

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**STATE OF RHODE ISLAND**

---

**FIFTH ANNUAL REPORT**

**of the**

**RETIREMENT BOARD**

**June 30, 1962**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**STATE OF RHODE ISLAND**

---

**FIFTH ANNUAL REPORT**

of the

**RETIREMENT BOARD**

**June 30, 1962**

RETIREMENT BOARD  
(as constituted June 30, 1962)

HON. RAYMOND H. HAWKSLEY, CHAIRMAN  
General Treasurer

JOSEPH M. BOISVERT<sup>1/</sup>  
Woonsocket

HON. FRANCIS P. SMITH  
Chairman, Finance Committee  
The Senate

HON. JOHN V. WRENN  
Chairman, Finance Committee  
House of Representatives

JOSEPH H. O'DONNELL, JR.  
Director of Administration

ANDREW A. DIPRETE  
Director of Business Regulation

WILLIAM P. ROBINSON, JR.  
Commissioner of Education

JAMES E. CONLON  
Sup't. South Kingstown School Department

CHARLES W. HILL  
State Controller

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RALPH P. CINQUEGRANA  
Secretary

1/ Deceased

February 28, 1963

To his Excellency  
The Honorable John H. Chafee  
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 FIFTH ANNUAL REPORT of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island.

This report presents the results of operations of the system for the fiscal year ended June 30, 1962 and its financial condition at that date.

Respectfully submitted,

Raymond H. Hawksley,  
Chairman

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF RHODE ISLAND

There is presented herewith the Fifth Annual Report of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island covering operations for the year ended June 30, 1962.

PARTICIPATION

There were two additions during the year to the number of participating municipalities making a total of nine participating municipalities as of June 30, 1962. These municipalities and the beginning dates of their participation are:

	<u>Date of Participation</u>		<u>Date of Participation</u>
Barrington	July 1, 1957	North Providence	July 1, 1961
Bristol	July 1, 1957	Smithfield	July 1, 1959
East Greenwich	July 1, 1957	South Kingstown	July 1, 1957
East Providence	July 1, 1961	Warren	July 1, 1957
North Kingstown	July 1, 1957		

The City of East Providence and the Town of North Providence

came into membership during the fiscal year under review. The cities of Pawtucket and Woonsocket became participants as of July 1, 1962 which was after the close of the year. Their membership and the employees of these cities are not reflected in this report.

MEMBERSHIP

<u>Town</u>	<u>Active Members</u>		<u>Pensioners</u>		
	<u>Number</u>	<u>Annual Salaries</u>	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
Barrington	108	\$ 425,503.50	8	\$ 5,841.05	\$ 51,842.72
Bristol	28	102,792.00	4	2,156.62	23,278.54
East Greenwich	27	104,557.00	2	1,660.63	5,444.35
East Providence	226	908,982.00	6	8,007.97	107,423.13
North Kingstown	72	297,686.00	6	5,983.55	89,147.74
North Providence	114	298,249.00	3	2,294.80	20,743.73
Smithfield	37	117,172.00	-	---	---
South Kingstown	42	202,003.60	-	---	---
Warren	36	140,225.64	6	5,131.19	45,432.09
TOTALS	690	\$2,597,170.74	35	\$31,075.81	\$343,312.30

### LEGISLATION

There were no substantive amendments to the Act governing the system at the 1962 session of the General Assembly affecting the benefit or contribution schedules.

### ACTUARIAL VALUATION

The results of an actuarial valuation of the system as of June 30, 1962 are presented in the report of the actuary forming a part of this annual report.

### FINANCIAL REVIEW

Total assets of the system at the close of the year amounted to \$734,937.00. These assets are applied to certain specific reserves as provided by law. The reserves are subject to periodic check and evaluation to establish their adequacy.

The principal items comprising the income and expenditures for the year are as follows:

Income

Member contributions	\$112,687
Contributions by Cities and Towns	177,283
Interest income	19,740
Other	<u>27</u>
Total	<u>\$309,737</u>

Expenditures

Benefits	\$ 30,302
Refunds	<u>12,002</u>
Total	<u>\$ 42,304</u>

Excess of Income over Expendi- tures transferred to Reserves	<u><u>\$267,433</u></u>
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The excess of income over expenditures is represented by an increase in total reserves of the system as will be observed in the following statement:



Reserves at July 1, 1962 -

Members' Contributions	\$263,642.00	
Employers' accumulations	80,998.00	
Retirement reserve	<u>300,237.00</u>	\$734,937.00

Reserves at June 30, 1961 -

Members' Contributions	\$167,481.00	
Employers' Accumulations	127,155.00	
Retirement Reserve	<u>172,868.00</u>	<u>467,504.00</u>
Increase in reserves		\$267,433.00

INVESTMENTS

Total investments at the close of the year amounted to \$727,774.00 being an increase for the year of \$264,193.00.

It is the policy of the Board to keep the reserves fully invested in order to obtain the maximum income on the assets of the system.

The investments consist of the same types of securities as those comprising the investment account of the Employees' Retirement System. The rate of return on investments is substantially in excess of the 3% rate used by the actuary in the

valuation of the reserves and liabilities. Any excess interest above the basic rate remains in the system and becomes a part of its reserves for retirement liabilities.

Changes in the investment account during the year are described on the following pages.

Municipal Employees' Retirement Fund  
INVESTMENTS ACQUIRED DURING THE PERIOD FROM  
JULY 1, 1961 THROUGH JUNE 30, 1962

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value (Bonds)</u> <u>or Cost (Stocks)</u>
<b>United States of America:</b>			
Treasury Bills	Discount	7/15/62	23,000
Treasury Notes	4%	5/15/63	2,000
Treasury Bonds	4	10/ 1/69	25,000
Treasury Bonds	4	8/15/71	<u>50,000</u>
TOTAL UNITED STATES OF AMERICA			\$ 100,000
<hr/>			
<b>The Twelve Federal Land Banks:</b>			
Consolidated Federal			
Farm Loan Bonds	4-1/4%	7/20/66	<u>\$ 15,000</u>
<hr/>			
<b>Public Utilities:</b>			
American Tel. & Tel.			
Debentures	4-5/8%	2/1/94	\$25,000
Debentures	4-3/4	6/1/98	25,000
Southern Bell Tel. & Tel.			
Debentures	3	7/1/79	<u>25,000</u> <u>\$ 75,000</u>
<hr/>			
<b>CORPORATE STOCKS:</b>		<u>Shares</u>	
American Tel. & Tel. Co.		95	\$12,133
Commercial Credit Company		200	10,614
E.I. duPont deNemours & Co.Inc.		50	11,566
General Electric Company		50	3,491
General Foods Corporation		100	8,585
General Public Utilities Corp.		300	10,383
Hartford Fire Insurance Co.		45	3,465
Northern States Power Co.		100	3,549
Standard Oil Co. of New Jersey		100	5,331
Union Bag-Camp Paper Corp.		100	3,838
United States Steel Corporation		150	<u>10,238</u> <u>83,193</u>
TOTAL PURCHASES			<u>\$273,193</u>

Municipal Employees' Retirement Fund

INVESTMENTS REDEEMED

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value</u>
United States of America Treasury Bills	Discount	7/15/61	\$ 9,000

SUMMARY OF INVESTMENTS

MUNICIPAL EMPLOYEES' RETIREMENT FUND

JUNE 30, 1962

Total Investments, July 1, 1961	\$463,581.00
Add:	
Purchases during the year	<u>273,193.00</u>
	736,774.00
Deduct:	
Redemptions during the year	<u>9,000.00</u>
Total Investments, June 30, 1962	<u>\$727,774.00</u>

CONCLUSION

The system is making satisfactory progress in operations. Its membership is constantly increasing. A well-balanced schedule of benefits is in effect which, with federal social security as base coverage, provides the employees a full measure of protection for superannuation, disability and death.

The Retirement Board is fully cognizant of the various problems arising in the operations of the system. Its efforts will be directed as in past years towards the maintenance of efficiency in administration with the view of effectuating the stated objectives of the system.

Retirement Board of the Municipal  
Employees' Retirement System,  
State of Rhode Island

RAYMOND H. HAWKSLEY, Chairman

JOSEPH M. BOISVERT: (deceased)

HON. FRANCIS P. SMITH

HON. JOHN J. WRENN

JOSEPH H. O'DONNELL, JR.

ANDREW A. DIPRETE

WILLIAM P. ROBINSON, JR.

JAMES E. CONLON

CHARLES W. HILL

RALPH P. CINQUEGRANA  
Secretary

REPORT OF THE ACTUARY

The valuation of the assets and liabilities of the Municipal Employees' Retirement System as of June 30, 1962 discloses continued progress. A sound financial condition is being maintained. This is evidenced by the results of an actuarial analysis of the Retirement Reserve. This reserve represents a combination of pensioners' risks for all participating municipalities. The results of this analysis are as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	31	4
Annual payments	\$27,697.22	\$2,378.59
Average annual payment	\$893.46	\$594.65
Average age	69.5	69.3
Actuarial reserve requirements	\$313,658.50	\$29,653.80

The total actuarial reserve requirements on account of these allowances, amounting to \$343,312.30, compares with the balance in the Retirement Reserve at June 30, 1962 of \$346,861.00. This is indicative of financial solvency of the system for this phase of the system's operations.

OBLIGATIONS OF MUNICIPALITIES

The obligations of the municipalities participating in the system consist of (a) the accrued liability for service prior to the effective date of participation of the particular municipality, referred to as "prior service cost" and (b) the amount necessary to meet the accruing cost for current service which is otherwise designated as "normal cost" or "future service cost".

Prior service liability was computed in the case of each municipality prior to its participation in the system upon the basis of the potential membership. A prior service contribution rate was established as a percentage of payroll to provide for the amortization of this liability over a period of 30-years from the effective date of participation.

The current service or normal cost was calculated upon the basis of the potential membership in the case of each municipality. This rate was also expressed as a percentage of payroll to be applied to the total payroll of the employees who become members of the system.

These contribution rates and the amount payable annually by each participating municipality upon the basis of current payroll are as follows:

PRIOR SERVICE COST

<u>Name of Municipality</u>	<u>Annual Salaries</u>	<u>Rate of Prior Service Contribution</u>	<u>Current Amount Payable</u>
Barrington	\$ 425,503.50	2.30%	\$ 9,786.58
Bristol	102,792.00	1.94	1,994.16
East Greenwich	104,557.00	2.77	2,896.23
East Providence	908,982.00	3.40	31,532.57
North Kingstown	297,686.00	1.65	4,911.82
North Providence	298,249.00	2.71	8,082.55
Smithfield	117,172.00	1.63	1,909.90
South Kingstown	202,003.60	0.77	1,555.43
Warren	<u>140,225.64</u>	3.86	<u>5,412.71</u>
Totals	<u>\$2,597,170.74</u>		<u>\$60,181.95</u>

CURRENT SERVICE COST

<u>Name of Municipality</u>	<u>Annual Salaries</u>	<u>Rate of Current Service Contribution</u>	<u>Current Amount Payable</u>
Barrington	\$ 425,503.50	4.48%	\$ 19,062.56
Bristol	102,792.00	5.36	5,509.65
East Greenwich	104,557.00	4.27	4,464.58
East Providence	908,982.00	4.87	44,257.42
North Kingstown	297,686.00	3.96	11,788.37
North Providence	298,249.00	3.51	10,468.54
Smithfield	117,172.00	3.89	4,557.99
South Kingstown	202,003.60	4.32	8,726.56
Warren	<u>140,225.64</u>	5.02	<u>7,039.33</u>
Totals	<u>\$2,597,170.74</u>		<u>\$115,985.00</u>



GENERAL COMMENT

The system is fulfilling its objectives satisfactorily. Coverage under the system is broadening steadily by the addition of new municipalities. This trend is expected to continue.

The coordination of the benefits of the system with federal social security serves to provide the employees of the cities and towns with a fairly comprehensive schedule of benefits comprising security for old age, disability and death for the employees and dependents.

The annual valuations constitute a periodic check of the financial operations of the system and a means of verifying the adequacy of the financial provisions. In this way, the system may continue to operate in a sound financial condition consistent with accepted standards.

A. A. Weinberg

Actuary

FINANCIAL STATEMENTS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL BALANCE SHEET

JUNE 30, 1962

ASSETS

Cash		\$ 7,163.00
Investments -		
Bonds at par value	\$486,975.00	
Stocks at cost	<u>240,799.00</u>	<u>727,774.00</u>
Total Assets		<u>\$734,937.00</u>

RESERVES

Members' Contribution Reserve		\$263,642.00
Employers' Accumulation Reserve		80,990.00
Retirement Reserve		<u>390,297.00</u>
Total Reserves		<u>\$734,937.00</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Cash Receipts and Disbursements  
Fiscal Year Ended June 30, 1962

Cash Balance July 1, 1961 \$ 3,924.00

Receipts:

Contributions of Members	\$112,687.00	
Contributions - Cities and Towns	177,283.00	
Income from Investments	21,115.00	
Sale of Investments	34,000.00	
Premiums on Investments Sold	<u>46.00</u>	
 Total Receipts		<u>345,131.00</u>
 Total Cash Available		<u>\$349,055.00</u>

Disbursements:

Benefits Paid	\$ 30,302.00	
Refunds of Contributions	12,002.00	
Investments Purchased	298,193.00	
Premium on Investments Purchased (Net)	(175.00)	
Accrued Interest on Investment Purchased	1,375.00	
Postage, Commission, Insurance	<u>195.00</u>	
 Total Disbursements		<u>\$341,892.00</u>
 Cash Balance June 30, 1962		<u>\$ 7,163.00</u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1962

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
Fund Balance July 1, 1961	\$167,481.37	\$127,155.23	\$172,868.26
<u>Revenues:</u>			
Members' Contributions	112,687.06		
Municipalities' Contributions		177,282.94	
Transfers from Members' Reserve			4,524.10
Transfers from Employers' Reserve			<u>217,750.53</u>
Total revenues	<u>112,687.06</u>	<u>177,282.94</u>	<u>222,274.63</u>
Total available	<u>280,168.43</u>	<u>304,438.17</u>	<u>395,142.89</u>
<u>Expenditures:</u>			
Refunds of Members' Contributions	12,002.30		
Benefits Paid:			
Monthly Retirement Allowances			24,611.89
Ordinary Death Benefits		5,689.45	
Transfers to Retirement Reserve	<u>4,524.10</u>	<u>217,750.53</u>	
Total Expenditures	<u>16,526.40</u>	<u>223,439.98</u>	<u>24,611.89</u>
Fund Balance Before Transfer of Income	263,642.03	80,998.19	370,531.00
Plus: Net Income			<u>19,766.00</u>
Fund Balance July 1, 1962	<u><u>\$263,642.03</u></u>	<u><u>\$ 80,998.19</u></u>	<u><u>\$390,297.00</u></u>

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Reserve Allocations

Fiscal Year Ended June 30, 1962

(continued)

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
<u>Allocation of Fund Balance:</u>			
Barrington	\$ 61,968.00	\$ 50,938.00	
Bristol	25,122.00	23,853.00	
East Greenwich	19,396.00	19,303.00	
East Providence	35,415.00	33,427.00*	
North Kingstown	50,755.00	45,343.00*	
North Providence	11,846.00	4,261.00*	
Smithfield	15,367.00	16,446.00	
South Kingstown	20,854.00	38,387.00	
Warren	<u>22,919.00</u>	<u>15,102.00</u>	
Totals	<u>\$263,642.00</u>	<u>\$ 80,998.00</u>	<u>\$390,297.00</u>

\*Denotes deficit. This is a temporary deficiency which may be eliminated after further experience of the system. The experience of the system has been too limited to warrant any definite conclusions with respect to the adequacy or inadequacy of existing contribution rates.

INVESTMENTS - MUNICIPAL EMPLOYEES' RETIREMENT FUND  
AT JUNE 30, 1962

<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
<b>United States of America:</b>			
Treasury Bills	Discount	7/15/62	\$ 23,000
Treasury Notes	4. %	5/15/63	2,000
Treasury Notes	4-5/8%	5/15/65	25,000
Treasury Bonds	4 %	10/1/69	25,000
Treasury Bonds	4 %	8/15/71	<u>50,000</u>
<b>TOTAL UNITED STATES OF AMERICA</b>			<u>\$125,000</u>
<b>The Twelve Federal Land Banks:</b>			
Consolidated Federal			
Farm Loan Bonds	4-1/4%	7/20/66	\$ <u>15,000</u>
<b>International Bank for</b>			
Reconstruction & Development:			
Bonds	3-3/4%	5/15/68	\$ <u>25,000</u>
<b>Municipalities:</b>			
City of East Providence:			
Elementary School	3-3/4%	2/ 1/78	\$ 15,000
City of Pawtucket:			
School Repair and			
Construction	3.60%	5/ 1/74	<u>\$ 10,000</u>
<b>TOTAL MUNICIPALITIES</b>			<u>\$ 25,000</u>
<b>Public Utilities:</b>			
American Telephone & Telegraph Co.:			
Debentures	4-5/8%	2/1/94	\$25,000
Debentures	4-3/4%	6/1/98	<u>25,000</u> \$ 50,000
Arkansas Power & Light Co.:			
First Mortgage	4-7/8%	5/1/91	\$ 50,000
Consolidated Natural Gas:			
Debentures	5%	2/1/85	\$ 10,000

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<u>Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
<b>Public Utilities-continued:</b>			
Dallas Power & Light Co.:			
First Mortgage	5-1/4%	12/1/89	\$ 10,000
Illinois Bell Telephone Co.:			
First Mortgage, Ser. F	4-3/8	3/1/94	25,000
Louisiana Power & Light Co.:			
First Mortgage	5	4/1/90	25,000
Public Service Elec. & Gas Co.:			
First Refunding Mortgage	4-5/8	8/1/88	25,000
Puget Sound Power & Light Co.:			
First Mortgage	4-1/8	5/1/88	25,000
Southern Bell Telephone & Telegraph Co.:			
Debentures	3	7/1/79	<u>25,000</u>
TOTAL PUBLIC UTILITIES			<u>\$245,000</u>
<b>Industrial:</b>			
United States Steel Corporation			
Sinking Fund Debentures	4-1/2	4/15/86-88	<u>\$ 30,000</u>
<b>Bank Stocks:</b>			
		<u>Shares</u>	
Bank of America		210	7,625
First National Bank of Boston		142	6,912
Morgan Trust Company of New York		100	<u>7,438</u>
TOTAL BANK STOCKS			<u>\$ 21,975</u>
<b>Corporate Stocks:</b>			
Abbott Laboratories		200	\$ 12,803
Allied Chemical Corporation		200	10,288
American Telephone & Telegraph Co.		200	21,111
Commercial Credit Company		200	10,614

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<u>Description</u>	Rate	<u>Number of Shares</u>	<u>Par Value (Bonds) or Cost (Stocks)</u>
Corporate Stocks-continued:			
Commonwealth Edison Co.		306	\$ 9,521
Consumers Power Company		400	11,927
E.I. duPont deNemours & Co., Inc.		100	22,009
General Electric Company		150	11,834
General Foods Corporation		100	8,585
General Public Utilities Corp.		300	10,383
Hartford Fire Insurance Company		200	13,886
Monsanto Chemical Co.		308	12,821
Northern States Power Co.		400	10,892
J. C. Penney Co.		250	9,695
Phillips Petroleum Company		200	10,275
Standard Oil Company of New Jersey		300	15,129
Union Bag-Camp Paper Corporation		400	15,716
United States Steel Corporation		300	<u>23,310</u>
TOTAL CORPORATE STOCKS			\$240,799

TOTAL INVESTMENTS-MUNICIPAL EMPLOYEES' RETIREMENT FUND \$727,774

A P P E N D I X

Summary of Benefit and Contribution  
Provisions

SUMMARY OF BENEFIT AND CONTRIBUTION  
PROVISIONS OF THE 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 1% of average salary per year of credited service.

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

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% of average salary, as defined above, for each year of credited service.

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 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 exceed 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 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  $4\%$  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.

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 its proportionate obligations of the system for the several benefits which it prescribes, related only to its own employees.