

2026 -- H 8147

=====  
LC005039  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

—————  
A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM --  
CONTRIBUTIONS AND BENEFITS

Introduced By: Representatives Serpa, Fellela, Cotter, Messier, Shallcross Smith,  
O'Brien, Azzinaro, Kennedy, Costantino, and Corvese

Date Introduced: February 27, 2026

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 36-10-35 of the General Laws in Chapter 36-10 entitled "Retirement  
2 System — Contributions and Benefits" is hereby amended to read as follows:

3           **36-10-35. Additional benefits payable to retired employees.**

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

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

11 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state  
12 employees receiving any service retirement and all state employees, and all beneficiaries of state  
13 employees, who have completed at least ten (10) years of contributory service on or before July 1,  
14 2005, pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries  
15 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 — 36-  
16 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of  
17 the original retirement allowance or the retirement allowance as computed in accordance with §  
18 36-10-35.1, compounded annually from the year for which the cost of living adjustment was  
19 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)  
20 of this section. Such cost of living adjustments are available to members who retire before October  
21 1, 2009, or are eligible to retire as of September 30, 2009.

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

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

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

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

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

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

28 (1) Notwithstanding the prior paragraphs of this section, and subject to subsection (g)(2)  
29 below, for all present and former employees, active and retired members, and beneficiaries  
30 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit  
31 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B)  
32 where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
33 (the “subtrahend”) from the Five-Year Average Investment Return of the retirement system  
34 determined as of the last day of the plan year preceding the calendar year in which the adjustment

1 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
2 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five  
3 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
4 amount to be indexed annually in the same percentage as determined under (g)(1)(A) above. The  
5 "Five-Year Average Investment Return" shall mean the average of the investment returns of the  
6 most recent five (5) plan years as determined by the retirement board. Subject to subsection (g)(2)  
7 below, the benefit adjustment provided by this subsection (g)(1) shall commence upon the third  
8 (3rd) anniversary of the date of retirement or the date on which the retiree reaches their Social  
9 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially  
10 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted  
11 either upward or downward in the same amount.

12 (2) Except as provided in subsection (g)(3), the benefit adjustments under this section for  
13 any plan year shall be suspended in their entirety unless the funded ratio of the employees'  
14 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police  
15 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
16 percent (80%) in which event the benefit adjustment will be reinstated for all members for such  
17 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 fifth plan year commencing after June 30,  
22 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
23 plan years, a benefit adjustment shall be calculated and made in accordance with subsection (g)(1)  
24 above until the funded ratio of the employees' retirement system of Rhode Island, the judicial  
25 retirement benefits trust, and the state police retirement benefits trust, calculated by the system's  
26 actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

31 (1)(A) As soon as administratively reasonable following the enactment into law of this  
32 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or  
33 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent  
34 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand

1 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be  
2 provided without regard to the retiree's age or number of years since retirement.

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

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

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

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

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

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

29 (2) Except for members and/or beneficiaries of members who retired on or before June 30,  
30 2012, the benefit adjustments under subsection (h)(1)(B) for any plan year shall be reduced to  
31 twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'  
32 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police  
33 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
34 percent (80%) in which event the benefit adjustment will be reinstated for all members for such

1 plan year. Effective July 1, 2024, the funded ratio of the employees' retirement system of Rhode  
2 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated  
3 by the system's actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit  
4 adjustment to be reinstated for all members for such plan year shall be replaced with seventy-five  
5 percent (75%).

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

9 (3) Effective for members and/or beneficiaries of members who retired after June 30, 2012,  
10 or on or before June 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand  
11 eight hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and  
12 twenty-six dollars (\$31,026) until the funded ratio of the employees' retirement system of Rhode  
13 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated  
14 by the system's actuary on an aggregate basis, exceeds eighty percent (80%). Effective July 1,  
15 2024, the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement  
16 benefits trust, and the state police retirement benefits trust, calculated by the system's actuary on  
17 an aggregate basis, of exceeding eighty percent (80%) shall be replaced with seventy-five percent  
18 (75%).

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

26 (j)(1) Notwithstanding the provisions of subsection (h) of this section, beginning on  
27 January 1, 2026, and every January 1 thereafter, in addition to the provisions of this subsection, the  
28 defined benefit retirement allowance for all retired former state employees and all beneficiaries of  
29 retired former state employees, excluding all retired judges and retired members of the state police,  
30 shall be adjusted and computed by multiplying the retirement allowance by the percentage of  
31 annual increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the  
32 United States Department of Labor Bureau of Labor Statistics for the third quarter of the prior  
33 calendar year. It is further provided, however, that the amount of the cost of living adjustment shall  
34 be either the CPI-U or three percent (3%), whichever is less. Such adjustment shall be compounded

1 into the retiree's total retirement benefits each year. The new total retirement benefit as  
2 compounded shall be the basis for the CPI calculation each subsequent year.

3 (2) The adjustment described in subsection (j)(1) of this section shall be based on:

4 (i) The retirement benefit received by a retiree on January 1, 2026; or

5 (ii) For employees not receiving benefits at the time of the effective date of this subsection,  
6 upon their defined benefit retirement entitlement.

7 (3) The provisions of this subsection shall be deemed to apply prospectively only, and no  
8 retroactive benefit shall be awarded.

9 (4) The provisions of subsections (j)(1) and (j)(2) of this section providing for a cost of  
10 living allowance shall be covered by funds held by the employee retirement system of Rhode Island  
11 and shall not modify nor increase the amount by which public employers that participate in the  
12 employee retirement system of Rhode Island contribute to that system.

13 (5) The provisions of this subsection shall sunset and expire on July 1, 2035.

14 SECTION 2. Sections 16-16-23 and 16-16-40 of the General Laws in Chapter 16-16  
15 entitled "Teachers' Retirement [See Title 16 Chapter 97 — The Rhode Island Board of Education  
16 Act]" are hereby amended to read as follows:

17 **16-16-23. Applicability of public employees' retirement law.**

18 Except as specifically provided otherwise in this chapter, and except for § 36-10-35(h) all  
19 provisions of chapters 8 — 10 of title 36 shall extend and apply to the persons made members of  
20 the retirement system by the provisions of this chapter. All members of the retirement system shall  
21 be entitled to the benefits of § 36-10-35(h).

22 **16-16-40. Additional benefits payable to retired teachers.**

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

34 (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary

1 disability retirement allowance pursuant to the provisions of this title who retired on or after January  
2 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive  
3 a cost of living adjustment, in addition to their retirement allowance, an amount equal to three  
4 percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first  
5 day of January, the retirement allowance shall be increased an additional three percent (3%) of the  
6 original retirement allowance, not compounded, to be continued through December 31, 1980.

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

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

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

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

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

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

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

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

31 (2) Except as provided in subsection (f)(3), the benefit adjustments under this section for  
32 any plan year shall be suspended in their entirety unless the funded ratio of the employees’  
33 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police  
34 retirement benefits trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty

1 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan  
2 year.

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

6 (3) Notwithstanding subsection (f)(2), in each fifth plan year commencing after June 30,  
7 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
8 plan years, a benefit adjustment shall be calculated and made in accordance with subsection (f)(1)  
9 above until the funded ratio of the employees' retirement system of Rhode Island, the judicial  
10 retirement benefits trust, and the state police retirement benefits trust, calculated by the system's  
11 actuary on an aggregate basis, exceeds eighty percent (80%).

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

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

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

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

27 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:  
28 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
29 (the "subtrahend") from the five-year average investment return of the retirement system  
30 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
31 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
32 (0%). The "five-year average investment return" shall mean the average of the investment returns  
33 of the most recent five (5) plan years as determined by the retirement board. In the event the  
34 retirement board adjusts the actuarially assumed rate of return for the system, either upward or

1 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

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

15 (2) Except for teachers and/or beneficiaries of teachers who retired on or before June 30,  
16 2012, the benefit adjustments under subsection (g)(1)(B) for any plan year shall be reduced to  
17 twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'  
18 retirement system of Rhode Island, the judicial retirement benefits trust, and the state police  
19 retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
20 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan  
21 year. Effective July 1, 2024, the funded ratio of the employees' retirement system of Rhode Island,  
22 the judicial retirement benefits trust, and the state police retirement benefits trust, calculated by the  
23 system's actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit  
24 adjustment to be reinstated for all teachers for such plan year shall be replaced with seventy-five  
25 percent (75%).

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

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

1 2024, the funded ratio of the employees' retirement system of Rhode Island, the judicial retirement  
2 benefits trust, and the state police retirement benefits trust, calculated by the system's actuary on  
3 an aggregate basis, of exceeding eighty percent (80%) shall be replaced with seventy-five percent  
4 (75%).

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

12 (h)(1) Notwithstanding the provisions of subsection (g) of this section, beginning on  
13 January 1, 2026, and every January 1 thereafter, in addition to the provisions of this subsection, the  
14 defined benefit retirement allowance for all retired former teachers and all beneficiaries of retired  
15 teachers shall be adjusted and computed by multiplying the retirement allowance by the percentage  
16 of annual increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by  
17 the United States Department of Labor Bureau of Labor Statistics for the third quarter of the prior  
18 calendar year. It is further provided, however, that the cost of living adjustment shall be either the  
19 CPI-U or three percent (3%), whichever is less. It is further provided, that the said adjustment shall  
20 be no less than zero percent (0.0%). Such adjustment shall be compounded into the retiree's total  
21 retirement benefits each year. The new total retirement benefit as compounded shall be the basis  
22 for the CPI calculation each subsequent year.

23 (2) The adjustment described in subsection (h)(1) of this section shall be based on:

24 (i) The retirement benefit received by a retiree on January 1, 2026; or

25 (ii) For employees not receiving benefits at the time of the effective date of this subsection,  
26 upon their defined benefit retirement entitlement.

27 (3) The provisions of this subsection shall be deemed to apply prospectively only, and no  
28 retroactive benefit shall be awarded.

29 (4) The provisions of subsections (h)(1) and (h)(2) of this section providing for a cost of  
30 living allowance shall be covered by funds held by the employee retirement system of Rhode Island  
31 and shall not modify nor increase the amount by which public employers that participate in the  
32 employee retirement system of Rhode Island contribute to that system.

33 (5) The provisions of this subsection shall sunset and expire on July 1, 2035.

34 SECTION 3. Section 45-21-2 of the General Laws in Chapter 45-21 entitled "Retirement

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

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

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

5 (1) "Accumulated contributions" means the sum of all amounts deducted from the  
6 compensation of a member and credited to the member's individual account in the members'  
7 contribution reserve account.

8 (2) "Active member" means any employee of a participating municipality as defined in this  
9 section for whom the retirement system is currently receiving regular contributions pursuant to §  
10 45-21-41, § 45-21-41.1, or § 45-21.2-14.

11 (3) "Actuarial reserve" means the present value of all payments to be made on account of  
12 any annuity, retirement allowance, or benefit, computed upon the basis of mortality tables adopted  
13 by the retirement board with regular interest.

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

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

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

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

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

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

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

28 (A) Domestic partnership agreement or relationship contract;

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

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

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

34 (6) "Effective date of participation" means the date on which the provisions of this chapter

1 have become applicable to a municipality accepting the provisions of the chapter in the manner  
2 stated in § 45-21-4.

3 (7) “Employee” means any regular and permanent employee or officer of any municipality,  
4 whose business time at a minimum of twenty (20) hours a week is devoted to the service of the  
5 municipality, including elective officials and officials and employees of city and town housing  
6 authorities. Notwithstanding the previous sentence, the term “employee,” for the purposes of this  
7 chapter, does not include any person whose duties are of a casual or seasonal nature. The retirement  
8 board shall decide who are employees within the meaning of this chapter, but in no case shall it  
9 deem as an employee any individual who annually devotes less than twenty (20) business hours per  
10 week to the service of the municipality and who receives less than the equivalent of minimum wage  
11 compensation on an hourly basis for their services, except as provided in § 45-21-14.1 [repealed].  
12 Casual employees mean those persons hired for an occasional period or a period of emergency to  
13 perform special jobs or functions not necessarily related to the work of regular employees. Any  
14 commissioner of a municipal housing authority, or any member of a part-time state board  
15 commission, committee, or other authority is not deemed to be an employee within the meaning of  
16 this chapter.

17 (8)(a) “Final compensation” for members ~~who are eligible to retire on or prior to June 30,~~  
18 ~~2012;~~ means the average annual compensation, pay, or salary of a member for services rendered  
19 during the period of three (3) consecutive years within the total service of the member when the  
20 average was highest, and as the term average annual compensation is further defined in § 36-8-  
21 1(5)(a). For members eligible to retire on or after July 1, 2012, “final compensation” means the  
22 average of the highest five (5) consecutive years of compensation within the total service when the  
23 final compensation was the highest. For members eligible to and who retire on or after July 1, 2024,  
24 “final compensation” means the average of the highest three (3) consecutive years of compensation  
25 within the total service when the final compensation was the highest.

26 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
27 half (½) of the member’s total years of service consist of years of service during which the member  
28 devoted less than thirty (30) business hours per week to the service of the municipality, but the  
29 member’s average compensation consists of three (3) or more years during which the member  
30 devoted more than thirty (30) business hours per week to the service of a municipality, such  
31 member’s average compensation shall mean the average of the highest ten (10) consecutive years  
32 of compensation within the total service when the average compensation was the highest; provided  
33 however, effective July 1, 2015, if such member’s average compensation as defined in subsection  
34 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed

1 annually in accordance with § 45-21-52(d)(1)(B), such member's average compensation shall mean  
2 the greater of: (i) The average of the highest ten (10) consecutive years of compensation within the  
3 total service when the average compensation was the highest; or (ii) The member's average  
4 compensation as defined in subsection (a) above. To protect a member's accrued benefit on June  
5 30, 2012, under this subsection (8)(b), in no event shall a member's average compensation be lower  
6 than his or her average compensation determined as of June 30, 2012.

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

9 (c) Notwithstanding the provisions of subsections (8)(a) and (8)(b) of this section,  
10 beginning on January 1, 2026, and every January 1 thereafter, the defined benefit retirement  
11 allowance for all retired municipal employees who are part of the employee retirement system of  
12 Rhode Island and all beneficiaries of retired municipal employees who were part of the employee  
13 retirement system of Rhode Island shall be adjusted and computed by multiplying the retirement  
14 allowance by the percentage of annual increase in the Consumer Price Index for all Urban  
15 Consumers (CPI-U) as published by the United States Department of Labor Bureau of Labor  
16 Statistics for the third quarter of the prior calendar year. It is further provided, however, that the  
17 amount of the cost of living adjustment shall be either the CPI-U or three percent (3%), whichever  
18 is less. It is further provided, that the said adjustment shall be no less than zero percent (0.0%).  
19 Such adjustment shall be compounded into the retiree's total retirement benefits each year. The  
20 new total retirement benefit as compounded shall be the basis for the CPI calculation each  
21 subsequent year.

22 (d) The adjustment described in subsection (8)(c) of this section shall be based on:

23 (1) The retirement benefit received by a retiree on January 1, 2026; or

24 (2) For employees not receiving benefits at the time of the effective date of this subsection,  
25 upon their defined benefit retirement entitlement.

26 (e) The provisions of subsection (8)(c) and (8)(d) of this section providing for a cost of  
27 living allowance shall be covered by funds held by the employee retirement system of Rhode Island  
28 and shall not modify nor increase the amount by which public employers that participate in the  
29 employee retirement system of Rhode Island contribute to that system. The provisions of this  
30 section shall sunset and expire on July 1, 2035.

31 (f) The provisions of this subsection shall be deemed to apply prospectively only, and no  
32 retroactive benefit shall be awarded.

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

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

12 (11) "Governing body" means any and all bodies empowered to appropriate monies for,  
13 and administer the operation of, the units as defined in subdivision (13) of this section.

14 (12) "Member" means any person included in the membership of the retirement system as  
15 provided in § 45-21-8.

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

20 (14) "Participating municipality" means any municipality which has accepted this chapter,  
21 as provided in § 45-21-4.

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

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

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

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

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

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

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

5           (22) Any term not specifically defined in this chapter and specifically defined in chapters  
6 8 through 10 of title 36 shall have the same definition as set forth in chapters 8 through 10 of title  
7 36.

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

=====  
LC005039  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM --  
CONTRIBUTIONS AND BENEFITS

\*\*\*

1           This act would provide that all public officers and employees, teacher retirees and  
2 municipal employees, in addition to their defined benefit retirement allowance, receive cost of  
3 living adjustments of up to three percent (3%) but in no event, zero percent (0%) and that the  
4 adjustment be compounded into the retiree's total retirement benefits each year. The benefits shall  
5 be based on the retirement benefit received on January 1, 2026, or, if not receiving benefits at the  
6 time of the passage of this act, then upon their defined benefit retirement entitlement. These benefits  
7 shall be prospective only and this act shall not modify or increase any contribution by any employee  
8 into the retirement system.

9           This act would take effect upon passage.

=====  
LC005039  
=====