

2010 -- H 7561

LC00859

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--  
ADMINISTRATION

Introduced By: Representative Donald J. Lally

Date Introduced: February 24, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

3 **36-8-1. Definition of terms.** -- The following words and phrases as used in chapters 8 to  
4 10 of this title unless a different meaning is plainly required by the context, shall have the  
5 following meanings :

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

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

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

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

1           (5)(4) "Average compensation" for members eligible to retire as of September 30, 2009  
2 shall mean the average of the highest three (3) consecutive years of compensation, within the total  
3 service when the average compensation was the highest. For members eligible to retire on or after  
4 October 1, 2009, "Average compensation" shall mean the average of the highest five (5)  
5 consecutive years of compensation within the total service when the average compensation was  
6 the highest.

7           (6)(5) "Beneficiary" shall mean any person in receipt of a pension, an annuity, a  
8 retirement allowance, or other benefit as provided by chapter 10 of this title.

9           (7)(6) "Casual employee" shall mean those persons hired for an occasional period to  
10 perform special jobs or functions not necessarily related to the work of regular employees.

11           (8)(7) "Compensation" as used in chapters 8 -- 10 of this title, chapters 16 and 17 of title  
12 16, and chapter 21 of title 45 shall mean salary or wages earned and paid for the performance of  
13 duties for covered employment, including regular longevity or incentive plans approved by the  
14 board, but shall not include payments made for overtime or reasons other than performance of  
15 duties or activities, including but not limited to the types of payments listed below:

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

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

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

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

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

26           (9)(8) "Employee" shall mean any officer or employee of the state of Rhode Island  
27 whose business time is devoted exclusively to the services of the state, but shall not include one  
28 whose duties are of a casual or seasonal nature. The retirement board shall determine who are  
29 employees within the meaning of this chapter. The governor of the state, the lieutenant governor,  
30 the secretary of state, the attorney general, the general treasurer, and the members of the general  
31 assembly, ex officio, shall not be deemed to be employees within the meaning of that term unless  
32 and until they elect to become members of the system as provided in section 36-9-6, but in no  
33 case shall it deem as an employee, for the purposes of this chapter, any individual who devotes  
34 less than twenty (20) business hours per week to the service of the state, and who receives less

1 than the equivalent of minimum wage compensation on an hourly basis for his or her services,  
2 except as provided in section 36-9-24. Any commissioner of a municipal housing authority or any  
3 member of a part-time state board, commission, committee or other public authority shall not be  
4 deemed to be an employee within the meaning of this chapter.

5 ~~(10)(9)~~ "Full actuarial costs" or "full actuarial value" shall mean the lump sum payable  
6 by a member claiming service credit for certain employment for which that payment is required  
7 which is determined according to the age of the member and the employee's annual rate of  
8 compensation at the time he or she applies for service credit and which is expressed as a rate  
9 percent of the employee's annual rate of compensation to be multiplied by the number of years for  
10 which he or she claims service credit as prescribed in a schedule adopted by the retirement board  
11 from time to time on the basis of computation by the actuary. All service credit purchases  
12 requested after June 16, 2009, except military credit as provided by sections 36-9-31 and 16-16-  
13 7.1, shall be at full actuarial value.

14 ~~(11)(10)~~ "Inactive member" shall mean a member who has withdrawn from service as an  
15 employee but who has not received a refund of contributions.

16 ~~(12)(11)~~ "Members" shall mean any person included in the membership of the retirement  
17 system as provided in sections 36-9-1 -- 36-9-7.

18 ~~(13)(12)~~ "Prior service" shall mean service as a member rendered before July 1, 1936,  
19 certified on his or her prior service certificate and allowable as provided in section 36-9-28.

20 ~~(14)(13)~~ "Regular interest" shall mean interest at the rate of two percent (2%) per annum,  
21 compounded annually, or at such other rate determined from the actual experience of the system  
22 as may be prescribed from time to time by the board.

23 ~~(15)(14)~~ "Retirement allowance" shall mean annual payments for life made after  
24 retirement under and in accordance with chapters 8 to 10 of this title. All allowances shall be paid  
25 in equal monthly installments beginning as of the effective date thereof; provided, that a smaller  
26 pro rata amount may be paid for part of a month where separation from service occurs during the  
27 month in which the application was filed, and when the allowance ceases before the last day of  
28 the month.

29 ~~(16)(15)~~ "Retirement board" shall mean the board provided in section 36-8-3 to  
30 administer the retirement system.

31 ~~(17)(16)~~ "Retirement system" shall mean the employees' retirement system of the state of  
32 Rhode Island as defined in section 36-8-2.

33 ~~(18)(17)~~ "Service" shall mean service as an employee of the state of Rhode Island as  
34 described in subdivision (8) of this section.

1           (19)(18) "Total service" shall mean prior service as defined above, plus service rendered  
2 as a member on or after July 1, 1936.

3           ~~(19) "Active member" shall mean any employee of the state of Rhode Island as defined~~  
4 ~~in this section for whom the retirement system is currently receiving regular contributions~~  
5 ~~pursuant to sections 36-10-1 and 36-10-1.1.~~

6           (20) "Vested" shall mean a contractual relationship under which members shall be  
7 entitled to contractual rights and benefits and no amendments shall be made that will diminish,  
8 impair or deprive any such member or members of presently existing pension rights or benefits.

9 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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RELATING TO PUBLIC OFFICERS AND EMPLOYEES -- RETIREMENT SYSTEM--  
ADMINISTRATION

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- 1           This act would define “active member” and “vested” as it applies to members of the state  
2 retirement system.  
3           This act would take effect upon passage.

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