|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Baseline / Ultimate Benefit Provisions | | | | | | |
|  | Member Contribution Rate  to DB Plan | Retirement Eligibility | Benefit Multiplier | Final Compensation Averaging Period | Post-Retirement Benefit Adjustments | DC Contributions |
| State Employees | 3.75% | Social Security | 1% per year of | 5 years | Risk Adjusted | 5% Member plus 1% |
| Teachers | 3.75% | Normal Retirement | service |  | COLA targeting 2% | Employer DC |
| MERS General | 1%/2% based on | Age for Unreduced |  |  | per annum. | contribution |
| COLA election | (SSNRA) with 5  years of service |  |  | Calculated as 5 year  smoothed | Teachers without |
|  |  |  |  |  | investment return | Social Security: |
|  |  | Age 62 with 20 years |  |  | less 5.50%, with 0% | additional 2% |
|  |  | of service for |  |  | Floor and 4.0% Cap, | Member and 2% |
|  |  | reduced |  |  | applied to first | Employer |
| Nurses | 3.75% | Same as above, plus |  |  | $25,000 of benefit, | contribution |
| Age 55 with 25 years |  |  | indexed |  |
|  |  | of service for |  |  |  |  |
|  |  | unreduced |  |  | COLA Delayed until |  |
| Correctional | 8.75% | Same as above, plus | 2% per year of |  | later of SS NRA or 3 | None |
| Officers |  | Age 55 with 25 years | service |  | years after |  |
| of service for |  |  | retirement |  |
|  |  | unreduced |  |  |  |  |
| Judges | 12.00% (active | Age 65 or after 20 | 80% of FAC |  |  | None |
|  | supreme court | years of service, or |  |  |  |  |
|  | judges remain at | after age 70 with 15 |  |  |  |  |
|  | current rate) | years of service |  |  |  |  |
| State Police | 8.75% | Members will be able to retire at the attainment of a 50%  benefit multiplier. | 2% per year of service | 5 years, with removal of holiday pay and clothing  allowance | Same as above; for members with 25 years of service, COLA delayed until later of 55 or 3 years after retirement | None |
| MERS P&F | 7%/8% based on COLA election | 55 with 25 years of service | 2% per year of service | 5 years | Public Safety without Social Security: additional 3% Member and 3% Employer  contribution |

|  |  |  |  |  |  |
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| Transition Provisions | | | | | |
|  | Member Contribution  Rate to DB Plan | Retirement Eligibility | Benefit Multiplier | Final Compensation Averaging Period | Post-Retirement Benefit Adjustments |
| All Groups |  | Any member may retire with their | Old Accrual Rates | FAC at 6/30/2012 | Plan s that have not |
|  | accrued benefits of 6/30/2012 at their | times years of | protected until new | received an adjustment |
|  | current retirement date determined using | service as of | 5-year FAC is larger | for four consecutive years |
|  | service and average compensation as of | 6/30/2012 frozen, |  | will be eligible for an |
|  | 6/30/2012 | new multiplier |  | adjustment regardless of |
|  |  | going forward |  | the funding level; |
|  |  |  |  | subsequently at 5 year |
|  |  |  |  | intervals |
| State Employees | For employees with 5 years of service, |  |  |  |
| Teachers | delay in the current retirement age based |
| on current service earned to date and |
| MERS General |
| distance between the current retirement |
| Nurses |
| age and SSNRA |
| Correctional |  | For members with |  |
| Officers |  | 25 years of service as |
|  |  | of 6/30/2012, the |
|  |  | current increased |
|  |  | accrual rates will be |
|  |  | preserved |
| Judges |  |  |
| State Police | Members can retire once a 50% benefit | For members with | For members with |
|  | accrual has been achieved | 20 years of service as | 20 years of service as |
|  |  | of 6/30/2012, the | of 6/30/2012, |
|  |  | current increased | 5-year FAC will |
|  |  | accrual rates will be | include holiday pay |
|  |  | preserved |  |
| MERS P&F | Members age 45 with 10 years of service |  |  |
|  | as of 6/30/2012 who have a retirement |
|  | date before age 52 will have a new |
|  | unreduced retirement age of 52 |

**Established Defined Contribution Plan**

The State of Rhode Island Defined Contribution Retirement Plan (the “Plan”) is a defined contribution (money purchase) plan that operates under Section 401(a) of the Internal Revenue Code. The Retirement Board is the Plan administrator and Plan trustee. The law authorizes the State Investment Commission to select the appropriate third-party administrator for the Plan and to adopt Plan, trust, and/or custodial documents subject to certain guidelines outlined in the statute. The State Investment Commission is responsible for implementing the investment policy of the Plan and selecting the investment options available to members. TIAA serves as record keeper for the Plan and Plan assets are held by J.P. Morgan as investment custodian.

The plan covers members of the Employees’ Retirement System of Rhode Island (ERS), excluding legislators, correction officers and MERS general police and fire employees who participate in Social Security. For covered employees, participation in the defined contribution plan is mandatory. Judges and state police officers are also excluded from the Plan.

Employee Contribution

* State Employees – 5%
* Teachers (who contribute to SS)- 5%
* Teachers (who do not contribute to SS)- 7%
* General Municipal Employees – 5%
* General Municipal Employees who do not contribute to SS – 7%

Employer Contribution

* All Participants - 1%

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Benefits Prior to 2005 Pension Reform** | **Benefits After 2005 Pension Reform** | **Pension reform 2009 Changes (New Hires)** |
|  | Schedule A | Schedule B | Schedule B |
|  | (vest prior 7/1/05) | (vest after 7/1/05) |  |
|  |  |  |  |
| **Benefit Accrual Rate** | 1-10 yr = 1.7% | 1-10 yr = 1.6% | 1-10 yr = 1.6% |
|  | 11-20 yr = 1.9% | 11-20 yr = 1.8% | 11-20 yr = 1.8% |
|  | 21-34 yr = 3.0% | 21-25 yr = 2.0% | 21-25 yr = 2.0% |
|  | 35th yr = 2.0% | 26-30 yr = 2.25% | 26-30 yr = 2.25% |
|  |  | 31-37 yr = 2.5% | 31-37 yr = 2.5% |
|  |  | 38th yr = 2.25% | 38th yr =2.25% |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Benefit Payment** | Maximum (SRA) | Maximum (SRA) | Maximum (SRA) |
| **Options** | Option 1 | Option 1 | Option 1 |
|  | Option 2 | Option 2 | Option 2 |
|  | SRA Plus |  |  |
|  |  |  |  |
| **Final Average Salary** | 3 highest consecutive years | 3 highest consecutive years | 5 highest consecutive years |
|  |  |  |  |
| **COLA** | 3rd January after date of retirement - 3% compounded annually | Month after 3rd anniversary of date of retirement - lesser of 3% or CPI-U compounded annually | Month after 3rd anniversary of date of retirement - lesser of 3% or CPI-U compounded annually |
|  |  |  |  |
| **Maximum Benefit** | 80% | 75% | 75% |
|  |  |  |  |
| **Purchases of Service Credit** | Full actuarial value, except military and refunds | Full actuarial value, except military and refunds | Full actuarial value, except military and refunds |

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Benefits Prior to 2005 Pension Reform** | **Benefits After 2005 Pension Reform** | **Pension reform 2009 Changes (New Hires)** |
|  | Schedule A | Schedule B | Schedule B |
|  | (vest prior 7/1/05) | (vest after 7/1/05) |  |
|  |  |  |  |
| **Eligibility** | * 28 years of service at any age   or   * Age 60 with 10 years contributing service | * Age 59 with 29years of service   or   * Age 65 with 10 years contributing service | * Age 65 with 10 years contributing service   or   * Age 62 and 29 years of service credit * For members in active service **prior** to 9/30/09 the Age 62 is proportionally scaled back based on years of service earned as of 9/30/09 and 10 years contributing service |
|  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Benefits Prior to 2005 Pension Reform** | **Benefits After 2005 Pension Reform** | **Benefits Prior to 2005 Pension Reform** | **Benefits After 2005 Pension Reform** | **New Hires On/after 10/01/2009** |
|  | Corrections | Corrections | MHRH Nurses | MHRH Nurses | Corrections / MHRH Nurses |
|  |  |  |  |  |  |
| **Benefit %** | 1-30yr = 2% | 1-30yr = 2% | 1-10 yr = 1.7% | 1-10 yr = 1.7% | **Corrections** |
|  | Year 31 = 6% | Year 31 = 6% | 11-20 yr = 1.9% | 11-20 yr = 1.9% | 1-30yr = 2% |
|  | Year 32 = 5% | Year 32 = 5% | 21-34 yr = 3.0% | 21-34 yr = 3.0% | Year 31 = 6% |
|  | Year 33 = 4% | Year 33 = 4% | 35th yr = 2.0% | 35th yr = 2.0% | Year 32 = 5% |
|  | Year 34 = 3% | Year 34 = 3% |  | **Accrual rate frozen** | Year 33 = 4% |
|  | Year 35 = 2% | Year 35 = 2% |  | **at 10/1/09, future** | Year 34 = 3% |
|  |  |  |  | ***service credit earned under Schedule B*** | ***MHRH (Schedule B)*** |
|  |  |  |  |  | 1-10 yr = 1.6% |
|  |  |  |  |  | 11-20 yr = 1.8% |
|  |  |  |  |  | 21-25 yr = 2.0% |
|  |  |  |  |  | 26-30 yr = 2.25% |
|  |  |  |  |  | 31-37 yr = 2.5% |
|  |  |  |  |  | 38th yr =2.25% |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Options** | Maximum (SRA) | Maximum (SRA) | Maximum (SRA) | Maximum (SRA) | Maximum (SRA) |
|  | Option 1 | Option 1 | Option 1 | Option 1 | Option 1 |
|  | Option 2 | Option 2 | Option 2 | Option 2 | Option 2 |
|  | SRA Plus | SRA Plus |  |  | SRA Plus (Corrections only) |
|  |  |  |  |  |  |
| **Final Average Salary** | 3 highest consecutive years | 5 highest consecutive years | 3 highest consecutive years | 5 highest consecutive years | 5 highest consecutive years |
|  |  |  |  |  |  |
| **COLA** | 3rd January after date of retirement - 3% compounded annually | Month after 3rd anniversary of date of retirement - lesser of 3% or CPI-U compounded annually | 3rd January after date of retirement - 3% compounded annually | Month after 3rd anniversary of date of retirement - lesser of 3% or CPI-U compounded annually | Month after 3rd anniversary of date of retirement - lesser of 3% or CPI-U compounded annually |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Eligible to retire** | **Ineligible to retire** | **Eligible to retire** | **Ineligible to retire** | **New Hires** |
|  | **at 9/30/09** | **at 9/30/09** | **at 9/30/09** | **at 9/30/09** | **On/after 10/01/2009** |
|  | Corrections | Corrections | MHRH Nurses | MHRH Nurses | Corrections / MHRH Nurses |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Maximum Benefit** | 80% | 80% | 80% Schedule A or 75% if Schedule B | 80% Schedule A or 75% if Schedule B | Corrections 80%  MHRH 75% |
|  |  |  |  |  |  |
| **Eligibility** | 50 years of age with 20 years of service credit in the department of corrections | Age 55 (proportionally scaled back based on years of service earned as of 9/30/09) and 25 years contributing service credit in the department of corrections | 50 years of age with 25 years of service credit at MHRH | Age 55 (proportionally scaled back based on years of service earned as of 9/30/09) and 25 years contributing service at MHRH | Age 55- and 25-years contributing service in MHRH or Corrections. |
|  |  |  |  |  |  |