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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT

Introduced By: Representatives Edwards, Fellela, Serpa, Potter, Casimiro, Abney,  
Kazarian, Bennett, and Diaz

Date Introduced: May 17, 2023

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 16-16-12 and 16-16-13 of the General Laws in Chapter 16-16  
2 entitled "Teachers' Retirement [See Title 16 Chapter 97 — The Rhode Island Board of Education  
3 Act]" are hereby amended to read as follows:

4 **16-16-12. Procedure for service retirement.**

5 Retirement of a member on a service retirement allowance shall be made by the retirement  
6 board as follows:

7 (a)(i) Any member may retire upon his or her written application to the retirement board  
8 as of the first day of the calendar month in which the application was filed, provided the member  
9 was separated from service prior to filing the application, and further provided however, that if  
10 separation from service occurs during the month in which the application is filed, the effective date  
11 shall be the first day following the separation from service, and provided further that the member  
12 on retirement date has attained the age of sixty (60) years and has completed at least ten (10) years  
13 of contributory service on or before July 1, 2005, or regardless of age has completed twenty-eight  
14 (28) years of total service and has completed at least ten (10) years of contributory service on or  
15 before July 1, 2005, and who retire before October 1, 2009, or are eligible to retire as of September  
16 30, 2009.

17 (ii) For teachers who become eligible to retire on or after October 1, 2009, and prior to July  
18 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and  
19 completed at least ten (10) years of contributory service. For teachers in service as of October 1,

1 2009, who were not eligible to retire as of September 30, 2009, but became eligible to retire prior  
2 to July 1, 2012, the minimum retirement age of sixty-two (62) will be adjusted downward in  
3 proportion to the amount of service the member has earned as of September 30, 2009. The  
4 proportional formula shall work as follows:

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

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

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

12 (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
13 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
14 of the first day of the calendar month in which the application was filed; provided, the member was  
15 separated from service prior thereto; and further provided, however, that if separation from service  
16 occurs during the month in which application is filed, the effective date shall be the first day  
17 following that separation from service; provided, the member on his or her retirement date had  
18 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service;  
19 or provided, that the member on his or her retirement date had attained the age of sixty-five (65)  
20 and had completed at least ten (10) years of contributory service; or provided, that the member on  
21 his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20)  
22 years of total service and provided, that the retirement allowance, as determined according to the  
23 formula in § 16-16-13 is reduced actuarially for each month that the age of the member is less than  
24 sixty-five (65) years and who retire before October 1, 2009, or are eligible to retire as of September  
25 30, 2009.

26 (ii) For teachers who become eligible to retire on or after October 1, 2009, and prior to July  
27 1, 2012, benefits are available to teachers who have attained the age of sixty-two (62) and have  
28 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
29 and completed at least ten (10) years of contributory service. For teachers in service as of October  
30 1, 2009, who were not eligible to retire as of September 30, 2009, but become eligible to retire prior  
31 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
32 adjusted downward in proportion to the amount of service the member has earned as of September  
33 30, 2009. The proportional formula shall work as follows:

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

1 effect on September 30, 2009, which shall then be subtracted from the minimum retirement age of  
2 sixty-two (62).

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

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

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

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

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

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

21 (2) The formula shall then take the teacher's total service credit as of June 30, 2012, as the  
22 numerator and the projected service at retirement age in effect on June 30, 2012, as the  
23 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 Social Security retirement age.

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

| 32 <b>Year Preceding</b> | <b>Cumulative Annual</b> | <b>Cumulative Monthly</b>   |
|--------------------------|--------------------------|-----------------------------|
| 33 <b>Retirement</b>     | <b>Reduction</b>         | <b>Reduction</b>            |
| 34 For Year 1            | <del>9%</del> <u>3%</u>  | <del>.75%</del> <u>.25%</u> |

|   |            |                         |                             |
|---|------------|-------------------------|-----------------------------|
| 1 | For Year 2 | <del>8%</del> <u>3%</u> | <del>.667%</del> <u>25%</u> |
| 2 | For Year 3 | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>25%</u> |
| 3 | For Year 4 | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>25%</u> |
| 4 | For Year 5 | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>25%</u> |

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

12 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,  
13 teachers in active service shall be eligible to retire upon the earlier of:

14 (A) The attainment of at least age sixty-five (65) and the completion of at least thirty (30)  
15 years of total service, or the attainment of at least age sixty-four (64) and the completion of at least  
16 thirty-one (31) years of total service, or the attainment of at least age sixty-three (63) and the  
17 completion of at least thirty-two (32) years of total service, or the attainment of at least age sixty-  
18 two (62) and the completion of at least thirty-three (33) years of total service; or

19 (B) The teacher's retirement eligibility date under subsections (c)(i) or (c)(ii) above.

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

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

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

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

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

31 (4) Any person who becomes a member of the employees' retirement system pursuant to  
32 § 45-21-8 shall be considered a contributing member for the purpose of chapter 21 of title 45 and  
33 this chapter.

34 (5) Notwithstanding any other provision of law, no more than five (5) years of service

1 credit may be purchased by a member of the system. The five (5) year limit shall not apply to any  
2 purchases made prior to January 1, 1995. A member who has purchased more than five (5) years  
3 of service credit before January 1, 1995, shall be permitted to apply the purchases towards the  
4 member's service retirement. However, no further purchase will be permitted.

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

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

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

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

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

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

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

33 (j) A member who knowingly makes a false statement to the retirement board regarding  
34 service time or credit shall not be entitled to a retirement allowance and is entitled only to the return

1 of his or her contributions without interest.

2 **16-16-13. Amount of service retirement allowance.**

3 (a)(1)(i) For teachers eligible to retire on or before September 30, 2009, upon retirement  
4 from service under § 16-16-12 a teacher whose membership commenced before July 1, 2005, and  
5 who has completed at least ten (10) years of contributory service on or before July 1, 2005, shall,  
6 receive a retirement allowance which shall be determined in accordance with schedule A for service  
7 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 35 <sup>th</sup>            | 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 after  
20 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 38 <sup>th</sup>            | 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~~  
6 ~~shall 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,  
8 or who has not completed at least ten (10) years of contributory service as of July 1, 2005, shall be  
9 in an amount equal to the percentage allowance specified in Schedule B of his or her average  
10 highest three (3) consecutive years of compensation multiplied by the number of years of total  
11 service, but in no case to exceed seventy-five percent (75%) of the compensation, payable at  
12 completion of thirty-eight (38) years of service; ~~provided, however, for teachers retiring on or after~~  
13 ~~October 1, 2009, who were not eligible to retire as of September 30, 2009 the calculation shall be~~  
14 ~~based on the 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  
16 be entitled to any refund, and any teacher with thirty-five (35) years or more on or after June 2,  
17 1985, 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:

20 (i) For teachers with fewer than twenty (20) years of total service as of June 30, 2012, a  
21 teacher's retirement allowance shall be equal to ~~one percent (1%)~~ one and one-half percent (1.5%)  
22 of the teacher's average compensation multiplied by the teacher's years of total service on and after  
23 July 1, 2012; and

24 (ii) For teachers with twenty (20) or more years of total service as of June 30, 2012, a  
25 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average  
26 compensation multiplied by the teacher's years of total service between July 1, 2012, and June 30,  
27 2015, and ~~two percent (2%)~~ two and one-half percent (2.5%) of the teacher's average compensation  
28 multiplied by the teacher's years of total service on and after July 1, 2015. For purposes of  
29 computing a teacher's total service under the preceding sentence, service purchases shall be  
30 included in total service only with respect to those service purchases approved prior to June 30,  
31 2012, and those applications for service purchases received by the retirement system on or before  
32 June 30, 2012. In no event shall a teacher's retirement allowance exceed the maximum limitations  
33 set forth in subsection (b) above.

34 SECTION 2. Section 36-8-1 of the General Laws in Chapter 36-8 entitled "Retirement

1 System — Administration" is hereby amended to read as follows:

2 **36-8-1. Definition of terms.**

3 The following words and phrases as used in chapters 8 to 10 of this title unless a different  
4 meaning is plainly required by the context, shall have the following meanings:

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

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

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

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

16 (5)(a) "Average compensation" for members eligible to retire as of September 30, 2009  
17 shall mean the average of the highest three (3) consecutive years of compensation, within the total  
18 service when the average compensation was the highest. For members eligible to retire on or after  
19 October 1, 2009, "Average compensation" shall mean the average of the highest ~~five (5)~~ three (3)  
20 consecutive years of compensation within the total service when the average compensation was the  
21 highest.

22 (b) For members who become eligible to retire on or after July 1, 2012, if more than one-  
23 half (½) of the member's total years of service consist of years of service during which the member  
24 devoted less than thirty (30) business hours per week to the service of the state, but the member's  
25 average compensation consists of three (3) or more years during which the member devoted more  
26 than thirty (30) business hours per week to the service of the state, such member's average  
27 compensation shall mean the average of the highest ten (10) consecutive years of compensation  
28 within the total service when the average compensation was the highest; provided however,  
29 effective July 1, 2015, if such member's average compensation as defined in subsection (a) Above  
30 is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed annually  
31 in accordance with § 36-10-35(h)(1)(B), such member's average compensation shall mean the  
32 greater of: (i) The average of the highest ten (10) consecutive years of compensation within the  
33 total service when the average compensation was the highest; or (ii) The member's average  
34 compensation as defined in subsection (a) above. To protect a member's accrued benefit on June



1 30, 2012 under this § 36-8-1(5)(b), in no event shall a member's average compensation be lower  
2 than his or her average compensation determined as of June 30, 2012.

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

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

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

12 (i) Payments contingent on the employee having terminated or died;

13 (ii) Payments made at termination for unused sick leave, vacation leave, or compensatory  
14 time;

15 (iii) Payments contingent on the employee terminating employment at a specified time in  
16 the future to secure voluntary retirement or to secure release of an unexpired contract of  
17 employment;

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

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

22 (9) "Employee" shall mean any officer or employee of the state of Rhode Island whose  
23 business time is devoted exclusively to the services of the state, but shall not include one whose  
24 duties are of a casual or seasonal nature. The retirement board shall determine who are employees  
25 within the meaning of this chapter. The governor of the state, the lieutenant governor, the secretary  
26 of state, the attorney general, the general treasurer, and the members of the general assembly, ex  
27 officio, shall not be deemed to be employees within the meaning of that term unless and until they  
28 elect to become members of the system as provided in § 36-9-6, but in no case shall it deem as an  
29 employee, for the purposes of this chapter, any individual who devotes less than twenty (20)  
30 business hours per week to the service of the state, and who receives less than the equivalent of  
31 minimum wage compensation on an hourly basis for his or her services, except as provided in §  
32 36-9-24. Any commissioner of a municipal housing authority or any member of a part-time state,  
33 municipal or local board, commission, committee or other public authority shall not be deemed to  
34 be an employee within the meaning of this chapter.

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

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

12 (ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial value  
13 which shall be determined using the system's assumed investment rate of return minus one percent  
14 (1%).

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

17 (11) "Funded ratio" shall mean the ratio of the actuarial value of assets to the actuarial  
18 accrued liability consistent with the funding policy of the retirement board as defined in § 36-8-4.

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

21 (13) "Members" shall mean any person included in the membership of the retirement  
22 system as provided in §§ 36-9-1 — 36-9-7.

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

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

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

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

34 (18) "Retirement system" shall mean the employees' retirement system of the state of

1 Rhode Island as defined in § 36-8-2.

2 (19) "Service" shall mean service as an employee of the state of Rhode Island as described  
3 in subdivision (9) of this section.

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

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

9 SECTION 3. Sections 36-10-9 and 36-10-10 of the General Laws in Chapter 36-10 entitled  
10 "Retirement System — Contributions and Benefits" are hereby amended to read as follows:

11 **36-10-9. Retirement on service allowance — In general.**

12 Retirement of a member on a service retirement allowance shall be made by the retirement  
13 board as follows:

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

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

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

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

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

3           (b)(i) Any member, who has not completed at least ten (10) years of contributory service  
4 on or before July 1, 2005, may retire upon his or her written application to the retirement board as  
5 of the first day of the calendar month in which the application was filed; provided, the member was  
6 separated from service prior thereto; and further provided, however, that if separation from service  
7 occurs during the month in which application is filed, the effective date shall be the first day  
8 following that separation from service; provided, the member or his or her retirement date had  
9 attained the age of fifty-nine (59) and had completed at least twenty-nine (29) years of total service  
10 or provided that the member on his or her retirement date had attained the age of sixty-five (65)  
11 and had completed at least ten (10) years of contributory service; or provided, that the member on  
12 his or her retirement date had attained the age of fifty-five (55) and had completed twenty (20)  
13 years of total service provided, that the retirement allowance, as determined according to the  
14 formula in § 36-10-10 is reduced actuarially for each month that the age of the member is less than  
15 sixty-five (65) years, and who retire before October 1, 2009, or are eligible to retire as of September  
16 30, 2009.

17           (ii) For members who become eligible to retire on or after October 1, 2009 and prior to  
18 July 1, 2012, benefits are available to members who have attained the age of sixty-two (62) and  
19 completed at least twenty-nine (29) years of total service or have attained the age of sixty-five (65)  
20 and completed at least ten (10) years of contributory service. For members in service as of October  
21 1, 2009, who were not eligible to retire as of September 30, 2009, but become eligible to retire prior  
22 to July 1, 2012, who have a minimum retirement age of sixty-two (62), the retirement age will be  
23 adjusted downward in proportion to the amount of service the member has earned as of September  
24 30, 2009. The proportional formula shall work as follows:

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

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

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

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

34           (i) A member with contributory service on or after July 1, 2012, shall be eligible to retire

1 upon the completion of at least five (5) years of contributory service and attainment of the member's  
 2 Social Security retirement age.

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

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

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

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

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

| 23 Year Preceding | Cumulative Annual       | Cumulative Monthly           |
|-------------------|-------------------------|------------------------------|
| 24 Retirement     | Reduction               | Reduction                    |
| 25 For Year 1     | <del>9%</del> <u>3%</u> | <del>.75%</del> <u>.25%</u>  |
| 26 For Year 2     | <del>8%</del> <u>3%</u> | <del>.667%</del> <u>.25%</u> |
| 27 For Year 3     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |
| 28 For Year 4     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |
| 29 For Year 5     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |

30 (iv) Notwithstanding any other provisions of section 36-10-9(c), a member who has  
 31 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
 32 his or her eligible retirement date as determined under paragraphs (1)(a) and (1)(b) above provided  
 33 that a member making an election under this paragraph shall receive the member's retirement  
 34 benefit determined and calculated based on the member's service and average compensation as of

1 June 30, 2012. This provision shall be interpreted and administered in a manner to protect a  
2 member's accrued benefit on June 30, 2012.

3 (d) Notwithstanding any other provisions of subsection (c) above, effective July 1, 2015,  
4 members in active service shall be eligible to retire upon the earlier of: (A) The attainment of at  
5 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the  
6 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total  
7 service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two  
8 (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at  
9 least thirty-three (33) years of total service; or (B) The member's retirement eligibility date under  
10 subsections (c)(i) or (c)(ii) above.

11 (2) Any faculty employee at a public institution of higher education under the jurisdiction  
12 of the council on postsecondary education shall not be involuntarily retired upon attaining the age  
13 of seventy (70) years.

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

20 (ii) Provided, however, a person who has ten (10) years service credit on or before June 16,  
21 1991, shall be vested.

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

24 (iv) Any person who becomes a member of the employees' retirement system pursuant to  
25 § 45-21-4 shall be considered a contributing member for the purpose of chapter 21 of title 45 and  
26 this chapter.

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

34 (vi) Notwithstanding any other provision of law, effective July 1, 2012, except for

1 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53, (A) For service  
2 purchases for time periods prior to a member's initial date of hire, the purchase must be made  
3 within three (3) years of the member's initial date of hire, (B) For service purchases for time periods  
4 for official periods of leave as authorized by law, the purchase must be made within three (3) years  
5 of the time the official leave was concluded by the member. Notwithstanding the preceding  
6 sentence, service purchases from time periods prior to June 30, 2012, may be made on or prior to  
7 June 30, 2015.

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

12 (5) Except as specifically provided in §§ 16-16-6.2 and 16-16-6.4, a member shall not  
13 receive service credit in this retirement system for any year or portion of it, which counts as service  
14 credit in any other retirement system in which the member is vested or from which the member is  
15 receiving a pension and/or any annual payment for life. This subsection shall not apply to any  
16 payments received pursuant to the federal Social Security Act or to payments from a military  
17 pension earned prior to participation in state or municipal employment, or to military service credits  
18 earned prior to participation in state or municipal employment.

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

27 (7) A member who fails to cooperate with the retirement board shall not have the time of  
28 service counted toward total service credit until such time as the member cooperates with the  
29 retirement board and until such time as the retirement board determines the validity of the service  
30 credit.

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

34 **36-10-10. Amount of service retirement allowance.**

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

Schedule A

| Years of Service            | Percentage Allowance |
|-----------------------------|----------------------|
| 1st through 10th inclusive  | 1.7%                 |
| 11th through 20th inclusive | 1.9%                 |
| 21st through 34th inclusive | 3.0%                 |
| 35 <sup>th</sup>            | 2.0%                 |

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

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

Schedule B

| Years of Service            | Percentage Allowance |
|-----------------------------|----------------------|
| 1st through 10th inclusive  | 1.60%                |
| 11th through 20th inclusive | 1.80%                |
| 21st through 25th inclusive | 2.0%                 |
| 26th through 30th inclusive | 2.25%                |
| 31st through 37th inclusive | 2.50%                |
| 38 <sup>th</sup>            | 2.25%                |

(b) The retirement allowance of any member whose membership commenced before July 1, 2005, and who has completed at least ten (10) years of contributory service on or before July 1, 2005, shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his or her average highest three (3) consecutive years of compensation multiplied by the number of



1 years of total service, but in no case to exceed eighty percent (80%) of the compensation payable  
2 at completion of thirty-five (35) 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. Any member who has  
5 in excess of thirty-five (35) years on or before June 2, 1985, shall not be entitled to any refund, and  
6 any member with thirty-five (35) years or more on or after June 2, 1985, shall contribute from July  
7 1, 1985, until his or her retirement.

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

16 (c) Any member with thirty-eight (38) years or more of service prior to December 31, 1985,  
17 shall not be required to make additional contributions. Contributions made between December 31,  
18 1985, and July 1, 1987, by members with thirty-eight (38) or more years of service prior to  
19 December 31, 1985, shall be refunded by the retirement board to the persons, their heirs,  
20 administrators, or legal representatives.

21 (d) For service prior to July 1, 2012, the retirement allowance of a member shall be  
22 determined in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1,  
23 2012, a member's retirement allowance shall be equal to:

24 (i) For members with fewer than twenty (20) years of total service as of June 30, 2012, ~~one~~  
25 ~~percent (1%)~~ one and one-half percent (1.5%) of the member's average compensation multiplied  
26 by the member's years of total service on and after July 1 2012; and

27 (ii) For members with twenty (20) or more years of total service as of June 30, 2012, a  
28 member's retirement allowance shall be equal to ~~one percent (1%)~~ one and one-half percent (1.5%)  
29 of the member's average compensation multiplied by the member's years of total service between  
30 July 1, 2012, and June 30, 2015, and ~~two percent (1%)~~ two and one-half percent (2.5%) of the  
31 member's average compensation multiplied by the member's years of total service on and after  
32 July 1, 2015. For purposes of computing a member's total service under the preceding sentence,  
33 service purchases shall be included in total service only with respect to those service purchases  
34 approved prior to June 30, 2012, and those applications for service purchases received by the

1 retirement system on or before June 30, 2012.

2 In no event shall a member's retirement allowance exceed the maximum limitations set  
3 forth in paragraph (b) above.

4 SECTION 4. Sections 45-21-2, 45-21-16 and 45-21-17 of the General Laws in Chapter 45-  
5 21 entitled "Retirement of Municipal Employees" are hereby amended to read as follows:

6 **45-21-2. Definitions.**

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

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

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

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

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

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

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

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

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

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

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

32 (A) Domestic partnership agreement or relationship contract;

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

34 (C) Two (2) of: (I) Joint ownership of motor vehicle; (II) Joint checking account; (III) Joint

1 credit account; (IV) Joint lease; and/or

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

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

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

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

28 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
29 half (½) of the member's total years of service consist of years of service during which the member  
30 devoted less than thirty (30) business hours per week to the service of the municipality, but the  
31 member's average compensation consists of three (3) or more years during which the member  
32 devoted more than thirty (30) business hours per week to the service of a municipality, such  
33 member's average compensation shall mean the average of the highest ten (10) consecutive years  
34 of compensation within the total service when the average compensation was the highest; provided

1 however, effective July 1, 2015, if such member's average compensation as defined in subsection  
2 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed  
3 annually in accordance with § 45-21-52(d)(1)(B), such member's average compensation shall  
4 mean the greater of: (i) The average of the highest ten (10) consecutive years of compensation  
5 within the total service when the average compensation was the highest; or (ii) The member's  
6 average compensation as defined in subsection (a) above. To protect a member's accrued benefit  
7 on June 30, 2012, under this subsection (8)(b), in no event shall a member's average compensation  
8 be lower than his or her average compensation determined as of June 30, 2012.

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

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

13 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a  
14 member claiming service credit for certain employment for which payment is required, which is  
15 determined according to the age of the member and his or her annual rate of compensation at the  
16 time he or she applies for service credit, and which is expressed as a rate percent of the annual rate  
17 of compensation to be multiplied by the number of years for which he or she claims the service  
18 credit, as prescribed in a schedule adopted by the retirement board, from time to time, on the basis  
19 of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4,  
20 and 45-21-53: (i) All service credit purchases requested after June 16, 2009, and prior to July 1,  
21 2012, shall be at full actuarial value; and (ii) All service credit purchases requested after June 30,  
22 2012, shall be at full actuarial value which shall be determined using the system's assumed  
23 investment rate of return minus one percent (1%).

24 (11) "Governing body" means any and all bodies empowered to appropriate monies for,  
25 and administer the operation of, the units as defined in subdivision (1) of this section.

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

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

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

34 (15) "Prior service" means service as a member rendered before the effective date of

1 participation as defined in this section, certified on his or her prior service certificate, and allowable  
2 as provided in § 45-21-15.

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

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

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

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

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

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

17 (22) Any term not specifically defined in this chapter and specifically defined in chapters  
18 8 through 10 of title 36 shall have the same definition as set forth in chapters 8 through 10 of title  
19 36.

20 **45-21-16. Retirement on service allowance.**

21 Retirement of a member on a service retirement allowance shall be made by the retirement  
22 board as follows:

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

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

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

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

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

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

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

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

| 24 Year Preceding | Cumulative Annual       | Cumulative Monthly           |
|-------------------|-------------------------|------------------------------|
| 25 Retirement     | Reduction               | Reduction                    |
| 26 For Year 1     | <del>9%</del> <u>3%</u> | <del>.75%</del> <u>.25%</u>  |
| 27 For Year 2     | <del>8%</del> <u>3%</u> | <del>.667%</del> <u>.25%</u> |
| 28 For Year 3     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |
| 29 For Year 4     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |
| 30 For Year 5     | <del>7%</del> <u>3%</u> | <del>.583%</del> <u>.25%</u> |

31 (D)(1) Notwithstanding any other provisions of § 42-21-16(1)(ii), a member who has  
 32 completed ten (10) or more years of contributory service as of June 30, 2012, may elect to retire at  
 33 his or her eligible retirement date as determined under paragraph (i) above provided that a member  
 34 making an election under this paragraph shall receive the member's retirement benefit determined

1 and calculated based on the member's service and average compensation as of June 30, 2012. This  
2 provision shall be interpreted and administered in a manner to protect a member's accrued benefit  
3 on June 30, 2012.

4 (iii) Notwithstanding any other provisions of subsection (ii) above, effective July 1, 2015,  
5 members in active service shall be eligible to retire upon the earlier of: (I) The attainment of at  
6 least age sixty-five (65) and the completion of at least thirty (30) years of total service, or the  
7 attainment of at least age sixty-four (64) and the completion of at least thirty-one (31) years of total  
8 service, or the attainment of at least age sixty-three (63) and the completion of at least thirty-two  
9 (32) years of total service, or the attainment of at least age sixty-two (62) and the completion of at  
10 least thirty-three (33) years of total service; or (II) The member's retirement eligibility date under  
11 subsections (ii)(A) or (ii)(B) above.

12 (2) Except as specifically provided in §§ 45-21-19 — 45-21-22, no member is eligible for  
13 pension benefits under this chapter unless:

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

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

18 (i) Provided, however, a person who has ten (10) years service credit on or before June 16,  
19 1991, is vested.

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

22 (iii) Any person who becomes a member of the employees' retirement system pursuant to  
23 § 45-21-4 shall be considered a contributing member for the purpose of this chapter.

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

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

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

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

4 Notwithstanding (I) and (II) above, service purchases from time periods prior to June 30,  
5 2012, may be made on or prior to June 30, 2015.

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

10 (4) A member does not receive service credit in this retirement system for any year or  
11 portion of a year, which counts as service credit in any other retirement system in which the member  
12 is vested or from which the member is receiving a pension and/or any annual payment for life. This  
13 subsection does not apply to any payments received pursuant to the federal Social Security Act or  
14 to payments from a military pension earned prior to participation in state or municipal employment,  
15 or to military service credits earned prior to participation in state or municipal employment.

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

24 (6) A member who fails to cooperate with the retirement board shall not have the time of  
25 service counted toward total service credit until a time that the member cooperates with the  
26 retirement board and until a time that the retirement board determines the validity of the service  
27 credit.

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

31 **45-21-17. Service retirement allowance.**

32 (a) Upon retirement from service after January 1, 1969, a member shall receive a retirement  
33 allowance which is a life annuity terminable upon death of the annuitant and is an amount equal to  
34 two percent (2%) of final compensation multiplied by the number of years of total service, not to



1 exceed thirty-seven and one-half (37½) years for services on and prior to June 30, 2012. For service  
2 on and after July 1, 2012: (i) For members with fewer than twenty (20) years of total service as of  
3 June 30, 2012, a member's retirement allowance shall be equal to one percent (1%) of the member's  
4 final compensation multiplied by the member's years of total service on and after July 1, 2012; and  
5 (ii) For members with twenty (20) or more years of total service as of June 30, 2012, a member's  
6 retirement allowance shall be equal to ~~one percent (1%)~~ one and one-half percent (1.5%) of the  
7 member's average compensation multiplied by the member's years of total service between July 1,  
8 2012, and June 30, 2015, and ~~two percent (1%)~~ two and one-half percent (2.5%) of the member's  
9 average compensation multiplied by the member's years of total service on and after July 1, 2015.  
10 For purposes of computing a member's total service under the preceding sentence, service  
11 purchases shall be included in total service only with respect to those service purchases approved  
12 prior to June 30, 2012, and those applications for service purchases received by the retirement  
13 system on or before June 30, 2012. In no event shall a member's retirement allowance exceed  
14 seventy-five percent (75%) of the member's final compensation. Provided, however, that every  
15 person elected prior to July 1, 2012, who has served as a part time elected official of the city of  
16 Cranston for a period of ten (10) years, is entitled to receive, upon retirement from that part time  
17 service, and not being otherwise regularly employed by the city of Cranston in which that person  
18 has served, a service retirement allowance equivalent to fifty percent (50%) of the salary received  
19 at the time of retirement by that part time elected official; and, provided, further, that if that person  
20 retires after a period of service greater than ten (10) years, the person is entitled to receive an  
21 additional service retirement allowance equivalent to five percent (5%) of the salary received at the  
22 time of retirement for each whole year of service, in excess of ten (10) years up to a maximum  
23 additional allowance equivalent to fifty percent (50%) of the salary received.

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

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

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

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LC002943  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO EDUCATION -- TEACHERS' RETIREMENT

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1           This act would amend sections of law relating to retirement of various public employees  
2 and the calculation of their final average salary and service accruals.

3           This act would take effect upon passage.

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