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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT

Introduced By: Representatives O'Brien, Casey, Kazarian, Casimiro, McEntee, Craven,
Caldwell, Dawson, Serpa, and Bennett

Date Introduced: March 01, 2023

Referred To: House Finance

(General Treasurer)

It is enacted by the General Assembly as follows:

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

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

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

16 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary
17 disability retirement allowance pursuant to the provisions of this title who retired on or after January
18 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive
19 a cost of living adjustment, in addition to his or her retirement allowance, an amount equal to three

1 percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first
2 day of January, the retirement allowance shall be increased an additional three percent (3%) of the
3 original retirement allowance, not compounded, to be continued through December 31, 1980.

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

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

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

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

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

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

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

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

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

34 In determining whether a funding level under this paragraph (f)(2) has been achieved, the

1 actuary shall calculate the funding percentage after taking into account the reinstatement of any
2 current or future benefit adjustment provided under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (3) Notwithstanding subsection (g)(2), in each fourth plan year commencing after June 30,
22 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of four
23 plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection
24 (g)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who retired on or
25 before June 30, 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five thousand eight
26 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six
27 dollars (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the
28 judicial retirement benefits trust and the state police retirement benefits trust, calculated by the
29 system's actuary on an aggregate basis, exceeds eighty percent (80%).

30 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before
31 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
32 days following the enactment of the legislation implementing this provision, and a second one-time
33 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends
34 shall be payable to all retired teachers or beneficiaries receiving a benefit as of the applicable

1 payment date and shall not be considered cost of living adjustments under the prior provisions of
2 this § 16-16-40.

3 (h) An additional one-time allowance shall be paid to eligible members of the retirement
4 system, or any beneficiary of such member, in accordance with the provisions of this subsection.

5 (1) Effective for eligible members and/or beneficiaries of members a one-time allowance
6 of five hundred dollars (\$500).

7 (2) For purposes of this subsection an "eligible member" is a retired member of the
8 retirement system, or any beneficiary of such member, that has retired on or before July 1, 2022.

9 (3) The allowances provided under this subsection shall be payable as soon as
10 administratively reasonable following the effective date of this subsection.

11 (4) The allowances provided under this subsection shall be payable to eligible members or
12 beneficiaries receiving a benefit as of the payment date and shall not be considered cost of living
13 adjustments under the prior provisions of this section.

14 (5) The provisions of this subsection shall be paid from the state's general fund, subject to
15 an appropriation by the general assembly.

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

18 **36-10-35. Additional benefits payable to retired employees.**

19 (a) All state employees and all beneficiaries of state employees receiving any service
20 retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of
21 this title on or before December 31, 1967, shall receive a cost of living retirement adjustment equal
22 to one and one-half percent (1.5%) per year of the original retirement allowance, not compounded,
23 for each calendar year the retirement allowance has been in effect. For the purposes of computation,
24 credit shall be given for a full calendar year regardless of the effective date of the retirement
25 allowance. This cost of living adjustment shall be added to the amount of the retirement allowance
26 as of January 1, 1968, and an additional one and one-half percent (1.5%) shall be added to the
27 original retirement allowance in each succeeding year during the month of January, and provided
28 further, that this additional cost of living increase shall be three percent (3%) for the year beginning
29 January 1, 1971, and each year thereafter, through December 31, 1980. Notwithstanding any of the
30 above provisions, no employee receiving any service retirement allowance pursuant to the
31 provisions of this title on or before December 31, 1967, or the employee's beneficiary, shall receive
32 any additional benefit hereunder in an amount less than two hundred dollars (\$200) per year over
33 the service retirement allowance where the employee retired prior to January 1, 1958.

34 (b) All state employees and all beneficiaries of state employees retired on or after January

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

10 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state
11 employees receiving any service retirement and all state employees, and all beneficiaries of state
12 employees, who have completed at least ten (10) years of contributory service on or before July 1,
13 2005, pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries
14 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 — 36-
15 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of
16 the original retirement allowance or the retirement allowance as computed in accordance with §
17 36-10-35.1, compounded annually from the year for which the cost of living adjustment was
18 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)
19 of this section. Such cost of living adjustments are available to members who retire before October
20 1, 2009, or are eligible to retire as of September 30, 2009.

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

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

34 (d) For state employees not eligible to retire in accordance with this chapter as of

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

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

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

26 (g) This subsection (g) shall be effective for the period July 1, 2012, through June 30, 2015.

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

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

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

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

20 (3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,
21 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
22 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)
23 above until the Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial
24 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the
25 system's actuary on an aggregate basis, exceeds eighty percent (80%).

26 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph
27 (g) shall become effective July 1, 2012, and shall apply to any benefit adjustment not granted on or
28 prior to June 30, 2012.

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

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

1 regard to the retiree's age or number of years since retirement.

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

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

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

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

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

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

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

34 In determining whether a funding level under this subsection (h)(2) has been achieved, the

1 actuary shall calculate the funding percentage after taking into account the reinstatement of any
2 current or future benefit adjustment provided under this section.

3 (3) Notwithstanding subsection (h)(2), in each fourth plan year commencing after June 30,
4 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of four
5 plan years:

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

8 (ii) Effective for members and/or beneficiaries of members who retired on or before June
9 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and
10 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars
11 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial
12 retirement benefits trust and the state police retirement benefits trust, calculated by the system's
13 actuary on an aggregate basis, exceeds eighty percent (80%).

14 (i) Effective for members and/or beneficiaries of members who have retired on or before
15 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)
16 days following the enactment of the legislation implementing this provision, and a second one-time
17 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends
18 shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable
19 payment date and shall not be considered cost of living adjustments under the prior provisions of
20 this section.

21 (j) An additional one-time allowance shall be paid to eligible members of the retirement
22 system, or any beneficiary of such member, in accordance with the provisions of this subsection.

23 (1) Effective for eligible members and/or beneficiaries of members a one-time allowance
24 of five hundred dollars (\$500).

25 (2) For purposes of this subsection an "eligible member" is a retired member of the
26 retirement system, or any beneficiary of such member, that has retired on or before July 1, 2022.

27 (3) The allowances provided under this subsection shall be payable as soon as
28 administratively reasonable following the effective date of this subsection.

29 (4) The allowances provided under this subsection shall be payable to eligible members or
30 beneficiaries receiving a benefit as of the payment date and shall not be considered cost of living
31 adjustments under the prior provisions of this section.

32 (5) The provisions of this subsection shall be paid from the state's general fund, subject to
33 an appropriation by the general assembly.

34 SECTION 3. Section 45-21-52 of the General Laws in Chapter 45-21 entitled "Retirement

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

2 **45-21-52. Automatic increase in service retirement allowance.**

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

6 (1) Plan A. All employees and beneficiaries of those employees receiving a service
7 retirement or disability retirement allowance under the provisions of this chapter on December 31
8 of the year their city or town accepts this section, receive a cost of living adjustment equal to one
9 and one-half percent (1½%) per year of the original retirement allowance, not compounded, for
10 each calendar year the retirement allowance has been in effect. This cost of living adjustment is
11 added to the amount of the retirement allowance as of January 1 following acceptance of this
12 provision, and an additional one and one-half percent (1½%) is added to the original retirement
13 allowance in each succeeding year during the month of January, and provided, further, that this
14 additional cost of living increase is three percent (3%) for the year beginning January 1 of the year
15 the plan is accepted and each succeeding year.

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

23 (3) Plan C. All employees and beneficiaries of those employees who retire on or after
24 January 1 of the year following acceptance of this section, on the first day of January next following
25 the date of the retirement, receive a cost of living adjustment in an amount equal to three percent
26 (3%) of the original retirement allowance.

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

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

30 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)
31 below, for all present and former employees, active and retired members, and beneficiaries
32 receiving any retirement, disability or death allowance or benefit of any kind by reason of adoption
33 of this section by their employer, the annual benefit adjustment provided in any calendar year under
34 this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined

1 by subtracting five and one-half percent (5.5%) (the “subtrahend”) from the Five-Year Average
2 Investment Return of the retirement system determined as of the last day of the plan year preceding
3 the calendar year in which the adjustment is granted, said percentage not to exceed four percent
4 (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the member’s
5 retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement allowance,
6 such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same percentage
7 as determined under (c)(1)(A) above. The “Five-Year Average Investment Return” shall mean the
8 average of the investment returns of the most recent five (5) plan years as determined by the
9 retirement board. Subject to paragraph (c)(2) below, the benefit adjustment provided by this
10 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on
11 which the retiree reaches his or her Social Security retirement age, whichever is later; or for
12 municipal police and fire retiring under the provisions of chapter 45-21.2, the benefit adjustment
13 provided by this paragraph shall commence on the later of the third (3rd) anniversary of the date of
14 retirement or the date on which the retiree reaches age fifty-five (55). In the event the retirement
15 board adjusts the actuarially assumed rate of return for the system, either upward or downward, the
16 subtrahend shall be adjusted either upward or downward in the same amount.

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

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

27 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a Funded Ratio of
28 less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing after June
29 30, 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of
30 five (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph
31 (c)(1) above until the municipal plan’s Funded Ratio exceeds eighty percent (80%).

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

33 (1)(A) As soon as administratively reasonable following the enactment into law of this
34 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or

1 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
2 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
3 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
4 provided without regard to the retiree's age or number of years since retirement.

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

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

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

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

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

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

27 The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all
28 retirees entitled to receive a benefit adjustment as of June 30, 2012, under the law then in effect,
29 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
30 date of retirement or the date on which the retiree reaches his or her Social Security retirement age,
31 whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
32 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the
33 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five
34 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the

1 benefit adjustment provided by this paragraph shall commence on the later of the third anniversary
2 of the date of retirement or the date on which the retiree reaches age fifty (50).

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

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

13 (3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June 30,
14 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of four
15 plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection
16 (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who retired on or
17 before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five thousand eight
18 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six
19 dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent (80%).

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

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

26 (g) The East Greenwich town council shall be allowed to accept Plan C of subsection (a)(3)
27 of this section for all employees of the town of East Greenwich who either, pursuant to contract
28 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C
29 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be separate
30 from all other employees of the town and school department, union or non-union, who are in the
31 same pension group but have not been granted Plan C benefits. Upon acceptance by the town
32 council, benefits in accordance with this section shall be available to all such employees who retire
33 on or after January 1, 2003.

34 (h) Effective for members and/or beneficiaries of members who have retired on or before

1 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit
2 adjustment under this section, a one-time stipend of five hundred dollars (\$500) shall be payable
3 within sixty (60) days following the enactment of the legislation implementing this provision, and
4 a second one-time stipend of five hundred dollars (\$500) in the same month of the following year.
5 These stipends shall not be considered cost of living adjustments under the prior provisions of this
6 section.

7 (i) An additional one-time allowance shall be paid to eligible members of the retirement
8 system, or any beneficiary of such member, in accordance with the provisions of this subsection.

9 (1) Effective for eligible members and/or beneficiaries of members a one-time allowance
10 of five hundred dollars (\$500).

11 (2) For purposes of this subsection an "eligible member" is a retired member of the
12 retirement system, or any beneficiary of such member, that has retired on or before July 1, 2022.

13 (3) The allowances provided under this subsection shall be payable as soon as
14 administratively reasonable following the effective date of this subsection.

15 (4) The allowances provided under this subsection shall be payable to eligible members or
16 beneficiaries receiving a benefit as of the payment date and shall not be considered cost of living
17 adjustments under the prior provisions of this section.

18 (5) The provisions of this subsection shall be paid from the state's general fund, subject to
19 an appropriation by the general assembly.

20 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 EDUCATION -- TEACHERS' RETIREMENT

1 This act would provide a one-time allowance of five hundred dollars (\$500) for eligible
2 members of the employees' retirement system of Rhode Island.

3 This act would take effect upon passage.

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LC002423
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