



Membership and Retirement
HANDBOOK



State Employees | Teachers | Correctional Officers | BHDDH Nurses | Municipal Employees

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WELCOME

Welcome to the Employees' Retirement System of Rhode Island (ERSRI)! This guide will help you navigate the features and benefits of your pension plan. The information in this handbook can be a valuable resource throughout your career in public service and when considering your retirement plans.

We wish you a productive career and a fulfilling retirement!

The information in this booklet is provided for Rhode Island **state employees**, Rhode Island **public school teachers**, state correctional officers, state **registered nurses**, and employees of participating Rhode Island units of the **Municipal Employees' Retirement System**.

Different retirement rules and requirements apply to disability applications, police & fire members, judges, and state police. Please contact the ERSRI Customer Service Center at 401-462-7600 for additional information if you are in one of these categories.

DISCLAIMER: *This guide was prepared exclusively for use by members of the Employees' Retirement System of Rhode Island. It is not intended as a substitute for the Rhode Island General Laws (R.I.G.L.) nor will its interpretation prevail should a conflict arise between the contents of this booklet and Chapters 16, 28, 36, 42 and 45 of the R.I.G.L. Rules governing retirement are subject to change periodically either by statute of the Rhode Island General Assembly or by regulation of ERSRI.*



CONTACT

We want to stay in touch!

Website: www.ersri.org

The ERSRI website contains information to help you better understand the retirement process. You can also access the **secure member portal**, where you can update contact information; create an estimate of benefits; and view account balances, earned service, and more. Retirees can use the secure portal to submit address and tax withholding changes online, as well as to view and print pay stubs and annual 1099s.

Resources like this handbook are also available on the website.

The ERSRI Customer Service Center: 401-462-7600

ERSRI representatives are happy to answer questions or assist you with changes to your account. Our office in Warwick is open Monday through Friday from 8:30 am– 4:00 pm. You can also email the ERSRI staff at ersri@ersri.org or fax documents to 401-462-7691.

Our mailing address is:

Employees' Retirement System of Rhode Island
50 Service Avenue, 2nd Floor
Warwick, RI 02886-1021

Retirement Counseling Services

ERSRI offers retirement counseling at our office in Warwick. You can schedule an appointment up to 12 months before retirement by contacting the call center at 401-462-7600.

Directions

From points North: Take 95-S to Exit 15 (Jefferson Blvd.); Turn left onto Jefferson Blvd. and follow for 1.3 miles; Turn right onto Service Avenue – 50 Service Avenue is on your left.

From points South: Take 95-N to Exit 14-15 (Rt. 37W/ Cranston); Follow signs for 95-N/ Jefferson Blvd.; Take Exit 15 (Jefferson Blvd.); Turn right onto Jefferson Blvd. and follow for 1.3 miles; Turn right onto Service Avenue – 50 Service Avenue is on your left.

Newsletter

ERSRI's quarterly newsletter, Compass, provides convenient updates on pension and retirement news. Unless you elect to receive Compass electronically, it will be mailed to you.

ABOUT

Every Rhode Islander deserves a secure retirement – especially those who have devoted their careers to serving the state. The Employees' Retirement System of Rhode Island (ERSRI) exists to serve public servants, with nearly 40,000 active members and over 28,000 retirees.

Since it was established 1936, ERSRI has provided retirement, disability, and survivor benefits to state employees, public school teachers, judges, state police officers, participating municipal police and fire employees, and general employees of participating municipalities.

Several sections of state law¹ govern ERSRI. Throughout this

guide, we will include footnotes which refer to the exact citations, for your reference.

State law also charges a Retirement Board² with overseeing the delivery of services and information to all ERSRI members and retirees. The Board also reviews and rules on applications for disability benefits and establishes rules and regulations for the agency. The Retirement Board is chaired by the General Treasurer, and its membership includes representatives of the public, cities and towns, state government administration, state employees, teachers, and retirees. As a member, you are able to elect some of these board members.

¹Retirement eligibility and benefits are governed by Chapters 8, 16, 28, 36, 42 and 45 of Rhode Island General Laws.

²RIGL 36-8-4



MEMBERSHIP

There are multiple categories of employees that are eligible for membership in ERSRI. In this guide, we will focus on:

State Employees

- Employed by the State of Rhode Island
- Consistently work at least 20 hours a week
- *Seasonal or casual³ employees of the State are not eligible to be ERSRI members*

Public School Teachers⁴

- Certified by the Board of Regents
- Engaged in teaching as a principal occupation
- Regularly employed on at least a half-time basis as a teacher in any city, town, regional school district, or collaborative

Correctional Officers⁵

- Employed within the Department of Corrections
- Consistently work at least 20 hours a week

Registered Nurses⁶

- Employed within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals
- Consistently work at least 20 hours a week

Municipal Employees from participating communities are eligible for membership in the Municipal Employees' Retirement System (MERS) if they:

- Are employed in a posted position⁷ of at least 20 hours per week
- Consistently work every week of the year (or 10 months if in a posted 10 month position) at a minimum of 20 hours per week

Other members of the system include state police officers, judges, and participating municipal police and fire employees, but this Guide will not include information on their membership or retirement rules.

Am I required to become a member of the system?

Yes. By law, membership in ERSRI or MERS is a condition of employment and is required of all employees who meet the eligibility requirements listed on this page.

³ RIGL 36-8-1(7)

⁴ The statutory definition of "teacher" is found in RIGL 16-16-1. This definition allows permissible titles including: Teacher, Supervisor, Principal, Assistant Principal, Superintendent or Assistant Superintendent, Director, Assistant Director, Coordinator, Consultant, Dean, Assistant Dean, Assistant Educational Administrator, Nurse Teacher, and Attendance Officer, or any person working within the field of education certified by the Board of Education; or occupational or physical therapists licensed by the Department of Health and employed by a school committee.

⁵ The statutory definition of "Correctional Officer" is found in RIGL 36-10-9.2. This definition allows permissible titles including: Assistant Director (Adult Services), Assistant Deputy Director, Chief of Inspection, and Associate Directors, Correctional Officer, Chief of Security, Work Rehabilitation Program Supervisor, Supervisor of Custodial Records and Reports, and Classification Counselor within the Department of Corrections.

⁶ RIGL 36-10-9.3

⁷ City or town council, school committee members, or other local elected officials elected for the first time after 6/30/2012 – other than elected officials who are compensated for working 35 or more hours per week – are not eligible for membership in MERS or ERSRI.

YOUR RETIREMENT PLAN

For most members, ERSRI uses a **hybrid benefit plan** made up of a **Defined Benefit Plan** and a **Defined Contribution Plan**.

A **Defined Benefit Plan** is commonly known as a “pension.” This plan pays you a specific benefit amount each month when you retire, for your lifetime. These plans have formulas to determine how much you will receive each month, based on criteria such as how long you worked and your salary.

A **Defined Contribution Plan** doesn’t pay a specific benefit when you retire, but it allows you to save money in a tax-deferred account. Beginning in 2012, most state employees, teachers, and municipal employees began making mandatory pre-tax contributions to their Defined Contribution Plan. For ERSRI, the Defined Contribution Plan is managed by TIAA.

For questions concerning your Defined Contribution Plan, you can contact TIAA at 800-897-1026 or visit www.tiaa.org/ri.

New hires are automatically enrolled in a target date fund, but changes can be made by logging into your account and changing your investment options.

How much do my employer and I contribute?

Members are required to make employee contributions to both the Defined Benefit Plan and the Defined Contribution Plan. Employers are also required to contribute to the Defined Contribution Plan for their employees, in addition to making a required contribution to the Defined Benefit Plan.

A chart of guidelines for employee contributions to the Defined Benefit Plan and the Defined Contribution Plan, as well as employer contributions to the Defined Contribution Plan, are in Appendix A. This appendix also includes additional information about contributions for employees with 20 or more years of service as of June 30, 2012.

Each year, the Retirement System’s actuary determines the fund’s liability – this is the amount of money necessary to fund the benefits of retirees and future retirees of the system. Based on the liability, the actuary sets the employer’s contribution rate that is necessary to properly fund the required benefits. The employer contribution will likely be different for state employees, teachers, and each participating municipality.

What happens to the money that my employer and I contribute to the system?

Once you are enrolled as an active member of ERSRI or MERS, an account is established in your name. Your employer deducts your retirement contributions each pay period and transfers them to the System, where they are deposited into a trust fund set aside for the exclusive benefit of the members of the Retirement System and their beneficiaries. The employer contribution is also deposited into the trust fund. Then, those funds are invested.

The investments of the fund are managed by a ten-member State Investment Commission (SIC)⁸, which is chaired by the General Treasurer. The SIC typically meets monthly to review and analyze the investment performance of the pension fund. Rhode Island Treasury is committed to transparent investing, and details on where the State's pension funds are invested, how they are performing, and an overview of the State's investment strategy and philosophies is available at treasury.ri.gov/investments.



⁸ RIGL 35-10-1; other SIC members include members of the public appointed by the Treasurer or the Governor; a representative from the Department of Administration; and a representative of ERSRI members. The Executive Director of ERSRI also serves on the SIC as a non-voting member.

UNDERSTANDING SERVICE

Vesting and Purchasing Service Credit

From day 1 of employment, you own 100% of any employee contributions you make to your Defined Benefit Plan and Defined Contribution Plan⁹.

The term “vested” simply means that you are able to collect a retirement benefit when you meet your minimum retirement eligibility criteria.

To be entitled to a future retirement benefit from the Defined Benefit Plan, you are fully vested after five years of contributory service.

Employer contributions to the Defined Contribution Plan will be vested after the member has three years of contributory service¹⁰.

Can I purchase service credits?

In general, the number of years you have worked and contributed to the Rhode Island retirement system will determine the amount of your retirement allowance.

As an ERSRI or MERS member, you will receive one year of retirement credit for each full year you worked and contributed. As you will recall from page 6 (under “Membership”), you must work in a position that is at least 20 hours per week, every week of the year; if you are a teacher, you receive proportional credit based on the number of days you worked in a school year.

If you have spent time within other participating plans or units within ERSRI, this can be used towards your eventual retirement in most cases.

Members may also be able to purchase retirement service credit for other types of employment, or for periods when you were on official leave or laid off from contributory employment.

There are strict time limits on purchasing service credit – please review details for each type of credit or call ERSRI for more information. You must be an active member of the Retirement System to purchase service credit. You cannot purchase service credit after you retire or terminate your employment, or if you are an inactive member¹¹. Purchase of service credits for years prior to July 1, 2012 must have been made by June 30, 2015.

You may purchase a maximum of five years of service credit towards your total years of retirement benefit service.

*With the exception of Workers’ Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is **not** considered contributory service and does not count towards vesting.*

⁹ For information about refund or rollover of your employee contributions, please see “Refund & Rollover of Contributions” on page 32.

¹⁰ ERSRI advises members to contact TIAA, who manages the Defined Contribution Plan, about your employer contribution plan if you leave your job prior to reaching three continuous years of contributory service

¹¹ An inactive member is someone who has been non-contributing for more than one year.

Here are a few of the more common types of credit you may be able to purchase:

Official Leave of Absence

- You may purchase up to four years of credit for time spent on an official leave of absence from your employment. You must return to active employment for at least one year before you are eligible to make this purchase¹².
- You must make this purchase within three years of your leave concluding.
- You will be charged the full actuarial cost of the service credits you are purchasing, based on your current age and your eligible retirement age.
- Purchased Workers' Compensation leave is considered contributory service and does count toward vesting.

Official Layoff

- You may purchase up to one year of credit for time spent on an official layoff, provided you did not withdraw your retirement contributions during the layoff. You must return to service from the layoff, without a termination of employment.
- You must make this purchase within three years of returning to service from the layoff.
- You will be charged the full actuarial cost of the service credit you are purchasing. The charge is based on your current age and your eligible retirement age.

Military Service Credit (prior to ERSRI membership)

- If you served in the Armed Services prior to being hired as a public employee, you may purchase up to four years of credit for time spent on active duty for service in the United

States Armed Services, Reserves, or the Merchant Marine.

- The purchase of Military Service credit is based on 10% of your first full year of earnings as a member of ERSRI.
 - If your date of entry to ERSRI is after July 1, 1980, you may buy your military credits interest-free if they are purchased within your first five years of membership in the system. For military credit purchases made after the first five years of membership, interest is charged.

Military Service Credit (Active Duty during ERSRI membership after 6/30/2005)

- If you are called to active duty in the United States Armed Services during your active employment as a public employee after 6/30/2005, you may purchase the missed time by paying the contributions that would have been paid had you not been on leave. You must return to active employment within one month of your active duty ending to be eligible to make this purchase.
- Purchased Active Duty military service is considered contributory service and does count toward vesting.

Out-of-State and Private School Teaching

- If you are a public school teacher in Rhode Island, you may be eligible to purchase up to five years of out-of-state teaching or private school teaching time.
- Service purchases must be made within three years of your initial date of hire.
- You will be charged the full actuarial cost of the service credit you are purchasing. The charge is based on your current age and your eligible retirement age.

¹² MERS members must return to work immediately after completion of the official leave to be eligible to purchase service credits.

Credit for Service in a Non-Participating Municipality

- You may purchase service credit for time spent in other municipalities within Rhode Island that do not participate in MERS, so long as you are not using that time to receive a retirement benefit from that municipality.
- Service purchases must be made within three years of your initial date of hire.
- You will be charged the full actuarial cost of the service credit you are purchasing, based on your current age and your eligible retirement age.

Restoration of Service Credit – Withdrawal or Refund Payback

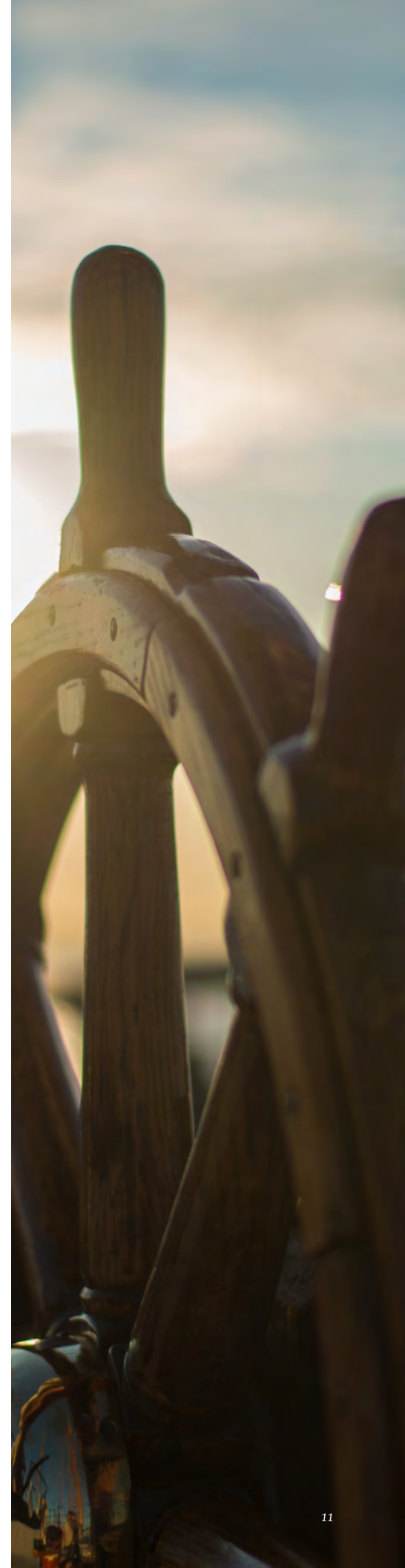
- If you return to membership after withdrawing your contributions from an earlier separation of service, you can restore your credits after completing one year of service (from the date of your return).
- You must pay into the system the amount you had refunded to you, plus interest.
- Service credit purchases must be made within three years of your rehire date.
- Unlike other forms of service credit purchases, purchase of withdrawn service credit is not included in the maximum five-year purchase limit. It is considered contributory service and does count toward vesting.
- Restoration of contributory service credit will effectively restore your retirement credit in the years it was originally earned.

For other types of credit, visit www.ersri.org or contact us at 401-462-7600 for more information.

How do I purchase service credit?

The ERSRI website (www.ersri.org) has a listing of various types of service credit you may be eligible to purchase, along with request forms. Once you have completed the appropriate form and have had it certified by your employer, you can submit it to ERSRI for processing. You may pay either by lump sum, an installment agreement via payroll deduction, or rollover pre-tax dollars from a qualified plan (i.e. a 401K). Once you have selected a payment method, you may not change it, as required by federal law¹³.

¹³ One exception is if you retire and have an installment purchase in progress. In this case, you must contact ERSRI, and you will either be pro-rated for the installment agreement OR billed for the remaining portion. Your employer must provide ERSRI with a written confirmation of your termination.



I am a...

STATE EMPLOYEE

Retirement Eligibility

Your eligibility to retire and your defined benefit plan benefit amount are based on several factors, including your age, the length of time you have been employed by the state, the date you were hired, and your salary amount.

Just like the membership in ERSRI is set in state law, guidelines for calculating your retirement eligibility and benefit amount are also in state law. This law has been changed in some major ways, making every member's retirement age unique, especially if you were an active employee before July 1, 2012. This section of the Handbook will help you understand yours. **You can also get a retirement eligibility estimate by logging into your account at www.ersri.org.**

To determine when you are eligible for a retirement benefit, it's important to understand **contributory service**. As an active member of the Retirement System, you are required by statute to contribute a percentage of your compensation in the form of deductions from your pay (you may remember this from page 7, under "Your Retirement Plan"). The service earned by the member during this time is known as contributory service. Members will receive one year of contributory service credit for each full year they

work and contribute on a full-time salary or a part-time salary for a posted position of at least 20 hours per week¹⁴.

Additionally, it is important to understand **vesting**. As we mentioned on page 7 (Under "Your Retirement Plan"), members who were active as of July 1, 2012 are vested for defined benefits after attaining at least 5 years of contributory service¹⁵.

COMBINING TIME FOR VESTING: If you have prior contributory service to the Municipal Employees Retirement System (MERS) or as a teacher, it will count towards vesting with your contributory service to the state, so long as it was not overlapping employment.

So, when will I be pension eligible?

At a minimum, employees must have at least five full years of contributory service to be vested. If you separate from service before you have met the requirements to retire, but after you have accumulated the years of contributory service necessary to vest – and you have left your contributions on deposit in the system – you may be eligible to receive a deferred retirement benefit when you reach your age of eligibility. More information on Deferred Retirement is on page 33.

¹³ With the exception of Workers' Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is not considered contributory service. More information about purchasing service credit is on page 9.

¹⁴ As a reminder, members are immediately vested in their own contributions to both the defined benefit plan and the defined contribution plan, and for employer contributions to the defined contribution plan after 3 years.

Eligible Retirement Age

For most state employees, there is a minimum retirement eligibility age. Unless you were eligible to retire as of June 30, 2012¹⁶, your retirement eligibility age mirrors your **Social Security Normal Retirement Age (SSNRA)**, not to exceed 67 years old. The SSNRA is based on the year you were born and is set by the federal government.

Based on your retirement schedule, your retirement eligibility age may differ. Your **schedule** is determined by the date you were hired and the number of years of service you had at certain points in time.

Here are the retirement schedules for state employees:

- **Schedule A:** members vested with at least 10 years of contributory service prior to or on July 1, 2005 and has either achieved 28 years of service or 60 years of age by September 30, 2009 *are eligible to retire*.
- **Schedule ABE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005 and were not eligible to retire by September 30, 2009, but became eligible to retire by June 30, 2012. Their retirement age is 62, proportionally scaled back based on years of service earned as of September 30, 2009.
- **Schedule ABNE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA, proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before the age of 59.
- **Schedule B:** members who were not vested with at least 10 years of contributory service by July 1, 2005, but eligible to retire by September 30, 2009. Schedule B members were required to have 10 years of contributory service and had to be at least age 65, or age 59 with 29 years of service.
- **Schedule B1E:** members who were not vested with at least 10 years of contributory service by July 1, 2005 but who became eligible to retire by June 30, 2012 by reaching age 65 with 10 years of contributory service.
- **Schedule B1NE:** members who were not vested with at least 10 years of contributory service by July 1, 2005, became vested with 5 years of service by June 30, 2012, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA; provided they have reached 10 years of contributory service, their SSNRA is proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before age 59.
- **Schedule B2:** members active on October 1, 2009 with less than 5 years of service by June 30, 2012 can retire at their SSNRA with 5 years of contributory service.
- **Schedule B3:** members hired on or after July 1, 2012 can retire at their SSNRA with 5 years of contributory service.

As a reminder, you see your schedule and your retirement eligibility date by logging into the member portal at www.ersri.org, under the Pension Profile Tool and the Pension Projection Tool.

¹⁶ 2011 legislation established the retirement eligibility age that mirrors an employee's Social Security Normal Retirement Age (SSNRA). Employees who were eligible to retire as of June 30, 2012 were not affected by this change. Prior to this, in 2009, legislation established a minimum retirement age of 62 for state employees, with a downward proportional adjustment for some members based on the years of service they had as of September 30, 2009. Employees who were eligible to retire as of September 30, 2009 were not affected by this change.

Rule of 95

The Rule of 95 is an additional retirement eligibility provision whereby your age and years of service must add up to 95. You can use the provision if it gets you to a retirement eligibility date that is earlier than your full retirement benefit date (but not lower than age 62). For example:

Age 62 with 33 years of service = 62+33 = 95
Age 63 with 32 years of service = 63+32 = 95
Age 64 with 31 years of service = 64+31 = 95
Age 65 with 30 years of service = 65+30 = 95

If the Rule of 95 does not result in a lower retirement date, then you can use the full retirement benefit date you already have.

If the Rule of 95 does not result in a lower retirement date, then you can use the full retirement benefit date you already have.

Transition Rules¹⁷ (Early Retirement Options)

If you are a State employee who earned at least five years of contributory service as of June 30, 2012, you will receive a downward adjustment from your Social Security Normal Retirement Age (SSNRA) based on the amount of service you had earned as of June 30, 2012.

State employees who were not eligible to retire as of June 30, 2012 have the option of retiring under

a transition rule if they meet all the applicable criteria.

Transition Rule 1: If you have 20 or more years of service and are within 5 years of eligibility from your full benefit retirement date as a State employee, or 5 years from your full retirement age, you may retire early with a permanent reduction in your benefit amount.

Early Retirement Reduction		
Year(s) from full retirement	Percent Reduction	Cumulative Reduction
1	9%	9%
2	8%	17%
3	7%	24%
4	7%	31%
5	7%	38%

Transition Rule 2: If you have earned at least 10 years of contributory service as of June 30, 2012, this rule provides you an additional option for an earlier retirement date. This rule does not allow you to retire earlier than the eligibility date determined under the laws in effect on June 30, 2012. An employee who elects this option will receive a Defined Benefit Plan benefit which is calculated using their service credit and highest average compensation as of June 30, 2012. If you elect this option, you will not receive retirement credit for any service and compensation earned on or after July 1, 2012.

¹⁷ These transition rules were set by the Rhode Island Retirement Security Act of 2011 (RIRSA).

Retirement Benefit Amounts

The amount of your retirement benefit will be determined by four factors:

1. Schedule type
2. Years of creditable service
3. Highest average salary
4. The retirement option you select¹⁸

On page 13, we outlined schedule types. The service credit rates used to determine your benefit are based on your schedule type and number of years of service¹⁹. The chart below outlines how credit rates earned for each of your years of service are determined:

Year(s) earned	Schedule A through 6/30/12; A/B through 9/30/09	Schedule B through 6/30/12; A/B from 10/1/09-6/30/12	Accruals as of 7/1/12 (all members)	Accruals as of 7/1/15 (if 20 or more years of service as of 6/30/12)
Years 1-10	1.7%	1.6%	1.0%	n/a
Years 11-20	1.9%	1.8%	1.0%	n/a
Years 21-25	3.0%	2.0%	1.0%	2.0%
Years 26-30	3.0%	2.25%	1.0%	2.0%
Years 31-34	3.0%	2.5%	1.0%	2.0%
Year 35	2.0%	2.5%	1.0%	2.0%
Years 36-37	n/a	2.5%	1.0%	2.0%
Year 38	n/a	2.25%	1.0%	2.0%

For Schedule A and Schedule B state employees, your highest average salary is calculated using

your three highest consecutive years. For all other schedules, your highest average salary is calculated using your five highest consecutive years.

The maximum percent of your highest average salary²⁰ you can receive as a pension benefit is 80% for Schedules A, ABE, and ABNE OR 75% for Schedules B, B1E, B1NE, B2 and B3.

Cost of Living Adjustments (COLA)

As a retiree, you become eligible to receive a COLA when you reach Social Security Normal Retirement Age (SSNRA), or 3 years after you retire, whichever date is later.

Currently, the annual COLA is suspended. When your retirement plan is more than 80% funded, you will receive your annual COLA at your retirement anniversary date, plus one month.

Until then, instead of an annual COLA, eligible members will receive a COLA every 4 years. The first was in 2017, and the next will be in 2021.

The COLA rate for a given year is calculated using the previous five-year average investment return and the CPI-U (Consumer Price Index for All Urban Consumers), then applied to a portion of your pension benefit determined by RI General Law. Each year, information on who is eligible to receive a Cost of Living Adjustment and what the COLA amount will be is posted on the ERSRI website (www.ersri.org) under “COLA Information.”

¹⁸ See more about Retirement Options on page 34.

¹⁹ If your years of service include both State service and service earned as a Correctional Officer, special accrual rules apply. Please contact ERSRI for an estimate of your benefits.

²⁰ As we mentioned on page 14, if you qualify under Transition Rule 1 and decide to retire early, your maximum pension benefit is reduced.

I am a...

TEACHER

As a reminder, your membership in the retirement system is set in state law. The statutory definition of “teacher” is found in RIGL 16-16-1. This definition allows permissible titles including: Teacher, Supervisor, Principal, Assistant Principal, Superintendent or Assistant Superintendent, Director, Assistant Director, Coordinator, Consultant, Dean, Assistant Dean, Assistant Educational Administrator, Nurse Teacher, and Attendance Officer, or any person working within the field of education certified by the Board of Education; or occupational or physical therapists licensed by the Department of Health and employed by a school committee.

Retirement Eligibility

Your eligibility to retire and your defined benefit plan benefit amount are based on several factors, including your age, the length of time you have been employed as a teacher, the date you were hired, and your salary amount.

Just like the membership in ERSRI is set in state law, guidelines for calculating your retirement eligibility and benefit amount are also in state law. This law has been changed in some major ways, making every member’s retirement age unique, especially if you were an active employee before July 1, 2012. This section of the Handbook will help you understand yours. **You can also get a retirement eligibility estimate by logging into your account at www.ersri.org.**

To determine when you are eligible for a retirement benefit, it’s important to understand contributory service. As an active member of the Retirement System, you are required by statute to contribute a percentage of your compensation in the form of deductions from your pay (you may remember this from page 7, under “Your Retirement Plan”). The service earned by the member during this time is known as contributory service. For teachers, service credit is based on the number of days worked compared to the number of school days in a year^{21 22}.

Additionally, it is important to understand **vesting**. As we mentioned on page 7 (Under “Your Retirement Plan”), members who were active as of July 1, 2012 are vested for defined benefits after attaining at least 5 years of contributory service²³.

COMBINING TIME FOR VESTING: If you have prior contributory service to the Municipal Employees Retirement System (MERS) or as a state employee, it will count towards vesting with your contributory service as a teacher, so long as it was not overlapping employment.

So, when will I be pension eligible?

At a minimum, employees must have at least 5 full years of contributory service to be vested. If you separate from service before you have met the requirements to retire, but after you have accumulated the years of contributory service

²¹ Prior to 11/2011, teachers receive one year of retirement service credit for each school year in which contributions and employment was at least 135 full days.

²² With the exception of Workers’ Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is not considered contributory service. More information about purchasing service credit is on page 9.

²³ As a reminder, members are immediately vested in their own contributions to both the defined benefit plan and the defined contribution plan, and for employer contributions to the defined contribution plan after 3 years.

necessary to vest – and you have left your contributions on deposit in the system – you may be eligible to receive a deferred retirement benefit when you reach your age of eligibility. More information on Deferred Retirement is on page 33.

Eligible Retirement Age

For most teachers, there is a minimum retirement eligibility age. Unless you were eligible to retire as of June 30, 2012²⁴, your retirement eligibility age mirrors your Social Security Normal Retirement Age (SSNRA), not to exceed 67 years old. The SSNRA is based on the year you were born and is set by the federal government.

Based on your retirement schedule, your retirement eligibility age may differ. Your schedule is determined by the date you were hired and the number of years of service you had at certain points in time.

Here are the retirement schedules for teachers:

- **Schedule A:** members vested with at least 10 years of contributory service prior to or on July 1, 2005 and has either achieved 28 years of services or 60 years of age by September 30, 2009 are eligible to retire.
- **Schedule ABE:** members vested with at least 10 years of contributory service priority to or on July 1, 2005 and were not eligible to retire by September 30, 2009, but became eligible to retire by June 30, 2012. Their retirement age is 62, proportionally scaled back based on years of service earned as of September 30, 2009.
- **Schedule ABNE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005, but were not eligible to retire by June 30, 2012. Their retirement age is their

SSNRA, proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before the age of 59.

- **Schedule B:** members who were not vested with at least 10 years of contributory service by July 1, 2005, but eligible to retire by September 30, 2009. Schedule B members were required to have 10 years of contributory service and had to be at least age 65, or age 59 with 29 years of service.
- **Schedule B1E:** members who were not vested with at least 10 years of contributory service by July 1, 2005 but who became eligible to retire by June 30, 2012 by reaching age 65 with 10 years of contributory service.
- **Schedule B1NE:** members who were not vested with at least 10 years of contributory service by July 1, 2005, became vested with 5 years of service by June 30, 2012, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA; provided they have reached 10 years of contributory service, their SSNRA is proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before age 59.
- **Schedule B2:** members active on October 1, 2009 with less than 5 years of service by June 30, 2012 can retire at their SSNRA with 5 years of contributory service.
- **Schedule B3:** members hired on or after July 1, 2012 can retire at their SSNRA with 5 years of contributory service.

As a reminder, you see your schedule and your retirement eligibility date by logging into the member portal at www.ersri.org, under the Pension Profile Tool and the Pension Projection Tool.

²⁴2011 legislation established the retirement eligibility age that mirrors an employee's Social Security Normal Retirement Age (SSNRA). Employees who were eligible to retire as of June 30, 2012 were not affected by this change. Prior to this, in 2009, legislation established a minimum retirement age of 62 for state employees, with a downward proportional adjustment for some members based on the years of service they had prior to September 30, 2009. Employees who were eligible to retire as of September 30, 2009 were not affected by this change.

Rule of 95

The Rule of 95 is an additional retirement eligibility provision whereby your age and years of service must add up to 95. You can use the provision if it gets you to a retirement eligibility date that is earlier than your full retirement benefit date (but not lower than age 62).

For example:

Age 62 with 33 years of service = 62+33 = 95

Age 63 with 32 years of service = 63+32 = 95

Age 64 with 31 years of service = 64+31 = 95

Age 65 with 30 years of service = 65+30 = 95

If the Rule of 95 does not result in a lower retirement date, then you can use the full retirement benefit date you already have.

Transition Rules²⁵ (Early Retirement Options)

If you are a public school teacher who earned at least five years of contributory service as of June 30, 2012, you will receive a downward adjustment from your Social Security Normal Retirement Age (SSNRA) based on the amount of service you had earned as of June 30, 2012.

Teachers who were not eligible to retire as of June 30, 2012 have the option of retiring early under a transition rule if they meet all of the applicable criteria.

Transition Rule 1: If you have 20 or more years of service and are within 5 years of eligibility from your full benefit retirement date, or 5 years from your full retirement age, you may retire early with a permanent reduction in your benefit amount.

Early Retirement Reduction		
Year(s) from full retirement	Percent Reduction	Cumulative Reduction
1	9%	9%
2	8%	17%
3	7%	24%
4	7%	31%
5	7%	38%

Transition Rule 2: If you have earned at least 10 years of contributory service as of June 30, 2012, this rule provides you an additional option for an earlier retirement date. This rule does not allow you to retire earlier than the eligibility date determined under the laws in effect on June 30, 2012. An employee who elects this option will receive a Defined Benefit Plan benefit which is calculated using their service credit and highest average compensation as of June 30, 2012. If you elect this option, you will not receive retirement credit for any service and compensation earned on or after July 1, 2012.

²⁵ These transition rules were set by the Rhode Island Retirement Security Act of 2011 (RIRSA).

Retirement Benefit Amounts

The amount of your retirement benefit will be determined by four factors:

1. Schedule type
2. Years of creditable service
3. Highest average salary²⁶
4. The retirement option you select²⁷

On page 17, we outlined schedule types. The service credit rates used to determine your benefit are based on your schedule type and number of years of service²⁸. The chart below can help you to determine service credit rates earned for each of your years of service:

Year(s) earned	Schedule A through 6/30/12; A/B through 9/30/09	Schedule B through 6/30/12; A/B from 10/1/09-6/30/12	Accruals as of 7/1/12 (all members)	Accruals as of 7/1/15 (if 20 or more years of service as of 6/30/12)
Years 1-10	1.7%	1.6%	1.0%	n/a
Years 11-20	1.9%	1.8%	1.0%	n/a
Years 21-25	3.0%	2.0%	1.0%	2.0%
Years 26-30	3.0%	2.25%	1.0%	2.0%
Years 31-34	3.0%	2.5%	1.0%	2.0%
Year 35	2.0%	2.5%	1.0%	2.0%
Years 36-37	n/a	2.5%	1.0%	2.0%
Year 38	n/a	2.25%	1.0%	2.0%

The maximum percent of your highest average salary²⁹ you can receive as a pension benefit is 80% for Schedules A, ABE, and ABNE OR 75% for Schedules B, B1E, B1NE, B2 and B3.

Cost of Living Adjustments (COLA)

As a retiree, you become eligible to receive a COLA when you reach Social Security Normal Retirement Age (SSNRA), or 3 years after you retire, whichever date is later.

Currently, the annual COLA is suspended. When your retirement plan is more than 80% funded, you will receive your annual COLA at your retirement anniversary date, plus one month. Until then, instead of an annual COLA, eligible members will receive a COLA every 4 years. The first was in 2017, and the next will be in 2021.

The COLA rate for a given year is calculated using the previous five-year average investment return and the CPI-U (Consumer Price Index for All Urban Consumers), then applied to a portion of your pension benefit determined by RI General Law. Each year, information on who is eligible to receive a Cost of Living Adjustment and what the COLA amount will be is posted on www.ersri.org under "COLA Information."

²⁶ For public school teachers eligible to retire as of September 30, 2009, your highest average salary is calculated using your three highest consecutive years. For all other schedule types, your highest average salary is calculated using your five highest consecutive years.

²⁷ See more about Retirement Options on page 34.

²⁸ If your years of service include both State service and service earned as a Correctional Officer, special accrual rules apply. Please contact ERSRI for an estimate of your benefits.

²⁹ As we mentioned on page 18, if you qualify under Transition Rule 1 and decide to retire early, your maximum pension benefit is reduced.

Teacher Survivors' Benefit

Additional information about Benefits for Beneficiaries for all ERSRI members, including public school teachers, is on page 40. However, some public school districts in Rhode Island do not participate in Social Security. In these districts, teachers, and their employers, pay into a Teachers Survivors' Benefit (TSB) Plan to provide benefits to their survivors when they pass away.

Teachers in the following school districts participate in TSB:

- Barrington
- Bristol Warren Regional
- Burrillville
- Central Falls Collaborative
- Coventry
- Cranston
- Cumberland
- East Greenwich
- East Providence
- Foster-Glocester
- Glocester
- Johnston
- Lincoln
- Little Compton
- Middletown
- Newport
- North Smithfield
- Portsmouth
- Scituate
- Smithfield
- Tiverton
- Westerly

To qualify for TSB:

- You must have taught in one of the above school districts
- You must have been making contributions to the TSB Plan for at least six calendar months prior to passing away, retiring, or terminating your service

Both teachers and their employers each contribute \$115 annually to the plan³⁰.

Who is eligible to collect Survivors' Benefits?

There are three categories of people who are eligible to collect under TSB:

1. A surviving spouse or domestic partner who is at least 60 years of age³¹
 - Surviving spouses or domestic partners must have been living with the teacher at the time of the teacher's passing
 - If the teacher passes away before their spouse reaches 60 years of age, they will start receiving the TSB when they turn 60
2. Children under 18 years of age who survive a deceased teacher
 - If the surviving child is a full-time student under 23 years of age, they are eligible
 - If the surviving child is disabled, and their disability onset was before they turned 18, they are eligible, regardless of their age
 - Surviving children must have been dependents of the teacher at the time of the teacher's passing and must be unmarried
 - Survivor benefits for children are able to be paid to the teacher's surviving spouse or domestic partner if they are caring for the surviving children
3. A dependent mother or father who survives a deceased teacher
 - If the teacher does not have a surviving spouse or domestic partner, or surviving children, parents over 60 years of age may be eligible to collect TSB
 - The mother or father must have been a dependent of the teacher at the time of the teacher's passing
 - The parent must not be entitled to Social Security benefits from his or her earnings that are equal to or exceed the TSB

³⁰ The amount you contribute is subject to an actuarial evaluation every two years and may change.

³¹ A surviving spouse who remarries, or a surviving domestic partner who establishes a new domestic partnership or marries, will lose his or her Survivors' Benefits.

What is the TSB benefit amount?

There is a minimum monthly benefit in statute³² that is based on your highest annual salary as a teacher:

The TSB for children and families is equal to the spouse's or domestic partner's benefit, then uses a multiplier to adjust for family size:

Highest Annual Salary	Minimum Monthly Benefit
\$17,000 or less	\$825
\$17,001-\$25,000	\$963
\$25,001-\$33,000	\$1,100
\$33,001-\$40,000	\$1,238
\$40,001 or over	\$1,375

Is there a Cost of Living Adjustment (COLA) to the TSB?

Yes, an annual COLA is made to the benefit for survivors over 60 years old, based on the annual Social Security adjustment.

Recipients	Multiplier
Parent + 1 child	150%
Parent + 2 or more children	175%
1 child alone	75%
2 children alone	150%
3 or more children alone	175%

Do I have to maintain the TSB Plan when I retire?

At the time of your retirement, you can elect to discontinue coverage from the Teacher Survivors' Benefit Plan. At this point, you would receive a refund of your contributions, plus interest.

³² RIGL 16-16-26



I am a...

CORRECTIONAL OFFICER

As a reminder, your membership in the retirement system is set in state law. The statutory definition of “Correctional Officer” is found in *RIGL 36-10-9.2*. This definition allows permissible titles including: Assistant Director (Adult Services), Assistant Deputy Director, Chief of Inspection, and Associate Directors, Correctional Officer, Chief of Security, Work Rehabilitation Program Supervisor, Supervisor of Custodial Records and Reports, and Classification Counselor within the Department of Corrections. You need to be employed within the Department of Corrections and consistently work at least 20 hours a week.

Retirement Eligibility

Your eligibility to retire and your defined benefit plan benefit amount are based on several factors, including your age, the length of time you have been employed by the state, the date you were hired, and your salary amount.

Just like the membership in ERSRI is set in state law, guidelines for calculating your retirement eligibility and benefit amount are also in state law. This law has been changed in some major ways, making every member’s retirement age unique, especially if you were an active employee before July 1, 2012. This section of the Handbook will help you understand yours. **You can also get a retirement eligibility estimate by logging into your account at www.ersri.org.**

To determine when you are eligible for a retirement benefit, it’s important to understand contributory service. As an active member of the Retirement System, you are required by statute to contribute a percentage of your compensation in the form of deductions from your pay (you may remember this from page 7, under “Your Retirement Plan”). The service earned by the member during this time is known as contributory service. Members will receive one year of contributory service credit for each full year they work and contribute³³.

Additionally, it is important to understand **vesting**. As we mentioned on page 7 (Under “Your Retirement Plan”), members who were active as of July 1, 2012 are vested for defined benefits after attaining at least 5 years of contributory service³⁴.

So, when will I be pension eligible?

At a minimum, employees must have at least five full years of contributory service to be vested. If you separate from service before you have met the requirements to retire, but after you have accumulated the years of contributory service necessary to vest – and you have left your contributions on deposit in the system – you may be eligible to receive a deferred retirement benefit when you reach your age of eligibility. More information on Deferred Retirement is on page 33.

³³ With the exception of Workers’ Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is not considered contributory service. More information about purchasing service credit is on page 9.

³⁴ As a reminder, members are immediately vested in their own contributions to both the defined benefit plan and the defined contribution plan, and for employer contributions to the defined contribution plan after 3 years.

Eligible Retirement Age

For most Correctional Officers, there is a minimum retirement eligibility age. For some, your retirement eligibility age may mirror your **Social Security Normal Retirement Age (SSNRA)**, not to exceed 67 years old. The SSNRA is based on your birth year and is set by the federal government.

Based on your retirement schedule, your retirement age and required years of service may differ. Your schedule is determined by the date you were hired and the number of years of service you had at certain points in time.

Listed on this page are the retirement schedules for correctional officers:

- **Schedule CO:** members who were 50 years old or older and had at least 20 years of contributory service in the Department of Corrections by September 30, 2009 are eligible to retire.
- **Schedule CO1E:** members who were not eligible to retire as of September 30, 2009 but became eligible by June 30, 2012 by attaining 55 years of age – proportionally scaled back based on the number of years of service as of September 30, 2009 – can retire with 25 years of contributory service within the Department of Corrections.
- **Schedule CO1NE:** members who were not eligible to retire by either September 30, 2009 or June 30, 2012 are in this schedule. Their

retirement eligibility is age 55 with 25 years of contributory service within the Department of Corrections OR the Social Security Normal Retirement Age with at least 5 years of contributory service.

- **Schedule CO2:** members who were new hires on or after October 1, 2009 are retirement eligible at age 55 with 25 years of contributory service within the Department of Corrections OR Social Security Normal Retirement Age with at least 5 years of contributory service.
- **Schedule CO3:** members who were new hires on or after July 1, 2012 are retirement eligible at age 55 with 25 years of contributory service within the Department of Corrections OR Social Security Normal Retirement Age with at least 5 years of contributory service.

As a reminder, you can see your schedule and your retirement eligibility date by logging into the member portal at www.ersri.org, under the Pension Profile Tool as well as the Pension Projection Tool.

Transition Rules (Early Retirement Options)

Correctional Officers who do not meet retirement eligibility rules defined in the CO schedules may have the option of retiring under Transition Rule 1 or Transition Rule 2 as a State Employee if they meet all the applicable criteria. A CO exercising one of these options would retain their CO accrual rates. Refer to Appendix B for State employee transition rule information.

Retirement Benefit Amounts

The amount of your retirement benefit will be determined by four factors:

1. Schedule type
2. Years of creditable service
3. Highest average salary
4. The retirement option you select³⁵

On page 23, we outlined schedule types for Correctional Officers. The service credit rates used to determine your benefit are based on your schedule type and number of years of service. Here is a chart to determine service credit accruals earned for each of your years of service:

Year(s) earned	At least 25 years of service at 6/30/12*	Less than 25 years of service at 6/30/12*
Years 1-30	2.0%	2.0%
Year 31	6.0%	3.0%
Year 32	5.0%	3.0%
Year 33	4.0%	3.0%
Year 34	2.0%	3.0%
Year 35	2.0%	3.0%

**Service Credit for all Correctional Officer schedule types is accrued at 2% for Years 1 through Year 30. Correctional Officers with 25 or more years of service at 6/30/12 will accrue the higher percentages for Year 31 through Year 35. On or after 7/1/12, Correctional Officers with less than 25 years of service at 6/30/12 will accrue 3% for Year 31 through Year 35.*

For Schedule CO members, your highest average salary is calculated using your three highest consecutive years of service. For Schedule CO1E, CO1NE, CO2, and CO3 members, your highest average salary is calculated using your five highest consecutive years of service.

There is a maximum percent of your highest average salary you can receive as a pension benefit.

For a correctional officer in Schedules CO or CO1E, your maximum retirement benefit is equal to the total accrual earned as of 6/30/2012 (not to exceed 80%) OR 75% of your highest average salary, whichever is greater.

The maximum percent of your highest average salary you can receive as a pension benefit is 75% for Schedules CO1NE, CO2, and CO3.

If your years of service include both State service and service earned as a Correctional Officer, see the information below about Combining Time.

Combining Time

If you do not have 25 years of service as a Correctional Officer, but have contributory service as both a Correctional Officer and a State employee, ERSRI will combine your time to determine your earliest eligible retirement date and the schedule that will apply to the calculation of your benefit. Your retirement age is equivalent to your Social Security Normal Retirement Age with adjustments according to the State employee schedule³⁶ that will apply to you, or is determined using the Rule of 95, whichever is lower.

Age 62 with 33 years of service = 62+33 = 95
Age 63 with 32 years of service = 63+32 = 95
Age 64 with 31 years of service = 64+31 = 95
Age 65 with 30 years of service = 65+30 = 95

For members with combined Correctional Officer and State employee time, the combined time will be used to calculate your benefit. You will receive a single benefit, combining the accruals from your years of service in each position.

³⁵ See more about Retirement Options on page 34

³⁶ Schedules for State employees are in Appendix C

If you have combined time as a Correctional Officer and a State employee, we urge you to contact the ERSRI Customer Service Center at 401-462-7600 for your eligibility date and benefit estimate instead of referring to the online member portal, which may be inaccurate.

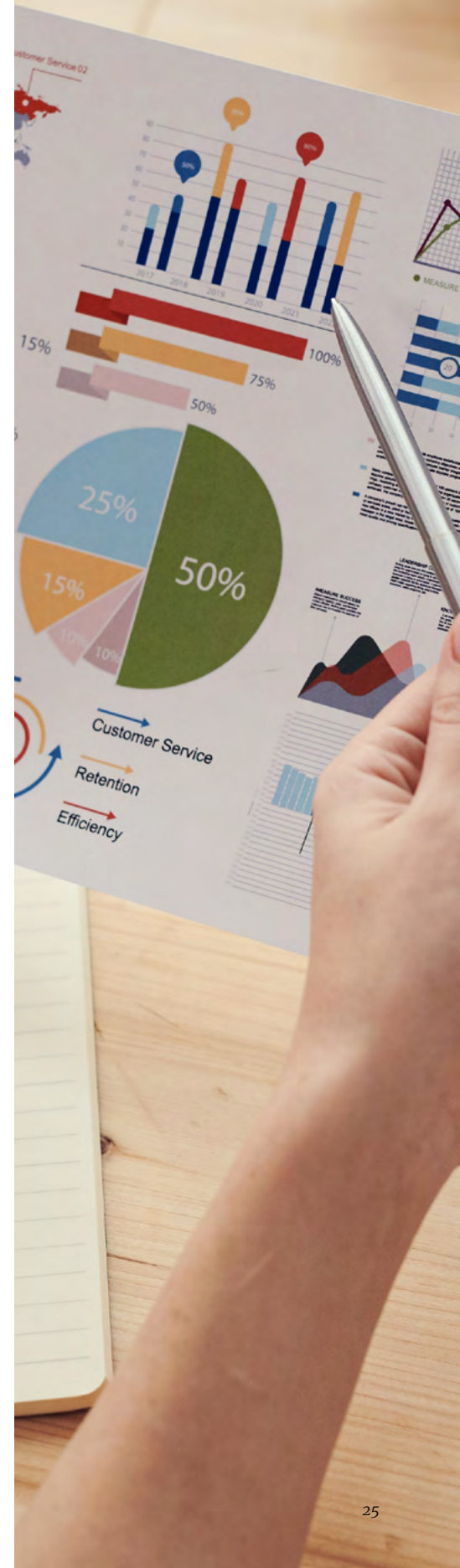
Cost of Living Adjustments (COLA)

As a retiree, you become eligible to receive a COLA when you reach Social Security Normal Retirement Age (SSNRA), or 3 years after you retire, whichever date is later.

Currently, the annual COLA is suspended. When your retirement plan is more than 80% funded, you will receive your annual COLA at your retirement anniversary date, plus one month.

Until then, instead of an annual COLA, eligible members will receive a COLA every 4 years. The first was in 2017, the next will be in 2021.

The COLA rate for a given year is calculated using the previous five-year average investment return and the CPI-U (Consumer Price Index for All Urban Consumers), then applied to a portion of your pension benefit determine by RI General Law. Each year, information on who is eligible to receive a COLA and what the COLA amount will be is posted on www.ersri.org under "COLA Information."



I am a...

REGISTERED NURSE

IN THE DEPARTMENT OF BEHAVIORAL HEALTH, DEVELOPMENTAL DISABILITIES AND HOSPITALS

Retirement Eligibility

Your eligibility to retire and your defined benefit plan benefit amount are based on several factors, including your age, the length of time you have been employed by the state, the date you were hired, and your salary amount.

Just like the membership in ERSRI is set in state law, guidelines for calculating your retirement eligibility and benefit amount are also in state law. This law has been changed in some major ways, making every member's retirement age unique, especially if you were an active employee before July 1, 2012. This section of the Handbook will help you understand yours. **You can also get a retirement eligibility estimate by logging into your account at www.ersri.org.**

To determine when you are eligible for a retirement benefit, it's important to understand contributory service. As an active member of the Retirement System, you are required by statute to contribute a percentage of your compensation in the form of deductions from your pay (you may remember this from page 7, under "Your Retirement Plan"). The service earned by the member during this time is known as contributory service. Members will receive one year of contributory service credit for each full year they work and contribute³⁷.

Additionally, it is important to understand **vesting**. As we mentioned on page 7 (Under "Your Retirement Plan"), members who were active as of July 1, 2012 are vested for defined benefits after attaining at least 5 years of contributory service³⁸.

So, when will I be pension eligible?

At a minimum, employees must have at least five full years of contributory service to be vested. If you separate from service before you have met the requirements to retire, but after you have accumulated the years of contributory service necessary to vest – and you have left your contributions on deposit in the system – you may be eligible to receive a deferred retirement benefit when you reach your age of eligibility. More information on Deferred Retirement is on page 33.

Eligible Retirement Age

For most Registered Nurses in the Department of Behavioral Health, Developmental Disabilities, and Hospitals (BHDDH), there is a minimum retirement eligibility age. For some, your retirement eligibility age may mirror your Social Security Normal Retirement Age (SSNRA), not to exceed 67 years old. The SSNRA is based on your birth year and is set by the federal government.

³⁷ With the exception of Workers' Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is not considered contributory service. More information about purchasing service credit is on page 9.

³⁸ As a reminder, members are immediately vested in their own contributions to both the defined benefit plan and the defined contribution plan, and for employer contributions to the defined contribution plan after 3 years.

Based on your retirement schedule, your retirement age and required years of service may differ. Your schedule is determined by the date you were hired and the number of years of service you had at certain points in time.

Here are the retirement schedules for BHDDH Registered Nurses:

- **Schedule MO:** members who were 50 years or older with 25 years of contributory service within BHDDH by September 30, 2009 are eligible to retire.
- **Schedule MABE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005, and were not eligible to retire as of September 30, 2009 but became eligible by June 30, 2012 by reaching 25 years of contributory service within BHDDH. Their retirement age is 55, proportionally scaled back based on years of service earned as of September 30, 2009.
- **Schedule MABNE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005, but were not eligible to retire by June 30, 2012. The retirement age for these members is 55 with 25 years of contributory service within BHDDH or their SSNRA if they completed between 5 years and 25 years of contributory service.
- **Schedule MB1E:** members who were not vested with at least 10 years of contributory service prior to or on July 1, 2005, who became eligible to retire by June 30, 2012 by reaching 25 years of contributory service within BHDDH. Their retirement age is 55, proportionally scaled back based on years of service earned as of September 30, 2009.
- **Schedule MB1NE:** members who were not vested with at least 10 years of contributory service prior to July 1, 2005 and were not

eligible to retire by June 30, 2012. Their retirement age is 55 with 25 years of contributory service within BHDDH or their SSNRA if they completed between 5 years and 25 years of contributory service.

- **Schedule MB2:** members who were hired on or after October 1, 2009 (but before July 1, 2012). Their retirement age is 55 with 25 years of contributory service within BHDDH or their SSNRA if they completed between 5 years and 25 years of contributory service.
- **Schedule MB3:** members who were hired on or after July 1, 2012. The retirement age for these members is 55 with 25 years of contributory service within BHDDH or their SSNRA if they completed between 5 years and 25 years of contributory service.

You can see your schedule and your retirement eligibility date by logging into the ERSRI member portal at www.ersri.org, under the Pension Profile Tool and the Pension Projection Tool.

Transition Rules (Early Retirement Options)

BHDDH Registered Nurses who do not meet retirement eligibility rules as defined in the Registered Nurses schedules have the option of retiring under Transition Rule 1 or Transition Rule 2 as a State employee if they meet all the applicable criteria. Refer to Appendix B for State employee transition rule information.

Retirement Benefit Amounts

The amount of your retirement benefit will be determined by four factors:

1. Schedule type
2. Years of creditable service
3. Highest average salary³⁹
4. The retirement option you select⁴⁰

³⁹ For Schedule MO BHDDH nurses, your highest average salary is calculated using your three highest consecutive years. For Schedule MABE, MABNE, MB1E, MB1NE, MB2 and MB3 nurses, your highest average salary is calculated using your five highest consecutive years.

⁴⁰ See more about retirement options on page 34

On the previous page, we outlined schedule types. The service credit rates used to determine your benefit are based on your schedule type and number of years of service⁴¹. **For service on or after July 1, 2012, you will accrue at 1% per year for all schedule types.**

For service prior to June 30, 2012, view the chart below to determine credit rates earned for each of your years of service:

Year(s) earned	Schedule MO through 6/30/12; MAB through 9/30/09	Schedule MAB from 10/1/09 – 6/30/12	Schedule MB1 and MB2 through 6/30/12	Accruals as of 7/1/12 (all members)	Accruals as of 7/1/15 (if 20 or more years of service as of 6/30/12)
Years 1-10	1.7%	1.7%	1.6%	1.0%	n/a
Years 11-20	1.9%	1.9%	1.8%	1.0%	n/a
Years 21-25	3.0%	3.0%	2.0%	1.0%	2.0%
Years 26-30	3.0%	3.0%	2.25%	1.0%	2.0%
Years 31-34	3.0%	3.0%	2.5%	1.0%	2.0%
Year 35	2.0%	2.0%	2.5%	1.0%	2.0%
Years 36-37	n/a	n/a	2.5%	1.0%	2.0%
Year 38	n/a	n/a	2.25%	1.0%	2.0%

The maximum percent of your highest average salary you can receive as a pension benefit is 80% for Schedules MO, MABE and MABNE or 75% for Schedules MB1E, MB1NE, MB2 and MB3.

Cost of Living Adjustments (COLA)

As a retiree, you become eligible to receive a COLA when you reach Social Security Normal Retirement Age (SSNRA), or 3 years after you retire, whichever date is later.

Currently, the annual COLA is suspended. When your retirement plan is more than 80% funded, you will receive your annual COLA at your retirement anniversary date, plus one month. Until then, instead of an annual COLA, you will receive a COLA every 4 years. The first was in 2017, and the next will be in 2021.

The COLA rate for a given year is calculated using the previous five-year average investment return and the CPI-U (Consumer Price Index for All Urban Consumers), then applied to a portion of your pension benefit. Each year, information on who is eligible to receive a COLA and what the COLA amount will be is posted on www.ersri.org under “COLA Information.”

⁴¹ If your years of service include both State service and service earned as a Correctional Officer, special accrual rules apply. Contact ERSRI for an estimate of your benefits.



I am a...

MUNICIPAL EMPLOYEE (GENERAL)

Retirement Eligibility

Your eligibility to retire and your defined benefit plan benefit amount is based on several factors, including your age, the length of time you have been employed by a city or town, the date you were hired, and your salary amount.

Just like the membership in ERSRI and MERS is set in state law, guidelines for calculating your retirement eligibility and benefit amount are also in state law. This law has been changed in some major ways, making every member's retirement age unique, especially if you were an active employee before July 1, 2012. This section of the Handbook will help you understand yours. **You can also get a retirement eligibility estimate by logging into your account at www.ersri.org.**

To determine when you are eligible for a retirement benefit, it's important to understand contributory service. As an active member of the Retirement System, you are required by statute to contribute a percentage of your compensation in the form of deductions from your pay (you may remember this from page 7, under "Your Retirement Plan"). The service earned by the member during this time is known as contributory service. Members will receive one year of

contributory service credit for each full year they work and contribute on a full-time salary or part-time salary for a posted position of at least 20 hours per week⁴².

Additionally, it is important to understand vesting. As we mentioned on page 7 (Under "Your Retirement Plan"), members who were active as of July 1, 2012 are vested for defined benefits after attaining at least 5 years of contributory service⁴³

COMBINING TIME FOR VESTING: If you have prior contributory service to the Municipal Employees Retirement System (MERS) or as a state employee, it will count towards vesting with your contributory service as a teacher, so long as it was not overlapping employment.

So, when will I be pension eligible?

At a minimum, municipal employees must have at least five full years of contributory service to be vested. If you separate from service before you have met the requirements to retire, but after you have accumulated the years of contributory service necessary to vest – and you have left your contributions on deposit in the system – you may be eligible to receive a deferred retirement benefit when you reach your age of eligibility. More information on Deferred Retirement is on page 33.

⁴² With the exception of Workers' Compensation leave, Active Duty military leave rendered after 6/30/2005, and restoration of withdrawn contributions, purchased service credit is not considered contributory service. More information about purchasing service credit is on page 9.

⁴³ As a reminder, members are immediately vested in their own contributions to both the defined benefit plan and the defined contribution plan, and for employer contributions to the defined contribution plan after 3 years.

Eligible Retirement Age

For most municipal employees, there is a minimum retirement eligibility age. For some, your retirement eligibility age may be the same as your **Social Security Normal Retirement Age (SSNRA)**, not to exceed 67 years old. The SSNRA is based on the year you were born and is set by the federal government.

Based on your retirement schedule, your retirement age may differ. Your schedule is determined by the date you were hired and the number of years of service you had at certain points in time.

Listed below are the retirement schedules for municipal employees:

- **Schedule 1:** members with 30 years of service or at least age 58 with 10 years of contributory service by June 30, 2012 are eligible to retire.
- **Schedule 2:** members active as of July 1, 2012 with at least 5 years of contributory service, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA, proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before the age of 59.
- **Schedule 3:** members active as of July 1, 2012 with less than 5 years of contributory service, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA and they need at least 5 years of contributory service in order to retire.

- **Schedule 4:** members hired on or after July 1, 2012 can retire at their SSNRA with 5 years of contributory service.

View your schedule and retirement eligibility date by logging into the member portal at www.ersri.org, under the Pension Profile Tool and the Pension Projection Tool.

Rule of 95

The Rule of 95 is an additional retirement eligibility provision whereby your age and years of service must add up to 95. You can use the provision if it gets you to a retirement eligibility date that is earlier than your full retirement benefit date (but not lower than age 62). View a few examples below:

Age 62 with 33 years of service = $62+33 = 95$
Age 63 with 32 years of service = $63+32 = 95$
Age 64 with 31 years of service = $64+31 = 95$
Age 65 with 30 years of service = $65+30 = 95$

If the Rule of 95 does not result in a lower retirement date, then you can use the full retirement benefit date you already have.

Transition Rules⁴⁴ (Early Retirement Options)

Municipal employees who were not eligible to retire as of June 30, 2012 have the option of retiring under a transition rule if they meet all the applicable criteria.

⁴⁴These transition rules were set by the Rhode Island Retirement Security Act of 2011 (RIRSA).

Transition Rule 1: If you have 20 or more years of service and are within 5 years of eligibility from your full benefit retirement date, or 5 years from your full retirement age, you may retire early with a permanent reduction in your benefit amount.

Early Retirement Reduction		
Year(s) from full retirement	Percent Reduction	Cumulative Reduction
1	9%	9%
2	8%	17%
3	7%	24%
4	7%	31%
5	7%	38%

Transition Rule 2: If you have earned at least 10 years of contributory service as of June 30, 2012, this rule provides you an additional option for an earlier retirement date. This rule does not allow you to retire earlier than the eligibility date determined under the laws in effect on June 30, 2012. An employee who elects this option will receive a Defined Benefit Plan benefit which is calculated using their service credit and highest average compensation as of June 30, 2012. If you elect this option, you will not receive retirement credit for any service and compensation earned on or after July 1, 2012.

Retirement Benefit Amounts

The amount of your retirement benefit will be determined by four factors:

1. Schedule type
2. Years of creditable service
3. Highest average salary⁴⁵
4. The retirement option you select⁴⁶

The service credit accrual rates are based on the dates of your employment. MERS employees earn 2% for each year of service credit through June 30, 2012, and 1% for each year after that date. MERS employees who have earned 20 or more years of service by June 30, 2012 have a 2% accrual rate starting July 1, 2015. The maximum percent of your highest average salary⁴⁷ you can receive as a pension benefit is 75%.

Cost of Living Adjustments (COLA)

As a retiree, you become eligible to receive a COLA when you reach Social Security Normal Retirement Age (SSNRA), or SSNRA or three years after you retire, whichever is later.

If your retirement plan is more than 80% funded, you will receive your COLA annually at your retirement anniversary date, plus one month.

If your retirement plan is less than 80% funded, the annual COLA is suspended. When your retirement plan is more than 80% funded, if you are an eligible member you will receive your annual COLA at your retirement anniversary date, plus one month. Until then, instead of an annual COLA, you will receive a COLA every 4 years. The first was in 2017, and the next will be in 2021.

The COLA rate for a given year is calculated using the previous five-year average investment return and the CPI-U (Consumer Price Index for All Urban Consumers), then applied to a portion of your pension benefit determined by RI General Law. Each year, information on which plans are eligible to receive a Cost of Living Adjustment and what the COLA amount will be is posted on our website at www.ersri.org, under “COLA Information.”

⁴⁵ For Schedule 1 MERS employees, your highest average salary is calculated using your three highest consecutive years. For Schedule 2, 3 or 4 MERS employees, your highest average salary is calculated using your five highest consecutive years. For Schedule 2 or 3, your highest average salary will not be lower than the highest average salary determined as of June 30, 2012.

⁴⁶ See more about Retirement Options on page 34.

⁴⁷ If you qualify under Transition Rule 1 and decide to retire early, your maximum pension benefit is reduced.

LEAVING EMPLOYMENT BEFORE RETIREMENT

Refund & Rollover of Contributions

If you leave your job for any reason other than retirement, you can apply for a cash refund of your employee contributions to your Defined Benefit Plan, or you can rollover your contributions to an IRA, 401(k) or another qualified retirement plan. Application forms are available on our website at www.ersri.org or by contacting the ERSRI call center at (401) 462-7600.

If you refund or rollover your contributions, you will not receive any of the interest earned while it was in the Retirement System.

Cash refunds are subject to minimum federal tax withholding, and you may be subject to an IRS penalty for early withdrawal if you are under age 59½ at the time of the withdrawal. Normal processing of cash refunds is 4-6 weeks after date of termination.

Can I borrow against my retirement account?

You cannot. Rhode Island law only allows for a refund or rollover upon termination from employment.

What are my refund or rollover options for my Defined Contribution Plan?

You may not withdraw funds from your Defined Contribution Plan until you terminate your employment. For specific questions, you can contact Teachers Insurance and Annuity Association of America (TIAA) at 800-897-1026 or visit their website at www.tiaa.org/ri.



Deferred Retirement

If you leave your job before you were eligible to retire, but you are vested, you may be eligible for a future retirement allowance⁴⁸.

You must leave your contributions in the system, and you may begin collecting a retirement benefit when you reach your eligibility age based on your retirement schedule.

You will not automatically receive a benefit when you reach your age of eligibility. You must apply for your retirement benefit. We recommend contacting ERSRI 6–12 months prior to reaching this age. If you do not apply for your retirement when you first become eligible, you will not receive any retroactive benefits to the date you reached your age of eligibility. Once ERSRI receives your application, your deferred benefits are payable beginning the day of your age of eligibility or the first of the month in which your completed application is received.

Disability

If you become permanently disabled while you are an active member of ERSRI, you may be eligible for a disability pension.

There are two types of disability benefits payable by the system:

- Accidental disability: injury or illness occurred at work or is attributed to work circumstances within ERSRI-covered employment service
- Ordinary disability: injury or illness that is not based on work within ERSRI-covered employment service
 - Must be vested with 5 years of contributory service to qualify for an ordinary disability

All disability pensions must be approved by the ERSRI Retirement Board. Contact ERSRI for the necessary forms and for more information on disability retirement.

⁴⁸ If you are leaving service right at the point of vesting (five years of contributory service after 6/30/12), you should contact ERSRI prior to termination to get a written confirmation that you have vested. If you leave prior to vesting, you will not have benefit eligibility. If you left service prior to September 30, 2009 and did not return, and you had fewer than ten years of service, different deferred retirement rules apply – please contact ERSRI for more information.

RETIREMENT OPTIONS

When you file for service retirement, you will be asked to elect a benefit option. ERSRI offers several pension benefit options to meet your unique needs and the needs of your family, including:

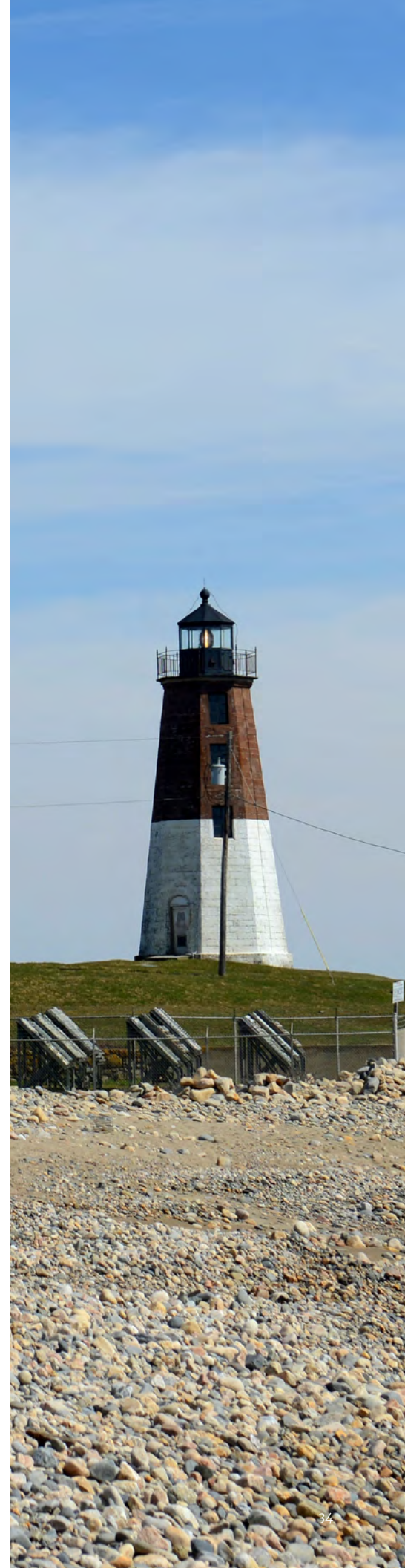
SRA (Service Retirement Allowance) Plan

- The SRA Plan is your full benefit based on your years of service and salary as a public employee
- After you pass away, all pension payments will stop
- If you select the SRA Plan, you cannot change your retirement option after you retire

Option #1 – 100% Survivor option

- Option #1 – 100% Survivor provides your beneficiary the same monthly retirement allowance after you pass away as you will receive once you retire
- Using the SRA Plan as the base, there is a reduction in your monthly benefit amount as a retiree, but benefits will continue to be paid to your beneficiary
 - This reduction is calculated based on the age difference between you and your beneficiary – see Appendix D to see the percentage of the SRA Plan benefit you would receive during your lifetime
- If you select Option #1 – 100% Survivor, you are allowed to change your retirement option only one time⁴⁹ to either the SRA Plan or Option #2 – 50% Survivor

⁴⁹ If you were married at the time of your retirement but you and your beneficiary have gotten divorced or are involved in divorce proceedings, there are special considerations for changing your retirement option. Please contact ERSRI for more information.



Option #2 – 50% Survivor option

- Option #2 – 50% Survivor provides your beneficiary a retirement allowance after you pass away that is equal to half of the monthly benefit you will receive when you retire
- Using the SRA Plan as the base, there is a reduction in your monthly benefit amount as a retiree, but half of the monthly benefit will continue to be paid to your beneficiary
 - This reduction is calculated based on the age difference between you and your beneficiary. See Appendix D on page 44 to see the percentage of the SRA Plan benefit you would receive during your lifetime
- If you select Option #2 – 50% Survivor, you are allowed to change your retirement option only one time³² to either the SRA Plan or Option #1 – 100% Survivor

SRA (Service Retirement Allowance) PLUS⁵⁰

- If you choose to retire before age 62, SRA PLUS uses a national average to calculate a supplemental amount of retirement benefit you would receive from ERSRI prior to turning 62 years old⁵¹
- The month following your 62nd birthday, the SRA PLUS retirement benefit will be reduced by the full national average, not just the supplemental amount
- After you pass away, all retirement pension payments will stop
- If you choose SRA PLUS, you cannot change your retirement option
- The SRA PLUS option is not available as a retirement option for all members⁵², only those who meet the following criteria:
 - Schedule A
 - Schedule AB
 - Correctional Officers vested on or before July 1, 2005
 - Schedule 1 and Schedule 2 Municipal retirees with 10 years of service by June 30, 2012

⁵⁰ This option is also known as the Social Security supplemental option. It is not affiliated with the federal Social Security Administration.

⁵¹ This is calculated using an estimate of the amount of Social Security an average person would receive at the age of 62.

⁵² The SRA PLUS option is not available to any Police and Fire members; those applying for a Disability Retirement; BHDDH Nurses; and any state employee, public school teacher, or Correctional Officer who has not completed at least 10 years of service on or before July 1, 2005.

RETIREMENT INFORMATION

Ready to Retire

If you are within one year of retirement, you can schedule a retirement counseling appointment by contacting the call center at 401-462-7600. You can also visit the ERSRI website at www.ersri.org to login or create an account to the member portal and generate a benefit estimate.

What information must I submit to ERSRI to retire?

What information is required?	Where do I send it?	When should I submit it?
Employer Certification of Retirement and Final Wages – <i>verify ERSRI received completed form</i>	Your payroll or HR department	Up to 3 months before termination
<ol style="list-style-type: none"> 1. Application for Retirement 2. Option Election Form 3. Certificate of Tax Withholding Preference or Tax Withholding Change Form 4. Direct Deposit Form—<i>Must include a voided check for checking or bank letter for savings.</i> 5. Basic Group Life Insurance (if applicable) 6. Teachers Survivors' Benefit (if applicable) 7. Beneficiary Designation Form 8. Copy of birth certificate or passport⁵³ 	Send directly to ERSRI: 50 Service Avenue, 2nd Floor Warwick, RI 02886	Before last day of work
<i>For state employees and teachers: Retiree Health Coverage Election Form</i>	Office of Employee Benefits	Before the last day of work

Once all the necessary information is received by ERSRI, including the Employer Certification of Retirement and Final Wages form from your employer, ERSRI can process your pension.

⁵³ If you select a retirement option with a survivor benefit (Option #1 – 100% Survivor option or Option #2 – 50% Survivor option), or a teacher with the Teachers Survivors' Benefit, you need to submit a copy of your beneficiary's birth certificate or passport.



When will my retirement become effective?

Your retirement is effective on the first day following your date of termination or on the first day of the month your completed Application for Retirement form is received in the ERSRI office, whichever is later.

When can I expect to receive my retirement benefit?

It generally takes about 2–3 months for you to receive your first direct deposit⁵⁴ benefit payment, which will be retroactive to the date of your retirement. Pension payments are issued in arrears on the last business day of each month.

Pension Deductions and Taxability

Do I have to pay income tax on my retirement benefits?

Pension benefits, with the exception of certain disability benefits, are considered taxable income under both Federal and State of Rhode Island income tax laws.

If you reside in a state other than Rhode Island, check with your tax advisor regarding your state's tax regulation on retirement benefits received from ERSRI. ERSRI does not withhold state income tax for any state other than Rhode Island.

Can I have income tax withheld from my retirement allowance?

You may have both federal and Rhode Island state tax withheld from your retirement allowance.

To do this, you must complete the Certificate of Tax Withholding Preference or Tax Withholding Change form. The amount you have withheld can also be changed at any time by adjusting your withholdings online⁵⁵.

ERSRI is required to inform all benefit recipients that they may elect to have federal income tax withheld from their monthly benefit allowances. You may be subjected to tax penalties on your retirement income if you fail to pay or withhold sufficient taxes.

Can I have other deductions, too?

ERSRI can apply certain other monthly deductions from your pension, including: some premiums for the retiree health plan run by the Office of Employee Benefits, state-sponsored basic group life insurance, and AFLAC insurance if you are continuing a policy held as an active state of Rhode Island employee.

Retiree Health Plans

State employees and public school teachers may be eligible for health benefits through the Rhode Island Office of Employee Benefits. To learn more, please visit www.employeebenefits.ri.gov or contact the State of Rhode Island Office of Employee Benefits at 401-574-8530.

For retirees who are eligible for Medicare, please contact Via Benefits at 844-448-7298 or visit my.viabenefits.com/ri to review your plan options.

⁵⁴ You may also change your direct deposit choice at any time by submitting an updated Direct Deposit form to ERSRI. The direct deposit form is available online, or by calling ERSRI at 401-462-7600.

⁵⁵ This change can be made by logging onto the secure member section of the ERSRI website at www.ersri.org. Alternatively, a Certificate of Withholding Preference or Withholding Tax Change form can be downloaded from the ERSRI website or sent to you by request, then submitted to ERSRI by mail.

POST-RETIREMENT EMPLOYMENT

You may want to go back to work after you retire. If you are retired and work for any federal agency, a municipality that is not in the MERS system, or a private company, and you are not doing work for the State of Rhode Island, you may do this without limitations or any reporting requirements.

If you would like to work for the State or for a municipality that participates in MERS after retiring, there are some restrictions set in Rhode Island law. **If you exceed the post-retirement limit on employment, your pension payments will be suspended.** A termination notice will be required from your employer before benefits are able to be reinstated.

While we will review the restrictions here, **it is strongly advised that you contact ERSRI in writing to receive clarification regarding post-retirement employment before you begin working.** To have a position reviewed for compliance with the restrictions listed on this page, a retiree must submit a description of the position (provided by the employer) to ERSRI and request a written determination prior to accepting the position.

Retirees may not return to state service in any role that is not described below without suspending their pension – no other state post-retirement employment is permitted⁵⁶.

Here are some of the restrictions, based on where you are working:

- **A municipality in MERS⁵⁷:** retirees may work in a municipality that participates in MERS for up to 75 full days (or 150 half days of 4 hours or less) in a calendar year⁵⁸.
- **A Rhode Island public school⁵⁹:** retirees may substitute in a Rhode Island public school for up to 90 full days (or 180 half days of 3 hours or less⁶⁰) in the school year. The first day students are in session is considered “Day 1” for that school’s city or town. If this position is to fill a vacancy, there are additional requirements of the school district⁶¹.
- **A Rhode Island State school, college or university⁶²:** retirees may be employed part time by a state school, college, or university to teach a course, advise students and/or coach so long as the gross wages do not exceed \$18,000 per calendar year⁶³.

⁵⁶ If there is no post-retirement provision in the statutes for the position with an ERSRI or MERS employer, a retiree cannot accept that employment without suspending retirement benefits.

⁵⁷ RIGL 36-10-36

⁵⁸ If you work in a municipal (non-certified) position in a school department, the 75 days (or 150 half days of 4 hours or less) will be counted on a school year bases for ease of reporting.

⁵⁹ RIGL 16-16-24

⁶⁰ Calculating days worked for part-time teaching: if you are retired and return to teach in a part-time position after you retire, the number of days worked is based on a standard school year and is calculated by the percentage of the position. For example, a 2/5 position is equal to 72 full working days (2/5 x 180 = 72). You may not work more than half time, as that would exceed the 90-day limit. This is outlined in RIGL 16-16-24(d).

⁶¹ Retired teachers may be employed to fill a vacant position for up to 90 full days (or 180 half-days of 3 hours or less) in any one school year if the school certifies in writing to ERSRI and confirms in writing to its collective bargaining units that they have made a “good faith effort” to fill the position with a non-retiree. These letters expire at the end of each school year.

⁶² RIGL 36-10-36 (d)(2)

⁶³ Reported wages must be of dates worked during a calendar year, not based on payroll dates.

- **A Rhode Island public school or institution of higher education, teaching drivers' education or motorcycle driver education⁶⁴:** retirees may teach driver education or motorcycle driver education so long as the gross wages do not exceed \$15,000 per calendar year⁶³.
- **A state-operated hospital as a registered nurse⁶⁴:** retirees who are registered nurses (RNs) may work on a per-diem at a state-operated facility or college/university in Rhode Island (i.e. BHDDH) for up to 75 full days (or 150 half days with half pay) in a calendar year.

As a reminder, if you exceed the post-retirement limit on employment, your pension payments will be suspended and a termination notice will be required from your employer before benefits are able to be reinstated.

Other Restrictions

There are some other requirements for post-retirement employment. Retirees cannot mix and match employment types in a calendar year. For example, retirees cannot substitute 90 days in a public school under the 90-day limit rule and teach a course at CCRI under the \$18,000 limit – only one of the several employment possibilities listed above is allowed per calendar year.

Additionally, retirees **cannot do work as a consultant**, a corporation, or as an employee hired by another party **in a role in which you cannot work as an individual**. For example, if you are retired and working as a consultant for a public

school district, you are still limited to working 90 full days per year and reporting this information to ERSRI (see “Reporting Requirements” below), just as if you were employed directly by the school district. In addition, a good faith letter must be submitted by your employer. Any consultant positions or work for a private company that places you in state employment is also prohibited if you are retired, unless you choose to suspend your retirement benefit.

To work after retirement, there must be a clear separation from service and the return to service cannot be pre-arranged. Any employment or re-employment may begin no earlier than 45 calendar days after retirement. No additional pension credits can be earned and no additional contributions are made to your defined benefit plan or defined contribution plan – by you or by your employer.

Reporting Requirements

If you, as a retiree, return to work in public service in any of the capacities outlined above, both you and your employer must notify ERSRI monthly of your employment. You should confirm your number of days worked or dollars earned each month with your employer. Your employer will then report your employment information to the retirement system via the employer portal.

A violation of these rules may result in a suspension of your pension benefit for the duration of the violation.

⁶³ Reported wages must be of dates worked during a calendar year, not based on payroll dates.

⁶⁴ RIGL 36-10-36 (d)(3)

⁶⁵ RIGL 36-10-36 (d)(4)

DEATH AND SURVIVOR BENEFITS

Every member of ERSRI or MERS, active or retired, is entitled to leave a death benefit to a beneficiary when they pass away. If you are retired, your beneficiary is still entitled to a death benefit if you have selected a retirement option that does not include a survivor benefit.

If you do not name a beneficiary, a death benefit will be issued to your estate. To name a beneficiary, you can submit a completed and notarized Beneficiary Designation Form⁶⁶ to ERSRI.

How much is the death benefit my beneficiary will receive?

The death benefit is a one-time payment of \$800 per year of completed service, with a maximum total payment of \$16,000. This benefit is reduced by 25% every year after retirement, with a minimum benefit of \$4,000.

If I pass away before I retire, what happens to the money I've contributed to the system?

If, at the time of your death, you are not vested⁶⁷, your beneficiary will be entitled to a return of your contributions, in addition to the death benefit.

If, at the time of your death, you are vested and you have named an Optional Annuity Protection (OAP)⁶⁸ beneficiary, your beneficiary will have the option of receiving either a return of your contributions or a monthly annuity, in addition to the death benefit.

What if I pass away shortly after I retire?

No matter which pension benefit option you choose, your beneficiary is entitled to receive a death benefit.

If you chose Option #1 – 100% Survivor option or Option #2 – 50% Survivor option, your beneficiary will also receive a monthly survivor benefit.

If you chose the SRA Plan or SRA PLUS plan, and if you pass away before you have received monthly benefits that total an amount equal to your contributions, your beneficiary is entitled to a return of any unused contributions made into the fund, in addition to the death benefit.

Retired teachers with a Teacher Survivors' Benefit should refer to page 20 for more information.

⁶⁶ The Beneficiary Designation Form is available in the "ERSRI Forms" section of our website.

⁶⁷ Less than 10 years of contributory service, or 5 years effective June 30, 2012

⁶⁸ OAP is a way to provide your beneficiary with the option of receiving a monthly benefit, rather than a one-time refund of your contributions if you pass away before you retire from public service. A spouse or domestic partner is automatically offered this option if the member was vested and they are the primary designated beneficiary of the member's retirement account.

CONTRIBUTION RATES

Employee Type	Defined Benefit Plan– Employee Contribution Rate	Defined Contribution Plan – Employee Contribution Rate	Defined Contribution Plan – Employer Contribution Rate Effective as of 7/1/15 for service as of 6/30/12
State	3.75%	5.0%	1.0% for 0 - less than 10 years
			1.25% for 10 - less than 15 years
			1.5% for 15 - less than 20 years
Teacher	3.75%	5.0% <i>(Additional 2.0% for teachers without Social Security)</i>	1.0% for 0 - less than 10 years <i>(3.0% for teachers without Social Security)</i>
			1.25% for 10 - less than 15 years <i>(3.25% for teachers without Social Security)</i>
			1.5% for 15 - less than 20 years <i>(3.50% for teachers without Social Security)</i>
Correctional Officers	8.75%	None	None
BHDDH Nurses	3.75%	5.0%	1.0% for 0 - less than 10 years
			1.25% for 10 - less than 15 years
			1.5% for 15 - less than 20 years
Municipal Employees	1.0% (No COLA)	5.0% <i>(Additional 2.0% for employees without Social Security)</i>	1.0% for 0 - less than 10 years <i>(3.0% for teachers without Social Security)</i>
	2.0% (with COLA)		1.25% for 10 - less than 15 years <i>(3.25% for teachers without Social Security)</i>
			1.5% for 15 - less than 20 years <i>(3.50% for teachers without Social Security)</i>
Municipal Police & Fire <i>(effective 7/1/15)</i>	9.0% (No COLA)	3.0% for employees without Social Security	3.0% for employees without Social Security
	10.0% (With COLA)		
Judges <i>(effective 7/1/12)</i>	12.0% for contributing and non-contributing judges	None	None
State Police	8.75%	None	None

For employees with 20 or more years of service as of June 30, 2012, as of July 1, 2015:

These employees stopped contributing to the Defined Contribution Plan

- You continue to own your account. You are not able to withdraw your contribution until you separate from service

These employees accrue 2% in the Defined Benefit Plan

- State employees and teachers contribute an additional 2.25% (11% total)
- MERS employees contribute an additional 2.25% (either 8.25% or 9.25% total)

Appendix B

STATE EMPLOYEE TRANSITION RULES

(EARLY RETIREMENT OPTIONS)

Transition Rule 1: If you have 20 or more years of service and are within 5 years of eligibility from your full benefit retirement date as a State employee, or 5 years from your full retirement age as a state employee, you may retire early with a permanent reduction in your benefit amount.

Early Retirement Reduction		
Year(s) from full retirement	Percent Reduction	Cumulative Reduction
1	9%	9%
2	8%	17%
3	7%	24%
4	7%	31%
5	7%	38%

Transition Rule 2: If you have earned at least 10 years of contributory service as of June 30, 2012, this rule provides you an additional option for an earlier retirement date. This rule does not allow you to retire earlier than the eligibility date determined under the laws in effect on June 30, 2012. An employee who elects this option will receive a Defined Benefit Plan benefit which is calculated using their service credit and highest average compensation as of June 30, 2012. If you elect this option, you will not receive retirement credit for any service and compensation earned on or after July 1, 2012.



Appendix C

STATE EMPLOYEE SCHEDULES

For members with combined time as a Correctional Officer and a State employee, ERSRI will combine your time to determine your earliest eligible retirement date. If this is found using the retirement schedules for State employees, here are those schedules:

- **Schedule A:** members vested with at least 10 years of contributory service prior to or on July 1, 2005 and has either achieved 28 years of services or 60 years of age by September 30, 2009 are eligible to retire.
- **Schedule ABE:** members vested with at least 10 years of contributory service priority to or on July 1, 2005 and were not eligible to retire by September 30, 2009, but became eligible to retire by June 30, 2012. Their retirement age is 62, proportionally scaled back based on years of service earned as of September 30, 2009.
- **Schedule ABNE:** members vested with at least 10 years of contributory service prior to or on July 1, 2005, but were not eligible to retire by June 30, 2012. Their retirement age is their SSNRA, proportionally scaled back based on years of serviced earned as of June 30, 2012. They cannot retire with full benefits before the age of 59.
- **Schedule B:** members who were not vested with at least 10 years of contributory service by July 1, 2005, but eligible to retire by September 30, 2009. Schedule B members were required to have 10 years of contributory service and had to be at least age 65, or age 59 with 29 years of service.
- **Schedule B1E:** members who were not vested with at least 10 years of contributory service by July 1, 2005 but who became eligible to retire by June 30, 2012 by reaching age 65 with 10 years of contributory service.
- **Schedule B1NE:** members who were not vested with at least 10 years of contributory service by July 1, 2005, became vested with 5 years of service by June 30, 2012, but were not eligible to retire by June 20, 2012. Their retirement age is their SSNRA; provided they have reached 10 years of contributory service, their SSNRA is proportionally scaled back based on years of service earned as of June 30, 2012. They cannot retire with full benefits before age 59.
- **Schedule B2:** members active on October 1, 2009 with less than 5 years of service by June 30, 2012 can retire at their SSNRA with 5 years of contributory service.
- **Schedule B3:** members hired on or after July 1, 2012 can retire at their SSNRA with 5 years of contributory service.

Appendix D

FACTOR CHARTS

FOR OPTION #1 – 100% SURVIVOR OPTION AND OPTION #2 – 50% SURVIVOR OPTION⁶⁹

Younger Beneficiary Chart <i>Option #1 – 100% Survivor option and Option #2 – 50% Survivor option</i>		
Beneficiary's Age Compared to Member's Age	Percentage of SRA Plan benefit paid to member – OPTION # 1	Percentage of SRA Plan benefit paid to member – OPTION # 2
Same age	90%	95%
1 year younger	90%	95%
2 years younger	89%	94%
3 years younger	88%	94%
4 years younger	88%	94%
5 years younger	87%	93%
6 years younger	87%	93%
7 years younger	86%	93%
8 years younger	85%	92%
9 years younger	85%	92%
10 years younger	84%	91%
11 years younger	83%	90.5%
12 years younger	82%	90%
13 years younger	81%	89.5%
14 years younger	80%	89%
15 years younger	79%	88.5%
16 years younger	78%	88%
17 years younger	77%	87.5%
18 years younger	76%	87%
19 years younger	75%	86.5%
20 years younger	74%	86%
For each additional year younger	Reduce by 1%	Reduce by .5%

Older Beneficiary Chart <i>Option #1 – 100% Survivor option and Option #2 – 50% Survivor option</i>		
Beneficiary's Age Compared to Member's Age	Percentage of SRA Plan benefit paid to member – OPTION # 1	Percentage of SRA Plan benefit paid to member – OPTION # 2
Same age	90%	95%
1 year older	91%	95%
2 years older	91%	95%
3 years older	92%	96%
4 years older	92%	96%
5 years older	93%	96%
6 years older	93%	97%
7 years older	94%	97%
8 years older	94%	97%
9 years older	95%	97%
10 years older	95%	97%
11 years older (or more)	95%	97%

⁶⁹ For benefits effective 7/1/2012 or later