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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TOWNS AND CITIES - RETIREMENT OF MUNICIPAL EMPLOYEES AND  
CLOSED MUNICIPAL RETIREMENT PLANS

Introduced By: Senator Elizabeth A. Crowley

Date Introduced: June 19, 2019

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-21-8 and 45-21-16.2 of the General Laws in Chapter 45-21  
2 entitled "Retirement of Municipal Employees" are hereby amended to read as follows:

3 **45-21-8. Membership in system.**

4 Membership in the retirement system does not begin before the effective date of  
5 participation in the system as provided in ~~§§~~ 45-21-4, [45-21.4-2](#) or [45-21.4-3](#) and consists of the  
6 following:

7 (a) Any employee of a participating municipality as defined in this chapter, who becomes  
8 an employee on and after the effective date of participation, shall, under contract of his or her  
9 employment, become a member of the retirement system; provided, that the employee is not  
10 receiving any pension or retirement allowance from any other pension or retirement system  
11 supported wholly or in part by a participating municipality, and is not a contributor to any other  
12 pension or retirement system of a participating municipality. Any employee who is elected to an  
13 office in the service of a municipality after the effective date and prior to July 1, 2012, has the  
14 option of becoming a member of the system, which option must be exercised within sixty (60)  
15 days following the date the employee assumes the duties of his or her office, otherwise that  
16 person is not entitled to participate under the provisions of this section;

17 (b) Any employee or elected official of a participating municipality in service prior to the  
18 effective date of participation, who is not a member of any other pension or retirement system

1 supported wholly or in part by a participating municipality, and who does not notify the  
2 retirement board in writing before the expiration of sixty (60) days from the effective date of  
3 participation that he or she does not wish to join the system, shall automatically become a  
4 member; and

5 (c) Any employee of a participating municipality in service prior to the effective date of  
6 participation, who is a member of any other pension or retirement system supported wholly or in  
7 part by a participating municipality on the effective date of participation of their municipality,  
8 who then or thereafter makes written application to join this system, and waives and renounces all  
9 accrued rights and benefits of any other pension or retirement system supported wholly or in part  
10 by a participating municipality, becomes a member of this retirement system and shall not be  
11 required to make contribution under any other pension or retirement system of a participating  
12 municipality, anything to the contrary notwithstanding.

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

22 (e) Notwithstanding the provisions of this section, any city of Cranston employees who  
23 are presently members of Teamsters Local Union No. 251, hired between the dates of July 1,  
24 2005, and June 30, 2010, inclusive, and who are currently members of the retirement system  
25 established by this chapter may opt out of said retirement system and choose to enroll in a defined  
26 contribution plan (i.e., a 403(b) plan or equivalent thereof) established by the city of Cranston.

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

33 (g) Notwithstanding the provisions of this section, any city of Cranston employees who  
34 will be members of Teamsters Local Union No. 251, hired after June 30, 2010, shall be enrolled

1 in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established by the city of  
2 Cranston and shall not be a member of the retirement system established by this chapter.

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

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

14 (j) Notwithstanding the provisions of this section, any town of Middletown employees,  
15 who will be members of the Teamsters Local Union No. 251 bargaining unit, hired after June 30,  
16 2012, and any town of Middletown employees who are employed as full-time civilian  
17 dispatchers, hired after June 30, 2012, and any town of Middletown employees who are not  
18 affiliated with any recognized collective bargaining representative or union hired after June 30,  
19 2012, shall be enrolled in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)  
20 established by the town of Middletown and shall not be members of the retirement system  
21 established by this chapter. Said town of Middletown employees defined herein shall be  
22 precluded from the purchase of service credit for time served on or after July 1, 2012, while  
23 participating in the defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established  
24 by the town of Middletown should the member cease employment with the town of Middletown  
25 or in the Teamsters Local Union No. 251 bargaining unit and re-enter the system with any  
26 participating employer who has accepted the provisions as defined in § 45-21-4.

27 (k) Notwithstanding the provisions of this section, any town of Middletown employees,  
28 who will be members of the Middletown Municipal Employees Association NEARI Local 869  
29 bargaining unit hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a  
30 403(b) plan or equivalent thereof) established by the town of Middletown and shall not be  
31 members of the retirement system established by this chapter. Said town of Middletown  
32 employees defined herein shall be precluded from the purchase of service credit for time served  
33 on or after July 1, 2012, while participating in the defined contribution plan (i.e., a 403(b) plan or  
34 equivalent thereof) established by the town of Middletown should the member cease employment

1 with the town of Middletown or in the Middletown Municipal Employees Association NEARI  
2 Local 869 bargaining unit and re-enter the system with any participating employer who has  
3 accepted the provisions as defined in § 45-21-4.

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

9 (m) Notwithstanding the provisions of this section, any Cranston public school  
10 employees defined in subsection (h) shall be precluded from the purchase of service credit for  
11 time served on or after July 1, 2012, while participating in the defined contribution plan (i.e., a  
12 401(a) plan or equivalent thereof) established by the Cranston public schools should the member  
13 cease employment with the Cranston public schools or National Association of Government  
14 Employees (NAGE), Local RI-153 and re-enter the system with another participating employer  
15 who has accepted the provisions as defined in § 45-21-4.

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

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 §45-21.4-2 or §45-21.4-3,](#)  
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 SECTION 2. Section 45-21.2-3 of the General Laws in Chapter 45-21.2 entitled  
26 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read  
27 as follows:

28 **45-21.2-3. Optional retirement for police and fire fighters.**

29 In addition to the retirement system established under the provisions of chapter 21 of this  
30 title, any municipality may accept this chapter in the manner stated in § 45-21-4. Withdrawal  
31 from the system is in the same manner as stated in § 45-21-5 [subject to the provisions of § 45-](#)  
32 [21.4-3.](#)

33 SECTION 3. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby  
34 amended by adding thereto the following chapter:

1 CHAPTER 21.4

2 RELATING TO CENTRAL FALLS PENSION PLAN

3 **45-21.4-1. Legislative findings.**

4 The general assembly finds and declares the following:

5 (1) All Rhode Islanders deserve retirement security, including those who have spent their  
6 careers serving their communities as first responders and municipal employees; and

7 (2) The city of Central Falls has shown great resilience in emerging from bankruptcy and  
8 thriving economically and culturally against great odds; and

9 (3) The bankruptcy occurred in part because the pension plan in Central Falls had become  
10 severely underfunded, and as a result many first responders and retirees in the city of Central  
11 Falls experienced significant hardship in the form of benefit reductions; and

12 (4) The city of Central Falls, the labor organizations representing its first responders, and  
13 the state of Rhode Island are united in their desire to see the city of Central Falls remain on the  
14 path of fiscal health, and that the predictability and sustainability of the pension system is vital to  
15 maintaining fiscal health for the city of Central Falls and retirement security for its first  
16 responders and retirees.

17 (5) The general assembly adopts this act to facilitate the assistance of the municipal  
18 employees' retirement system of the state of Rhode Island in administering the local Central Falls  
19 pension plan

20 **45-21.4-2. Alternative acceptance by the city of Central Falls of optional retirement**  
21 **for police and fire fighters.**

22 (a) The provisions of this section shall apply only to locally administered plans within the  
23 city of Central Falls hereinafter referred collectively as the "Central Falls plan".

24 (b) On or after the effective date of this section, Central Falls may accept the provisions  
25 of this chapter, by resolution or an ordinance of its governing body stating the group or groups of  
26 employees to be included as provided in § 45-21-4; provided that, any and all labor organizations  
27 representing active employees of the municipality to be included have assented to such  
28 participation of their respective memberships, through a collective bargaining agreement and  
29 ratification of the decision by a majority vote of those members of any such labor organization  
30 present and voting. A copy of the resolution or ordinance and proof of assent from the applicable  
31 labor organization shall be immediately forwarded to the retirement board for review. A vote of  
32 the retirement board to accept the entry of the group or groups of employees in to the system shall  
33 be required.

34 (c) Effective August 31, 2019, the Central Falls plan shall be closed to new members.

1 (d) Members of the Central Falls plan in active service as of August 30, 2019 shall  
2 continue to be subject to the applicable retirement ages and restrictions, and accrue benefits on  
3 total service at the rates of the Central Falls plan pursuant to the collective bargaining agreements  
4 in effect on August 30, 2019 between Central Falls and the labor organizations representing  
5 members of the Central Falls plan.

6 (e) Disability determinations shall be made by the retirement board, subject to the  
7 procedures and standards of §§ 45-21.2-7 and 45-21.2-9 as applicable, for members hired prior to  
8 August 31, 2019. If a disability retirement pension is granted, the member shall receive benefits  
9 provided by the Central Falls pension plan pursuant to the collective bargaining agreements in  
10 effect on August 30, 2019.

11 (f) Beginning August 31, 2019 members of the Central Falls plan in active service shall  
12 contribute an amount equal to eleven and seven-tenths percent (11.7%) of the salary or  
13 compensation earned or accruing to the member.

14 (g) Subject to the provisions of subsection (b) of this section being met, new employees  
15 hired on or after August 31, 2019 shall be subject to all of the provisions of § 45-21.2, including  
16 all applicable disability provisions and benefits provided by §§ 36-10.3-4 and 45-21-52.

17 (h) Notwithstanding anything in § 45-21-42.2 to the contrary, the cost to evaluate Central  
18 Falls prospective membership in the retirement system pursuant to this section or § 45-21.4-3,  
19 shall be borne by the retirement board.

20 (i) Notwithstanding anything in § 45-21-43.1 to the contrary, determination of the  
21 employer contribution rate of the closed Central Falls pension plan pursuant to this section, shall  
22 be computed using an amortization period for the unfunded actuarial accrued liability as  
23 determined by the board, based upon the recommendation of the plan's actuary. Future actuarial  
24 gains and losses accruing within a plan year will be amortized over individual new twenty (20)  
25 year closed periods consistent with § 45-21-43.1(c).

26 (j) Notwithstanding anything in § 45-21-56 to the contrary, if a Central Falls pension plan  
27 pursuant to this section is in critical status as defined in § 45-65-4, and an employee of the  
28 Central Falls pension plan leaves employment and is hired by another participating municipality  
29 that is not in critical status as defined in § 45-65-4, then the retirement system shall transfer the  
30 amount of the member's total accrued liability with the Central Falls pension plan, multiplied by  
31 the funded status of the Central Falls pension plan, to the account of the current employing  
32 municipality.

33 (k) Upon the conditions of subsection (b) of this section being met, the city of Central  
34 Falls shall remain liable to the retirement system for the cost of funding a retirement system for

1 its employees who are members of the system as provided herein, and the retirement board  
2 maintains the right to enforce payment of any liability as provided in chapter 21 of this title.

3 (l) Subject to the provisions of subsection (b) of this section being met, the Central Falls  
4 plan and the provisions of this section shall be administered in the same manner provided in  
5 chapter 21 of this title; credits for prior service and collection of contributions are determined  
6 through reference to that chapter; provided, that where the provisions of that chapter conflict with  
7 this chapter, then the provisions of this chapter control. Liability of contributions is enforced in  
8 the same manner as stated in chapter 21 of this title.

9 **45-21.4-3. Retiree participation in optional requirement plan.**

10 (a) The provisions of this section shall apply only to locally administered plans within the  
11 city of Central Falls.

12 (b) Notwithstanding any provision of this chapter to the contrary, on or before August 31,  
13 2019, Central Falls may accept the provisions of this chapter by an ordinance of its governing  
14 body stating the group or groups of retired former employees to be included as provided in § 45-  
15 21-4; provided that, a majority of retired former employees have consented in writing to joining  
16 the system or any duly constituted retiree organization that represents said retired former  
17 employees has assented to joining the system. A copy of the ordinance shall be immediately  
18 forwarded to the retirement board for review. A vote of the retirement board to accept the entry of  
19 the group or groups of employees in to the system shall be required.

20 For purposes of this section, "retired former employees" means any Central Falls police  
21 officer or fire fighter who has retired prior to August 31, 2019, pursuant to the provisions of the  
22 Central Falls' retirement plan.

23 (c) Notwithstanding any other provisions of this section or other applicable law, upon  
24 acceptance into the system, all "Central Falls retirees," as defined in § 45-21-67(a)(2), and their  
25 beneficiaries, and also all other former retired employees and their beneficiaries who are entitled  
26 to benefits under the "settlement agreement" that is identified in § 45-21-67(a)(3), shall retain all  
27 of the benefits accrued and calculated to them as provided in accordance with such settlement  
28 agreement (and, for clarification, irrespective of and notwithstanding any possible expiration of  
29 any "term" in respect to certain provisions of such agreement), including disability and post-  
30 retirement benefits, and their entitlement to all payments provided under § 45-21-67, and none of  
31 the foregoing shall be made unavailable or conditioned, nor be diminished or reduced, by virtue  
32 of entry into the system. The retired former employee, including any "Central Falls retiree", shall  
33 not be entitled to any retirement allowance or benefit from the system otherwise available or  
34 calculated pursuant to the provisions of §§ 45-21.2-6, 45-21.2-13, or 45-21.2-20, 45-21.2-21, or

1 45-21.2-22.

2 (d) Withdrawal of a plan consisting solely of retired former Central Falls police officers  
3 or fire fighters, that had joined the retirement system pursuant to this section, shall be as provided  
4 in § 45-21-5.

5 (e) The cost to evaluate Central Falls' prospective membership in the retirement system,  
6 and costs related to obtaining consent of retirees to join the system pursuant to this section shall  
7 be borne by the retirement board.

8 (f) Upon the conditions of subsection (b) of this section being met, the city of Central  
9 Falls shall remain liable to the retirement system for the cost of funding a retirement system for  
10 its employees who are members of the system and the retirement board maintains the right to  
11 enforce payment of any liability as provided in chapter 21 of this title.

12 (g) Subject to the provisions of subsection (b) of this section being met, the provisions of  
13 this section shall be administered in the same manner provided in chapter 21 of this title;  
14 provided, that where the provisions of that chapter conflict with this chapter, then the provisions  
15 of this chapter control. Liability of the municipality is enforced in the same manner as stated in  
16 chapter 21 of this title.

17 **45-21.4-4. Transfer of assets.**

18 (a) Subject to the provisions of §§ 45-21.4-2(b) and 45-21.4-3(b) being met, on  
19 December 31, 2019, the system shall be responsible for administering the Central Falls plan,  
20 including the administration of any supplemental payments as provided in § 45-21-67, and  
21 Central Falls shall transfer to the system the accumulated contributions of each member entering  
22 the system and any other assets of the Central Falls plan.

23 (b) Beginning January 1, 2020, all appropriations made pursuant to § 45-21-67 shall be  
24 appropriated to the system and disbursed by the system in accordance with § 45-21-67.

25 SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TOWNS AND CITIES - RETIREMENT OF MUNICIPAL EMPLOYEES AND  
CLOSED MUNICIPAL RETIREMENT PLANS

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1           This act would facilitate the locally administered Central Falls retirement plans joining  
2 the municipal employees retirement system of the state, by providing greater flexibility in funding  
3 policies than would otherwise be required, depending upon the needs and circumstances of the  
4 community.

5           This act would take effect upon passage.

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