

Municipal Employees Retirement System
State of Rhode Island

FIRST ANNUAL REPORT
OF THE
RETIREMENT BOARD

June 30, 1958

Including a report of the actuary on
an actuarial valuation of the System

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
STATE OF RHODE ISLAND

FIRST ANNUAL REPORT

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Including a Report of the Actuary on the
First Actuarial Valuation of the System

January 15, 1959

To his Excellency
The Honorable Christopher Del Sesto,
Governor, State of Rhode Island
and Providence Plantations
Providence, Rhode Island

Sir:

I take pleasure in submitting herewith, for transmittal to the General Assembly, the FIRST ANNUAL REPORT of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island.

This report sets forth the results of operations of the system for the fiscal year ended June 30, 1958, and its financial condition at that date. Included also is a report of the actuary on an actuarial valuation of the system.

Respectfully submitted,

Raymond H. Hawksley,
Chairman

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

OF THE STATE OF RHODE ISLAND

There is presented herewith the first Annual Report of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island for the year ended June 30, 1958.

Creation of system

The Municipal Employees' Retirement System was created as of July 1, 1957 under Chapter 2784, of the Laws of 1951, as amended by legislation approved May 2, 1957. This chapter provides in its statement of purpose that:

"It is the express intention of the legislature by the passage of this act to provide an actuarially financed retirement system for municipal employees, properly integrated with the federal social security act, to the end that adequate benefits may be established for the employees of any municipality who become superannuated or otherwise incapacitated while in service, and whereby the employees may be assisted in accumulating reserves for themselves and their dependents to satisfactorily meet the conditions incident to old-age, death, disability, and termination of the employment in the interest of maintaining efficiency and economy in the administration of government."

The method of participation in the system on the part of cities and towns is prescribed in Section 3 of the Act as follows:

"The retirement system herein created shall begin operations when at least five municipalities having a combined number of eligible employees for participation in the system of not less than one hundred fifty shall have accepted the provisions of this act, and the effective date of operations shall be July first next following the date when such conditions shall have been fulfilled. Any municipality may accept this act by an ordinance or resolution of its governing body setting forth the group or groups of employees to be included as provided in section 5 of this act. When such ordinance or resolution has been so approved a certified copy thereof shall be forwarded to the retirement board by the city clerk or the moderator of the financial town meeting. After the system has begun operations, the effective date of participation of any municipality shall be the first day of July at least ninety days subsequent to the receipt by the retirement board of the certified copy of the ordinance or resolution as above provided."

Participation

Under the foregoing authority, six towns took appropriate action and subscribed to the provisions of the Act. The six towns now participating in the system are as follows:

- | | |
|----------------|-----------------|
| Barrington | North Kingstown |
| Bristol | South Kingstown |
| East Greenwich | Warren |

Management

The Retirement Board of the Employees' Retirement System of the State of Rhode Island is designated by law to direct the affairs of the Municipal Employees' Retirement System. Administrative expenses incurred in the operation of this system are to be defrayed by the State of Rhode Island.

Pursuant to this authority, the Board designated the Chief of the Employees' Retirement System as administrator of the Municipal Employees Retirement System.

Initial action

Following receipt of official notice from the several towns which subscribed to participation in the system, the Retirement Board declared the Municipal Employees' Retirement System fully operative as of July 1, 1957. The required record and claim forms were prepared. Membership forms were requested for completion by the employees of the participating towns.

Instructions were issued to the applicable towns for the commencement of deductions from employees' salaries. Bills were sent to the towns for the employer's contribution to the system in the amounts previously determined by actuarial valuation. All other steps were taken to give full effect to the provisions of the retirement law.

Financial operations

The results of operations for the year disclose total receipts from contributions by employees and employer, and investments, of \$113,113.00.

Benefit payments, refunds and other expenditures totalled \$2,492.00 indicating an excess of receipts over expenditures for the year of \$110,621.00. This was credited to the reserves of the system. The reserve balances of the several towns at the close of the year were as follows:

Barrington	\$ 39,536.00
Bristol	13,429.00
East Greenwich	8,031.00
North Kingstown	18,075.00
South Kingstown	13,076.00
Warren	<u>18,474.00</u>
Total	<u>\$110,621.00</u>

The foregoing reserve balances are required to meet the accrued liabilities for previous service of the members.

Detailed financial statements are presented as part of this report.

Actuarial Valuation

The first actuarial valuation based upon the actual membership in the system from the several participating towns has been completed. The results thereof are presented in some detail in the latter part of this report.

Based upon actual membership data, the actuary has established the accrued liabilities of the system and the prospective normal cost of the several employers. Recommendations have also been made by the actuary for possible revisions in certain provisions of the retirement law.

Retirement Board of the Municipal
Employees' Retirement System

Secretary

Municipal Employees' Retirement System

BALANCE SHEET

June 30, 1958

A S S E T S

Cash with General Treasurer	\$ 13,646.00	
Investments (principally at par)	96,975.00	
<u>Total</u>	<u>\$110,621.00</u>	

L I A B I L I T I E S

Fund Balance -		
Barrington	\$39,536.00	
Bristol	13,429.00	
East Greenwich	8,031.00	
North Kingstown	18,075.00	
South Kingstown	13,076.00	
Warren	18,474.00	<u>110,621.00</u>
<u>Total</u>		<u>\$110,621.00</u>

Municipal Employees' Retirement System

Cash Receipts and Disbursements

Fiscal Year Ended June 30, 1958

Cash Balance July 1, 1957 \$ ---

Receipts:

Income from Investments	90.00
Contributions Cities & Towns	76,201.00
Municipal Employees' Contributions	36,822.00
<u>Total Receipts</u>	<u>\$113,113.00</u>

Disbursements:

Investments Purchased	96,975.00
Accrued Interest on Investments Purchased	178.00
Premium on Investments Purchased (net)	307.00
Benefits Paid	1,908.00
Refunds of Contributions	99.00
<u>Total Disbursements</u>	<u>\$ 99,467.00</u>

Cash Balance June 30, 1958 \$ 13,646.00

Municipal Employees' Retirement Fund
of the State of Rhode Island

INVESTMENTS OWNED - JUNE 30, 1958

<u>DESCRIPTION</u>	<u>RATE</u>	<u>MATURITIES</u>	<u>PAR VALUE (OR COST) (\$)</u>
Town of East Providence: Elementary School	3-3/4%	2/ 1/78	\$15,000
City of Pawtucket: School Repair and Reconstruction	3.60	5/ 1/74	10,000
International Bank for Reconstruction and Development: Bonds	3-3/4	5/15/68	25,000
Puget Sound Power & Light Company: First Mortgage	4-1/8	5/ 1/88	25,000
Bank of America - 200 shares			7,625
First National Bank of Boston - 100 shares			6,912
Guaranty Trust Company of New York - 100 shares			7,438
<u>TOTAL INVESTMENTS</u>			<u>\$96,975</u>

January 15, 1959

Hon. Raymond H. Hawksley,
Chairman,
Municipal Employees'
Retirement System
Providence, Rhode Island

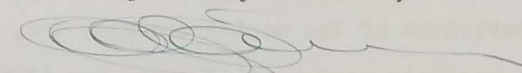
Dear Mr. Hawksley:

We are pleased to submit herewith our report on the first actuarial valuation of the assets and liabilities of the Municipal Employees' Retirement System as of June 30, 1958.

The results of this valuation disclose the current service cost and the accrued liabilities of the employees of the several cities and towns who were participants in the system at the aforesaid date. Some variances exist between the costs and liabilities obtained in an actuarial survey completed on June 15, 1956, and the information disclosed by this report. These variances are due to the fact that the original survey was predicated on prospective membership data as compared with actual available membership data.

This valuation also gives effect to the 1958 amendments to the social security law increasing benefits at various rates. Although these amendments became operative after June 30, 1958, it was decided to use the latest provisions of that law in order that a more accurate statement of costs and liabilities to be certified to the participating cities and towns will be presented. Certain recommendations are made for a revision of the benefit formula to a more realistic basis, and one that will give the participating employees a more adequate benefit independently of social security payments.

Respectfully submitted,



A. A. Weinberg
Actuary

FIRST ACTUARIAL VALUATION OF THE ASSETS AND LIABILITIES
OF THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

Herewith is presented our report on the first actuarial valuation of the Municipal Employees' Retirement System as of June 30, 1958.

The results of this valuation disclose that the current service and prior service costs are slightly at variance with the amounts obtained in an actuarial survey completed on June 15, 1956. This was due to the fact that the previous survey was predicated upon prospective membership data, as compared with actual membership information as shown by the records of the system at the valuation date.

Although the 1958 social security amendments increasing benefits became operative after the date of valuation, the latest provisions of the social security law, were used in order that an accurate statement of costs and liabilities may be presented.

Certain recommendations are contained herein for a change in the benefit formula to give the members a more equitable service retirement benefit.

The valuation of assets and liabilities has been made separately for each of these towns since each is responsible for obligations only on account of its own employees.

Basis of valuation

The benefit and contribution provisions of the plan of operation forming the basis of this valuation are summarized in the appendix.

The mortality table and rate of interest used in calculations is the 1937 Standard Annuity Mortality Table and 2-1/2% interest.

Results of valuation

The results of the valuation are presented in separate statements for the several participating Towns. These statements show the following items:

1. The accrued liability for prior service, i.e. service prior to the effective date of participation which is July 1, 1957.

2. The liability for membership service, i.e. service during the period from July 1, 1957 and June 30, 1958.

3. The accrued unfunded liability as of June 30, 1958, being the amount of the liability which is to be financed by future amortization payments.

4. The current service cost, which represents the amount of liability being incurred during current service as service is rendered by the participants.

The accrued liability arising on account of service prior to the effective date of participation consists of the proportionate pension credits accruing during such service after taking credit for terminations in the case of those employees who may not fulfill the prescribed age and service conditions. The amount also is discounted by mortality and interest. Such liability, therefore, in the case of any Town, represents the net amount that will be incurred on those employees who will survive at retirement.

The liability for membership service consists of the credits earned during the first year of operation under the plan, discounted by the factor of separation, and by mortality and interest. This also constitutes the net liability for the period of membership service.

Current service cost consists of the level percentage of payroll which, at a given rate of interest, is the contri-

bution rate required to meet the accruing pension cost for service to be rendered subsequent to the date of valuation. It is frequently referred to as "normal cost".

Level premium cost is the percentage of payroll required to meet the benefit obligations of a retirement system not only with respect to current service but also as to previous service. Where the accrued liability has been fully funded, that is, where the assets have been accumulated in the form of cash, securities or their equivalent, which are equal to the amount of the total accrued liability, the level premium cost is the same as the current service or normal cost.

The act governing the system does not stipulate the period to be applied in the amortization of prior service. It provides for financing the obligations on a funded basis. It leaves it to the discretion of the retirement board to fix the period of amortization. In the interest of a sound and realistic financial policy, and in order to insure a condition of solvency for the system, these liabilities should be liquidated within a period of not more than 30 years. In the case of towns having a proportionately larger number of aged employees, who have attained retirement age, or are close to such age, a shorter period of amortization is not only necessary but imperative to the proper and effective financing of the system.

The valuation statement on each Town contains a summary of statistical information concerning the participating employees, the accrued liability for service prior to the effective date of participation, and the current service cost. The remaining unfunded accrued liability shown in the statement is after applying the balances to the credit of the Towns in the system.

These items will be subject to reexamination and valuation each year, as required by the law, as a current check on the financial status of each participating Town and an evaluation of operating experience.

TOWN OF BARRINGTON

Statistics

Number of employees	132
Aggregate annual salaries	\$ 375,132.00
Average annual salary	2,842.00
Average age	48.3
Average service	8.8

Accrued Liability

Prior service -	\$ 374,074.00
Less, social security credits	219,407.00
Net	<u>\$ 154,667.00</u>
Membership service -	\$ 27,238.00
Less, social security credits	16,195.00
Net	<u>\$ 11,043.00</u>
Total accrued liability	\$ 165,710.00
Deduct, reserve balance	<u>39,536.00</u>
UNFUNDED ACCRUED LIABILITY	<u><u>\$ 126,174.00</u></u>

Current Service

Total current service cost	\$ 51,199.00
Less, social security credits	29,075.00
Net	<u>\$ 22,124.00</u>
Deduct, assumed employee contributions	<u>13,130.00</u>
CURRENT SERVICE COST	<u><u>\$ 8,994.00</u></u>

SUMMARY OF ANNUAL COST

To fund the accrued liability over the remaining period of 11 years	\$ 13,262.00
Current Service cost	<u>8,994.00</u>
EMPLOYER'S ANNUAL COST	<u><u>\$ 22,256.00</u></u>

TOWN OF BRISTOL

Statistics

Number of employees	51
Aggregate annual salaries	\$ 147,909.00
Average annual salary	2,900.00
Average age	47.4
Average service	7.7

Accrued Liability

Prior service -	\$ 120,638.00
Less, social security credits	73,418.00
Net	<u>\$ 47,220.00</u>
Membership service -	\$ 13,197.00
Less, social security credits	8,315.00
Net	<u>\$ 4,882.00</u>
Total accrued Liability	\$ 52,102.00
Deduct, reserve balance	<u>13,429.00</u>
UNFUNDED ACCRUED LIABILITY	<u>\$ 38,673.00</u>

Current Service

Total current service cost	\$ 23,670.00
Less, social security credits	15,030.00
Net	<u>\$ 8,640.00</u>
Deduct, assumed employee contributions	<u>5,177.00</u>
CURRENT SERVICE COST	<u>\$ 3,463.00</u>

SUMMARY OF ANNUAL COST

To fund the accrued liability over the remaining period of 14 years	\$ 3,308.00
Current service cost	<u>3,463.00</u>
EMPLOYER'S ANNUAL COST	<u>\$ 6,771.00</u>

TOWN OF EAST GREENWICH

Statistics

Number of employees	37
Aggregate annual salaries	\$ 103,500.00
Average annual salary	2,797.00
Average age	49.4
Average service	10.3

Accrued Liability

Prior service -	\$ 132,328.00
Less, social security credits	64,162.00
Net	<u>\$ 68,166.00</u>
Membership service -	\$ 8,790.00
Less, social security credits	5,091.00
Net	<u>\$ 3,699.00</u>
Total accrued liability	\$ 71,865.00
Deduct, reserve balance	<u>8,031.00</u>
UNFUNDED ACCRUED LIABILITY	<u>\$ 63,834.00</u>

Current Service

Total current service cost	\$ 15,229.00
Less, social security credits	8,172.00
Net	<u>\$ 7,057.00</u>
Deduct, assumed employee contributions	<u>3,623.00</u>
CURRENT SERVICE COST	<u>\$ 3,434.00</u>

SUMMARY OF ANNUAL COST

To fund the accrued liability over the remaining period of 14 years	\$ 5,460.00
Current service cost	<u>3,434.00</u>
EMPLOYER'S ANNUAL COST	<u>\$ 8,894.00</u>

TOWN OF NORTH KINGSTOWN

Statistics

Number of employees
Aggregate annual salaries
Average annual salary
Average age
Average service

80
\$244,112.00
\$ 3,051.00
45.5
7.2

Accrued Liability

Prior service -
Less, social security credits
Net

\$169,775.00
117,777.00
\$ 51,998.00

Membership service -
Less, social security credits
Net

\$ 19,632.00
12,469.00
\$ 7,163.00

Total accrued liability

\$ 59,161.00

Deduct, reserve balance

18,075.00

UNFUNDED ACCRUED LIABILITY

\$ 41,086.00

Current Service

Total current service cost
Less, social security credits
Net
Deduct, assumed employee contributions

\$ 32,970.00
20,998.00
\$ 11,972.00
8,544.00

CURRENT SERVICE COST

\$ 3,428.00

SUMMARY OF ANNUAL COST

To fund the accrued liability over
the remaining period of 14 years

\$ 3,514.00

Current service cost

3,428.00

EMPLOYER'S ANNUAL COST

\$ 6,942.00

TOWN OF SOUTH KINGSTOWN

Statistics

Number of employees
Aggregate annual salaries
Average annual salary
Average age
Average service

45
\$118,996.00
\$ 2,644.00
45.0
5.2

Accrued Liability

Prior service -
Less, social security credits
Net

\$45,514.00
19,569.00
\$25,945.00

Membership service -
Less, social security credits
Net

\$ 8,461.00
4,568.00
\$ 3,893.00

Total accrued liability

\$29,838.00

Deduct, reserve balance

13,076.00

UNFUNDED ACCRUED LIABILITY

\$16,762.00

Current Service

Total current service cost
Less, social security credits
Net
Deduct, assumed employee contributions

\$17,770.00
9,978.00
\$ 7,792.00
4,165.00

CURRENT SERVICE COST

\$ 3,627.00

SUMMARY OF ANNUAL COST

To fund the accrued liability over
the remaining period of 14 years

\$ 1,434.00

Current service cost

3,627.00

EMPLOYER'S ANNUAL COST

\$ 5,061.00

TOWN OF WARREN

Statistics

Number of employees	46
Aggregate annual salaries	\$141,360.00
Average annual salary	\$ 3,073.00
Average age	53.2
Average service	13.1

Accrued Liability

Prior Service -	\$232,432.00
Less, social security credits	129,391.00
Net	<u>\$103,041.00</u>
Membership service -	\$ 14,104.00
Less, social security credits	8,669.00
Net	<u>\$ 5,435.00</u>
Total accrued liability	\$108,476.00
Deduct, reserve balance	<u>18,474.00</u>
UNFUNDED ACCRUED LIABILITY	<u>\$ 90,002.00</u>

Current Service

Total current service cost	\$ 22,982.00
Less, social security credits	14,070.00
Net	\$ 8,912.00
Deduct, assumed employee contributions	<u>4,948.00</u>
CURRENT SERVICE COST	<u>\$ 3,964.00</u>

SUMMARY OF ANNUAL COST

To fund the accrued liability over the remaining period of 11 years	\$ 9,460.00
Current service cost	<u>3,964.00</u>
EMPLOYER'S ANNUAL COST	<u>\$ 13,424.00</u>

Current service cost

A true perspective of pension cost may be obtained by expressing such cost as a percentage of payroll. The actual amount of dollar cost, however, may vary from time to time due to differences in membership and salaries. But as a percentage of payroll, pension cost reflects the true measure of the obligation, and generally remains fairly constant assuming membership characteristics show little variance.

The cost computed in 1956 was based upon an assumed membership in the system as reported by the several cities and towns. The actual membership of the six towns participating in the system disclosed some differences in membership characteristics reflecting such factors as age and sex which affected the cost figures.

The following comparison shows the current service cost, as a percentage of payroll, as computed for this report and as established in our previous report:

<u>Name of Town</u>	<u>Current service cost</u>		<u>Number of Members</u>	
	<u>This Report</u>	<u>1956 Report</u>	<u>This Report</u>	<u>1956 Report</u>
Barrington	2.40%	3.32%	132	92
Bristol	2.34	1.39	51	55
East Greenwich	3.32	2.76	37	31
North Kingstown	1.40	2.17	80	81
South Kingstown	3.05	2.72	45	72
Warren	2.80	3.02	46	39

The differences in rates between the two dates were due to the variances in the composition of the membership as compared with the data previously supplied for the 1956 report. In a comparatively small group of persons, even small differences in age and sex factors can have a marked effect on the rate of contribution.

Recommendations

The plan of benefit and contribution provisions embodied in Chapter 2784, Laws of 1951, as amended, is workable. A full schedule of benefits is provided for superannuation, disability and death. This is supplemented by social security benefits since members of the system from the participating towns are all covered by the federal social security program.

However, the service retirement benefit formula which reflects the "full offset" method is impractical. To some extent it is inequitable. It results in depriving some members, particularly those in the lower salary brackets, of benefit payments by the system. This method is outmoded. It was probably satisfactory in 1951, when the law was enacted, when social security benefits were considerably lower and when experience under integration was somewhat limited. With the continued increases in the level of social security payments since that date, service retirement benefits by the system have been in a decreasing trend. Because of the complete integration of the benefits by the system

with social security, many employees are limited in their total retirement expectancy to the full rate of benefit prescribed by the retirement law and receive no additional retirement payments from the retirement system. This is particularly objectionable when it is considered that the members pay for one-half of the cost of social security benefits, yet the full amount of these benefits is applied as an offset to payments by the retirement system.

In view of this situation, and because of the need for a modernization of the service retirement formula in keeping with the underlying trend, we would recommend that consideration be given to the adoption of another method of adjusting the formula to give effect to social security, one that reflects a more realistic basis. The following methods are presented:

1. Offset the retirement system benefit by an amount equal to $1/2$ of the primary social security amount.

This method could be justified on the ground that the member is contributing one-half of the cost of social security, therefore, the offset should apply only to one-half of the benefit.

2. Continue the present method of a full offset of the primary social security amount, but establish a minimum payment by the retirement system equal to \$15.00 per month for the first ten years of the member's service, increased \$1.00 per month for each year of service above 10 years.
3. Eliminate the offset altogether and reduce the rate of retirement benefit from 1.66% (plus) of average salary per year of service to $3/4$ of 1% of average salary per year of service.

This method would do away with the integration of the two plans, but would establish independent

benefits on a coordinated basis. There would be no relationship between the two formulas. Future changes in social security would not affect the retirement system payments.

The following table shows the benefits payable under the present plan and the benefits that would be payable by the system under the three plans described above upon the basis of 25 years of service:

Average Monthly Salary	Primary Social Security Benefit	Payments by Retirement System			
		Present Formula	Plan 1	Plan 2	Plan 3
\$150	\$ 73	\$ ---	\$ 26	\$ 30	\$ 28
200	84	---	41	30	37
250	95	9	56	30	46
300	105	20	72	30	56
350	116	29	87	30	65
400	127	39	103	39	75
500	127	81	144	81	93

Ordinary disability benefits, however, would still be subject to the full offset of federal social security. No change would be made in the accidental death and accidental disability benefits which would be subject to offset only by Workmen's Compensation. Cost limitations dictate the maintenance of offsets in the case of these benefits.

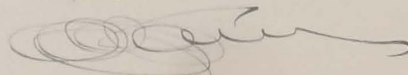
Even with an offset of one-half of the social security benefit, Plan 1 would still be objectionable because it would result in reduced benefits as social security payments are increased. This would occur in the face of increases in contributions by employees under the graduated schedule of social security rates.

Plan 2 embodies an arbitrary formula which does not permit increases in benefits according to rates of salary. Since it is not predicated upon any definite formula, it might be subject to frequent changes.

Plan 3 is our choice. It would operate according to a definite standard independently of social security payments. Any future changes in the social security benefit or rate schedule would not affect payments by the retirement system.

Any plan that may be adopted as a substitution or modification of the present offset method would involve a cost increase. To finance Plan 3, the length of time now prescribed for the amortization of the accrued unfunded liability may be extended to a period not to exceed 25 years. This is reasonable in the financing of a public employees retirement system.

Respectfully submitted,


A. A. Weinberg,
Actuary

A P P E N D I X

Summary of Benefit and Contribution Provisions

Statistical Tables

SUMMARY OF PROVISIONS OF RETIREMENT PLAN

Participation by cities and towns. Participation is optional with the cities and towns, and may be effected by the adoption of a resolution or ordinance by the governing body subscribing to the provisions of the system and agreeing to assume the obligations thereunder.

Effective date of participation. The effective date is July 1st next following the receipt of a certified copy of the ordinance or resolution by the retirement board, provided the same was filed with the board at least 90 days prior to such date, otherwise the effective date is July 1st of the following year.

Withdrawal from participation. A city or town may withdraw from participation by the adoption of a resolution or ordinance to that effect. The city or town shall be liable for the accrued liabilities for matured annuities and benefits, and for those benefits in which vested rights had been created.

Employees eligible for coverage. All employees of a city or town, including elected officials, subject to the conditions stated in item entitled 'Conditions for membership' below.

Conditions for membership. Any employee in service on the effective date of participation or within 6 months prior to such date, will automatically become a member of the system, following approval of participation by the city or town, unless the employee notifies the retirement board, in writing, within 60 days after the effective date that he does not desire to join the system.

Any person becoming an employee after the effective date of participation for the city or town, who at date of entry into service is under age 58 if a member of the police or fire department, or under age 60, if an employee of any other department, shall automatically become a member of the system, after 6 months of service, as a condition of employment. Any person elected to office after the effective date shall have the option of becoming a member within 60 days following the date when he shall assume the duties of his office.

Exclusions from membership. Membership is limited to any regular or permanent employee or officer, whose business time is devoted to the service of the city or town.

An employee occupying a position of a temporary or seasonal character, not classified as a regular or permanent employee, is not eligible for membership.

Members of other retirement systems. Any employee in service on the effective date or within 6 months prior thereto, who is a member of any other pension or retirement system supported wholly or in part by funds of the city or town, may become a member of the retirement system if he waives and renounces all accrued rights and benefits in such other system.

Any employee entering service after the effective date, who is a member of or receiving an annuity or benefit from any other pension or retirement system supported wholly or in part by the city or town, shall not be eligible for participation unless he waives membership in such other retirement system.

Service credit. Any employee becoming a member of the system at the effective date, or who makes application for membership within 1 year from the effective date, shall be entitled to credit for all previous service for the city or town for whom employed.

Any employee who elects, at the time of initial participation not to join the system, and does not apply for membership within one year after the effective date, may thereafter be admitted to membership but without credit for service prior to the effective date. Credit for service in such a case would accrue from the effective date upon making appropriate contributions.

An employee becoming a member of the system shall be entitled to credit for all service rendered following the date of membership for which he has made contributions.

A member of the system shall be entitled to credit as service in any calendar year, for any period of an approved leave of absence without pay, not exceeding one month.

Optional retirement. Any member may retire optionally upon completion of 10 years of service, provided such member shall be at least 58 years of age if a member of the fire department or police department, or age 60 if a member of any other classification.

Compulsory retirement. Any member, except an elective official, shall be retired compulsorily upon attainment of age 70.

Retirement may be deferred after age 70 for periods of one year, upon request of the member, approved by the governing body of the city or town.

Amount of service retirement allowance. The amount of service retirement allowance is the larger of:

(a) 1-2/3% of average salary (as defined below) for each year of credited service, or

(b) 1% of average salary for each year of credited service plus \$20.00 for each such year of service.

The maximum service retirement allowance is 75% of average salary.

The service retirement allowance is subject to reduction by social security benefits as explained under item 'Social Security offset'.

Average salary defined. This is the average annual compensation for any five consecutive years when such average was highest.

Social security offset. The amount of service retirement allowance stated under item "Amount of service retirement allowance" is to be reduced by the primary insurance benefit under the Federal Social Security Act to which the member may be entitled at age 65 or over, provided the member shall have attained a full insured status under social security at the date of retirement in the system.

If the member shall not have attained a fully insured status at the date of retirement, the social security benefit for which he may qualify by reason of employment occurring after the date of retirement shall not be applied to reduce the service retirement allowance being paid by the system.

Ordinary Disability benefit. Any member having at least 10 years of service, who is under age 58 if a member of the fire or police departments, or under age 60 if a member of any other classification, who becomes totally and permanently disabled for service, would be entitled to a benefit equal to 1-1/2% of average salary, as defined above, for each year of credited service.

The minimum benefit payable is 25% of average salary and the maximum is 50% of average salary.

This benefit shall be payable to a member during his lifetime if he continues to be disabled.

Upon the member's attainment of age 65, the benefit shall be reduced by the amount of the primary insurance benefit under the Federal Social Security Act, provided that no such offset shall occur if the member establishes a fully insured status after he has attained age 65.

Accidental disability. A member becoming totally and permanently disabled for service due to occupational causes, regardless of age or length of service, would be entitled to 66-2/3% of his rate of salary at date of disability.

This benefit is subject to reduction by primary insurance benefit payments under social security and by workmen's compensation payments made by the applicable city or town.

Limitations on disability benefits. In the event a member in receipt of ordinary or accidental disability benefits resumes gainful employment of any kind, and his earnings from such employment when added to his disability benefit exceeds the rate of salary in effect at date of disability, the disability benefit would be reduced to the extent of such excess.

Accidental death benefit. Upon death of a member due to occupational causes, regardless of his age or length of service, his total contributions would be paid to his estate, or to such person having an insurable interest in his life, as he shall have nominated. In addition, a benefit equal to 50% of salary would be payable to:

- (a) His widow, to continue during widowhood; or
- (b) If there be no widow, or if the widow dies or remarries, and minor children under age 18 survive the member, to such children in equal proportions; or
- (c) If no eligible widow or eligible minor children exist at the date of death of the member, to the father or mother who was dependent upon the member for support, as the retirement board may determine.

These benefits are subject to reduction by amounts received by a beneficiary or beneficiaries under social security and by workmen's compensation payments made by the city or town.

Death benefits. (a) Upon death of a member occurring while in service, as the result of any cause other than occupational, a benefit would be payable to the person having an insurable interest in the life of the member as he shall have designated, consisting of (1) the contributions of the member, and (2) a payment of \$200.00 for each year of service, subject to a minimum of \$500.00 and a maximum of \$2,000.00. The payment of the minimum amount is subject to prescribed limitations.

(b) Upon death of a retired member, a death benefit is payable to the person designated by the member, or the estate if no

designation has been made, equal to the excess of the contributions made by the member over retirement benefit payments made by the system, subject to a minimum payment of five monthly installments of the retirement allowance or \$300.00 whichever is greater.

Refunds - vested rights. A member becoming separated from service other than by death or retirement would be entitled to a refund of his total contributions, thus forfeiting all his accrued credits and interest in the system.

A member having at least 10 years of credited service may leave his contribution credits intact and upon attaining age 58 if a member of the fire or police departments, or age 60 if a member of any other classification, apply for a service retirement allowance of the amount earned and accrued at the date of his separation from service.

Options. Any member, at the time of retirement, may elect to receive a reduced retirement allowance and provide, on an actuarially equated basis, with the remainder of his equity, an allowance to a designated beneficiary, to become payable upon his death while on retirement. If death of the beneficiary occurs before the death of the retired member, no change would be made in the original election and the member would continue thereafter to receive the reduced service retirement allowance.

Financing. Members contribute to the system 3-1/2% of their salaries.

Each city or town is obligated for the remainder of the cost of the benefits prescribed by the act, on an actuarially funded basis, including the requirements for prior service and for future service. The amount of contribution is fixed by the retirement board based upon an actuarial valuation of the assets and liabilities of each participating governmental unit.

The expense of administration is assumed by the State of Rhode Island.

Administration. The retirement board of the Employees' Retirement System of the State of Rhode Island is designated as the administrator of the "Municipal Employees' Retirement System of the State of Rhode Island".

The general treasurer is charged with the establishment of the system under the direction and supervision of the board, and the maintenance of the required accounts and statistical records. He is to have custody of all moneys accruing to the system and

make the required investments according to the act governing the investment of sinking funds of the State, or in securities or investments in which deposits of savings banks and participation deposits in banks and trust companies may legally be invested.

Certain reserve accounts are established and maintained by the system as prescribed by the act.

Guarantees. Each participating city or town is liable for their proportionate obligations of the system for the several benefits which it prescribes, related only to their own employees.

Municipal Employees' Retirement System
State of Rhode Island

TABLE 1. Town of Barrington
Members Classified by Age and
Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
18	--	1			
			Less than 1 year		
21	--	1	1	3	2
22	1	2	2	19	4
23	1	--	3	15	1
			4	3	2
25	--	1		3	5
26	3	--			
27	1	--	5	7	1
28	--	--	6	11	--
29	1	--	7	6	1
			8	3	1
			9	3	--
30	--	1			
31	--	--	10	3	1
32	4	--	11	1	1
33	5	--	12	1	--
34	6	1	13	1	--
			14	2	--
35	5	1			
36	3	1	15	3	2
37	3	2	16	3	--
38	4	--	17	1	1
39	3	--	18	1	--
			19	1	--
40	2	2			
41	3	--	20	3	--
42	4	--	21	1	--
43	1	2	22	2	--
44	2	1	23	--	3
			24	1	1
45	4	1			
46	1	1	25	1	--
47	4	--	28	2	--
48	1	2	29	1	--
49	4	1			

(continued)

TABLE 1. Town of Barrington (continued)

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
50	1	--	31	1	--
51	3	--	32	1	--
52	2	1	33	1	--
53	2	--			
54	2	--	40	2	--
55	4	--			
56	1	--			
57	2	--	Total	106	26
58	2	--			
59	--	--			
60	2				
61	1	1			
62	1	--			
63	1	--			
64	1	--			
65	1	--			
66	1	--			
67	1	--			
68	1	--			
69	1	--			
70	3	1			
71	1	--			
72	1	1			
73	--	--			
74	1	--			
75	2	--			
83	1	--			
85	1	1			
Total	106	26			

Municipal Employees' Retirement System
State of Rhode Island

TABLE 2. Town of Bristol
Members Classified by Age and
Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
21	1	--	Less than 1 year	--	1
22	--	--		1	--
23	--	--		2	10
24	--	--		3	4
25	--	1	4	1	3
29	1	--			2
31	--	1	5	6	--
32	--	--	6	2	1
33	2	--	7	2	1
34	2	--	8	--	--
			9	--	1
36	--	2	10	1	--
37	1	--	11	3	1
38	1	1	12	2	--
39	--	1	13	--	--
			14	--	--
40	2	1	15	--	--
41	--	--	16	--	1
42	--	1	17	1	--
43	1	--	18	--	--
46	1	1	19	1	--
47	--	--			
48	3	--	22	1	--
49	1	1	23	1	--
50	--	--	25	1	--
51	1	--	26	1	--
52	1	1			
53	1	--	31	--	1
54	1	1			
Total				38	13

(continued)

TABLE 2. Town of Bristol (continued)

Age	Number	
	Male	Female
55	3	--
56	2	--
57	3	--
58	--	1
59	1	--
60	1	--
61	--	--
62	--	--
63	1	--
64	1	--
65	1	--
66	--	--
67	3	--
68	1	--
69	1	--
Total	38	13

Municipal Employees' Retirement System
State of Rhode Island

TABLE 3. Town of East Greenwich
Members Classified by Age and
Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
21	--	1	2	8	2
26	2	--	3	1	--
			4	--	--
30	2	--	5	1	1
31	--	--	6	2	1
32	--	--	7	1	1
33	1	--	8	3	--
34	--	1	9	1	--
38	1	--	10	2	1
40	2	--	11	--	--
41	1	1	12	2	1
42	--	--	13	--	--
43	1	--	14	1	--
44	1	1	15	2	--
45	2	--	23	1	--
46	--	--			
47	1	1	25	1	--
48	1	--	29	1	--
49	1	--			
51	--	1	30	--	1
52	1	--	31	--	1
53	--	1	37	1	--
56	1	--			
59	1	--	Total	28	9
60	1	--			
61	--	--			
62	--	1			
63	1	--			
64	3	--			

(continued)

TABLE 3. Town of East Greenwich (continued)

Age	Number	
	Male	Female
68	1	--
71	1	1
72	--	--
73	--	--
74	1	--
83	1	--
Total	28	9

Municipal Employees' Retirement System
State of Rhode Island

TABLE 4. Town of North Kingstown

Members Classified by Age and Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
19	--	2	Less than 1 year	--	1
20	--	2	1	6	5
21	--	3	2	9	3
22	--	--	3	4	2
23	1	--	4	5	2
24	2	1	5	3	1
25	1	--	6	4	1
26	1	1	7	5	3
27	--	--	8	1	--
28	1	--	9	2	--
29	1	--	10	2	--
31	1	--	11	2	--
32	2	1	12	2	--
33	2	--	13	3	--
34	2	1	14	2	1
36	1	1	15	2	--
37	3	--	16	1	--
38	1	1	17	1	--
39	1	--	18	--	--
40	1	--	19	--	1
41	4	1	20	1	--
42	1	--	21	1	--
43	1	--	22	1	--
44	--	1	25	1	--
47	2	--	26	1	--
48	1	--	27	1	--
49	1	--			
50	1	--	Total	60	20
51	1	1			
52	3	1			

(continued)

TABLE 4. Town of North Kingstown (continued)

Age	Number	
	Male	Female
55	3	1
56	--	--
57	1	--
58	--	--
59	3	--
60	1	--
61	3	2
62	1	--
63	2	--
64	1	--
65	3	--
66	2	--
67	1	--
68	--	--
69	1	--
70	1	--
74	1	--
81	1	--
Total	60	20

Municipal Employees' Retirement System
State of Rhode Island

TABLE 5. Town of South Kingstown

Members Classified by Age and Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
22	1	--	1	9	3
23	1	--	2	7	3
24	--	1	3	3	--
			4	--	1
30	1	--			
31	--	1	5	4	1
32	1	--	6	--	1
33	2	--	7	4	--
34	1	--	8	2	1
			9	--	--
35	--	1			
36	1	1	10	--	1
37	--	--			
38	3	--	14	1	1
40	1	--	16	1	--
41	1	--			
42	--	--	26	2	--
43	1	--			
44	--	1			
			Total	33	12
45	2	1			
46	1	1			
47	1	--			
48	1	--			
50	2	--			
51	--	--			
52	2	--			
53	2	1			
54	1	1			
55	2	--			
56	1	--			
57	1	--			
58	1	1			
59	1	1			
60	--	1			
64	1	--			
Total	33	12			

Municipal Employees' Retirement System
State of Rhode Island

TABLE 6. Town of Warren
Members Classified by Age and
Length of Service

Age	Number		Length of Service	Number	
	Male	Female		Male	Female
29	1	--	1	--	1
			2	3	1
30	1	--	3	2	1
31	--	1	4	--	1
34	1	--			
			5	2	--
37	1	--	6	1	--
38	1	--	7	2	--
39	2	--	8	2	--
			9	4	--
40	1	--			
42	1	--	10	2	--
43	1	--	11	3	--
			12	5	--
46	--	1	13	2	1
48	1	1			
			17	3	1
50	3	--	18	1	--
51	1	--			
52	1	1	23	1	--
53	1	--			
54	4	--	27	2	--
			28	1	1
55	1	--			
56	1	--	31	1	--
57	1	--	32	2	--
58	2	--			
			37	1	--
60	1	--			
61	3	1	Total	40	6
62	2	1			
63	1	--			
66	2	--			
70	1	--			
71	1	--			
72	2	--			
76	1	--			
Total	40	6			