

# EXHIBIT 1

## SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2015 by and among each Plaintiff listed on Exhibit A annexed hereto and made a part hereof (individually, a “Plaintiff” and collectively the “Plaintiffs”); Gina Raimondo in her capacity as Governor of the State of Rhode Island and not individually (the “Governor”); Seth Magaziner in his capacities as General Treasurer of the State of Rhode Island and Chairperson of the Rhode Island Retirement Board and not individually (the “Treasurer”); Frank J. Karpinski in his capacity as Secretary to the Retirement Board and not individually (the “Secretary”); Employees’ Retirement System of the State of Rhode Island (“ERSRI”); and the Rhode Island Retirement Board (the “Board”) (the Governor, the Treasurer, the Secretary, ERSRI and the Board are sometimes hereinafter referred to collectively as the “State Defendants”); and the Town of Barrington, the Barrington School Department, the Town of Bristol, the Town of Burrillville, the City of Central Falls, the Town of Cumberland, the Cumberland Fire District, the Town of East Greenwich, the City of East Providence, the Town of Foster, the Town of Glocester, the Town of Johnson, the Johnston School Committee, the Town of Middletown, the Town of New Shoreham, the Town of North Kingstown, the Town of North Providence, the North Providence Housing Authority, the Town of North Smithfield, the City of Pawtucket, the Town of Richmond, the Town of Smithfield, the Town of South Kingstown, the Town of Tiverton, the Town of Warren, the Town of West Greenwich, the Town of Woonsocket and the City of Cranston (collectively, the “Municipal Entities”) (the Plaintiffs, the State Defendants and the Municipal Entities are sometimes hereinafter referred to collectively as the “Parties”).

**WITNESSETH:**

WHEREAS, Plaintiffs listed as numbers 1 through 11 inclusive on Exhibit A commenced a civil action in the Rhode Island Superior Court (the “Court”) against the State Defendants (C.A. No. PC12-3166) requesting injunctive, declaratory and other relief to prohibit the implementation of Public Law 2011 Chapters 408 and 409, otherwise known as the Rhode Island Retirement Security Act of 2011 (“RIRSA”) as it relates to retirement benefits of already retired Rhode Island public employees; and

WHEREAS, Plaintiffs listed as numbers 12 through 78 inclusive on Exhibit A commenced a civil action in the Court against the State Defendants (C.A. No. PC12-3167) requesting injunctive, declaratory and other relief to prohibit the implementation of RIRSA as it relates to retirement benefits of active Rhode Island municipal general employees; and

WHEREAS, Plaintiffs listed as numbers 79 through 159b inclusive on Exhibit A commenced a civil action in the Court against the State Defendants (C.A. No. PC12-3168) requesting injunctive and other equitable relief and for declaratory judgment to prohibit the implementation of RIRSA as it relates to employees of the State of Rhode Island and public school teachers; and

WHEREAS, Plaintiffs listed as numbers 177 through 197 inclusive on Exhibit A (as well as Cranston Fire Fighters IAFF Local 1363, which is not a party to this Agreement), commenced a civil action in the Court against the State Defendants (C.A. No. PC12-3579) requesting injunctive, declaratory and other relief to prohibit the implementation of RIRSA as it relates to retirement benefits of active Rhode Island municipal fire fighters; and

WHEREAS, Plaintiffs listed as numbers 198 through 205 inclusive on Exhibit A commenced a civil action in the Court against the State Defendants (C.A. No. PC 10-2859)

requesting injunctive and other equitable relief and for declaratory judgment with respect to Rhode Island Public Law 2009 Chapter 68 and Rhode Island Public Law 2010 Chapter 23, Article 16; and

WHEREAS, Municipal Defendants listed as numbers 206 through 266 inclusive on Exhibit A were joined as indispensable parties in C.A. PC 12-3166 as a result of the Court's decision on the State Defendants' Motion to Join Municipal Entities as Indispensable Parties and/or Parties Whose Rights May be Affected by the Declarations Sought dated August 4, 2014 and the Court's September 5, 2014 Order granting the State Defendants' Motion for Reconsideration and/or Clarification of this Court's August 4, 2014 Decision;

WHEREAS, Municipal Defendants listed as numbers 267 through 304 inclusive on Exhibit A were joined as indispensable parties in C.A. PC 12-3167 as a result of the Court's decision on the State Defendants' Motion to Join Municipal Entities as Indispensable Parties and/or Parties Whose Rights May be Affected by the Declarations Sought dated August 4, 2014;

WHEREAS, Municipal Defendants listed as numbers 305 through 327 inclusive on Exhibit A were joined as indispensable parties in C.A. PC 12-3579 as a result of the Court's decision on the State Defendants' Motion to Join Municipal Entities as Indispensable Parties and/or Parties Whose Rights May be Affected by the Declarations Sought dated August 4, 2014;

WHEREAS, Municipal Defendants listed as numbers 209, 211, 213, 214, 215, 220, 224, 228, 231, 237, 239, 244, 248, 250, 251, 252, 255, 259, 262, 263, 269, 271, 273, 278, 280, 281, 290, 292 and 296 on Exhibit A have been dismissed from the case with prejudice, which were granted by the Court, and therefore, such Municipal Defendants are no longer parties to C.A. PC 12-3166, C.A. PC 12-3167, or C.A. PC 12-3579;

WHEREAS, the above civil actions are hereinafter referred to collectively as the “Lawsuits” and the complaints referenced above initiating the Lawsuits are hereinafter referred to collectively as the “Complaints;” and

WHEREAS, the Parties have agreed upon a settlement of the Lawsuits and desire to commit their agreement to writing.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

1. Class Action Complaint. Immediately following the execution of this Settlement Agreement, Plaintiffs will cause to be filed a Class Action Complaint for settlement purposes only.

(a) Simultaneously with the filing of the Class Action Complaint, Plaintiffs to the Class Action Complaint will file a Motion for Class Certification of certain plaintiff and defendant classes and for preliminary approval of a class settlement pursuant to Rule 23(b)(1) and/or Rule 23(b)(2) of the Rhode Island Rules of Civil Procedure.

(b) In the event the Motion for Class Certification is granted pursuant to Rule 23(b)(1) and/or Rule 23(b)(2), the Parties will submit for the Court’s approval, an order providing that any settlement of the Lawsuits will be binding on all class members and no class member will be entitled to elect not to participate under Rule 23(b)(1) and/or Rule 23(b)(2).

2. (a) Condition Precedent – Court Approval. This Settlement is subject to certification of the class action by the Court and approval by the Court following notice to class members and a “fairness hearing” after which the Court will decide whether to approve this Settlement. The Parties agree that they shall consult with one another to ensure, to the fullest

extent practicable, that all Court filings and other documents of any party to effectuate the Settlement are assented to or approved by all Parties hereto.

(b) Condition Precedent – Legislative Approval. Attached hereto and made a part hereof as Exhibit B is a term sheet setting forth the economic terms of the settlement and attached hereto and made a part hereof as Exhibit C is an Act Relating to Public Officers and Employees (the “Legislation”) which, if enacted, would amend Rhode Island Retirement Security Act to effectuate the terms of the Settlement set forth in Exhibit B (the “Settlement”). The Parties acknowledge that enactment of the Legislation can only be effected by action of the Rhode Island General Assembly. The Settlement is expressly conditioned on enactment of the Legislation attached as Exhibit C, provided that a change to the Legislation that solely addresses funding by the state and has no impact on levels of employee contributions or levels of employee benefits as set forth in the Legislation attached as Exhibit C shall not be a violation of this provision and provided further that a change to the Legislation that includes other participants in ERSRI or MERS on terms no different than those provided to Plaintiffs in the State’s final offer of March 13, 2015, attached hereto as Exhibit E, shall not be a violation of this provision.

(c) Failure of Conditions Precedent. If the class action is not certified by the Court, or if the proposed settlement is rejected by the Court after a fairness hearing, or if the Legislation as defined in Paragraph 2(b) is not enacted by the General Assembly, the Parties will dismiss the Class Action Complaint without prejudice and return to non-class litigation, without prejudice as to their respective rights again to seek class certification or not to do so in connection with the respective litigations. Employers, including the Municipal Defendants, shall make payroll changes in anticipation of a July 1, 2015 effective date, however, in the event of a failure of the conditions precedent, employers, including the Municipal Defendants, shall have

until August 15, 2015 to implement any necessary payroll corrections, and the Parties will cooperate with the employers and take any reasonable steps necessary to implement those corrections.

3. Covenants. Through this Settlement Agreement, the Parties intend to fully and finally resolve any and all matters with respect to the Lawsuits. Accordingly, each of the Parties covenant and agree that from and after the date hereof through and including final approval of the settlement and enactment of the Legislation and entry of judgment in the form contemplated by and set forth in Exhibit D (except as to 3(c) and 3(d) which are unlimited as to time):

(a) They will work diligently in good faith and with all due speed to support and accomplish in all respects the Settlement in accordance with the provisions of this Agreement.

(b) They will not, directly or indirectly, propose, support, encourage or advocate for any legislative action concerning or relating to retirement benefits other than the adoption of the Legislation.

(c) They will not, directly or indirectly, propose, support, encourage and/or advocate that any other person, firm or entity do anything or refrain from doing something that a party to this Settlement Agreement would be prohibited from doing or refraining from doing hereunder.

(d) Each of the Organizational Plaintiffs and the Plaintiff classes certified by the Court shall be bound by the judgment entered by the Court and shall be foreclosed from filing, maintaining and/or supporting (financially or otherwise) in a court, arbitration, administrative proceeding or any other kind of legal proceeding any suit, claim, grievance, unfair labor practice or any other action or challenges of any kind whatsoever to RIRSA, or to the changes imposed by RIRSA (as enacted in 2011) and/or 2009 and 2010 legislative retirement changes (collectively "Actions"), and any such Actions existing at the date of the enactment of the Legislation shall be

dismissed, including claims that were raised or could have been raised in the Lawsuits and/or Actions or challenges of any kind whatsoever with respect to this Settlement and the Legislation, except for any action to enforce the terms of the Settlement set forth herein. Moreover, the Parties will not support (financially or otherwise) any such Actions pursued by any non-settling party or parties in the Lawsuits.

4. Representations and Warranties and Acknowledgments. Each of the Parties represents and warrants that his, her or its respective signatories is of legal age and has the necessary authority to execute this Settlement Agreement. The Parties acknowledge that they have read this entire Settlement Agreement including the Legislation, understand the terms and effects thereof and have consulted with independent counsel in relation thereto. The Parties acknowledge that they have freely and voluntarily entered into this Settlement Agreement.

5. (a) Pre-judgment Violation. Should the provisions of this Settlement Agreement be violated by any party or should any party believe that any of the Parties (or other person making such covenant) has breached its, his or her covenants hereunder, then upon notice by a non-breaching party to the party or person in breach and to all Parties to this Agreement, the Parties consent to the Court's jurisdiction and authority to hold a hearing to determine whether such breach occurred, and, if so, the appropriate remedy for such breach, which may include, but not be limited to, sanctions, fines, damages, equitable relief and in the event of a knowing, willful and material breach, the Parties acknowledge and agree that the Court may enter an order of contempt; and if the Court determines that such breach violates the essence of this Settlement Agreement so as to defeat its purpose, the Court may void this Settlement Agreement and this Settlement Agreement shall then terminate and be of no further force and effect, the Parties shall

cause to be filed a motion to terminate the class action; in such event the Lawsuits shall continue as non-class action suits.

(b) Post-judgment Violation. Upon and after the entry of judgment, should the provisions of this Settlement Agreement be violated by any party or should any party believe that any of the Parties (or other person making such covenant) has breached its, his or her covenants hereunder, then upon notice by a non-breaching party to the party or person in breach and to all Parties to this Agreement, the Parties consent to the Court's jurisdiction and authority to hold a hearing to determine whether such breach occurred, and, if so, the appropriate remedy for such breach, which may include, but not be limited to sanctions, fines, damages, equitable relief but shall not include relief to void this Settlement Agreement or to vacate the judgment theretofore entered.

6. Miscellaneous.

(a) This Settlement Agreement is made and entered into in the State of Rhode Island and shall be governed by and construed in accordance with the laws of that State without reference to its conflict of laws principles.

(b) The Settlement has been negotiated among the Parties and this Settlement Agreement has been drafted jointly by representatives of the Parties and shall not be construed for or against any of them by reason of authorship.

(c) This Settlement Agreement sets forth the entire agreement and understanding among the Parties with respect to the subject matter hereof and merges any and all discussions, negotiations, or agreements in principle among them. No party shall be bound by any conditions, warranties, understandings or representations with respect to such subject matter

other than as expressly provided herein, or as duly set forth on or subsequent to the date hereof in writing and signed by a duly authorized signatory of each party.

(d) This Settlement Agreement shall be binding upon and shall inure to the exclusive benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns.

(e) Nothing in this Settlement Agreement or the Final Judgment to be entered by the Court shall be construed or interpreted to resolve, determine, or foreclose disputes now pending or hereinafter asserted by individual Plaintiff class members concerning the accuracy of calculation of retirement credits, benefits, or eligibility consistent with the terms of RIRSA, as amended by the Legislation.

(f) Nothing contained in this Settlement Agreement or the Final Judgment to be entered by the Court, or omitted therefrom, shall constitute or be deemed a release by the Municipal Entities, or a covenant by the Municipal Entities against the pursuit, of any current or future claims or disputes between any of the Municipal Entities, on the one hand, and ERSRI and its agents, on the other hand, concerning the administration of the Municipal Employees Retirement System, all such claims and disputes being expressly reserved hereby and not waived.

(g) Notice by mail to Plaintiff class: The Parties agree that the Retirement Board shall identify and forward by first class mail, postage prepaid in accordance with its existing mailing lists a copy of the Notice of Class Action Lawsuit and Proposed Settlement as approved by the Court. In addition to the mailing lists, public notice will be published in the Providence Journal or such other publication required by the Court.

(h) Notice by mail to Municipal Defendant class: The Parties agree that the Retirement Board shall identify and forward by first class mail, postage prepaid, to each municipal entity participating in MERS a copy of the Notice of Class Action Lawsuit and Proposed Settlement as approved by the Court.

(i) The Parties agree that all expenses of Notices by mail, publication, or such other method as directed by the Court shall be borne by the ERSRI and/or the Governor and Treasurer.

(j) Upon and following entry of judgment in accordance herewith, only the following terms shall remain in full force and effect: the covenants contained in paragraphs 3(c) and 3 (d); the post-judgment provisions of paragraph 5(b), and the terms set forth in paragraphs 6 (d), (e) and (f). All other terms shall be deemed to have terminated upon the entry of judgment.

7. Execution by Counterparts. Each of the Parties agree that this Settlement Agreement may be executed in counterparts and by each party hereto under separate counterpart, all of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Each of the Parties further agree that delivery of an executed counterpart of a signature page to this Settlement Agreement by telecopier, facsimile or email transmission shall be effective as delivery of a manually executed counterpart of this Settlement Agreement.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement as of the date first written above.

Name: Gina M. Raimondo  
Title: Governor of the State of Rhode Island

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Name: Seth Magaziner  
Title: General Treasurer of the State of Rhode Island

Employees' Retirement System of the State  
of Rhode Island, Retirement Board

By: \_\_\_\_\_  
Name: Seth Magaziner  
Title: Chairperson

By: \_\_\_\_\_  
Name: Frank J. Karpinski  
Title: Secretary

Town of Barrington, the Barrington School Department, the Town of Bristol, the Town of Burrillville, the City of Central Falls, the Town of Cumberland, the Cumberland Fire District, the Town of East Greenwich, the City of East Providence, the Town of Foster, the Town of Glocester, the Town of Johnson, the Johnston School Committee, the Town of Middletown, the Town of New Shoreham, the Town of North Kingstown, the Town of North Providence, the North Providence Housing Authority, the Town of North Smithfield, the City of Pawtucket, the Town of Richmond, the Town of Smithfield, the Town of South Kingstown, the Town of Tiverton, the Town of Warren, the Town of West Greenwich and the Town of Woonsocket

By: \_\_\_\_\_  
Name:  
Their Attorneys

The City of Cranston

By:

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Name:

Its Attorney

## EXHIBIT A

### Plaintiffs

1. 1a. Rhode Island Public Employees' Retiree Coalition  
1b. AFSCME, Council 94 Retiree Chapter
2. 2a. NEARI – Retired  
2 b. RI AFT/R Local 8037
3. Rhode Island Retired Teachers Association
4. Rhode Island Association of Retired Principals
5. Rhode Island Laborers' Retiree Council
6. David Florio
7. James Gillis
8. Carol Keiser
9. Mark Kurtzman
10. Mary Ann Parker
11. Anthony Piccirilli
12. Bristol/Warren Regional School Employees Local 581, AFSCME , Council 94, AFL-CIO
13. Bristol Civilian Police Department Employees Local 1853, AFSCME, Council 94, AFL-CIO
14. Bristol Sewer Employees, Local 1853, AFSCME, Council 94, AFL-CIO
15. Burrillville Town Employees Union, Local 186, AFSCME, Council 94, AFL-CIO
16. Burrillville School Department Employees, Local 2231, AFSCME, Council 94, AFL-CIO
17. Central Falls City & School Employees, Local 1627, AFSCME, Council 94, AFL-CIO
18. Cranston School Secretarial Employees, Local 2044, AFSCME, Council 94, AFL-CIO
19. East Providence School Employees, Local 2969, AFSCME, Council 94, AFL-CIO

20. East Providence Managerial & Technical Employees, Local 3223, AFSCME Council 94
21. Exeter-West Greenwich School Department Employees, Local 2636, AFSCME, Council 94, AFL-CIO
22. Hopkinton Town Employees, Local 3163, AFSCME, Council 94, AFL-CIO
23. Johnstown [sic] Town Employees, Local 1491, AFSCME, Council 94, AFL-CIO
24. Middletown School Employees, Local 1823, AFSCME, Council 94, AFL-CIO
25. Newport City Employees, Local 911, AFSCME, Council 94, AFL-CIO
26. Newport School Department Employees, Local 841, AFSCME, Council 94, AFL-CIO
27. New Shoreham Town & School Employees, Local 2855, AFSCME, Council 94, AFL-CIO
28. North Providence Public Works Department Employees, Local 1491-1, AFSCME, Council 94, AFL-CIO
29. North Smithfield Town Employees, Local 937, AFSCME, Council 94, AFL-CIO
30. Pawtucket City Employees, Local 1012, AFSCME, Council 94, AFL-CIO
31. Pawtucket School Employees, Local 1352, AFSCME, Council 94, AFL-CIO
32. Pawtucket Professional & Technical Employees, Local 3960, AFSCME, Council 94, AFL-CIO
33. South Kingstown Town Employees, Local 1612, AFSCME, Council 94, AFL-CIO
34. South Kingstown School Employees, Local 3125, AFSCME, Council 94, AFL-CIO
35. Tiverton School Employees, Local 2670, AFSCME, Council 94, AFL-CIO
36. Tiverton Town Employees, Local 2670-1, AFSCME, Council 94, AFL-CIO
37. West Warwick Housing Authority, Local 2045-1, AFSCME, Council 94, AFL-CIO
38. Woonsocket City Employees, Local 670, AFSCME, Council 94, AFL-CIO
39. Woonsocket School Employees, Local 1137, AFSCME, Council 94, AFL-CIO
40. Woonsocket Professional & Technical Employees, Local 3851, AFSCME, Council 94, AFL-CIO
41. Barrington Educational Support Staff Team, NEARI, Local 868, AFL-CIO

42. Independent Cumberland School Employees, NEARI, Local 863
43. East Greenwich Municipal Employees' Association, NEARI, Local 851
44. East Greenwich Educational Support Professionals, NEARI, Local 856
45. East Greenwich Custodial and Maintenance Employees, NEARI, Local 811
46. East Providence Teachers' Assistants, NEARI, Local 896
47. East Providence Secretaries Association, NEARI, Local 89
48. Foster Educational Support Professionals, NEARI
49. Glocester Educational Support Professionals, NEARI, Local 857
50. Jamestown Educational Support Professionals, NEARI, Local 824
51. Little Compton Municipal Employees Association, NEARI, Local 860
52. Little Compton Educational Support Professionals, NEARI, Local 862
53. Middletown Auxiliary School Personnel, NEARI, Local 853
54. Middletown Municipal Employees' Association, NEARI, Local 869
55. Narragansett Educational Support Professionals, NEAR,I Local 885
56. Newport Municipal Employee, NEARI, Local 840
57. North Kingstown Educational Support Professionals, NEARI, Local 864
58. North Smithfield Educational Support Professionals, NEARI, Local 854
59. Ponaganset Educational Support Professionals, NEARI, Local 858
60. Portsmouth Municipal Employees' Association, NEARI, Local 871
61. Scituate Paraprofessionals, NEARI, Local 804
62. Smithfield Educational Support Professionals, NEARI, Local 891
63. South Kingstown Educational Support Professionals, NEARI, Local 890
64. South Kingstown Municipal Employees' Association, NEARI, Local 826
65. Woonsocket Teacher Assistants, RIFTHP, AFL-CIO, Local 951
66. Cranston Teacher Assistants RIFTHP, AFL-CIO, Local 1704

67. North Providence Educational Workers RIFTHP, AFL-CIO, Local 2435
68. Northern Rhode Island Collaborative Employees' Union, Local 4940
69. Rhode Island Laborers' District Council, Local Union 808
70. Rhode Island Laborers' District Council, Local Union 1033
71. Rhode Island Laborers' District Council, Local Union 1217
72. Rhode Island Laborers' District Council, Local Union 1322
73. National Association of Government Employees, Local 153
74. National Association of Government Employees, Local 68
75. National Association of Government Employees, Local 69
76. National Association of Government Employees, Local 97
77. International Brotherhood of Police Officers, Local 472
78. International Brotherhood of Police Officers, Local 555
79. Boys & Girls Training School, Local 314, AFSCME, Council 94, AFL-CIO
80. University of RI, Local 528, AFSCME, Council 94, AFL-CIO
81. Veterans Home, Local 904, AFSCME, Council 94, AFL-CIO
82. NBC/Blackstone Valley Facility, Local 1010, AFSCME, Council 94, AFL-CIO
83. Department of Transportation, Local 1245, AFSCME, Council 94, AFL-CIO
84. RI Class, Local 1293, AFSCME, Council 94, AFL-CIO
85. Medical Center, Local 1350, AFSCME, Council 94, AFL-CIO
86. RI Family Court, Local 2203, AFSCME, Council 94, AFL-CIO
87. Med. Ctr. Physical Plant & Mgmt. Services, Local 2392, AFSCME, Council 94, AFL-CIO
88. Deputy Sheriffs Local 2409, AFSCME, Council 94, AFL-CIO
89. Department of Administration, Local 2448, AFSCME, Council 94, AFL-CIO
90. Department of Labor & Training, Local 2869, AFSCME, Council 94, AFL-CIO
91. Department of Health, Local 2870, AFSCME, Council 94, AFL-CIO

92. Department of Education, Local 2872, AFSCME, Council 94, AFL-CIO
93. Rhode Island Airport Corporation, Local 2873, AFSCME, Council 94, AFL-CIO
94. Registry of Motor Vehicles, Local 2874, AFSCME, Council 94, AFL-CIO
95. Dept. of Children, Youth & Families, Local 2876, AFSCME, Council 94, AFL-CIO
96. URI Professional/Technical Administrative, Local 2877, ASFCME, Council 94, AFL-CIO
97. Rhode Island College Security & Facilities, Local 2878, AFSCME, Council 94, AFL-CIO
98. Rhode Island College Clerical, Local 2879, AFSCME, Council 94, AFL-CIO
99. Department of Environmental Management, Local 2881, AFSCME, Council 94, AFL-CIO
100. Department of Human Services, Local 2882, AFSCME, Council 94, AFL-CIO
101. MHRH (Supervisory), Local 2883, AFSCME, Council 94, AFL-CIO
102. Amalgamated, Local 2884, AFSCME, Council 94, AFL-CIO
103. Executive/Military Staff, Local 2886, AFSCME, Council 94, AFL-CIO
104. NEA Barrington, Local 801, NEARI
105. Bristol/Warren EA, Local 802, NEARI
106. Burrillville EA, Local 803, NEARI
107. NEA Chariho, Local 898, NEARI
108. Cumberland Teachers, Local 808, NEARI
109. Davies Faculty, Local 875, NEARI
110. East Greenwich Ed. Assoc., Local 809, NEARI
111. East Providence Ed. Assoc., Local 810, NEARI
112. Exeter/West Greenwich Tch. Assoc., Local 987, NEARI
113. Foster Teachers Assoc., Local 812, NEARI
114. Gloucester Teachers Assoc., Local 813, NEARI
115. Jamestown Teachers Assoc., Local 815, NEARI
116. Little Compton Teachers Assoc., Local 818, NEARI

117. NEA Middletown, Local 819, NEARI
118. NEA Narragansett, Local 820, NEARI
119. Teachers Assn. of Newport, Local 821, NEARI
120. New Shoreham Teacher Assoc., Local 822, NEARI
121. NEA North Kingstown, Local 823, NEARI
122. North Smithfield Teacher Assoc., Local 825, NEARI
123. NEA Ponaganset, Local 899, NEARI
124. NEA Portsmouth, Local 827, NEARI
125. RI School For The Deaf Teacher Assoc., Local 841, NEARI
126. Scituate Teachers Assoc., Local 830, NEARI
127. NEA Smithfield, Local 831, NEARI
128. NEA South Kingstown, Local 832, NEARI
129. NEA Tiverton, Local 833, NEARI
130. Westerly Teachers Assoc., Local 836, NEARI
131. CCRI/NEARI ESPA, Local 852, NEARI
132. CCRI Faculty Assn., Local 872, NEARI
133. CCRI/PSA, Local 893, NEARI
134. RI Dept of Health PSA, Local 859, NEARI
135. URI/ACT, Local 879, NEARI
136. URI Physicians, Local 877, NEARI
137. URI/PSA, Local 888, NEARI
138. RI School For The Deaf Teacher Asst., Local 884, NEARI
139. Davies Teacher Asst., Local 867, NEARI
140. Warwick Teachers Union, Local 915, RIFTHP
141. North Providence Federation of Teachers, Local 920, RIFTHP

142. Pawtucket Teachers Alliance, Local 930, RIFTHP
143. Woonsocket Teachers Guild, Local 951, RIFTHP
144. Providence Teachers Union, Local 958, RIFTHP
145. West Warwick Teachers Alliance, Local 1017, RIFTHP
146. Coventry Teachers Alliance, Local 1075, RIFTHP
147. Lincoln Teachers Association, Local 1461, RIFTHP
148. Central Falls Teachers Union, Local 1567, RIFTHP
149. Johnston Federal of Teachers, Local 1702, RIFTHP
150. Cranston Teachers Alliance, Local 1704, RIFTHP
151. Northern Rhode Island Collaborative Educational Union, Local 4940, RIFTHP
152. Howard Union of Teachers, Local 1171, RIFTHP
153. RI Court Reporters Alliance, Local 4829, RIFTHP
154. RI Dept of Education, Local 2012, RIFTHP
155. Rhode Island Brotherhood of Correctional Officers
156. International Federation of Professional and Technical Engineers Local 400
157. National Association of Government Employees/International Brotherhood of Police Officers Local 79
158. Rhode Island Employment Security Alliance, Local 401
159. Rhode Island Alliance of Social Service Employees, Local 580
  - 159a. Rhode Island Laborers' District Council Local Union 808 insofar as said Local Union serves as the certified bargaining representative for various State employees employed by the State of Rhode Island
  - 159b. Rhode Island Laborers' District Council Local Union 1033 insofar as said Local Union serves as the certified bargaining representative for various State employees employed by the State of Rhode Island
- 160 through 176 intentionally omitted

177. Woonsocket Fire Fighters, IAFF Local 732, AFL-CIO
178. North Kingstown Fire Fighters, IAFF Local 1651, AFL-CIO
179. Tiverton Fire Fighters, IAFF Local 1703, AFL-CIO
180. Barrington Fire Fighters, IAFF Local 1774, AFL-CIO
181. Middletown Fire Fighters, IAFF Local 1933, AFL-CIO
182. Johnston Fire Fighters, IAFF Local 1950, AFL-CIO
183. Smithfield Fire Fighters, IAFF Local 2050, AFL-CIO
184. North Providence Fire Fighters, IAFF Local 2334, AFL-CIO
185. North Cumberland Fire Fighters, IAFF Local 2722, AFL-CIO
186. Cumberland Rescue Service, IAFF Fire Fighters, Local 2725, AFL-CIO
187. Valley Falls Fire Fighters, IAFF Local 2729, AFL-CIO
188. Cumberland Hill Fire Fighters, IAFF Local 2762, AFL-CIO
189. Lincoln Rescue and Fire Fighters, IAFF Local 3023, AFL-CIO
190. Hopkins Hill Fire Fighters, IAFF Local 4824, AFL-CIO
191. East Greenwich Fire Fighters, IAFF Local 3328, AFL-CIO
192. South Kingstown Emergency Medical Services, IAFF Local 3365, AFL-CIO
193. Coventry Fire Fighters, IAFF Local 3372, AFL-CIO
194. Foster Emergency Services, IAFF Local 3422, AFL-CIO
195. North Smithfield Fire Fighters, IAFF Local 3984, AFL-CIO
196. Cumberland Fire Fighters, IAFF Local 4114, AFL-CIO
197. West Greenwich Fire and Rescue, IAFF Local 4771, AFL-CIO
198. Rhode Island Council 94, AFSCME, AFL-CIO
199. National Education Association Rhode Island
200. Rhode Island Federation of Teachers and Health Professionals

201. Rhode Island Brotherhood of Correctional Officers
202. International Federation of Professional and Technical Engineers Local 400
203. National Association of Government Employees, Local 79
204. Rhode Island Employment Security Alliance, Local 401
205. Rhode Island Alliance of Social Service Employees, Local 580

**Municipal Defendants**

206. Town of Barrington
207. Barrington School Committee
208. Town of Bristol
209. Bristol/Warren Regional School Committee
210. Town of Burrillville
211. Burrillville School Committee
212. City of Central Falls
213. Central Falls School District
214. Central Falls Housing Authority
215. Chariho Regional School Committee
216. Coventry Housing Authority
217. Coventry School Committee
218. Coventry Fire District
219. City of Cranston
220. Cranston School Committee
221. Cumberland School Committee
222. Cumberland Housing Authority
223. Town of East Greenwich
224. East Greenwich School Committee

225. City of East Providence
226. East Providence Housing Authority
227. East Providence School Committee
228. Exeter-West Greenwich Regional School Committee
229. Town of Foster
230. Town of Gloucester
231. Foster-Glocester Regional School Committee
232. Town of Hopkinton
233. Town of Jamestown
234. Town of Johnston
235. Johnston Housing Authority
236. Johnston School Committee
237. Lincoln School Committee
238. Lincoln Housing Authority
239. Middletown School Committee
240. City of Newport
241. Newport School Committee
242. Town of New Shoreham
243. Town of North Kingstown
244. North Kingstown School Committee
245. Town of North Providence
246. North Providence School Committee
247. North Providence Housing Authority
248. North Smithfield School Committee
249. City of Pawtucket

250. Pawtucket School Committee
251. Pawtucket Housing Authority
252. Portsmouth School Committee
253. Scituate School Committee
254. Town of Smithfield
255. Smithfield School Committee
256. Town of South Kingstown
257. South Kingstown School Committee
258. Town of Tiverton
259. Tiverton School Committee
260. Town of Warren
261. Town of West Greenwich
262. City of Warwick
263. West Warwick School Committee
264. West Warwick Housing Authority
265. City of Woonsocket
266. Woonsocket School Committee
267. The Barrington School Committee
268. The Town of Barrington
269. The Burrillville School Committee
270. The Town of Burrillville
271. The Central Falls School District
272. The Town of Charlestown
273. The Cranston School Committee
274. The City of Cranston

275. The Cranston Housing Authority
276. The Cumberland Housing Authority
277. The Town of East Greenwich
278. The East Greenwich School Committee
279. The East Providence Housing Authority
280. The Exeter-West Greenwich Regional School Committee
281. The Foster-Glocester Regional School Committee
282. The Glocester School Committee
283. The Town of Glocester
284. The Town of Hopkinton
285. The Jamestown School Committee
286. The Town of Jamestown
287. The Town of Middletown
288. The Town of New Shoreham
289. The Town of North Kingstown
290. The North Kingstown School Committee
291. The Town of North Smithfield
292. The Northern Rhode Island Collaborative
293. The Pawtucket Housing Authority
294. The Scituate School Committee
295. The Town of Smithfield
296. The Smithfield School Committee
297. The South Kingstown School Committee
298. The Town of South Kingstown
299. The Town of Tiverton

300. The Tiverton School Committee
301. The Warren Housing Authority
302. The West Warwick Housing Authority
303. The Woonsocket School Committee
304. The City of Woonsocket
305. The City of Woonsocket
306. The Town of North Kingstown
307. The Town of Tiverton
308. The Town of Barrington
309. The Town of Middletown
310. The Town of Johnston
311. The Town of Smithfield
312. The Town of North Providence
313. North Cumberland Fire District
314. The Town of Cumberland
315. Valley Falls Fire District
316. Cumberland Hill Fire District
317. The Town of Lincoln
318. Albion Fire District
319. The Town of East Greenwich
320. The Town of South Kingstown
321. Coventry Fire District
322. Central Coventry Fire District
323. The Town of Foster
324. North Smithfield Fire & Rescue

- 325. Cumberland Fire District
- 326. The Town of West Greenwich
- 327. Hopkins Hill Fire District

# **Exhibit B**

## **OUTLINE OF TERMS FOR SETTLEMENT AGREEMENT**

The following terms are effective July 1, 2015, except as otherwise provided.

### **I. Cost of Living Adjustment and Other Payments:**

#### **A. One-Time COLA.**

Effective for participants and/or beneficiaries of participants who retired on or before June 30, 2012, a one-time COLA payment of 2% applied to first \$25,000 of pension benefit and amount added to base (but will not affect indexing in #5 below) to be paid as soon as administratively reasonable following the passage of the legislation based on the amount of benefit payable on the effective date of the legislation. The one-time COLA will be paid to all participants in a COLA program and who retired on or before June 30, 2012, without regard to any other eligibility requirement (such as age or number of years since retirement).

#### **B. Annual COLAs.**

1. Effective for all current and future retirees annual COLAs will be applied when plan funding level reaches 80% as measurement is set forth in RIRSA. For MERS each MERS unit will continue to be separately evaluated as to achievement of 80% funding level. For State employees and teachers, the 80% will continue to be calculated on an aggregate basis with Judicial Retirement Benefits Trust and State Police Retirement Benefits Trust. Payments under I(A) and I(C) do not depend on funding level.
2. For Funds which have not reached 80% funding level there will be a COLA calculation and payment, if any, due every four years until plans reach 80% funding, with clarification that first 4<sup>th</sup> year (for those pension Funds having not yet met 80% funding) will be the calendar year commencing January 2017.
3. Retirees who are in plans that are more than 80% funded and/or participants who retire after June 30, 2015, will have COLAs calculated on the first \$25,000 of the benefit. Effective for participants and/or beneficiaries of participants who retired on or before June 30, 2015, the \$25,000 COLA cap will be increased to \$30,000 for any COLA payable in plans with less than 80% funding.
4. COLA Formula: 50% of COLA calculated using previous 5 year average of investment return under RIRSA (max of 4%), and 50% calculated using previous year's CPI-U (max of 3%) for a total maximum COLA of 3.5%. Note: COLA Formula will be calculated annually, regardless of funding level and will never produce a number less than 0.0%.

5. COLA caps will be indexed every year, using previous RIRSA 5 year average of investment return for period July 1, 2012 to June 30, 2015, and COLA formula in #4 above commencing July 1, 2015. Indexing will take place annually commencing on January 1<sup>st</sup>, whether COLA is actually applied (based on funding level), or not applied.
6. COLA will be compounded for all receiving COLA (i.e., includes all MERS units entitled to COLA through MERS under RIRSA).

**C. Stipends.**

Effective for participants and/or beneficiaries of participants who have retired on or before July 1, 2015, (i) a one-time five hundred dollar (\$500.00) stipend (not added to COLA base) shall be payable within sixty (60) days of July 1, 2015, and (ii) a second one-time five hundred dollar (\$500.00) stipend (not added to COLA base) shall be payable in the same month of the following year to all retired participants and beneficiaries receiving a benefit as of the payment date.

**II. Terms Applicable to State Workers, Teachers and General MERS. In addition to the COLA benefits in I(B)(1)(2)(4)(5)(6):**

**A. Accrual** (applies to those actives with 20 years or more of service as of 6/30/12):

1. They will stay in the defined benefit plan. Effective July 1, 2015, the accrual increases to 2% per year. For this accrual, employees in general MERS will pay an additional 2.25% (new contribution amount will be either 8.25% or 9.25%). State workers and teachers will increase their contribution to 11%.
2. They will not participate in the defined contribution plan after June 30, 2015. They will continue to own the individual accounts created by RIRSA and funded through June 30, 2015.

**B. Retirement Age:**

All current and future employees shall be eligible to retire upon the attainment of age 65 with at least thirty (30) years of service, age 64 with at least thirty-one (31) years of service, age 63 with at least thirty-two (32) years of service, or age 62 with at least thirty-three (33) years of service, or, if earlier, under their eligible retirement date under RIRSA.

**C. Additional contributions by employer to defined contribution plan:**

1. In cases where the person has at least 10 but fewer than 15 years of service as of 6/30/12: the employer will contribute 1.25% (3.25% for employees without Social Security) to the defined contribution plan [i.e., +0.25%] implemented for

future contributions as soon as administratively possible after passage of the legislation.

2. In cases where the person has at least 15 but fewer than 20 years of service as of 6/30/12: the employer will contribute 1.50% (3.5% for employees without Social Security) to the defined contribution plan [i.e., +0.50%] implemented for future contributions as soon as administratively possible after passage of the legislation.

**D. Fee waiver on defined contribution plan:**

Administration fee will be waived for those making \$35,000 or less indexed using COLA formula effective July 1, 2012 (Fee is currently \$40.00; the full amount will be waived, whether it continues to be \$40.00 or not.).

**E. Part-time anti-spiking rule:**

If highest 5-year average salary calculation is less than \$35,000 under RIRSA indexed using COLA formula, the pension will be based on the higher of the following two calculations:

- Highest 10-year average earnings, or
- Highest 5-year average earnings with a \$35,000 cap (indexed using COLA formula)

**III. Terms Applicable to MERS Firefighters (excluding Cranston fire). In addition to the COLA benefits in I(B)(1)(2)(4)(5)(6):**

- A. Effective July 1, 2015 firefighters can retire with their full benefit if they are 50 years old and have at least 25 years of service or at any age if they have at least 27 years of service. Firefighters will pay an additional 2% employee contribution (that is, 9% for those not participating in MERS COLA, and 10% for those who do participate in MERS COLA) effective July 1, 2015.
- B. Effective July 1, 2015 firefighters who retire at age 57 with 30 years of service will accrue 2.25% per year for all years of service not already accrued at a higher rate.

**IV. Terms Applicable to Correctional Officers:**

Correctional officers with fewer than 25 years of service as of 6/30/12:

Year 31	additional 1% accrual
Year 32	additional 1% accrual
Year 33	additional 1% accrual
Year 34	additional 1% accrual
Year 35	additional 1% accrual

**V. Early Retirement Actuarial Reduction**

(RIRSA provides that employees with 20 or more years of total service and who have attained an age within 5 years of eligible retirement date may retire early subject to reduction in retirement allowance). Reduction (applicable to ALL categories of current employees) calculated as follows:

- Nine (9) percent Year 1
- Eight (8) percent Year 2
- Seven (7) percent Year 3
- Seven (7) percent Year 4
- Seven (7) percent Year 5

**VI. Re-amortization Option for Municipalities**

The amortization schedule applicable to employers participating in MERS commencing with fiscal year 2017 shall be extended to twenty-five (25) years in accordance with the statutory amortization methodology, provided that employers shall have the one-time option before August 1, 2015 to select no re-amortization or a re-amortization period shorter than twenty-five (25) years. The amortization schedule applicable to the municipal contribution responsibility for 60 percent of contributions to teacher pensions commencing with fiscal year 2017 shall be extended to twenty-five (25) years in accordance with the statutory amortization methodology.

**VII. Other than those proposed legislative changes, all other legislative provisions in existing RIRSA shall remain the same.**

# **Exhibit C**

STATE OF RHODE ISLAND  
IN GENERAL ASSEMBLY  
JANUARY SESSION, A.D. 2015

AN ACT

RELATING TO PUBLIC OFFICERS AND EMPLOYEES – RETIREMENT SYSTEM—  
CONTRIBUTION AND BENEFITS

Introduced By:

Date Introduced:

Referred To:

It is enacted by the General Assembly as follows:

1 SECTION 1. [Legislative intent and findings.](#)

2 SECTION 2. Section 36-8-1 of the General Laws in Chapter 36-8 entitled “Retirement  
3 System-Administration” is hereby amended to read as follows:

4 **§ 36-8-1 Definition of terms.** – The following words and phrases as used in chapters 8 to  
5 10 of this title unless a different meaning is plainly required by the context, shall have the  
6 following meanings:

7 (1) "Accumulated contributions" shall mean the sum of all the amounts deducted from the  
8 compensation of a member and credited to his or her individual pension account.

9 (2) "Active member" shall mean any employee of the state of Rhode Island as defined in  
10 this section for whom the retirement system is currently receiving regular contributions pursuant to  
11 §§ 36-10-1 and 36-10-1.1.

12 (3) "Actuarial equivalent" shall mean an allowance or benefit of equal value to any other  
13 allowance or benefit when computed upon the basis of the actuarial tables in use by the system.

14 (4) "Annuity reserve" shall mean the present value of all payments to be made on account  
15 of any annuity, benefit, or retirement allowance granted under the provisions of chapter 10 of this  
16 title computed upon the basis of such mortality tables as shall be adopted from time to time by the  
17 retirement board with regular interest.

18 (5)(a) "Average compensation" for members eligible to retire as of September 30, 2009

1 shall mean the average of the highest three (3) consecutive years of compensation, within the total  
2 service when the average compensation was the highest. For members eligible to retire on or after  
3 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)  
4 consecutive years of compensation within the total service when the average compensation was the  
5 highest.

6 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
7 half (1/2) of the member's total years of service consist of years of service during which the  
8 member devoted less than thirty (30) business hours per week to the service of the state, but the  
9 member's average compensation consists of three (3) or more years during which the member  
10 devoted more than thirty (30) business hours per week to the service of the state, such member's  
11 average compensation shall mean the average of the highest ten (10) consecutive years of  
12 compensation within the total service when the average compensation was the highest, provided  
13 however, effective July 1, 2015, if such member's average compensation as defined in paragraph  
14 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed  
15 annually in accordance with Section 36-10-35(h)(1)(B), such member's average compensation  
16 shall mean the greater of: (i) the average of the highest ten (10) consecutive years of compensation  
17 within the total service when the average compensation was the highest, or (ii) the member's  
18 average compensation as defined in paragraph (a) above. To protect a member's accrued benefit  
19 on June 30, 2012 under this §36-8-1(5)(b), in no event shall a member's average compensation be  
20 lower than his or her average compensation determined as of June 30, 2012.

21 (6) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a retirement  
22 allowance, or other benefit as provided by chapter 10 of this title.

23 (7) "Casual employee" shall mean those persons hired for a temporary period, a period of  
24 emergency or an occasional period.

25 (8) "Compensation" as used in chapters 8 – 10 of this title, chapters 16 and 17 of title 16,  
26 and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of duties  
27 for covered employment, including regular longevity or incentive plans approved by the board, but  
28 shall not include payments made for overtime or any other reason other than performance of duties,  
29 including but not limited to the types of payments listed below:

- 30 (i) Payments contingent on the employee having terminated or died;
- 31 (ii) Payments made at termination for unused sick leave, vacation leave, or compensatory  
32 time;
- 33 (iii) Payments contingent on the employee terminating employment at a specified time in  
34 the future to secure voluntary retirement or to secure release of an unexpired contract of

1 employment;

2 (iv) Individual salary adjustments which are granted primarily in anticipation of the  
3 employee's retirement;

4 (v) Additional payments for performing temporary or extra duties beyond the normal or  
5 regular work day or work year.

6 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose  
7 business time is devoted exclusively to the services of the state, but shall not include one whose  
8 duties are of a casual or seasonal nature. The retirement board shall determine who are employees  
9 within the meaning of this chapter. The governor of the state, the lieutenant governor, the secretary  
10 of state, the attorney general, the general treasurer, and the members of the general assembly, ex  
11 officio, shall not be deemed to be employees within the meaning of that term unless and until they  
12 elect to become members of the system as provided in § 36-9-6, but in no case shall it deem as an  
13 employee, for the purposes of this chapter, any individual who devotes less than twenty (20)  
14 business hours per week to the service of the state, and who receives less than the equivalent of  
15 minimum wage compensation on an hourly basis for his or her services, except as provided in § 36-  
16 9-24. Any commissioner of a municipal housing authority or any member of a part-time state,  
17 municipal or local board, commission, committee or other public authority shall not be deemed to  
18 be an employee within the meaning of this chapter.

19 (10) "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable by a  
20 member claiming service credit for certain employment for which that payment is required which  
21 is determined according to the age of the member and the employee's annual rate of compensation  
22 at the time he or she applies for service credit and which is expressed as a rate percent of the  
23 employee's annual rate of compensation to be multiplied by the number of years for which he or  
24 she claims service credit as prescribed in a schedule adopted by the retirement board from time to  
25 time on the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-  
26 31, 36-10-10.4, 45-21-53, 36-10-8, 45-21-29, 8-3-16(b), 8-8-10.1(b), 42-28-22.1(b) and 28- 30-  
27 18.1(b).

28 (i) all service credit purchases requested after June 16, 2009 and prior to July 1, 2012, shall  
29 be at full actuarial value and

30 (ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial value  
31 which shall be determined using the system's assumed investment rate of return minus one percent  
32 (1%).

33 The rules applicable to a service credit purchase shall be the rules of the retirement system in effect  
34 at the time the purchase application is submitted to the retirement system.

1            (11) “Funded Ratio” shall mean the ratio of the actuarial value of assets to the actuarial  
2 accrued liability consistent with the funding policy of the retirement board as defined in § 36-8-4.

3            ~~(11)~~(12) "Inactive member" shall mean a member who has withdrawn from service as an  
4 employee but who has not received a refund of contributions.

5            ~~(12)~~(13) "Members" shall mean any person included in the membership of the retirement  
6 system as provided in §§ 36-9-1 – 36-9-7.

7            ~~(13)~~(14) "Prior service" shall mean service as a member rendered before July 1, 1936,  
8 certified on his or her prior service certificate and allowable as provided in § 36-9-28.

9            ~~(14)~~(15) "Regular interest" shall mean interest at the assumed investment rate of return,  
10 compounded annually, as may be prescribed from time to time by the retirement board.

11            ~~(15)~~(16) "Retirement allowance" shall mean annual payments for life made after retirement  
12 under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid in equal  
13 monthly installments beginning as of the effective date thereof; provided, that a smaller pro rata  
14 amount may be paid for part of a month where separation from service occurs during the month in  
15 which the application was filed, and when the allowance ceases before the last day of the month.

16            ~~(16)~~(17) "Retirement board" or "board" shall mean the board provided in § 36-8-3 to  
17 administer the retirement system.

18            ~~(17)~~(18) "Retirement system" shall mean the employees' retirement system of the state of  
19 Rhode Island as defined in § 36-8-2.

20            ~~(18)~~(19) "Service" shall mean service as an employee of the state of Rhode Island as  
21 described in subdivision (9) of this section.

22            ~~(19)~~(20) "Social Security retirement age" shall mean a member's full retirement age as  
23 determined in accordance with the federal Old Age, Survivors and Disability Insurance Act, not to  
24 exceed age sixty-seven (67).

25            ~~(20)~~(21) "Total service" shall mean prior service as defined above, plus service rendered as  
26 a member on or after July 1, 1936.

27            SECTION 3. Section 36-10-1 of the General Laws in Chapter 36-10 entitled “Retirement  
28 System-Contributions and Benefits” is hereby amended to read as follows:

29            **§ 36-10-1 Member contributions – Deduction from compensation.** – (a) Prior to July 1,  
30 2012, each member of the retirement system shall contribute an amount equal to eight and three-  
31 quarters percent (8.75%) of his or her compensation as his or her share of the cost of annuities,  
32 benefits, and allowances. Effective July 1, 2012, each member of the retirement system shall  
33 contribute an amount equal to three and three quarters percent (3.75%) of his or her compensation,  
34 except for correctional officers as defined in § 36-10-9.2 who shall contribute an amount equal to

1 eight and three quarters percent (8.75%) of his or her compensation. Effective July 1, 2015, each  
2 member of the retirement system, except for correctional officers as defined in § 36-10-9.2, with  
3 twenty (20) or more years of total service as of June 30, 2012 shall contribute an amount equal to  
4 eleven percent (11%) of compensation. The contributions shall be made in the form of deductions  
5 from compensation.

6 (b) The deductions provided for herein shall be made notwithstanding that the minimum  
7 compensation provided by law for any member shall be reduced thereby. Every member shall be  
8 deemed to consent and agree to the deductions made and provided for herein and receipt of his or  
9 her full compensation and payment of compensation, less the deductions, shall be a full and  
10 complete discharge and acquittance of all claims and demands whatsoever for the services rendered  
11 by the person during the period covered by the payment except as to the benefit provided under  
12 this chapter.

13 SECTION 4. Section 36-10-2.1 of the General Laws in Chapter 36-10 entitled “Retirement  
14 System-Contributions and Benefits” is hereby amended to read as follows:

15 **§ 36-10-2.1 Actuarial cost method.** – (a) To determine the employer contribution rate for  
16 the State of Rhode Island for fiscal year 2002 and for all fiscal years subsequent, the actuary shall  
17 compute the costs under chapter 10 of title 36 using the entry age normal cost method. ~~Effective~~  
18 ~~July 1, 2012, the entry age normal cost method shall be as defined in Accounting Standard No. 27~~  
19 ~~of the Governmental Accounting Standards Board as in effect from time to time.~~

20 (b) The determination of the employer contribution rate for fiscal year 2013 shall include a  
21 reamortization of the current Unfunded Actuarial Accrued Liability (UAAL) over a closed twenty-  
22 five (25) year period. After an initial period of five (5) years, future actuarial gains and losses  
23 occurring within a plan year will be amortized over individual new twenty (20) year closed  
24 periods.

25 (c) The determination of the employer contribution rate commencing with fiscal year 2017  
26 shall include a re-amortization of the current Unfunded Actuarial Accrued Liability (UAAL)  
27 attributable to the sixty percent (60%) of contribution responsibility not partitioned to the state in §  
28 16-16-22 over a closed twenty-five (25) year period. This will be accomplished by dividing the  
29 UAAL as of June 30, 2014 into two separate amortization periods. Future actuarial gains and  
30 losses occurring within a plan year will be amortized over individual new twenty (20) year closed  
31 periods and allocated in the forty percent (40%) state / sixty percent (60%) municipal proportion  
32 set forth in § 16-16-22.

33 SECTION 5. Section 36-10-9 of the General Laws in Chapter 36-10 entitled “Retirement  
34 System-Contributions and Benefits” is hereby amended to read as follows:

1            **§ 36-10-9 Retirement on service allowance – In general.** – Retirement of a member on a  
2 service retirement allowance shall be made by the retirement board as follows:

3            (1)(a)(i) Any member may retire upon his or her written application to the retirement board  
4 as of the first day of the calendar month in which the application was filed; provided, the member  
5 was separated from service prior thereto; and further provided, however, that if separation from  
6 service occurs during the month in which application is filed, the effective date shall be the first  
7 day following that separation from service; and provided further that the member on his or her  
8 retirement date attained the age of sixty (60) and completed at least ten (10) years of contributory  
9 service on or before July 1, 2005 or who, regardless of age, has completed twenty-eight (28) years  
10 of total service and has completed at least ten (10) years of contributory service on or before July  
11 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of September 30, 2009.

12            (ii) For members who become eligible to retire on or after October 1, 2009 and prior to July  
13 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
14 completed at least ten (10) years of contributory service. For members in service as of October 1,  
15 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior to  
16 July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
17 proportion to the amount of service the member has earned as of September 30, 2009. The  
18 proportional formula shall work as follows:

19            (1) The formula shall determine the first age of retirement eligibility under the laws in  
20 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
21 sixty-two (62).

22            (2) The formula shall then take the member's total service credit as of September 30, 2009  
23 as the numerator and the years of service credit determined under (1) as the denominator.

24            (3) The fraction determined in (2) shall then be multiplied by the age difference determined  
25 in (1) to apply a reduction in years from age sixty-two (62).

26            (b)(i) Any member, who has not completed at least ten (10) years of contributory service on  
27 or before July 1, 2005, may retire upon his or her written application to the retirement board as of  
28 the first day of the calendar month in which the application was filed; provided, the member was  
29 separated from service prior thereto; and further provided, however, that if separation from service  
30 occurs during the month in which application is filed, the effective date shall be the first day  
31 following that separation from service; provided, the member or his or her retirement date had  
32 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service  
33 or provided that the member on his or her retirement date had attained the age of sixty-five (65)  
34 and had completed at least ten (10) years of contributory service; or provided, that the member on

1 his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20)  
2 years of total service provided, that the retirement allowance, as determined according to the  
3 formula in § 36-10-10 is reduced actuarially for each month that the age of the member is less than  
4 sixty-five (65) years, and who retire before October 1, 2009 or are eligible to retire as of  
5 September 30, 2009.

6 (ii) For members who become eligible to retire on or after October 1, 2009 and prior to July  
7 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
8 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
9 and completed at least ten (10) years of contributory service. For members in service as of October  
10 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior  
11 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
12 adjusted downward in proportion to the amount of service the member has earned as of September  
13 30, 2009. The proportional formula shall work as follows:

14 (1) The formula shall determine the first age of retirement eligibility under the laws in  
15 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
16 sixty-two (62).

17 (2) The formula shall then take the member's total service credit as of September 30, 2009  
18 as the numerator and the years of service credit determined under (1) as the denominator.

19 (3) The fraction determined in (2) above shall then be multiplied by the age difference  
20 determined in (1) to apply a reduction in years from age sixty-two (62).

21 (c) Effective July 1, 2012, the following shall apply to all members not eligible to retire  
22 prior to July 1, 2012:

23 (i) A member with contributory service on or after July 1, 2012, shall be eligible to retire  
24 upon the completion of at least five (5) years of contributory service and attainment of the  
25 member's Social Security retirement age.

26 (ii) For members with five (5) or more years of contributory service as of June 30, 2012,  
27 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
28 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
29 service the member has earned as of June 30, 2012, but in no event shall a member's retirement age  
30 under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the  
31 member's retirement age determined under the laws in effect on June 30, 2012. The proportional  
32 formula shall work as follows:

33 (1) The formula shall determine the first age of retirement eligibility under the laws in  
34 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

1 (2) The formula shall then take the member's total service credit as of June 30, 2012 as the  
2 numerator and the projected service at retirement age in effect on June 30, 2012 as the  
3 denominator;

4 (3) The fraction determined in (2) shall then be multiplied by the age difference determined  
5 in (1) to apply a reduction in years from Social Security retirement age.

6 (iii) Effective July 1, 2015, A a member who has completed twenty (20) or more years of  
7 total service and who has attained an age within five (5) years of the eligible retirement age under  
8 subparagraphs (c)(i) or (c)(ii) above or subparagraph (d) below, may elect to retire provided that  
9 the retirement allowance shall be reduced actuarially for each month that the age of the member is  
10 less than the eligible retirement age under subparagraphs (c)(i) or (c)(ii) above or subparagraph (d)  
11 below in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

12  
13  
14  
15  
16  
17  
18 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has  
19 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
20 his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above provided  
21 that a member making an election under this paragraph shall receive the member's retirement  
22 benefit determined and calculated based on the member's service and average compensation as of  
23 June 30, 2012. This provision shall be interpreted and administered in a manner to protect a  
24 member's accrued benefit on June 30, 2012.

25 (d) Notwithstanding any other provisions of subparagraph (c) above, effective July 1, 2015,  
26 members in active service shall be eligible to retire upon the earlier of (A) the attainment of at least  
27 age sixty-five (65) and the completion of at least thirty (30) years of total service, or the attainment  
28 of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total service, or  
29 the attainment of at least age sixty-three (63) and the completion of at least thirty-two (32) years of  
30 total service, or the attainment of at least age sixty-two (62) and the completion of at least thirty-  
31 three (33) years of total service, or (B) the member's retirement eligibility date under  
32 subparagraphs (c)(i) or (c)(ii) above.

33 (2) Any faculty employee at a public institution of higher education under the jurisdiction  
34 of the board of governors for higher education shall not be involuntarily retired upon attaining the

1 age of seventy (70) years.

2 (3)(i) Except as specifically provided in § 36-10-9.1, §§ 36-10-12 – 36-10-15, and §§ 45-  
3 21-19 – 45-21-22, (I) On or prior to June 30, 2012 no member shall be eligible for pension benefits  
4 under this chapter unless the member shall have been a contributing member of the employee's  
5 retirement system for at least ten (10) years, or (II) For members in active contributory service on  
6 or after July 1, 2012, the member shall have been a contributing member of the retirement system  
7 for at least five (5) years.

8 (ii) Provided, however, a person who has ten (10) years service credit on or before June 16,  
9 1991, shall be vested.

10 (iii) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall be  
11 counted towards vesting.

12 (iv) Any person who becomes a member of the employees' retirement system pursuant to §  
13 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and this  
14 chapter.

15 (v) Notwithstanding any other provision of law, no more than five (5) years of service  
16 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
17 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of  
18 service credits before January 1, 1995, shall be permitted to apply those purchases towards the  
19 member's service retirement. However, no further purchase will be permitted. Repayment in  
20 accordance with applicable law and regulation of any contribution previously withdrawn from the  
21 system shall not be deemed a purchase of service credit.

22 (vi) Notwithstanding any other provision of law, effective July 1, 2012, except for  
23 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53, (A) For service  
24 purchases for time periods prior to a member's initial date of hire, the purchase must be made  
25 within three (3) years of the member's initial date of hire, (B) For service purchases for time  
26 periods for official periods of leave as authorized by law, the purchase must be made within three  
27 (3) years of the time the official leave was concluded by the member. Notwithstanding the  
28 preceding sentence, service purchases from time periods prior to June 30, 2012 may be made on or  
29 prior to June 30, 2015.

30 (4) No member of the employees' retirement system shall be permitted to purchase service  
31 credits for casual, seasonal, or temporary employment, or emergency appointment, for employment  
32 as a page in the general assembly, or for employment at any state college or university while the  
33 employee is a student or graduate assistant of the college or university.

34 (5) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not

1 receive service credit in this retirement system for any year or portion of it, which counts as  
2 service credit in any other retirement system in which the member is vested or from which the  
3 member is receiving a pension and/or any annual payment for life. This subsection shall not apply  
4 to any payments received pursuant to the federal Social Security Act or to payments from a  
5 military pension earned prior to participation in state or municipal employment, or to military  
6 service credits earned prior to participation in state or municipal employment.

7 (6) A member who seeks to purchase or receive service credit in this retirement system  
8 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a  
9 vested member in any other retirement system and/or is receiving a pension, retirement allowance,  
10 or any annual payment for life. The retirement board shall have the right to investigate as to  
11 whether or not the member has utilized the same time of service for credit in any other retirement  
12 system. The member has an affirmative duty to cooperate with the retirement board including, by  
13 way of illustration and not by way of limitations the duty to furnish or have furnished to the  
14 retirement board any relevant information which is protected by any privacy act.

15 (7) A member who fails to cooperate with the retirement board shall not have the time of  
16 service counted toward total service credit until such time as the member cooperates with the  
17 retirement board and until such time as the retirement board determines the validity of the service  
18 credit.

19 (8) A member who knowingly makes a false statement to the retirement board regarding  
20 service time or credit shall not be entitled to a retirement allowance and is entitled only to the  
21 return of his or her contributions without interest.

22 SECTION 6. Section 36-10-10 of the General Laws in Chapter 36-10 entitled "Retirement  
23 System-Contributions and Benefits" is hereby amended to read as follows:

24 **§ 36-10-10 Amount of service retirement allowance.** – (a)(1)(i) For employees eligible to  
25 retire on or before September 30, 2009, upon retirement for service under § 36-10-9, a member  
26 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years  
27 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall  
28 be determined in accordance with schedule A below for service prior to July 1, 2012:

29

Schedule A	
Years of Service	Percentage Allowance
30	
31	1st through 10th inclusive 1.7%
32	11th through 20th inclusive 1.9%
33	21st through 34th inclusive 3.0%
34	35th 2.0%

1 (ii) For employees eligible to retire on or after October 1, 2009, who were not eligible to  
2 retire on or before September 30, 2009, upon retirement from service under § 36-10-9, a member  
3 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years  
4 of contributory service on or before July 1, 2005 shall receive a retirement allowance which shall  
5 be determined in accordance with schedule A above for service on before September 30, 2009, and  
6 shall be determined in accordance with schedule B in subsection (a)(2) below for service on or  
7 after October 1, 2009 and prior to July 1, 2012.

8 (2) Upon retirement for service under § 36-10-9, a member whose membership commenced  
9 after July 1, 2005, or who has not completed at least ten (10) years of contributory service as of  
10 July 1, 2005, shall, receive a retirement allowance which shall be determined in accordance with  
11 Schedule B below for service prior to July 1, 2012:

12 Schedule B

13 Years of Service Percentage Allowance

14 1st through 10th inclusive 1.60%

15 11th through 20th inclusive 1.80%

16 21st through 25th inclusive 2.0%

17 26th through 30th inclusive 2.25%

18 31st through 37th inclusive 2.50%

19 38th 2.25%

20 (b) The retirement allowance of any member whose membership commenced before July 1,  
21 2005 and who has completed at least ten (10) years of contributory service on or before July 1,  
22 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his  
23 or her average highest three (3) consecutive years of compensation multiplied by the number of  
24 years of total service, but in no case to exceed eighty percent (80%) of the compensation payable at  
25 completion of thirty-five (35) years of service; provided, however, for employees retiring on or  
26 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall  
27 be based on the average highest five (5) consecutive years of compensation. Any member who has  
28 in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any refund, and  
29 any member with thirty-five (35) years or more on or after June 2, 1985, shall contribute from July  
30 1, 1985, until his or her retirement.

31 The retirement allowance of any member whose membership commenced after July 1, 2005  
32 or who had not completed at least ten (10) years of contributory service as of July 1, 2005, shall,  
33 be in an amount equal to the percentage allowance specified in Schedule B of his or her average  
34 highest three (3) consecutive years of compensation multiplied by the number of years of total

1 service, but in no case to exceed seventy-five percent (75%) of the compensation payable at the  
2 completion of thirty-eight (38) years of service; provided, however, for employees retiring on or  
3 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall  
4 be based on the average highest five (5) consecutive years of compensation.

5 (c) Any member with thirty-eight (38) years or more of service prior to December 31, 1985,  
6 shall not be required to make additional contributions. Contributions made between December 31,  
7 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service prior to  
8 December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,  
9 administrators, or legal representatives.

10 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be  
11 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1,  
12 2012, a member's retirement allowance shall be equal to: (i) for members with fewer than twenty  
13 (20) years of total service as of June 30, 2012, one percent (1%) of the member's average  
14 compensation multiplied by the member's years of total service on and after July 1 2012, and (ii)  
15 for members with twenty (20) or more years of total service as of June 30, 2012, a member's  
16 retirement allowance shall be equal to one percent (1%) of the member's average compensation  
17 multiplied by the member's years of total service between July 1, 2012 and June 30, 2015, and two  
18 percent (2%) of the member's average compensation multiplied by the member's years of total  
19 service on and after July 1, 2015. For purposes of computing a member's total service under the  
20 preceding sentence, service purchases shall be included in total service only with respect to those  
21 service purchases approved prior to June 30, 2012 and those applications for service purchases  
22 received by the retirement system on or before June 30, 2012. In no event shall a member's  
23 retirement allowance exceed the maximum limitations set forth in paragraph (b) above.

24 SECTION 7. Section 36-10-10.2 of the General Laws in Chapter 36-10 entitled  
25 "Retirement System-Contributions and Benefits" is hereby amended to read as follows:

26 **§ 36-10-10.2 Amount of service retirement allowance – Correctional officers.** – (a)

27 Upon retirement for service under § 36-10-9.2, a member with twenty-five (25) or more years of  
28 service as of June 30, 2012 shall receive a retirement allowance of an amount determined under (i)  
29 below. All other members shall receive a retirement allowance of an amount equal to the sum of (i)  
30 below for service prior to July 1, 2012, plus (ii) below for service on and after July 1, 2012.

31 (i) Two percent (2%) of his or her average compensation multiplied by his or her first thirty  
32 (30) years of total service within the department of corrections; any and all years of remaining  
33 service shall be issued to the member at a retirement allowance of an amount equal to his or her  
34 average compensation multiplied by the percentage allowance determined in accordance with

1 Schedule A below:

2 Schedule A

3 Years of Service Percentage Allowance

4 1 through 30 inclusive 2%

5 31st 6%

6 32nd 5%

7 33rd 4%

8 34th 3%

9 35th 2%

10 (ii) On and after July 1, 2012, Two percent (2%) of his or her average compensation  
11 multiplied by his or her first thirty years of total service ~~years of service on and after July 1, 2012~~  
12 within the department of corrections, and three percent (3%) of his or her average compensation  
13 multiplied by the member's thirty-first (31<sup>st</sup>) through thirty-fifth (35<sup>th</sup>) years of service.

14 (b) In no case shall a retirement percentage allowance exceed the greater of the member's  
15 retirement percentage allowance on June 30, 2012 or seventy-five percent (75%). Any member  
16 who has in excess of thirty-five (35) years on or before July 1, 1987, shall not be entitled to any  
17 refund. Any member with thirty-five (35) years or more on or after July 1, 1987, shall contribute  
18 from July 1, 1987, until his or her retirement, provided, however, that any member with thirty-  
19 eight (38) years of service prior to July 1, 1987, shall not be required to contribute.

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

22 **§ 36-10-35 Additional benefits payable to retired employees.** – (a) All state employees  
23 and all beneficiaries of state employees receiving any service retirement or ordinary or accidental  
24 disability retirement allowance pursuant to the provisions of this title on or before December 31,  
25 1967, shall receive a cost of living retirement adjustment equal to one and one-half percent (1.5%)  
26 per year of the original retirement allowance, not compounded, for each calendar year the  
27 retirement allowance has been in effect. For the purposes of computation, credit shall be given for  
28 a full calendar year regardless of the effective date of the retirement allowance. This cost of living  
29 adjustment shall be added to the amount of the retirement allowance as of January 1, 1968, and an  
30 additional one and one-half percent (1.5%) shall be added to the original retirement allowance in  
31 each succeeding year during the month of January, and provided further, that this additional cost of  
32 living increase shall be three percent (3%) for the year beginning January 1, 1971, and each year  
33 thereafter, through December 31, 1980. Notwithstanding any of the above provisions, no employee  
34 receiving any service retirement allowance pursuant to the provisions of this title on or before

1 December 31, 1967, or the employee's beneficiary, shall receive any additional benefit hereunder  
2 in an amount less than two hundred dollars (\$200) per year over the service retirement allowance  
3 where the employee retired prior to January 1, 1958.

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

14 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state  
15 employees receiving any service retirement and all state employees, and all beneficiaries of state  
16 employees, who have completed at least ten (10) years of contributory service on or before July 1,  
17 2005 pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries of  
18 state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 – 36-10-15,  
19 the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of the  
20 original retirement allowance or the retirement allowance as computed in accordance with § 36-10-  
21 35.1, compounded annually from the year for which the cost of living adjustment was determined  
22 to be payable by the retirement board pursuant to the provisions of subsection (a) or (b) of this  
23 section. Such cost of living adjustments are available to members who retire before October 1,  
24 2009 or are eligible to retire as of September 30, 2009.

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

27 (3) The retirement allowance of all state employees and all beneficiaries of state employees  
28 who have not completed at least ten (10) years of contributory service on or before July 1, 2005 or  
29 were not eligible to retire as of September 30, 2009, shall, on the month following the third  
30 anniversary date of retirement, and on the month following the anniversary date of each succeeding  
31 year be adjusted and computed by multiplying the retirement allowance by three percent (3%) or  
32 the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as  
33 published by the United States Department of Labor Statistics determined as of September 30 of  
34 the prior calendar year, whichever is less; the cost of living adjustment shall be compounded

1 annually from the year for which the cost of living adjustment was determined payable by the  
2 retirement board; provided, that no adjustment shall cause any retirement allowance to be  
3 decreased from the retirement allowance provided immediately before such adjustment.

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

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

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

29 (g) [This subsection \(g\) shall be effective for the period July 1, 2012 through June 30, 2015.](#)  
30 [\(1\)](#) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2) below, for  
31 all present and former employees, active and retired members, and beneficiaries receiving any  
32 retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment  
33 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
34 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the

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

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

20 In determining whether a funding level under this paragraph (g)(2) has been achieved, the  
21 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
22 current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean~~  
23 ~~the ratio of the actuarial value of assets to the actuarial accrued liability.~~

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

30 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (g)  
31 of § 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
32 granted on or prior to June 30, 2012.

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

34 (1)(A) As soon as administratively reasonable following the enactment into law of this

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

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

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

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

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

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

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

28 The benefit adjustments provided by this paragraph (h)(1)(B) shall be provided to all  
29 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
30 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
31 of the date of retirement or the date on which the retiree reaches his or her Social Security  
32 retirement age, whichever is later.

33 (2) Except as provided in paragraph (h)(3), the benefit adjustments under paragraph  
34 (h)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the

1 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
2 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
3 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
4 members for such plan year.

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

8 (3) Notwithstanding paragraph (h)(2), in each fourth plan year commencing after June 30,  
9 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
10 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
11 (h)(1) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
12 before June 30, 2015, the dollar amount in paragraph (h)(1)(B)(II) of twenty-five thousand eight  
13 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
14 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the  
15 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
16 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

17 (i) Effective for members and or beneficiaries of members who have retired on or before  
18 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
19 days following the enactment of the legislation implementing this provision, and a second one-time  
20 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends  
21 shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable  
22 payment date and shall not be considered cost of living adjustments under the prior provisions of  
23 this Section 36-10-3.

24 SECTION 9. Section 36-10.3-1 of the General Laws in Chapter 36-10.3 entitled "Defined  
25 Contribution Retirement Plan" is hereby amended to read as follows:

26 **§ 36-10.3-1 Definitions.** – As used in this chapter, the following terms, unless the context  
27 requires a different interpretation, shall have the following meanings:

28 (1) "Compensation" means compensation as defined in section 36-8-1(8).

29 (2) "Employee" means an employee as defined in sections 36-8-1(9) and 45-21-2(7), and a  
30 teacher as defined in section 16-16-1(12), effective July 1, 2012, provided however, effective July  
31 1, 2015, "employee" shall not include any employee with twenty (20) or more years of total service  
32 as of June 30, 2012 in the Employees Retirement System under chapters 8 through 10 of title 36 or  
33 chapter 16 of title 16 (ERS), or the Municipal Employees Retirement System under chapter 21 of  
34 title 45 (MERS).

1 (3) "Employer" means the State of Rhode Island or the local municipality which employs a  
2 member of the Employees Retirement System under chapters 8 through 10 of title 36 or chapter 16  
3 of title 16 (ERS) or the Municipal Employees Retirement System under chapters 21 and 21.2 of  
4 title 45 (MERS).

5 (4) "Plan" means the retirement plan established by this chapter.

6 (5) A "public safety member" shall mean a member of MERS who is a municipal fire  
7 fighter or a municipal policeman or policewoman as defined in § 45-21.2-2 who does not  
8 participate in Social Security under the Federal Old Age, Survivors, and Disability income  
9 program.

10 (6) "Regular member" means: (i) An employee who is a member of ERS other than  
11 correctional officers as defined in § 36-10-9.2; or (ii) an employee who is a ~~A~~ member of MERS  
12 other than a public safety member.

13 (7) The "retirement board" or "board" shall mean the retirement board of the Employees  
14 Retirement System of Rhode Island as defined in Chapter 36-8. The retirement board shall be the  
15 plan administrator and plan trustee and shall administer the plan in accordance with § 36-8-4.1.

16 (8) "State investment commission" or "commission" means the state investment  
17 commission as defined in § 35-10-1.

18 (9) "Supplemental employer" includes any employer that provides supplemental  
19 contributions to the defined contribution retirement plan as provided in § 36-10.3-3.

20 (10) "Supplemental member" is defined in § 36-10.3-3.

21 SECTION 10. Section 36-10.3-5 of the General Laws in Chapter 36-10.3 entitled "Defined  
22 Contribution Retirement Plan" is hereby amended to read as follows:

23 **§ 36-10.3-5 Employer contributions.** – (1) An employer shall contribute to each regular  
24 member's individual account the following amounts:

25 (i) for members with fewer than ten (10) years of total services as of June 30, 2012, an  
26 amount equal to one percent (1%) of the member's compensation at the end of each payroll period  
27 from July 1 to the following June 30;

28 (ii) for members with ten (10) or more but fewer than fifteen (15) years of total service as  
29 of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the end of  
30 each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015, an amount  
31 equal to one and one-quarter percent (1.25%) of the member's compensation at the end of each  
32 payroll period; and

33 (iii) for members with fifteen (15) or more but fewer than twenty (20) years of total service  
34 as of June 30, 2012, an amount equal to one percent (1%) of the member's compensation at the end

1 of each payroll period from July 1, 2012 through June 30, 2015, and effective July 1, 2015, an  
2 amount equal to one and one-half percent (1.5%) of the member's compensation at the end of each  
3 payroll period from July 1 to the following June 30.

4 (2) An employer shall contribute to the individual account of each public safety member, not  
5 participating in Social Security under the Federal Old Age, Survivors and Disability Income  
6 program, an amount equal to three percent (3%) of the member's compensation from July 1 to the  
7 following June 30.

8 (3) Contributions by supplemental employers shall be governed by § 36-10.3-6.

9 SECTION 11. Chapter 36-10.3 entitled “Defined Contribution Retirement Plan” is hereby  
10 amended by adding the following section:

11 **§ 36-10.3-13 Waiver of Administrative Fees.** – Any plan administration fees assessed to  
12 members of the plan after July 1, 2015 shall be reimbursed by the state for any member whose  
13 annual compensation is thirty-five thousand dollars (\$35,000) or less, said dollar amount to be  
14 indexed annually in the same percentage determined under Section 36-10-35(h)(1)(B).

15 SECTION 12. Section 16-16-12 of the General Laws in Chapter 16-16 entitled “Teachers’  
16 Retirement” is hereby amended to read as follows:

17 **§ 16-16-12 Procedure for service retirement.** – Retirement of a member on a service  
18 retirement allowance shall be made by the retirement board as follows:

19 (a)(i) Any member may retire upon his or her written application to the retirement board as  
20 of the first day of the calendar month in which the application was filed, provided the member was  
21 separated from service prior to filing the application, and further provided however, that if  
22 separation from service occurs during the month in which the application is filed, the effective date  
23 shall be the first day following the separation from service, and provided further that the member  
24 on retirement date has attained the age of sixty (60) years and has completed at least ten (10) years  
25 of contributory service on or before July 1, 2005, or regardless of age has completed twenty-eight  
26 (28) years of total service and has completed at least ten (10) years of contributory service on or  
27 before July 1, 2005, and who retire before October 1, 2009 or are eligible to retire as of September  
28 30, 2009.

29 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to July  
30 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and  
31 completed at least ten (10) years of contributory service. For teachers in service as of October 1,  
32 2009 who were not eligible to retire as of September 30, 2009 but became eligible to retire prior to  
33 July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
34 proportion to the amount of service the member has earned as of September 30, 2009. The

1 proportional formula shall work as follows:

2 (A) The formula shall determine the first age of retirement eligibility under the laws in  
3 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
4 sixty-two (62).

5 (B) The formula shall then take the teacher's total service credit as of September 30, 2009  
6 as the numerator and the years of service credit determined under (A) as the denominator.

7 (C) The fraction determined in (B) shall then be multiplied by the age difference in (1) to  
8 apply a reduction in years from age sixty-two (62).

9 (b)(i) Any member, who has not completed at least ten (10) years of contributory service on  
10 or before July 1, 2005, may retire upon his or her written application to the retirement board as of  
11 the first day of the calendar month in which the application was filed; provided, the member was  
12 separated from service prior thereto; and further provided, however, that if separation from service  
13 occurs during the month in which application is filed, the effective date shall be the first day  
14 following that separation from service; provided, the member on his or her retirement date had  
15 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total  
16 service; or provided, that the member on his or her retirement date had attained the age of sixty-  
17 five (65) and had completed at least ten (10) years of contributory service; or provided, that the  
18 member on his or her retirement date had attained the age of fifty-five (55) and had completed  
19 twenty (20) years of total service and provided, that the retirement allowance, as determined  
20 according to the formula in § 16-16-13 is reduced actuarially for each month that the age of the  
21 member is less than sixty-five (65) years and who retire before October 1, 2009 or are eligible to  
22 retire as of September 30, 2009.

23 (ii) For teachers who become eligible to retire on or after October 1, 2009 and prior to July  
24 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and have  
25 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
26 and completed at least ten (10) years of contributory service. For teachers in service as of October  
27 1, 2009 who were not eligible to retire as of September 30, 2009 but become eligible to retire prior  
28 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
29 adjusted downward in proportion to the amount of service the member has earned as of September  
30 30, 2009. The proportional formula shall work as follows:

31 (A) The formula shall determine the first age of retirement eligibility under the laws in  
32 effect on September 30, 2009 which shall then be subtracted from the minimum retirement age of  
33 sixty-two (62).

34 (B) The formula shall then take the teacher's total service credit as of September 30, 2009

1 as the numerator and the years of service credit determined under (A) as the denominator.

2 (C) The fraction determined in (B) shall then be multiplied by the age difference  
3 determined in (A) to apply a reduction in years from age sixty-two (62).

4 (c) Effective July 1, 2012, the following shall apply to all teachers not eligible to retire  
5 prior to July 1, 2012:

6 (i) A teacher with contributory service on or after July 1, 2012, shall be eligible to retire  
7 upon the completion of at least five (5) years of contributory service and attainment of the teacher's  
8 Social Security retirement age.

9 (ii) For teachers with five (5) or more years of contributory service as of June 30, 2012,  
10 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
11 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
12 service the teacher has earned as of June 30, 2012, but in no event shall a teacher's retirement age  
13 under this subparagraph (ii) be prior to the attainment of age fifty-nine (59) or prior to the teacher's  
14 retirement age determined under the laws in effect on June 30, 2012. The proportional formula  
15 shall work as follows:

16 (1) The formula shall determine the first age of retirement eligibility under the laws in  
17 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

18 (2) The formula shall then take the teacher's total service credit as of June 30, 2012 as the  
19 numerator and the projected service at retirement age in effect on June 30, 2012 as the  
20 denominator;

21 (3) The fraction determined in (2) shall then be multiplied by the age difference determined  
22 in (1) to apply a reduction in years from Social Security retirement age.

23 (iii) Effective July 1, 2015, a teacher who has completed twenty (20) or more years of  
24 total service and who has attained an age within five (5) years of the eligible retirement age under  
25 subdivisions (c)(i) or (c)(ii) above or subdivision (d) below, may elect to retire provided that the  
26 retirement allowance shall be reduced actuarially for each month that the age of the teacher is less  
27 than the eligible retirement age under subdivisions (c)(i) or (c)(ii) above or subdivision (d) below  
28 in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%</u>

1 (iv) Notwithstanding any other provisions of ~~this~~ subsection 16-16-12(c), a teacher who has  
2 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
3 his or her eligible retirement date as determined under subsections (a) and (b) above provided that  
4 a teacher making an election under this paragraph shall receive the teacher's retirement benefit  
5 determined and calculated based on the teacher's service and average compensation as of June 30,  
6 2012. This provision shall be interpreted and administered in a manner to protect a teacher's  
7 accrued benefit on June 30, 2012.

8 (d) Notwithstanding any other provisions of subparagraph (c) above, effective July  
9 1, 2015, teachers in active service shall be eligible to retire upon the earlier of (A) the  
10 attainment of at least age sixty-five (65) and the completion of at least thirty (30) years of  
11 total service, or the attainment of at least age sixty-four (64) and the completion of at least  
12 thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and  
13 the completion of at least thirty-two (32) years of total service, or the attainment of at least  
14 age sixty-two (62) and the completion of at least thirty-three (33) years of total service, or  
15 (B) the teacher's retirement eligibility date under subparagraphs (c)(i) or (c)(ii) above.

16 ~~(d)~~ (e) Except as specifically provided in §§ 36-10-9.1, 36-10-12 through 36-10-15, and  
17 45-21-19 through 45-21-22, no member shall be eligible for pension benefits under this chapter  
18 unless

19 (i) The member shall have been a contributing member of the employees' retirement system  
20 for at least ten (10) years; or

21 (ii) For teachers in active contributory service on or after July 1, 2012, the teacher shall  
22 have been a contributing member of the employees' retirement system for at least five (5) years.

23 (2) Provided, however, a person who has ten (10) years service credit shall be vested;  
24 provided that for teachers in active contributory service on or after July 1, 2012, a teacher who has  
25 five (5) years of contributory service shall be vested.

26 (3) Furthermore, any past service credits purchased in accordance with § 36-9-38 shall be  
27 counted towards vesting.

28 (4) Any person who becomes a member of the employees' retirement system pursuant to §  
29 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and this  
30 chapter.

31 (5) Notwithstanding any other provision of law, no more than five (5) years of service  
32 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
33 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of

1 service credit before January 1, 1995, shall be permitted to apply the purchases towards the  
2 member's service retirement. However, no further purchase will be permitted.

3 (6) Notwithstanding any other provision of law, effective July 1, 2012, except for  
4 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

5 (i) For service purchases for time periods prior to a teacher's initial date of hire, the  
6 purchase must be made within three (3) years of the teacher's initial date of hire; and

7 (ii) For service purchases for time periods for official periods of leave as authorized by  
8 law, the purchase must be made within three (3) years of the time the official leave was concluded  
9 by the teacher. Notwithstanding paragraphs (i) and (ii) above, service purchases from time periods  
10 prior to June 30, 2012 may be made on or prior to June 30, 2015.

11 ~~(e)~~ (f) No member of the teachers' retirement system shall be permitted to purchase service  
12 credits for casual or seasonal employment, for employment as a temporary or emergency  
13 employee, a page in the general assembly, or for employment at any state college or university  
14 while the employee is a student or graduate of the college or university.

15 ~~(f)~~ (g) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not  
16 receive service credit in this retirement system for any year or portion of a year which counts as  
17 service credit in any other retirement system in which the member is vested or from which the  
18 member is receiving a pension and/or any annual payment for life. This subsection shall not apply  
19 to any payments received pursuant to the federal Social Security Act, 42 U.S.C. § 301 et seq.

20 ~~(g)~~ (h) A member who seeks to purchase or receive service credit in this retirement system  
21 shall have the affirmative duty to disclose to the retirement board whether or not he or she is a  
22 vested member in any other retirement system and/or is receiving a pension, retirement allowance,  
23 or any annual payment for life. The retirement board shall have the right to investigate as to  
24 whether or not the member has utilized the same time of service for credit in any other retirement  
25 system. The member has an affirmative duty to cooperate with the retirement board including, by  
26 way of illustration and not by way of limitation, the duty to furnish or have furnished to the  
27 retirement board any relevant information that is protected by any privacy act.

28 ~~(h)~~ (i) A member who fails to cooperate with the retirement board shall not have the time  
29 of service credit counted toward total service credit until the time the member cooperates with the  
30 retirement board and until the time the retirement board determines the validity of the service  
31 credit.

32 ~~(i)~~ (j) A member who knowingly makes a false statement to the retirement board regarding  
33 service time or credit shall not be entitled to a retirement allowance and is entitled only to the  
34 return of his or her contributions without interest.

1 SECTION 13. Section 16-16-13 of the General Laws in Chapter 16-16 entitled "Teachers'  
2 Retirement" is hereby amended to read as follows:

3 **§ 16-16-13 Amount of service retirement allowance.** – (a)(1)(i) For teachers eligible to  
4 retire on or before September 30, 2009, upon retirement from service under § 16-16-12 a teacher  
5 whose membership commenced before July 1, 2005 and who has completed at least ten (10) years  
6 of contributory service on or before July 1, 2005, shall, receive a retirement allowance which shall  
7 be determined in accordance with schedule A for service prior to July 1, 2012.

8 SCHEDULE A

9 YEARS OF SERVICE PERCENTAGE ALLOWANCE

10 1st through 10th inclusive 1.7%

11 11th through 20th inclusive 1.9%

12 21st through 34th inclusive 3.0%

13 35th 2.0%

14 (ii) For teachers eligible to retire on or after October 1, 2009 who were not eligible to retire  
15 on or before September 30, 2009, upon retirement for service under § 16-16-12, a teacher whose  
16 membership commenced before July 1, 2005 and who has completed at least ten (10) years of  
17 contributory service on or before July 1, 2005 shall receive a retirement allowance which shall be  
18 determined in accordance with schedule A above for service on before September 30, 2009, and  
19 shall be determined in accordance with schedule B in subsection (a)(2) below for service on or  
20 after October 1, 2009 and prior to July 1, 2012:

21 (2) Upon retirement from service under § 16-16-12 a teacher whose membership  
22 commenced after July 1, 2005 or who has not completed at least ten (10) years of contributory  
23 service as of July 1, 2005 shall receive a retirement allowance which shall be determined in  
24 accordance with Schedule B for service prior to July 1, 2012.

25 SCHEDULE B

26 YEARS OF SERVICE PERCENTAGE ALLOWANCE

27 1st through 10th inclusive 1.60%

28 11th through 20th inclusive 1.80%

29 21st through 25th inclusive 2.0%

30 26th through 30th inclusive 2.25%

31 31st through 37th inclusive 2.50%

32 38th 2.25%

33 (b) The retirement allowance of any teacher whose membership commenced before July 1,  
34 2005 and who has completed at least ten (10) years of contributory service on or before July 1,

1 2005 shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his  
2 or her average highest three (3) consecutive years of compensation multiplied by the number of  
3 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable  
4 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or  
5 after October 1, 2009 who were not eligible to retire as of September 30, 2009 the calculation shall  
6 be based on the average highest five (5) consecutive years of compensation.

7 The retirement allowance of any teacher whose membership commenced after July 1, 2005 or who  
8 has not completed at least ten (10) years of contributory service as of July 1, 2005 shall be in an  
9 amount equal to the percentage allowance specified in Schedule B of his or her average highest  
10 three (3) consecutive years of compensation multiplied by the number of years of total service, but  
11 in no case to exceed seventy-five percent (75%) of the compensation, payable at completion of  
12 thirty-eight (38) years of service; provided, however, for teachers retiring on or after October 1,  
13 2009 who were not eligible to retire as of September 30, 2009 the calculation shall be based on the  
14 average highest five (5) consecutive years of compensation.

15 Any teacher who has in excess of thirty-five (35) years on or before June 2, 1985 shall not be  
16 entitled to any refund, and any teacher with thirty-five (35) years or more on or after June 2, 1985  
17 shall contribute from July 1, 1985 until his or her retirement.

18 (c) For service prior to July 2012, the retirement allowance of a teacher shall be determined  
19 in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1, 2012: (i)  
20 for teachers with fewer than twenty (20) years of total service as of June 30, 2012, a teacher's  
21 retirement allowance shall be equal to one percent (1%) of the teacher's average compensation  
22 multiplied by the teacher's years of total service on and after July 1, 2012, and (ii) for teachers with  
23 twenty (20) or more years of total service as of June 30, 2012, a teacher's retirement allowance  
24 shall be equal to one percent (1%) of the teacher's average compensation multiplied by the  
25 teacher's years of total service between July 1, 2012 and June 30, 2015, and two percent (2%) of  
26 the teacher's average compensation multiplied by the teacher's years of total service on and after  
27 July 1, 2015. For purposes of computing a teacher's total service under the preceding sentence,  
28 service purchases shall be included in total service only with respect to those service purchases  
29 approved prior to June 30, 2012 and those applications for service purchases received by the  
30 retirement system on or before June 30, 2012. In no event shall a teacher's retirement allowance  
31 exceed the maximum limitations set forth in subsection (b) above.

32 SECTION 14. Section 16-16-22 of the General Laws in Chapter 16-16 entitled "Teachers'  
33 Retirement" is hereby amended to read as follows:

34 **§ 16-16-22 Contributions to state system.** – (a) Prior to July 1, 2012, each teacher shall

1 contribute into the system nine and one-half percent (9.5%) of compensation as his or her share of  
2 the cost of annuities, benefits, and allowances. Effective July 1, 2012, each teacher shall contribute  
3 an amount equal to three and three quarters percent (3.75%) of his or her compensation. Effective  
4 July 1, 2015, each teacher with twenty (20) or more years of total service as of June 30, 2012 shall  
5 contribute an amount equal to eleven percent (11%) of his or her compensation. The employer  
6 contribution on behalf of teacher members of the system shall be in an amount that will pay a rate  
7 percent of the compensation paid to the members, according to the method of financing prescribed  
8 in the State Retirement Act in chapters 8 – 10 and 10.3 of title 36. This amount shall be paid forty  
9 percent (40%) by the state, and sixty percent (60%) by the city, town, local educational agency, or  
10 any formalized commissioner approved cooperative service arrangement by whom the teacher  
11 members are employed, with the exception of teachers who work in federally funded projects and  
12 further with the exception of any supplemental contributions by a local municipality employer  
13 under chapter 36-10.3 which supplemental employer contributions shall be made wholly by the  
14 local municipality. Provided, however, that the rate percent paid shall be rounded to the nearest  
15 hundredth of one percent (.01%).

16 (b) The employer contribution on behalf of teacher members of the system who work in  
17 fully or partially federally funded programs shall be prorated in accordance with the share of the  
18 contribution paid from the funds of the federal, city, town, or local educational agency, or any  
19 formalized commissioner approved cooperative service arrangement by whom the teacher members  
20 are approved.

21 (c) In case of the failure of any city, town, or local educational agency, or any formalized  
22 commissioner approved cooperative service arrangement to pay to the state retirement system the  
23 amounts due from it under this section within the time prescribed, the general treasurer is  
24 authorized to deduct the amount from any money due the city, town, or local educational agency  
25 from the state.

26 (d) The employer's contribution shared by the state shall be paid in the amounts prescribed  
27 in this section for the city, town, or local educational agency and under the same payment  
28 schedule. Notwithstanding any other provisions of this chapter, the city, town, or local educational  
29 agency or any formalized commissioner approved cooperative service arrangement shall remit to  
30 the general treasurer of the state the local employer's share of the teacher's retirement payments on  
31 a monthly basis, payable by the fifteenth (15th) of the following month. The amounts that would  
32 have been contributed shall be deposited by the state in a special fund and not used for any  
33 purpose. The general treasurer, upon receipt of the local employer's share, shall effect transfer of a  
34 matching amount of money from the state funds appropriated for this purpose by the general

1 assembly into the retirement fund.

2 Upon reconciliation of the final amount owed to the retirement fund for the employer share, the  
3 state shall ensure that any local education aid reduction assumed for the FY 2010 revised budget in  
4 excess of the actual savings is restored to the respective local entities.

5 (e) This section is not subject to §§ 45-13-7 through 45-13-10.

6 SECTION 15. Section 16-16-40 of the General Laws in Chapter 16-16 entitled “Teachers’  
7 Retirement” is hereby amended to read as follows:

8 **§ 16-16-40 Additional benefits payable to retired teachers.** – (a) All teachers and all  
9 beneficiaries of teachers receiving any service retirement or ordinary or accidental disability  
10 retirement allowance pursuant to the provisions of this chapter and chapter 17 of this title, on or  
11 before December 31, 1967, shall receive a cost of living retirement adjustment equal to one and  
12 one-half percent (1.5%) per year of the original retirement allowance, not compounded, for each  
13 year the retirement allowance has been in effect. For purposes of computation credit shall be given  
14 for a full calendar year regardless of the effective date of the retirement allowance. This cost of  
15 living retirement adjustment shall be added to the amount of the service retirement allowance as of  
16 January 1, 1970, and payment shall begin as of July 1, 1970. An additional cost of living retirement  
17 adjustment shall be added to the original retirement allowance equal to three percent (3%) of the  
18 original retirement allowance on the first day of January, 1971, and each year thereafter through  
19 December 31, 1980.

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

28 (c)(1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers receiving  
29 any service retirement and all teachers and all beneficiaries of teachers who have completed at  
30 least ten (10) years of contributory service on or before July 1, 2005, pursuant to the provisions of  
31 this chapter, and for all teachers and beneficiaries of teachers who receive a disability retirement  
32 allowance pursuant to §§ 16-16-14 – 16-16-17, the cost of living adjustment shall be computed and  
33 paid at the rate of three percent (3%) of the original retirement allowance or the retirement  
34 allowance as computed in accordance with § 16-16-40.1, compounded annually from the year for

1 which the cost of living adjustment was determined to be payable by the retirement board pursuant  
2 to the provisions of subsection (a) or (b) of this section. Such cost of living adjustments are  
3 available to teachers who retire before October 1, 2009 or are eligible to retire as of September 30,  
4 2009.

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

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

18 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,  
19 2009 and not eligible upon passage of this article, and for their beneficiaries, the cost of living  
20 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand  
21 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third  
22 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),  
23 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the  
24 percentage increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published by  
25 the United States Department of Labor Statistics determined as of September 30 of the prior  
26 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars  
27 (\$35,000), as indexed, of retirement allowance shall be multiplied by the percentage of increase in  
28 the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States  
29 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
30 percent (3%), whichever is less, on the month following the anniversary date of each succeeding  
31 year. For teachers eligible to retire as of September 30, 2009 or eligible upon passage of this  
32 article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

33 (e) [This subsection \(e\) shall be effective for the period July 1, 2012 through June 30, 2015.](#)

34 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (e)(2)

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

18 (2) Except as provided in paragraph (e)(3), the benefit adjustments under this section for  
19 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the Employees'  
20 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police  
21 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
22 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan  
23 year.

24 In determining whether a funding level under this paragraph (e)(2) has been achieved, the actuary  
25 shall calculate the funding percentage after taking into account the reinstatement of any current or  
26 future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean the ratio  
27 of the actuarial value of assets to the actuarial accrued liability.~~

28 (3) Notwithstanding paragraph (e)(2), in each fifth plan year commencing after June 30,  
29 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
30 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (e)(1)  
31 above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island, the  
32 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
33 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

34 (4) Notwithstanding any other provisions of this chapter, the provisions of this paragraph

1 (e) of § 16-16-40 shall become effective July 1, 2012, and shall apply to any benefit adjustments  
2 not granted on or prior to June 30, 2012.

3 (f) This subsection (f) shall become effective July 1, 2015.

4 (1)(A) As soon as administratively reasonable following the enactment into law of this  
5 paragraph (f)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or  
6 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of 2% of the lesser  
7 of either the teacher's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
8 the teacher's retirement allowance. This one-time benefit adjustment shall be provided without  
9 regard to the retiree's age or number of years since retirement.

10 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
11 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or death  
12 allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year  
13 under this section for adjustments on and after January 1, 2016, and subject to paragraph (f)(2)  
14 below, shall be equal to (I) multiplied by (II):

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

16 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
17 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
18 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
19 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
20 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
21 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
22 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
23 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

32 The benefit adjustments provided by this paragraph (f)(1)(B) shall be provided to all  
33 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
34 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary

1 of the date of retirement or the date on which the retiree reaches his or her Social Security  
2 retirement age, whichever is later.

3 (2) Except as provided in paragraph (f)(3), the benefit adjustments under paragraph  
4 (f)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
5 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
6 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
7 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
8 teachers for such plan year.

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

12 (3) Notwithstanding paragraph (f)(2), in each fourth plan year commencing after June 30,  
13 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
14 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
15 (f)(1)(B) above and (ii) effective for teachers and/or beneficiaries of teachers who retired on or  
16 before June 30, 2015, the dollar amount in paragraph (f)(1)(B)(II) of twenty-five thousand eight  
17 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
18 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the  
19 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
20 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

21 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before  
22 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
23 days following the enactment of the legislation implementing this provision, and a second one-time  
24 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends  
25 shall be payable to all retired teachers or beneficiaries receiving a benefit as of the applicable  
26 payment date and shall not be considered cost of living adjustments under the prior provisions of  
27 this Section 16-16-40.

28 SECTION 16. Section 45-21-2 of the General Laws in Chapter 45-21 entitled "Retirement  
29 of Municipal Employees" is hereby amended to read as follows:

30 **§ 45-21-2 Definitions.** – The following words and phrases as used in this chapter have the  
31 following meanings unless a different meaning is plainly required by the context:

32 (1) "Accumulated contributions" means the sum of all amounts deducted from the  
33 compensation of a member and credited to his or her individual account in the members'  
34 contribution reserve account.

1 (2) "Active member" means any employee of a participating municipality as defined in this  
2 section for whom the retirement system is currently receiving regular contributions pursuant to §§  
3 45-21-41, 45-21-41.1 or 45-21.2-14.

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

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

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

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

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

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

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

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

21 (A) Domestic partnership agreement or relationship contract;

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

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

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

27 (6) "Effective date of participation" means the date on which the provisions of this chapter  
28 have become applicable to a municipality accepting the provisions of the chapter in the manner  
29 stated in § 45-21-4.

30 (7) "Employee" means any regular and permanent employee or officer of any municipality,  
31 whose business time at a minimum of twenty (20) hours a week is devoted to the service of the  
32 municipality, including elective officials and officials and employees of city and town housing  
33 authorities. Notwithstanding the previous sentence, the term "employee", for the purposes of this  
34 chapter, does not include any person whose duties are of a casual or seasonal nature. The

1 retirement board shall decide who are employees within the meaning of this chapter, but in no case  
2 shall it deem as an employee any individual who annually devotes less than twenty (20) business  
3 hours per week to the service of the municipality and who receives less than the equivalent of  
4 minimum wage compensation on an hourly basis for his or her services, except as provided in § 45-  
5 21-14.1. Casual employees mean those persons hired for an occasional period or a period of  
6 emergency to perform special jobs or functions not necessarily related to the work of regular  
7 employees. Any commissioner of a municipal housing authority, or any member of a part-time  
8 state board commission, committee or other authority is not deemed to be an employee within the  
9 meaning of this chapter.

10 (8) (a) "Final compensation" for members who are eligible to retire on or prior to June 30, 2012  
11 shall mean the average annual compensation, pay, or salary of a member for services rendered during the  
12 period of three (3) consecutive years within the total service of the member when the average was highest,  
13 and as the term average annual compensation is further defined in subdivision 36-8-1(5)(a). For members  
14 eligible to retire on or after July 1, 2012, "final compensation" means the average of the highest five (5)  
15 consecutive years of compensation within the total service when the final compensation was the highest.

16 (b) For members who become eligible to retire on or after July 1, 2012, if more than one half  
17 (1/2) of the member's total years of service consist of years of service during which the member devoted  
18 less than thirty (30) business hours per week to the service of the municipality, but the member's average  
19 compensation consists of three (3) or more years during which the member devoted more than thirty (30)  
20 business hours per week to the service of a municipality, such member's average compensation shall  
21 mean the average of the highest ten (10) consecutive years of compensation within the total service when  
22 the average compensation was the highest, provided however, effective July 1, 2015, if such  
23 member's average compensation as defined in paragraph (a) above is equal to or less than thirty-  
24 five thousand dollars (\$35,000), such amount to be indexed annually in accordance with Section  
25 45-21-52(d)(1)(B), such member's average compensation shall mean the greater of: (i) the average  
26 of the highest ten (10) consecutive years of compensation within the total service when the average  
27 compensation was the highest, or (ii) the member's average compensation as defined in paragraph  
28 (a) above. To protect a member's accrued benefit on June 30, 2012 under this §45-21-2(8)(b), in no  
29 event shall a member's average compensation be lower than his or her average compensation determined  
30 as of June 30, 2012.

31 Notwithstanding the preceding provisions, in no event shall a member's final compensation be  
32 lower than his or her final compensation determined as of June 30, 2012.

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 his or her annual rate of compensation at the  
4 time he or she applies for service credit, and which is expressed as a rate percent of the annual rate  
5 of compensation to be multiplied by the number of years for which he or she 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 subdivision 45-21-53: (i) All service credit purchases requested after June 16, 2009 and prior  
9 to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases requested after  
10 June 30, 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, and  
13 administer the operation of, the units as defined in subdivision (1) 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, or any other municipal financed agency to which the  
19 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 his or her 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 of  
32 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 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

7 SECTION 17. Section 45-21-16 of the General Laws in Chapter 45-21 entitled  
8 "Retirement of Municipal Employees" is hereby amended to read as follows:

9 **§ 45-21-16 Retirement on service allowance.** – Retirement of a member on a service  
10 retirement allowance shall be made by the retirement board as follows:

11 (1)(i) Any member who is eligible to retire on or before June 30, 2012, may retire upon the  
12 member's written application to the retirement board as of the first day of the calendar month in  
13 which the application was filed, provided the member was separated from service prior to the  
14 application, and provided, further, that if separation from service occurs during the month in which  
15 application is filed, the effective date is the first day following the separation from service,  
16 provided that the member at the time so specified for the member's retirement has attained the  
17 applicable minimum retirement age and has completed at least ten (10) years of total service or  
18 who, regardless of age, completed thirty (30) years of total service, and notwithstanding that  
19 during the period of notification the member has separated from service. The minimum ages for  
20 service retirement (except for employees completing thirty (30) years of service) is fifty-eight (58)  
21 years.

22 (ii) Effective July 1, 2012, the following shall apply to all members not eligible to retire  
23 prior to July 1, 2012:

24 (A) A member with contributory service on or after July 1, 2012, shall be eligible to retire  
25 upon the completion of at least five (5) years of contributory service and attainment of the  
26 member's Social Security retirement age.

27 (B) For members with five (5) or more years of contributory service as of June 30, 2012,  
28 with contributory service on and after July 1, 2012, who have a retirement age of Social Security  
29 Retirement Age, the retirement age will be adjusted downward in proportion to the amount of  
30 service the member has earned as of June 30, 2012, but in no event shall a member's retirement age  
31 under this subparagraph (B) be prior to the attainment of age fifty-nine (59) or prior to the  
32 member's retirement age determined under the laws in effect on June 30, 2012. The proportional  
33 formula shall work as follows:

34 (1) The formula shall determine the first age of retirement eligibility under the laws in

1 effect on June 30, 2012 which shall then be subtracted from Social Security retirement age;

2 (2) The formula shall then take the member's total service credit as of June 30, 2012 as the  
3 numerator and the projected service at retirement age in effect on June 30, 2012 as the  
4 denominator;

5 (3) The fraction determined in (2) shall then be multiplied by the age difference determined  
6 in (1) to apply a reduction in years from Social Security retirement age.

7 (C) Effective July 1, 2015, A a member who has completed twenty (20) or more years of  
8 total service and who has attained an age within five (5) years of the eligible retirement age under  
9 subparagraphs (ii)(A) or (ii)(B) above or subparagraph (iii) below, may elect to retire provided that  
10 the retirement allowance shall be reduced actuarially for each month that the age of the member is  
11 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subparagraph  
12 (iii) below in accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%</u>

19 (D)(1) Notwithstanding any other provisions of section 42-21-16(1)(ii), a member who has  
20 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
21 his or her eligible retirement date as determined under paragraph (i) above provided that a member  
22 making an election under this paragraph shall receive the member's retirement benefit determined  
23 and calculated based on the member's service and average compensation as of June 30, 2012. This  
24 provision shall be interpreted and administered in a manner to protect a member's accrued benefit  
25 on June 30, 2012.

26 (iii) Notwithstanding any other provisions of subparagraph (ii) above, effective July 1,  
27 2015, members in active service shall be eligible to retire upon the earlier of (I) the attainment of  
28 at least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the  
29 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of  
30 total service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-  
31 two (32) years of total service, or the attainment of at least age sixty-two (62) and the completion  
32 of at least thirty-three (33) years of total service, or (II) the member's retirement eligibility date  
33 under subparagraphs (ii)(A) or (ii)(B) above.

34 (2) Except as specifically provided in §§ 45-21-19 – 45-21-22, no member is eligible for

1 pension benefits under this chapter unless:

2 (I) On or prior to June 30, 2012 the member has been a contributing member of the  
3 employees' retirement system for at least ten (10) years; or

4 (II) For members in active contributory service on or after July 1, 2012, the member shall  
5 have been a contributing member of the employees' retirement system for at least five (5) years.

6 (i) Provided, however, a person who has ten (10) years service credit on or before June 16,  
7 1991 is vested.

8 (ii) Furthermore, any past service credits purchased in accordance with § 45-21-62 are  
9 counted towards vesting.

10 (iii) Any person who becomes a member of the employees' retirement system pursuant to §  
11 45-21-4 shall be considered a contributing member for the purpose of this chapter.

12 (iv) Notwithstanding any other provision of law, no more than five (5) years of service  
13 credit may be purchased by a member of the System. The five (5)-year limit does not apply to any  
14 purchases made prior to the effective date of this provision. A member who has purchased more  
15 than five (5) years of service credit maximum, before January 1, 1995, shall be permitted to apply  
16 the purchases towards the member's service retirement. However, no further purchase will be  
17 permitted. Repayment, in accordance with applicable law and regulation, of any contribution  
18 previously withdrawn from the System is not deemed a purchase of service credit.

19 (v) Notwithstanding any other provision of law, effective July 1, 2012, except for  
20 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53:

21 (I) For service purchases for time periods prior to a member's initial date of hire; the  
22 purchase must be made within three (3) years of the member's initial date of hire; and

23 (II) For service purchases for time periods for official periods of leave as authorized by  
24 law, the purchase must be made within three (3) years of the time the official leave was concluded  
25 by the member.

26 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,  
27 2012 may be made on or prior to June 30, 2015.

28 (3) No member of the municipal employees' retirement system is permitted to purchase  
29 service credits for casual, temporary, emergency or seasonal employment, for employment as a  
30 page in the general assembly, or for employment at any state college or university while the  
31 employee is a student or graduate assistant of the college or university.

32 (4) A member does not receive service credit in this retirement system for any year or  
33 portion of a year, which counts as service credit in any other retirement system in which the  
34 member is vested or from which the member is receiving a pension and/or any annual payment for

1 life. This subsection does not apply to any payments received pursuant to the Federal Social  
2 Security Act or to payments from a military pension earned prior to participation in state or  
3 municipal employment, or to military service credits earned prior to participation in state or  
4 municipal employment.

5 (5) A member who seeks to purchase or receive service credit in this retirement system has  
6 the affirmative duty to disclose to the retirement board whether or not he or she is a vested member  
7 in any other retirement system and/or is receiving a pension retirement allowance or any annual  
8 payment for life. The retirement board has the right to investigate whether or not the member has  
9 utilized the same time of service for credit in any other retirement system. The member has an  
10 affirmative duty to cooperate with the retirement board including, by way of illustration and not by  
11 way of limitation, the duty to furnish or have furnished to the retirement board any relevant  
12 information which is protected by any privacy act.

13 (6) A member who fails to cooperate with the retirement board shall not have the time of  
14 service counted toward total service credit until a time that the member cooperates with the  
15 retirement board and until a time that the retirement board determines the validity of the service  
16 credit.

17 (7) A member who knowingly makes a false statement to the retirement board regarding  
18 service time or credit is not entitled to a retirement allowance and is entitled only to the return of  
19 his or her contributions without interest.

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

22 **§ 45-21-17 Service retirement allowance.** – (a) Upon retirement from service after  
23 January 1, 1969, a member shall receive a retirement allowance which is a life annuity terminable  
24 upon death of the annuitant and is an amount is equal to two percent (2%) of final compensation  
25 multiplied by the number of years of total service, not to exceed thirty-seven and one-half (37 1/2)  
26 years for services on and prior to June 30, 2012. For service on and after July 1, 2012: (i) for  
27 members with fewer than twenty (20) years of total service as of June 30, 2012, a member's  
28 retirement allowance shall be equal to one percent (1%) of the member's final compensation  
29 multiplied by the member's years of total service on and after July 1, 2012, and (ii) for members  
30 with twenty (20) or more years of total service as of June 30, 2012, a member’s retirement  
31 allowance shall be equal to one percent (1%) of the member’s average compensation multiplied by  
32 the member’s years of total service between July 1, 2012 and June 30, 2015, and two percent (2%)  
33 of the member’s average compensation multiplied by the member’s years of total service on and  
34 after July 1, 2015. For purposes of computing a member’s total service under the preceding

1 sentence, service purchases shall be included in total service only with respect to those service  
2 purchases approved prior to June 30, 2012 and those applications for service purchases received by  
3 the retirement system on or before June 30, 2012. In no event shall a member's retirement  
4 allowance exceed seventy-five percent (75%) of the member's final compensation. Provided,  
5 however, that every person elected prior to July 1, 2012 who has served as a part time elected  
6 official of the city of Cranston for a period of ten (10) years, is entitled to receive, upon retirement  
7 from that part time service, and not being otherwise regularly employed by the city of Cranston in  
8 which that person has served, a service retirement allowance equivalent to fifty percent (50%) of  
9 the salary received at the time of retirement by that part time elected official; and, provided,  
10 further, that if that person retires after a period of service greater than ten (10) years, the person is  
11 entitled to receive an additional service retirement allowance equivalent to five percent (5%) of the  
12 salary received at the time of retirement for each whole year of service, in excess of ten (10) years  
13 up to a maximum additional allowance equivalent to fifty percent (50%) of the salary received.

14 (b) This section also applies to any former part time elected official of the city of Cranston  
15 who is presently receiving retirement benefits from the municipal retirement system.

16 (c) Every person elected prior to July 1, 2012 who serves or has served at least four (4)  
17 years as a part time elected official of the city of Cranston may include that person's years of  
18 service as a member of the general assembly, and any other credits acquired while serving as a  
19 legislator, when computing the person's period of service to the city of Cranston pursuant to the  
20 provisions of this section.

21 SECTION 19. Section 45-21-41 of the General Laws in Chapter 45-21 entitled  
22 "Retirement of Municipal Employees" is hereby amended to read as follows:

23 **§ 45-21-41 Members' contributions – Payroll deductions – Certification to board.** – (a)  
24 Prior to July 1, 2012, each member shall contribute an amount equal to six percent (6%) of salary  
25 or compensation earned and accruing to the member; provided, that contributions by any member  
26 cease when the member has completed the maximum amount of service credit attainable. Special  
27 compensation for additional fees shall not be considered as compensation for contribution  
28 purposes. Effective July 1, 2012, each member shall contribute an amount equal to one percent  
29 (1%) of his or her compensation as his or her share of the cost. Effective July 1, 2015, each  
30 member with twenty (20) or more years of total service as of June 30, 2012 shall contribute an  
31 amount equal to eight and one-quarter percent (8.25%) of compensation.

32 (b) Each municipality shall deduct the previously stated rate from the compensation of each  
33 member on each and every payroll of the municipality, and the deduction made during the entire  
34 time a member is in service subject to termination as stated in the foregoing paragraph.

1 (c) The deductions provided for in this section shall be made notwithstanding that the  
2 minimum compensation provided for by law for any member is reduced by the compensation.  
3 Every member is deemed to consent and agree to the deductions made and provided for in this  
4 section, and shall receipt for his or her full salary or compensation; and payment of salary or  
5 compensation less those deductions are a full and complete discharge and acquittance of all claims  
6 and demands for the services rendered by the person during the period covered by the payment  
7 except as to the benefits provided under this chapter. Each participating municipality shall certify  
8 to the retirement board the amounts deducted from the compensation of members. Each of the  
9 amounts, when deducted, shall be credited to an individual account of the member from whose  
10 compensation the deduction was made.

11 SECTION 20. Chapter 45-21 entitled “Retirement of Municipal Employees” is hereby  
12 amended by adding the following section thereto:

13 § 45-21-43.1 Actuarial cost method. – (a) To determine the employer contribution rate  
14 for any participating municipality, the actuary shall compute the costs under chapters 21 and 21.2  
15 of title 45 using the entry age normal cost method.

16 (b) The determination of the employer contribution rate for fiscal year 2013 shall include a  
17 re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) over a closed twenty-five  
18 (25) year period. After an initial period of five (5) years, future actuarial gains and losses occurring  
19 within a plan year will be amortized over individual new twenty (20) year closed periods.

20 (c) The determination of the employer contribution rate commencing with fiscal year 2017  
21 shall include a re-amortization of the current Unfunded Actuarial Accrued Liability as of June 30,  
22 2014 over a closed twenty-five (25) year period. Future actuarial gains and losses occurring within  
23 a plan year will be amortized over individual new twenty (20) year closed periods. Employers shall  
24 have the one-time option before August 1, 2015 to remain under the amortization schedule set forth  
25 in subsection (b) above.

26 SECTION 21. Section 45-21-52 of the General Laws in Chapter 45-21 entitled  
27 “Retirement of Municipal Employees” is hereby amended to read as follows:

28 § 45-21-52 Automatic increase in service retirement allowance. – (a) The local  
29 legislative bodies of the cities and towns may extend to their respective employees automatic  
30 adjustment increases in their service retirement allowances, by a resolution accepting any of the  
31 plans described in this section:

32 (1) *Plan A.* All employees and beneficiaries of those employees receiving a service  
33 retirement or disability retirement allowance under the provisions of this chapter on December 31  
34 of the year their city or town accepts this section, receive a cost of living adjustment equal to one

1 and one-half percent (1 1/2%) per year of the original retirement allowance, not compounded, for  
2 each calendar year the retirement allowance has been in effect. This cost of living adjustment is  
3 added to the amount of the retirement allowance as of January 1 following acceptance of this  
4 provision, and an additional one and one-half percent (1 1/2%) is added to the original retirement  
5 allowance in each succeeding year during the month of January, and provided, further, that this  
6 additional cost of living increase is three percent (3%) for the year beginning January 1 of the year  
7 the plan is accepted and each succeeding year.

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

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

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

21 (c) [This subsection \(c\) shall be effective for the period July 1, 2012 through June 30, 2015.](#)

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

1 the retirement board. Subject to paragraph (c)(2) below, the benefit adjustment provided by this  
2 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
3 which the retiree reaches his or her Social Security retirement age, whichever is later; or for  
4 municipal police and fire retiring under the provisions of chapter 45-21.2, the benefit adjustment  
5 provided by this paragraph shall commence on the later of the third (3rd) anniversary of the date of  
6 retirement or the date on which the retiree reaches age fifty-five (55). In the event the retirement  
7 board adjusts the actuarially assumed rate of return for the system, either upward or downward, the  
8 subtrahend shall be adjusted either upward or downward in the same amount.

9 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this  
10 section for any plan year shall be suspended in their entirety for each municipal plan within the  
11 municipal employees retirement system unless the municipal plan is determined to be funded at a  
12 ~~GASB~~ Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately  
13 preceding plan year in accordance with the retirement system's actuarial valuation report as  
14 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all  
15 members for such plan year.

16 In determining whether a funding level under this paragraph (c)(2) has been achieved, the actuary  
17 shall calculate the funding percentage after taking into account the reinstatement of any current or  
18 future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean the ratio  
19 of the actuarial value of assets to the actuarial accrued liability.~~

20 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a ~~GASB~~ Funded  
21 Ratio of less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing  
22 after June 30, 2012 commencing with the plan year ending June 30, 2017, and subsequently at  
23 intervals of five (5) plan years, a benefit adjustment shall be calculated and made in accordance  
24 with paragraph (c)(1) above until the municipal plan's ~~GASB~~ Funded Ratio exceeds eighty percent  
25 (80%).

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

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

33 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
34 employees, active and retired employees, and beneficiaries receiving any retirement, disability or

1 death allowance or benefit of any kind by reason of adoption of this section by their employer, the  
2 annual benefit adjustment provided in any calendar year under this section for adjustments on and  
3 after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by  
4 (II):

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

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

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

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

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

22 The benefit adjustments provided by this paragraph (d)(1)(B) shall be provided to all  
23 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
24 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
25 of the date of retirement or the date on which the retiree reaches his or her Social Security  
26 retirement age, whichever is later; or for municipal police and fire retiring under the provisions of  
27 section 45-21.2-5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on  
28 the later of the third (3rd) anniversary of the date of retirement or the date on which the retiree  
29 reaches age fifty-five (55); or for municipal police and fire retiring under the provisions of section  
30 45-21.2-5(b)(1)(B), the benefit adjustment provided by this paragraph shall commence on the later  
31 of the third (3rd) anniversary of the date of retirement or the date on which the retiree reaches age  
32 fifty (50).

33 (2) Except as provided in paragraph (d)(3), the benefit adjustments under paragraph  
34 (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the

1 municipal employees retirement system unless the municipal plan is determined to be funded at a  
2 Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately  
3 preceding plan year in accordance with the retirement system's actuarial valuation report as  
4 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all  
5 members for such plan year.

6 In determining whether a funding level under this paragraph (d)(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) Notwithstanding paragraph (d)(2), in each fourth plan year commencing after June 30,  
10 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
11 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
12 (d)(1)(B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
13 before June 30, 2015, the dollar amount in paragraph (d)(1)(B)(II) of twenty-five thousand eight  
14 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
15 dollars (\$31,026) until the municipal plan's Funded Ratio exceeds eighty percent (80%).

16 ~~(d)~~(e) Upon acceptance of any of the plans in this section, each employee shall on January  
17 1 next succeeding the acceptance, contribute by means of salary deductions, pursuant to § 45-21-  
18 41, one percent (1%) of the employee's compensation concurrently with and in addition to  
19 contributions otherwise being made to the retirement system.

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

22 ~~(f)~~(g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-  
23 52(a)(3) for all employees of the town of East Greenwich who either, pursuant to contract  
24 negotiations, bargain for Plan C, or who are non-union employees who are provided with Plan C  
25 and who shall all collectively be referred to as the "Municipal-COLA Group" and shall be separate  
26 from all other employees of the town and school department, union or non-union, who are in the  
27 same pension group but have not been granted Plan C benefits. Upon acceptance by the town  
28 council, benefits in accordance with this section shall be available to all such employees who retire  
29 on or after January 1, 2003.

30 (h) Effective for members and or beneficiaries of members who have retired on or before  
31 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit  
32 adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall be  
33 payable within sixty (60) days following the enactment of the legislation implementing this  
34 provision, and a second one-time stipend of five hundred dollars (\$500) in the same month of the

1 [following year. These stipends shall not be considered cost of living adjustments under the prior](#)  
2 [provisions of this Section 45-21-52.](#)

3 SECTION 22. Section 42-28-22 of the General Laws in Chapter 42-28 entitled "State  
4 Police" is hereby amended to read as follows:

5 **§ 42-28-22 Retirement of members.** – (a) Whenever any member of the state police hired  
6 prior to July 1, 2007 has served for twenty (20) years, he or she may retire therefrom or he or she  
7 may be retired by the superintendent with the approval of the governor, and in either event a sum  
8 equal to one-half (1/2) of the whole salary for the position from which he or she retired determined  
9 on the date he or she receives his or her first retirement payment shall be paid him or her during  
10 life.

11 (b) For purposes of this section, the term "whole salary" means:

12 (1) For each member who retired prior to July 1, 1966, "whole salary" means the base  
13 salary for the position from which he or she retired as the base salary for that position was  
14 determined on July 31, 1972;

15 (2) For each member who retired between July 1, 1966 and June 30, 1973, "whole salary"  
16 means the base salary for the position from which he or she retired as the base salary, implemented  
17 by the longevity increment, for that position was determined on July 31, 1972 or on the date of his  
18 or her retirement, whichever is greater;

19 (3) For each member who retired or who retires after July 1, 1973 "whole salary" means the  
20 base salary, implemented by the longevity increment, holiday pay, and clothing allowance, for the  
21 position from which he or she retired or retires.

22 (c) Any member who retired prior to July 1, 1977 shall receive a benefits payment  
23 adjustment equal to three percent (3%) of his or her original retirement, as determined in  
24 subsection (b) of this section, in addition to his or her original retirement allowance. In each  
25 succeeding year thereafter during the month of January, the retirement allowance shall be increased  
26 an additional three percent (3%) of the original retirement allowance, not compounded, to be  
27 continued until January 1, 1991. For the purposes of the computation, credit shall be given for a  
28 full calendar year regardless of the effective date of the service retirement allowance. For purposes  
29 of this subsection, the benefits payment adjustment shall be computed from January 1, 1971 or the  
30 date of retirement, whichever is later in time.

31 (2) Any member of the state police who retires pursuant to the provisions of this chapter on  
32 or after January 1, 1977, shall on the first day of January, next following the third anniversary date  
33 of the retirement receive a benefits payment adjustment, in addition to his or her retirement  
34 allowance, in an amount equal to three percent (3%) of the original retirement allowance. In each

1 succeeding year thereafter during the month of January, the retirement allowance shall be increased  
2 an additional three percent (3%) of the original retirement allowance, not compounded, to be  
3 continued until January 1, 1991. For the purposes of the computation, credit shall be given for a  
4 full calendar year regardless of the effective date of the service retirement allowance.

5 (3) Any retired member of the state police who is receiving a benefit payment adjustment  
6 pursuant to subdivisions (1) and (2) of this section shall beginning January 1, 1991 and ending  
7 June 30, 2012, receive a benefits payment adjustment equal to fifteen hundred dollars (\$1,500).

8 (d) The benefits payment adjustment as provided in this section shall apply to and be in  
9 addition to the retirement benefits under the provisions of § 42-28-5, and to the injury and death  
10 benefits under the provisions of § 42-28-21.

11 (e) Any member who retires after July 1, 1972 and is eligible to retire prior to July 1, 2012  
12 and who has served beyond twenty (20) years shall be allowed an additional amount equal to three  
13 percent (3%) for each completed year served after twenty (20) years, but in no event shall the  
14 original retirement allowance exceed sixty-five percent (65%) of his or her whole salary as defined  
15 in subsection (b) hereof or sixty-five percent (65%) of his or her salary as defined in subsection (b)  
16 hereof in his or her twenty-fifth (25th) year whichever is less.

17 (2) Each member who retired prior to July 1, 1975, shall be entitled to all retirement  
18 benefits as set forth above or shall be paid benefits as set forth in subdivision (b)(1) with "whole  
19 salary" meaning the base salary for the position from which he or she retired as the base salary for  
20 the position was determined on July 1, 1975, whichever is greater.

21 (f) Any member who retires, has served as a member for twenty (20) years or more, and  
22 who served for a period of six (6) months or more of active duty in the armed service of the United  
23 States or in the merchant marine service of the United States as defined in § 2 of chapter 1721 of  
24 the Public Laws, 1946, may purchase credit for such service up to a maximum of two (2) years;  
25 provided that any member who has served at least six (6) months or more in any one year shall be  
26 allowed to purchase one year for such service and any member who has served a fraction of less  
27 than six (6) months in his or her total service shall be allowed to purchase six (6) months' credit for  
28 such service.

29 (2) The cost to purchase these credits shall be ten percent (10%) of the member's first year  
30 salary as a state policeman multiplied by the number of years and/or fraction thereof of such armed  
31 service up to a maximum of two (2) years. The purchase price shall be paid into the general fund.  
32 For members hired on or after July 1, 1989, the purchase price shall be paid into a restricted  
33 revenue account entitled "state police retirement benefits" and shall be held in trust.

34 (3) There will be no interest charge provided the member makes such purchase during his

1 or her twentieth (20th) year or within five (5) years from May 18, 1981, whichever is later, but will  
2 be charged regular rate of interest as defined in § 36-8-1 as amended to date of purchase from the  
3 date of his or her twentieth (20th) year of state service or five (5) years from May 18, 1981,  
4 whichever is later.

5 (4) Any member who is granted a leave of absence without pay for illness, injury or any  
6 other reason may receive credit therefor by making the full actuarial cost as defined in subdivision  
7 36-8-1(10); provided the employee returns to state service for at least one year upon completion of  
8 the leave.

9 (5) In no event shall the original retirement allowance exceed sixty-five percent (65%) of  
10 his or her whole salary as defined in subsection (b) hereof or sixty-five percent (65%) of his or her  
11 salary as defined in subsection (b) hereof in his or her twenty-fifth (25th) year, whichever is less.

12 (6) Notwithstanding any other provision of law, no more than five (5) years of service  
13 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
14 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years of  
15 service credits before January 1, 1995, shall be permitted to apply those purchases towards the  
16 member's service retirement. However, no further purchase will be permitted. Repayment in  
17 accordance with applicable law and regulation of any contribution previously withdrawn from the  
18 system shall not be deemed a purchase of service credit.

19 (g) The provisions of this section shall not apply to civilian employees in the Rhode Island  
20 state police; and, further, from and after April 28, 1937, chapters 8 – 10, inclusive, of title 36 shall  
21 not be construed to apply to the members of the Rhode Island state police, except as provided by  
22 §§ 36-8-3, 36-10-1.1, 42-28-22.1, and 42-28-22.2, and section 36-8-1(5) and (8)(a) effective July  
23 1, 2012.

24 (h) Any member of the state police other than the superintendent of state police, who is  
25 hired prior to July 1, 2007 and who has served for twenty-five (25) years or who has attained the  
26 age of sixty-two (62) years, whichever shall first occur, shall retire therefrom.

27 (i) Any member of the state police, other than the superintendent, who is hired on or after  
28 July 1, 2007 and who has served for twenty-five (25) years, may retire therefrom or he or she may  
29 be retired by the superintendent with the approval of the governor, and shall be entitled to a  
30 retirement allowance of fifty percent (50%) of his or her "whole salary" as defined in subsection  
31 (b) hereof.

32 (2) Any member of the state police who is hired on or after July 1, 2007 may serve up to a  
33 maximum of thirty (30) years, and shall be allowed an additional amount equal to three percent  
34 (3.0%) for each completed year served after twenty-five (25) years, but in no event shall the

1 original retirement allowance exceed sixty-five percent (65%) of his or her "whole salary" as  
2 defined in subsection (b) hereof.

3 (j) Effective July 1, 2012, any other provision of this section notwithstanding:

4 (j) Any member of the state police, other than the superintendent of state police, who is not  
5 eligible to retire on or prior to June 30, 2012 may retire at any time subsequent to the date the  
6 member's retirement allowance equals or exceeds fifty percent (50%) of average compensation as  
7 defined in section 36-8-1(5)(a), provided that a member shall retire upon the first to occur of:

8 (i) The date the member's retirement allowance equals sixty-five percent (65%); or

9 (ii) The later of the attainment of age sixty-two (62) or completion of five (5) years of  
10 service; provided however, any current member as of June 30, 2012 who has not accrued fifty  
11 percent (50%) upon attaining the age of sixty-two (62) shall retire upon accruing fifty percent  
12 (50%); and upon retirement a member shall receive a retirement allowance which shall equal:

13 (A) For members hired prior to July 1, 2007 the sum of (i), (ii) and (iii) where

14 (i) Is calculated as the member's years of total service before July 1, 2012 multiplied by  
15 two and one half percent (2.5%) of average compensation for a member's first twenty (20) total  
16 years,

17 (ii) Is calculated as the member's years of total service before July 1, 2012 in excess of  
18 twenty (20) years not to exceed twenty-five (25) years multiplied by three percent (3%) of average  
19 compensation, and

20 (iii) Is the member's years of total service on or after July 1, 2012 multiplied by two  
21 percent (2%) of average compensation as defined in § 36-8-1(5)(a).

22 (B) For members hired on or after July 1, 2007, the member's retirement allowance shall be  
23 calculated as the member's years of total contributory service multiplied by two percent (2%) of  
24 average compensation.

25 (C) Any member of the state police who is eligible to retire on or prior to June 30, 2012  
26 shall retire with a retirement allowance calculated in accordance with paragraph (a) and (e) above  
27 except that whole salary shall be defined as final compensation where compensation for purposes  
28 of this section and § 42-28-22.1 includes base salary, longevity and holiday pay.

29 (D) Notwithstanding the preceding provisions, in no event shall a member's final  
30 compensation be lower than his or her final compensation determined as of June 30, 2012.

31 (2) In no event shall a member's original retirement allowance under any provisions of this  
32 section exceed sixty-five percent (65%) of his or her average compensation.

33 (3) For each member who retires on or after July 1, 2012, except as provided in paragraph  
34 (j)(1)(C) above, compensation and average compensation shall be defined in accordance with § 36-

1 8-1(5)(a) and (8), provided that for a member whose regular work period exceeds one hundred  
2 forty-seven (147) hours over a twenty-four (24) day period at any time during the four (4) year  
3 period immediately prior to his/her retirement that member shall have up to four hundred (400)  
4 hours of his/her pay for regularly scheduled work earned during this period shall be included as  
5 "compensation" and/or "average compensation" for purposes of this section and § 42-28-22.1.

6 (4) This subsection (4) shall be effective for the period July 1, 2012 through June 30, 2015.

7 Notwithstanding the prior paragraphs of this section, and subject to paragraph (4)(ii) below, for all  
8 present and former members, active and retired members, and beneficiaries receiving any  
9 retirement, disability or death allowance or benefit of any kind, whether for or on behalf of a non-  
10 contributory member or contributory member, the annual benefit adjustment provided in any  
11 calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to the  
12 percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from the  
13 Five-Year Average Investment Return of the retirement system determined as of the last day of the  
14 plan year preceding the calendar year in which the adjustment is granted, said percentage not to  
15 exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of  
16 the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement  
17 allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same  
18 percentage as determined under (4)(i)(A) above. The "Five-Year Average Investment Return" shall  
19 mean the average of the investment returns for the most recent five (5) plan years as determined by  
20 the retirement board. Subject to paragraph (4)(ii) below, the benefit adjustment provided by this  
21 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
22 which the retiree reaches age fifty-five (55), whichever is later. In the event the retirement board  
23 adjusts the actuarially assumed rate of return for the system, either upward or downward, the  
24 subtrahend shall be adjusted either upward or downward in the same amount.

25 (ii) Except as provided in paragraph (4)(iii), the benefit adjustments under this section for  
26 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the Employees'  
27 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police  
28 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
29 percent (80%) in which event the benefit adjustment will be reinstated for all members for such  
30 plan year.

31 In determining whether a funding level under this paragraph (4)(ii) has been achieved, the  
32 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
33 current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean~~  
34 ~~the ratio of the actuarial value of assets to the actuarial accrued liability.~~

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

7 (iv) The provisions of this paragraph (j)(4) of § 42-28-22 shall become effective July 1,  
8 2012 and shall apply to any benefit adjustment not granted on or prior to June 30, 2012.

9 (v) The cost-of-living adjustment as provided in this paragraph (j)(4) shall apply to and be  
10 in addition to the retirement benefits under the provisions of § 42-28-5 and to the injury and death  
11 benefits under the provisions of § 42-28-21.

12 (5) This subsection (5) shall become effective July 1, 2015.

13 (i)(A) As soon as administratively reasonable following the enactment into law of this  
14 paragraph (5)(i)(A), a one-time benefit adjustment shall be provided to members and/or  
15 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the lesser  
16 of either the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
17 the member's retirement allowance. This one-time benefit adjustment shall be provided without  
18 regard to the retiree's age or number of years since retirement.

19 (B) Notwithstanding the prior paragraphs of this section, for all present and former  
20 members, active and retired members, and beneficiaries receiving any retirement, disability or  
21 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year  
22 under this section for adjustments on and after January 1, 2016, and subject to paragraph (5)(ii)  
23 below, shall be equal to (I) multiplied by (II):

24 (I) shall equal the sum of fifty percent (50%) of (1) plus fifty percent (50%) of (2) where:

25 (1) 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  
30 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
31 the 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 (2) 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 (1) plus (2) exceed three and one-half percent (3.5%) or be less  
3 than zero percent.

4 (II) is equal to the lesser of either the member'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 (5)(i)(B)(I) above.

7 The benefit adjustments provided by this paragraph (5)(i)(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 (3rd) anniversary  
10 of the date of retirement or the date on which the retiree reaches his or her Social Security  
11 retirement age, whichever is later.

12 (ii) Except as provided in paragraph (5)(iii), the benefit adjustments under paragraph  
13 (5)(i)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
14 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
15 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
16 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
17 members for such plan year.

18 In determining whether a funding level under this paragraph (5)(ii) 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 (iii) Notwithstanding paragraph (5)(ii), in each fourth plan year commencing after June 30,  
22 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
23 plan years, (i) a benefit adjustment shall be calculated and made in accordance with paragraph  
24 (5)(i) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
25 before June 30, 2015, the dollar amount in paragraph (5)(i)(B)(II) of twenty-five thousand eight  
26 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
27 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the  
28 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
29 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

1 [payment date and shall not be considered cost of living adjustments under the prior provisions of](#)  
2 [this § 42-28-22.](#)

3 ~~(5)~~(6) Any member with contributory service on or after July 1, 2012, who has completed  
4 at least five (5) years of contributory service but who has not retired in accordance with (j)(1)  
5 above, shall be eligible to retire upon the attainment of member's Security retirement age as  
6 defined in 36-8-1(19).

7 ~~(6)~~(7) In no event shall a member's retirement allowance be less than the member's  
8 retirement allowance calculated as of June 30, 2012 based on the member's years of total service  
9 and whole salary as of June 30, 2012.

10 (k) In calculating the retirement benefit for any member, the term base salary as used in  
11 subdivision (b)(3) or average compensation as used in paragraph (j) shall not be affected by a  
12 deferral of salary plan or a reduced salary plan implemented to avoid shutdowns or layoffs or to  
13 effect cost savings. Basic salary shall remain for retirement calculation that which it would have  
14 been but for the salary deferral or salary reduction due to a plan implemented to avoid shutdowns  
15 or layoffs or to effect cost savings.

16 SECTION 23. Section 8-3-15 of the General Laws in Chapter 8-3 entitled "Justices of  
17 Supreme, Superior, and Family Courts" is hereby amended to read as follows:

18 **§ 8-3-15 Cost of living allowance.** – (a) All justices of the supreme court, superior court,  
19 family court, or district court, or their surviving spouses or domestic partners, who retire after  
20 January 1, 1970 and who receive a retirement allowance pursuant to the provisions of this title  
21 shall, on the first day of January next following the third anniversary date of retirement, receive a  
22 cost-of-living retirement adjustment in addition to his or her retirement allowance in an amount  
23 equal to three percent (3%) of the original retirement allowance. In each succeeding year thereafter  
24 during the month of January, the retirement allowance shall be increased an additional three  
25 percent (3%) of the original allowance, not compounded, to be continued during the lifetime of the  
26 justice or his or her surviving spouse or domestic partner. For the purpose of such computation,  
27 credit shall be given for a full calendar year regardless of the effective date of the retirement  
28 allowance.

29 (b) Any justice who retired prior to January 31, 1977 shall be deemed for the purpose of  
30 this section to have retired on January 1, 1977.

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

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

12 (d) This subsection (d) 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 paragraph (d)(2)  
14 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
15 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
16 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
17 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided  
18 in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to  
19 the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from  
20 the Five-Year Average Investment Return of the retirement system determined as of the last day of  
21 the plan year preceding the calendar year in which the adjustment is granted, said percentage not to  
22 exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of  
23 the justice's retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement  
24 allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same  
25 percentage as determined under (d)(1)(A) above. The "Five-Year Average Investment Return" shall  
26 mean the average of the investment return of the most recent five (5) plan years as determined by  
27 the retirement board. Subject to paragraph (d)(2) below, the benefit adjustment provided by this  
28 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
29 which the retiree reaches his or her Social Security retirement age, whichever is later. In the event  
30 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
31 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

32 (2) Except as provided in paragraph (d)(3), the benefit adjustments under this section for  
33 any plan year shall be suspended in their entirety unless the ~~GASB~~ Funded Ratio of the Employees'  
34 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police

1 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
2 percent (80%) in which event the benefit adjustment will be reinstated for all justices for such plan  
3 year.

4 In determining whether a funding level under this paragraph (d)(2) has been achieved, the  
5 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
6 current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean  
7 the ratio of the actuarial value of assets to the actuarial accrued liability.~~

8 (3) Notwithstanding paragraph (d)(2), in each fifth plan year commencing after June 30,  
9 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
10 (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
11 (d)(1) above until the ~~GASB~~ Funded Ratio of the Employees' Retirement System of Rhode Island,  
12 the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated  
13 by the system's actuary on an aggregate basis, exceeds eighty percent (80%)

14 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (d)  
15 of § 8-3-15 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
16 granted on or prior to June 30, 2012.

17 (e) This subsection (e) shall become effective July 1, 2015.

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

24 (B) Notwithstanding the prior paragraphs of this section, for all present and former justices,  
25 active and retired justices, and beneficiaries receiving any retirement, disability or death allowance  
26 or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to  
27 December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a  
28 contributory justice, the annual benefit adjustment provided in any calendar year under this section  
29 for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall be equal  
30 to (I) multiplied by (II):

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

32 (i) 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%). The "Five-Year Average Investment Return" shall mean the average of the investment  
3 returns of the most recent five (5) plan years as determined by the retirement board. In the event  
4 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
5 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

14 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
15 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
16 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
17 of the date of retirement or the date on which the retiree reaches his or her Social Security  
18 retirement age, whichever is later.

19 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
20 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
21 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
22 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
23 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
24 justices for such plan year.

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

28 (3) Notwithstanding paragraph (e)(2), in each fourth plan year commencing after June 30,  
29 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
30 plan years,(i) a benefit adjustment shall be calculated and made in accordance with paragraph  
31 (e)(1) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
32 before June 30, 2015, the dollar amount in paragraph (e)(1)(B)(II) of twenty-five thousand eight  
33 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
34 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the

1 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
2 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

3 (A) Effective for members and or beneficiaries of members 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 members 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 8-3-15.

10 SECTION 24. Section 8-8.2-12 of the General Laws in Chapter 8-8.2 entitled “Traffic  
11 Tribunal” is hereby amended to read as follows:

12 **§ 8-8.2-12 Additional benefits payable to retired judges and their surviving spouses or**  
13 **domestic partners.** – (a) All judges of the administrative adjudication court and all judges of the  
14 administrative adjudication court who have been reassigned to the traffic tribunal, or their  
15 surviving spouses or domestic partners, who retire after January 1, 1970 and who receive a  
16 retirement allowance pursuant to the provisions of this title, shall, on the first day of January, next  
17 following the third anniversary of the retirement, receive a cost of living retirement adjustment in  
18 addition to his or her retirement allowance in an amount equal to three percent (3%) of the original  
19 retirement allowance. In each succeeding year thereafter during the month of January, the  
20 retirement allowance shall be increased an additional three percent (3%) of the original allowance,  
21 compounded annually from the year cost of living adjustment was first payable to be continued  
22 during the lifetime of the judge or his or her surviving spouse or domestic partner. For the purpose  
23 of such computation, credit shall be given for a full calendar year regardless of the effective date of  
24 the retirement allowance.

25 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of  
26 this section to have retired on January 1, 1980.

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

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

8 (d) [This subsection \(d\) shall be effective for the period July 1, 2012 through June 30,](#)  
9 [2015.](#)

10 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)  
11 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
12 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
13 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
14 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided  
15 in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to  
16 the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from  
17 the Five-Year Average Investment Return of the retirement system determined as of the last day of  
18 the plan year preceding the calendar year in which the adjustment is granted, said percentage not to  
19 exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of  
20 the justice's retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement  
21 allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same  
22 percentage as determined under (d)(1)(A) above. The "Five-Year Average Investment Return" shall  
23 mean the average of the investment return of the most recent five (5) plan years as determined by  
24 the retirement board. Subject to paragraph (d)(2) below, the benefit adjustment provided by this  
25 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
26 which the retiree reaches his or her Social Security retirement age, whichever is later. In the event  
27 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
28 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

1 In determining whether a funding level under this paragraph (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. ~~"GASB Funded Ratio" shall mean~~  
4 ~~the ratio of the actuarial value of assets to the actuarial accrued liability.~~

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

11 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (d)  
12 of § 8-8.2-12 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
13 granted on or prior to June 30, 2012.

14 (e) This subsection (e) shall become effective July 1, 2015.

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

21 (B) Notwithstanding the prior paragraphs of this section, for all present and former justices,  
22 active and retired justices, and beneficiaries receiving any retirement, disability or death allowance  
23 or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to  
24 December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a  
25 contributory justice, the annual benefit adjustment provided in any calendar year under this section  
26 for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall be equal  
27 to (I) multiplied by (II):

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

29 (i) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
30 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
31 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
32 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
33 (0%). The "Five-Year Average Investment Return" shall mean the average of the investment  
34 returns of the most recent five (5) plan years as determined by the retirement board. In the event

1 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
2 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

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

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

11 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
12 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
13 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
14 of the date of retirement or the date on which the retiree reaches his or her Social Security  
15 retirement age, whichever is later.

16 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
17 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
18 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
19 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
20 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
21 justices for such plan year.

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

25 (3) Notwithstanding paragraph (e)(2), effective for members and/or beneficiaries of  
26 members who retired on or before June 30, 2015, in each fourth plan year commencing after June  
27 30, 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of  
28 four plan years,(i) a benefit adjustment shall be calculated and made in accordance with paragraph  
29 (e)(1) (B) above and (ii) the dollar amount in paragraph (e)(1)(B)(II) of twenty-five thousand eight  
30 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
31 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the  
32 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
33 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

1 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
2 days following the enactment of the legislation implementing this provision, and a second one-time  
3 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends  
4 shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable  
5 payment date and shall not be considered cost of living adjustments under the prior provisions of  
6 this Section 8-8.2-12.

7 SECTION 25. Section 28-30-18 of the General Laws in Chapter 28-30 entitled “Workers’  
8 Compensation Court” is hereby amended to read as follows:

9 **§ 28-30-18 Additional benefits payable to retired judges and their surviving spouses or**  
10 **domestic partners.** – (a) All judges of the workers' compensation court, or their surviving spouses  
11 or domestic partners, who retire after January 1, 1970 and who receive a retirement allowance  
12 pursuant to the provisions of this title, shall, on the first day of January next following the third  
13 anniversary date of their retirement, receive a cost of living retirement adjustment in addition to his  
14 or her retirement allowance in an amount equal to three percent (3%) of the original retirement  
15 allowance. In each succeeding subsequent year during the month of January the retirement  
16 allowance shall be increased an additional three percent (3%) of the original allowance,  
17 compounded annually from the year the cost of living adjustment was first payable to be continued  
18 during the lifetime of that judge or his or her surviving spouse or domestic partner. For the purpose  
19 of that computation, credit shall be given for a full calendar year regardless of the effective date of  
20 the retirement allowance.

21 (b) Any judge who retired prior to January 31, 1980, shall be deemed for the purpose of  
22 this section to have retired on January 1, 1980.

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

1 following the anniversary date of each succeeding year. For judges eligible to retire as of  
2 September 30, 2009 or eligible upon passage of this article, and for their beneficiaries, the  
3 provisions of this subsection (c) shall not apply.

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

5 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (d)(2)  
6 below, for all present and former justices, active and retired justices, and beneficiaries receiving  
7 any retirement, disability or death allowance or benefit of any kind, whether provided for or on  
8 behalf of justices engaged on or prior to December 31, 1989 as a non-contributory justice or  
9 engaged after December 31, 1989 as a contributory justice, the annual benefit adjustment provided  
10 in any calendar year under this section shall be equal to (A) multiplied by (B) where (A) is equal to  
11 the percentage determined by subtracting five and one-half percent (5.5%) (the "subtrahend") from  
12 the Five-Year Average Investment Return of the retirement system determined as of the last day of  
13 the plan year preceding the calendar year in which the adjustment is granted, said percentage not to  
14 exceed four percent (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of  
15 the justice's retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement  
16 allowance, such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same  
17 percentage as determined under (d)(1)(A) above. The "Five-Year Average Investment Return" shall  
18 mean the average of the investment return of the most recent five (5) plan years as determined by  
19 the retirement board. Subject to paragraph (d)(2) below, the benefit adjustment provided by this  
20 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
21 which the retiree reaches his or her Social Security retirement age, whichever is later. In the event  
22 the retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
23 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

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

30 In determining whether a funding level under this paragraph (d)(2) has been achieved, the  
31 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
32 current or future benefit adjustment provided under this section. ~~"GASB Funded Ratio" shall mean~~  
33 ~~the ratio of the actuarial value of assets to the actuarial accrued liability.~~

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

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

6 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph (d)  
7 of § 28-30-18 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
8 granted on or prior to June 30, 2012.

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

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

16 (B) Notwithstanding the prior paragraphs of this section, for all present and former justices,  
17 active and retired justices, and beneficiaries receiving any retirement, disability or death allowance  
18 or benefit of any kind, whether provided for or on behalf of justices engaged on or prior to  
19 December 31, 1989 as a non-contributory justice or engaged after December 31, 1989 as a  
20 contributory justice, the annual benefit adjustment provided in any calendar year under this section  
21 for adjustments on and after January 1, 2016, and subject to paragraph (e)(2) below, shall be equal  
22 to (I) multiplied by (II):

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

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

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

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

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

6 The benefit adjustments provided by this paragraph (e)(1)(B) shall be provided to all  
7 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
8 and for all other retirees the benefit adjustments shall commence upon the third (3rd) anniversary  
9 of the date of retirement or the date on which the retiree reaches his or her Social Security  
10 retirement age, whichever is later.

11 (2) Except as provided in paragraph (e)(3), the benefit adjustments under paragraph  
12 (e)(1)(B) for any plan year shall be suspended in their entirety unless the Funded Ratio of the  
13 Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the  
14 State Police Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis,  
15 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
16 justices for such plan year.

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

20 (3) Notwithstanding paragraph (e)(2), in each fourth plan year commencing after June 30,  
21 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
22 plan years,(i) a benefit adjustment shall be calculated and made in accordance with paragraph  
23 (e)(1) (B) above and (ii) effective for members and/or beneficiaries of members who retired on or  
24 before June 30, 2015, the dollar amount in paragraph (e)(1)(B)(II) of twenty-five thousand eight  
25 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
26 dollars (\$31,026) until the Funded Ratio of the Employees' Retirement System of Rhode Island, the  
27 Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by  
28 the system's actuary on an aggregate basis, exceeds eighty percent (80%).

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

1 [this Section 8-8.2-12.](#)

2 SECTION 26. Section 45-21.2-5 of the General Laws in Chapter 45-21.2 entitled  
3 “Optional Retirement for Members of Police Force and Fire Fighters” is hereby amended to read as  
4 follows:

5 **§ 45-21.2-5 Retirement on service allowance.** – (a) Retirement of a member on a service  
6 retirement allowance for members eligible to retire on or before June 30, 2012 shall be made,  
7 subject to paragraph (a)(11) below, by the retirement board as follows:

8 (1) Any member who has attained or attains age seventy (70) shall be retired as stated in §  
9 45-21-16 subject to the discretions contained in that section; provided, that any member who is a  
10 member of the Woonsocket fire department who has attained or attains an age of sixty-five (65)  
11 years shall be retired. Retirement occurs on the first day of the next succeeding calendar month in  
12 which the member has attained the age of sixty-five (65) years.

13 (2) Any member may retire pursuant to this subdivision upon written application to the  
14 board stating at what time the member desires to retire; provided, that the member at the specified  
15 time for retirement has attained an age of fifty-five (55) years and has completed at least ten (10)  
16 years of total service, and notwithstanding that the member may have separated from service.

17 (3) Any member may retire pursuant to this subdivision upon written application to the  
18 board stating at what time the member desires to retire; provided, that the member at the specified  
19 time for retirement has completed at least twenty-five (25) years of total service, and  
20 notwithstanding that the member may have separated from service.

21 (4) Any member may retire pursuant to this subdivision upon written application to the  
22 board stating at what time the member desires to retire; provided, that the member at the specified  
23 time for retirement has attained an age of fifty (50) years and has completed at least twenty (20)  
24 years of total service, notwithstanding that the member may have separated from service; provided,  
25 that the service retirement allowance, as determined according to the formula provided in § 45-  
26 21.2-6, is reduced one-half of one percent ( 1/2%) for each month that the age of the member is  
27 less than fifty-five (55) years.

28 (5) Any member of the South Kingstown police department may retire pursuant to this  
29 subdivision upon written application to the board stating at what time the member desires to retire;  
30 provided, that the member at the specified time for retirement has earned a service retirement  
31 allowance of fifty percent (50%) of final compensation pursuant to § 45-21.2-6.1.

32 (6) Any member of the Johnston police department may retire pursuant to this subdivision  
33 upon written application to the board stating at what time the member desires to retire; provided,  
34 that the member at the specified time for retirement has earned a service retirement allowance of

1 fifty percent (50%) of final compensation pursuant to § 45-21.2-6.2.

2 (7) Any member of the Cranston fire department hired after July 1, 1995, or any member of  
3 the Cranston fire department with five (5) years or less of service effective July 1, 1995, may retire  
4 pursuant to this subdivision upon written application to the board stating at what time the member  
5 desires to retire; provided, that the member at the specified time for retirement has earned a service  
6 retirement allowance of fifty percent (50%) of final compensation for at least twenty (20) years  
7 service; final compensation for Cranston fire department members is based on the compensation  
8 components of weekly salary, longevity and holidays with longevity of the members highest year  
9 of earnings and members shall receive a three percent (3%) escalation of their pension payment  
10 compounded each year on January 1st following the year of retirement and continuing on an annual  
11 basis on that date; further, any illness or injury not covered in title 45 of the general laws relating  
12 to the presumption of disability is governed by the collective bargaining agreement between the  
13 City of Cranston and members of the Cranston fire department.

14 (8) Any member of the Cranston police department hired after July 1, 1995, or any member  
15 of the Cranston police department with five (5) years or less of service effective July 1, 1995, may  
16 retire pursuant to this subdivision upon written application to the board stating at what time the  
17 member desires to retire; provided, that the member at the specified time for retirement has earned  
18 a service retirement allowance of fifty percent (50%) of final compensation for at least twenty (20)  
19 years service; final compensation for Cranston police department members is based on the  
20 compensation components of weekly salary, longevity and holidays with longevity of the members  
21 highest year of earnings and members shall receive a three percent (3%) escalation of their pension  
22 payment compounded each year on January 1st following the year of retirement and continuing on  
23 an annual basis on that date; further, any illness or injury not covered in title 45 of the general laws  
24 relating to the presumption of disability is governed by the collective bargaining agreement  
25 between the City of Cranston and members of the Cranston police department.

26 (9) Any member of the Hopkinton police department may retire pursuant to this subdivision  
27 upon written application to the board stating at what time the member desires to retire; provided,  
28 that the member at the specified time for retirement has earned a service retirement allowance of  
29 fifty percent (50%) of final compensation for at least twenty (20) years service; final compensation  
30 for Hopkinton police department members is based on the compensation components of weekly  
31 salary, longevity and holidays with longevity of the members highest year of earnings and  
32 members shall receive a three percent (3%) escalation of their pension payment compounded each  
33 year on January 1st following the year of retirement and continuing on an annual basis on that date.

34 (10) Any member of the Richmond police department may retire pursuant to this

1 subdivision upon written application to the board stating at what time the member desires to retire;  
2 provided, that the member at the specified time for retirement has earned a service retirement  
3 allowance of fifty percent (50%) of final compensation for at least twenty-two (22) years' service  
4 pursuant to § 45-21.2-6.3.

5 (11) Notwithstanding any provision in this section to the contrary, for any service on or  
6 after July 1, 2012, final compensation shall be defined in accordance with § 45-21.2-2, and no  
7 benefit adjustments shall be provided except as set forth in subsection 45-21-52(c).

8 (12) Notwithstanding any provisions of this section to the contrary, with respect to police  
9 officers employed by the town of Johnston, only those police officers hired on or after July 1, 2010  
10 shall be eligible to be members of the Municipal Employees' Retirement System of the state of  
11 Rhode Island in accordance with this chapter.

12 (b) Retirement of a member on a service retirement allowance eligible to retire on and after  
13 July 1, 2012 shall be made by the retirement board as follows:

14 (1) Any member may retire pursuant to this subdivision upon written application to the  
15 board stating at what time the member desires to retire; provided, that

16 (A) the member at the specified time for retirement attained the age of at least fifty-five  
17 (55) years and has completed at least twenty-five (25) years of total service, and notwithstanding  
18 that the member may have separated from service, or

19 (B) effective July 1, 2015, for members of fire departments exclusive of Cranston fire, the  
20 member makes contributions to the plan effective July 1, 2015 in accordance with section 45-21.2-  
21 14, and (i) the member at the specified time for retirement attained the age of at least fifty (50)  
22 years and has completed at least twenty-five (25) years of total service, or (ii) the member has  
23 completed at least twenty-seven (27) years of total service regardless of the member's attained age,  
24 and notwithstanding that the member may have separated from service.

25 (2) Any member with contributory service on or after July 1, 2012, who has completed at  
26 least five (5) years of contributory service but who has not completed twenty-five (25) years of  
27 service, shall be eligible to retire upon the attainment of the member's Social Security retirement  
28 age.

29 (3) If a member had ten (10) or more years of contributory service and attained age forty-  
30 five (45) prior to July 1, 2012 and would have been eligible to retire at or prior to age fifty-two  
31 (52) in accordance with the rules in effect prior to July 1, 2012, the member may retire upon  
32 attainment of age fifty-two (52).

33 (4) Effective July 1, 2015, a member who has completed twenty (20) or more years of  
34 total service who has attained an age within five (5) years of the eligible retirement age under

1 subparagraphs (b)(1) or (b)(2) or (b)(3) above, may elect to retire provided that the retirement  
2 allowance shall be reduced actuarially for each month that the age of the member is less than the  
3 eligible retirement age under subparagraphs (b)(1) or (b)(2) or (b)(3) above, provided that for  
4 members of fire departments exclusive of Cranston fire, actuarial reduction will be made in  
5 accordance with the following table:

<u>Year Preceding Retirement</u>	<u>Cumulative Annual Reduction</u>	<u>Cumulative Monthly Reduction</u>
<u>For Year 1</u>	<u>9%</u>	<u>.75%</u>
<u>For Year 2</u>	<u>8%</u>	<u>.667%</u>
<u>For Year 3</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 4</u>	<u>7%</u>	<u>.583%</u>
<u>For Year 5</u>	<u>7%</u>	<u>.583%.</u>

12 (5) Notwithstanding any other provisions of this section, a member on June 30, 2012, may  
13 elect to retire at his or her eligible retirement date as determined under the rules in effect on June  
14 30, 2012 provided that a member making an election under this paragraph shall receive the  
15 member's retirement benefit determined and calculated based on the member's service and final  
16 compensation as of June 30, 2012. This provision shall be interpreted and administered in a manner  
17 to protect a member's accrued benefit on June 30, 2012.

18 SECTION 27. Section 45-21.2-6 of the General Laws in Chapter 45-21.2 entitled  
19 "Optional Retirement for Members of Police Force and Fire Fighters" is hereby amended to read as  
20 follows:

21 **§ 45-21.2-6 Service retirement allowance.** – (a) Upon retirement from service pursuant to  
22 § 45-21.2-5, a member receives a retirement allowance which is a life annuity terminable at the  
23 death of the annuitant and shall be an amount equal to two percent (2%) of final compensation  
24 multiplied by the years of total service, provided that for members of fire departments, exclusive of  
25 Cranston fire, a member who retires upon the attainment of age of fifty-seven (57) years and has  
26 completed at least thirty (30) years of total service shall receive a retirement allowance which is a  
27 life annuity terminable at the death of the annuitant and shall be an amount equal to the greater of  
28 (i) two and one quarter percent (2.25%) of final compensation multiplied by total years of service  
29 or (ii) the member's accrued benefit determined as of June 30, 2012 plus two and one quarter  
30 percent (2.25%) of final compensation multiplied by member's years of service after June 30,  
31 2012; provided further that the life annuity under this paragraph (a) shall not ~~but not to~~ exceed  
32 seventy-five percent (75%) of final compensation.

33 (b) Upon retirement, the member may elect to receive the actuarial equivalent of his or her  
34 retirement allowance in a lesser retirement allowance as determined by actuarial calculation, which

1 is payable throughout life with the provision that:

2 (1) *Option 1.* A reduced retirement allowance payable during the member's life with the  
3 provisions that after his or her death it shall continue during the life of and be paid to the person  
4 that he or she nominated by written designation duly acknowledged and filed with the retirement  
5 board at the time of retirement; or

6 (2) *Option 2.* A reduced retirement allowance payable during the member's life with the  
7 provision that after his or her death an allowance equal to one-half ( 1/2) of his or her reduced  
8 allowance shall continue during the life of and be paid to the person that he or she nominated by  
9 written designation duly acknowledged and filed with the board at the time of retirement.

10 (c) If prior to July 1, 2012, a member elected an optional form of benefit other than a life  
11 annuity in accordance with paragraph (b)(1) or (2) above, the member may elect to change his or  
12 her form of benefit to a life annuity by filing an election with the retirement board on or before  
13 June 30, 2013 provided that the member's beneficiary is still alive at the time the election is filed.

14 SECTION 28. Section 45-21.2-14 of the General Laws in Chapter 45-21.2 entitled  
15 “Optional Retirement for Members of Police Force and Fire Fighters” is hereby amended to read as  
16 follows:

17 **§ 45-21.2-14 Contributions.** – (a) Each member shall contribute an amount equal to seven  
18 percent (7%) of the salary or compensation earned or accruing to the member provided that  
19 effective July 1, 2015 each member of fire departments exclusive of Cranston fire shall contribute  
20 an amount equal to nine percent (9%) of the salary or compensation earned or accruing to the  
21 member. Special compensation or additional fees shall not be considered as compensation for  
22 contribution purposes.

23 (b) Deductions are made in accordance with § 45-21-14 and credited in accordance with §  
24 45-21-43.

25 (c) Each municipality shall make contributions to the system to provide the remainder of  
26 the obligation for retirement allowances, annuities, and other benefits provided in this section, after  
27 applying the accumulated contribution of members, interest income on investments, and other  
28 accrued income. The contribution shall be compiled in accordance with §§ 45-21-42 – 45-21-44,  
29 except that contributions for the first five (5) years of the system shall likewise be determined by  
30 the board.

31 (d) Provided, that members of the South Kingstown police department, beginning July 1,  
32 1985 and until June 30, 2012, contribute an amount equal to eight percent (8%) of salary or  
33 compensation or additional fees are not considered as compensation for retirement purposes. For  
34 service on and after July 1, 2012, a member of the South Kingstown police department shall make

1 contributions in accordance with paragraph (a) above.

2 (e) Provided, further, that for service on or prior to June 30, 2012, members of the City of  
3 Cranston fire department hired after July 1, 1995, beginning July 1, 1995, contribute an amount  
4 equal to ten percent (10%) of their weekly salary; and those members of the City of Cranston fire  
5 department with five (5) years or less of service effective July 1, 1995, have the option to either  
6 remain in the City of Cranston pension plan to which they belonged prior to the adoption of local  
7 ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to the State of Rhode  
8 Island optional twenty (20) year retirement on service allowance an amount equal to ten percent  
9 (10%) of their weekly salary commencing July 1, 1995. The City of Cranston may request and the  
10 retirement board may authorize additional members of the City of Cranston fire department hired  
11 after July 1, 1987, the option to either remain in the City of Cranston pension plan to which they  
12 belonged prior to the adoption of local ordinance by the Cranston city council as stated in § 45-  
13 21.2-22 or contribute to the State of Rhode Island optional twenty (20) year retirement on service  
14 allowance an amount equal to ten percent (10%) of their weekly salary beginning on a date  
15 specified by the retirement board. For service on and after July 1, 2012, a member of the City of  
16 Cranston fire department shall make contributions in accordance with paragraph (a) above and a  
17 member's benefit shall be calculated in accordance with subsection 45-21.2-22(b).

18 (f) Further, provided, that for service on and prior to June 30, 2012, members of the City of  
19 Cranston police department hired after July 1, 1995, beginning July 1, 1995, contribute an amount  
20 equal to ten percent (10%) of their weekly salary; and those members of the City of Cranston  
21 police department with five (5) years or less of service effective July 1, 1995, have the option to  
22 either remain in the City of Cranston pension plan to which they belonged prior to the adoption of  
23 local ordinance by the Cranston city council as stated in § 45-21.2-22 or contribute to the State of  
24 Rhode Island optional twenty (20) year retirement on service allowance an amount equal to ten  
25 percent (10%) of their weekly salary commencing July 1, 1995. The City of Cranston may request  
26 and the retirement board may authorize additional members of the City of Cranston police  
27 department hired after July 1, 1987, the option to either remain in the City of Cranston pension  
28 plan to which they belonged prior to the adoption of local ordinance by the Cranston city council  
29 as stated in § 45-21.2-22 or contribute to the State of Rhode Island optional twenty (20) year  
30 retirement on service allowance an amount equal to ten percent (10%) of their weekly salary  
31 beginning on a date specified by the retirement board. For service on and after July 1, 2012, a  
32 member of the City of Cranston police department shall make contributions in accordance with  
33 paragraph (a) above and a member's benefit shall be calculated in accordance with subsection 45-  
34 21.2-22(b).

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



# **Exhibit D**

STATE OF RHODE ISLAND  
PROVIDENCE, SC.

SUPERIOR COURT

RHODE ISLAND PUBLIC EMPLOYEES'  
RETIREE COALITION, et al,  
*Plaintiffs,*

vs.

GINA RAIMONDO, in her capacity as  
Governor of the State of Rhode Island, et al,  
*Defendants.*

C.A. No. PC 15-

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**[PROPOSED] FINAL JUDGMENT**

These cases having been heard by the Court, Taft-Carter, J., on May \_\_\_\_, 2015 [Note: insert date of fairness hearing], Judgment shall enter in the above-referenced cases in accordance with the terms and conditions of the Settlement Agreement dated April \_\_\_\_, 2015 (attached as **Exhibit 1**) (“the Settlement Agreement”) and the Legislation passed by the General Assembly on \_\_\_\_\_, 2015, Public Laws \_\_\_\_\_, amending R.I. Gen. Laws § \_\_\_\_\_, enacted into law effective \_\_\_\_\_, 2015 (attached as **Exhibit 2**) (“the Pension Legislation”).

This Judgment is final and shall be binding on all parties and all class members in each of the above-referenced class action cases for settlement purposes. Additionally, all class members are forever and completely barred from ever asserting any claims or causes of action that were alleged or brought or that could have been alleged or brought with respect to the various challenges to the Rhode Island pension statutes made and asserted in each of the above-referenced matters, C.A. Nos. 10-2859, 12-3166, 12-3167, 12-3168 and 12-3579, as the Court has previously found, determined and ruled that the terms and conditions of the Settlement Agreement, as now implemented and made effective by the Pension Litigation, are fair and reasonable.

Nothing in this Judgment shall be construed as a limitation on the General Assembly to enact, amend or repeal laws now or in the future, including, without limitation laws with respect to the Rhode Island pension statutes, consistent with the Constitution and laws of the State of Rhode Island and the United States. In the event the General Assembly ever does so, the foregoing statement shall not be construed as a waiver of any of the parties' or class members' rights, claims or defenses under the terms of this Judgment or with respect to any such legislation.

Accordingly, and for these reasons, Final Judgment now enters in accordance herewith.

ENTER:

PER ORDER:

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

# **Exhibit E**



March 13, 2015

Gina. M. Raimondo  
Governor  
82 Smith Street  
Providence, RI 02903

Seth Magaziner  
General Treasurer  
State House, Room 102  
Providence, R.I. 02903

**Re: Actuarial Analysis of the Settlement Proposal**

As requested, this is our actuarial analysis of the settlement proposal as a result of the Rhode Island Retirement Security Act of 2011 (Act) which makes changes to all plans administered by the Employees' Retirement System of Rhode Island (ERSRI), including:

- ERSRI State Employees (including Correctional Officers, and Nurses)
- ERSRI Teachers
- Municipal Employees Retirement System (MERS), including General Employees and Public Safety
- Judicial Retirement Benefits Trust (JRBT)
- State Police Retirement Benefits Trust (SPRBT)

This analysis provides information on all of the Plans except for the JRBT and the SPRBT. Analysis on those Plans will be provided at a later time.

**Summary of Proposed Changes**

This proposal includes all of the provisions from the original Settlement Agreement, outlined in our February 10, 2014 letter, with effective dates July 1, 2015 as applicable, in addition to the following:

- Two one-time \$500 stipends payable to all current retirees. One payable the month following enactment of this proposal and the final one payable one year later.
- For current retirees, the \$25,000 COLA cap will be increased to \$30,000 (indexed) for any COLA payable based on the every 4<sup>th</sup> year provision (any COLA suspended based on less than 80% funding ratio).
- All current and future State Workers, Teachers, and General MERS active members will be eligible to retire with full benefits at the earlier of their current RIRSA date or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

- For MERS P&F, current and future members can retire with full benefits at the earlier of their current RIRSA retirement age or at the attainment of age 50 with at least 25 years of service or the attainment of any age and 27 years of service. Members will pay an additional 2.00% member contribution rate beginning July 1, 2015.

### **Analysis**

The combination of these provisions will increase the combined employer contribution for Fiscal 2017 by \$31.6 million. This represents 7.9% of the savings generated from all of the changes from the original RIRSA legislation, and 2% more than the original settlement agreement.

The original RIRSA changes include a re-amortization of the funding period from 19 to 25 years that represents approximately 20% of the savings. Thus, just comparing the impact of changes to benefits, the \$31.6 million is 9.8% of the savings.

### **Data and Assumptions**

We prepared our analysis as though the bill would be effective July 1, 2015 and will impact the fiscal year 2017 contribution rates. We assume the fiscal year 2015 and 2016 employer contribution rates would remain unchanged.

To prepare these analyses, we used member and financial data supplied by ERSRI as of June 30, 2014.

We based the analyses on the actuarial assumptions and methods previously adopted by the Retirement Board. However, in connection with the retirement eligibility analyses, we modified the retirement rates consistent with the proposals. Anyone we would have assumed would retire under the current provisions before the earliest allowable age under the proposal was assumed to retire once eligible. In addition, we assume no members would retire within 1 year of the 57/30 provision and an additional 20% of members would retire immediately upon attaining 57/30.

For future benefit adjustments, we assumed the average adjustment would be 2.2% and be provided without suspension for all MERS units because most of these plans will be 80% funded after the legislation passes. For State Employees, Teachers, State Police, and Judges based on projections, we project the benefit adjustments will be suspended for approximately 14 years, except for the intermittent adjustment every fourth year.

### **Other General Comments**

This letter is intended to describe the financial and actuarial effect of the proposed plan changes on ERSRI. Changes in retirement eligibility, for example, could impact the cost of post-retirement medical benefits, but we have not analyzed this effect.

Our calculations are based upon assumptions regarding future events, which may or may not materialize. Please bear in mind that actual results could deviate significantly from our projections, depending on actual plan experience.

Governor Gina. M. Raimondo and Treasurer Seth Magaziner

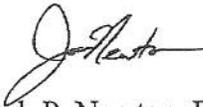
March 13, 2015

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We are not attorneys, and nothing in this letter should be construed as providing legal or tax advice. No statement in this letter is intended to be interpreted as a recommendation in favor of the changes or in opposition to them.

We certify that the undersigned are members of the American Academy of Actuaries and that we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. If you have any questions, or require any additional clarifying information, please do not hesitate to contact either one of the undersigned.

Respectfully submitted,



Joseph P. Newton, FSA, MAAA, EA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President

cc: Mr. Mark Dingley  
Mr. Andrew Roos  
Mr. Jeffrey Padwa