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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TOWNS AND CITIES -- RETIREMENT SECURITY ACT FOR LOCALLY
ADMINISTERED PENSION FUNDS

Introduced By: Senator Michael J. McCaffrey

Date Introduced: March 03, 2015

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 45-65-4 and 45-65-6 of the General Laws in Chapter 45-65
2 entitled "Retirement Security Act for Locally Administered Pension Funds" are hereby amended
3 to read as follows:

4 **45-65-4. Definitions.** -- As used in this chapter the following terms shall have the
5 following meanings:

6 (1) "Actuarial experience study" means a report provided by an actuary that includes a
7 recent discussion of plan experience, recommendations for actuarial assumptions and methods,
8 and information about the actuarial impact of these recommendations on the liabilities and other
9 key actuarial measures. [The report shall include a twenty \(20\) year amortization schedule of](#)
10 [annual required contribution, actuarial accrued liability, unfunded actuarial accrued liability and](#)
11 [plan funding percentage.](#)

12 (2) "Annual actuarial valuation study" means a valuation of a locally administered plan
13 completed by an actuary, and a certification based on that valuation indicating whether such plan
14 is or is not in critical status, on an annual basis.

15 (3) "Critical status" means that, as determined by its actuary, as of the beginning of the
16 plan year, a plan's funded percentage for such plan year is less than sixty percent (60%).

17 (4) "Locally administered plan" or "plan" means any defined benefit pension plan
18 established by a municipality for its employees, other than: (a) A plan that is part of the

1 Employees' Retirement System of Rhode Island as defined in chapter 36-8 or the Municipal
2 Employees' Retirement System of Rhode Island as defined in chapter 45-21; or (b) A plan
3 established by a municipality that has filed for bankruptcy protection pursuant to chapter 9 of title
4 11 of the United States Code, a plan established by a municipality for which a receiver has been
5 appointed pursuant to chapter 45-9 or a plan established by a municipality for which a fiscal
6 overseer has been appointed pursuant to chapter 45-9.

7 (5) "Municipality" means any town or city in the State of Rhode Island, any city or town
8 housing authority, fire, water, sewer district, regional school district or public building authority
9 as established by chapter 14 of title 37.

10 **45-65-6. Certification and notice requirements.** -- (1) Every municipality that
11 maintains a locally administered plan shall submit its initial annual actuarial valuation study to
12 the study commission created herein under § 45-64-8 on or before April 1, 2012, and for each
13 plan year ending on or after December 31, 2012, within six (6) months of completing such plan
14 year. The initial actuarial experience study shall be submitted to the study commission on or
15 before April 1, 2012, ~~and .~~

16 (2) ~~subsequent~~ Subsequent actuarial experience studies must be ~~submitted to the study~~
17 ~~commission~~ completed by the municipality administering such a plan no less frequently than once
18 every three (3) years.

19 (2)(3) In any case in which an actuary certifies that a locally administered plan is in
20 critical status for a plan year, the municipality administering such a plan shall, not later than thirty
21 (30) business days following the certification, provide notification of the critical status to the
22 participants and beneficiaries of the plan and to the general assembly, the governor, the general
23 treasurer, the director of revenue, and the auditor general. The notification shall also be posted
24 electronically on the general treasurer's website. Within one hundred eighty (180) days of sending
25 the critical status notice, the municipality shall submit to the ~~study commission~~ general treasurer,
26 the director of revenue, and the auditor general a reasonable alternative funding improvement
27 plan to emerge from critical status.

28 ~~(3) The state shall reimburse every municipality for fifty percent (50%) of the cost of~~
29 ~~undertaking its annual actuarial valuation study, which is due on April 1, 2012.~~

30 (4) Notwithstanding any other law to the contrary, the funding improvement plans and
31 actuarial valuation studies submitted pursuant to this section shall be public records.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would require municipalities to include a twenty (20) year amortization schedule
2 once every three (3) years in their annual valuation studies, and would provide the general
3 treasurer, the director of revenue and the auditor general within one hundred eighty (180) days a
4 reasonable alternative funding improvement plan to emerge from critical status.

5 This act would take effect upon passage.

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