

Rhode Island Retirement Security Act of 2011

Correctional Officers

Employees' Retirement System of
Rhode Island



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Rhode Island Retirement Security Act of 2011 (RIRSA)

»» As of July 1, 2012, RIRSA will fully take effect.

This presentation outlines the many changes that RIRSA brings to the Employees' Retirement System of Rhode Island (ERSRI).



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Agenda

Changes That Affect Everyone

Membership under § 36-10-9.2

Knowing Your Schedule

Schedule COE

Schedule CO1E

Schedule CO1NE

Questions and Answers



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Membership under § 36-10-9.2

- ▶ The following titles are considered eligible for benefits under RIGL §36-10-9.2 for members employed in the following positions within the DOC:
 - Assistant Director (adult services)
 - Assistant Deputy Director
 - Chief of Inspection
 - Associate Directors
 - Correctional Officer
 - Chief of Security
 - Work Rehabilitation Program Supervisor
 - Supervisor of Custodial Records and Reports
 - Classification Counselor



Membership under § 36-10-9.2

- ▶ These new titles would also qualify for benefits under RIGL §36-10-9.2.
 - Correctional Officer Armorer
 - Correctional Officer Canine
 - Supervisor of Correctional Officer Training
- ▶ Eligibility requires you to have completed at least 20 or 25 (depending on eligibility) years of total contributory service within the department of corrections.
 - Purchases **do not** count toward the 20 or 25 years with the exception of refund purchases.



Membership under § 36-10-9.2

- ▶ For titles that **are** consistent with RIGL §36-10-9.2
 - Will **not** participate in the Defined Contribution (DC) plan.
 - These members will continue to only contribute 8.75% to the DB plan.
- ▶ For titles that **are not** consistent with RIGL §36-10-9.2.
 - Will be considered participants in the DC plan and begin a 5% deduction from their bi-weekly compensation to be credited to their individual DC account.
 - Additionally these members will continue contributions to the DB plan but at a rate of 3.75% of their bi-weekly compensation.



Changes Affecting Everyone

- ▶ **Cost of Living Adjustment (COLA)**
- ▶ If plan is less than 80% funded, COLA is suspended.
 1. Resumes annually at DOR anniversary (+1 month) when plan is greater or equal to 80% funded for eligible retirees.
 2. Calculated as 5 year smoothed investment return less 5.50%, with 0% Floor and 4.0% Cap.
 3. **COLA delayed until later of SSNRA or 3 years after retirement.**
 4. Applied to first \$25,000 of benefit, indexed.



Changes Affecting Everyone

- ▶ Cost of Living Adjustment (COLA)
- ▶ Interim 5 year provided and calculated as 5 year smoothed investment return less 5.50%, with 0% floor and 4.0% cap – 1st interval; may begin 1 / 1 / 18.
- ▶ When granted or resumed applied to existing eligible retirees month after anniversary of DOR.



Changes Affecting Everyone

▶ Optional Service Credit (Purchases)

- For credit prior to date of hire, purchase must be made within three years of date of hire.
- Purchase of official leave must be made within 3 years after leave was concluded (must return to work one year before purchase of leave).
- Purchase of pre- 6/30/2012 service credits must be made by 6/30/2015.



Changes Affecting Everyone

- Optional Service Credit (Purchases)
- Purchases are at full actuarial cost (with the exception of restoration of service, military service and salary deferral aka “*pay reduction days*”).
- Effective immediately, purchases for restoration of service credit, military service and deferral of salary are at 7.5% interest, compounded annually.
- All other purchases requested after 6/30/12 are at a new full actuarial cost (uses a 6.5% discount rate).
 - Purchases after 7/1/12 will be more expensive .



Changes Affecting Everyone

Optional Service Credit Example at Full Actuarial Cost

▶ Example Member

- Current age is 40 at 6/30/2012.
- Annual Salary in 2012 = \$35,000
- Contributed from 1/1/1999 – 12/31/2009 and had 10 years of contributory service.
- Was on official leave from 1/1/2010 to 12/31/2010 (1 year).
- Returned to work 1/1/11.



Changes That Affect Everyone

Optional Service Credit Example at Full Actuarial Cost

Request to purchase 1 year of
leave without pay was received
prior to June 30, 2012

$\$30,000$ (2010 salary) X
8.75% (employee
contribution rate)

$\$2,625$

$\$2,625$ X 7.5%
(compound interest) X 1
 $\frac{1}{2}$ years

$\$2,926$



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Changes Affecting Everyone

Optional Service Credit Example at Full Actuarial Cost

Request to purchase 1 year of leave without pay was received after June 30, 2012

Under RIRSA member eligible retirement age is 55
– actuarial factor is 0.16463

$\$35,000$ (2012 salary) X
0.16463

\$5,762



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Know your Schedule

»» RIRSA Creates New Schedules



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Know your Schedule

▶ Schedule COE Eligible

- **Eligible to retire at 9/30/09.**

- Attained 50 years of age with 20 years of service credit in the Department of Corrections as of September 30, 2009.



Know your Schedule

▶ Schedule CO1E Eligible

- **Active as of 10/1/09, not eligible to retire as of 9/30/09 but become eligible to retire prior 7/1/12.**
- Age 55 (proportionally scaled back based on years of service earned as of 9/30/09) and 25 years contributing service credit in the Department of Corrections.



Know your Schedule

▶ Schedule CO1NE Not Eligible

- **Active as of 10/1/09, not eligible to retire as of 9/30/09 and not eligible to retire prior 7/1/12.**

- ▶ Age 55 and 25 years contributing service in the Department of Corrections.

or

- ▶ Social Security Normal Retirement Age (SSNRA) and with at least 5 years of contributory service but less than 25.



Know your Schedule

▶ Schedule CO2

- **New Hires on/after 7/1/12**

- ▶ Age 55 and 25 years contributing service in the Department of Corrections.

or

- ▶ Social Security Normal Retirement Age (SSNRA) and with at least 5 years of contributory service but less than 25.



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As a Schedule COE, CO1 E,
CO1 NE or CO2 member, how
are you affected by RIRSA?



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As a COE member, how are you affected by RIRSA?

- ▶ Eligibility to retire – no change. You may still retire based upon your original retirement eligibility; only if you are eligible by 09/30/2009.
- ▶ Compensation used to compute pension – no change. Based on 3 year average.



As a COE member, how are you affected by RIRSA?

- ▶ Benefit rate – If you have 25 or more years of service (YOS) as of 7/1/12 you will retain the benefit rate below:
 - Year 1–30 = 2%
 - Year 31 = 6%
 - Year 32 = 5%
 - Year 33 = 4%
 - Year 34 = 3%
 - Year 35 = 2%
- ▶ The maximum benefit shall not exceed the greater of the member's retirement percentage allowance on June 30, 2012 or 75%



As a COE member, how are you affected by RIRSA?

- ▶ Benefit rate – If you have 25 or less years of service (YOS) as of 7/1/12 you will retain the benefit rate below for service prior to 7/1/12:
 - Year 1–30 = 2%
 - Year 31 = 6%
 - Year 32 = 5%
 - Year 33 = 4%
 - Year 34 = 3%
 - Year 35 = 2%
- ▶ For Service after 7/1/12 – 2% per year
- ▶ The maximum benefit shall not exceed the greater of the member's retirement percentage allowance on June 30, 2012 or 75%



As a CO1E member, how are you affected by RIRSA?

- ▶ Article 7 Date – Uses this date enacted in the 2009 Session.
- ▶ Your new retirement eligibility age became age 55 with 25 YOS but the age was proportionally scaled back based on the years of service as of 9/30/2009.
- ▶ ERSRI refers to this downward adjustment from age 55 as your “**Article 7**” age and date.



As a COIE member, how are you affected by RIRSA?

- ▶ Don't know your Article 7 age?
- ▶ You can obtain your Article 7 age and date by going to our website, www.ersri.org
- ▶ Create your online retirement account.
- ▶ Log in with your username and password click on "My Account" (note years of service (YOS) as of 9/30/2009).



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As a COIE member, how are you affected by RIRSA?

- ▶ Click on where it says:
 - ERSRI has created a series of online calculators to help you determine your new retirement eligibility age under the Rhode Island Retirement Security Act of 2011 (RIRSA): [Click here](#) to use the new calculators. Then scroll down to the bottom of the screen for the calculators.
- ▶ This will link you to a Microsoft Excel® sheet and you will be asked to input your date of birth, your service credit as of 9/30/2009 and your service credit as of 6/30/2012.
- ▶ The calculator will provide you your Article 7 eligibility.



Online Calculator

Retirement Eligibility Calculator for Correctional Officers			
Enter Years 0	Enter Months 0	Enter Working Days 0	Service 0
Enter DOB	9/30/1955		
Current age at 9/30/2009	54.00		
Enter Service Credit	18		
Your estimated eligibility date September 30, 2016 at which point you will be 61 Years Old 0 Months and 0 Days			
<u>DISCLAIMER</u>			
<p>The member understands that the retirement date computed by this calculator is an estimate only. It is not binding on the Employees' Retirement System of Rhode Island and is subject to audit, adjustment and correction prior to the monthly benefit being finalized. The monthly benefit amount will be finalized after ERSRI has received and posted all contributions through the date of termination.</p>			
<u>Instructions:</u>			
You only need to input 2 pieces of information to generate an estimated retirement eligibility date.			
First: You must enter your date of birth in the following format MM/DD/YYYY for example, 06/15/1965. The calculator will use this to compute your age as of September 30, 2009 and determine your first eligibility point.			
Second: You must enter your years of service credit as of September 30, 2009. You may gather this information from Total Years of Service amount displayed above. You should enter the value using the four decimal places as displayed for example, 21.8744. If you are using the service credit number from our website, check to be sure you only use credit as of September 30, 2009. You may need to subtract some time if our system has posted data beyond September 30, 2009. If you prefer to estimate your time as of September 30, 2009, you can use the service credit converter in the yellow box above. Simply enter the years, months and days and copy the value in the <u>Service</u> field into the "Enter Service Credit" field.			
Remember, if you are eligible to retire as of September 30, 2009, you should NOT use this calculator.			



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As a CO1E member, how are you affected by RIRSA?

- ▶ If your Article 7 date is prior to 7/1/2012 how are you affected by RIRSA?
- ▶ Eligibility to retire – no change. You may still retire based on your Article 7 retirement eligibility.
- ▶ Compensation used to compute pension – no change. Based on 5 year average salary.



As a COIE member, how are you affected by RIRSA?

- ▶ Benefit rate – If you have 25 or more years of service (YOS) as of 7/1/12 you will retain the benefit rate below:
 - Year 1–30 = 2%
 - Year 31 = 6%
 - Year 32 = 5%
 - Year 33 = 4%
 - Year 34 = 3%
 - Year 35 = 2%
- ▶ The **maximum benefit** shall not exceed the greater of the member's retirement percentage allowance on June 30, 2012 or 75%



As a CO1E member, how are you affected by RIRSA?

- ▶ Benefit rate – If you have 25 or less years of service (YOS) as of 7/1/12 you will retain the benefit rate below for service prior to 7/1/12:
 - Year 1–30 = 2%
 - Year 31 = 6%
 - Year 32 = 5%
 - Year 33 = 4%
 - Year 34 = 3%
 - Year 35 = 2%
- ▶ For Service after 7/1/12 – 2% per year
- ▶ The **maximum benefit** shall not exceed the greater of the member's retirement percentage allowance on June 30, 2012 or 75%



As a CO1NE member, how are you affected by RIRSA?

- ▶ If you are Active as of 10/1/09, not eligible to retire as of 9/30/09 and not eligible to retire prior 7/1/12 how does RIRSA affect you?
- ▶ Eligibility to retire –Age 55 and 25 years contributing service in the Department of Corrections.

or

- ▶ Social Security Normal Retirement Age (SSNRA) and with at least 5 years of contributory service but less than 25.



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As a CO1NE member, how are you affected by RIRSA?

- ▶ Compensation used to compute pension
 - 5 highest consecutive years.
 - More than ½ of total service is less than 30 hrs. per week but FAS includes 3 or more years which member worked more than 30 hrs.
 - Then FAS is 10 highest consecutive years.
- ▶ Benefit Rate Accrual rate is 2% per year.
Maximum Benefit is 75%.



As a CO2 member, how are you affected by RIRSA?

- ▶ New hires on or after 7/1/12
- ▶ Eligibility to retire –Age 55 and 25 years contributing service in the Department of Corrections.

or

- ▶ Social Security Normal Retirement Age (SSNRA) and with at least 5 years of contributory service but less than 25.



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As a CO2 member, how are you affected by RIRSA?

- ▶ Compensation used to compute pension
 - 5 highest consecutive years.
 - More than ½ of total service is less than 30 hrs. per week but FAS includes 3 or more years which member worked more than 30 hrs.
 - Then FAS is 10 highest consecutive years.
- ▶ Benefit Rate Accrual rate is 2% per year.
Maximum Benefit is 75%.



Questions?

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