guidelines requirements of
6 ~~subdivisions (i) and (ii)~~ subsection (2) of this section, then the employer's legislative governing
7 body shall provide a report to the retirement board, no later than March 1st following the date the
8 plan was certified as being in endangered status under § 36-10.2-6, explaining why the plan is not
9 reasonably expected to meet the guidelines requirements of ~~subdivisions (i) and (ii)~~ subsection (2)
10 of this section and ~~provide~~ providing a reasonable proposed funding improvement strategy to
11 emerge from endangered status.

12 (3) Not later than January 1st following the date the plan was certified as being in
13 endangered status under § 36-10.2-6, the actuary shall provide to the board, and in the case of
14 MERS plan shall also provide to the impacted local municipality's legislative governing body, at
15 least five (5) funding improvement strategies but no more than ten (10) funding improvement
16 strategies showing revised benefit structures, revised contribution structures, or both, which, if
17 adopted, may reasonably be expected to enable the plan to meet the applicable requirements
18 found in subparagraph (2).

19 (4) In addition to any funding improvement strategies provided by the board in
20 subparagraph (3), the board shall include a default funding improvement strategy ("Default A")
21 that shall show increases in employer and employee contributions under the plan necessary to
22 achieve the applicable requirements found in subsection (2), assuming no amendments to reduce
23 future benefit accruals under the plan.

24 (5) Not later than April 1st following the date the plan was certified as being in
25 endangered status under § 36-10.2-6, the board shall submit the "Default A" strategy as described
26 in subparagraph (4) and one additional funding improvement strategy, as selected by the board, to
27 the general assembly.

28 (6) Not later than June 30th following the date the plan was certified as being in
29 endangered status under § 36-10.2-6, the general assembly shall select and enact into law one of
30 the two (2) submitted funding improvement strategies. If no funding improvement strategy is
31 approved by the general assembly by June 30th, the "Default A" strategy as described in
32 subparagraph (4) shall be enacted into law effective July 1st following the date the plan was
33 certified as being in endangered status under § 36-10.2-6. "Default A" shall remain in effect until
34 either the actuary certifies under § 36-10.2-6 for a plan year that the plan is no longer in

1 endangered status or the general assembly selects a funding improvement strategy consistent with
2 the provisions of this chapter.

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

5 **36-10.2-8. Funding improvement period.**

6 (1) The funding improvement period for any funding improvement strategy adopted
7 pursuant to this chapter shall begin on the first day of July immediately after the adoption date of
8 the funding improvement strategy.

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

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

14 (4) Notwithstanding any provision of this section to the contrary, for a plan entering the
15 system in critical status as defined in § 45-65-4 on the effective date of participation, determined
16 to be in endangered status as determined in accordance with § 36-10.2-5(b), the funding
17 improvement period may be set by the retirement board at a time period not to exceed fifteen (15)
18 years, based upon the recommendation of the plan's actuary; provided, that if a plan entering the
19 system in critical status as defined in § 45-65-4 has achieved a funding status of fifty percent
20 (50%) or greater after the expiration of five (5) years from the effective date of participation, the
21 plan shall be subject to the provisions of subsection (2) of this section.

22 SECTION 3. Sections 45-21-2, 45-21-4, 45-21-6, 45-21-8, 45-21-16, 45-21-16.2, 45-21-
23 17, 45-21-41, 45-21-42.2, 45-21-43.1 and 45-21-56 of the General Laws in Chapter 45-21 entitled
24 "Retirement of Municipal Employees" are hereby amended to read as follows:

25 **45-21-2. Definitions.**

26 The following words and phrases as used in this chapter have the following meanings
27 unless a different meaning is plainly required by the context:

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

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

34 (3) "Actuarial reserve" means the present value of all payments to be made on account of

1 any annuity, retirement allowance, or benefit, computed upon the basis of mortality tables
2 adopted by the retirement board with regular interest.

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

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

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

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

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

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

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

17 (A) Domestic partnership agreement or relationship contract;

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

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

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

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

26 (7) "Employee" means any regular and permanent employee or officer of any
27 municipality, whose business time at a minimum of twenty (20) hours a week is devoted to the
28 service of the municipality, including elective officials and officials and employees of city and
29 town housing authorities. Notwithstanding the previous sentence, the term "employee", for the
30 purposes of this chapter, does not include any person whose duties are of a casual or seasonal
31 nature. The retirement board shall decide who are employees within the meaning of this chapter,
32 but in no case shall it deem as an employee any individual who annually devotes less than twenty
33 (20) business hours per week to the service of the municipality and who receives less than the
34 equivalent of minimum wage compensation on an hourly basis for his or her services, except as

1 provided in § 45-21-14.1. Casual employees mean those persons hired for an occasional period or
2 a period of emergency to perform special jobs or functions not necessarily related to the work of
3 regular employees. Any commissioner of a municipal housing authority, or any member of a part-
4 time state board commission, committee or other authority is not deemed to be an employee
5 within the meaning of this chapter.

6 (8)(a) "Final compensation" for members who are eligible to retire on or prior to June 30,
7 2012, means the average annual compensation, pay, or salary of a member for services rendered
8 during the period of three (3) consecutive years within the total service of the member when the
9 average was highest, and as the term average annual compensation is further defined in
10 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final
11 compensation" means the average of the highest five (5) consecutive years of compensation
12 within the total service when the final compensation was the highest.

13 (b) For members who become eligible to retire on or after July 1, 2012, if more than one
14 half (1/2) of the member's total years of service consist of years of service during which the
15 member devoted less than thirty (30) business hours per week to the service of the municipality,
16 but the member's average compensation consists of three (3) or more years during which the
17 member devoted more than thirty (30) business hours per week to the service of a municipality,
18 such member's average compensation shall mean the average of the highest ten (10) consecutive
19 years of compensation within the total service when the average compensation was the highest;
20 provided however, effective July 1, 2015, if such member's average compensation as defined in
21 subsection (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount
22 to be indexed annually in accordance with § 45-21-52(d)(1)(B), such member's average
23 compensation shall mean the greater of: (i) The average of the highest ten (10) consecutive years
24 of compensation within the total service when the average compensation was the highest; or (ii)
25 The member's average compensation as defined in subsection (a) above. To protect a member's
26 accrued benefit on June 30, 2012, under this § 45-21-2(8)(b), in no event shall a member's
27 average compensation be lower than his or her average compensation determined as of June 30,
28 2012.

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

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

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

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

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

12 (12) "Member" means any person included in the membership of the retirement system as
13 provided in [§ §§ 45-21-8, 45-21-68, or 45-21.2-3.1](#).

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

18 (14) "Participating municipality" means any municipality which has accepted this
19 chapter, as provided in [§ §§ 45-21-4, 45-21-68, or 45-21.2-3.1](#).

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

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

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

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

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

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

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

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

5 **45-21-4. Acceptance by municipalities -- Effective date.**

6 (a) Any municipality may accept this chapter by an ordinance or resolution of its
7 governing body stating the group or groups of employees to be included as provided in § 45-21-
8 7§ 45-21-7; provided, that any and all labor organizations representing active employees of the
9 municipality to be included have assented to the participation of their respective memberships,
10 through collective bargaining, and ratification of the decision by a majority vote of those
11 members of any participating labor organization present and voting. When the ordinance or
12 resolution has been approved, a certified copy of it shall be forwarded to the retirement board by
13 the city clerk or the moderator of the financial town meeting. After the system has begun
14 operations, the effective date of participation of any municipality shall be the first day of July at
15 least ninety (90) days following the receipt by the retirement board of the certified copy of the
16 ordinance or resolution as provided in this section.

17 (b) The elections authorized pursuant to §§ 45-21-16(8), 45-21-17(d), 45-21-17(g), 45-
18 21-41(b), 45-21.2-5, 45-21.2-6, and 45-21.2-14(c) shall be made in accordance with the
19 provisions of subsection (a) of this section.

20 ~~(b)~~(c) The Smithfield Town Council may by resolution provide that regular police
21 officers hired after July 2, 1999 and/or regular firefighters who are members of Smithfield's
22 private pension system may become members of the Municipal Employees' Retirement System of
23 the State of Rhode Island in accordance with chapters 21 or 21.2 of this title. No resolution may
24 be adopted by the Town of Smithfield pursuant to this subsection until an actuary study has been
25 completed to determine the potential cost of the resolution. The cost of the actuary study shall be
26 paid by the Town of Smithfield.

27 (d) Any municipality entering the system pursuant to this section shall, on or before the
28 effective date of participation, transfer to the system the accumulated contributions of each
29 member entering the system. The municipality may thereafter elect what portion of the remaining
30 plan assets to transfer to the system, subject to the approval of the retirement board, which shall
31 retain the authority to deny the plan entrance into the system if the proposed asset transfer is
32 found to pose unacceptable risk to the liquidity or sustainability of the new unit.

33 (e) In the event a municipality divides a locally administered plan into one or more plans
34 for purposes of entering the system pursuant to this section, and has insufficient total plan assets

1 [to transfer to the system the accumulated contributions of each member entering the system as set](#)
2 [forth in subsection \(d\) of this section, the municipality shall, on or before the effective date of](#)
3 [participation, transfer assets to the system in proportion to the total accrued liability of that](#)
4 [portion of the original undivided plan being transferred to the system, subject to the approval of](#)
5 [the retirement board, which shall retain the authority to deny the plan entrance into the system if](#)
6 [the proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of](#)
7 [the new unit.](#)

8 **45-21-6. Settlement on withdrawal from system.**

9 (a) Upon withdrawal from the system, the retirement board retains in the system from
10 contributions made by the members from the municipality and by the municipality the following
11 amounts:

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

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

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

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

26 [\(c\) The provisions of this section shall not apply to a municipality withdrawing from the](#)
27 [system pursuant to §§ 45-21-68\(b\) or 45-21.2-3.1\(b\).](#)

28 **45-21-8. Membership in system.**

29 Membership in the retirement system does not begin before the effective date of
30 participation in the system as provided in [§ §§ 45-21-4, 45-21-68, or 45-21.2-3.1](#), and consists of
31 the following:

32 (a) Any employee of a participating municipality as defined in this chapter, who becomes
33 an employee on and after the effective date of participation, shall, under contract of his or her
34 employment, become a member of the retirement system; provided, that the employee is not

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

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

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

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

31 (e) Notwithstanding the provisions of this section, any city of Cranston employees who
32 are presently members of Teamsters Local Union No. 251, hired between the dates of July 1,
33 2005, and June 30, 2010, inclusive, and who are currently members of the retirement system
34 established by this chapter may opt out of said retirement system and choose to enroll in a defined

1 contribution plan (i.e., a 403(b) plan or equivalent thereof) established by the city of Cranston.

2 (f) Notwithstanding the provisions of this section, any city of Cranston employees who
3 are presently members of the Laborers International Union of North America Local 1322 hired
4 between the dates of July 1, 2008, and June 30, 2013, inclusive, and who are currently members
5 of the retirement system established by this chapter may opt out of said retirement system and
6 choose to enroll in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)
7 established by the city of Cranston.

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

12 (h) Notwithstanding the provisions of this section, any city of Cranston employees who
13 are presently members of the Laborers International Union of North America Local 1322 hired
14 after April 23, 2013, shall be enrolled in a defined contribution plan (i.e., 403(b) plan or
15 equivalent thereof) established by the city of Cranston and shall not be a member of the
16 retirement system established by this chapter.

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

23 (j) Notwithstanding the provisions of this section, any town of Middletown employees,
24 who will be members of the Teamsters Local Union No. 251 bargaining unit, hired after June 30,
25 2012, and any town of Middletown employees who are employed as full-time civilian
26 dispatchers, hired after June 30, 2012, and any town of Middletown employees who are not
27 affiliated with any recognized collective bargaining representative or union hired after June 30,
28 2012, shall be enrolled in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)
29 established by the town of Middletown and shall not be members of the retirement system
30 established by this chapter. Said town of Middletown employees defined herein shall be
31 precluded from the purchase of service credit for time served on or after July 1, 2012, while
32 participating in the defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established
33 by the town of Middletown should the member cease employment with the town of Middletown
34 or in the Teamsters Local Union No. 251 bargaining unit and re-enter the system with any

1 participating employer who has accepted the provisions as defined in § 45-21-4.

2 (k) Notwithstanding the provisions of this section, any town of Middletown employees,
3 who will be members of the Middletown Municipal Employees Association NEARI Local 869
4 bargaining unit hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a
5 403(b) plan or equivalent thereof) established by the town of Middletown and shall not be
6 members of the retirement system established by this chapter. Said town of Middletown
7 employees defined herein shall be precluded from the purchase of service credit for time served
8 on or after July 1, 2012, while participating in the defined contribution plan (i.e., a 403(b) plan or
9 equivalent thereof) established by the town of Middletown should the member cease employment
10 with the town of Middletown or in the Middletown Municipal Employees Association NEARI
11 Local 869 bargaining unit and re-enter the system with any participating employer who has
12 accepted the provisions as defined in § 45-21-4.

13 (l) Notwithstanding the provisions of this section, any Cranston public school employees
14 who will be members of National Association of Government Employees (NAGE), Local RI-153,
15 hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a 401(a) plan or
16 equivalent thereof) established by the Cranston school department and shall not be a member of
17 the retirement system established by this chapter.

18 (m) Notwithstanding the provisions of this section, any Cranston public school
19 employees defined in subsection (h) shall be precluded from the purchase of service credit for
20 time served on or after July 1, 2012, while participating in the defined contribution plan (i.e., a
21 401(a) plan or equivalent thereof) established by the Cranston public schools should the member
22 cease employment with the Cranston public schools or National Association of Government
23 Employees (NAGE), Local RI-153 and re-enter the system with another participating employer
24 who has accepted the provisions as defined in § 45-21-4.

25 (n) Notwithstanding the provisions of this section, the chief of police for the city of
26 Cranston who was hired on or about September 2014, shall be enrolled in a defined contribution
27 plan (i.e., 401(a) plan or any equivalent thereof) established by the city of Cranston, and shall not
28 be a member of the retirement system established by this chapter.

29 **45-21-16. Retirement on service allowance.**

30 Retirement of a member on a service retirement allowance shall be made by the
31 retirement board as follows:

32 (1)(i) Any member who is eligible to retire on or before June 30, 2012, may retire upon
33 the member's written application to the retirement board as of the first day of the calendar month
34 in which the application was filed, provided the member was separated from service prior to the

1 application, and provided, further, that if separation from service occurs during the month in
2 which application is filed, the effective date is the first day following the separation from service,
3 provided that the member at the time so specified for the member's retirement has attained the
4 applicable minimum retirement age and has completed at least ten (10) years of total service or
5 who, regardless of age, completed thirty (30) years of total service, and notwithstanding that
6 during the period of notification the member has separated from service. The minimum ages for
7 service retirement (except for employees completing thirty (30) years of service) is fifty-eight
8 (58) years.

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

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

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

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

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

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

28 (C) Effective July 1, 2015, a member who has completed twenty (20) or more years of
29 total service and who has attained an age within five (5) years of the eligible retirement age under
30 subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below, may elect to retire provided that
31 the retirement allowance shall be reduced actuarially for each month that the age of the member is
32 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection
33 (iii) below in accordance with the following table:

34 Year Preceding Retirement	Cumulative Annual Reduction	Cumulative	Monthly
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1 Reduction

2	For Year 1	9%	.75%
3	For Year 2	8%	.667%
4	For Year 3	7%	.583%
5	For Year 4	7%	.583%
6	For Year 5	7%	.583%

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

14 (iii) Notwithstanding any other provisions of subsection (ii) above, effective July 1, 2015,
15 members in active service shall be eligible to retire upon the earlier of: (I) The attainment of at
16 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the
17 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of
18 total service, or the attainment of at least age sixty-three (63) and the completion of at least
19 thirty-two (32) years of total service, or the attainment of at least age sixty-two (62) and the
20 completion of at least thirty-three (33) years of total service; or (II) The member's retirement
21 eligibility date under subsections (ii)(A) or (ii)(B) above.

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

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

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

28 (i) Provided, however, a person who has ten (10) years service credit on or before June
29 16, 1991, is vested.

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

32 (iii) Any person who becomes a member of the employees' retirement system pursuant to
33 ~~§§~~ [§§ 45-21-4, 45-21-68, or 45-21.2-3.1](#), shall be considered a contributing member for the
34 purpose of this chapter.

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

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

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

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

15 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,
16 2012, may be made on or prior to June 30, 2015.

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

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

28 (5) A member who seeks to purchase or receive service credit in this retirement system
29 has the affirmative duty to disclose to the retirement board whether or not he or she is a vested
30 member in any other retirement system and/or is receiving a pension retirement allowance or any
31 annual payment for life. The retirement board has the right to investigate whether or not the
32 member has utilized the same time of service for credit in any other retirement system. The
33 member has an affirmative duty to cooperate with the retirement board including, by way of
34 illustration and not by way of limitation, the duty to furnish or have furnished to the retirement

1 board any relevant information which is protected by any privacy act.

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

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

9 (8) Notwithstanding any provision of this section to the contrary, any locally
10 administered plan entering the system, which prior to the effective date of participation had a
11 higher retirement age than set forth in subsection (1) of this section, shall have a one-time
12 election to retain a higher retirement age for employees entering the system, not to exceed the
13 plan's retirement age prior to the effective date of participation, for any employees in active
14 service as of the effective date of participation; provided, that the higher retirement age shall not
15 apply to new employees hired on or after the effective date of participation, who shall be subject
16 to the retirement ages set forth in subsection (1) of this section.

17 (9) Should a locally administered plan entering the system not make the election
18 authorized by subsection (8) of this section, members entering the system shall be subject to the
19 retirement ages and restrictions set forth in subsection (1) of this section.

20 **45-21-16.2. Electronic funds transfer.**

21 All members of the municipal employees retirement system retiring under the provisions
22 of this title on or after July 1, 1998, or joining the system pursuant to §§ 45-21-68 or 45-21.2-3.1,
23 are required to participate in electronic funds transfer and to supply the municipal employees
24 retirement system with a bank routing number to effectuate a monthly transfer of benefits.

25 **45-21-17. Service retirement allowance.**

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

1 of the member's average compensation multiplied by the member's years of total service between
2 July 1, 2012, and June 30, 2015, and two percent (2%) of the member's average compensation
3 multiplied by the member's years of total service on and after July 1, 2015. For purposes of
4 computing a member's total service under the preceding sentence, service purchases shall be
5 included in total service only with respect to those service purchases approved prior to June 30,
6 2012, and those applications for service purchases received by the retirement system on or before
7 June 30, 2012. ~~In no event shall~~ Subject to the provisions of subsection (g) of this section, a
8 member's retirement allowance shall not exceed seventy-five percent (75%) of the member's final
9 compensation. Provided, however, that every person elected prior to July 1, 2012, who has served
10 as a part time elected official of the city of Cranston for a period of ten (10) years, is entitled to
11 receive, upon retirement from that part time service, and not being otherwise regularly employed
12 by the city of Cranston in which that person has served, a service retirement allowance equivalent
13 to fifty percent (50%) of the salary received at the time of retirement by that part time elected
14 official; and, provided, further, that if that person retires after a period of service greater than ten
15 (10) years, the person is entitled to receive an additional service retirement allowance equivalent
16 to five percent (5%) of the salary received at the time of retirement for each whole year of
17 service, in excess of ten (10) years up to a maximum additional allowance equivalent to fifty
18 percent (50%) of the salary received.

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

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

26 (d) Notwithstanding any provision of this section to the contrary, any locally
27 administered plan entering the system, which prior to the effective date of participation offered a
28 different accrued benefit than would otherwise be available pursuant to subsection (a) of this
29 section, shall have a one-time election to allow members joining the system to receive upon
30 retirement, their accrued benefit based on their prior service, as of the effective date of
31 participation. In the event the municipality makes this election, the member shall not otherwise be
32 entitled to a retirement allowance from the system for prior service calculated pursuant to
33 subsection (a) of this section, and on and after the effective date of participation of the
34 municipality, any member entering the system shall accrue benefits on service at the rates set

1 forth in subsection (a) above.

2 (e) Should a locally administered plan entering the system not make the election provided
3 for in subsection (d) of this section, any members joining the system shall accrue benefits on total
4 service at the rates set forth in subsection (a) of this section; provided, that notwithstanding any
5 provision to the contrary in subsection (a) of this section, any affected member's retirement
6 allowance shall in any case be equal to two percent (2%) of the member's average compensation
7 multiplied by the member's years of prior service between July 1, 2012 and the effective date of
8 participation.

9 (f) Any member entering the system shall have their total service as of June 30, 2012
10 utilized for purposes of determining eligibility for participation in the defined contribution
11 retirement plan established in chapter 10.3 of title 36, pursuant to subsection (a) of this section.

12 (g) Notwithstanding any provision of this section to the contrary, any locally
13 administered plan entering the system, which prior to the effective date of participation provided
14 for a lower maximum retirement allowance than would otherwise be permissible pursuant to
15 subsection (a) of this section, shall have a one-time election to retain a lower maximum
16 retirement allowance for employees entering the system, which may be no lower than the locally
17 administered plan's maximum retirement allowance as of the effective date of participation, and
18 which may not exceed the maximum retirement allowance otherwise permissible pursuant to
19 subsection (a) of this section, for any employees in active service as of the effective date of
20 participation; provided, that the plan's election to retain a different maximum retirement
21 allowance than would otherwise be permissible pursuant to subsection (a) of this section shall not
22 apply to new employees hired on or after the effective date of participation, which shall be
23 subject to the maximum retirement allowance set forth in subsection (a) of this section.

24 (h) Should a locally administered plan not make the election authorized by subsection (g)
25 of this section, members entering the system shall be subject to the maximum retirement
26 allowance set forth in subsection (a) of this section.

27 **45-21-41. Members' contributions -- Payroll deductions -- Certification to board.**

28 (a) Prior to July 1, 2012, each member shall contribute an amount equal to six percent
29 (6%) of salary or compensation earned and accruing to the member; provided, that contributions
30 by any member cease when the member has completed the maximum amount of service credit
31 attainable. Special compensation for additional fees shall not be considered as compensation for
32 contribution purposes. Effective July 1, 2012, each member shall contribute an amount equal to
33 one percent (1%) of his or her compensation as his or her share of the cost. Effective July 1, 2015,
34 each member with twenty (20) or more years of total service as of June 30, 2012, shall contribute

1 an amount equal to eight and one-quarter percent (8.25%) of compensation.

2 (b) Notwithstanding any provision of this section to the contrary, any locally
3 administered plan entering the system, which prior to the effective date of participation had an
4 employee contribution rate greater than that set forth in subsection (a) of this section, shall have a
5 one-time election to retain the higher employee contribution rate, not to exceed the rate in effect
6 as of the effective date of participation, for any employees in active service as of the effective
7 date of participation; provided, that the higher rate shall not apply to new employees hired on or
8 after the effective date of participation, who shall contribute as set forth in subsection (a) of this
9 section. Should the locally administered plan entering the system elect to retain the higher
10 employee contribution rate, it may elect to do so on either a temporary or a permanent basis.

11 (c) Should a locally administered plan entering the system not make the election
12 authorized by subsection (b) of this section, members entering the system shall contribute as set
13 forth in subsection (a) of this section.

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

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

27 **45-21-42.2. Fiscal impact of proposed legislation impacting the retirement system.**

28 Proposed legislation which directly impacts the retirement system can potentially affect
29 the benefits of all plan participants and beneficiaries. Since it is in the best interests of plan
30 participants and beneficiaries to determine the financial consequences of any proposed legislation
31 which would directly impact the liability to the retirement system of participating municipalities,
32 such legislation shall not be approved by the general assembly unless an explanatory statement or
33 note, prepared and paid for by the retirement system, is appended to the proposed legislation
34 which actuarially calculates, based upon approved retirement board assumptions, the projected

1 twenty (20) year cost of the proposed legislation. These statements or notes shall be known as
2 "pension impact notes," and they shall accompany each such bill or resolution prior to
3 consideration by the chamber in which the bill or resolution originated. The reasonable cost of
4 preparing pension impact notes shall be charged as an administrative expense and paid from the
5 retirement system's restricted receipts account established pursuant to § 36-8-10.1. Only the chair
6 of the senate committee on finance with the approval of the president of the senate can request a
7 pension impact note on proposed legislation that originates in the senate. Only the chair of the
8 house committee on finance with the approval of the speaker of the house can request a pension
9 impact note on proposed legislation that originates in the house. The governor can request a
10 pension impact note on proposed legislation recommended in the appropriation acts required by
11 §§ 35-3-7 or 35-3-8. This section shall be in addition to the requirements of chapter 12 of title 22.
12 If one or more participating municipalities requests an actuarial study or other study that impacts
13 only the liability of the participating municipality making the request, [other than as reasonably](#)
14 [necessary to evaluate membership in the retirement system pursuant to §§ 45-21-4, 45-21-68 or](#)
15 [45-21.2-3.1](#), the participating municipality making the request shall pay any and all costs
16 associated with the preparation of the study or report.

17 **45-21-43.1. Actuarial cost method.**

18 (a) To determine the employer contribution rate for any participating municipality, the
19 actuary shall compute the costs under chapters 21 and 21.2 of title 45 using the entry age normal
20 cost method.

21 (b) The determination of the employer contribution rate for fiscal year 2013 shall include
22 a re-amortization of the unfunded actuarial accrued liability (UAAL) over a closed twenty-five
23 (25) year period. After an initial period of five (5) years, future actuarial gains and losses
24 occurring within a plan year will be amortized over individual new twenty (20) year closed
25 periods.

26 (c) The determination of the employer contribution rate commencing with fiscal year
27 2017 shall include a re-amortization of the current unfunded actuarial accrued liability as of June
28 30, 2014, over a closed twenty-five (25) year period. Future actuarial gains and losses occurring
29 within a plan year will be amortized over individual new twenty (20) year closed periods.
30 Employers shall have the one-time option before August 1, 2015, to remain under the
31 amortization schedule set forth in subsection (b) above.

32 [\(d\) For a municipality joining the system on or after the effective date of this provision,](#)
33 [the determination of the employer contribution rate shall be computed as of the effective date of](#)
34 [participation using an amortization period for the unfunded actuarial accrued liability not to](#)

1 exceed thirty (30) years as determined by the board, based upon the recommendation of the plan's
2 actuary. Future actuarial gains and losses accruing within a plan year will be amortized over
3 individual new twenty (20) year closed periods.

4 **45-21-56. Credit for other municipal service.**

5 (a) Any member who was employed by a municipality, as defined in § 45-21-2, which
6 did not elect to accept this chapter, as provided in § 45-21-4, shall be given credit for that service
7 for the various purposes of this system; provided, that the member pays to the retirement system a
8 lump sum amount equal to the full actuarial cost of that credit as certified by the retirement board.

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

11 (c) If any member who was employed by a participating municipality is subsequently
12 hired by a different participating municipality, his or her service credits from the former employer
13 shall transfer in toto to the current employer. The retirement system shall transfer all prior
14 employee contributions to the account of the current employing municipality and calculate the
15 full actuarial value of the accrued benefit with the former employing municipality. If the full
16 actuarial value of the accrued benefit with the former employer is greater than the total employee
17 contributions transferred, the retirement system shall also transfer the difference between the full
18 actuarial value of the accrued benefit with the former employer and the employee's contributions
19 from the account of the former employing municipality to the account of the current employing
20 municipality.

21 (d) Notwithstanding any provision of this section to the contrary, if an employee of a
22 participating municipality in critical status as defined in § 45-65-4 leaves employment and is
23 hired by another participating municipality that is not in critical status as defined in § 45-65-4,
24 then the retirement system shall transfer the amount of the member's total accrued liability with
25 the former employer, multiplied by the funded status of the former employer, to the account of
26 the current employing municipality.

27 SECTION 4. Chapter 45-21 of the General Laws entitled "Retirement of Municipal
28 Employees" is hereby amended by adding thereto the following section:

29 **45-21-68. Retiree membership in system.**

30 (a) Notwithstanding any provision of this chapter to the contrary, any locally
31 administered municipal pension plan may accept the provisions of this chapter by an ordinance or
32 resolution of its governing body stating the group or groups of retired former employees to be
33 included as provided in § 45-21-7; provided, that:

34 (1) Any affected retired former employee has consented in writing to joining the system;

1 or

2 (2) Any duly constituted retiree organization that represents the retired former employees
3 has assented to joining the system.

4 For purposes of this section, "retired former employee" means any individual who has
5 retired prior to the effective date of participation, pursuant to the provisions of any locally
6 administered municipal retirement plan.

7 (b) Withdrawal of a municipality that had joined the retirement system pursuant to this
8 section shall be as provided in § 45-21-5; provided, that the withdrawal is conditioned upon the
9 written approval of each individual retired former employee, or the assent of any duly constituted
10 retiree organization that represents the retired former employees; provided, further, that the
11 municipality must agree with the withdrawal, by ordinance or resolution of its governing body,
12 and to thereafter assume full responsibility for the management and administration of the
13 retirement and disability allowances in force for each retired former employee, or any
14 beneficiaries thereof.

15 (c) Any group or groups of retired former employees that become members pursuant to
16 this provision shall receive benefits calculated in accordance with, and shall be subject to all of
17 the provisions, limitations and restrictions contained in this chapter as of the effective date of
18 participation, and shall waive any benefits accrued pursuant to the locally administered plan.

19 (d) A municipality electing to join the retirement system pursuant to this section, shall be
20 subject to the provisions of §§ 45-21-4(c) and (d).

21 (e) Notwithstanding the provisions of subsection (c) of this section, any locally
22 administered plan that elects to have a group or groups of retired former employees join the
23 system pursuant to this section, shall have the opportunity as of the effective date of participation,
24 to make one-time elections as follows:

25 (1) To retain any provisions contained in the locally administered plan related to
26 retirement eligibility, notwithstanding any provision of § 45-21-16 to the contrary;

27 (2) To allow any retired former employee to retain their accrued benefit pursuant to the
28 provisions of the locally administered plan, in which case the member shall not be entitled to any
29 retirement allowance or benefit from the system otherwise available or calculated pursuant to the
30 provisions of §§ 45-21-17, 45-21-17.1, 45-21-17.2, 45-21-27, 5-21-30, 45-21-51 or 45-21-51.1;

31 (3) To retain any maximum retirement allowance provided for by the locally
32 administered retirement plan, notwithstanding any provision of § 45-21-17 to the contrary; or

33 (4) To retain any automatic adjustment increases in the service retirement allowances
34 provided for by the locally administered plan, notwithstanding any provision of § 45-21-52 to the

1 contrary.

2 (f) Any retired former employee receiving a disability pension pursuant to the provisions
3 contained in the locally administered plan, shall be subject to the provisions of §§ 45-21-23 and
4 45-21-24.

5 (g) Subject to the provisions of subsection (h) of this section, any retired former
6 employee entering the system pursuant to this section shall be subject to the provisions of §§ 45-
7 21-31, and 45-21-54.

8 (h) Notwithstanding any provision of subsection (g) of this section, any retired former
9 employee becoming a member pursuant to this section, who as of the effective date of
10 participation is also an employee of an already participating municipality, shall not be subject to
11 the provisions of §§ 45-21-31 or 45-21-54, as long as they remain employed by the already
12 participating municipality. Should the member terminate employment with the already
13 participating municipality for any reason, they shall thereafter be subject to the provisions of §§
14 45-21-31 and 45-21-54.

15 SECTION 5. Sections 45-21.2-3, 45-21.2-5, 45-21.2-6 and 45-21.2-14 of the General
16 Laws in Chapter 45-21.2 entitled "Optional Retirement for Members of Police Force and Fire
17 Fighters" are hereby amended to read as follows:

18 **45-21.2-3. Optional retirement for police and fire fighters.**

19 In addition to the retirement system established under the provisions of chapter 21 of this
20 title, any municipality may accept this chapter in the manner stated in § 45-21-4. Withdrawal
21 from the system is in the same manner as stated in § 45-21-5, subject to the provisions of § 45-
22 21.2-3.1.

23 **45-21.2-5. Retirement on service allowance.**

24 (a) Retirement of a member on a service retirement allowance for members eligible to
25 retire on or before June 30, 2012, shall be made, subject to paragraph (a)(11) below, by the
26 retirement board as follows:

27 (1) Any member who has attained or attains age seventy (70) shall be retired as stated in
28 § 45-21-16 subject to the discretions contained in that section; provided, that any member who is
29 a member of the Woonsocket fire department who has attained or attains an age of sixty-five (65)
30 years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in
31 which the member has attained the age of sixty-five (65) years.

32 (2) Any member may retire pursuant to this subdivision upon written application to the
33 board stating at what time the member desires to retire; provided, that the member at the specified
34 time for retirement has attained an age of fifty-five (55) years and has completed at least ten (10)

1 years of total service, and notwithstanding that the member may have separated from service.

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

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

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

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

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

33 (8) Any member of the Cranston police department hired after July 1, 1995, or any
34 member of the Cranston police department with five (5) years or less of service effective July 1,

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

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

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

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

28 (12) Notwithstanding any provisions of this section to the contrary, with respect to police
29 officers employed by the town of Johnston, only those police officers hired on or after July 1,
30 2010, shall be eligible to be members of the Municipal Employees' Retirement System of the
31 state of Rhode Island in accordance with this chapter.

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

34 (1) Any member may retire pursuant to this subdivision upon written application to the

1 board stating at what time the member desires to retire; provided, that the member at the specified
2 time for retirement attained the age of at least fifty-five (55) years and has completed at least
3 twenty-five (25) years of total service, and notwithstanding that the member may have separated
4 from service; or

5 (2) Effective July 1, 2015, the member makes contributions to the plan effective July 1,
6 2015, in accordance with § 45-21.2-14, and (i) The member at the specified time for retirement
7 attained the age of at least fifty (50) years and has completed at least twenty-five (25) years of
8 total service; or (ii) The member has completed at least twenty-seven (27) years of total service
9 regardless of the member's attained age, and notwithstanding that the member may have
10 separated from service.

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

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

19 (5) Effective July 1, 2015, a member who has completed twenty (20) or more years of
20 total service who has attained an age within five (5) years of the eligible retirement age under
21 subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above, may elect to retire provided that the
22 retirement allowance shall be reduced actuarially for each month that the age of the member is
23 less than the eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) or (b)(4) above
24 in accordance with the following table:

25 Year Preceding Retirement	Cumulative Annual Reduction	Cumulative	Monthly
26 Reduction			
27 For Year 1	9%		.75%
28 For Year 2	8%		.667%
29 For Year 3	7%		.583%
30 For Year 4	7%		.583%
31 For Year 5	7%		.583%

32 (6) Notwithstanding any other provisions of this section, a member on June 30, 2012,
33 may elect to retire at his or her eligible retirement date as determined under the rules in effect on
34 June 30, 2012, provided that a member making an election under this paragraph shall receive the

1 member's retirement benefit determined and calculated based on the member's service and final
2 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
3 manner to protect a member's accrued benefit on June 30, 2012.

4 (c) Notwithstanding any provision of this section to the contrary, any locally
5 administered plan entering the system, which prior to the effective date of participation had a
6 higher retirement age than otherwise provided for herein, shall have a one-time election to retain
7 a higher retirement age for employees entering the system, not to exceed the plan's retirement age
8 prior to the effective date of participation, for any employees in active service as of the effective
9 date of participation; provided, that the higher retirement age shall not apply to new employees
10 hired on or after the effective date of participation, who shall otherwise be subject to the
11 applicable provisions of this section.

12 (d) Should a locally administered plan entering the system opt not to make the election
13 authorized by subsection (c) of this section, members entering the system shall be subject to the
14 otherwise applicable retirement ages and restrictions set forth herein.

15 **45-21.2-6. Service retirement allowance.**

16 (a) Upon retirement from service pursuant to § 45-21.2-5, a member receives a retirement
17 allowance which is a life annuity terminable at the death of the annuitant and shall be an amount
18 equal to two percent (2%) of final compensation multiplied by the years of total service, provided
19 that a member who retires upon the attainment of age of fifty-seven (57) years and has completed
20 at least thirty (30) years of total service shall receive a retirement allowance which is a life
21 annuity terminable at the death of the annuitant and shall be an amount equal to the greater of: (i)
22 Two and one quarter percent (2.25%) of final compensation multiplied by total years of service;
23 or (ii) The member's accrued benefit determined as of June 30, 2012, plus two and one quarter
24 percent (2.25%) of final compensation multiplied by member's years of service after June 30,
25 2012; provided further that the life annuity under this subsection (a) shall not exceed seventy-five
26 percent (75%) of final compensation.

27 (b) Notwithstanding any provision of subsection (a) of this section to the contrary, any
28 locally administered plan entering the system shall have a one-time election to allow members
29 joining the system who thereafter retire upon the attainment of age fifty-seven (57) years, and
30 who have completed at least thirty (30) years of total service, to have the enhanced rate of
31 pension benefit accrual as set forth in subsection (a) of this section apply:

32 (1) Only to the number of years of service rendered on or after the effective date of
33 participation; or

34 (2) To total service, but only after the member has completed the number of years of

1 service on or after the effective date of participation, as established by the locally administered
2 plan upon the effective date of participation.

3 (c) Notwithstanding any provision of this section to the contrary, any locally
4 administered plan which, prior to the effective date of participation, offered a different accrued
5 benefit than would otherwise be available pursuant to subsection (a) of this section, shall have a
6 one-time election to allow members joining the system to receive upon retirement, their accrued
7 benefit based on their prior years of service as of the effective date of participation. In the event
8 the municipality makes this election, the member shall not otherwise be entitled to a retirement
9 allowance from the system for prior service calculated pursuant to subsection (a) of this section,
10 and on and after the effective date of participation of the municipality, any member entering the
11 system shall accrue benefits on service at the rates set forth in subsection (a) of this section.

12 (d) Should a locally administered plan entering the system opt not to make the elections
13 provided for in subsection (b) or (c) of this section, any member entering the system shall accrue
14 benefits on total service at the rates set forth in subsection (a) of this section.

15 (e) Notwithstanding any provision of this section to the contrary, any locally
16 administered plan entering the system, which prior to the effective date of participation; provided,
17 for a lower maximum retirement allowance than would otherwise be permissible pursuant to
18 subsection (a) of this section, shall have a one-time election to retain a lower maximum
19 retirement allowance for employees entering the system, which may be no lower than the plan's
20 maximum retirement allowance as of the effective date of participation, and which may not
21 exceed the maximum retirement allowance otherwise permissible pursuant to subsection (a) of
22 this section, for any employees in active service as of the effective date of participation; provided,
23 that the plan's election to retain a different maximum retirement allowance than would otherwise
24 be permissible pursuant to subsection (a) of this section, shall not apply to new employees hired
25 on or after the effective date of participation, who shall be subject to the maximum retirement
26 allowance set forth in subsection (a) of this section.

27 (f) Should a locally administered plan entering the system opt not to make the election
28 authorized by subsection (e) of this section, members entering the system shall be subject to the
29 maximum retirement allowance set forth in subsection (a) of this section.

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

33 (1) Option 1. A reduced retirement allowance payable during the member's life with the
34 provisions that after his or her death it shall continue during the life of and be paid to the person

1 that he or she nominated by written designation duly acknowledged and filed with the retirement
2 board at the time of retirement; or

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

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

12 **45-21.2-14. Contributions.**

13 (a) Each member shall contribute an amount equal to seven percent (7%) of the salary or
14 compensation earned or accruing to the member provided that effective July 1, 2015, each
15 member shall contribute an amount equal to nine percent (9%) of the salary or compensation
16 earned or accruing to the member. Special compensation or additional fees shall not be
17 considered as compensation for contribution purposes.

18 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with
19 § 45-21-43.

20 (c) Notwithstanding any provision of this section to the contrary, any locally
21 administered plan entering the system, which prior to the effective date of participation had an
22 employee contribution rate greater than set forth in subsection (a) of this section, shall have a
23 one-time election to retain the higher employee contribution rate, not to exceed the rate in effect
24 as of the effective date of participation, for any employees in active service as of the effective
25 date of participation; provided, that the higher rate shall not apply to new employees hired on or
26 after the effective date of participation, who shall contribute as set forth in subsection (a) of this
27 section. Should the locally administered plan entering the system elect to retain the higher
28 employee contribution rate, it may elect to do so on either a temporary or a permanent basis.

29 (d) Should a locally administered plan entering the system opt not to make the election
30 authorized by subsection (c) of this section, members entering the system shall contribute the
31 amount as set forth in subsection (a) of this section.

32 ~~(e)~~(e) Each municipality shall make contributions to the system to provide the remainder
33 of the obligation for retirement allowances, annuities, and other benefits provided in this section,
34 after applying the accumulated contribution of members, interest income on investments, and

1 other accrued income. The contribution shall be compiled in accordance with §§ 45-21-42 -- 45-
2 21-44, except that contributions for the first five (5) years of the system shall likewise be
3 determined by the board.

4 ~~(f)~~(f) Provided, that members of the South Kingstown police department, beginning July
5 1, 1985, and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or
6 compensation or additional fees are not considered as compensation for retirement purposes. For
7 service on and after July 1, 2012, a member of the South Kingstown police department shall make
8 contributions in accordance with paragraph (a) above.

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

26 ~~(h)~~(h) Further, provided, that for service on and prior to June 30, 2012, members of the
27 City of Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an
28 amount equal to ten percent (10%) of their weekly salary; and those members of the City of
29 Cranston police department with five (5) years or less of service effective July 1, 1995, have the
30 option to either remain in the City of Cranston pension plan to which they belonged prior to the
31 adoption of local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to
32 the State of Rhode Island optional twenty (20) year retirement on service allowance an amount
33 equal to ten percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston
34 may request and the retirement board may authorize additional members of the City of Cranston

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

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

12 **45-21.2-3.1. Retiree membership in optional retirement plan.**

13 (a) Notwithstanding any provision of this chapter to the contrary, any locally
14 administered municipal pension plan may accept the provisions of this chapter by an ordinance or
15 resolution of its governing body stating the group or groups of retired former employees to be
16 included as provided in § 45-21-7; provided, that:

17 (1) Any affected retired former employee has consented in writing to joining the system;
18 or

19 (2) Any duly constituted retiree organization that represents said retired former
20 employees has assented to joining the system.

21 For purposes of this section, "retired former employee" shall mean any individual who
22 has retired prior to the effective date of participation, pursuant to the provisions of any locally
23 administered municipal retirement plan.

24 (b) Withdrawal of a municipality that had joined the retirement system pursuant to this
25 section shall be as provided in § 45-21-5; provided, that the withdrawal is conditioned upon the
26 written approval of each individual retired former employee, or the assent of any duly constituted
27 retiree organization that represents said retired former employees; provided, further, that the
28 municipality must agree upon withdrawal, by ordinance or resolution of its governing body, to
29 assume full responsibility thereafter for the management and administration of the retirement and
30 disability allowances in force for each retired former employee, or any beneficiaries thereof.

31 (c) Any group or groups of retired former employees that become members pursuant to
32 this section shall receive benefits calculated in accordance with, and shall be subject to, all of the
33 provisions, limitations and restrictions contained in this chapter as of the effective date of
34 participation, and shall waive any benefits accrued pursuant to the locally administered plan.

1 (d) A municipality electing to join the retirement system pursuant to this section shall be
2 subject to the provisions of §§ 45-21-4(c) and (d).

3 (e) Notwithstanding the provisions of subsection (c) of this section, any locally
4 administered plan that elects to have a group or groups of retired former employees join the
5 system pursuant to this section, shall have the opportunity as of the effective date of participation,
6 to make one-time elections as follows:

7 (1) To retain any provisions contained in the locally administered plan related to
8 retirement eligibility notwithstanding any provision of §§ 45-21.2-5 or 45-21.2-22 to the contrary;

9 (2) To allow any retired former employee to retain their accrued benefit pursuant to the
10 provisions of the locally administered plan, in which case the member shall not be entitled to any
11 retirement allowance or benefit from the system otherwise available or calculated pursuant to any
12 provisions of §§ 45-21.2-6, 45-21.2-13, or 45-21.2-20, 45-21.2-21, or 45-21.2-22 to the contrary;

13 (3) To retain any maximum retirement allowance provided for by the locally
14 administered retirement plan, notwithstanding any provision of §§ 45-21.2-6 or 45-21.2-22 to the
15 contrary; or

16 (4) To retain any automatic adjustment increases in the service retirement allowances
17 provided for by the locally administered plan, notwithstanding any provision of § 45-21-52 to the
18 contrary.

19 (f) Any retired former employee receiving a disability pension pursuant to the provisions
20 contained in the locally administered plan, shall be subject to the provisions of §§ 45-21-23 and
21 45-21-24.

22 (g) Subject to the provisions of subsection (h) of this section, any retired former
23 employee entering the system pursuant to this section shall be subject to the provisions of §§ 45-
24 21-31, and 45-21-54.

25 (h) Notwithstanding any provision of subsection (g) of this section, any retired former
26 employee becoming a member pursuant to this section, who as of the effective date of
27 participation is also an employee of an already participating municipality, shall not be subject to
28 the provisions of §§ 45-21-31 or 45-21-54, as long as he or she remains employed by the already
29 participating municipality. Should the member terminate employment with the already
30 participating municipality for any reason, he or she shall thereafter be subject to the provisions of
31 §§ 45-21-31 and 45-21-54.

1 SECTION 7. This act shall take effect upon passage.

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LC002645
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC FINANCE -- RETIREMENT OF MUNICIPAL EMPLOYEES AND
CLOSED MUNICIPAL RETIREMENT PLANS

1 This act would create the "Rhode Island Closed Municipal Retirement Plans Trust Fund
2 Act" to streamline the process for locally administered municipal retirement plans to join the
3 municipal employees retirement system (MERS) of the state of Rhode Island, by providing
4 greater flexibility in funding policies than would otherwise be required, depending upon the needs
5 and circumstances of each municipal plan. This act would also enable eligible municipal
6 governmental entities to allow the state investment commission, in conjunction with the office of
7 the general treasurer, to invest the assets of eligible municipal plans closed to new participants, in
8 order to maximize the efficient and cost effective investment of such assets, as well as to improve
9 their safety and liquidity.

10 This act would take effect upon passage.

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