

*For Review*

Municipal Employees' Retirement System  
State of Rhode Island  
EIGHTH ANNUAL REPORT  
Fiscal Year Ended June 30, 1965

Municipal Employees' Retirement System  
State of Rhode Island

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EIGHTH ANNUAL REPORT

of the

RETIREMENT BOARD

Fiscal Year Ended

June 30, 1965

RETIREMENT BOARD  
(as constituted June 30, 1965)

HON. RAYMOND H. HAWKSLEY, CHAIRMAN  
General Treasurer

G. ALDEN WINTER  
Warwick

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

HON. MICHAEL SEPE  
Chairman, Finance Committee  
House of Representatives

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

ROBERT M. SCHACHT  
Director of Business Regulation

DR. WILLIAM P. ROBINSON  
Commissioner of Education

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

CHARLES W. HILL  
State Controller

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JOSEPH G. IANNELLI  
Executive Secretary

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February 28, 1966

To his Excellency  
The Honorable John H. Chafee  
Governor, State of Rhode Island  
and Providence Plantations  
Providence, Rhode Island

Sir:

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

This report presents the results of operations of the system for the fiscal year ended June 30, 1965 and financial facts relative to its condition as of that date.

Respectfully submitted,

Raymond H. Hawksley  
Chairman

Municipal Employees' Retirement System  
of the State of Rhode Island

There is presented herewith the Eighth Annual Report of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island covering operations of the system for the year ended June 30, 1965.

PARTICIPATION

The municipalities participating in the system as of the close of the year and the beginning dates of their participation are:

	<u>Date of Participation</u>		<u>Date of Participation</u>
Barrington	July 1, 1957	North Smithfield	July 1, 1964
Bristol	July 1, 1957	Pawtucket	July 1, 1962
Cranston	July 1, 1963	Smithfield	July 1, 1959
East Greenwich	July 1, 1957	South Kingstown	July 1, 1957
East Providence	July 1, 1961	Tiverton	July 1, 1964
Jamestown	July 1, 1964	Warren	July 1, 1957
North Kingstown	July 1, 1957	Woonsocket	July 1, 1962
North Providence	July 1, 1961		

MEMBERSHIP AT JUNE 30, 1965

<u>Municipal Code</u>	<u>Town</u>		<u>Number of Active Members</u>	<u>Number of Pensioners</u>
1	Barrington	P + F	127	12
2	Bristol		37	6
7	Cranston		455	42
9	East Greenwich	P	30	5
10	East Providence		280	19
15	Jamestown	P	23	--
23	North Kingston	P + F	120	6
24	North Providence	P	124	8
25	North Smithfield	P	28	1
26	Pawtucket		566	58
31	Smithfield	P	47	1
32	South Kingstown	P	66	1
33	Tiverton	P + F	- 44 -	9
34	Warren	P	43	11
39	Woonsocket		<u>308</u>	<u>34</u>
⊖	Totals	⊖	2,298	213

Newport

254

  

2548

16



1965 LEGISLATION

Amendments to Chapter 45-21, enacted at the 1965 session of the General Assembly, affecting the Municipal Employees' Retirement System, were as follows:

Chapter 230. Pension credit and member contributions were limited to 45 years of service. The original law provided no limitation.

Chapter 236. The provisions governing contributions by municipalities were clarified to provide that such contributions for the year shall be made to the general treasurer on or before December 31st in the fiscal year of the state. In case of failure to pay, the general treasurer is authorized to deduct the amount from any monies due the city or town for any purpose other than education.

It should be noted that the cities of EAST PROVIDENCE, WARREN and WOONSOCKET are still subject to the provisions of law in effect prior to July 1, 1963. These provisions prescribe a lower level of service retirement and ordinary disability benefits and smaller contribution rates.



ACTUARIAL VALUATION

The usual annual actuarial valuation of the system was completed as of June 30, 1965. The results are embodied in the report of the actuary which appears in the latter part of this report by the Board. The purpose of an annual actuarial valuation is to check the operating progress of the system and its financial condition from a technical standpoint.

FINANCIAL REVIEW

The financial facts disclose that total assets of the system at June 30, 1965 amounted to \$3,170,987.75. As provided by law, these assets are allocated to certain specific reserves. The reserves are subject to a periodic check to establish their adequacy in meeting the liabilities for the prescribed benefit schedule.

The revenues and expenditures for the year were as follows:

Revenues

Member contributions	\$ 453,822.61
Contributions by cities and towns	772,496.75
Investment income	<u>104,776.69</u>
Total Revenues	<u>\$1,331,096.05</u>

Expenditures

Benefits	\$320,168.43
Refunds to employees	50,234.93
Refunds to municipalities	<u>6,170.58</u>
Total Expenditures	<u>\$376,573.94</u>

Excess of Revenues over Expenditures transferred to Reserves	<u>\$954,522.11</u>
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The excess of revenues over expenditures is equal to the increase in total reserves of the system as will be observed in the following statement:

Reserves at July 1, 1965 -

Members' contributions	\$1,174,973.86	
Employers' accumulations	- 733,345.70	
Retirement reserve	<u>2,729,359.59</u>	\$3,170,987.75

Reserves at June 30, 1964 -

Members' contributions	\$ 808,302.45	
Employers' accumulations	- 301,160.56	
Retirement reserve	<u>1,709,323.75</u>	<u>2,216,465.64</u>
Increase in Reserves		<u>\$ 954,522.11</u>

The debit balance in the Employers' Accumulation Reserve is not to be construed as an unfavorable result in operations. A deficiency in this reserve is to be expected during the early

years of life of a system of this type. A number of retirements take place immediately after inception of a system. These require the allocation of full reserves on a lifetime basis to provide for the payment of the annuities. With additional experience and a longer period of operations, the Employers' Accumulation Reserve should build up a substantial balance resulting from municipality contributions for both current service and the amortization payments on account of the accrued liability.

#### INVESTMENTS

The investment operations for the year were very satisfactory and productive of excellent results. Investments at the close of the year totalled \$3,119,888.45 at cost or par value. The increase for the year was \$1,088,068.00. The investments consisted of fixed income bearing securities and common stocks.

The rate of return on investments was in excess of the 3-1/2% rate assumption used by the actuary in the valuation of the reserves and liabilities. Any such excess is added to the reserves to provide for the accrued liabilities.

The following summary shows the investments of the system at June 30, 1965 and at the end of the preceding fiscal year, in comparison:

	<u>June 30, 1965</u>		<u>June 30, 1964</u>	
	<u>Cost or Par</u>	<u>Per Cent of Total</u>	<u>Cost or Par</u>	<u>Per Cent of Total</u>
U.S. Government	\$1,560,000	48.3%	\$1,185,000	58.3%
Federal Land Bank	50,000	1.5	50,000	2.5
International Bank	25,000	0.8	25,000	1.2
Railroad	50,000	1.5	--	--
State and Municipal	--	--	25,000	1.2
Public Utility Bonds and Debentures	675,000	20.9	335,000	16.5
Other Bonds and Debentures	200,000	6.2	30,000	1.5
Bank Stocks	--	--	27,007	1.3
Common Stocks	<u>559,888</u>	<u>20.8</u>	<u>354,813</u>	<u>17.5</u>
Totals	<u>\$3,119,888</u>	<u>100.0%</u>	<u>\$2,031,820</u>	<u>100.0%</u>

Bonds and debentures listed at par value. Common stocks are shown at cost. The market value of the common stocks at the close of the year 20.0% above cost.

#### CONCLUSION

The system is steadily broadening its scope of operation. Its financial condition also is gradually improving. The system is fulfilling adequately its objectives of providing employees of the cities and towns of the State a full measure of security for old age, disability and death.

It is the policy of the Board to maintain progressive standards in management and administration which will assure the operation of the system at maximum efficiency and effectuate fully its stated objectives.

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

RAYMOND H. HAWKSLEY, Chairman

G. ALDEN WINTER

SEN. FRANCIS P. SMITH

REP. MICHAEL SEPE

JOSEPH H. O'DONNELL, JR.

ROBERT M. SCHACHT

DR. WILLIAM P. ROBINSON

JAMES E. CONLON

CHARLES W. HILL

JOSEPH G. IANNELLI  
Executive Secretary

REPORT OF THE ACTUARY

For the Fiscal Year Ended June 30, 1965

The several basic factors that are generally illustrative of the progress of a retirement system indicate that the Municipal Employees' Retirement System is showing definite improvement in its financial condition. All such factors point towards constructive and sound progress.

A valuation of the system was completed as of June 30, 1965. The results were satisfactory. Revenues at the prescribed rates reflect actuarial reserve requirements for the benefit schedule in effect at the date of valuation.

Reserves maintained for members on retirement indicate a financially sound condition. The several factors pertinent to the retired members are as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	179	34
Annual payments	\$210,134.44	\$34,534.37
Average annual payment	\$1,173.94	\$1,015.72
Average age	68.7	69.3
Actuarial reserve requirements	\$2,113,721.00	\$391,692.00

The actuarial reserve requirements on account of the foregoing pensioners amounted to \$2,505,413.00. This compares with the balance in the Retirement Reserve at June 30, 1965 of \$2,729,359.59. This illustrates financial solvency in respect to the reserve requirements for the retirement allowances entered upon according to the applicable mortality standards.

#### OBLIGATIONS OF MUNICIPALITIES

In subscribing to coverage in the system for their employees, the participating municipalities have assumed certain obligations. These obligations consist of (a) the accrued liability for service rendered by the members prior to the effective date of the participation in the system, referred to as "prior service", and (b) the accruing cost for future service commonly referred to as "normal" or "current service" cost.

The liability for prior service in the case of each municipality was determined prior to its participation in the system upon the basis of the service rendered by the assumed membership. A prior service contribution rate was fixed as a percentage of payroll which would amortize the accrued liability over a period of 25 years from the effective date of participation.

The current service or normal cost was calculated upon the basis of total membership, giving effect to the service characteristics

of each municipality. This rate also was fixed as a percentage of total payroll which is to be applied by each municipality in determining the amount of its contributions to the system for such service, additional to the amortization payment on account of the accrued liability.

The prior service and current service rates of contribution are given below for the several participating municipalities, reflecting the law in force at June 30, 1965.

<u>Municipal Code No.</u>	<u>Name of Municipality</u>	<u>Prior Service Contribution Rate</u>	<u>Current Service Rate</u>	<u>Unfunded Accrued Liability</u>
1	Barrington	3.30%	6.69%	223,633
2	Bristol	2.83	7.78	47,127
7	Cranston	5.05	6.40	1,233,271
9	East Greenwich	3.90	6.19	66,991
10	East Providence*	4.08	4.87	520,736
15	Jamestown	3.27	6.97	43,410
23	North Kingstown	2.44	5.77	115,434
24	North Providence	3.88	5.14	188,937
25	North Smithfield	3.57	7.06	70,994
26	Pawtucket	4.53	4.76	2,071,895
31	Smithfield	2.33	5.75	45,976
32	South Kingstown	1.15	6.32	37,755
33	Tiverton	6.88	6.08	203,904
34	Warren*	3.86	5.02	88,861
39	Woonsocket*	5.18	3.27	<u>866,957</u>
			Total	<u>\$5,825,881</u>

\*Subject to lower level of benefits and rates of contribution in effect prior to July 1, 1963.



Each municipality is required to apply the aforesaid rates to the prospective payroll for the year for which the budget is prepared. By this process, sufficient monies will be provided in the annual budgets to meet the municipality's liability to the retirement system for service rendered by employees during the year in question at the prescribed rates of salary.

#### CONCLUSION

Operations of the system are being checked and evaluated annually as a means of detecting any unfavorable developments and determining basic trends. This is one of the purposes of the actuarial valuation. A periodic check is particularly important in view of the changes that are made in the law without advance provision for cost increases and in the light of possible revisions in local personnel policies and conditions.

The system is making satisfactory progress. In the case of several municipalities, the reserve accounts for the municipality contributions show deficiencies. This condition, however, is not a cause for immediate concern. It is not unusual at the inception of coverage to show a negative balance in reserves. As has been pointed out, it is due to the immediate retirement of aged employees who had been waiting for coverage in the system by the employing municipality.

Once this initial aged group is on retirement, there will be a lessening of the drain from that source and the employer's reserve accounts should begin to show a gradual improvement. In time, therefore, the deficiencies will be completely eliminated. A condition of complete solvency should then set in. This should be continuously maintained under the established contribution rates for the municipalities because they reflect substantial adequacy to meet all obligations of the system, both accrued and prospective.

A. A. Weinberg  
Actuary

FINANCIAL BALANCE SHEET

JUNE 30, 1965

ASSETS

Cash	\$ 51,099.45
Investments	<u>3,119,888.30</u>
Total Assets	<u><u>\$3,170,987.75</u></u>

RESERVES

Members' Contribution Reserve	\$1,174,973.86
Employers' Accumulation Reserve	- 733,345.70
Retirement Reserve	<u>2,729,359.59</u>
Total Reserves	<u><u>\$3,170,987.75</u></u>

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FISCAL YEAR ENDED JUNE 30, 1965

CASH BALANCE JULY 1, 1964 \$ 184,646.04

RECEIPTS:

Investments Sold or Matured	\$	71,000.00		
Investment Earnings		100,368.23		
Discounts on Investments Purchased		25,623.03		
Gains or Losses on Investments Sold		- 25.00	\$	196,966.26
Members' Contributions				453,822.61
Municipalities' Contributions				772,496.75
Unclaimed Benefits				<u>1,064.80</u>
 Total Receipts				 <u>1,424,350.42</u>
 Total Cash Available				 <u>\$1,608,996.46</u>

DISBURSEMENTS:

Investments Purchased	\$1,159,068.70			
Accrued Interest	10,126.22			
Premium Paid	10,995.00			
Postage and Insurance	<u>68.35</u>	1,180,258.27		
 Monthly Pension Benefits	 242,360.25			
Death Retirement Allowances	<u>6,008.18</u>	248,368.43		
Ordinary Death Benefits		71,800.00		
Refunds of Contributions:				
Employees	50,234.93			
Municipalities	<u>6,170.58</u>	56,405.51		
Unclaimed Benefits		<u>1,064.80</u>		
 Total Disbursements				 <u>\$1,557,897.01</u>

CASH BALANCE JUNE 30, 1965 \$ 51,099.45

STATEMENT OF RESERVE ALLOCATIONS  
FISCAL YEAR ENDED JUNE 30, 1965

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
Reserve Balances - July 1, 1964	\$808,302.45	-\$301,160.56	\$1,709,323.75
<u>Revenues:</u>			
Members' Contributions	\$453,822.61		
Municipalities' Con- tributions		\$772,496.75	
Transfers from Members' Reserve			\$ 36,916.27
Transfers from Employers' Reserve			<u>1,126,711.31</u>
Total Revenues	<u>\$453,822.61</u>	<u>\$772,496.75</u>	<u>\$1,163,627.58</u>
Total Available	<u>\$1,262,125.06</u>	<u>\$471,336.19</u>	<u>\$2,872,951.33</u>
<u>Expenditures:</u>			
Refunds:			
Members' Contributions	\$ 50,234.93		
Employers' Contribu- tions		\$ 6,170.58	
Benefits Paid:			
Death Retirement Allowances			\$ 6,008.18
Retirement Allowances			242,360.25
Ordinary Death Benefits		71,800.00	
Transfers:			
To Retirement Reserve	<u>36,916.27</u>	<u>1,126,711.31</u>	
Total Expenditures	<u>\$ 87,151.20</u>	<u>\$1,204,681.89</u>	<u>\$ 248,368.43</u>
Reserve Balance Before Credit of Income	\$1,174,973.86	-\$ 733,345.70	\$2,624,582.90
Net Investment Income			<u>104,776.69</u>
Reserve Balances - June 30, 1965	<u>\$1,174,973.86</u>	<u>-\$ 733,345.70</u>	<u>\$2,729,359.59</u>

STATEMENT OF RESERVE ALLOCATIONS  
FISCAL YEAR ENDED JUNE 30, 1965

	<u>Members'</u> <u>Contribution</u> <u>Reserve</u>	<u>Employers'</u> <u>Contribution</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
<u>Allocation of Fund Balance:</u>			
Barrington	\$ 126,677.84	\$ 10,620.46	\$ 211,554.65
Bristol	43,000.67	27,689.79	72,617.91
Cranston	156,205.62	* 211,578.61	487,053.05
East Greenwich	41,833.70	23,155.04	45,915.44
East Providence	143,070.14	110,341.47	202,467.03
Jamestown	3,563.96	7,392.65	220.03
North Kingstown	112,036.36	* 30,286.77	173,428.53
North Providence	54,274.23	7,176.93	80,039.82
North Smithfield	6,464.63	4,669.15	7,380.30
Pawtucket	252,747.78	* 457,763.50	797,894.01
Smithfield	36,441.33	39,191.13	15,835.05
South Kingstown	54,193.49	76,763.63	19,909.11
Tiverton	7,258.00	* 133,131.36	148,577.83
Warren	28,952.11	* 36,572.76	114,972.36
Woonsocket	108,254.00	* 171,012.95	351,494.47
Totals	\$1,174,973.86	-\$ 733,345.70	\$2,729,359.59

\* Denotes deficit. This is a temporary deficiency which will be removed by continued operations of the system. It is due principally to the retirement of aged employees shortly after the inception of coverage.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of BARRINGTON

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions \$235,345.69

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions	\$193,961.25	
Additional Cost of Pensions Revised to 1 2/3%	23,263.98	
Ordinary Death Benefits Paid	<u>7,500.00</u>	
<u>Total Disbursements</u>		<u>224,725.23</u>
<u>Reserve Balance 6/30/65</u>		<u>\$ 10,620.46</u>

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve		\$ 11,005.41
" " Employers "		193,961.25
" " " " A/C Revision of Pensions		23,263.98
Investment Earnings		<u>39,780.75</u>
<u>Total Available</u>		268,011.39

Disbursements:

Pensions Paid	\$ 54,067.59	
Death Retirement Allowances Paid	<u>2,389.15</u>	
<u>Total Disbursements</u>		<u>56,456.74</u>
<u>Reserve Balance 6/30/65</u>		<u>\$211,554.65</u>

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

Town of BRISTOL

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions \$ 97,891.67

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$53,342.46  
Additional Cost of Pensions Revised to 1 2/3% 11,917.02  
Ordinary Death Benefits Paid 4,942.40

Total Disbursements 70,201.88

Reserve Balance 6/30/65 \$ 27,689.79

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 5,587.28  
" " Employers Reserve 53,342.46  
" " " " A/C Revision of Pensions 11,917.02  
Investment Earnings 16,070.98

Total Available 86,917.74

Disbursements:

Pensions Paid \$13,713.03  
Death Retirement Allowances Paid 586.80

Total Disbursements 14,299.83

Reserve Balance 6/30/65 \$ 72,617.91



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

City of CRANSTON

Summary of Employers & Retirement Reserves

July 1, 1963 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions \$353,386.22

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$548,464.83  
Ordinary Death Benefits Paid 16,500.00

Total Disbursements 564,964.83

Reserve Balance-Deficit 6/30/65 (\$211,578.61)

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 5,355.41  
" " Employers " 548,464.83  
Investment Earnings 15,140.80

Total Available 568,961.04

Disbursements:

Pensions Paid \$ 80,742.54  
Death Retirement Allowances Paid 1,165.45

Total Disbursements 81,907.99

Reserve Balance 6/30/65 \$487,053.05

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of EAST GREENWICH

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS RETIREMENT RESERVE

Receipts:

Contributions \$ 78,911.38

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$ 38,892.68  
Additional Cost of Pensions Revised to 1 2/3% 6,010.88  
Ordinary Death Benefits Paid 10,852.78

Total Disbursements 55,756.34

Reserve Balance 6/30/65 \$ 23,155.04

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 2,144.29  
" " Employers " 38,892.68  
" " " " A/C Revisions of Pensions 6,010.88  
Investment Earnings 11,955.39

Total Available 59,003.24

Disbursements:

Pensions Paid 13,087.80

Reserve Balance 6/30/65 \$ 45,915.44

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

City of EAST PROVIDENCE

Summary of Employers & Retirement Reserves

July 1, 1961 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions \$337,373.64

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$209,832.17  
Ordinary Death Benefits Paid 17,200.00

Total Disbursements 227,032.17

Reserve Balance 6/30/65 \$110,341.47

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 6,449.60  
" " Employers " 209,832.17  
Investment Earnings 30,047.67

Total Available 246,329.44

Disbursements:

Pensions Paid \$ 43,514.81  
Death Retirement Allowances Paid 347.60

Total Disbursements \$ 43,862.41

Reserve Balance 6/30/65 \$202,467.03

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of JAMESTOWN

Summary of Employers & Retirement Reserves

July 1, 1964 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$ 7,392.65

Reserve Balance 6/30/65

\$ 7,392.65

RETIREMENT RESERVE

Receipts:

Investment Earnings

\$ 220.03

Reserve Balance 6/30/65

\$ 220.03

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of NORTH KINGSTOWN

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions \$156,818.99

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$167,396.88  
Additional Cost of Pensions Revised to 1 2/3% 15,497.28  
Ordinary Death Benefits Paid 4,211.60

Total Disbursements 187,105.76

Reserve Balance-Deficit 6/30/65 (\$ 30,286.77)

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 5,335.00  
" " Employers " 167,396.88  
" " " " A/C Revision of Pensions 15,497.28  
Investment Earnings 24,337.58

Total Available 212,566.74

Disbursements:

Pensions Paid \$ 38,021.56  
Death Retirement Allowances Paid 1,116.65

Total Disbursements 39,138.21

Reserve Balance 6/30/65 \$173,428.53

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of NORTH PROVIDENCE

Summary of Employers & Retirement Reserves

July 1, 1961 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$ 93,810.20

Disbursements:

Transfers to Retirement Reserve—Cost of Pensions \$68,887.39  
Additional Cost of Pensions Revised to 1 2/3% 17,245.88  
Ordinary Death Benefits Paid 500.00

Total Disbursements

86,633.27

Reserve Balance 6/30/65

\$ 7,176.93

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve \$ 2,111.07  
" " Employers " 68,887.39  
" " " " A/C Revision of Pensions 17,245.88  
Investment Earnings 8,719.93

Total Available

96,964.27

Disbursements:

Pensions Paid \$16,454.65  
Death Retirement Allowances Paid 469.80

Total Disbursements

16,924.45

Reserve Balance 6/30/65

\$ 80,039.82

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

City of PAWTUCKET

Summary of Employers & Retirement Reserves

July 1, 1962 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$432,303.76

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$810,678.71  
Additional Cost of Pensions Revised to 1 2/3% 42,469.67  
Ordinary Death Benefits Paid 36,918.88

Total Disbursements

890,067.26

Reserve Balance-Deficit 6/30/65

(\$457,763.50)

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve  
" " Employers "  
" " " " A/C Revision of Pensions  
Investment Earnings

\$ 19,877.08  
810,678.71  
42,469.67  
30,149.54

Total Available

903,175.00

Disbursements:

Pensions Paid \$102,617.69  
Death Retirement Allowances Paid 2,663.30

Total Disbursements

105,280.99

Reserve Balance 6/30/65

\$797,894.01

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of SMITHFIELD

Summary of Employers & Retirement Reserves

July 1, 1959 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$ 51,070.49

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$9,379.36  
Ordinary Death Benefits Paid 2,500.00

Total Disbursements

11,879.36

Reserve Balance 6/30/65

\$ 39,191.13

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve  
" " Employers "  
Investment Earnings

\$ 679.67  
9,379.36  
7,751.76

Total Available

17,810.79

Disbursements:

Pensions Paid

1,975.74

Reserve Balance 6/30/65

\$ 15,835.05



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of SOUTH KINGSTOWN

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$ 89,309.54

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions  
Additional Cost of Pensions Revised to 1 2/3%  
Ordinary Death Benefits Paid

\$3,403.84  
2,442.07  
6,700.00

Total Disbursements

12,545.91

Reserve Balance 6/30/65

\$ 76,763.63

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve  
" " Employers " " A/C Revision of Pensions  
" " " " " "  
Investment Earnings

\$ 643.66  
3,403.84  
2,442.07  
14,396.43

Total Available

20,886.00

Disbursements:

Pensions Paid

976.89

Reserve Balance 6/30/65

\$ 19,909.11

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of TIVERTON

Summary of Employers & Retirement Reserves

July 1, 1964 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$ 22,252.00

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$153,383.36  
Ordinary Death Benefits Paid 2,000.00

Total Disbursements

155,383.36

Reserve Balance-Deficit 6/30/65

(\$133,131.36)

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve  
" " Employers "  
Investment Earnings

\$ 1,202.23  
153,383.36  
440.06

Total Available

155,025.65

Disbursements:

Pensions Paid

6,447.82

Reserve Balance 6/30/65

\$148,577.83

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Town of WARREN

Summary of Employers & Retirement Reserves

July 1, 1957 - June 30, 1965

EMPLOYERS ACCUMULATION RESERVE

Receipts:

Contributions

\$103,577.78

Disbursements:

Transfers to Retirement Reserve-Cost of Pensions \$133,650.54  
Ordinary Death Benefits Paid 6,500.00

Total Disbursements

140,150.54

Reserve Balance-Deficit 6/30/65

(\$ 36,572.76)

RETIREMENT RESERVE

Receipts:

Transfers from Members Reserve  
" " Employers "  
Investment Earnings

\$ 8,993.60  
133,650.54  
15,482.24

Total Available

158,126.38

Disbursements:

Pensions Paid  
Death Retirement Allowances Paid

\$ 41,151.84  
2,002.18

Total Disbursements

43,154.02

Reserve Balance 6/30/65

\$114,972.36

A P P E N D I X

Summary of Benefit and Contribution  
Provisions

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 member 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 not to join the system at the time of initial participation, 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.

Any 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.

In any calendar year, a member of the system shall be entitled to service credit for 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  $1\frac{2}{3}\%$  of average salary per year of credited service. Maximum is 75% of average salary. —

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, is entitled to a benefit equal to  $1\frac{2}{3}\%$  of average salary, as defined above, for each year of credited service. Maximum is 75% - of average salary.

Accidental disability. A member becoming totally and permanently disabled for service due to occupational causes, regardless of age or length of service, is entitled to  $66\frac{2}{3}\%$  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 exceeds the rate of salary in effect at date of disability, the disability benefit is 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 is payable to:

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

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 is 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 \$250.00 for each year of service, subject to a minimum of \$1,000 and a maximum of \$5,000. 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 except by death or retirement is 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. At the time of retirement, any member may elect to receive a reduced retirement allowance and provide, on an actuarially equated basis, 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 6% 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 prescribed, related only to its own employees.

## R E S O L U T I O N

The minimum age for service retirement shall be 58 years in the case of members of the Fire Department and the Police Department and 60 years in the case of all other members; provided, however, if a member of such police or fire department shall have 25 years of active service in said departments prior to attaining the age of 58 years, he may, at his election, request separation from service at the expiration of said 25 year period. If such request is made, the member shall forthwith be separated from the department concerned and may retire upon his written application to the retirement board. Said retirement board shall thereupon accept his retirement, and said member shall be entitled to a service retirement allowance equal to one-half of the average pay he received for the last five years of his said service, which retirement allowance shall be a life annuity, terminable upon the death of the annuitant.