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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97-  
THE RHODE ISLAND BOARD OF EDUCATION ACT]

Introduced By: Senators Sosnowski, Sheehan, Crowley, McCaffrey, and Goodwin

Date Introduced: February 13, 2020

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 16-16-40 of the General Laws in Chapter 16-16 entitled "Teachers'  
2 Retirement [See Title 16 Chapter 97 - The Rhode Island Board of Education Act]" is hereby  
3 amended to read as follows:

4           **16-16-40. Additional benefits payable to retired teachers.**

5           (a) All teachers and all beneficiaries of teachers receiving any service retirement or  
6 ordinary or accidental disability retirement allowance pursuant to the provisions of this chapter and  
7 chapter 17 of this title, on or before December 31, 1967, shall receive a cost of living retirement  
8 adjustment equal to one and one-half percent (1.5%) per year of the original retirement allowance,  
9 not compounded, for each year the retirement allowance has been in effect. For purposes of  
10 computation credit shall be given for a full calendar year regardless of the effective date of the  
11 retirement allowance. This cost of living retirement adjustment shall be added to the amount of the  
12 service retirement allowance as of January 1, 1970, and payment shall begin as of July 1, 1970. An  
13 additional cost of living retirement adjustment shall be added to the original retirement allowance  
14 equal to three percent (3%) of the original retirement allowance on the first day of January, 1971,  
15 and each year thereafter through December 31, 1980.

16           (b) All teachers and beneficiaries of teachers receiving any service retirement or ordinary  
17 disability retirement allowance pursuant to the provisions of this title who retired on or after January  
18 1, 1968, shall, on the first day of January, next following the third (3rd) year on retirement, receive

1 a cost of living adjustment, in addition to his or her retirement allowance, an amount equal to three  
2 percent (3%) of the original retirement allowance. In each succeeding year thereafter, on the first  
3 day of January, the retirement allowance shall be increased an additional three percent (3%) of the  
4 original retirement allowance, not compounded, to be continued through December 31, 1980.

5 (c)(1) Beginning on January 1, 1981, for all teachers and beneficiaries of teachers receiving  
6 any service retirement and all teachers and all beneficiaries of teachers who have completed at least  
7 ten (10) years of contributory service on or before July 1, 2005, pursuant to the provisions of this  
8 chapter, and for all teachers and beneficiaries of teachers who receive a disability retirement  
9 allowance pursuant to §§ 16-16-14 -- 16-16-17, the cost of living adjustment shall be computed  
10 and paid at the rate of three percent (3%) of the original retirement allowance or the retirement  
11 allowance as computed in accordance with § 16-16-40.1, compounded annually from the year for  
12 which the cost of living adjustment was determined to be payable by the retirement board pursuant  
13 to the provisions of subsection (a) or (b) of this section. Such cost of living adjustments are available  
14 to teachers who retire before October 1, 2009, or are eligible to retire as of September 30, 2009.

15 (2) The provisions of this subsection shall be deemed to apply prospectively only and no  
16 retroactive payment shall be made.

17 (3) The retirement allowance of all teachers and all beneficiaries of teachers who have not  
18 completed at least ten (10) years of contributory service on or before July 1, 2005, or were not  
19 eligible to retire as of September 30, 2009, shall, on the month following the third anniversary date  
20 of the retirement, and on the month following the anniversary date of each succeeding year be  
21 adjusted and computed by multiplying the retirement allowance by three percent (3%) or the  
22 percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published  
23 by the United States Department of Labor Statistics, determined as of September 30 of the prior  
24 calendar year, whichever is less; the cost of living adjustment shall be compounded annually from  
25 the year for which the cost of living adjustment was determined payable by the retirement board;  
26 provided, that no adjustment shall cause any retirement allowance to be decreased from the  
27 retirement allowance provided immediately before such adjustment.

28 (d) For teachers not eligible to retire in accordance with this chapter as of September 30,  
29 2009, and not eligible upon passage of this article, and for their beneficiaries, the cost of living  
30 adjustment described in subsection (3) above shall only apply to the first thirty-five thousand  
31 dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon the third  
32 (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65), whichever  
33 is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the percentage  
34 increase in the Consumer Price Index for all Urban Consumer (CPI-U) as published by the United

1 States Department of Labor Statistics determined as of September 30 of the prior calendar year or  
2 three percent (3%), whichever is less. The first thirty-five thousand dollars (\$35,000), as indexed,  
3 of retirement allowance shall be multiplied by the percentage of increase in the Consumer Price  
4 Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor  
5 Statistics determined as of September 30 of the prior calendar year or three percent (3%), whichever  
6 is less, on the month following the anniversary date of each succeeding year. For teachers eligible  
7 to retire as of September 30, 2009, or eligible upon passage of this article, and for their  
8 beneficiaries, the provisions of this subsection (d) shall not apply.

9 (e) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

10 (f) This subsection (f) shall be effective for the period July 1, 2012, through June 30, 2015.

11 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (f)(2)  
12 below, for all present and former teachers, active and retired teachers, and beneficiaries receiving  
13 any retirement, disability or death allowance or benefit of any kind, the annual benefit adjustment  
14 provided in any calendar year under this section shall be equal to (A) multiplied by (B) where (A)  
15 is equal to the percentage determined by subtracting five and one-half percent (5.5%) (the  
16 "subtrahend") from the Five-Year Average Investment Return of the retirement system determined  
17 as of the last day of the plan year preceding the calendar year in which the adjustment is granted,  
18 said percentage not to exceed four percent (4%) and not to be less than zero percent (0%), and (B)  
19 is equal to the lesser of the teacher's retirement allowance or the first twenty-five thousand dollars  
20 (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000) amount to be  
21 indexed annually in the same percentage as determined under paragraph (f)(1)(A) above. The  
22 "Five-Year Average Investment Return" shall mean the average of the investment returns of the  
23 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (f)(2)  
24 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)  
25 anniversary of the date of retirement or the date on which the retiree reaches his or her Social  
26 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially  
27 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted  
28 either upward or downward in the same amount.

29 (2) Except as provided in paragraph (f)(3), the benefit adjustments under this section for  
30 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees'  
31 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police  
32 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
33 percent (80%) in which event the benefit adjustment will be reinstated for all teachers for such plan  
34 year.

1 In determining whether a funding level under this paragraph (f)(2) has been achieved, the  
2 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
3 current or future benefit adjustment provided under this section.

4 (3) Notwithstanding paragraph (f)(2), in each fifth plan year commencing after June 30,  
5 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
6 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (f)(1)  
7 above until the Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial  
8 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's  
9 actuary on an aggregate basis, exceeds eighty percent (80%).

10 (4) Notwithstanding any other provisions of this chapter, the provisions of this paragraph  
11 (f) of § 16-16-40 shall become effective July 1, 2012, and shall apply to any benefit adjustments  
12 not granted on or prior to June 30, 2012.

13 (g) This subsection (g) shall become effective July 1, 2015.

14 (1)(A) As soon as administratively reasonable following the enactment into law of this  
15 subsection (g)(1)(A), a one-time benefit adjustment shall be provided to teachers and/or  
16 beneficiaries of teachers who retired on or before June 30, 2012, in the amount of two percent (2%)  
17 of the lesser of either the teacher's retirement allowance or the first twenty-five thousand dollars  
18 (\$25,000) of the teacher's retirement allowance. This one-time benefit adjustment shall be provided  
19 without regard to the retiree's age or number of years since retirement.

20 (B) Notwithstanding the prior subsections of this section, for all present and former  
21 teachers, active and retired teachers, and beneficiaries receiving any retirement, disability or death  
22 allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year under  
23 this section for adjustments on and after January 1, 2016, and subject to subsection (g)(2) below,  
24 shall be equal to (I) multiplied by (II):

25 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

26 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
27 (the "subtrahend") from the five-year average investment return of the retirement system  
28 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
29 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
30 (0%). The "five-year average investment return" shall mean the average of the investment returns  
31 of the most recent five (5) plan years as determined by the retirement board. In the event the  
32 retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
33 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

34 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer

1 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
2 Statistics determined as of September 30 of the prior calendar year.

3 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less  
4 than (0%) percent.

5 (II) is equal to the lesser of either the teacher's retirement allowance or the first twenty-five  
6 thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount to be  
7 indexed annually in the same percentage as determined under subsection (g)(1)(B)(I) above.

8 The benefit adjustments provided by this subsection (g)(1)(B) shall be provided to all  
9 retirees entitled to receive a benefit adjustment as of June 30, 2012, under the law then in effect,  
10 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the  
11 date of retirement or the date on which the retiree reaches his or her Social Security retirement age,  
12 whichever is later.

13 (2) Except as provided in subsection (g)(3), the benefit adjustments under subsection  
14 (g)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio of the  
15 employees' retirement system of Rhode Island, the judicial retirement benefits trust and the state  
16 police retirement benefits trust, calculated by the system's actuary on an aggregate basis, exceeds  
17 eighty percent (80%) in which event the benefit adjustment will be reinstated for all teachers for  
18 such plan year.

19 In determining whether a funding level under this subsection (g)(2) has been achieved, the  
20 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
21 current or future benefit adjustment provided under this section.

22 (3) Notwithstanding subsection (g)(2), in each fourth plan year commencing after June 30,  
23 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
24 plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection  
25 (g)(1)(B) above; and (ii) Effective for teachers and/or beneficiaries of teachers who retired on or  
26 before June 30, 2015, the dollar amount in subsection (g)(1)(B)(II) of twenty-five thousand eight  
27 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
28 dollars (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the  
29 judicial retirement benefits trust and the state police retirement benefits trust, calculated by the  
30 system's actuary on an aggregate basis, exceeds eighty percent (80%).

31 (4) Effective for teachers and or beneficiaries of teachers who have retired on or before  
32 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
33 days following the enactment of the legislation implementing this provision, and a second one-time  
34 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends

1 shall be payable to all retired teachers or beneficiaries receiving a benefit as of the applicable  
2 payment date and shall not be considered cost of living adjustments under the prior provisions of  
3 this § 16-16-40.

4 (5) Effective January 1, 2021, for each year in which a cost of living adjustment (COLA)  
5 is not scheduled pursuant to subsection (g)(3) of this section, a stipend in the amount of three  
6 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a  
7 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.  
8 These stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the  
9 applicable payment date and shall not be considered cost of living adjustments under the prior  
10 provisions of § 16-16-40.

11 SECTION 2. Section 36-10-35 of the General Laws in Chapter 36-10 entitled "Retirement  
12 System - Contributions and Benefits" is hereby amended to read as follows:

13 **36-10-35. Additional benefits payable to retired employees.**

14 (a) All state employees and all beneficiaries of state employees receiving any service  
15 retirement or ordinary or accidental disability retirement allowance pursuant to the provisions of  
16 this title on or before December 31, 1967, shall receive a cost of living retirement adjustment equal  
17 to one and one-half percent (1.5%) per year of the original retirement allowance, not compounded,  
18 for each calendar year the retirement allowance has been in effect. For the purposes of computation,  
19 credit shall be given for a full calendar year regardless of the effective date of the retirement  
20 allowance. This cost of living adjustment shall be added to the amount of the retirement allowance  
21 as of January 1, 1968, and an additional one and one-half percent (1.5%) shall be added to the  
22 original retirement allowance in each succeeding year during the month of January, and provided  
23 further, that this additional cost of living increase shall be three percent (3%) for the year beginning  
24 January 1, 1971, and each year thereafter, through December 31, 1980. Notwithstanding any of the  
25 above provisions, no employee receiving any service retirement allowance pursuant to the  
26 provisions of this title on or before December 31, 1967, or the employee's beneficiary, shall receive  
27 any additional benefit hereunder in an amount less than two hundred dollars (\$200) per year over  
28 the service retirement allowance where the employee retired prior to January 1, 1958.

29 (b) All state employees and all beneficiaries of state employees retired on or after January  
30 1, 1968, who are receiving any service retirement or ordinary or accidental disability retirement  
31 allowance pursuant to the provisions of this title shall, on the first day of January next following  
32 the third anniversary date of the retirement, receive a cost of living retirement adjustment, in  
33 addition to his or her retirement allowance, in an amount equal to three percent (3%) of the original  
34 retirement allowance. In each succeeding year thereafter through December 31, 1980, during the

1 month of January, the retirement allowance shall be increased an additional three percent (3%) of  
2 the original retirement allowance, not compounded, to be continued during the lifetime of the  
3 employee or beneficiary. For the purposes of computation, credit shall be given for a full calendar  
4 year regardless of the effective date of the service retirement allowance.

5 (c)(1) Beginning on January 1, 1981, for all state employees and beneficiaries of the state  
6 employees receiving any service retirement and all state employees, and all beneficiaries of state  
7 employees, who have completed at least ten (10) years of contributory service on or before July 1,  
8 2005 pursuant to the provisions of this chapter, and for all state employees, and all beneficiaries of  
9 state employees who receive a disability retirement allowance pursuant to §§ 36-10-12 -- 36-10-  
10 15, the cost of living adjustment shall be computed and paid at the rate of three percent (3%) of the  
11 original retirement allowance or the retirement allowance as computed in accordance with § 36-  
12 10-35.1, compounded annually from the year for which the cost of living adjustment was  
13 determined to be payable by the retirement board pursuant to the provisions of subsection (a) or (b)  
14 of this section. Such cost of living adjustments are available to members who retire before October  
15 1, 2009 or are eligible to retire as of September 30, 2009.

16 (2) The provisions of this subsection shall be deemed to apply prospectively only and no  
17 retroactive payment shall be made.

18 (3) The retirement allowance of all state employees and all beneficiaries of state employees  
19 who have not completed at least ten (10) years of contributory service on or before July 1, 2005 or  
20 were not eligible to retire as of September 30, 2009, shall, on the month following the third  
21 anniversary date of retirement, and on the month following the anniversary date of each succeeding  
22 year be adjusted and computed by multiplying the retirement allowance by three percent (3%) or  
23 the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as  
24 published by the United States Department of Labor Statistics determined as of September 30 of  
25 the prior calendar year, whichever is less; the cost of living adjustment shall be compounded  
26 annually from the year for which the cost of living adjustment was determined payable by the  
27 retirement board; provided, that no adjustment shall cause any retirement allowance to be decreased  
28 from the retirement allowance provided immediately before such adjustment.

29 (d) For state employees not eligible to retire in accordance with this chapter as of  
30 September 30, 2009 and not eligible upon passage of this article, and for their beneficiaries, the  
31 cost of living adjustment described in subsection (3) above shall only apply to the first thirty-five  
32 thousand dollars (\$35,000) of retirement allowance, indexed annually, and shall commence upon  
33 the third (3rd) anniversary of the date of retirement or when the retiree reaches age sixty-five (65),  
34 whichever is later. The thirty-five thousand dollar (\$35,000) limit shall increase annually by the

1 percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published  
2 by the United States Department of Labor Statistics determined as of September 30 of the prior  
3 calendar year or three percent (3%), whichever is less. The first thirty-five thousand dollars  
4 (\$35,000) of retirement allowance, as indexed, shall be multiplied by the percentage of increase in  
5 the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States  
6 Department of Labor Statistics determined as of September 30 of the prior calendar year or three  
7 percent (3%), whichever is less, on the month following the anniversary date of each succeeding  
8 year. For state employees eligible to retire as of September 30, 2009 or eligible upon passage of  
9 this article, and for their beneficiaries, the provisions of this subsection (d) shall not apply.

10 (e) All legislators and all beneficiaries of legislators who are receiving a retirement  
11 allowance pursuant to the provisions of § 36-10-9.1 for a period of three (3) or more years, shall,  
12 commencing January 1, 1982, receive a cost of living retirement adjustment, in addition to a  
13 retirement allowance, in an amount equal to three percent (3%) of the original retirement allowance.  
14 In each succeeding year thereafter during the month of January, the retirement allowance shall be  
15 increased an additional three percent (3%) of the original retirement allowance, compounded  
16 annually, to be continued during the lifetime of the legislator or beneficiary. For the purposes of  
17 computation, credit shall be given for a full calendar year regardless of the effective date of the  
18 service retirement allowance.

19 (f) The provisions of §§ 45-13-7 -- 45-13-10 shall not apply to this section.

20 (g) This subsection (g) shall be effective for the period July 1, 2012 through June 30, 2015.

21 (1) Notwithstanding the prior paragraphs of this section, and subject to paragraph (g)(2)  
22 below, for all present and former employees, active and retired members, and beneficiaries  
23 receiving any retirement, disability or death allowance or benefit of any kind, the annual benefit  
24 adjustment provided in any calendar year under this section shall be equal to (A) multiplied by (B)  
25 where (A) is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
26 (the "subtrahend") from the Five-Year Average Investment Return of the retirement system  
27 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
28 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
29 (0%), and (B) is equal to the lesser of the member's retirement allowance or the first twenty-five  
30 thousand dollars (\$25,000) of retirement allowance, such twenty-five thousand dollars (\$25,000)  
31 amount to be indexed annually in the same percentage as determined under (g)(1)(A) above. The  
32 "Five-Year Average Investment Return" shall mean the average of the investment returns of the  
33 most recent five (5) plan years as determined by the retirement board. Subject to paragraph (g)(2)  
34 below, the benefit adjustment provided by this paragraph shall commence upon the third (3rd)



1 anniversary of the date of retirement or the date on which the retiree reaches his or her Social  
2 Security retirement age, whichever is later. In the event the retirement board adjusts the actuarially  
3 assumed rate of return for the system, either upward or downward, the subtrahend shall be adjusted  
4 either upward or downward in the same amount.

5 (2) Except as provided in paragraph (g)(3), the benefit adjustments under this section for  
6 any plan year shall be suspended in their entirety unless the Funded Ratio of the Employees'  
7 Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police  
8 Retirement Benefits Trust, calculated by the system's actuary on an aggregate basis, exceeds eighty  
9 percent (80%) in which event the benefit adjustment will be reinstated for all members for such  
10 plan year.

11 In determining whether a funding level under this paragraph (g)(2) has been achieved, the  
12 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
13 current or future benefit adjustment provided under this section.

14 (3) Notwithstanding paragraph (g)(2), in each fifth plan year commencing after June 30,  
15 2012 commencing with the plan year ending June 30, 2017, and subsequently at intervals of five  
16 plan years, a benefit adjustment shall be calculated and made in accordance with paragraph (g)(1)  
17 above until the Funded Ratio of the Employees' Retirement System of Rhode Island, the Judicial  
18 Retirement Benefits Trust and the State Police Retirement Benefits Trust, calculated by the system's  
19 actuary on an aggregate basis, exceeds eighty percent (80%).

20 (4) Notwithstanding any other provision of this chapter, the provisions of this paragraph  
21 (g) of § 36-10-35 shall become effective July 1, 2012 and shall apply to any benefit adjustment not  
22 granted on or prior to June 30, 2012.

23 (h) This subsection (h) shall become effective July 1, 2015.

24 (1)(A) As soon as administratively reasonable following the enactment into law of this  
25 subsection (h)(1)(A), a one-time benefit adjustment shall be provided to members and/or  
26 beneficiaries of members who retired on or before June 30, 2012, in the amount of 2% of the lesser  
27 of either the member's retirement allowance or the first twenty-five thousand dollars (\$25,000) of  
28 the member's retirement allowance. This one-time benefit adjustment shall be provided without  
29 regard to the retiree's age or number of years since retirement.

30 (B) Notwithstanding the prior subsections of this section, for all present and former  
31 employees, active and retired members, and beneficiaries receiving any retirement, disability or  
32 death allowance or benefit of any kind, the annual benefit adjustment provided in any calendar year  
33 under this section for adjustments on and after January 1, 2016, and subject to subsection (h)(2)  
34 below, shall be equal to (I) multiplied by (II):

1 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:  
2 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
3 (the "subtrahend") from the five-year average investment return of the retirement system  
4 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
5 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
6 (0%). The "five-year average investment return" shall mean the average of the investment returns  
7 of the most recent five (5) plan years as determined by the retirement board. In the event the  
8 retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
9 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

10 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
11 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
12 Statistics determined as of September 30 of the prior calendar year. In no event shall the sum of (i)  
13 plus (ii) exceed three and one-half percent (3.5%) or be less than zero percent (0%).

14 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-  
15 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
16 to be indexed annually in the same percentage as determined under subsection (h)(1)(B)(I) above.

17 The benefit adjustments provided by this subsection (h)(1)(B) shall be provided to all  
18 retirees entitled to receive a benefit adjustment as of June 30, 2012 under the law then in effect,  
19 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the  
20 date of retirement or the date on which the retiree reaches his or her Social Security retirement age,  
21 whichever is later.

22 (2) Except as provided in subsection (h)(3) of this section, the benefit adjustments under  
23 subsection (h)(1)(B) for any plan year shall be suspended in their entirety unless the funded ratio  
24 of the employees' retirement system of Rhode Island, the judicial retirement benefits trust and the  
25 state police retirement benefits trust, calculated by the system's actuary on an aggregate basis,  
26 exceeds eighty percent (80%) in which event the benefit adjustment will be reinstated for all  
27 members for such plan year.

28 In determining whether a funding level under this subsection (h)(2) has been achieved, the  
29 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
30 current or future benefit adjustment provided under this section.

31 (3) Notwithstanding subsection (h)(2), in each fourth plan year commencing after June 30,  
32 2012 commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
33 plan years:

34 (i) A benefit adjustment shall be calculated and made in accordance with subsection

1 (h)(1)(B) above; and

2 (ii) Effective for members and/or beneficiaries of members who retired on or before June  
3 30, 2015, the dollar amount in subsection (h)(1)(B)(II) of twenty-five thousand eight hundred and  
4 fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six dollars  
5 (\$31,026) until the funded ratio of the employees' retirement system of Rhode Island, the judicial  
6 retirement benefits trust and the state police retirement benefits trust, calculated by the system's  
7 actuary on an aggregate basis, exceeds eighty percent (80%).

8 (i) Effective for members and or beneficiaries of members who have retired on or before  
9 July 1, 2015, a one-time stipend of five hundred dollars (\$500) shall be payable within sixty (60)  
10 days following the enactment of the legislation implementing this provision, and a second one-time  
11 stipend of five hundred dollars (\$500) in the same month of the following year. These stipends  
12 shall be payable to all retired members or beneficiaries receiving a benefit as of the applicable  
13 payment date and shall not be considered cost of living adjustments under the prior provisions of  
14 this § 36-10-3.

15 (iv) Effective January 1, 2021, for each year in which a cost of living adjustment (COLA)  
16 is not scheduled pursuant to subsection (h)(3) of this section, a stipend in the amount of three  
17 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a  
18 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.  
19 These stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the  
20 applicable payment date and shall not be considered cost of living adjustments under the prior  
21 provisions of § 36-10-3.

22 SECTION 3. Section 45-21-52 of the General Laws in Chapter 45-21 entitled "Retirement  
23 of Municipal Employees" is hereby amended to read as follows:

24 **45-21-52. Automatic increase in service retirement allowance.**

25 (a) The local legislative bodies of the cities and towns may extend to their respective  
26 employees automatic adjustment increases in their service retirement allowances, by a resolution  
27 accepting any of the plans described in this section:

28 (1) Plan A. All employees and beneficiaries of those employees receiving a service  
29 retirement or disability retirement allowance under the provisions of this chapter on December 31  
30 of the year their city or town accepts this section, receive a cost of living adjustment equal to one  
31 and one-half percent (1 1/2%) per year of the original retirement allowance, not compounded, for  
32 each calendar year the retirement allowance has been in effect. This cost of living adjustment is  
33 added to the amount of the retirement allowance as of January 1 following acceptance of this  
34 provision, and an additional one and one-half percent (1 1/2%) is added to the original retirement

1 allowance in each succeeding year during the month of January, and provided, further, that this  
2 additional cost of living increase is three percent (3%) for the year beginning January 1 of the year  
3 the plan is accepted and each succeeding year.

4 (2) Plan B. All employees and beneficiaries of those employees receiving a retirement  
5 allowance under the provisions of this chapter on December 31 of the year their municipality  
6 accepts this section, receive a cost of living adjustment equal to three percent (3%) of their original  
7 retirement allowance. This adjustment is added to the amount of the retirement allowance as of  
8 January 1 following acceptance of this provision, and an additional three percent (3%) of the  
9 original retirement allowance, not compounded, is payable in each succeeding year in the month  
10 of January.

11 (3) Plan C. All employees and beneficiaries of those employees who retire on or after  
12 January 1 of the year following acceptance of this section, on the first day of January next following  
13 the date of the retirement, receive a cost of living adjustment in an amount equal to three percent  
14 (3%) of the original retirement allowance.

15 (b) In each succeeding year in the month of January, the retirement allowance is increased  
16 an additional three percent (3%) of the original retirement allowance, not compounded.

17 (c) This subsection (c) shall be effective for the period July 1, 2012, through June 30, 2015.

18 (1) Notwithstanding any other paragraphs of this section, and subject to paragraph (c)(2)  
19 below, for all present and former employees, active and retired members, and beneficiaries  
20 receiving any retirement, disability or death allowance or benefit of any kind by reason of adoption  
21 of this section by their employer, the annual benefit adjustment provided in any calendar year under  
22 this section shall be equal to (A) multiplied by (B) where (A) is equal to the percentage determined  
23 by subtracting five and one-half percent (5.5%) (the "subtrahend") from the Five-Year Average  
24 Investment Return of the retirement system determined as of the last day of the plan year preceding  
25 the calendar year in which the adjustment is granted, said percentage not to exceed four percent  
26 (4%) and not to be less than zero percent (0%), and (B) is equal to the lesser of the member's  
27 retirement allowance or the first twenty-five thousand dollars (\$25,000) of retirement allowance,  
28 such twenty-five thousand dollars (\$25,000) amount to be indexed annually in the same percentage  
29 as determined under (c)(1)(A) above. The "Five-Year Average Investment Return" shall mean the  
30 average of the investment returns of the most recent five (5) plan years as determined by the  
31 retirement board. Subject to paragraph (c)(2) below, the benefit adjustment provided by this  
32 paragraph shall commence upon the third (3rd) anniversary of the date of retirement or the date on  
33 which the retiree reaches his or her Social Security retirement age, whichever is later; or for  
34 municipal police and fire retiring under the provisions of chapter 45-21.2, the benefit adjustment

1 provided by this paragraph shall commence on the later of the third (3rd) anniversary of the date of  
2 retirement or the date on which the retiree reaches age fifty-five (55). In the event the retirement  
3 board adjusts the actuarially assumed rate of return for the system, either upward or downward, the  
4 subtrahend shall be adjusted either upward or downward in the same amount.

5 (2) Except as provided in paragraph (c)(3) the benefit adjustments provided under this  
6 section for any plan year shall be suspended in their entirety for each municipal plan within the  
7 municipal employees retirement system unless the municipal plan is determined to be funded at a  
8 Funded Ratio equal to or greater than eighty percent (80%) as of the end of the immediately  
9 preceding plan year in accordance with the retirement system's actuarial valuation report as  
10 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all  
11 members for such plan year.

12 In determining whether a funding level under this paragraph (c)(2) has been achieved, the  
13 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
14 current or future benefit adjustment provided under this section.

15 (3) Notwithstanding paragraph (c)(2), for each municipal plan that has a Funded Ratio of  
16 less than eighty percent (80%) as of June 30, 2012, in each fifth plan year commencing after June  
17 30, 2012, commencing with the plan year ending June 30, 2017, and subsequently at intervals of  
18 five (5) plan years, a benefit adjustment shall be calculated and made in accordance with paragraph  
19 (c)(1) above until the municipal plan's Funded Ratio exceeds eighty percent (80%).

20 (d) This subsection (d) shall become effective July 1, 2015.

21 (1)(A) As soon as administratively reasonable following the enactment into law of this  
22 subsection (d)(1)(A), a one-time benefit adjustment shall be provided to members and/or  
23 beneficiaries of members who retired on or before June 30, 2012, in the amount of two percent  
24 (2%) of the lesser of either the employee's retirement allowance or the first twenty-five thousand  
25 dollars (\$25,000) of the member's retirement allowance. This one-time benefit adjustment shall be  
26 provided without regard to the retiree's age or number of years since retirement.

27 (B) Notwithstanding the prior subsections of this section, for all present and former  
28 employees, active and retired employees, and beneficiaries receiving any retirement, disability or  
29 death allowance or benefit of any kind by reason of adoption of this section by their employer, the  
30 annual benefit adjustment provided in any calendar year under this section for adjustments on and  
31 after January 1, 2016, and subject to paragraph (d)(2) below, shall be equal to (I) multiplied by (II):

32 (I) Shall equal the sum of fifty percent (50%) of (i) plus fifty percent (50%) of (ii) where:

33 (i) Is equal to the percentage determined by subtracting five and one-half percent (5.5%)  
34 (the "subtrahend") from the five-year average investment return of the retirement system

1 determined as of the last day of the plan year preceding the calendar year in which the adjustment  
2 is granted, said percentage not to exceed four percent (4%) and not to be less than zero percent  
3 (0%). The "five-year average investment return" shall mean the average of the investment returns  
4 of the most recent five (5) plan years as determined by the retirement board. In the event the  
5 retirement board adjusts the actuarially assumed rate of return for the system, either upward or  
6 downward, the subtrahend shall be adjusted either upward or downward in the same amount.

7 (ii) Is equal to the lesser of three percent (3%) or the percentage increase in the Consumer  
8 Price Index for all Urban Consumers (CPI-U) as published by the U.S. Department of Labor  
9 Statistics determined as of September 30 of the prior calendar year.

10 In no event shall the sum of (i) plus (ii) exceed three and one-half percent (3.5%) or be less  
11 than zero percent (0%).

12 (II) Is equal to the lesser of either the member's retirement allowance or the first twenty-  
13 five thousand eight hundred and fifty-five dollars (\$25,855) of retirement allowance, such amount  
14 to be indexed annually in the same percentage as determined under subsection (d)(1)(B)(I) above.

15 The benefit adjustments provided by this subsection (d)(1)(B) shall be provided to all  
16 retirees entitled to receive a benefit adjustment as of June 30, 2012, under the law then in effect,  
17 and for all other retirees the benefit adjustments shall commence upon the third anniversary of the  
18 date of retirement or the date on which the retiree reaches his or her Social Security retirement age,  
19 whichever is later; or for municipal police and fire retiring under the provisions of § 45-21.2-  
20 5(b)(1)(A), the benefit adjustment provided by this paragraph shall commence on the later of the  
21 third anniversary of the date of retirement or the date on which the retiree reaches age fifty-five  
22 (55); or for municipal police and fire retiring under the provisions of § 45-21.2-5(b)(1)(B), the  
23 benefit adjustment provided by this paragraph shall commence on the later of the third anniversary  
24 of the date of retirement or the date on which the retiree reaches age fifty (50).

25 (2) Except as provided in subsection (d)(3), the benefit adjustments under subsection  
26 (d)(1)(B) for any plan year shall be suspended in their entirety for each municipal plan within the  
27 municipal employees retirement system unless the municipal plan is determined to be funded at a  
28 funded ratio equal to or greater than eighty percent (80%) as of the end of the immediately  
29 preceding plan year in accordance with the retirement system's actuarial valuation report as  
30 prepared by the system's actuary, in which event the benefit adjustment will be reinstated for all  
31 members for such plan year.

32 In determining whether a funding level under this subsection (d)(2) has been achieved, the  
33 actuary shall calculate the funding percentage after taking into account the reinstatement of any  
34 current or future benefit adjustment provided under this section.

1 (3) Notwithstanding subsection (d)(2), in each fourth plan year commencing after June 30,  
2 2012, commencing with the plan year ending June 30, 2016, and subsequently at intervals of four  
3 plan years: (i) A benefit adjustment shall be calculated and made in accordance with subsection  
4 (d)(1)(B) above; and (ii) Effective for members and/or beneficiaries of members who retired on or  
5 before June 30, 2015, the dollar amount in subsection (d)(1)(B)(II) of twenty-five thousand eight  
6 hundred and fifty-five dollars (\$25,855) shall be replaced with thirty-one thousand and twenty-six  
7 dollars (\$31,026) until the municipal plan's funded ratio exceeds eighty percent (80%).

8 (e) Upon acceptance of any of the plans in this section, each employee shall on January 1  
9 next succeeding the acceptance, contribute by means of salary deductions, pursuant to § 45-21-41,  
10 one percent (1%) of the employee's compensation concurrently with and in addition to  
11 contributions otherwise being made to the retirement system.

12 (f) The city or town shall make any additional contributions to the system, pursuant to the  
13 terms of § 45-21-42, for the payment of any benefits provided by this section.

14 (g) The East Greenwich town council shall be allowed to accept Plan C of § 45-21-52(a)(3)  
15 for all employees of the town of East Greenwich who either, pursuant to contract negotiations,  
16 bargain for Plan C, or who are non-union employees who are provided with Plan C and who shall  
17 all collectively be referred to as the "Municipal-COLA Group" and shall be separate from all other  
18 employees of the town and school department, union or non-union, who are in the same pension  
19 group but have not been granted Plan C benefits. Upon acceptance by the town council, benefits in  
20 accordance with this section shall be available to all such employees who retire on or after January  
21 1, 2003.

22 (h) Effective for members and/or beneficiaries of members who have retired on or before  
23 July 1, 2015, and without regard to whether the retired member or beneficiary is receiving a benefit  
24 adjustment under this § 45-21-52, a one-time stipend of five hundred dollars (\$500) shall be payable  
25 within sixty (60) days following the enactment of the legislation implementing this provision, and  
26 a second one-time stipend of five hundred dollars (\$500) in the same month of the following year.  
27 These stipends shall not be considered cost of living adjustments under the prior provisions of this  
28 § 45-21-52.

29 (i) Effective January 1, 2021, for each year in which a cost of living adjustment (COLA)  
30 is not scheduled pursuant to subsection (d)(3) of this section, a stipend in the amount of three  
31 percent (3%) applied to the first fifteen thousand dollars (\$15,000) of pension benefits, to a  
32 maximum of four hundred and fifty dollars (\$450) shall be added to the January pension payment.  
33 These stipends shall be payable to all retired teachers or beneficiaries receiving a benefit as of the  
34 applicable payment date and shall not be considered cost of living adjustments under the prior

1 [provisions of § 45-21-52.](#)

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

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LC004744  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO EDUCATION - TEACHERS RETIREMENT [SEE TITLE 16 CHAPTER 97-  
THE RHODE ISLAND BOARD OF EDUCATION ACT]

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1           This act would provide for a stipend to be paid to certain retired state employees, municipal  
2 employees, and teachers or their beneficiaries during years when a cost of living adjustment is not  
3 scheduled.

4           This act would take effect upon passage.

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LC004744  
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