



State of Rhode Island
Office of the General Treasurer

James A. Diosa
General Treasurer

27 March 2025

The Honorable Stephen Casey
Chair, House Committee on Municipal Government and Housing

The Honorable Members of the House Committee on Municipal Government and Housing

RE: *2025-H 5230, An Act Relating to Towns and Cities – Optional Retirement for Members of Police Force and Firefighters*
 2025-H 5471, An Act Relating to Towns and Cities – Optional Retirement for Members of Police Force and Firefighters

Chair Casey:

I write with regard to 2025-H 5230 and 2025-H 5417. Both bills – which make the same change albeit in subsections of the General Laws – would permit police officers and firefighters to retire without incurring statutory penalties if they have reached age 57 and have at least 20 years of service.¹

The Rhode Island Pension Advisory Working Group assessed the financial impact associated with this change in 2024. *See* Report of the Pension Advisory Working Group, at 36 (the “Report”). As described in the Report, “this [change] would impact a comparatively limited group of public safety professionals. Effectively, it would impact firefighters and police officers older than 57 but younger than 66 with over 20 years of service but less than 25 years of service that intend to retire before their twenty-fifth year of service.” *Id.*

¹ The proposed language in 2025-H 5230 – though almost identical to that proposed in 2025-H 5471 – is inserted in a different subsection. The statutory location of the language proposed in 2025-H 5471 creates ambiguity in the application of this benefit enhancement, should it be enacted. The location of the language proposed in 2025-H 5230 more clearly accomplishes the legislative intent as derived from the legislative explanation.

The Report concluded that the financial impact associated with this option is limited, but not *de minimis*:

[T]he employer contribution rate would increase by .42% of payroll, resulting in an annual \$600,000 increase among participating municipalities. Since the change is expressed as a percentage of payroll, it will increase over the 20-year statutory amortization period for the unfunded liability. The collective unfunded actuarial accrued liability across MERS plans would increase by \$5 million, and the cumulative funded ratio would decrease by 0.4% from 86.5% to 86.1%.

Notwithstanding earlier actuarial assessment, this State law still requires an updated pension impact note pertaining to this specific bill. *See* R.I. Gen. Laws § 45-21-42.2. (Legislation impacting the pension system “shall *not* be approved by the general assembly unless an explanatory statement or note . . . is appended to the proposed legislation which actuarially calculates . . . the projected twenty (20) year cost of the proposed legislation”) (emphasis added). The cost associated with enacting this legislation is likely to have changed (positively or negatively) based on system demographics and shifting economic circumstances. The Chair of the House Finance Committee – with the approval of the Speaker of the House – can request a pension impact note concerning proposed legislation originating in the House of Representatives. *See* R.I. Gen. Laws § 45-21-42.2.

Please feel free to reach out by email at Robert.CravenJr@treasury.ri.gov or by phone at (401) 330-0661 with any further questions.

Respectfully,

A handwritten signature in black ink, appearing to be 'R. Craven Jr.', with a stylized, cursive script.

Robert E. Craven, Jr.
Director of Policy and Intergovernmental Affairs
Office of the General Treasurer

cc: The Honorable Carol McEntee
The Honorable Robert E. Craven, Sr.