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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO EDUCATION -- TEACHER'S RETIREMENT

Introduced By: Representatives McEntee, Messier, Furtado, Casimiro, Caldwell, Craven,
Dawson, Fogarty, Noret, and Kazarian

Date Introduced: February 12, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 16-16-26 and 16-16-40 of the General Laws in Chapter 16-16
2 entitled "Teachers' Retirement [See Title 16 Chapter 97 — The Rhode Island Board of Education
3 Act]" are hereby amended to read as follows:

4 **16-16-26. Spouse's, former spouse divorced, or domestic partner's benefits.**

5 (a) Spouse's, former spouse divorced, and domestic partner's benefits are payable
6 following the decease of a member as provided in §§ 16-16-25 — 16-16-38.

7 (b) The spouse, former spouse divorced, or domestic partner shall be entitled to benefits
8 upon attaining the age of sixty (60) years.

9 (c) The spouse, former spouse divorced, or domestic partner was living with the deceased
10 member at the time of the member's death. A spouse, former spouse divorced, or domestic partner
11 is deemed to have been living with the deceased member if they were both members of the same
12 household on the date of the deceased member's death, or the spouse, former spouse divorced, or
13 domestic partner was receiving contributions from the deceased member toward support on that
14 date, or the deceased member had been ordered by a court to contribute to the spouse's, former
15 spouse divorced, or domestic partner's support.

16 (d) Remarriage of the spouse, former spouse divorced, or domestic partner or establishment
17 of a domestic partnership shall render the person ineligible to receive current or future benefits
18 under this section.

19 (e) The spouse or domestic partner of a member, as defined in this section, shall be entitled

1 to monthly benefits payable in accordance with the following table:

2		Spouse's or Domestic
3	Highest Annual	Partner's Monthly
4	Salary	Minimum Benefit
5	\$17,000 or less	\$825 <u>\$1,025</u>
6	\$17,001 to \$25,000	\$963 <u>\$1,200</u>
7	\$25,001 to \$33,000	\$1,100 <u>\$1,375</u>
8	\$33,001 to \$40,000	\$1,238 <u>\$1,550</u>
9	\$40,001 and over	\$1,375 <u>\$1,725</u>

10 (f) The former spouse divorced shall be entitled to monthly benefits, payable in accordance
11 with the table provided in subsection (e) of this section, only if there are no dependent children,
12 parents, or other spouse or domestic partner entitled to benefits.

13 (g) A yearly adjustment of the base benefit, and a yearly cost-of-living adjustment for
14 spouse's, former spouse divorced, or domestic partner's benefits shall be based on the annual social
15 security adjustment.

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

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

28 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary
29 disability retirement allowance pursuant to the provisions of this title who retired on or after January
30 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive
31 a cost of living adjustment, in addition to their retirement allowance, an amount equal to three
32 percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first
33 day of January, the retirement allowance shall be increased an additional three percent (3%) of the
34 original retirement allowance, not compounded, to be continued through December 31, 1980.

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

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

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

24 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,
25 2009, and not eligible upon passage of this article, and for their beneficiaries, the cost of living
26 adjustment described in subsection (c)(3) of this section shall only apply to the first thirty-five
27 thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon
28 the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),
29 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the
30 percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) as published
31 by the United States Department of Labor Statistics determined as of September 30 of the prior
32 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars
33 (\$35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase in
34 the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States

1 Department of Labor Statistics determined as of September 30 of the prior calendar year or three
2 percent (3%), whichever is less, on the month following the anniversary date of each succeeding
3 year. For teachers eligible to retire as of September 30, 2009, or eligible upon passage of this article,
4 and for their beneficiaries, the provisions of this subsection (d) shall not apply.

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

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

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

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

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

34 (3) Notwithstanding subsection (f)(2), in each fifth plan year commencing after June 30,

1 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
2 plan years, a benefit adjustment shall be calculated and made in accordance with subsection (f)(1)
3 above until the funded ratio of the employees' retirement system of Rhode Island, the judicial
4 retirement benefits trust, and the state police retirement benefits trust, calculated by the system's
5 actuary on an aggregate basis, exceeds eighty percent (80%).

6 (4) Notwithstanding any other provisions of this chapter, the provisions of this subsection
7 (f) shall become effective July 1, 2012, and shall apply to any benefit adjustments not granted on
8 or prior to June 30, 2012.

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

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

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

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

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

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

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

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

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

9 (2) Except for teachers and/or beneficiaries of teachers who retired on or before June 30,
10 2012, the benefit adjustments under subsection (g)(1)(B) for any plan year shall be reduced to
11 twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'
12 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police
13 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty
14 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan
15 year. Effective July 1, 2024, the funded ratio of the employees' retirement system of Rhode Island,
16 the judicial retirement benefits trust, and the state police retirement benefits trust, calculated by the
17 system's actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit
18 adjustment to be reinstated for all teachers for such plan year shall be replaced with seventy-five
19 percent (75%). [For plan year 2025, eligible retirees who retired after July 1, 2012, shall receive a](#)
20 [one-time full COLA of two and eighty-nine one hundredths percent \(2.89%\).](#)

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

24 (3) Effective for teachers and/or beneficiaries of teachers who retired after June 30, 2012,
25 or on or before June 30, 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five thousand
26 eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and
27 twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of Rhode
28 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated
29 by the system's actuary on an aggregate basis, exceeds eighty percent (80%). Effective July 1,
30 2024, the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement
31 benefits trust, and the state police retirement benefits trust, calculated by the system's actuary on
32 an aggregate basis, of exceeding eighty percent (80%) shall be replaced with seventy-five percent
33 (75%).

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

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

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

9 **36-10-35. Additional benefits payable to retired employees.**

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

25 (b) All state employees and all beneficiaries of state employees retired on or after January
26 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement
27 allowance pursuant to the provisions of this title shall, on the first day of January next following
28 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in
29 addition to their retirement allowance, in an amount equal to three percent (3%) of the original
30 retirement allowance. In each succeeding year thereafter through December 31, 1980, during the
31 month of January, the retirement allowance shall be increased an additional three percent (3%) of
32 the original retirement allowance, not compounded, to be continued during the lifetime of the
33 employee or beneficiary. For the purposes of computation, credit shall be given for a full calendar
34 year regardless of the effective date of the service retirement allowance.

1 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state
2 employees receiving any service retirement and all state employees, and all beneficiaries of state
3 employees, who have completed at least ten (10) years of contributory service on or before July 1,
4 2005, pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries
5 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 — 36-
6 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of
7 the original retirement allowance or the retirement allowance as computed in accordance with §
8 36-10-35.1, compounded annually from the year for which the cost of living adjustment was
9 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)
10 of this section. Such cost of living adjustments are available to members who retire before October
11 1, 2009, or are eligible to retire as of September 30, 2009.

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

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

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

1 increase in the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United
2 States Department of Labor Statistics determined as of September 30 of the prior calendar year or
3 three percent (3%), whichever is less, on the month following the anniversary date of each
4 succeeding year. For state employees eligible to retire as of September 30, 2009, or eligible upon
5 passage of this article, and for their beneficiaries, the provisions of this subsection (d) shall not
6 apply.

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

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

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

18 (1) Notwithstanding the prior paragraphs of this section, and subject to subsection (g)(2)
19 below, for all present and former employees, active and retired members, and beneficiaries
20 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit
21 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B)
22 where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%)
23 (the “subtrahend”) from the Five-Year Average Investment Return of the retirement system
24 determined as of the last day of the plan year preceding the calendar year in which the adjustment
25 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
26 (0%), and (B) is equal to the lesser of the member’s retirement allowance or the first twenty-five
27 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)
28 amount to be indexed annually in the same percentage as determined under (g)(1)(A) above. The
29 “Five-Year Average Investment Return” shall mean the average of the investment returns of the
30 most recent five (5) plan years as determined by the retirement board. Subject to subsection (g)(2)
31 below, the benefit adjustment provided by this subsection (g)(1) shall commence upon the third
32 (3rd) anniversary of the date of retirement or the date on which the retiree reaches their Social
33 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially
34 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted

1 either upward or downward in the same amount.

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

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

11 (3) Notwithstanding subsection (g)(2), in each fifth plan year commencing after June 30,
12 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five
13 plan years, a benefit adjustment shall be calculated and made in accordance with subsection (g)(1)
14 above until the funded ratio of the employees' retirement system of Rhode Island, the judicial
15 retirement benefits trust, and the state police retirement benefits trust, calculated by the system's
16 actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

21 (1)(A) As soon as administratively reasonable following the enactment into law of this
22 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
23 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
24 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
25 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
26 provided without regard to the retiree's age or number of years since retirement.

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

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

33 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)
34 (the "subtrahend") from the five-year average investment return of the retirement system

1 determined as of the last day of the plan year preceding the calendar year in which the adjustment
2 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
3 (0%). The “five-year average investment return” shall mean the average of the investment returns
4 of the most recent five (5) plan years as determined by the retirement board. In the event the
5 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
6 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

19 (2) Except for members and/or beneficiaries of members who retired on or before June 30,
20 2012, the benefit adjustments under subsection (h)(1)(B) for any plan year shall be reduced to
21 twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees’
22 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police
23 retirement benefits trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty
24 percent (80%) in which event the benefit adjustment will be reinstated for all members for such
25 plan year. Effective July 1, 2024, the funded ratio of the employees’ retirement system of Rhode
26 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated
27 by the system’s actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit
28 adjustment to be reinstated for all members for such plan year shall be replaced with seventy-five
29 percent (75%). [For plan year 2025, eligible retirees who retired after July 1, 2012, shall receive a](#)
30 [one-time full COLA of two and eighty-nine one hundredths percent \(2.89%\).](#)

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

34 (3) Effective for members and/or beneficiaries of members who retired after June 30, 2012,

1 or on or before June 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand
2 eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and
3 twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of Rhode
4 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated
5 by the system's actuary on an aggregate basis, exceeds eighty percent (80%). Effective July 1,
6 2024, the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement
7 benefits trust, and the state police retirement benefits trust, calculated by the system's actuary on
8 an aggregate basis, of exceeding eighty percent (80%) shall be replaced with seventy-five percent
9 (75%).

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

17 SECTION 3. Section 44-30-12 of the General Laws in Chapter 44-30 entitled "Personal
18 Income Tax" is hereby amended to read as follows:

19 **44-30-12. Rhode Island income of a resident individual. [Effective January 1, 2025.]**

20 (a) **General.** The Rhode Island income of a resident individual means the individual's
21 adjusted gross income for federal income tax purposes, with the modifications specified in this
22 section.

23 (b) **Modifications increasing federal adjusted gross income.** There shall be added to
24 federal adjusted gross income:

25 (1) Interest income on obligations of any state, or its political subdivisions, other than
26 Rhode Island or its political subdivisions;

27 (2) Interest or dividend income on obligations or securities of any authority, commission,
28 or instrumentality of the United States, but not of Rhode Island or its political subdivisions, to the
29 extent exempted by the laws of the United States from federal income tax but not from state income
30 taxes;

31 (3) The modification described in § 44-30-25(g);

32 (4)(i) The amount defined below of a nonqualified withdrawal made from an account in
33 the tuition savings program pursuant to § 16-57-6.1. For purposes of this section, a nonqualified
34 withdrawal is:

1 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
2 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
3 6.1; and

4 (B) A withdrawal or distribution that is:

5 (I) Not applied on a timely basis to pay “qualified higher education expenses” as defined
6 in § 16-57-3(12) of the beneficiary of the account from which the withdrawal is made;

7 (II) Not made for a reason referred to in § 16-57-6.1(e); or

8 (III) Not made in other circumstances for which an exclusion from tax made applicable by
9 Section 529 of the Internal Revenue Code, 26 U.S.C. § 529, pertains if the transfer, rollover,
10 withdrawal, or distribution is made within two (2) taxable years following the taxable year for
11 which a contributions modification pursuant to subsection (c)(4) of this section is taken based on
12 contributions to any tuition savings program account by the person who is the participant of the
13 account at the time of the contribution, whether or not the person is the participant of the account
14 at the time of the transfer, rollover, withdrawal, or distribution;

15 (ii) In the event of a nonqualified withdrawal under subsection (b)(4)(i)(A) or (b)(4)(i)(B)
16 of this section, there shall be added to the federal adjusted gross income of that person for the
17 taxable year of the withdrawal an amount equal to the lesser of:

18 (A) The amount equal to the nonqualified withdrawal reduced by the sum of any
19 administrative fee or penalty imposed under the tuition savings program in connection with the
20 nonqualified withdrawal plus the earnings portion thereof, if any, includible in computing the
21 person’s federal adjusted gross income for the taxable year; and

22 (B) The amount of the person’s contribution modification pursuant to subsection (c)(4) of
23 this section for the person’s taxable year of the withdrawal and the two (2) prior taxable years less
24 the amount of any nonqualified withdrawal for the two (2) prior taxable years included in
25 computing the person’s Rhode Island income by application of this subsection for those years. Any
26 amount added to federal adjusted gross income pursuant to this subdivision shall constitute Rhode
27 Island income for residents, nonresidents, and part-year residents;

28 (5) The modification described in § 44-30-25.1(d)(3)(i);

29 (6) The amount equal to any unemployment compensation received but not included in
30 federal adjusted gross income;

31 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a
32 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6); and

33 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
34 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus

1 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
2 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
3 of the loan forgiven exceeds \$250,000, including an individual's distributive share of the amount
4 of a pass-through entity's loan forgiveness in excess of \$250,000.

5 (c) **Modifications reducing federal adjusted gross income.** There shall be subtracted
6 from federal adjusted gross income:

7 (1) Any interest income on obligations of the United States and its possessions to the extent
8 includible in gross income for federal income tax purposes, and any interest or dividend income on
9 obligations, or securities of any authority, commission, or instrumentality of the United States to
10 the extent includible in gross income for federal income tax purposes but exempt from state income
11 taxes under the laws of the United States; provided, that the amount to be subtracted shall in any
12 case be reduced by any interest on indebtedness incurred or continued to purchase or carry
13 obligations or securities the income of which is exempt from Rhode Island personal income tax, to
14 the extent the interest has been deducted in determining federal adjusted gross income or taxable
15 income;

16 (2) A modification described in § 44-30-25(f) or § 44-30-1.1(c)(1);

17 (3) The amount of any withdrawal or distribution from the "tuition savings program"
18 referred to in § 16-57-6.1 that is included in federal adjusted gross income, other than a withdrawal
19 or distribution or portion of a withdrawal or distribution that is a nonqualified withdrawal;

20 (4) Contributions made to an account under the tuition savings program, including the
21 "contributions carryover" pursuant to subsection (c)(4)(iv) of this section, if any, subject to the
22 following limitations, restrictions, and qualifications:

23 (i) The aggregate subtraction pursuant to this subdivision for any taxable year of the
24 taxpayer shall not exceed five hundred dollars (\$500) or one thousand dollars (\$1,000) if a joint
25 return;

26 (ii) The following shall not be considered contributions:

27 (A) Contributions made by any person to an account who is not a participant of the account
28 at the time the contribution is made;

29 (B) Transfers or rollovers to an account from any other tuition savings program account or
30 from any other "qualified tuition program" under section 529 of the Internal Revenue Code, 26
31 U.S.C. § 529; or

32 (C) A change of the beneficiary of the account;

33 (iii) The subtraction pursuant to this subdivision shall not reduce the taxpayer's federal
34 adjusted gross income to less than zero (0);

1 (iv) The contributions carryover to a taxable year for purpose of this subdivision is the
2 excess, if any, of the total amount of contributions actually made by the taxpayer to the tuition
3 savings program for all preceding taxable years for which this subsection is effective over the sum
4 of:

5 (A) The total of the subtractions under this subdivision allowable to the taxpayer for all
6 such preceding taxable years; and

7 (B) That part of any remaining contribution carryover at the end of the taxable year which
8 exceeds the amount of any nonqualified withdrawals during the year and the prior two (2) taxable
9 years not included in the addition provided for in this subdivision for those years. Any such part
10 shall be disregarded in computing the contributions carryover for any subsequent taxable year;

11 (v) For any taxable year for which a contributions carryover is applicable, the taxpayer
12 shall include a computation of the carryover with the taxpayer's Rhode Island personal income tax
13 return for that year, and if for any taxable year on which the carryover is based the taxpayer filed a
14 joint Rhode Island personal income tax return but filed a return on a basis other than jointly for a
15 subsequent taxable year, the computation shall reflect how the carryover is being allocated between
16 the prior joint filers;

17 (5) The modification described in § 44-30-25.1(d)(1);

18 (6) Amounts deemed taxable income to the taxpayer due to payment or provision of
19 insurance benefits to a dependent, including a domestic partner pursuant to chapter 12 of title 36 or
20 other coverage plan;

21 **(7) Modification for organ transplantation.**

22 (i) An individual may subtract up to ten thousand dollars (\$10,000) from federal adjusted
23 gross income if the individual, while living, donates one or more of their human organs to another
24 human being for human organ transplantation, except that for purposes of this subsection, "human
25 organ" means all or part of a liver, pancreas, kidney, intestine, lung, or bone marrow. A subtract
26 modification that is claimed hereunder may be claimed in the taxable year in which the human
27 organ transplantation occurs.

28 (ii) An individual may claim that subtract modification hereunder only once, and the
29 subtract modification may be claimed for only the following unreimbursed expenses that are
30 incurred by the claimant and related to the claimant's organ donation:

31 (A) Travel expenses.

32 (B) Lodging expenses.

33 (C) Lost wages.

34 (iii) The subtract modification hereunder may not be claimed by a part-time resident or a

1 nonresident of this state;

2 **(8) Modification for taxable Social Security income.**

3 (i) For tax years beginning on or after January 1, 2016:

4 (A) For a person who has attained the age used for calculating full or unreduced Social
5 Security retirement benefits who files a return as an unmarried individual, head of household, or
6 married filing separate whose federal adjusted gross income for the taxable year is less than eighty
7 thousand dollars (\$80,000); or

8 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
9 attained the age used for calculating full or unreduced Social Security retirement benefits whose
10 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
11 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
12 income.

13 (ii) Adjustment for inflation. The dollar amount contained in subsections (c)(8)(i)(A) and
14 (c)(8)(i)(B) of this section shall be increased annually by an amount equal to:

15 (A) Such dollar amount contained in subsections (c)(8)(i)(A) and (c)(8)(i)(B) of this section
16 adjusted for inflation using a base tax year of 2000, multiplied by;

17 (B) The cost-of-living adjustment with a base year of 2000.

18 (iii) For the purposes of this section the cost-of-living adjustment for any calendar year is
19 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
20 the consumer price index for the base year. The consumer price index for any calendar year is the
21 average of the consumer price index as of the close of the twelve-month (12) period ending on
22 August 31, of such calendar year.

23 (iv) For the purpose of this section the term “consumer price index” means the last
24 consumer price index for all urban consumers published by the department of labor. For the purpose
25 of this section the revision of the consumer price index which is most consistent with the consumer
26 price index for calendar year 1986 shall be used.

27 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
28 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
29 married individual filing separate return, if any increase determined under this section is not a
30 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
31 of twenty-five dollars (\$25.00);

32 **(9) Modification of taxable retirement income from certain pension plans or**
33 **annuities.**

34 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January

1 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax
2 years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a
3 modification shall be allowed for up to twenty thousand dollars (\$20,000), and for tax years
4 beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand
5 dollars (\$50,000), of taxable pension and/or annuity income that is included in federal adjusted
6 gross income for the taxable year:

7 (A) For a person who has attained the age used for calculating full or unreduced Social
8 Security retirement benefits who files a return as an unmarried individual, head of household, or
9 married filing separate whose federal adjusted gross income for such taxable year is less than the
10 amount used for the modification contained in subsection (c)(8)(i)(A) of this section an amount not
11 to exceed \$15,000 for tax years beginning on or after January 1, 2017, until the tax year beginning
12 January 1, 2022, and an amount not to exceed twenty thousand dollars (\$20,000) for tax years
13 beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, and an amount
14 not to exceed fifty thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025,
15 of taxable pension and/or annuity income includible in federal adjusted gross income; or

16 (B) For a married individual filing jointly or individual filing qualifying widow(er) who
17 has attained the age used for calculating full or unreduced Social Security retirement benefits whose
18 joint federal adjusted gross income for such taxable year is less than the amount used for the
19 modification contained in subsection (c)(8)(i)(B) of this section an amount not to exceed \$15,000
20 for tax years beginning on or after January 1, 2017, until the tax year beginning January 1, 2022,
21 and an amount not to exceed twenty thousand dollars (\$20,000) for tax years beginning on or after
22 January 1, 2023, until the tax year beginning January 1, 2024, and an amount not to exceed fifty
23 thousand dollars (\$50,000) for tax years beginning on or after January 1, 2025, of taxable pension
24 and/or annuity income includible in federal adjusted gross income.

25 (ii) Adjustment for inflation. The dollar amount contained by reference in subsections
26 (c)(9)(i)(A) and (c)(9)(i)(B) of this section shall be increased annually for tax years beginning on
27 or after January 1, 2018, by an amount equal to:

28 (A) Such dollar amount contained by reference in subsections (c)(9)(i)(A) and (c)(9)(i)(B)
29 of this section adjusted for inflation using a base tax year of 2000, multiplied by;

30 (B) The cost-of-living adjustment with a base year of 2000.

31 (iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is
32 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
33 the consumer price index for the base year. The consumer price index for any calendar year is the
34 average of the consumer price index as of the close of the twelve-month (12) period ending on

1 August 31, of such calendar year.

2 (iv) For the purpose of this section, the term “consumer price index” means the last
3 consumer price index for all urban consumers published by the department of labor. For the purpose
4 of this section, the revision of the consumer price index which is most consistent with the consumer
5 price index for calendar year 1986 shall be used.

6 (v) If any increase determined under this section is not a multiple of fifty dollars (\$50.00),
7 such increase shall be rounded to the next lower multiple of fifty dollars (\$50.00). In the case of a
8 married individual filing a separate return, if any increase determined under this section is not a
9 multiple of twenty-five dollars (\$25.00), such increase shall be rounded to the next lower multiple
10 of twenty-five dollars (\$25.00).

11 (vi) For tax years beginning on or after January 1, 2022, the dollar amount contained by
12 reference in subsection (c)(9)(i)(A) shall be adjusted to equal the dollar amount contained in
13 subsection (c)(8)(i)(A), as adjusted for inflation, and the dollar amount contained by reference in
14 subsection(c)(9)(i)(B) shall be adjusted to equal the dollar amount contained in subsection
15 (c)(8)(i)(B), as adjusted for inflation;

16 (10) **Modification for Rhode Island investment in opportunity zones.** For purposes of
17 a taxpayer’s state tax liability, in the case of any investment in a Rhode Island opportunity zone by
18 the taxpayer for at least seven (7) years, a modification to income shall be allowed for the
19 incremental difference between the benefit allowed under 26 U.S.C. § 1400Z-2(b)(2)(B)(iv) and
20 the federal benefit allowed under 26 U.S.C. § 1400Z-2(c);

21 (11) **Modification for military service pensions.**

22 (i) For purposes of a taxpayer’s state tax liability, a modification to income shall be allowed
23 as follows:

24 (A) For the tax years beginning on January 1, 2023, a taxpayer may subtract from federal
25 adjusted gross income the taxpayer’s military service pension benefits included in federal adjusted
26 gross income;

27 (ii) As used in this subsection, the term “military service” shall have the same meaning as
28 set forth in 20 C.F.R. § 212.2;

29 (iii) At no time shall the modification allowed under this subsection alone or in conjunction
30 with subsection (c)(9) exceed the amount of the military service pension received in the tax year
31 for which the modification is claimed;

32 (12) Any rebate issued to the taxpayer pursuant to § 44-30-103 to the extent included in
33 gross income for federal tax purposes; ~~and~~

34 (13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is

1 licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
2 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
3 26 U.S.C. § 280E; and

4 [\(14\) The amount received from public pension benefits administered by the Employees](#)
5 [Retirement System of Rhode Island.](#)

6 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or
7 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as
8 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
9 30-17.

10 (e) **Partners.** The amounts of modifications required to be made under this section by a
11 partner, which relate to items of income or deduction of a partnership, shall be determined under §
12 44-30-15.

13 SECTION 4. Section 45-21-52 of the General Laws in Chapter 45-21 entitled "Retirement
14 of Municipal Employees" is hereby amended to read as follows:

15 **45-21-52. Automatic increase in service retirement allowance.**

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

19 (1) **Plan A.** All employees and beneficiaries of those employees receiving a service
20 retirement or disability retirement allowance under the provisions of this chapter on December 31
21 of the year their city or town accepts this section, receive a cost of living adjustment equal to one
22 and one-half percent (1.5%) per year of the original retirement allowance, not compounded, for
23 each calendar year the retirement allowance has been in effect. This cost of living adjustment is
24 added to the amount of the retirement allowance as of January 1 following acceptance of this
25 provision, and an additional one and one-half percent (1.5%) is added to the original retirement
26 allowance in each succeeding year during the month of January, and provided, further, that this
27 additional cost of living increase is three percent (3%) for the year beginning January 1 of the year
28 the plan is accepted and each succeeding year.

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

1 of January.

2 (3) **Plan C.** All employees and beneficiaries of those employees who retire on or after
3 January 1 of the year following acceptance of this section, on the first day of January next following
4 the date of the retirement, receive a cost of living adjustment in an amount equal to three percent
5 (3%) of the original retirement allowance.

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

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

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

31 (2) Except as provided in subsection (c)(3) the benefit adjustments provided under this
32 section for any plan year shall be reduced to twenty-five percent (25%) of the benefit adjustment
33 for each municipal plan within the municipal employees’ retirement system unless the municipal
34 plan is determined to be funded at a Funded Ratio equal to or greater than eighty percent (80%) as

1 of the end of the immediately preceding plan year in accordance with the retirement system's
2 actuarial valuation report as prepared by the system's actuary, in which event the benefit adjustment
3 will be reinstated for all members for such plan year.

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

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

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

13 (1)(A) As soon as administratively reasonable following the enactment into law of this
14 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or
15 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
16 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand
17 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
18 provided 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 employees, active and retired employees, and beneficiaries receiving any retirement, disability or
21 death allowance or benefit of any kind by reason of adoption of this section by their employer, the
22 annual benefit adjustment provided in any calendar year under this section for adjustments on and
23 after January 1, 2016, and subject to subsection (d)(2) below, shall be equal to (I) multiplied by
24 (II):

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

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

34 (ii) is equal to the lesser of three percent (3%) or the percentage increase in the Consumer

1 Price Index for All Urban Consumers (CPI-U) as published by the U.S. Department of Labor
2 Statistics determined as of September 30 of the prior calendar year.

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

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

8 The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all
9 retirees entitled to receive a benefit adjustment as of June 30, 2012, under the law then in effect,
10 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the
11 date of retirement or the date on which the retiree reaches their Social Security retirement age,
12 whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-
13 5(b)(1)(A), the benefit adjustment provided by this subsection (d)(1)(B) shall commence on the
14 later of the third anniversary of the date of retirement or the date on which the retiree reaches age
15 fifty-five (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B),
16 the benefit adjustment provided by this subsection (d)(1)(B) shall commence on the later of the
17 third anniversary of the date of retirement or the date on which the retiree reaches age fifty (50).

18 (2) Except for municipal employees and/or beneficiaries of municipal employees who
19 retired on or before June 30, 2012, the benefit adjustments under subsection (d)(1)(B) for any plan
20 year shall be reduced to twenty-five percent (25%) of the benefit adjustment for each municipal
21 plan within the municipal employees' retirement system unless the municipal plan is determined to
22 be funded at a funded ratio equal to or greater than eighty percent (80%) as of the end of the
23 immediately preceding plan year in accordance with the retirement system's actuarial valuation
24 report as prepared by the system's actuary, in which event the benefit adjustment will be reinstated
25 for all members for such plan year. Effective July 1, 2024, the funded ratio for each municipal plan
26 within the municipal employees' retirement system, calculated by the system's actuary, of equal to
27 or greater than eighty percent (80%) for the benefit adjustment to be reinstated for all members for
28 such plan year shall be replaced with seventy-five percent (75%). For plan year 2025, eligible
29 retirees who retired after July 1, 2012, shall receive a one-time full COLA of two and eighty-nine
30 one hundredths percent (2.89%).

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

34 (3) Effective for members and/or beneficiaries of members who retired after June 30, 2012,

1 or on or before June 30, 2015, the dollar amount in (d)(1)(B)(II) of twenty-five thousand eight
2 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six
3 dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent (80%). Effective
4 July 1, 2024, the funded ratio for each municipal plan within the municipal employees' retirement
5 system, calculated by the system's actuary, of exceeding eighty percent (80%) for the benefit
6 adjustment to be reinstated for all members for such plan year shall be replaced with seventy-five
7 percent (75%).

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

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

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

22 (h) Effective for members and/or beneficiaries of members who have retired on or before
23 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit
24 adjustment under this section, a one-time stipend of five hundred dollars (\$500) shall be payable
25 within sixty (60) days following the enactment of the legislation implementing this provision, and
26 a second one-time stipend of five hundred dollars (\$500) in the same month of the following year.
27 These stipends shall not be considered cost of living adjustments under the prior provisions of this
28 section.

29 SECTION 5. This act shall take effect upon passage.

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LC001458
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO EDUCATION -- TEACHER'S RETIREMENT

1 This act would increase the monthly minimum benefit for a spouse, domestic partner or
2 former spouse and grant, to eligible retirees who retired after July 1, 2012, and provide a one-time
3 full COLA of two and eighty-nine one hundredths percent (2.89%). This act would further provide
4 a modification reducing federal adjusted gross income for the amount received of public pension
5 benefits administered by the Employees Retirement System of Rhode Island.

6 This act would take effect upon passage.

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