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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT

Introduced By: Senators Burke, Sosnowski, Ciccone, Tikoian, Felag, LaMountain,
McKenney, Gallo, and DiPalma

Date Introduced: March 13, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (2) ~~Except for teachers and/or beneficiaries of teachers who retired on or before June 30,~~
13 ~~2012, the benefit adjustments under subsection (g)(1)(B) for any plan year shall be reduced to~~
14 ~~twenty-five percent (25%) of the benefit adjustment unless the funded ratio of the employees'~~
15 ~~retirement system of Rhode Island, the judicial retirement benefits trust, and the state police~~
16 ~~retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds eighty~~
17 ~~percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan~~
18 ~~year.~~ Effective July 1, 2024, the funded ratio of the employees' retirement system of Rhode Island,
19 the judicial retirement benefits trust, and the state police retirement benefits trust, calculated by the
20 system's actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit
21 adjustment to be reinstated for all teachers for such plan year shall be replaced with seventy-five
22 percent (75%). For plan year 2026, eligible retirees who retired after July 1, 2012, shall receive
23 reinstatement of their full annual COLA.

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

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

1 an aggregate basis, of exceeding eighty percent (80%) shall be replaced with seventy-five percent
2 (75%).

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

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

12 **36-10-35. Additional benefits payable to retired employees.**

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

28 (b) All state employees and all beneficiaries of state employees retired on or after January
29 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement
30 allowance pursuant to the provisions of this title shall, on the first day of January next following
31 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in
32 addition to their retirement allowance, in an amount equal to three percent (3%) of the original
33 retirement allowance. In each succeeding year thereafter through December 31, 1980, during the
34 month of January, the retirement allowance shall be increased an additional three percent (3%) of

1 the original retirement allowance, not compounded, to be continued during the lifetime of the
2 employee or beneficiary. For the purposes of computation, credit shall be given for a full calendar
3 year regardless of the effective date of the service retirement allowance.

4 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state
5 employees receiving any service retirement and all state employees, and all beneficiaries of state
6 employees, who have completed at least ten (10) years of contributory service on or before July 1,
7 2005, pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries
8 of state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 — 36-
9 10-15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of
10 the original retirement allowance or the retirement allowance as computed in accordance with §
11 36-10-35.1, compounded annually from the year for which the cost of living adjustment was
12 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)
13 of this section. Such cost of living adjustments are available to members who retire before October
14 1, 2009, or are eligible to retire as of September 30, 2009.

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

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

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

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

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

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

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

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

1 (3rd) anniversary of the date of retirement or the date on which the retiree reaches their Social
2 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially
3 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted
4 either upward or downward in the same amount.

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

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

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

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

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

24 (1)(A) As soon as administratively reasonable following the enactment into law of this
25 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or
26 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent
27 (2%) of the lesser of either the member's retirement allowance or the first twenty-five thousand
28 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be
29 provided without regard to the retiree's age or number of years since retirement.

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

1 (I) shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:
2 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)
3 (the “subtrahend”) from the five-year average investment return of the retirement system
4 determined as of the last day of the plan year preceding the calendar year in which the adjustment
5 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
6 (0%). The “five-year average investment return” shall mean the average of the investment returns
7 of the most recent five (5) plan years as determined by the retirement board. In the event the
8 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
9 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

22 (2) ~~Except for members and/or beneficiaries of members who retired on or before June 30,~~
23 ~~2012, the benefit adjustments under subsection (h)(1)(B) for any plan year shall be reduced to~~
24 ~~twenty five percent (25%) of the benefit adjustment unless the funded ratio of the employees’~~
25 ~~retirement system of Rhode Island, the judicial retirement benefits trust, and the state police~~
26 ~~retirement benefits trust, calculated by the system’s actuary on an aggregate basis, exceeds eighty~~
27 ~~percent (80%) in which event the benefit adjustment will be reinstated for all members for such~~
28 ~~plan year.~~ Effective July 1, 2024, the funded ratio of the employees’ retirement system of Rhode
29 Island, the judicial retirement benefits trust, and the state police retirement benefits trust, calculated
30 by the system’s actuary on an aggregate basis, of exceeding eighty percent (80%) for the benefit
31 adjustment to be reinstated for all members for such plan year shall be replaced with seventy-five
32 percent (75%). [For plan year 2026, eligible retirees who retired after July 1, 2012, shall receive](#)
33 [reinstatement of their full annual COLA.](#)

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

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

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

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

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

22 **44-30-12. Rhode Island income of a resident individual. [Effective January 1, 2025.]**

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

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

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

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

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

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

4 (A) A transfer or rollover to a qualified tuition program under Section 529 of the Internal
5 Revenue Code, 26 U.S.C. § 529, other than to the tuition savings program referred to in § 16-57-
6 6.1; and

7 (B) A withdrawal or distribution that is:

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

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

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

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

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

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

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

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

34 (7) The amount equal to the deduction allowed for sales tax paid for a purchase of a

1 qualified motor vehicle as defined by the Internal Revenue Code § 164(a)(6); and

2 (8) For any taxable year beginning on or after January 1, 2020, the amount of any Paycheck
3 Protection Program loan forgiven for federal income tax purposes as authorized by the Coronavirus
4 Aid, Relief, and Economic Security Act and/or the Consolidated Appropriations Act, 2021 and/or
5 any other subsequent federal stimulus relief packages enacted by law, to the extent that the amount
6 of the loan forgiven exceeds \$250,000, including an individual's distributive share of the amount
7 of a pass-through entity's loan forgiveness in excess of \$250,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (A) Travel expenses.

1 (B) Lodging expenses.

2 (C) Lost wages.

3 (iii) The subtract modification hereunder may not be claimed by a part-time resident or a
4 nonresident of this state;

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

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

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 the taxable year is less than eighty
10 thousand dollars (\$80,000); or

11 (B) A married individual filing jointly or individual filing qualifying widow(er) who has
12 attained the age used for calculating full or unreduced Social Security retirement benefits whose
13 joint federal adjusted gross income for the taxable year is less than one hundred thousand dollars
14 (\$100,000), an amount equal to the Social Security benefits includible in federal adjusted gross
15 income.

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

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

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

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

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

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

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

3 (i) For tax years beginning on or after January 1, 2017, until the tax year beginning January
4 1, 2022, a modification shall be allowed for up to fifteen thousand dollars (\$15,000), and for tax
5 years beginning on or after January 1, 2023, until the tax year beginning January 1, 2024, a
6 modification shall be allowed for up to twenty thousand dollars (\$20,000), and for tax years
7 beginning on or after January 1, 2025, a modification shall be allowed for up to fifty thousand
8 dollars (\$50,000), of taxable pension and/or annuity income that is included in federal adjusted
9 gross income for the taxable year:

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

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

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

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

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

34 (iii) For the purposes of this section, the cost-of-living adjustment for any calendar year is

1 the percentage (if any) by which the consumer price index for the preceding calendar year exceeds
2 the consumer price index for the base year. The consumer price index for any calendar year is the
3 average of the consumer price index as of the close of the twelve-month (12) period ending on
4 August 31, of such calendar year.

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

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

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

19 (vii) For tax years beginning on or after January 1, 2027, a taxpayer may subtract from
20 federal gross income the taxpayer's state retirement system benefits included in federal adjusted
21 gross income;

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

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

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

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

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

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

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

6 (13) For tax years beginning on or after January 1, 2025, in the case of a taxpayer that is
7 licensed in accordance with chapters 28.6 and/or 28.11 of title 21, the amount equal to any
8 expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed under
9 26 U.S.C. § 280E.

10 (d) **Modification for Rhode Island fiduciary adjustment.** There shall be added to, or
11 subtracted from, federal adjusted gross income (as the case may be) the taxpayer's share, as
12 beneficiary of an estate or trust, of the Rhode Island fiduciary adjustment determined under § 44-
13 30-17.

14 (e) **Partners.** The amounts of modifications required to be made under this section by a
15 partner, which relate to items of income or deduction of a partnership, shall be determined under §
16 44-30-15.

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

19 **45-21-52. Automatic increase in service retirement allowance.**

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

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

33 (2) **Plan B.** All employees and beneficiaries of those employees receiving a retirement
34 allowance under the provisions of this chapter on December 31 of the year their municipality

1 accepts this section, receive a cost of living adjustment equal to three percent (3%) of their original
2 retirement allowance. This adjustment is added to the amount of the retirement allowance as of
3 January 1 following acceptance of this provision, and an additional three percent (3%) of the
4 original retirement allowance, not compounded, is payable in each succeeding year in the month
5 of January.

6 (3) **Plan C.** All employees and beneficiaries of those employees who retire on or after
7 January 1 of the year following acceptance of this section, on the first day of January next following
8 the date of the retirement, receive a cost of living adjustment in an amount equal to three percent
9 (3%) of the original retirement allowance.

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

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

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

1 (2) Except as provided in subsection (c)(3) the benefit adjustments provided under this
2 section for any plan year shall be reduced to twenty-five percent (25%) of the benefit adjustment
3 for each municipal plan within the municipal employees' retirement system unless the municipal
4 plan is determined to be funded at a Funded Ratio equal to or greater than eighty percent (80%) as
5 of the end of the immediately preceding plan year in accordance with the retirement system's
6 actuarial valuation report as prepared by the system's actuary, in which event the benefit adjustment
7 will be reinstated for all members for such plan year.

8 In determining whether a funding level under this subsection (c)(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 (c)(2), for each municipal plan that has a Funded Ratio of
12 less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing after June
13 30, 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of
14 five (5) plan years, a benefit adjustment shall be calculated and made in accordance with subsection
15 (c)(1) above until the municipal plan's Funded Ratio exceeds eighty percent (80%).

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

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

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

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

30 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)
31 (the "subtrahend") from the five-year average investment return of the retirement system
32 determined as of the last day of the plan year preceding the calendar year in which the adjustment
33 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent
34 (0%). The "five-year average investment return" shall mean the average of the investment returns

1 of the most recent five (5) plan years as determined by the retirement board. In the event the
2 retirement board adjusts the actuarially assumed rate of return for the system, either upward or
3 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

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

22 (2) Except for municipal employees and/or beneficiaries of municipal employees who
23 retired on or before June 30, 2012, the benefit adjustments under subsection (d)(1)(B) for any plan
24 year shall be reduced to twenty-five percent (25%) of the benefit adjustment for each municipal
25 plan within the municipal employees' retirement system unless the municipal plan is determined to
26 be funded at a funded ratio equal to or greater than eighty percent (80%) as of the end of the
27 immediately preceding plan year in accordance with the retirement system's actuarial valuation
28 report as prepared by the system's actuary, in which event the benefit adjustment will be reinstated
29 for all members for such plan year. Effective July 1, 2024, the funded ratio for each municipal plan
30 within the municipal employees' retirement system, calculated by the system's actuary, of equal to
31 or greater than eighty percent (80%) for the benefit adjustment to be reinstated for all members for
32 such plan year shall be replaced with seventy-five percent (75%). [For plan year 2026, eligible](#)
33 [retirees who retired after July 1, 2012, shall receive a one-time full COLA of two and eighty-nine](#)
34 [one hundredths percent \(2.89%\).](#)

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

4 (3) Effective for members and/or beneficiaries of members who retired after June 30, 2012,
5 or on or before June 30, 2015, the dollar amount in (d)(1)(B)(II) of twenty-five thousand eight
6 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six
7 dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent (80%). Effective
8 July 1, 2024, the funded ratio for each municipal plan within the municipal employees' retirement
9 system, calculated by the system's actuary, of exceeding eighty percent (80%) for the benefit
10 adjustment to be reinstated for all members for such plan year shall be replaced with seventy-five
11 percent (75%).

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

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

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

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

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

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

1 Effective for retirement plan year 2026, the act would provide that all teachers and state
2 employees who retired after July 1, 2012, their annual cost of living adjustment would be reinstated
3 and municipal employees would receive a one-time cost of living adjustment of two and eighty
4 nine one hundredths percent (2.89%). The act would also provide that public petition benefits from
5 the state retirement system would not be subject to the state personal income tax.

6 This act would take effect upon passage.

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