

2019 -- H 6236 SUBSTITUTE A

LC002860/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO TOWNS AND CITIES - RETIREMENT OF MUNICIPAL EMPLOYEES AND
CLOSED MUNICIPAL RETIREMENT PLANS

Introduced By: Representatives Maldonado, and McLaughlin

Date Introduced: June 20, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-21-8 and 45-21-16.2 of the General Laws in Chapter 45-21
2 entitled "Retirement of Municipal Employees" are hereby amended to read as follows:

3 **45-21-8. Membership in system.**

4 Membership in the retirement system does not begin before the effective date of
5 participation in the system as provided in ~~§§~~ 45-21-4, [45-21.4-2](#) or [45-21.4-3](#) and consists of the
6 following:

7 (a) Any employee of a participating municipality as defined in this chapter, who becomes
8 an employee on and after the effective date of participation, shall, under contract of his or her
9 employment, become a member of the retirement system; provided, that the employee is not
10 receiving any pension or retirement allowance from any other pension or retirement system
11 supported wholly or in part by a participating municipality, and is not a contributor to any other
12 pension or retirement system of a participating municipality. Any employee who is elected to an
13 office in the service of a municipality after the effective date and prior to July 1, 2012, has the
14 option of becoming a member of the system, which option must be exercised within sixty (60)
15 days following the date the employee assumes the duties of his or her office, otherwise that
16 person is not entitled to participate under the provisions of this section;

17 (b) Any employee or elected official of a participating municipality in service prior to the
18 effective date of participation, who is not a member of any other pension or retirement system

1 supported wholly or in part by a participating municipality, and who does not notify the
2 retirement board in writing before the expiration of sixty (60) days from the effective date of
3 participation that he or she does not wish to join the system, shall automatically become a
4 member; and

5 (c) Any employee of a participating municipality in service prior to the effective date of
6 participation, who is a member of any other pension or retirement system supported wholly or in
7 part by a participating municipality on the effective date of participation of their municipality,
8 who then or thereafter makes written application to join this system, and waives and renounces all
9 accrued rights and benefits of any other pension or retirement system supported wholly or in part
10 by a participating municipality, becomes a member of this retirement system and shall not be
11 required to make contribution under any other pension or retirement system of a participating
12 municipality, anything to the contrary notwithstanding.

13 (d) Notwithstanding the provisions of this section, present firefighters employed by the
14 town of Johnston shall establish a pension plan separate from the state of Rhode Island retirement
15 system. If the town of Johnston is thirty (30) days or more late on employer or employee
16 contributions to the pension plan, the auditor general is authorized to redirect any Johnston funds
17 to cover the shortfall or to deduct that amount from any moneys due the town from the state for
18 any purpose other than for education. Disability determinations of present firefighters shall be
19 made by the state retirement board, subject to the provisions of § 45-21-19, at the town of
20 Johnston's expense. All new firefighters hired by the town of Johnston shall become members of
21 the state retirement system.

22 (e) Notwithstanding the provisions of this section, any city of Cranston employees who
23 are presently members of Teamsters Local Union No. 251, hired between the dates of July 1,
24 2005, and June 30, 2010, inclusive, and who are currently members of the retirement system
25 established by this chapter may opt out of said retirement system and choose to enroll in a defined
26 contribution plan (i.e., a 403(b) plan or equivalent thereof) established by the city of Cranston.

27 (f) Notwithstanding the provisions of this section, any city of Cranston employees who
28 are presently members of the Laborers International Union of North America Local 1322 hired
29 between the dates of July 1, 2008, and June 30, 2013, inclusive, and who are currently members
30 of the retirement system established by this chapter may opt out of said retirement system and
31 choose to enroll in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)
32 established by the city of Cranston.

33 (g) Notwithstanding the provisions of this section, any city of Cranston employees who
34 will be members of Teamsters Local Union No. 251, hired after June 30, 2010, shall be enrolled

1 in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established by the city of
2 Cranston and shall not be a member of the retirement system established by this chapter.

3 (h) Notwithstanding the provisions of this section, any city of Cranston employees who
4 are presently members of the Laborers International Union of North America Local 1322 hired
5 after April 23, 2013, shall be enrolled in a defined contribution plan (i.e., 403(b) plan or
6 equivalent thereof) established by the city of Cranston and shall not be a member of the
7 retirement system established by this chapter.

8 (i) Notwithstanding the provisions of this section, any city of Cranston employees
9 defined in (e) and (f) of this section shall be precluded from purchase of service credit for time
10 served on or after July 1, 2010, while participating in the defined contribution plan (i.e., a 403(b)
11 plan or equivalent thereof) established by the city of Cranston should the member cease
12 employment with the city of Cranston or Teamsters Local Union No. 251 and re-enter the system
13 with another participating employer who has accepted the provisions as defined, in § 45-21-4.

14 (j) Notwithstanding the provisions of this section, any town of Middletown employees,
15 who will be members of the Teamsters Local Union No. 251 bargaining unit, hired after June 30,
16 2012, and any town of Middletown employees who are employed as full-time civilian
17 dispatchers, hired after June 30, 2012, and any town of Middletown employees who are not
18 affiliated with any recognized collective bargaining representative or union hired after June 30,
19 2012, shall be enrolled in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)
20 established by the town of Middletown and shall not be members of the retirement system
21 established by this chapter. Said town of Middletown employees defined herein shall be
22 precluded from the purchase of service credit for time served on or after July 1, 2012, while
23 participating in the defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established
24 by the town of Middletown should the member cease employment with the town of Middletown
25 or in the Teamsters Local Union No. 251 bargaining unit and re-enter the system with any
26 participating employer who has accepted the provisions as defined in § 45-21-4.

27 (k) Notwithstanding the provisions of this section, any town of Middletown employees,
28 who will be members of the Middletown Municipal Employees Association NEARI Local 869
29 bargaining unit hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a
30 403(b) plan or equivalent thereof) established by the town of Middletown and shall not be
31 members of the retirement system established by this chapter. Said town of Middletown
32 employees defined herein shall be precluded from the purchase of service credit for time served
33 on or after July 1, 2012, while participating in the defined contribution plan (i.e., a 403(b) plan or
34 equivalent thereof) established by the town of Middletown should the member cease employment

1 with the town of Middletown or in the Middletown Municipal Employees Association NEARI
2 Local 869 bargaining unit and re-enter the system with any participating employer who has
3 accepted the provisions as defined in § 45-21-4.

4 (l) Notwithstanding the provisions of this section, any Cranston public school employees
5 who will be members of National Association of Government Employees (NAGE), Local RI-153,
6 hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a 401(a) plan or
7 equivalent thereof) established by the Cranston school department and shall not be a member of
8 the retirement system established by this chapter.

9 (m) Notwithstanding the provisions of this section, any Cranston public school
10 employees defined in subsection (h) shall be precluded from the purchase of service credit for
11 time served on or after July 1, 2012, while participating in the defined contribution plan (i.e., a
12 401(a) plan or equivalent thereof) established by the Cranston public schools should the member
13 cease employment with the Cranston public schools or National Association of Government
14 Employees (NAGE), Local RI-153 and re-enter the system with another participating employer
15 who has accepted the provisions as defined in § 45-21-4.

16 (n) Notwithstanding the provisions of this section, the chief of police for the city of
17 Cranston who was hired on or about September 2014, shall be enrolled in a defined contribution
18 plan (i.e., 401(a) plan or any equivalent thereof) established by the city of Cranston, and shall not
19 be a member of the retirement system established by this chapter.

20 **45-21-16.2. Electronic funds transfer.**

21 All members of the municipal employees retirement system retiring under the provisions
22 of this title on or after July 1, 1998, [or joining the system pursuant to §45-21.4-2 or §45-21.4-3](#),
23 are required to participate in electronic funds transfer and to supply the municipal employees
24 retirement system with a bank routing number to effectuate a monthly transfer of benefits.

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

28 **45-21.2-3. Optional retirement for police and fire fighters.**

29 In addition to the retirement system established under the provisions of chapter 21 of this
30 title, any municipality may accept this chapter in the manner stated in § 45-21-4. Withdrawal
31 from the system is in the same manner as stated in § 45-21-5 [subject to the provisions of § 45-](#)
32 [21.4-3.](#)

33 SECTION 3. Title 45 of the General Laws entitled "TOWNS AND CITIES" is hereby
34 amended by adding thereto the following chapter:

1 CHAPTER 21.4

2 RELATING TO CENTRAL FALLS PENSION PLAN

3 **45-21.4-1. Legislative findings.**

4 The general assembly finds and declares the following:

5 (1) All Rhode Islanders deserve retirement security, including those who have spent their
6 careers serving their communities as first responders and municipal employees; and

7 (2) The city of Central Falls has shown great resilience in emerging from bankruptcy and
8 thriving economically and culturally against great odds; and

9 (3) The bankruptcy occurred in part because the pension plan in Central Falls had become
10 severely underfunded, and as a result many first responders and retirees in the city of Central
11 Falls experienced significant hardship in the form of benefit reductions; and

12 (4) The city of Central Falls, the labor organizations representing its first responders, and
13 the state of Rhode Island are united in their desire to see the city of Central Falls remain on the
14 path of fiscal health, and that the predictability and sustainability of the pension system is vital to
15 maintaining fiscal health for the city of Central Falls and retirement security for its first
16 responders and retirees.

17 (5) The general assembly adopts this act to facilitate the assistance of the municipal
18 employees' retirement system of the state of Rhode Island in administering the local Central Falls
19 pension plan

20 **45-21.4-2. Alternative acceptance by the city of Central Falls of optional retirement**
21 **for police and fire fighters.**

22 (a) The provisions of this section shall apply only to locally administered plans within the
23 city of Central Falls hereinafter referred collectively as the "Central Falls plan".

24 (b) On or after the effective date of this section, Central Falls may accept the provisions
25 of this chapter, by resolution or an ordinance of its governing body stating the group or groups of
26 employees to be included as provided in § 45-21-4; provided that, any and all labor organizations
27 representing active employees of the municipality to be included have assented to such
28 participation of their respective memberships, through a collective bargaining agreement and
29 ratification of the decision by a majority vote of those members of any such labor organization
30 present and voting. A copy of the resolution or ordinance and proof of assent from the applicable
31 labor organization shall be immediately forwarded to the retirement board for review. A vote of
32 the retirement board to accept the entry of the group or groups of employees in to the system shall
33 be required.

34 (c) Effective August 31, 2019, the Central Falls plan shall be closed to new members.

1 (d) Members of the Central Falls plan in active service as of August 31, 2019 shall
2 continue to be subject to the applicable retirement ages and restrictions, and accrue benefits on
3 total service at the rates of the Central Falls plan pursuant to the collective bargaining agreements
4 in effect on August 31, 2019 between Central Falls and the labor organizations representing
5 members of the Central Falls plan.

6 (e) Disability determinations shall be made by the retirement board, subject to the
7 procedures and standards of §§ 45-21.2-7 and 45-21.2-9 as applicable, for members hired prior to
8 September 1, 2019. If a disability retirement pension is granted, the member shall receive benefits
9 provided by the Central Falls pension plan pursuant to the collective bargaining agreements in
10 effect on August 31, 2019.

11 (f) Beginning September 1, 2019 members of the Central Falls plan in active service shall
12 contribute an amount equal to eleven and seven-tenths percent (11.7%) of the salary or
13 compensation earned or accruing to the member.

14 (g) Subject to the provisions of subsection (b) of this section being met, new employees
15 hired on or after September 1, 2019 shall be subject to all of the provisions of § 45-21.2,
16 including all applicable disability provisions and benefits provided by §§ 36-10.3-4 and 45-21-52.

17 (h) Notwithstanding anything in § 45-21-42.2 to the contrary, the cost to evaluate Central
18 Falls prospective membership in the retirement system pursuant to this section or § 45-21.4-3,
19 shall be borne by the retirement board.

20 (i) Notwithstanding anything in § 45-21-43.1 to the contrary, determination of the
21 employer contribution rate of the closed Central Falls pension plan pursuant to this section, shall
22 be computed using an amortization period for the unfunded actuarial accrued liability as
23 determined by the board, based upon the recommendation of the plan's actuary. Future actuarial
24 gains and losses accruing within a plan year will be amortized over individual new twenty (20)
25 year closed periods consistent with § 45-21-43.1(c).

26 (j) Notwithstanding anything in § 45-21-56 to the contrary, if a Central Falls pension plan
27 pursuant to this section is in critical status as defined in § 45-65-4, and an employee of the
28 Central Falls pension plan leaves employment and is hired by another participating municipality
29 that is not in critical status as defined in § 45-65-4, then the retirement system shall transfer the
30 amount of the member's total accrued liability with the Central Falls pension plan, multiplied by
31 the funded status of the Central Falls pension plan, to the account of the current employing
32 municipality.

33 (k) Upon the conditions of subsection (b) of this section being met, the city of Central
34 Falls shall remain liable to the retirement system for the cost of funding a retirement system for

1 its employees who are members of the system as provided herein, and the retirement board
2 maintains the right to enforce payment of any liability as provided in chapter 21 of this title.

3 (l) Subject to the provisions of subsection (b) of this section being met, the Central Falls
4 plan and the provisions of this section shall be administered in the same manner provided in
5 chapter 21 of this title; credits for prior service and collection of contributions are determined
6 through reference to that chapter; provided, that where the provisions of that chapter conflict with
7 this chapter, then the provisions of this chapter control. Liability of contributions is enforced in
8 the same manner as stated in chapter 21 of this title.

9 **45-21.4-3. Retiree participation in optional requirement plan.**

10 (a) The provisions of this section shall apply only to locally administered plans within the
11 city of Central Falls.

12 (b) Notwithstanding any provision of this chapter to the contrary, on or before August 31,
13 2019, Central Falls may accept the provisions of this chapter by an ordinance of its governing
14 body stating the group or groups of retired former employees to be included as provided in § 45-
15 21-4; provided that, a majority of retired former employees have consented in writing to joining
16 the system or any duly constituted retiree organization that represents said retired former
17 employees has assented to joining the system. A copy of the ordinance shall be immediately
18 forwarded to the retirement board for review. A vote of the retirement board to accept the entry of
19 the group or groups of employees in to the system shall be required.

20 For purposes of this section, "retired former employees" means any Central Falls police
21 officer or fire fighter who has retired prior to September 1, 2019, pursuant to the provisions of the
22 Central Falls' retirement plan.

23 (c) Notwithstanding any other provisions of this section or other applicable law, upon
24 acceptance into the system, all "Central Falls retirees," as defined in § 45-21-67(a)(2), and their
25 beneficiaries, and also all other retired former employees and their beneficiaries who are entitled
26 to benefits under the "settlement agreement" that is identified in § 45-21-67(a)(3), shall retain all
27 of the benefits accrued and calculated to them as provided in accordance with such settlement
28 agreement (and, for clarification, irrespective of and notwithstanding any possible expiration of
29 any "term" in respect to certain provisions of such agreement), including disability and post-
30 retirement benefits, and their entitlement to all payments provided under § 45-21-67, and none of
31 the foregoing shall be made unavailable or conditioned, nor be diminished or reduced, by virtue
32 of entry into the system. Any retired former employee who is not entitled to benefits under the
33 "settlement agreement" shall retain all of the benefits accrued and calculated in accordance with,
34 and shall be subject to, all of the provisions, limitations and restrictions contained in the

1 collective bargaining agreement at the time of his or her retirement. Retired former employees,
2 including any "Central Falls retiree", shall not be entitled to any retirement allowance or benefit
3 from the system otherwise available or calculated pursuant to the provisions of §§ 45-21.2-6, 45-
4 21.2-13, or 45-21.2-20, 45-21.2-21, or 45-21.2-22.

5 (d) Withdrawal of a plan consisting solely of retired former Central Falls police officers
6 or fire fighters, that had joined the retirement system pursuant to this section, shall be as provided
7 in § 45-21-5.

8 (e) The cost to evaluate Central Falls' prospective membership in the retirement system,
9 and costs related to obtaining consent of retirees to join the system pursuant to this section shall
10 be borne by the retirement board.

11 (f) Upon the conditions of subsection (b) of this section being met, the city of Central
12 Falls shall remain liable to the retirement system for the cost of funding a retirement system for
13 its employees who are members of the system and the retirement board maintains the right to
14 enforce payment of any liability as provided in chapter 21 of this title.

15 (g) Subject to the provisions of subsection (b) of this section being met, the provisions of
16 this section shall be administered in the same manner provided in chapter 21 of this title;
17 provided, that where the provisions of that chapter conflict with this chapter, then the provisions
18 of this chapter control. Liability of the municipality is enforced in the same manner as stated in
19 chapter 21 of this title.

20 **45-21.4-4. Transfer of assets.**

21 (a) Subject to the provisions of §§ 45-21.4-2(b) and 45-21.4-3(b) being met, on
22 December 31, 2019, the system shall be responsible for administering the Central Falls plan,
23 including the administration of any supplemental payments as provided in § 45-21-67, and
24 Central Falls shall transfer to the system the accumulated contributions of each member entering
25 the system and any other assets of the Central Falls plan.

26 (b) Beginning January 1, 2020, all appropriations made pursuant to § 45-21-67 shall be
27 appropriated to the system and disbursed by the system in accordance with § 45-21-67.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TOWNS AND CITIES - RETIREMENT OF MUNICIPAL EMPLOYEES AND
CLOSED MUNICIPAL RETIREMENT PLANS

1 This act would facilitate the locally administered Central Falls retirement plans joining
2 the municipal employees retirement system of the state, by providing greater flexibility in funding
3 policies than would otherwise be required, depending upon the needs and circumstances of the
4 community.

5 This act would take effect upon passage.

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