

Legislative Update for Fiscal Year 2019

During the 2019 legislative session the Rhode Island General Assembly passed several bills that may affect members of Employees' Retirement System of Rhode Island.

Contribution Timing

Beginning July 1, 2020, employers will have 3 business days to transmit contributions. Acting on the recommendation of the Retirement Board, Rhode Island's General Assembly passed a bill which will significantly shorten the length of time an employer has to transmit employee contributions to the Retirement System.

Currently, an employer has up to 45 days to transmit contributions to the Retirement System.

This new law will enable the Retirement System to process retirement paperwork more quickly; helping reduce the delay in providing new retirees with their first retirement check.

The retirement system will also be able to invest contributions more quickly, potentially earning additional investment income for the system and its members.

Correctional Officer / State Employee – Combining Service Credit

Members of the retirement system who have worked both as a Correctional Officer and as a State employee will now be able to combine their service when determining their retirement eligibility date and the calculation of their retirement benefits.

Central Falls Has the Option to Join the State Retirement System

Currently, 116 municipal pension plans in Rhode Island are managed by the State Retirement System. These smaller plans receive the benefits of scale (*lower costs due to a larger amount of pooled assets*), professional management and predictability of being in the Retirement System. Members of these municipal plans also benefit from the member services offered by the Retirement System.

This new law mitigates a significant cost barrier of having the Retirement System manage Central Falls' public safety pension plans, allowing the City to use longer amortization periods if they meet acceptable actuarial guidelines.

The City of Central Falls' public safety pension plans now have the opportunity to join the State Retirement System if all stakeholder groups approve. Importantly, this legislation does not require the City's public safety employees to join the Retirement System, it simply gives the City and the members of its public safety pension plans the option. Central Falls' municipal employee plan is currently managed by the State Retirement System.

The funded status and liability of each municipal plan managed by the Retirement System is calculated separately. When a municipal plan joins the Retirement System there is no impact to the existing municipal plans, or to the State Employee plan.

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