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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT -- PUBLIC OFFICERS AND  
EMPLOYEES -- RETIREMENT SYSTEM

Introduced By: Senators Felag, Pearson, F. Lombardi, DiPalma, Sosnowski, Ciccone,  
Gallo, Burke, LaMountain, and Raptakis

Date Introduced: April 11, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 16-16-13 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 **16-16-13. Amount of service retirement allowance.**

5 (a)(1)(i) For teachers eligible to retire on or before September 30, 2009, upon retirement  
6 from service under § 16-16-12 a teacher whose membership commenced before July 1, 2005, and  
7 who has completed at least ten (10) years of contributory service on or before July 1, 2005, shall,  
8 receive a retirement allowance which shall be determined in accordance with schedule A for service  
9 prior to July 1, 2012.

10 SCHEDULE A

11 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
12 1st through 10th inclusive	1.7%
13 11th through 20th inclusive	1.9%
14 21st through 34th inclusive	3.0%
15 35 <sup>th</sup>	2.0%

16 (ii) For teachers eligible to retire on or after October 1, 2009, who were not eligible to retire  
17 on or before September 30, 2009, upon retirement for service under § 16-16-12, a teacher whose  
18 membership commenced before July 1, 2005, and who has completed at least ten (10) years of

1 contributory service on or before July 1, 2005, shall receive a retirement allowance which shall be  
2 determined in accordance with schedule A above for service on before September 30, 2009, and  
3 shall be determined in accordance with schedule B in subsection (a)(2) below for service on or after  
4 October 1, 2009, and prior to July 1, 2012:

5 (2) Upon retirement from service under § 16-16-12 a teacher whose membership  
6 commenced after July 1, 2005, or who has not completed at least ten (10) years of contributory  
7 service as of July 1, 2005, shall receive a retirement allowance which shall be determined in  
8 accordance with Schedule B for service prior to July 1, 2012.

9 SCHEDULE B

10 YEARS OF SERVICE	PERCENTAGE ALLOWANCE
11 1st through 10th inclusive	1.60%
12 11th through 20th inclusive	1.80%
13 21st through 25th inclusive	2.0%
14 26th through 30th inclusive	2.25%
15 31st through 37th inclusive	2.50%
16 38 <sup>th</sup>	2.25%

17 (b) The retirement allowance of any teacher whose membership commenced before July 1,  
18 2005, and who has completed at least ten (10) years of contributory service on or before July 1,  
19 2005, shall be in an amount equal to the percentage allowance specified in subsection (a)(1) of his  
20 or her average highest three (3) consecutive years of compensation multiplied by the number of  
21 years of total service, but in no case to exceed eighty percent (80%) of the compensation, payable  
22 at completion of thirty-five (35) years of service; provided, however, for teachers retiring on or  
23 after October 1, 2009, who were not eligible to retire as of September 30, 2009, [and who do retire](#)  
24 [prior to July 1, 2024](#), the calculation shall be based on the average highest five (5) consecutive  
25 years of compensation. [For members eligible to and who retire on or after July 1, 2024, the](#)  
26 [calculation shall be based on the average highest three \(3\) consecutive years of compensation.](#)

27 The retirement allowance of any teacher whose membership commenced after July 1, 2005,  
28 or who has not completed at least ten (10) years of contributory service as of July 1, 2005, shall be  
29 in an amount equal to the percentage allowance specified in Schedule B of his or her average  
30 highest three (3) consecutive years of compensation multiplied by the number of years of total  
31 service, but in no case to exceed seventy-five percent (75%) of the compensation, payable at  
32 completion of thirty-eight (38) years of service; provided, however, for teachers retiring on or after  
33 October 1, 2009, who were not eligible to retire as of September 30, 2009, [and who do retire prior](#)  
34 [to July 1, 2024](#), the calculation shall be based on the average highest five (5) consecutive years of

1 compensation. For members eligible to and who retire on or after July 1, 2024, the calculation shall  
2 be based on the average highest three (3) consecutive years of compensation.

3 Any teacher who has in excess of thirty-five (35) years on or before June 2, 1985, shall not  
4 be entitled to any refund, and any teacher with thirty-five (35) years or more on or after June 2,  
5 1985, shall contribute from July 1, 1985, until his or her retirement.

6 (c) For service prior to July 2012, the retirement allowance of a teacher shall be determined  
7 in accordance with subsections (a)(1) and (a)(2) above. For service on and after July 1, 2012:

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

11 (ii) For teachers with twenty (20) or more years of total service as of June 30, 2012, a  
12 teacher's retirement allowance shall be equal to one percent (1%) of the teacher's average  
13 compensation multiplied by the teacher's years of total service between July 1, 2012, and June 30,  
14 2015, and two percent (2%) of the teacher's average compensation multiplied by the teacher's years  
15 of total service on and after July 1, 2015. For purposes of computing a teacher's total service under  
16 the preceding sentence, service purchases shall be included in total service only with respect to  
17 those service purchases approved prior to June 30, 2012, and those applications for service  
18 purchases received by the retirement system on or before June 30, 2012. In no event shall a  
19 teacher's retirement allowance exceed the maximum limitations set forth in subsection (b) above.

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

22 **36-8-1. Definition of terms.**

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

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

27 (2) "Active member" shall mean any employee of the state of Rhode Island as defined in  
28 this section for whom the retirement system is currently receiving regular contributions pursuant to  
29 §§ 36-10-1 and 36-10-1.1.

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

32 (4) "Annuity reserve" shall mean the present value of all payments to be made on account  
33 of any annuity, benefit, or retirement allowance granted under the provisions of chapter 10 of this  
34 title computed upon the basis of such mortality tables as shall be adopted from time to time by the

1 retirement board with regular interest.

2 (5)(a) “Average compensation” for members eligible to retire as of September 30, 2009  
3 shall mean the average of the highest three (3) consecutive years of compensation, within the total  
4 service when the average compensation was the highest. For members eligible to retire on or after  
5 October 1, 2009, and who do retire prior to July 1, 2024, “Average compensation” shall mean the  
6 average of the highest five (5) consecutive years of compensation within the total service when the  
7 average compensation was the highest. For members eligible to and who retire on or after July 1,  
8 2024, "average compensation" means the average of the highest three (3) consecutive years of  
9 compensation within the total service when the average compensation was the highest.

10 (b) For members who become eligible to retire on or after July 1, 2012, if more than one-  
11 half (½) of the member’s total years of service consist of years of service during which the member  
12 devoted less than thirty (30) business hours per week to the service of the state, but the member’s  
13 average compensation consists of three (3) or more years during which the member devoted more  
14 than thirty (30) business hours per week to the service of the state, such member’s average  
15 compensation shall mean the average of the highest ten (10) consecutive years of compensation  
16 within the total service when the average compensation was the highest; provided however,  
17 effective July 1, 2015, if such member’s average compensation as defined in subsection (a) Above  
18 is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed annually  
19 in accordance with § 36-10-35(h)(1)(B), such member’s average compensation shall mean the  
20 greater of: (i) The average of the highest ten (10) consecutive years of compensation within the  
21 total service when the average compensation was the highest; or (ii) The member’s average  
22 compensation as defined in subsection (a) above. To protect a member’s accrued benefit on June  
23 30, 2012 under this § 36-8-1(5)(b), in no event shall a member’s average compensation be lower  
24 than his or her average compensation determined as of June 30, 2012.

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

27 (7) “Casual employee” shall mean those persons hired for a temporary period, a period of  
28 emergency or an occasional period.

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

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

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

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

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

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

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

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

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

34           (ii) all service credit purchases requested after June 30, 2012 shall be at full actuarial value

1 which shall be determined using the system's assumed investment rate of return minus one percent  
2 (1%).

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

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

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

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

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

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

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

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

22 (18) "Retirement system" shall mean the employees' retirement system of the state of  
23 Rhode Island as defined in § 36-8-2.

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

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

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

31 SECTION 3. Section 45-21-2 of the General Laws in Chapter 45-21 entitled "Retirement  
32 of Municipal Employees" is hereby amended to read as follows:

33 **45-21-2. Definitions.**

34 The following words and phrases as used in this chapter have the following meanings

1 unless a different meaning is plainly required by the context:

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

5 (2) "Active member" means any employee of a participating municipality as defined in this  
6 section for whom the retirement system is currently receiving regular contributions pursuant to §§  
7 45-21-41, 45-21-41.1 or 45-21.2-14.

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

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

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

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

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

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

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

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

25 (A) Domestic partnership agreement or relationship contract;

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

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

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

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

34 (7) "Employee" means any regular and permanent employee or officer of any municipality,

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

14 (8)(a) “Final compensation” for members who are eligible to retire on or prior to June 30,  
15 2012, means the average annual compensation, pay, or salary of a member for services rendered  
16 during the period of three (3) consecutive years within the total service of the member when the  
17 average was highest, and as the term average annual compensation is further defined in § 36-8-  
18 1(5)(a). For members eligible to retire on or after July 1, 2012, [and who do retire prior to July 1,](#)  
19 [2024](#), “final compensation” means the average of the highest five (5) consecutive years of  
20 compensation within the total service when the final compensation was the highest. [For members](#)  
21 [eligible to and who retire on or after July 1, 2024, "final compensation" means the average of the](#)  
22 [highest three \(3\) consecutive years of compensation within the total service when the final](#)  
23 [compensation was the highest.](#)

24 (b) For members who become eligible to retire on or after July 1, 2012, if more than one  
25 half (½) of the member’s total years of service consist of years of service during which the member  
26 devoted less than thirty (30) business hours per week to the service of the municipality, but the  
27 member’s average compensation consists of three (3) or more years during which the member  
28 devoted more than thirty (30) business hours per week to the service of a municipality, such  
29 member’s average compensation shall mean the average of the highest ten (10) consecutive years  
30 of compensation within the total service when the average compensation was the highest; provided  
31 however, effective July 1, 2015, if such member’s average compensation as defined in subsection  
32 (a) above is equal to or less than thirty-five thousand dollars (\$35,000), such amount to be indexed  
33 annually in accordance with § 45-21-52(d)(1)(B), such member’s average compensation shall  
34 mean the greater of: (i) The average of the highest ten (10) consecutive years of compensation



1 within the total service when the average compensation was the highest; or (ii) The member's  
2 average compensation as defined in subsection (a) above. To protect a member's accrued benefit  
3 on June 30, 2012, under this subsection (8)(b), in no event shall a member's average compensation  
4 be lower than his or her average compensation determined as of June 30, 2012.

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

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

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

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

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

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

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

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

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

1           (17) “Retirement allowance” or “annuity” means the amounts paid to any member of the  
2 municipal employees’ retirement system of the state of Rhode Island, or a survivor of the member,  
3 as provided in this chapter. All retirement allowances or annuities shall be paid in equal monthly  
4 installments for life, unless otherwise specifically provided.

5           (18) “Retirement board” or “board” means the state retirement board created by chapter 8  
6 of title 36.

7           (19) “Retirement system” means the “municipal employees’ retirement system of the state  
8 of Rhode Island” as defined in § 45-21-32.

9           (20) “Service” means service as an employee of a municipality of the state of Rhode Island  
10 as defined in subdivision (7).

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

13           (22) Any term not specifically defined in this chapter and specifically defined in chapters  
14 8 through 10 of title 36 shall have the same definition as set forth in chapters 8 through 10 of title  
15 36.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO EDUCATION -- TEACHERS' RETIREMENT -- PUBLIC OFFICERS AND  
EMPLOYEES -- RETIREMENT SYSTEM

\*\*\*

1           This act would reduce the number of years from five (5) to three (3), when calculating for  
2 retirement purposes, the average of the highest consecutive years of compensation, for teachers,  
3 and state and municipal employees.

4           This act would take effect upon passage.

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