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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

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

Introduced By: Senator Elizabeth A. Crowley

Date Introduced: June 28, 2017

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-21-2, 45-21-8, 45-21-16 and 45-21-16.2 of the General Laws in
2 Chapter 45-21 entitled "Retirement of Municipal Employees" are hereby amended to read as
3 follows:

4 **45-21-2. Definitions.**

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

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

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

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

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

18 (5) For purposes of this chapter, "domestic partner" shall be defined as a person who,

1 prior to the decedent's death, was in an exclusive, intimate and committed relationship with the
2 decedent, and who certifies by affidavit that their relationship met the following qualifications:

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

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

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

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

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

12 (A) Domestic partnership agreement or relationship contract;

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

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

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

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

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

1 (8) (a) "Final compensation" for members who are eligible to retire on or prior to June
2 30, 2012 means the average annual compensation, pay, or salary of a member for services
3 rendered during the period of three (3) consecutive years within the total service of the member
4 when the average was highest, and as the term average annual compensation is further defined in
5 subdivision 36-8-1(5)(a). For members eligible to retire on or after July 1, 2012, "final
6 compensation" means the average of the highest five (5) consecutive years of compensation
7 within the total service when the final compensation was the highest.

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

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

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

27 (10) "Full actuarial costs" or "full actuarial value" mean the lump sum payable by a
28 member claiming service credit for certain employment for which payment is required, which is
29 determined according to the age of the member and his or her annual rate of compensation at the
30 time he or she applies for service credit, and which is expressed as a rate percent of the annual
31 rate of compensation to be multiplied by the number of years for which he or she claims the
32 service credit, as prescribed in a schedule adopted by the retirement board, from time to time, on
33 the basis of computation by the actuary. Except as provided in §§ 16-16-7.1, 36-5-3, 36-9-31, 36-
34 10-10.4, and subdivision 45-21-53: (i) All service credit purchases requested after June 16, 2009

1 and prior to July 1, 2012, shall be at full actuarial value; and (ii) All service credit purchases
2 requested after June 30, 2012 shall be at full actuarial value which shall be determined using the
3 system's assumed investment rate of return minus one percent (1%).

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

6 (12) "Member" means any person included in the membership of the retirement system as
7 provided in ~~§ 45-21-8~~[§§45-21-4.1, 45-21-4.2, 45-21-8, 45-21.2-3.1, or 45-21.2-3.2.](#)

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

12 (14) "Participating municipality" means any municipality which has accepted this
13 chapter, as provided in ~~§ 45-21-4~~[§§45-21-4, 45-21-4.1, 45-21-4.2, 45-21.2-3.1, or 45-21.2-3.2.](#)

14 (15) "Prior service" means service as a member rendered before the effective date of
15 participation as defined in this section, certified on his or her prior service certificate, and
16 allowable as provided in § 45-21-15.

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

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

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

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

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

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

31 (22) Any term not specifically defined in this chapter and specifically defined in chapters
32 36-8 through 36-10 shall have the same definition as set forth in chapters 36-8 through 36-10.

33 **45-21-8. Membership in system.**

34 Membership in the retirement system does not begin before the effective date of

1 participation in the system as provided in ~~§ 45-21-4~~§§45-21-4, 45-21-4.1, 45-21-4.2, 45-21.2-3.1,
2 or 45-21.2-3.2, and consists of the following:

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

13 (b) Any employee or elected official of a participating municipality in service prior to the
14 effective date of participation, who is not a member of any other pension or retirement system
15 supported wholly or in part by a participating municipality, and who does not notify the
16 retirement board in writing before the expiration of sixty (60) days from the effective date of
17 participation that he or she does not wish to join the system, shall automatically become a
18 member; and

19 (c) Any employee of a participating municipality in service prior to the effective date of
20 participation, who is a member of any other pension or retirement system supported wholly or in
21 part by a participating municipality on the effective date of participation of their municipality,
22 who then or thereafter makes written application to join this system, and waives and renounces all
23 accrued rights and benefits of any other pension or retirement system supported wholly or in part
24 by a participating municipality, becomes a member of this retirement system and shall not be
25 required to make contribution under any other pension or retirement system of a participating
26 municipality, anything to the contrary notwithstanding.

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

1 the state retirement system.

2 (e) Notwithstanding the provisions of this section, any city of Cranston employees who
3 are presently members of Teamsters Local Union No. 251, hired between the dates of July 1,
4 2005, and June 30, 2010, inclusive, and who are currently members of the retirement system
5 established by this chapter may opt out of said retirement system and choose to enroll in a defined
6 contribution plan (i.e., a 403 (b) plan or equivalent thereof) established by the city of Cranston.

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

13 (g) Notwithstanding the provisions of this section, any city of Cranston employees who
14 will be members of Teamsters Local Union No. 251, hired after June 30, 2010, shall be enrolled
15 in a defined contribution plan (i.e., a 403 (b) plan or equivalent thereof) established by the city of
16 Cranston and shall not be a member of the retirement system established by this chapter.

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

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

28 (j) Notwithstanding the provisions of this section, any town of Middletown employees,
29 who will be members of the Teamsters Local Union No. 251 bargaining unit, hired after June 30,
30 2012, and any town of Middletown employees who are employed as full-time civilian
31 dispatchers, hired after June 30, 2012, and any town of Middletown employees who are not
32 affiliated with any recognized collective bargaining representative or union hired after June 30,
33 2012, shall be enrolled in a defined contribution plan (i.e., a 403(b) plan or equivalent thereof)
34 established by the town of Middletown and shall not be members of the retirement system

1 established by this chapter. Said town of Middletown employees defined herein shall be
2 precluded from the purchase of service credit for time served on or after July 1, 2012 while
3 participating in the defined contribution plan (i.e., a 403(b) plan or equivalent thereof) established
4 by the town of Middletown should the member cease employment with the town of Middletown
5 or in the Teamsters Local Union No. 251 bargaining unit and re-enter the system with any
6 participating employer who has accepted the provisions as defined in § 45-21-4.

7 (k) Notwithstanding the provisions of this section, any town of Middletown employees,
8 who will be members of the Middletown Municipal Employees Association NEARI Local 869
9 bargaining unit hired after June 30, 2012, shall be enrolled in a defined contribution plan (i.e., a
10 403(b) plan or equivalent thereof) established by the town of Middletown and shall not be
11 members of the retirement system established by this chapter. Said town of Middletown
12 employees defined herein shall be precluded from the purchase of service credit for time served
13 on or after July 1, 2012, while participating in the defined contribution plan (i.e., a 403(b) plan or
14 equivalent thereof) established by the town of Middletown should the member cease employment
15 with the town of Middletown or in the Middletown Municipal Employees Association NEARI
16 Local 869 bargaining unit and re-enter the system with any participating employer who has
17 accepted the provisions as defined in § 45-21-4.

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

23 (m) Notwithstanding the provisions of this section, any Cranston public school
24 employees defined in subsection (h) shall be precluded from the purchase of service credit for
25 time served on or after July 1, 2012, while participating in the defined contribution plan (i.e., a
26 401(a) plan or equivalent thereof) established by the Cranston public schools should the member
27 cease employment with the Cranston public schools or National Association of Government
28 Employees (NAGE), Local RI-153 and re-enter the system with another participating employer
29 who has accepted the provisions as defined in § 45-21-4.

30 **45-21-16. Retirement on service allowance.**

31 Retirement of a member on a service retirement allowance shall be made by the
32 retirement board as follows: (1) (i) Any member who is eligible to retire on or before June 30,
33 2012, may retire upon the member's written application to the retirement board as of the first day
34 of the calendar month in which the application was filed, provided the member was separated

1 from service prior to the application, and provided, further, that if separation from service occurs
2 during the month in which application is filed, the effective date is the first day following the
3 separation from service, provided that the member at the time so specified for the member's
4 retirement has attained the applicable minimum retirement age and has completed at least ten (10)
5 years of total service or who, regardless of age, completed thirty (30) years of total service, and
6 notwithstanding that during the period of notification the member has separated from service. The
7 minimum ages for service retirement (except for employees completing thirty (30) years of
8 service) is fifty-eight (58) years. (ii) Effective July 1, 2012, the following shall apply to all
9 members not eligible to retire prior to July 1, 2012: (A) A member with contributory service on or
10 after July 1, 2012, shall be eligible to retire upon the completion of at least five (5) years of
11 contributory service and attainment of the member's Social Security retirement age. (B) For
12 members with five (5) or more years of contributory service as of June 30, 2012, with
13 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 member has earned as of June 30, 2012, but in no event shall a member's retirement
16 age under this subparagraph (B) be prior to the attainment of age fifty-nine (59) or prior to the
17 member's retirement age determined under the laws in effect on June 30, 2012. The proportional
18 formula shall work as follows: (1) The formula shall determine the first age of retirement
19 eligibility under the laws in effect on June 30, 2012 which shall then be subtracted from Social
20 Security retirement age; (2) The formula shall then take the member's total service credit as of
21 June 30, 2012 as the numerator and the projected service at retirement age in effect on June 30,
22 2012 as the denominator; (3) The fraction determined in (2) shall then be multiplied by the age
23 difference determined in (1) to apply a reduction in years from Social Security retirement age. (C)
24 Effective July 1, 2015, a member who has completed twenty (20) or more years of total service
25 and who has attained an age within five (5) years of the eligible retirement age under
26 subparagraphs (ii)(A) or (ii)(B) above or subsection (iii) below, may elect to retire provided that
27 the retirement allowance shall be reduced actuarially for each month that the age of the member is
28 less than the eligible retirement age under subparagraphs (ii)(A) or (ii)(B) above or subsection
29 (iii) below in accordance with the following table:

	Year Preceding	Cumulative Annual	Cumulative Monthly
	Retirement	Reduction	Reduction
32 For Year 1	9%	.75%	
33 For Year 2	8%	.667%	
34 For Year 3	7%	.583%	

1 For Year 4 7% .583%
2 For Year 5 7% .583%

3 (D) (1) Notwithstanding any other provisions of ~~section 42-21-16(1)(ii)~~ [§45-21-16\(1\)\(ii\)](#),
4 a member who has completed ten (10) or more years of contributory service as of June 30, 2012,
5 may elect to retire at his or her eligible retirement date as determined under paragraph (i) above
6 provided that a member making an election under this paragraph shall receive the member's
7 retirement benefit determined and calculated based on the member's service and average
8 compensation as of June 30, 2012. This provision shall be interpreted and administered in a
9 manner to protect a member's accrued benefit on June 30, 2012. (iii) Notwithstanding any other
10 provisions of subsection (ii) above, effective July 1, 2015, members in active service shall be
11 eligible to retire upon the earlier of:

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

17 (II) The member's retirement eligibility date under subsections (ii)(A) or (ii)(B) above.

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

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

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

24 (i) Provided, however, a person who has ten (10) years service credit on or before June
25 16, 1991 is vested.

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

28 (iii) Any person who becomes a member of the employees' retirement system pursuant to
29 ~~§ 45-21-4~~ [§§45-21-4, 45-21-4.1, 45-21-4.2, 45-21.2-3.1, or 45-21.2-3.2](#) shall be considered a
30 contributing member for the purpose of this chapter.

31 (iv) Notwithstanding any other provision of law, no more than five (5) years of service
32 credit may be purchased by a member of the System. The five (5)-year limit does not apply to any
33 purchases made prior to the effective date of this provision. A member who has purchased more
34 than five (5) years of service credit maximum, before January 1, 1995, shall be permitted to apply

1 the purchases towards the member's service retirement. However, no further purchase will be
2 permitted. Repayment, in accordance with applicable law and regulation, of any contribution
3 previously withdrawn from the System is not deemed a purchase of service credit.

4 (v) Notwithstanding any other provision of law, effective July 1, 2012, except for
5 purchases under §§ 16-16-7.1, 36-5-3, 36-9-31, 36-10-10.4, and 45-21-53: (I) For service
6 purchases for time periods prior to a member's initial date of hire; the purchase must be made
7 within three (3) years of the member's initial date of hire; and

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

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

16 (4) A member does not receive service credit in this retirement system for any year or
17 portion of a year, which counts as service credit in any other retirement system in which the
18 member is vested or from which the member is receiving a pension and/or any annual payment
19 for life. This subsection does not apply to any payments received pursuant to the Federal Social
20 Security Act or to payments from a military pension earned prior to participation in state or
21 municipal employment, or to military service credits earned prior to participation in state or
22 municipal employment.

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

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

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

4 **45-21-16.2. Electronic funds transfer.**

5 All members of the municipal employees retirement system retiring under the provisions
6 of this title on or after July 1, 1998, or joining the system pursuant to, [or joining the system](#)
7 [pursuant to §§45-21-4, 45-21-4.1, 45-21-4.2, 45-21.2-3.1 or 45-21.2-3.2](#), are required to
8 participate in electronic funds transfer and to supply the municipal employees retirement system
9 with a bank routing number to effectuate a monthly transfer of benefits.

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

13 **45-21.2-3. Optional retirement for police and fire fighters.**

14 In addition to the retirement system established under the provisions of chapter 21 of this
15 title, any municipality may accept this chapter in the manner stated in § 45-21-4. Withdrawal
16 from the system is in the same manner as stated in § 45-21-5, [subject to the provisions of §45-](#)
17 [21.2-3.2](#).

18 SECTION 3. Chapter 45-21 of the General Laws entitled "Retirement of Municipal
19 Employees" is hereby amended by adding thereto the following sections:

20 **45-21-4.1. Alternative acceptance by municipalities.**

21 [\(a\) The provisions of this section shall apply only to locally administered plans within the](#)
22 [city of Central Falls.](#)

23 [\(b\) On or after the effective date of this section, a municipality may accept the provisions](#)
24 [of this chapter, or the provisions of the optional retirement plan established in chapter 21.2 of title](#)
25 [45, by an ordinance of its governing body stating the group or groups of employees to be included](#)
26 [as provided in §45-21-7; provided that, any and all labor organizations representing active](#)
27 [employees of the municipality to be included have assented to such participation of their](#)
28 [respective memberships, through a collective bargaining agreement and ratification of the](#)
29 [agreement by a majority vote of those members of any such labor organization present and](#)
30 [voting. All elections authorized pursuant to subsections \(f\) through \(i\) of this section shall be](#)
31 [made in accordance with the provisions of subsection \(b\) of this section.](#)

32 [\(c\) In the event a municipality enters the system pursuant to this section, the municipality](#)
33 [shall, on or before the effective date of participation, transfer to the system the accumulated](#)
34 [contributions of each member entering the system. The municipality may thereafter elect what](#)

1 portion of the remaining plan assets to transfer to the system, subject to the approval of the
2 retirement board, which shall retain the authority to deny the plan entrance into the system if the
3 proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of the
4 new unit.

5 (d) In the event a municipality joining pursuant to this section divides a locally
6 administered plan into one or more plans for purposes of entering the system pursuant to this
7 section, and has insufficient total plan assets to transfer to the system the accumulated
8 contributions of each member entering the system as set forth in subsection (c) of this section, the
9 municipality shall, on or before the effective date of participation, transfer assets to the system in
10 proportion to the total accrued liability of that portion of the original undivided plan being
11 transferred to the system, subject to the approval of the retirement board, which shall retain the
12 authority to deny the plan entrance into the system if the proposed asset transfer is found to pose
13 unacceptable risk to the liquidity or sustainability of the new unit.

14 (e) Notwithstanding anything to the contrary in §45-21-8, any employee or elected
15 official of a municipality joining pursuant to this section, in service prior to the effective date of
16 participation, who is not a member of any other pension or retirement system supported wholly or
17 in part by a participating municipality, shall automatically become a member.

18 (f) Notwithstanding any provisions of §45-21-16 to the contrary, if prior to the effective
19 date of participation a municipality joining pursuant to this section had a higher retirement age
20 than otherwise provided for therein, the municipality shall have a one-time election to retain a
21 higher retirement age for employees entering the system, not to exceed the plan's retirement age
22 prior to the effective date of participation, for any employees in active service as of the effective
23 date of participation, provided that the higher retirement age shall not apply to new employees
24 hired on or after the effective date of participation, which shall be subject to the retirement ages
25 set forth in §45-21-16. Should the municipality not make the election authorized by this section,
26 members entering the system shall be subject to the retirement ages and restrictions otherwise
27 provided for in §45-21-16.

28 (g) Notwithstanding anything in §45-21-17 to the contrary, if prior to the effective date of
29 participation, a municipality joining pursuant to this section offered a different accrued benefit
30 than would otherwise be available pursuant to §45-21-17, the municipality shall have a one-time
31 election to allow members joining the system to receive upon retirement, their accrued benefit
32 based on their prior service, as of the effective date of participation. In the event the municipality
33 makes this election, the member shall not otherwise be entitled to a retirement allowance from the
34 system for prior service calculated pursuant to §45-21-17, and on and after the effective date of

1 participation of the municipality, any member entering the system shall accrue benefits on service
2 at the rates set forth in §45-21-17. Should the municipality not make the election provided for in
3 this section, any members joining the system shall accrue benefits on total service at the rates set
4 forth in §45-21-17; provided that, notwithstanding anything to the contrary in §45-21-17, any
5 such member's retirement allowance shall in any case be equal to two percent (2%) of the
6 member's average compensation multiplied by the member's years of prior service between July
7 1, 2012 and the effective date of participation. Any member entering the system shall have their
8 total service, as of June 30, 2012, utilized for purposes of determining eligibility for participation
9 in the defined contribution retirement plan established in chapter 10.3 of title 36, pursuant to §45-
10 21-17.

11 (h) Notwithstanding anything in §45-21-17 to the contrary, if prior to the effective date of
12 participation, a municipality joining pursuant to this section provided for a lower maximum
13 retirement allowance than would otherwise be permissible pursuant to §45-21-17, the
14 municipality shall have a one-time election to retain a lower maximum retirement allowance for
15 employees entering the system, which may be no lower than the municipality's maximum
16 retirement allowance as of the effective date of participation, and which may not exceed the
17 maximum retirement allowance otherwise permissible pursuant to §45-21-17, for any employees
18 in active service as of the effective date of participation; provided that, the plan's election to retain
19 a different maximum retirement allowance than would otherwise be permissible pursuant to §45-
20 21-17 shall not apply to new employees hired on or after the effective date of participation, which
21 shall be subject to the maximum retirement allowance set forth in §45-21-17. Should the
22 municipality not make the election authorized by this section, members entering the system shall
23 be subject to the maximum retirement allowance set forth in §45-21-17.

24 (i) Notwithstanding anything in §45-21-41 to the contrary, if prior to the effective date of
25 participation, a municipality joining pursuant to this section had an employee contribution rate
26 greater than set forth in §45-21-41, the municipality shall have a one-time election to retain the
27 higher employee contribution rate, not to exceed the rate in effect as of the effective date of
28 participation, for any employees in active service as of the effective date of participation;
29 provided that, the higher rate shall not apply to new employees hired on or after the effective date
30 of participation, which shall contribute as set forth in §45-21-41. Should the municipality elect to
31 retain the higher employee contribution rate, it may elect to do so on either a temporary or a
32 permanent basis. Should the municipality not make the election authorized by this section,
33 members entering the system shall contribute as set forth in §45-21-41.

34 (j) Notwithstanding anything in §45-21-42.2 to the contrary, the cost to evaluate a

1 municipality's prospective membership in the retirement system pursuant to this section shall be
2 borne by the retirement board.

3 (k) Notwithstanding anything in §45-21-43.1 to the contrary, determination of the
4 employer contribution rate of a municipality joining pursuant to this section, shall be computed as
5 of the effective date of participation using an amortization period for the unfunded actuarial
6 accrued liability not to exceed thirty (30) years as determined by the board, based upon the
7 recommendation of the plan's actuary. Future actuarial gains and losses accruing within a plan
8 year will be amortized over individual new twenty (20) year closed periods.

9 (l) Notwithstanding anything in §45-21-56 to the contrary, if a municipality joining
10 pursuant to this section is in critical status as defined in §45-65-4, and an employee of the
11 municipality leaves employment and is hired by another participating municipality that is not in
12 critical status as defined in §45-65-4, then the retirement system shall transfer the amount of the
13 member's total accrued liability with the municipality, multiplied by the funded status of the
14 municipality, to the account of the current employing municipality.

15 **45-21-4.2. Retiree membership in system.**

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

18 (b) Notwithstanding any provision of this chapter to the contrary, a municipality may
19 accept the provisions of this chapter by an ordinance of its governing body stating the group or
20 groups of retired former employees to be included as provided in §45-21-7; provided that:

21 (1) Any affected retired former employee has consented in writing to joining the system;
22 or

23 (2) Any duly constituted retiree organization that represents said retired former
24 employees has assented to joining the system.

25 For purposes of this section, "retired former employees" means any individual who has
26 retired prior to the effective date of participation, pursuant to the provisions of any locally
27 administered municipal retirement plan.

28 (c) Any group or groups of retired former employees that become members pursuant to
29 this provision shall receive benefits calculated in accordance with, and shall be subject to, all of
30 the provisions, limitations and restrictions contained in this chapter as of the effective date of
31 participation, and shall waive any benefits accrued pursuant to the locally administered plan.

32 (d) In the event a municipality enters the system pursuant to this section, the municipality
33 shall, on or before the effective date of participation, transfer to the system the accumulated
34 contributions of each member entering the system. The municipality may thereafter elect what

1 portion of the remaining plan assets to transfer to the system, subject to the approval of the
2 retirement board, which shall retain the authority to deny the plan entrance into the system if the
3 proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of the
4 new unit.

5 (e) In the event a municipality joining pursuant to this section divides a locally
6 administered plan into one or more plans for purposes of entering the system pursuant to this
7 section, and has insufficient total plan assets to transfer to the system the accumulated
8 contributions of each member entering the system as set forth in subsection (d) of this section, the
9 municipality shall, on or before the effective date of participation, transfer assets to the system in
10 proportion to the total accrued liability of that portion of the original undivided plan being
11 transferred to the system, subject to the approval of the retirement board, which shall retain the
12 authority to deny the plan entrance into the system if the proposed asset transfer is found to pose
13 unacceptable risk to the liquidity or sustainability of the new unit.

14 (f) Withdrawal of a municipal plan consisting solely of retired former employees, that
15 had joined the retirement system pursuant to this section, shall be as provided in §45-21-5;
16 provided that, the withdrawal is conditioned upon the written approval of each individual retired
17 former employee, or the assent of any duly constituted retiree organization that represents said
18 retired former employees; and further provided that, the municipality must agree upon
19 withdrawal, by ordinance of its governing body, to assume thereafter full responsibility for
20 management and administration of the retirement and disability allowances in force for each
21 retired former employee or any beneficiaries thereof. In the event the municipality withdraws its
22 retired former employees, it shall not be subject to the provisions of §45-21-6.

23 (g) Notwithstanding the provisions of subsection (c) of this section, if a municipality
24 elects to have a group or groups of retired former employees join the system pursuant to this
25 section, it shall have the opportunity as of the effective date of participation, to make one-time
26 elections as follows:

27 (1) To retain any provisions contained in the municipality's locally administered plan
28 related to retirement eligibility notwithstanding anything to the contrary in §45-21-16;

29 (2) To allow any retired former employee to retain their accrued benefit pursuant to the
30 provisions of the locally administered plan, in which case the member shall not be entitled to any
31 retirement allowance or benefit from the system otherwise available or calculated pursuant to the
32 provisions of §§45-21-17, 45-21-17.1, 45-21-17.2, 45-21-27, 45-21-30, 45-21-51 or 45-21-51.1;

33 (3) To retain any maximum retirement allowance provided for by the locally
34 administered retirement plan, notwithstanding anything to the contrary in §45-21-17; or

1 (4) To retain any automatic adjustment increases in the service retirement allowances
2 provided for by the locally administered plan, notwithstanding anything to the contrary in §45-21-
3 52.

4 (h) Any retired former employee receiving a disability pension pursuant to the provisions
5 contained in the locally administered plan, shall be subject to the provisions of §§45-21-23 and
6 45-21-24.

7 (i) Subject to the provisions of subsection (j) of this section, any retired former employee
8 entering the system pursuant to this section shall be subject to the provisions of §§45-21-31 and
9 45-21-54.

10 (j) Notwithstanding anything in subsection (i) of this section, any retired former
11 employee becoming a member pursuant to this section, who as of the effective date of
12 participation is also an employee of an already participating municipality, shall not be subject to
13 the provisions of §§45-21-31 or 45-21-54, for so long as they remain employed by the already
14 participating municipality. Should the member terminate employment with the already
15 participating municipality for any reason, they shall thereafter be subject to the provisions of
16 §§45-21-31 and 45-21-54.

17 (k) The cost to evaluate a municipality's prospective membership in the retirement system
18 pursuant to this section shall be borne by the retirement board.

19 SECTION 4. Chapter 45-21.2 of the General Laws entitled "Optional Retirement for
20 Members of Police Force and Fire Fighters" is hereby amended by adding thereto the following
21 sections:

22 **45-21.2-3.1. Alternative acceptance by municipalities of optional retirement for**
23 **police and fire fighters.**

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

26 (b) On or after the effective date of this section, a municipality may accept the provisions
27 of this chapter, by an ordinance of its governing body stating the group or groups of employees to
28 be included as provided in §45-21-7; provided that, any and all labor organizations representing
29 active employees of the municipality to be included have assented to such participation of their
30 respective memberships, through a collective bargaining agreement and ratification of the
31 decision by a majority vote of those members of any such labor organization present and voting.
32 All elections authorized pursuant to subsections (f) through (j) of this section, or pursuant to
33 §§45-21.2-5, 45-21.2-6 or 45-21.2-14, shall be made in accordance with the provisions of
34 subsection (b) of this section.

1 (c) In the event a municipality enters the system pursuant to this section, the municipality
2 shall, on or before the effective date of participation, transfer to the system the accumulated
3 contributions of each member entering the system. The municipality may thereafter elect what
4 portion of the remaining plan assets to transfer to the system, subject to the approval of the
5 retirement board, which shall retain the authority to deny the plan entrance into the system if the
6 proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of the
7 new unit.

8 (d) In the event a municipality joining pursuant to this section divides a locally
9 administered plan into one or more plans for purposes of entering the system pursuant to this
10 section, and has insufficient total plan assets to transfer to the system the accumulated
11 contributions of each member entering the system as set forth in subsection (c) of this section, the
12 municipality shall, on or before the effective date of participation, transfer assets to the system in
13 proportion to the total accrued liability of that portion of the original undivided plan being
14 transferred to the system, subject to the approval of the retirement board, which shall retain the
15 authority to deny the plan entrance into the system if the proposed asset transfer is found to pose
16 unacceptable risk to the liquidity or sustainability of the new unit.

17 (e) Any employee of a municipality joining pursuant to this section, in service prior to the
18 effective date of participation, who is not a member of any other pension or retirement system
19 supported wholly or in part by a participating municipality, shall automatically become a
20 member.

21 (f) Notwithstanding anything in §45-21.2-5 to the contrary, if a municipality joining
22 pursuant to this section, prior to the effective date of participation, had a higher retirement age
23 than otherwise provided for herein, the municipality shall have a one-time election to retain a
24 higher retirement age for employees entering the system, not to exceed the plan's retirement age
25 prior to the effective date of participation, for any employees in active service as of the effective
26 date of participation; provided that, the higher retirement age shall not apply to new employees
27 hired on or after the effective date of participation, which shall otherwise be subject to the
28 applicable provisions of §45-21.2-5. Should a municipality joining pursuant to this section not
29 make the election authorized herein, members entering the system shall be subject to the
30 otherwise applicable retirement ages and restrictions set forth in §45-21.2-5.

31 (g) Notwithstanding anything in §45-21.2-6 to the contrary, a municipality joining
32 pursuant to this section shall have a one-time election to allow members joining the system who
33 thereafter retire upon the attainment of the age of fifty-seven (57) years, and who have completed
34 at least thirty (30) years of total service, to have the enhanced rate of pension benefit accrual as

1 set forth in §45-21.2-6(a), apply:

2 (1) Only to years of service rendered on or after the effective date of participation; or

3 (2) To total service, but only after the member has completed such number of years of
4 service on or after the effective date of participation, as is established by the municipality upon
5 the effective date of participation.

6 (h) Notwithstanding anything in this section to the contrary, if a municipality joining
7 pursuant to this section offered a different accrued benefit than would otherwise be available
8 pursuant to §45-21.2-6, the municipality shall have a one-time election to allow members joining
9 the system to receive upon retirement, their accrued benefit based on their prior service, as of the
10 effective date of participation. In the event the municipality makes this election, the member shall
11 not otherwise be entitled to a retirement allowance from the system for prior service calculated
12 pursuant to §45-21.2-6, and on and after the effective date of participation of the municipality,
13 any member entering the system shall accrue benefits on service at the rates set forth in §45-21.2-
14 6. Should a municipality not make the elections provided for in this subdivision, any member
15 entering the system shall accrue benefits on total service at the rates set forth in §45-21.2-6.

16 (i) Notwithstanding anything in §45-21.2-6 to the contrary, if a municipality joining
17 pursuant to this section, prior to the effective date of participation, provided for a lower maximum
18 retirement allowance than would otherwise be permissible pursuant to §45-21.2-6, the
19 municipality shall have a one-time election to retain a lower maximum retirement allowance for
20 employees entering the system, which may be no lower than the plan's maximum retirement
21 allowance as of the effective date of participation, and which may not exceed the maximum
22 retirement allowance otherwise permissible pursuant to §45-21.2-6, for any employees in active
23 service as of the effective date of participation; provided that, the plan's election to retain a
24 different maximum retirement allowance than would otherwise be permissible pursuant to §45-
25 21.2-6 shall not apply to new employees hired on or after the effective date of participation,
26 which shall be subject to the maximum retirement allowance set forth in §45-21.2-6.

27 (j) Notwithstanding anything in §45-21.2-14 to the contrary, if a municipality joining
28 pursuant to this section, prior to the effective date of participation, had an employee contribution
29 rate greater than set forth in §45-21.2-14(a), the municipality shall have a one-time election to
30 retain the higher employee contribution rate, not to exceed the rate in effect as of the effective
31 date of participation, for any employees in active service as of the effective date of participation;
32 provided that, the higher rate shall not apply to new employees hired on or after the effective date
33 of participation, which shall contribute as set forth in §45-21.2-14(a). Should the municipality
34 elect to retain the higher employee contribution rate, it may elect to do so on either a temporary or

1 a permanent basis. Should the municipality not make the election authorized by this subsection,
2 members entering the system shall contribute as set forth in §45-21.2-14(a).

3 (k) Notwithstanding anything in §45-21-42.2 to the contrary, the cost to evaluate a
4 municipality's prospective membership in the retirement system pursuant to this section or §45-
5 21.2-3.2, shall be borne by the retirement board.

6 (l) Notwithstanding anything in §45-21-43.1 to the contrary, determination of the
7 employer contribution rate of a municipality joining pursuant to this section, shall be computed as
8 of the effective date of participation using an amortization period for the unfunded actuarial
9 accrued liability not to exceed thirty (30) years as determined by the board, based upon the
10 recommendation of the plan's actuary. Future actuarial gains and losses accruing within a plan
11 year will be amortized over individual new twenty (20) year closed periods.

12 (m) Notwithstanding anything in §45-21-56 to the contrary, if a municipality joining
13 pursuant to this section is in critical status as defined in §45-65-4, and an employee of the
14 municipality leaves employment and is hired by another participating municipality that is not in
15 critical status as defined in §45-65-4, then the retirement system shall transfer the amount of the
16 member's total accrued liability with the municipality, multiplied by the funded status of the
17 municipality, to the account of the current employing municipality.

18 **45-21.2-3.2. Retiree participation in optional retirement plan.**

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

21 (b) Notwithstanding any provision of this chapter to the contrary, a municipality may
22 accept the provisions of this chapter by an ordinance of its governing body stating the group or
23 groups of retired former employees to be included as provided in §45-21-7; provided that:

24 (1) Any affected retired former employee has consented in writing to joining the system;
25 or

26 (2) Any duly constituted retiree organization that represents said retired former
27 employees has assented to joining the system.

28 For purposes of this section, "retired former employees" means any individual who has
29 retired prior to the effective date of participation, pursuant to the provisions of any locally
30 administered municipal retirement plan.

31 (c) Any group or groups of retired former employees that become members pursuant to
32 this provision shall receive benefits calculated in accordance with, and shall be subject to, all of
33 the provisions, limitations and restrictions contained in this chapter as of the effective date of
34 participation, and shall waive any benefits accrued pursuant to the locally administered municipal

1 plan.

2 (d) In the event a municipality enters the system pursuant to this section, the municipality
3 shall, on or before the effective date of participation, transfer to the system the accumulated
4 contributions of each member entering the system. The municipality may thereafter elect what
5 portion of the remaining plan assets to transfer to the system, subject to the approval of the
6 retirement board, which shall retain the authority to deny the plan entrance into the system if the
7 proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of the
8 new unit.

9 (e) In the event the municipality divides a locally administered plan into one or more
10 plans for purposes of entering the system pursuant to this section, and has insufficient total plan
11 assets to transfer to the system the accumulated contributions of each member entering the system
12 as set forth in subsection (d) of this section, the municipality shall, on or before the effective date
13 of participation, transfer assets to the system in proportion to the total accrued liability of that
14 portion of the original undivided plan being transferred to the system, subject to the approval of
15 the retirement board, which shall retain the authority to deny the plan entrance into the system if
16 the proposed asset transfer is found to pose unacceptable risk to the liquidity or sustainability of
17 the new unit.

18 (f) Withdrawal of a plan consisting solely of retired former employees, that had joined
19 the retirement system pursuant to this section, shall be as provided in §45-21-5; provided that, the
20 withdrawal is conditioned upon the written approval of each individual retired former employee,
21 or the assent of any duly constituted retiree organization that represents said retired former
22 employees; and further provided that, the municipality must agree upon withdrawal, by ordinance
23 of its governing body, to assume thereafter full responsibility for management and administration
24 of the retirement and disability allowances in force for each retired former employee or any
25 beneficiaries thereof.

26 (g) Notwithstanding the provisions of subsection (c) of this section, any locally
27 administered municipal plan that elects to have a group or groups of retired former employees
28 join the system pursuant to this section, shall have the opportunity as of the effective date of
29 participation, to make one-time elections as follows:

30 (1) To retain any provisions contained in the locally administered plan related to
31 retirement eligibility notwithstanding anything to the contrary in §§45-21.2-5 or 45-21.2-22;

32 (2) To allow any retired former employee to retain their accrued benefit pursuant to the
33 provisions of the locally administered plan, in which case the member shall not be entitled to any
34 retirement allowance or benefit from the system otherwise available or calculated pursuant to the

1 provisions of §§45-21.2-6, 45-21.2-13, or 45-21.2-20, 45-21.2-21, or 45-21.2-22;

2 (3) To retain any maximum retirement allowance provided for by the locally
3 administered retirement plan, notwithstanding anything to the contrary in §§45-21.2-6 or 45-21.2-
4 22; or

5 (4) To retain any automatic adjustment increases in the service retirement allowances
6 provided for by the locally administered plan, notwithstanding anything to the contrary in §45-21-
7 52.

8 (h) Any retired former employee receiving a disability pension pursuant to the provisions
9 contained in the locally administered plan, shall be subject to the provisions of §§45-21-23 and
10 45-21-24.

11 (i) Subject to the provisions of subsection (j) of this section, any retired former employee
12 entering the system pursuant to this section shall be subject to the provisions of §§45-21-31, and
13 45-21-54.

14 (j) Notwithstanding anything in subsection (i) of this section, any retired former
15 employee becoming a member pursuant to this section, who, as of the effective date of
16 participation, is also an employee of an already participating municipality, shall not be subject to
17 the provisions of §§45-21-31 or 45-21-54, for so long as they remain employed by the already
18 participating municipality. Should the member terminate employment with the already
19 participating municipality for any reason, they shall thereafter be subject to the provisions of
20 §§45-21-31 and 45-21-54.

21 (k) The cost to evaluate a municipality's prospective membership in the retirement system
22 pursuant to this section shall be borne by the retirement board.

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

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LC002956
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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 allow locally administered retirement plans in the city of Central Falls to
2 join the Municipal Employees Retirement System (MERS) by providing greater flexibility in
3 funding policies than would otherwise be required, depending upon the needs and circumstances
4 of the community.

5 This act would take effect upon passage.

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LC002956
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