

## Executive Summary

On October 18, 2011, the General Treasurer and the Governor of Rhode Island submitted the Rhode Island Retirement Security Act of 2011 (H-6319 and S-1111) to reform the state and local pension systems to make them sustainable for all members and affordable for taxpayers. Current projections have pension costs consuming a larger proportion of resources, and the state continues its struggle to emerge from the recent economic downturn. In addition, Rhode Island still faces structural deficits in its five-year forecast, with no near term projection to “grow” out of the problem. The funded levels of the state pension systems continue to deteriorate, and the Act proposes to improve these funded levels through a series of pension reforms. The provisions under consideration today (November 17, 2011) by both chambers are discussed in this document, and some of the significant changes to the original act are noted.

### The Act:

- Reduces the state’s unfunded liability of nearly \$7.0 billion by over \$3.0 billion and prevents future erosion of the state’s pension systems while targeting an 80.0 percent funding level for all pensions systems;
- Ensures employees preserve what they have earned through June 30, 2012 while shifting future risk to public employees through installing a new hybrid plan that draws from both defined benefit and defined contribution plans;
- Ensures there is no impact on the ability to retire for those who are eligible to retire as of June 30, 2012.

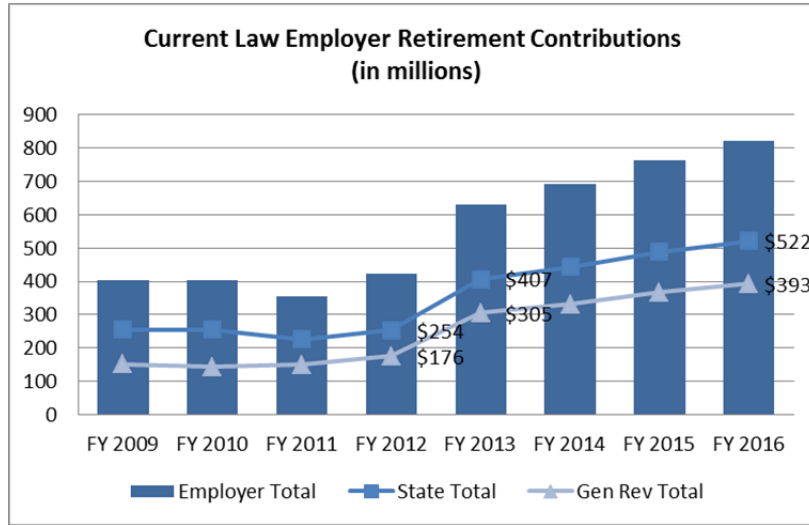
Funded Ratios					
Group	FY 2011	FY 2012	Current FY 2013	Proposed FY 2013	Change
State Employees	62.3%	59.0%	48.4%	59.8%	11.4%
Teachers	61.0%	58.1%	48.4%	61.8%	13.4%
Judges	91.0%	88.3%	77.8%	81.6%	3.8%
State Police	79.6%	79.8%	69.7%	90.0%	20.3%
MERS - General	93.6%	88.6%	74.8%	87.6%	12.8%
MERS - Public Safety	90.6%	87.2%	70.7%	86.2%	15.5%

The Rhode Island Retirement Security Act of 2011 as Amended includes language that:

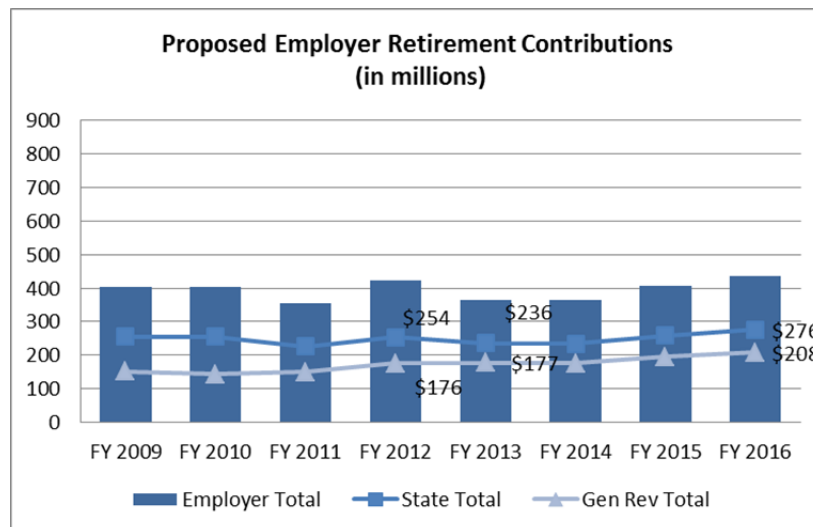
- Suspends new cost-of-living adjustments (COLAs) to retirees’ benefits until the system is better funded but provides for an intermittent COLA every five years until 80.0 percent funded
- Moves all but public safety employees to hybrid pension plans
- Increases minimum retirement age for most employees not already eligible to retire
- Preserves accrued benefits earned through June 30, 2012
- Begins to address independent local plan solvency issues

## Overview of Impact on State and Local Budgets

The state continues to face a growing pension bill. Pension costs are consuming a larger proportion of state and local resources, making it increasingly difficult to invest in other public services. In addition, the state is struggling to emerge from its most recent economic downturn, dealing with high unemployment, sluggish real estate markets, and structural deficits in its five-year forecast. Recent economic forecasts suggest the state is not likely to grow its way out of the problem.



Total FY 2012 state and local employer contributions for state employees, teachers, State Police and Judges is approximately \$422 million, of which roughly \$254 million is paid by the state including approximately \$176 million from general revenue. Under current law, this total for FY 2013 is projected to increase to \$630 million, of which approximately \$407 million is from the state budget including \$305 million from general revenues. This represents an increase of 49.3 percent including \$129 million from general revenues.



Under the Act, FY 2013 pension contributions for state employees, teachers, State Police and Judges are reduced by nearly 42.0 percent, representing a net decrease of \$265 million from current law. The state’s general revenue share of the FY 2013 pension contribution would fall from \$305 million to \$177 million based on the Act, a reduction of \$128 million.

The Act also has an impact on the unfunded liability of the different pension systems. As shown below, the unfunded liability of the state pension systems declines from \$6.9 billion to \$4.1 billion assuming enactment of the proposed legislation. This represents a 40.2 percent decline in the unfunded liability.

Unfunded Actuarial Accrued Liability					
(As of June 30, 2010)					
				Change	
	FY 2012	FY 2013	Proposal	Amount	Percent
State Employees	\$ 1,836.2	\$ 2,700.0	\$ 1,701.9	\$ (998.1)	-37.0%
Teachers	2,892.0	4,133.0	2,392.2	(1,740.8)	-42.1%
Judges	4.9	11.0	8.6	(2.4)	-21.8%
State Police	15.2	29.0	7.3	(21.7)	-74.8%
Total	\$ 4,748.3	\$ 6,873.0	\$ 4,110.0	\$ (2,763.0)	-40.2%

Communities that participate in the state-administered Municipal Employees Retirement System (MERS) for general municipal and public safety employees would also see an impact from the Act. In FY 2012, the combined pension contribution for MERS plans is \$33.1 million, and this would increase to \$65.7 million in FY 2013 under current law. This would represent a \$32.6 million increase. The Act will result in an estimated FY 2013 local pension contribution for MERS pensions of \$38.1 million, approximately \$27.6 million less than current FY 2013 projections. The FY 2013 local contribution for MERS pensions would reflect a \$5.0 million increase over FY 2012.

Local communities contributed approximately \$134.2 million for teacher retirement in FY 2012. Teacher retirement contributions were projected to increase to \$221.0 million in FY 2013 – an \$86.8 million increase (65.0 percent increase). The Act will result in an estimated FY 2013 local pension contribution for teachers of \$136.9 million, resulting in a net decrease of approximately \$84.1 million from the projected FY 2013 contribution. The FY 2013 local contribution for teacher pensions would reflect a \$2.7 million increase from FY 2012.

Local Employer Contributions					
Contributions (millions)	Current Law		FY 2013 Proposed		
	FY 2012	FY 2013	DB	DC	Total
MERS Municipal	\$ 20.4	\$ 40.9	\$ 25.3	\$ 2.2	\$ 27.4
MERS Police & Fire	\$ 12.8	\$ 24.8	\$ 9.6	\$ 1.0	\$ 10.6
<b>MERS Subtotal</b>	<b>\$ 33.1</b>	<b>\$ 65.7</b>	<b>\$ 34.9</b>	<b>\$ 3.2</b>	<b>\$ 38.1</b>
Teachers	\$ 134.2	\$ 221.0	\$ 120.7	\$ 16.2	\$ 136.9
<b>Total MERS/Teachers</b>	<b>\$ 167.3</b>	<b>\$ 286.7</b>	<b>\$ 155.6</b>	<b>\$ 19.3</b>	<b>\$ 175.0</b>

In FY 2012, the combined pension contribution for municipalities is \$167.3 million, and this would increase to \$286.7 million in FY 2013 under current law. This would represent a \$119.4 million increase. The Act will result in an estimated FY 2013 local pension contribution for municipalities of \$175 million, approximately \$111.7 million less than current FY 2013 projections. The proposed FY 2013 local contribution for municipalities would reflect a \$7.6 million increase over FY 2012.

The Act also has an impact on the unfunded liability of the different municipal pension systems. As shown below, the unfunded liability of the MERS pension systems declines from \$430.2 million to \$176.1 million assuming enactment of the proposed legislation. This represents a 59.1 percent decline in the unfunded liability for MERS pension plans.

Unfunded Actuarial Accrued Liability					
(As of June 30, 2010)					
	FY 2012	FY 2013	Proposal	Change	
				Amount	Percent
MERS - General	110.6	286.8	120.7	(166.1)	-57.9%
MERS - Public Safety	48.7	143.4	55.4	(88.0)	-61.4%
<b>Total</b>	<b>\$ 159.3</b>	<b>\$ 430.2</b>	<b>\$ 176.1</b>	<b>\$ (254.1)</b>	<b>-59.1%</b>

### Key Provisions in the Act

**COLA Provisions.** Post-retirement benefit adjustments, often referred to as Cost of Living Adjustments (COLAs), would change under the Act. The Act ensures that retirees do not lose any COLAs granted prior to July 1, 2012, but suspends future annual COLAs until the aggregate funded ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust exceeds 80.0 percent.

The 110 MERS pension plans would not be included in this calculation. Rather, each MERS plan will have a separate determination of its funding status annually, and the COLA for beneficiaries paid from each system will be subject to the respective funding status of each plan.

The Act moves all groups (current and future retirees) to the same COLA as of July 1, 2012. The Act establishes a limited, risk-based COLA that is only granted when the pension system is well-funded. The COLA would be equal to the difference between the 5-year smoothed investment return and 5.5 percent, calculated to equal no more than 4.0 percent and not less than zero. The proposed COLA would be applied to the member's first \$25,000 of pension income; that limit would be indexed to grow at the same rate as the COLA adjustment. It should be noted that indexation would occur even during a period when the COLA is suspended.

An interim COLA would be paid at five year intervals from enactment until the aggregate funded ratio of the Employees' Retirement System of Rhode Island, the Judicial Retirement Benefits Trust and the State Police Retirement Benefits Trust exceeds 80.0 percent. In other words, members participating in any of these pension systems would have the COLA return at the same time. This COLA would be calculated as described above, which would be based on the difference between the 5-year smoothed investment return and 5.5 percent.

**New Hybrid Plan.** The Act introduces a hybrid pension structure for all except public safety employees and judges where the intent is to shift risk to the employee through combining the attributes of both the defined benefit and defined contribution plans. Teachers, state employees and the state-administered municipal plans (MERS) would all participate in this new structure.

Defined Benefit Structure. The Act restructures the defined benefit component of retirement benefits starting July 1, 2012. Employees would retain all benefits accrued through June 30, 2012, and those eligible to retire as of June 30, 2012 would not have their eligibility to do so changed.

The Act includes the following structure for the defined benefit component of the hybrid plan:

- Benefit accruals of 1.0 percent per year of service beginning July 1, 2012
- Benefits are calculated based on the member's 5-year highest average compensation, including MERS plans, which are currently based on a 3-year average
- Reduces vesting requirement from 10 years to 5 years
- Reduces state employee contribution rate to the defined benefit plan from 8.75 percent to 3.75 percent
- Reduces the teacher contribution rate to the defined benefit plan from 9.5 percent to 3.75 percent
- Reduces MERS contribution rates from 6.0 percent to 1.0 percent (7.0 percent to 2.0 percent for those electing the COLA provisions)
- For employees with at least five years of service on July 1, 2012, the new retirement age is discounted proportionally based on how close they are to retirement as of June 30, 2012. The closer employees are to their current law retirement age, the fewer additional years get added to that retirement age, provided the new age can be no lower than 59.

- While members with at least 10 years of service on June 30, 2012 may elect to retire with benefits accrued as of June 30, 2012 at their current retirement age, they must work until their modified retirement age in order to have any service credits earned after June 30, 2012 included in final retirement benefit calculation. In either case, the employee keeps all defined contributions.

Defined Contribution Structure. The Act overlays the defined benefit program described above with a new defined contribution program. A defined contribution program is a program where contributions are made to an individual retirement account, where the account balance when one retires is based on the money that accumulates in an employee's account over time, reflecting any employer/employee contributions and any investment gains or losses.

Teachers, state employees and MERS municipal plans would all participate in this new structure. Corrections officers, State Police, judges and MERS public safety personnel would not have a defined contribution plan. MERS public safety employees currently not participating in Social Security would have a supplemental defined contribution plan described further below. The key elements of the defined contribution component of the hybrid plan include:

- Mandatory 5.0 percent employee contribution and 1.0 percent employer contribution
- Employees vest immediately, but three-year vesting period for employer contributions
- Teachers not participating in Social Security would have an additional 4.0 percent contributed to the defined contribution plan, of which 2.0 percent would come from the teacher and 2.0 percent paid by the local employer
- MERS police and fire personnel not participating in Social Security would have an additional 6.0 percent contributed to the defined contribution plan, of which 3.0 percent would come from the employee and 3.0 percent paid by the local employer
- The State Investment Commission is responsible for administering and providing employee investment support

**Public Safety Related Pension Plans.** The Act does not extend the hybrid plans to public safety type plans or the Judiciary.

Correctional Officers. The defined benefit program for correctional officers, which is contained within the State Employee Retirement System, would be modified under the Act to lower the maximum benefit accrual and other changes. The Act preserves the current 2.0 percent per year accrual for the first thirty years of service, but replaces the provision that allows for accrual of 6.0 percent, 5.0 percent, 4.0 percent, and 3.0 percent in service years 31 through 34 with a continuous 2.0 percent accrual. There is a stipulation that preserves the current accrual rate for those with 25 years or more of service, but all would be subject to a maximum benefit of 75.0 percent, down from 80.0 percent.

There are no changes in the age and years of service requirement for correctional officers, preserving full retirement benefits at age 55 with 25 years of service. However, if the officer does not reach 25 years, he or she must wait until Social Security age for distribution. The Act continues to have correctional officers contribute 8.75 percent of their salary; they would not participate in a defined contribution plan.

MERS Police and Fire. MERS Police and Fire current pension programs include options for a 25-year plan and a 20-year plan, but most of the 43 public safety plans have the 20 year plan. The Act essentially moves all MERS public safety employees to the 25-year plan, with some modifications to final average compensation and contribution rates. The current 25 year plan requires 25 years of service or age 55 with 10 years to retire with full benefits. Final average salary is based on three years, and the service credit is 2.0 percent annually, with a maximum of 75 percent. Employee contributions are 7.0 percent or 8.0 percent if the plan includes the option for a 3.0 percent simple COLA.

The Act maintains the requirement for 25 years of service or age 55 with 10 years to retire with full benefits, and includes the 2.0 percent accrual rate. It permits members age 45 with at least 10 years of service currently eligible to retire before age 52 to retire at age 52; or retire at current retirement date but at accrued benefit as of June 30, 2012. However, the final average salary would be based on the highest five years of service, and those that are in an optional COLA plan would participate in the COLA as described above. Because most MERS public safety employees currently are in a 20-year plan, this will result in a lower accrual rate (from 2.5 percent to 2.0 percent) going forward for those employees.

MERS public safety employees would not participate in a defined contribution plan. However, those pension plans that do not participate in Social Security would have a supplemental defined contribution plan established to enhance their post retirement security. MERS police and fire personnel not participating in Social Security would have an additional 6.0 percent contributed to a defined contribution plan, of which the employee would contribute 3.0 percent and 3.0 percent would come from the employer.

State Police. State Police may retire at any age after their retirement allowance meets or exceeds 50.0 percent of average compensation, and are required to retire when their retirement allowance equals 65.0 percent, or if they reach age 62. There is an additional provision to ensure that in the event a member has not accrued at least 50.0 percent by age 62, that member may continue to accrue benefits until reaching that threshold and then must retire. The Act reduces the benefit accrual from 2.5 percent to 2.0 percent, with a maximum benefit of 65.0 percent. Therefore, the legislation permits members to work up to 33 years, where the current limit is 25 years for those hired before July 1, 2007 and 30 years for those hired after July 1, 2007.

The Act also changes the final compensation calculation to five years, and more clearly defines compensation for calculating State Police retirement benefits. The State Police would not participate in a defined contribution plan. Employee contribution rates would not change, and the State Police would have the same COLA provisions as all other public employees as discussed above.

**Judges.** The Act establishes an employee contribution rate of 12.0 percent for all judges starting July 1, 2012, whether they were contributing to pensions or not. This is an increase from 8.75 percent for those that were contributing to their pensions. The legislation adds language that excludes active Supreme Court justices from changes in compensation to conform to the Rhode Island Constitution that prohibits any reduction in compensation for sitting Supreme Court justices. Judges would not participate in a defined contribution plan. The Act also makes changes to the survivor annuity calculation to have it based on the actuarial value for judges hired after July 1, 2012.

**Locally-Administered Pension Plans.** Municipal pension benefits are provided through either the state-run Municipal Employees' Retirement System (MERS) or through locally-administered plans, often referred to as non-MERS plans. Thirty-six non-MERS pension plans are locally-administered (not governed by state law) by 24 communities, of which half cover public safety employees. In other words, the local community is entirely responsible for administering and funding these plans. Many of these plans are included in collective bargaining agreements, and a few municipal employees are covered by plans administered by employee unions.

Generally speaking, these plans cover police and fire and general municipal employees, and have combined total assets of \$1.4 billion as of June 30, 2010. However, these plans also have a combined Unfunded Actuarial Accrued Liability of \$2.1 billion as of June 30, 2010, resulting in an overall funded ratio of 40.3 percent. Of the 36 plans, 31 are less than 80.0 percent funded. Eighteen plans are less than 50.0 percent funded.

The Act has a number of provisions that begin to address the pension deficiencies in the locally administered programs. They include:

- Requiring non-MERS plans to complete actuarial reviews by April 1, 2012, with the State reimbursing communities for 50 percent of the cost of completing an actuarial study
- Requiring non-MERS plans to complete an initial experience study no later than April 1, 2012, and every three years thereafter
- Establishing a 14-member Commission to review existing legislation and local pension plan administrative practices
- Requiring all locally-administered pension plans with funded ratios below 60.0 percent to submit a pension funding improvement plan within 180 days
- Penalties for non-compliance include withholding of state aid

## Other Provisions

**Re-amortization.** The Act includes a re-amortization of the remaining unfunded pension liability as part of its total reform package. Instead of paying the remaining liability off over the 19 years as is currently scheduled, the Act extends that to 25 years. The Act authorizes what is often called a “laddered” re-amortization structure, which is becoming more common and is recommended by the actuary. This approach is designed to smooth out the cliff effect at the end of the amortization period and reduce volatility over a long period of time. Amortizing the unfunded liability over a new 25-year period is projected to cost an additional \$1.8 billion, and will reduce the FY 2013 employer contribution to the state administered pension funds by \$62.3 million. The design is two-fold:

- Re-amortize the initial unfunded liability over a closed 25 year period; and
- Re-amortize future net changes due to asset losses, gains or assumption impacts over individual 20-year closed periods. In other words, each year thereafter gets its own amortization schedule

**Part time employees.** The Act preserves current law permitting part time employees to accrue service credit. The Act includes new provisions for those part time employees eligible to retire after July 1, 2012, where if more than half of the member’s total years of service were part time (less than 30 hours a week) but the member’s average compensation consists of three or more years of service where the member worked more than 30 hours per week, then their benefit would be calculated based on the average of their 10 highest years of compensation. The changes primarily are structured to prevent part-time employees from “spiking” their pension payments by working full-time during the final three years of employment to increase their calculated annual payment. The Act calculates a teacher’s service credit if they work less than a full year on a proportional basis.

**Self-correcting Plans.** The Act establishes mechanisms to effectuate shared risk if pension systems fail to meet pre-determined performance and funding benchmarks. These include benchmarks to determine when a pension plan is increasingly at-risk, and a series of actions to course correct. The trigger is if a plan falls under 50.0 percent funded and has experienced 5 years of decline in its funded ratio. For the state pension plans, if this trigger is met, there is a proposed default plan that cannot include further benefit reductions, only increased contribution rates.

**Social Security.** In developing targeted minimum benefit requirements, the General Treasurer and Governor focused on achieving a range from 65 to 80 percent based on a combination of pension resources, personal savings and Social Security. However, in assessing different public employee’s ability to achieve this target, it became clear that about 6,800 teachers and certain MERS police and fire employees who do not participate in Social Security would not be able to achieve this goal without addressing Social Security issues.

Therefore, the Act requires teachers not participating in Social Security to have an additional 4.0 percent contributed to the defined contribution plan, of which half would come from the teacher and the other half from the local employer.

Contribution	Teachers	MERS Police and Fire
Employee	2%	3%
Employer	2%	3%
<i>Total</i>	4%	6%

Similarly, the Act requires that MERS police and fire personnel not participating in Social Security would have an additional 6.0 percent contributed to the defined contribution plan, of which half would come from the employee and the other half from the employer. Coupled with the defined benefit and defined contribution plans (teachers only), these changes will achieve the minimum benefit requirements for retirees.

**Survivor Benefits.** The Act allows a one year window to permit those employees that elected a survivor benefit other than a life annuity to take a one-time option to go from the survivor benefit option to a life annuity option.

**Service Purchase Credits.** There is no change in current law as it pertains to military service credit purchases. However, the Act does require that optional service credits purchased after July 1, 2012, will be calculated at full actuarial value based on the plan’s assumed rate of return, minus 1.0 percent, and must be made within 3 years of the date of initial eligibility for the purchase or by July 1, 2015, whichever is later. The Act clarifies that the current practice of service credit purchases being effective from the date of application rather than the date of payment completion would continue.

# Appendix



## Proportionality

For employees with at least five years of service on July 1, 2012, the new retirement age is discounted proportionally based on how close they are to retirement as of June 30, 2012. The closer employees are to their current law retirement age, the fewer additional years get added to that retirement age, provided the new age can be no lower than 59.

The table on the next page “**Estimated New Retirement Age – Under RIRSA: State Employees, Teachers, MERS – General**” shows how this concept works.

The table is divided into three sections based on the year the employee was born. This is to account for the difference in Social Security normal retirement ages.

- The first column shows the percent of years that the individual has completed towards their **current** retirement age.
- The row across the top shows the individual’s retirement age under current law.
- To estimate the individual’s new retirement age under the proposal, you find the current retirement age across the top, and then the percent of years completed towards the current retirement age in the first column. Where those two intersect, is the new retirement age.

For example: An individual who was born in 1948; use the middle section of the table. His current retirement age is 64 years old and he has worked 20 percent towards that current retirement age. His new retirement age under RIRSA would be 65.6.

Please note that regardless of the calculations of the new retirement age, there is a transition rule that members might want to use to preserve their original retirement age. Members with at least 10 years of service on June 30, 2012 may elect to retire at their current retirement age with only the benefits accrued as of June 30, 2012. They must work until their modified retirement age in order to have any service credits earned after June 30, 2012 included in final retirement benefit calculation. In either case, the employee keeps all defined contributions.

## Estimated New Retirement Age - Under RIRSA:

### State Employees, Teachers, MERS - General

For those born in 1960 or later: new retirement age is based on a Social Security Normal Retirement Age of 67	
<i>Your Retirement Age under Current Law</i>	
Percent of years completed toward current retirement age as of June 30, 2012	50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67
<b>10%</b>	65.3 65.4 65.5 65.6 65.7 65.8 65.9 66.0 66.1 66.2 66.3 66.4 66.5 66.6 66.7 66.8 66.9 67.0
<b>20%</b>	63.6 64.0 64.2 64.4 64.6 64.8 65.0 65.2 65.4 65.6 65.8 66.0 66.2 66.4 66.6 66.8 67.0
<b>30%</b>	61.9 62.2 62.5 62.8 63.1 63.4 63.7 64.0 64.3 64.6 64.9 65.2 65.5 65.8 66.1 66.4 66.7 67.0
<b>40%</b>	60.2 60.6 61.0 61.4 61.8 62.2 62.6 63.0 63.4 63.8 64.2 64.6 65.0 65.4 65.8 66.2 66.6 67.0
<b>50%</b>	59.0 59.0 59.5 60.0 60.5 61.0 61.5 62.0 62.5 63.0 63.5 64.0 64.5 65.0 65.5 66.0 66.5 67.0
<b>60%</b>	59.0 59.0 59.0 59.0 59.2 59.8 60.4 61.0 61.6 62.2 62.8 63.4 64.0 64.6 65.2 65.8 66.4 67.0
<b>70%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.3 60.0 60.7 61.4 62.1 62.8 63.5 64.2 64.9 65.6 66.3 67.0
<b>80%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.8 60.6 61.4 62.2 63.0 63.8 64.6 65.4 66.2 67.0
<b>90%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.8 60.7 61.6 62.5 63.4 64.3 65.2 66.1 67.0
<b>100%</b>	50.0 51.0 52.0 53.0 54.0 55.0 56.0 57.0 58.0 59.0 60.0 61.0 62.0 63.0 64.0 65.0 66.0 67.0
Those born between 1943 and 1954 have a Social Security Normal Retirement Age of 66: new age for this groups is shown in example below	
<b>10%</b>	64.4 64.5 64.6 64.7 64.8 64.9 65.0 65.1 65.2 65.3 65.4 65.5 65.6 65.7 65.8 65.9 66.0 67.0
<b>20%</b>	62.8 63.0 63.2 63.4 63.6 63.8 64.0 64.2 64.4 64.6 64.8 65.0 65.2 65.4 65.6 65.8 66.0 67.0
<b>30%</b>	61.2 61.5 61.8 62.1 62.4 62.7 63.0 63.3 63.6 63.9 64.2 64.5 64.8 65.1 65.4 65.7 66.0 67.0
<b>40%</b>	59.6 60.0 60.4 60.8 61.2 61.6 62.0 62.4 62.8 63.2 63.6 64.0 64.4 64.8 65.2 65.6 66.0 67.0
<b>50%</b>	59.0 59.0 59.0 59.5 60.0 60.5 61.0 61.5 62.0 62.5 63.0 63.5 64.0 64.5 65.0 65.5 66.0 67.0
<b>60%</b>	59.0 59.0 59.0 59.0 59.4 60.0 60.6 61.2 61.8 62.4 63.0 63.6 64.2 64.8 65.4 66.0 67.0
<b>70%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.7 60.4 61.1 61.8 62.5 63.2 63.9 64.6 65.3 66.0 67.0
<b>80%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.6 60.4 61.2 62.0 62.8 63.6 64.4 65.2 66.0 67.0
<b>90%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.7 60.6 61.5 62.4 63.3 64.2 65.1 66.0 67.0
<b>100%</b>	50.0 51.0 52.0 53.0 54.0 55.0 56.0 57.0 58.0 59.0 60.0 61.0 62.0 63.0 64.0 65.0 66.0 67.0
Those born between 1955 and 1959 have a Social Security Normal Retirement Age between 66.2 and 66.8: example below is 66.5 (1957)	
<b>10%</b>	64.9 65.0 65.1 65.2 65.3 65.4 65.5 65.6 65.7 65.8 65.9 66.0 66.1 66.2 66.3 66.4 66.5 67.0
<b>20%</b>	63.2 63.4 63.6 63.8 64.0 64.2 64.4 64.6 64.8 65.0 65.2 65.4 65.6 65.8 66.0 66.2 66.4 67.0
<b>30%</b>	61.6 61.9 62.2 62.5 62.8 63.1 63.4 63.7 64.0 64.3 64.6 64.9 65.2 65.5 65.8 66.1 66.4 67.0
<b>40%</b>	59.9 60.3 60.7 61.1 61.5 61.9 62.3 62.7 63.1 63.5 63.9 64.3 64.7 65.1 65.5 65.9 66.3 67.0
<b>50%</b>	59.0 59.0 59.3 59.8 60.3 60.8 61.3 61.8 62.3 62.8 63.3 63.8 64.3 64.8 65.3 65.8 66.3 67.0
<b>60%</b>	59.0 59.0 59.0 59.0 59.6 60.2 60.8 61.4 62.0 62.6 63.2 63.8 64.4 65.0 65.6 66.2 67.0
<b>70%</b>	59.0 59.0 59.0 59.0 59.0 59.2 59.9 60.6 61.3 62.0 62.7 63.4 64.1 64.8 65.5 66.2 67.0
<b>80%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.7 60.5 61.3 62.1 62.9 63.7 64.5 65.3 66.1 67.0
<b>90%</b>	59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.0 59.8 60.7 61.6 62.5 63.4 64.3 65.2 66.1 67.0
<b>100%</b>	50.0 51.0 52.0 53.0 54.0 55.0 56.0 57.0 58.0 59.0 60.0 61.0 62.0 63.0 64.0 65.0 66.0 67.0





November 14, 2011

Honorable Chairman Helio Melo  
82 Smith Street  
Room 306  
Providence RI, 02903

Honorable Chairman Daniel DaPonte  
82 Smith Street  
Room 211  
Providence RI, 02903

**Re: Actuarial Analysis of the Rhode Island Retirement Security Act of 2011, as described in S1111A and H6319A**

Dear Chairmen:

As requested, this is our actuarial analysis of the Rhode Island Retirement Security Act of 2011 (Act) which makes changes to all plans administered by the Employees' Retirement System of Rhode Island (ERSRI), including:

- ERSRI State Employees (including Correctional Officers, and Nurses)
- ERSRI Teachers
- Municipal Employees Retirement System (MERS), including General Employers and Public Safety
- Judicial Retirement Benefits Trust (JRBT)
- State Police Retirement Benefits Trust (SPRBT)

**Summary of Impact**

The following exhibits provide the impact of the Act on the unfunded actuarial accrued liability (UAAL) and the FY2013 employer contributions. The contributions for FY2013 include allocations toward defined contribution accounts where applicable.

Unfunded Actuarial Accrued Liability (\$ in millions)			
as of June 30, 2010			
Group	Current Provisions	Act	Difference
ERSRI - State Employees	\$ 2,700	\$ 1,702	\$ (999)
ERSRI - Teachers	4,133	2,392	(1,741)
JRBT - Judges	11	9	(2)
SPBT - State Police	29	7	(21)
MERS - General Employers	287	121	(166)
MERS - Public Safety	143	55	(88)
<b>Total</b>	<b>\$ 7,303</b>	<b>\$ 4,286</b>	<b>\$ (3,017)</b>

Estimated FY2013 Employer Contributions (\$ in millions)					
Includes Defined Contribution Allocations Where Applicable					
Group	Current Provisions	Act Contributions			DC Allocation
		DB	DC	Savings	
ERSRI - State Employees	\$ 243	\$ 142	\$ 7	\$ 95	1% on all payroll
ERSRI - Teachers/State Contributions	151	83	4	63	0.4% on all payroll
ERSRI - Teachers/Local Contributions	221	121	16	84	0.6% on all payroll + 2% for non SS
JRBT - Judges	2.4	1.7	-	0.7	
SPBT - State Police	6	2	-	4	
MERS - General Employees	41	25	2	13	1% on all payroll
MERS - Public Safety	25	10	1	14	3% for non SS
<b>Total</b>	<b>\$ 689</b>	<b>\$ 384</b>	<b>\$ 30</b>	<b>\$ 274</b>	

Contribution estimates based on payrolls projected from FY2010 at the 3.75% assumed payroll growth rate

The savings shown in this analysis are the result of both the modification of the benefit provisions and the change to a 25-year amortization period.

### Proposed Changes

The Act makes broad changes to all of the plans effective July 1, 2012. The most significant differences include:

- For General State and Municipal Employees and Teachers: changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan with a supplemental defined contribution plan.
- For all Public Safety except State Police: extending the retirement ages and lowering the benefit multiplier.
- Changing the automatic COLA from a CPI related formula to a formula contingent on the actual investment performance over time.
- Suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels. State Employees, Teachers, Judges (including pay as you go), and State Police (including pay as you go) will be aggregated to determine if the 80% requirement has been reached.
- Re-amortization of the significantly reduced Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the current 19 year schedule.
- Teachers and Public Safety personnel not covered by Social Security (except State Police) will participate in additional defined contribution allocations equal to 2% member plus 2% employer for Teachers and 3% member plus 3% employer for public safety.

The attached Exhibit I provides a summary of the new benefit provisions for each group of employees. In addition, the attached Exhibit II provides a summary of rules for transitioning from the current benefit structure to the new benefit structure for current employees. Most notably:

- The accumulated benefit multiplier as of June 30, 2012 will be preserved and any changes to accruals will only be made prospectively.
- The final average compensation as calculated on June 30, 2012 will be preserved and any changes to the definition of salary or to the averaging period will not impact the final average compensation used to determine the retirement benefit until after the new calculation is greater than the preserved calculation.
- The calculated accrued benefit as of June 30, 2012 using the accumulated benefit multiplier as of that date and the final average compensation on that date can be commenced on the date the member will reach retirement eligibility under the current provisions if the member retires on the retirement date.
- Any past post-retirement benefit adjustments that have been given will be preserved. Only future adjustments will be modified and/or suspended.
- All members currently eligible to retire will retain the ability to retire in accordance with their current provisions.
- Current State Employees, Teachers, and General MERS employees who have five years of service as of June 30, 2012 will have a new retirement age delayed in proportion to the amount of service they have earned as of June 30, 2012 and to their current expected retirement age, but in no event before reaching age 59. In no circumstance will the retirement age of the member reduce from the retirement age under current provisions.
- Current Public Safety personnel who are age 45 with ten years of service as of June 30, 2012 and currently have a retirement age based on continued service prior to age 52 will have an unreduced retirement eligibility at age 52.
- A plan that has had four consecutive benefit adjustments suspended due to the 80% funding criteria will be eligible to receive an adjustment in the fifth year regardless of the funding level, and subsequently at five (5) year intervals until 80% funding is achieved.

### **Specific Examples**

*Benefit Accruals:* The bill modifies the future accrual schedule for current employees. After June 30, 2012, each member will be entitled to receive a benefit equal to his/her Final Average Compensation multiplied by an accrual factor. The accrual factor will be the sum of (a) the member's percentage accrual based on the current provisions through June 30, 2012, plus (b) 1% for general employees and 2% for public safety for service after July 1, 2012. For example, a Teacher with 23 years of service at June 30, 2012 has an accrual of 42% at that date. If she retires at June 30, 2019, with 30 years of service, her benefit accrual would be 49% (42% + 7% for the next seven years). If applicable, the member would also have a defined contribution balance based on seven years of contributions.

*Final average compensation:* For many current members, especially municipal members, retirement benefits are currently based on the highest average of the compensation over three consecutive

years during a member's service. The bill changes this to a five-year average for all members. However, if applicable, the three year average as of June 30, 2012 will be preserved and used as a minimum for benefit determination purposes. For example, a member has a three year average compensation of \$40,000 as of June 30, 2012 and the member's five year average on that date is \$38,000, if the member terminates or retires before the five year average surpasses \$40,000, the retirement benefit will be based on \$40,000.

*Retirement eligibility:* Members whose retirement age is being delayed will retain the ability to retire and commence their accrued benefit as of June 30, 2012 on their current retirement date. For example, a current member with a \$40,000 final average compensation and a 41% benefit accrual as of June 30, 2012 will reach retirement eligibility under current rules at age 58, two years from now. Under the proposed changes, the member could retire and commence the accrued benefit of \$40,000 times 41% = \$16,400 at age 58. To receive additional accruals or utilize any future salary increases in her retirement benefit, the member would need to work to the new delayed retirement age, either 62 or social security normal retirement age depending on whether the member is grandfathered.

*COLA:* For all groups of employees, future post-retirement benefit adjustments will be contingent upon the actual investment performance of the Trust. The amount of adjustment made in a given year will be based on the actual average net return of the Trust over the prior 5 year period less 5.5%, not less than 0% or more than 4.0%. Therefore, with a 7.50% investment return assumption, the expectation is for the benefit adjustments to average 2.0% per year. The adjustment will only apply to the first \$25,000 of benefit, indexed to increase over time.

*Service Purchase:* The bill requires that all future service purchases, except for those in which military service is purchased, be made by paying the full actuarial cost of the additional service. Full actuarial cost is defined as the mortality tables as approved by the Board and a discount rate equal to the investment return assumption used in the actuarial valuation less 1%. This does not apply to re-deposits of previously withdrawn contributions

### **Analysis (Defined Benefit Plan)**

The results of our analysis are shown on the attached Exhibits S (ERSRI State Employees), T (ERSRI Teachers), J (JRBT), SP (SPBT), and M (MERS). The revised provisions in the Act are reflected in the UAAL, funded ratio, normal cost, and contribution rates into the defined benefit plan for FY 2013. Readers should keep in mind that any savings shown for Teachers is shared between the State (40%) and the municipal employers (60%).

It is important to distinguish between the impact on the UAAL and the cost savings over the short to intermediate term which are generated from the change and suspension of the COLA and deferral of the retirement age; from the change in the structure of the plan from a traditional defined benefit plan to a hybrid plan which address future risk sharing between employer and employee. There is not much difference in the expected cost for a new member in the current Schedule B structure compared to the new combined defined benefit and defined contribution hybrid plan as long as all assumptions are met. As such, there is not much savings generated from this change. However, if over time assumptions are not met, the impact on the employer contribution rates will be substantially less in the new hybrid plan.

We have also included an estimate of the longer term normal cost of each plan. The normal cost is the cost of new benefit accruals. The current active population will have benefits partially based on the current provisions and partially based on the new provisions and so their normal cost will be a blend of the two benefit packages. As members who have more of the current provisions retire or terminate employment and are replaced by new members only in the new plan, the normal cost of the plan as a whole will decrease over time until ultimately only members in the new provisions are left. The long-term normal cost provided in the exhibits provides a best estimate of this long term cost in the defined benefit plan.

Exhibits S2 and T2 provide 30 year projections of the State and Teacher plans. These projections reflect the approximate 20% return on the market value of assets in FY2011 and then assume all assumptions are exactly met from FY2012 forward.

In the defined benefit exhibits, the payrolls shown for all groups reflect our estimate of future covered payrolls based on projecting the actual FY2010 payrolls. In every case, the actual dollar contributions should be based on actual payrolls and the contribution rates shown.

Under Rhode Island General Laws (RIGL) §36-10-2(g), if the State's actuarially determined contribution rate for state employees or for teachers for a fiscal year will be less than in the preceding fiscal year, the Governor is required to include an appropriation to ERSRI in the fiscal year budget equal to 20% of the reduction.

### **Budgetary Impact for each Employer**

Individual employers could have employees across several benefit structures, most commonly Teachers, General MERS, and MERS Public Safety. In addition, the defined contribution component of the Act will impact the budget as an additional cost.

In Exhibit B, we have provided a listing of each local employer along with the impact the Act will have on their estimated FY2013 budget. These amounts are based on the payroll used in the June 30, 2010 valuation projected forward at the 3.75% payroll growth rate.

### **Data and Assumptions**

We prepared our analysis as though the bill would be enacted during the special legislative session in October 2011. Because the bill would be effective by the beginning of the fiscal year beginning July 1, 2012, we have revised the June 30, 2010 actuarial valuation to reflect the legislation. (The June 30, 2010 actuarial valuation sets the contribution rate for that fiscal year.)

To prepare these analyses, we used member and financial data supplied by ERSRI as of June 30, 2010.

We based the analyses on the actuarial assumptions and methods previously adopted by the Retirement Board. However, in connection with the retirement eligibility analyses, we modified the retirement rates consistent with the proposals. Anyone we would have assumed would retire under the current provisions before the earliest allowable age under the proposal was assumed to retire once eligible.

For future benefit adjustments, we assumed 2% adjustments would be provided without suspension for all MERS units because most of these plans will be 80% funded after the legislation passes. For State Employees, Teachers, State Police, and Judges based on projections and the 25-year re-amortization, we project the benefit adjustments will be suspended for approximately 19 years, except for the intermittent adjustment every fifth year. For members not eligible to retire, we have assumed adjustments would occur every year once they retire so that funding is currently being made toward future adjustments.

In addition, as described in §36-10-2.1, the specific application of the entry age normal cost method defined in the GASB 27 exposure drafts is slightly different than the current method utilized in the prior actuarial valuations of ERSRI. To be consistent with the bill and with the new GASB Standards, we have changed the funding method to the Individual Entry Age Cost Method.

### **Other General Comments**

This letter is intended to describe the financial and actuarial effect of the proposed plan changes on ERSRI. Changes in retirement eligibility, for example, could impact the cost of post-retirement medical benefits, but we have not analyzed this effect.

The contribution rates shown herein only partially reflect the market losses that occurred during FY2009, and readers should bear in mind that the contribution rates for FY 2014 and later will most likely have to be increased because of these market losses. An example of these increases is provided in Exhibits S2 and T2. Contribution rates for the other Plans will increase in a similar manner.

Our calculations are based upon assumptions regarding future events, which may or may not materialize. Please bear in mind that actual results could deviate significantly from our projections, depending on actual plan experience.

We are not attorneys, and nothing in this letter should be construed as providing legal or tax advice. No statement in this letter is intended to be interpreted as a recommendation in favor of the changes or in opposition to them.

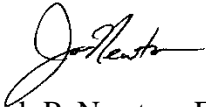
Honorable Chairman Helio Melo & Honorable Chairman Daniel DaPonte

November 14, 2011

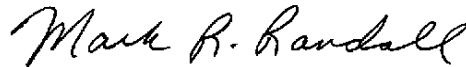
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We certify that the undersigned are members of the American Academy of Actuaries and that we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. If you have any questions, or require any additional clarifying information, please do not hesitate to contact either one of the undersigned.

Respectfully submitted,



Joseph P. Newton, FSA, MAAA, EA  
Senior Consultant



Mark R. Randall, MAAA, EA  
Executive Vice President



J. Christian Conradi, ASA, MAAA, EA  
Senior Consultant

Enclosures

cc: Mr. Frank Karpinski  
Mr. Mark Dingley

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**Exhibit I: Baseline Benefit Provisions**

Baseline / Ultimate Benefit Provisions						
	Member Contribution Rate to DB Plan	Retirement Eligibility	Benefit Multiplier	Final Compensation Averaging Period	Post-Retirement Benefit Adjustments	DC Contributions
State Employees	3.75%	Social Security Normal Retirement Age for Unreduced (SSNRA) with 5 years of service  Age 62 with 20 years of service for reduced	1% per year of service	5 years	Risk Adjusted COLA targeting 2% per annum. Calculated as 5 year smoothed investment return less 5.50%, with 0% Floor and 4.0% Cap, applied to first \$25,000 of benefit, indexed  COLA Delayed until later of SS NRA or 3 years after retirement	5% Member plus 1% Employer DC contribution  Teachers without Social Security: additional 2% Member and 2% Employer contribution
Teachers	3.75%					
MERS General	1%/2% based on COLA election					
Nurses	3.75%	Same as above, plus Age 55 with 25 years of service for unreduced				
Correctional Officers	8.75%	Same as above, plus Age 55 with 25 years of service for unreduced	2% per year of service			None
Judges	12.00% (active supreme court judges remain at current rate)	Age 65 or after 20 years of service, or after age 70 with 15 years of service	80% of FAC			None
State Police	8.75%	Members will be able to retire at the attainment of a 50% benefit multiplier.	2% per year of service	5 years, with removal of holiday pay and clothing allowance	Same as above; for members with 25 years of service, COLA delayed until later of 55 or 3 years after retirement	None
MERS P&F	7%/8% based on COLA election	55 with 25 years of service	2% per year of service	5 years		Public Safety without Social Security: additional 3% Member and 3% Employer contribution

**Exhibit II: Transition Benefit Provisions**

Transition Provisions						
	Member Contribution Rate to DB Plan	Retirement Eligibility	Benefit Multiplier	Final Compensation Averaging Period	Post-Retirement Benefit Adjustments	
All Groups		Any member may retire with their accrued benefits of 6/30/2012 at their current retirement date determined using service and average compensation as of 6/30/2012	Old Accrual Rates times years of service as of 6/30/2012 frozen, new multiplier going forward	FAC at 6/30/2012 protected until new 5 year FAC is larger	Plans that have not received an adjustment for four consecutive years will be eligible for an adjustment regardless of the funding level; subsequently at 5 year intervals	
State Employees		For employees with 5 years of service, delay in the current retirement age based on current service earned to date and distance between the current retirement age and SSNRA				
Teachers						
MERS General						
Nurses						
Correctional Officers		Members age 45 with 10 years of service as of 6/30/2012 who have a retirement date before age 52 will have a new unreduced retirement age of 52	For members with 25 years of service as of 6/30/2012, the current increased accrual rates will be preserved			
Judges						
State Police		Members can retire once a 50% benefit accrual has been achieved	For members with 20 years of service as of 6/30/2012, the current increased accrual rates will be preserved	For members with 20 years of service as of 6/30/2012, 5-year FAC will include holiday pay		
MERS P&F	Members age 45 with 10 years of service as of 6/30/2012 who have a retirement date before age 52 will have a new unreduced retirement age of 52					

## Exhibit S: State Employees

### Employees' Retirement System of Rhode Island - State Employees Defined Benefit Contributions Only Based on the June 30, 2010 Actuarial Valuation

	Current Provisions	Act	
		Current Amortization Period	25 Year Re- amortization
1.a. Unfunded actuarial accrued liability	\$ 2,700.4	\$ 1,701.9	\$ 1,701.9
1.b. Change		(998.5)	(998.5)
2.a. Funded ratio	48.4%	59.8%	59.8%
2.b. Change		11.40%	11.40%
3.a. Normal cost percentage, current	11.39%	9.36%	9.36%
3.b. Change		-2.03%	-2.03%
4.a. Normal cost percentage, longer term	11.39%	6.18%	6.18%
4.b. Change		-5.21%	-5.21%
<b>FY2013 Contribution Information</b>			
5.a. Contribution rate for FY 2013	36.34%	25.36%	21.18%
5.b. Change		<b>-10.98%</b>	<b>-15.16%</b>
6.a. Projected FY 2013 payroll	\$ 668.6	\$ 668.6	\$ 668.6
6.b. Projected contribution	243.0	169.6	141.6
6.c. Change		<b>(73.4)</b>	<b>(101.4)</b>

\$ in millions

## Exhibit T: Teachers

### Employees' Retirement System of Rhode Island - Teachers Based on the June 30, 2010 Actuarial Valuation

	Current Provisions	Act	
		Current Amortization Period	25 Year Re-amortization
1.a. Unfunded actuarial accrued liability	\$ 4,133.2	\$ 2,392.2	\$ 2,392.2
1.b. Change		(1,741.0)	(1,741.0)
2.a. Funded ratio	48.4%	61.8%	61.8%
2.b. Change		13.4%	13.4%
3.a. Normal cost percentage, current	11.82%	8.96%	8.96%
3.b. Change		-2.86%	-2.86%
4.a. Normal cost percentage, longer term	11.82%	6.25%	6.25%
4.b. Change		-5.57%	-5.57%
<b>FY2013 Contribution Information</b>			
5.a. Contribution rate for FY 2013	35.25%	22.55%	19.29%
5.b. Change		<b>-12.70%</b>	<b>-15.96%</b>
6.a. Projected FY 2013 payroll	\$ 1,054.8	\$ 1,054.8	\$ 1,054.8
6.b. Projected contribution	371.8	237.8	203.5
6.c. Change		<b>(134.0)</b>	<b>(168.3)</b>
7.a. State share	14.27%	9.19%	7.88%
7.b. Change		<b>-5.08%</b>	<b>-6.39%</b>
8.a. Local share	20.98%	13.36%	11.41%
8.b. Change		<b>-7.62%</b>	<b>-9.57%</b>

**Exhibit S2: State Employees 30 Year Projection, Defined Benefit Only  
Projection Results Based on the June 30, 2010 Actuarial Valuation**

**25 Year Amortization**

**Investment Return: 20.00% return for FY2011, 7.50% each year thereafter**

Valuation as of June 30,	Fiscal Year Ending June 30,	Market Return for Fiscal Year	Employer Contribution Rate for Fiscal Year	Compensation for Fiscal Year (in Millions)	Employer Contributions for Fiscal Year (in Millions)	Actuarial Accrued Liability at Valuation Date (AAL, in Millions)	Actuarial Value of Assets at Valuation Date (AVA, in Millions)	Unfunded Actuarial Accrued Liability at Valuation Date (UAAL, in Millions)	Funded Ratio at Valuation Date	Employer Contribution Rate Calculated in Actuarial Valuation	Market Value of Assets at Valuation Date (MVA, in Millions)	Funded Ratio Using MVA at Valuation Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2010	2011	20.00%	20.78%	\$ 630.2	\$ 131.0	\$ 4,234.0	\$ 2,532.1	\$ 1,701.9	59.8%	21.18%	\$ 2,083.6	49.2%
2011	2012	7.50%	22.98%	648.1	148.9	4,277.3	2,447.1	1,830.2	57.2%	22.54%	2,351.4	55.0%
2012	2013	7.50%	21.18%	668.6	141.6	4,310.9	2,341.6	1,969.3	54.3%	24.11%	2,393.8	55.5%
2013	2014	7.50%	22.54%	690.1	155.5	4,340.4	2,272.7	2,067.7	52.4%	24.72%	2,395.2	55.2%
2014	2015	7.50%	24.11%	713.6	172.1	4,371.2	2,360.1	2,011.1	54.0%	23.66%	2,410.5	55.1%
2015	2016	7.50%	24.72%	738.1	182.5	4,404.3	2,444.4	1,959.9	55.5%	22.89%	2,444.4	55.5%
2016	2017	7.50%	23.66%	763.4	180.6	4,439.8	2,491.9	1,947.9	56.1%	22.74%	2,491.9	56.1%
2017	2018	7.50%	22.89%	790.0	180.8	4,476.0	2,539.2	1,936.8	56.7%	22.59%	2,539.2	56.7%
2018	2019	7.50%	22.74%	818.0	186.0	4,513.4	2,589.0	1,924.4	57.4%	22.43%	2,589.0	57.4%
2019	2020	7.50%	22.59%	847.0	191.3	4,553.7	2,648.1	1,905.6	58.2%	22.30%	2,648.1	58.2%
2020	2021	7.50%	22.43%	877.3	196.8	4,596.5	2,716.9	1,879.6	59.1%	22.15%	2,716.9	59.1%
2021	2022	7.50%	22.30%	908.1	202.5	4,640.8	2,794.8	1,846.0	60.2%	22.02%	2,794.8	60.2%
2022	2023	7.50%	22.15%	939.9	208.2	4,683.6	2,880.1	1,803.5	61.5%	21.90%	2,880.1	61.5%
2023	2024	7.50%	22.02%	973.1	214.3	4,724.4	2,972.4	1,752.0	62.9%	21.78%	2,972.4	62.9%
2024	2025	7.50%	21.90%	1,007.7	220.7	4,763.3	3,073.2	1,690.1	64.5%	21.64%	3,073.2	64.5%
2025	2026	7.50%	21.78%	1,044.2	227.4	4,799.6	3,182.9	1,616.7	66.3%	21.51%	3,182.9	66.3%
2026	2027	7.50%	21.64%	1,083.3	234.4	4,833.9	3,303.0	1,530.9	68.3%	21.36%	3,303.0	68.3%
2027	2028	7.50%	21.51%	1,124.9	242.0	4,866.0	3,434.4	1,431.6	70.6%	21.20%	3,434.4	70.6%
2028	2029	7.50%	21.36%	1,168.2	249.5	4,895.1	3,577.9	1,317.2	73.1%	21.02%	3,577.9	73.1%
2029	2030	7.50%	21.20%	1,214.5	257.5	4,922.2	3,735.4	1,186.8	75.9%	20.82%	3,735.4	75.9%
2030	2031	7.50%	21.02%	1,263.2	265.5	4,948.6	3,909.9	1,038.7	79.0%	20.61%	3,909.9	79.0%
2031	2032	7.50%	20.82%	1,315.0	273.8	4,984.7	4,112.9	871.8	82.5%	20.30%	4,112.9	82.5%
2032	2033	7.50%	20.61%	1,369.3	282.2	5,024.0	4,339.6	684.4	86.4%	19.80%	4,339.6	86.4%
2033	2034	7.50%	20.30%	1,424.9	289.3	5,067.0	4,592.1	474.9	90.6%	1.96%	4,592.1	90.6%
2034	2035	7.50%	19.80%	1,483.2	293.7	5,114.5	4,871.4	243.1	95.2%	1.97%	4,871.4	95.2%
2035	2036	7.50%	1.96%	1,544.6	30.3	5,167.5	5,177.4	(9.9)	100.2%	2.01%	5,177.4	100.2%
2036	2037	7.50%	1.97%	1,608.0	31.7	5,226.9	5,234.6	(7.7)	100.1%	2.03%	5,234.6	100.1%
2037	2038	7.50%	2.01%	1,673.3	33.6	5,292.9	5,298.9	(6.0)	100.1%	2.01%	5,298.9	100.1%
2038	2039	7.50%	2.03%	1,742.2	35.4	5,366.2	5,371.5	(5.3)	100.1%	2.01%	5,371.5	100.1%
2039	2040	7.50%	2.01%	1,815.1	36.5	5,448.5	5,453.5	(5.0)	100.1%	1.99%	5,453.5	100.1%
2040	2041	7.50%	2.01%	1,892.0	38.0	5,541.5	5,546.2	(4.7)	100.1%	2.01%	5,546.2	100.1%
2041	2042	7.50%	1.99%	1,971.3	39.2	5,646.1	5,650.9	(4.8)	100.1%	1.96%	5,650.9	100.1%

**Exhibit T2: Teachers 30 Year Projection, Defined Benefit Only  
Projection Results Based on the June 30, 2010 Actuarial Valuation  
25 Year Amortization**

**Investment Return: 20.00% return for FY2011, 7.50% each year thereafter**

Valuation as of June 30,	Fiscal Year Ending June 30,	Market Return for Fiscal Year	Employer Contribution Rate for Fiscal Year	Compensation for Fiscal Year (in Millions)	Employer Contributions for Fiscal Year (in Millions)	Actuarial Accrued Liability at Valuation Date (AAL, in Millions)	Actuarial Value of Assets at Valuation Date (AVA, in Millions)	Unfunded Actuarial Accrued Liability at Valuation Date (UAAL, in Millions)	Funded Ratio at Valuation Date	Employer Contribution Rate Calculated in Actuarial Valuation	Market Value of Assets at Valuation Date (MVA, in Millions)	Funded Ratio Using MVA at Valuation Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2010	2011	20.00%	19.01%	\$ 989.2	\$ 188.1	\$ 6,265.3	\$ 3,873.1	\$ 2,392.2	61.8%	19.29%	\$ 3,196.5	51.0%
2011	2012	7.50%	22.32%	1,020.4	227.8	6,344.1	3,776.1	2,568.0	59.5%	20.53%	3,638.5	57.4%
2012	2013	7.50%	19.29%	1,054.8	203.5	6,415.5	3,670.9	2,744.6	57.2%	21.96%	3,754.6	58.5%
2013	2014	7.50%	20.53%	1,089.9	223.7	6,484.6	3,597.4	2,887.2	55.5%	22.50%	3,786.0	58.4%
2014	2015	7.50%	21.96%	1,127.4	247.6	6,559.0	3,763.4	2,795.6	57.4%	21.46%	3,841.2	58.6%
2015	2016	7.50%	22.50%	1,167.4	262.7	6,639.7	3,925.9	2,713.8	59.1%	20.70%	3,925.9	59.1%
2016	2017	7.50%	21.46%	1,208.5	259.4	6,726.9	4,033.2	2,693.7	60.0%	20.53%	4,033.2	60.0%
2017	2018	7.50%	20.70%	1,250.2	258.8	6,817.7	4,142.5	2,675.2	60.8%	20.38%	4,142.5	60.8%
2018	2019	7.50%	20.53%	1,294.2	265.7	6,912.6	4,256.7	2,655.9	61.6%	20.22%	4,256.7	61.6%
2019	2020	7.50%	20.38%	1,338.9	272.9	7,012.7	4,385.2	2,627.5	62.5%	20.08%	4,385.2	62.5%
2020	2021	7.50%	20.22%	1,385.3	280.1	7,117.9	4,528.5	2,589.4	63.6%	19.93%	4,528.5	63.6%
2021	2022	7.50%	20.08%	1,433.3	287.8	7,227.6	4,687.1	2,540.5	64.8%	19.78%	4,687.1	64.8%
2022	2023	7.50%	19.93%	1,481.6	295.3	7,338.7	4,859.1	2,479.6	66.2%	19.65%	4,859.1	66.2%
2023	2024	7.50%	19.78%	1,531.2	302.9	7,450.7	5,044.9	2,405.8	67.7%	19.53%	5,044.9	67.7%
2024	2025	7.50%	19.65%	1,582.7	311.0	7,565.2	5,246.9	2,318.3	69.4%	19.43%	5,246.9	69.4%
2025	2026	7.50%	19.53%	1,637.3	319.8	7,682.7	5,467.1	2,215.6	71.2%	19.30%	5,467.1	71.2%
2026	2027	7.50%	19.43%	1,694.3	329.2	7,803.3	5,707.2	2,096.1	73.1%	19.18%	5,707.2	73.1%
2027	2028	7.50%	19.30%	1,755.1	338.7	7,926.2	5,968.4	1,957.8	75.3%	19.04%	5,968.4	75.3%
2028	2029	7.50%	19.18%	1,817.7	348.6	8,049.8	6,250.4	1,799.4	77.6%	18.88%	6,250.4	77.6%
2029	2030	7.50%	19.04%	1,882.1	358.3	8,173.5	6,554.8	1,618.7	80.2%	18.75%	6,554.8	80.2%
2030	2031	7.50%	18.88%	1,952.1	368.6	8,301.2	6,886.3	1,414.9	83.0%	18.55%	6,886.3	83.0%
2031	2032	7.50%	18.75%	2,024.6	379.6	8,441.5	7,255.9	1,185.6	86.0%	18.28%	7,255.9	86.0%
2032	2033	7.50%	18.55%	2,097.6	389.1	8,585.2	7,657.4	927.8	89.2%	17.85%	7,657.4	89.2%
2033	2034	7.50%	18.28%	2,175.0	397.6	8,734.5	8,093.3	641.2	92.7%	2.29%	8,093.3	92.7%
2034	2035	7.50%	17.85%	2,249.8	401.6	8,884.5	8,560.4	324.1	96.4%	2.23%	8,560.4	96.4%
2035	2036	7.50%	2.29%	2,326.5	53.3	9,034.0	9,055.0	(21.0)	100.2%	2.17%	9,055.0	100.2%
2036	2037	7.50%	2.23%	2,408.8	53.7	9,185.8	9,216.2	(30.4)	100.3%	2.12%	9,216.2	100.3%
2037	2038	7.50%	2.17%	2,495.3	54.1	9,341.1	9,381.5	(40.4)	100.4%	2.07%	9,381.5	100.4%
2038	2039	7.50%	2.12%	2,585.4	54.8	9,499.5	9,550.4	(50.9)	100.5%	2.03%	9,550.4	100.5%
2039	2040	7.50%	2.07%	2,681.1	55.5	9,662.0	9,724.1	(62.1)	100.6%	2.00%	9,724.1	100.6%
2040	2041	7.50%	2.03%	2,781.3	56.5	9,829.4	9,903.2	(73.8)	100.8%	5.72%	9,903.2	100.8%
2041	2042	7.50%	2.00%	2,888.3	57.8	10,003.5	10,089.5	(86.0)	100.9%	5.69%	10,089.5	100.9%

## Exhibit J: Judges

### Judicial Retirement Benefits Trust Based on the June 30, 2010 Actuarial Valuation

	Current Provisions	Act	
		Current Amortization Period	25 Year Re-amortization
1.a. Unfunded actuarial accrued liability	\$ 10.9	\$ 8.6	\$ 8.6
1.b. Change		(2.3)	(2.3)
2.a. Funded ratio	77.8%	81.6%	81.6%
2.b. Change		3.8%	3.8%
3.a. Normal cost percentage, current	25.29%	24.79%	24.79%
3.b. Change		-0.50%	-0.50%
4.a. Normal cost percentage, longer term	25.29%	24.79%	24.79%
4.b. Change		-0.50%	-0.50%
FY2013 Contribution Information			
5.a. Contribution rate for FY 2013	28.17%	21.33%	19.69%
5.b. Change		<b>-6.84%</b>	<b>-8.48%</b>
6.a. Projected FY 2013 payroll	\$ 8.4	\$ 8.4	\$ 8.4
6.b. Projected contribution	2.4	1.8	1.7
6.c. Change		<b>(0.6)</b>	<b>(0.7)</b>

\$ in millions

## Exhibit P: State Police

### State Police Benefit Trust Based on the June 30, 2010 Actuarial Valuation

	Current Provisions	Act	
		Current Amortization Period	25 Year Re-amortization
1.a. Unfunded actuarial accrued liability	\$ 28.5	\$ 7.3	\$ 7.3
1.b. Change		(21.3)	(21.3)
2.a. Funded ratio	69.7%	90.0%	90.0%
2.b. Change		20.3%	20.3%
3.a. Normal cost percentage, current	29.86%	19.87%	19.87%
3.b. Change		-9.99%	-9.99%
4.a. Normal cost percentage, longer term	29.86%	19.25%	19.25%
4.b. Change		-10.61%	-10.61%
<b>FY2013 Contribution Information</b>			
5.a. Contribution rate for FY 2013	36.12%	11.85%	11.07%
5.b. Change		<b>-24.27%</b>	<b>-25.05%</b>
6.a. Projected FY 2013 payroll	\$ 16.6	\$ 16.6	\$ 16.6
6.b. Projected contribution	6.0	2.0	1.8
6.c. Change		<b>(4.0)</b>	<b>(4.2)</b>

\$ in millions

## Exhibit M: MERS

### Municipal Employees Retirement System (Defined Benefit Contributions Only) Based on the June 30, 2010 Actuarial Valuation

Unit	FY2013 Contribution Rate			UAAL as of June 30, 2010			Funded Ratio as of June 30, 2010		
	Act	Current Provisions	Difference	Act	Current Provisions	Difference	Act	Current Provisions	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Bristol	14.44%	23.66%	-9.22%	5,297,792	8,925,942	(3,628,151)	73.8%	62.5%	11.2%
Burrillville	7.33%	13.22%	-5.89%	(1,060,757)	2,639,838	(3,700,595)	104.8%	89.8%	14.9%
Central Falls	11.78%	14.38%	-2.60%	1,730,875	2,531,043	(800,168)	74.9%	67.2%	7.8%
Charlestown	10.49%	18.37%	-7.88%	913,278	2,380,032	(1,466,754)	83.4%	65.8%	17.6%
Cranston	9.24%	15.56%	-6.32%	1,269,617	20,021,819	(18,752,202)	99.0%	86.2%	12.8%
Cumberland	13.07%	15.17%	-2.10%	6,233,202	9,362,056	(3,128,854)	75.6%	67.4%	8.2%
East Greenwich	5.74%	12.50%	-6.76%	(1,217,949)	(102,923)	(1,115,026)	120.2%	101.4%	18.8%
East Providence	18.92%	29.66%	-10.74%	34,496,104	49,885,763	(15,389,659)	63.9%	55.1%	8.9%
West Greenwich	12.58%	20.51%	-7.93%	1,661,277	3,342,249	(1,680,972)	81.0%	67.9%	13.1%
Foster	10.84%	12.74%	-1.90%	535,207	973,590	(438,383)	84.5%	75.0%	9.5%
Glocester	9.56%	16.26%	-6.70%	867,008	2,465,824	(1,598,816)	88.2%	72.4%	15.8%
Hopkinton	6.01%	10.82%	-4.81%	(639,574)	158,242	(797,816)	118.2%	96.3%	21.9%
Jamestown	11.46%	18.57%	-7.11%	2,126,493	4,505,917	(2,379,424)	81.1%	67.0%	14.1%
Johnston	12.96%	21.18%	-8.22%	6,679,413	12,605,851	(5,926,438)	81.8%	70.5%	11.4%
Lincoln	10.04%	12.99%	-2.95%	313,811	655,861	(342,050)	80.2%	65.9%	14.3%
Middletown	11.11%	19.89%	-8.78%	3,318,170	7,602,445	(4,284,275)	79.8%	63.4%	16.5%
Newport	17.84%	27.54%	-9.70%	20,218,990	29,828,659	(9,609,669)	69.1%	60.3%	8.8%
New Shoreham	8.38%	14.02%	-5.64%	220,117	1,472,348	(1,252,231)	95.6%	76.3%	19.2%
North Kingstown	14.64%	23.06%	-8.42%	12,143,349	21,076,292	(8,932,943)	76.9%	65.8%	11.2%
North Providence	6.47%	7.55%	-1.08%	(2,614,149)	310,055	(2,924,204)	111.1%	98.8%	12.2%
North Smithfield	6.12%	11.00%	-4.88%	(1,165,907)	404,219	(1,570,127)	110.0%	97.0%	13.0%
Pawtucket	13.24%	22.25%	-9.01%	18,823,516	36,590,078	(17,766,562)	82.6%	71.0%	11.6%
Union Fire District	8.56%	9.41%	-0.85%	17,855	104,984	(87,129)	95.7%	79.2%	16.5%
Richmond	11.36%	11.52%	-0.16%	289,186	484,217	(195,031)	84.1%	75.9%	8.1%
Scituate	13.73%	20.75%	-7.02%	2,464,762	4,324,208	(1,859,446)	79.1%	68.4%	10.8%
Smithfield	8.60%	14.59%	-5.99%	(324,140)	1,646,433	(1,970,573)	103.0%	87.2%	15.7%
South Kingstown	10.41%	17.83%	-7.42%	3,881,654	13,417,232	(9,535,578)	91.8%	76.4%	15.4%
Tiverton	4.27%	8.47%	-4.20%	(2,007,501)	(348,427)	(1,659,074)	121.9%	103.2%	18.7%
Warren	13.78%	22.98%	-9.20%	2,240,086	3,589,346	(1,349,260)	66.1%	54.9%	11.2%
Westerly	69.82%	82.25%	-12.43%	661,255	675,127	(13,872)	33.9%	33.5%	0.5%

**Exhibit M: MERS**  
**Municipal Employees Retirement System (Defined Benefit Contributions Only)**  
**Based on the June 30, 2010 Actuarial Valuation**

Unit	FY2013 Contribution Rate			UAAL as of June 30, 2010			Funded Ratio as of June 30, 2010		
	Act	Current Provisions	Difference	Act	Current Provisions	Difference	Act	Current Provisions	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
West Greenwich	15.14%	23.25%	-8.11%	976,334	1,627,931	(651,596)	69.6%	57.8%	11.7%
Woonsocket	7.34%	14.19%	-6.85%	(1,972,946)	7,197,965	(9,170,911)	103.3%	89.6%	13.7%
Charlho School District	10.83%	18.55%	-7.72%	2,560,013	6,610,697	(4,050,684)	83.6%	66.3%	17.3%
Foster/Glocester	14.24%	21.35%	-7.11%	1,561,930	2,564,890	(1,002,960)	75.9%	65.8%	10.2%
Tiogue Fire & Lighting	0.00%	0.00%	0.00%	(35,568)	(35,568)	-	769.3%	769.3%	0.0%
Narragansett Housing	5.20%	14.47%	-9.27%	(21,757)	159,051	(180,808)	107.0%	67.5%	39.5%
Coventry Lighting District	0.00%	0.00%	0.00%	(706,801)	(679,173)	(27,628)	213.1%	204.1%	9.0%
Hope Valley Fire	7.41%	11.71%	-4.30%	(32,279)	51,721	(84,000)	108.7%	88.6%	20.1%
East Greenwich Housing	9.74%	16.25%	-6.51%	113,157	385,123	(271,966)	89.4%	71.2%	18.2%
Cranston Housing	8.04%	12.40%	-4.36%	(344,964)	371,725	(716,689)	110.0%	91.1%	18.9%
East Providence Housing	7.06%	11.39%	-4.33%	(243,916)	51,328	(295,244)	110.0%	98.1%	11.8%
Pawtucket Housing	0.00%	3.79%	-3.79%	(3,601,332)	(1,766,937)	(1,834,395)	145.0%	117.9%	27.0%
Cumberland Housing	6.87%	13.26%	-6.39%	34,025	282,010	(247,985)	97.0%	79.6%	17.4%
Lincoln Housing	10.17%	12.61%	-2.44%	(26,057)	141,153	(167,210)	101.9%	90.9%	10.9%
Bristol Housing	0.00%	0.00%	0.00%	(623,876)	(488,500)	(135,376)	150.8%	135.9%	15.0%
Burrillville Housing	5.96%	15.38%	-9.42%	(46,544)	110,101	(156,645)	105.3%	89.3%	16.0%
North Providence Housing	22.21%	31.26%	-9.05%	614,504	818,044	(203,540)	56.1%	49.0%	7.1%
East Smithfield Water	0.79%	10.30%	-9.51%	(128,723)	8,497	(137,219)	117.4%	99.0%	18.4%
Greenville Water	0.00%	4.97%	-4.97%	(313,323)	(98,408)	(214,915)	144.9%	110.8%	34.1%
Newport Housing	17.60%	27.08%	-9.48%	1,990,342	2,951,919	(961,577)	75.9%	68.0%	7.9%
Warren Housing	9.91%	13.61%	-3.70%	(40,102)	69,778	(109,880)	103.4%	94.6%	8.7%
Johnston Housing	8.57%	9.79%	-1.22%	(32,259)	100,469	(132,728)	103.3%	91.0%	12.2%
Tiverton Local 2670A	9.23%	14.69%	-5.46%	140,849	722,018	(581,169)	95.9%	82.1%	13.8%
Barrington COLA	7.16%	14.20%	-7.04%	(1,198,164)	4,543,085	(5,741,249)	104.3%	86.5%	17.8%
Coventry Housing	6.77%	7.99%	-1.22%	(109,629)	57,971	(167,600)	114.7%	93.7%	21.0%
South Kingstown Housing	5.14%	7.55%	-2.41%	(111,976)	(54,915)	(57,061)	204.5%	133.4%	71.0%
N. RI Collaborative Adm. Services	9.71%	16.02%	-6.31%	406,137	1,341,202	(935,065)	86.3%	65.6%	20.7%
West Warwick Housing	12.93%	15.79%	-2.86%	157,584	382,842	(225,258)	89.1%	77.1%	12.0%
Smithfield Housing	2.02%	5.72%	-3.70%	(103,214)	(13,479)	(89,735)	150.6%	104.6%	46.0%
Smithfield COLA	8.63%	17.18%	-8.55%	660,670	3,806,824	(3,146,155)	94.6%	75.2%	19.4%

**Exhibit M: MERS**  
**Municipal Employees Retirement System (Defined Benefit Contributions Only)**  
**Based on the June 30, 2010 Actuarial Valuation**

Unit	FY2013 Contribution Rate			UAAL as of June 30, 2010			Funded Ratio as of June 30, 2010		
	Act	Current Provisions	Difference	Act	Current Provisions	Difference	Act	Current Provisions	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Central Falls Housing	8.20%	14.95%	-6.75%	322,478	771,748	(449,269)	83.8%	68.4%	15.4%
Lime Rock Administrative Services	10.29%	11.71%	-1.42%	24,496	72,957	(48,461)	89.6%	74.3%	15.3%
Central Falls Schools	8.89%	15.16%	-6.27%	951,485	3,993,447	(3,041,962)	92.6%	75.0%	17.6%
Bristol/Warren Schools	13.41%	19.77%	-6.36%	3,568,672	6,217,882	(2,649,210)	80.2%	70.0%	10.3%
Town of E. Greenwich-COLA-NCE	5.74%	12.50%	-6.76%	(1,102,182)	2,541,670	(3,643,852)	106.8%	87.2%	19.6%
Harrisville Fire District (ADMIN)	7.24%	17.56%	-10.32%	(4,155)	238,336	(242,491)	101.1%	61.9%	39.2%
Albion Fire District (ADMIN)	0.00%	0.00%	0.00%	11,831	11,831	-	83.8%	83.8%	0.0%
<b>General Employee Units Average</b>	11.28%	18.35%	-7.07%	120,667,781	286,595,556	(165,927,775)	87.6%	74.8%	12.8%
Johnston Fire	7.35%	14.20%	-6.85%	142,003	713,186	(571,183)	94.6%	77.8%	16.8%
Richmond Police	8.20%	15.27%	-7.07%	165,008	320,784	(155,776)	82.4%	70.7%	11.7%
Smithfield Police	5.49%	23.16%	-17.67%	(510,896)	2,445,115	(2,956,010)	106.8%	76.7%	30.1%
Valley Falls Fire	11.78%	18.93%	-7.15%	465,462	654,443	(188,981)	86.5%	82.0%	4.5%
North Smithfield Voluntary Fire	14.64%	30.90%	-16.26%	1,032,259	1,950,902	(918,643)	83.1%	72.3%	10.9%
East Greenwich Fire	19.00%	39.94%	-20.94%	4,178,836	6,490,564	(2,311,727)	70.9%	61.0%	9.8%
East Greenwich Police	17.44%	40.35%	-22.91%	2,737,735	5,599,829	(2,862,095)	82.0%	69.0%	13.0%
North Kingstown Fire	19.43%	40.33%	-20.90%	6,338,499	11,133,548	(4,795,050)	80.5%	70.2%	10.3%
North Kingstown Police	18.78%	41.16%	-22.38%	5,238,897	8,924,862	(3,685,965)	76.2%	65.3%	10.9%
North Providence Fire	17.02%	24.33%	-7.31%	6,673,096	8,265,415	(1,592,319)	80.5%	77.0%	3.6%
Barrington Fire (25)	9.87%	19.49%	-9.62%	324,220	644,350	(320,131)	77.1%	62.8%	14.2%
Barrington Police	24.45%	50.56%	-26.11%	3,839,311	5,688,968	(1,849,658)	64.4%	55.0%	9.4%
Barrington Fire (20)	25.76%	50.36%	-24.60%	987,375	1,965,419	(978,045)	89.2%	80.6%	8.6%
Warren Police & Fire	23.11%	46.17%	-23.06%	3,489,524	5,385,530	(1,896,006)	68.9%	59.0%	10.0%
South Kingstown Police	14.79%	36.07%	-21.28%	2,864,185	6,491,955	(3,627,770)	87.8%	76.0%	11.8%
Scituate Police	0.00%	0.00%	0.00%	(146,092)	(146,092)	-	690.8%	690.8%	0.0%
North Smithfield Police	11.56%	30.12%	-18.56%	546,889	1,917,057	(1,370,168)	93.5%	80.4%	13.1%
Tiverton Fire	7.25%	24.56%	-17.31%	(234,698)	1,433,159	(1,667,858)	102.8%	85.7%	17.1%
Foster Police	16.62%	36.72%	-20.10%	614,129	1,040,929	(426,799)	77.8%	67.3%	10.4%
Woonsocket Police	16.76%	38.88%	-22.12%	7,285,283	14,074,388	(6,789,105)	80.3%	67.9%	12.5%

## Exhibit M: MERS

### Municipal Employees Retirement System (Defined Benefit Contributions Only) Based on the June 30, 2010 Actuarial Valuation

Unit	FY2013 Contribution Rate			UAAL as of June 30, 2010			Funded Ratio as of June 30, 2010		
	Act	Current Provisions	Difference	Act	Current Provisions	Difference	Act	Current Provisions	Difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Charlestown Police	19.25%	41.46%	-22.21%	2,349,340	4,004,864	(1,655,524)	71.6%	59.7%	11.9%
Hopkinton Police	14.17%	43.94%	-29.77%	935,711	2,452,631	(1,516,920)	81.7%	63.0%	18.7%
Glocester Police	13.46%	33.61%	-20.15%	930,409	1,982,172	(1,051,762)	82.9%	69.5%	13.4%
West Greenwich Police/Rescue	14.13%	31.95%	-17.82%	696,023	1,352,997	(656,974)	79.4%	66.5%	12.9%
Burrillville Police	12.03%	28.52%	-16.49%	189,230	1,659,797	(1,470,567)	97.6%	82.2%	15.4%
Cumberland Rescue	5.59%	20.76%	-15.17%	(522,127)	307,543	(829,670)	114.6%	93.0%	21.6%
Woonsocket Fire	8.26%	25.54%	-17.28%	(1,164,092)	7,024,220	(8,188,311)	104.2%	80.5%	23.6%
Bristol Fire	7.18%	6.57%	0.61%	(42,762)	(39,447)	(3,315)	120.6%	118.7%	1.9%
Cumberland Hill Fire	16.19%	39.33%	-23.14%	972,625	1,847,771	(875,146)	79.2%	66.8%	12.5%
Bristol Police	1.61%	15.93%	-14.32%	(1,323,846)	(238,686)	(1,085,160)	165.5%	107.7%	57.8%
Coventry Fire	17.15%	26.41%	-9.26%	1,134,694	1,370,704	(236,010)	68.5%	64.3%	4.2%
South Kingstown EMT	2.74%	16.18%	-13.44%	(766,870)	(209,365)	(557,505)	145.4%	109.3%	36.1%
North Cumberland	16.19%	33.03%	-16.84%	819,252	1,581,735	(762,483)	79.3%	66.5%	12.8%
Central Coventry Fire	16.34%	33.44%	-17.10%	2,576,413	4,601,383	(2,024,971)	71.1%	58.0%	13.2%
Hopkins Hill Fire	10.72%	23.36%	-12.64%	175,786	498,205	(322,419)	86.8%	69.9%	16.9%
Cranston Police	7.74%	34.60%	-26.86%	(509,028)	9,931,999	(10,441,027)	102.8%	65.4%	37.4%
Cranston Fire	10.11%	36.63%	-26.52%	361,574	15,794,534	(15,432,960)	98.8%	66.2%	32.7%
Cumberland Fire	17.63%	35.48%	-17.85%	1,054,338	1,696,074	(641,736)	73.3%	63.0%	10.3%
Lincoln Rescue	16.50%	27.64%	-11.14%	1,110,446	1,501,948	(391,502)	66.3%	59.2%	7.0%
New Shoreham Police	17.90%	35.79%	-17.89%	479,928	646,724	(166,795)	64.4%	57.3%	7.1%
Middletown Police & Fire	4.03%	17.00%	-12.97%	(637,166)	33,320	(670,486)	153.6%	98.2%	55.4%
Harrisville Fire District	9.42%	24.42%	-15.00%	18,062	249,909	(231,847)	97.5%	73.7%	23.8%
Albion Fire District	18.56%	27.02%	-8.46%	573,975	343,945	230,030	42.3%	55.0%	-12.7%
<b>Police &amp; Fire Units Average</b>	12.81%	31.91%	-19.10%	55,442,939	143,389,286	(87,946,348)	86.2%	70.7%	15.5%
<b>All MERS Units Average</b>	11.67%	21.75%	-10.08%	176,110,720	429,984,842	(253,874,123)	87.2%	73.6%	13.6%

**Exhibit B: Combined Estimated Budgetary Impact on Local Employers**  
**\$ in 000s**

Estimated Increases in Employer Retirement Contributions  
FY'12 v. FY'13

MERS MUNICIPAL EMPLOYERS													
Municipal	Payroll	Rate	Contribution	Payroll	Baseline Rate	Baseline Contribution	Act DB Rate	Act DC Rate	Act DB Contribution	Act DC Contribution	Total Act Contribution	Savings	Savings
	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	Act v. Baseline	Act v. FY 12
Barrington	\$ 7,967	5.06%	\$ 403	\$ 8,266	14.20%	\$ 1,174	7.16%	1.00%	\$ 592	\$ 83	\$ 675	\$ 499	\$ (271)
Bristol	\$ 4,750	14.42%	\$ 685	\$ 4,928	23.66%	\$ 1,166	14.44%	1.00%	\$ 712	\$ 49	\$ 761	\$ 405	\$ (76)
Burrillville	\$ 6,049	4.98%	\$ 301	\$ 6,276	13.22%	\$ 830	7.33%	1.00%	\$ 460	\$ 63	\$ 523	\$ 307	\$ (222)
Central Falls	\$ 2,579	9.03%	\$ 233	\$ 2,676	14.38%	\$ 385	11.78%	1.00%	\$ 315	\$ 27	\$ 342	\$ 43	\$ (109)
Charlestown	\$ 1,940	12.48%	\$ 242	\$ 2,013	18.37%	\$ 370	10.49%	1.00%	\$ 211	\$ 20	\$ 231	\$ 138	\$ 11
Cranston	\$ 27,194	5.90%	\$ 1,604	\$ 28,214	15.56%	\$ 4,390	9.24%	1.00%	\$ 2,607	\$ 282	\$ 2,889	\$ 1,501	\$ (1,285)
Cumberland	\$ 8,990	9.68%	\$ 870	\$ 9,327	15.17%	\$ 1,415	13.07%	1.00%	\$ 1,219	\$ 93	\$ 1,312	\$ 103	\$ (442)
East Greenwich	\$ 6,636	3.71%	\$ 246	\$ 6,885	12.50%	\$ 861	5.74%	1.00%	\$ 395	\$ 69	\$ 464	\$ 396	\$ (218)
East Providence	\$ 19,475	18.08%	\$ 3,521	\$ 20,205	29.66%	\$ 5,993	18.92%	1.00%	\$ 3,823	\$ 202	\$ 4,025	\$ 1,968	\$ (504)
Foster	\$ 1,375	8.07%	\$ 111	\$ 1,427	12.74%	\$ 182	10.84%	1.00%	\$ 155	\$ 14	\$ 169	\$ 13	\$ (58)
Glocester	\$ 2,662	10.33%	\$ 275	\$ 2,762	16.26%	\$ 449	9.56%	1.00%	\$ 264	\$ 28	\$ 292	\$ 157	\$ (17)
Hopkinton	\$ 1,616	4.80%	\$ 78	\$ 1,677	10.82%	\$ 181	6.01%	1.00%	\$ 101	\$ 17	\$ 118	\$ 64	\$ (40)
Jamestown	\$ 3,694	11.43%	\$ 422	\$ 3,833	18.57%	\$ 712	11.46%	1.00%	\$ 439	\$ 38	\$ 478	\$ 234	\$ (55)
Johnston	\$ 8,675	12.83%	\$ 1,113	\$ 9,000	21.18%	\$ 1,906	12.96%	1.00%	\$ 1,166	\$ 90	\$ 1,256	\$ 650	\$ (143)
Lincoln	\$ 920	6.43%	\$ 59	\$ 955	12.99%	\$ 124	10.04%	1.00%	\$ 96	\$ 10	\$ 105	\$ 19	\$ (46)
Middletown	\$ 5,448	11.22%	\$ 611	\$ 5,652	19.89%	\$ 1,124	11.11%	1.00%	\$ 628	\$ 57	\$ 684	\$ 440	\$ (73)
Newport	\$ 12,806	17.08%	\$ 2,187	\$ 13,286	27.54%	\$ 3,659	17.84%	1.00%	\$ 2,370	\$ 133	\$ 2,503	\$ 1,156	\$ (316)
New Shoreham	\$ 2,230	8.39%	\$ 187	\$ 2,314	14.02%	\$ 324	8.38%	1.00%	\$ 194	\$ 23	\$ 217	\$ 107	\$ (30)
North Kingstown	\$ 12,220	13.44%	\$ 1,642	\$ 12,678	23.06%	\$ 2,924	14.64%	1.00%	\$ 1,856	\$ 127	\$ 1,983	\$ 941	\$ (341)
North Providence	\$ 7,890	0.97%	\$ 77	\$ 8,186	7.55%	\$ 618	6.47%	1.00%	\$ 530	\$ 82	\$ 611	\$ 7	\$ (535)
North Smithfield	\$ 3,421	1.77%	\$ 61	\$ 3,549	11.00%	\$ 390	6.12%	1.00%	\$ 217	\$ 35	\$ 253	\$ 138	\$ (192)
Pawtucket	\$ 22,407	11.81%	\$ 2,646	\$ 23,247	22.25%	\$ 5,172	13.24%	1.00%	\$ 3,078	\$ 232	\$ 3,310	\$ 1,862	\$ (664)
Richmond	\$ 877	7.74%	\$ 68	\$ 910	11.52%	\$ 105	11.36%	1.00%	\$ 103	\$ 9	\$ 112	\$ (8)	\$ (45)
Scituate	\$ 3,018	13.65%	\$ 412	\$ 3,131	20.75%	\$ 650	13.73%	1.00%	\$ 430	\$ 31	\$ 461	\$ 188	\$ (49)
Smithfield*	\$ 3,360	6.42%	\$ 216	\$ 3,486	14.59%	\$ 509	8.60%	1.00%	\$ 300	\$ 35	\$ 335	\$ 174	\$ (119)
South Kingstown	\$ 12,824	8.59%	\$ 1,102	\$ 13,305	17.83%	\$ 2,372	10.41%	1.00%	\$ 1,385	\$ 133	\$ 1,518	\$ 854	\$ (417)
Tiverton*	\$ 3,195	2.67%	\$ 85	\$ 3,315	8.47%	\$ 281	4.27%	1.00%	\$ 142	\$ 33	\$ 175	\$ 106	\$ (89)
Warren	\$ 1,921	14.78%	\$ 284	\$ 1,993	22.98%	\$ 458	13.78%	1.00%	\$ 275	\$ 20	\$ 295	\$ 163	\$ (11)
Westerly	\$ 69	60.04%	\$ 42	\$ 72	82.25%	\$ 59	69.82%	1.00%	\$ 50	\$ 1	\$ 51	\$ 8	\$ (9)
West Greenwich	\$ 925	14.46%	\$ 134	\$ 960	23.25%	\$ 223	15.14%	1.00%	\$ 145	\$ 10	\$ 155	\$ 68	\$ (21)
Woonsocket	\$ 13,073	3.44%	\$ 450	\$ 13,563	14.19%	\$ 1,925	7.34%	1.00%	\$ 996	\$ 136	\$ 1,131	\$ 793	\$ (681)
<b>Total Municipal</b>	<b>\$ 210,208</b>		<b>\$ 20,367</b>	<b>\$ 218,091</b>		<b>\$ 40,930</b>			<b>\$ 25,253</b>	<b>\$ 2,181</b>	<b>\$ 27,434</b>	<b>\$ 13,496</b>	<b>\$ (7,067)</b>

**Exhibit B: Combined Estimated Budgetary Impact on Local Employers  
\$ in 000s**

Estimated Increases in Employer Retirement Contributions  
FY'12 v. FY'13

MERS POLICE AND FIRE EMPLOYERS													
Municipal	Payroll	Rate	Contribution	Payroll	Baseline Rate	Baseline Contribution	Act DB Rate	Act DC Rate	Act DB Contribution	Act DC Contribution	Total Act Contribution	Savings	Savings
	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	Act v. Baseline	Act v. FY 12
Johnston F	\$ 2,722	9.19%	\$ 250	\$ 2,824	14.20%	\$ 401	7.35%	0.00%	\$ 208	\$ -	\$ 208	\$ 193	\$ 43
Richmond P	\$ 643	10.22%	\$ 66	\$ 667	15.27%	\$ 102	8.20%	0.00%	\$ 55	\$ -	\$ 55	\$ 47	\$ 11
Smithfield P	\$ 2,742	20.38%	\$ 559	\$ 2,845	23.16%	\$ 659	5.49%	0.00%	\$ 156	\$ -	\$ 156	\$ 503	\$ 403
East Greenwich Police	\$ 2,107	16.57%	\$ 349	\$ 2,186	40.35%	\$ 882	17.44%	0.00%	\$ 381	\$ -	\$ 381	\$ 501	\$ (32)
East Greenwich Fire	\$ 2,396	19.74%	\$ 473	\$ 2,486	39.94%	\$ 993	19.00%	0.00%	\$ 472	\$ -	\$ 472	\$ 521	\$ 1
North Kingstown F	\$ 4,079	17.66%	\$ 720	\$ 4,232	40.33%	\$ 1,707	19.43%	0.00%	\$ 822	\$ -	\$ 822	\$ 884	\$ (102)
North Kingstown P	\$ 3,095	21.94%	\$ 679	\$ 3,211	41.16%	\$ 1,322	18.78%	0.00%	\$ 603	\$ -	\$ 603	\$ 719	\$ 76
North Providence F	\$ 5,698	11.86%	\$ 676	\$ 5,912	24.33%	\$ 1,438	17.02%	0.00%	\$ 1,006	\$ -	\$ 1,006	\$ 432	\$ (330)
Barrington Fire (25)	\$ 898	13.68%	\$ 123	\$ 932	19.49%	\$ 182	9.87%	0.00%	\$ 92	\$ -	\$ 92	\$ 90	\$ 31
Barrington P	\$ 1,381	30.41%	\$ 420	\$ 1,433	50.56%	\$ 725	24.45%	0.00%	\$ 350	\$ -	\$ 350	\$ 374	\$ 70
Barrington Fire (20)	\$ 528	11.60%	\$ 61	\$ 548	50.36%	\$ 276	25.76%	0.00%	\$ 141	\$ -	\$ 141	\$ 135	\$ (80)
Warren	\$ 1,514	25.83%	\$ 391	\$ 1,571	46.17%	\$ 725	23.11%	0.00%	\$ 363	\$ -	\$ 363	\$ 362	\$ 28
South Kingstown EMT	\$ 814	4.67%	\$ 38	\$ 845	16.18%	\$ 137	2.74%	0.00%	\$ 23	\$ -	\$ 23	\$ 114	\$ 15
South Kingstown Polic	\$ 2,994	16.03%	\$ 480	\$ 3,106	36.07%	\$ 1,120	14.79%	0.00%	\$ 459	\$ -	\$ 459	\$ 661	\$ 21
North Smithfield P	\$ 1,251	17.08%	\$ 214	\$ 1,298	30.12%	\$ 391	11.56%	0.00%	\$ 150	\$ -	\$ 150	\$ 241	\$ 64
Tiverton F	\$ 1,809	9.14%	\$ 165	\$ 1,877	24.56%	\$ 461	7.25%	0.00%	\$ 136	\$ -	\$ 136	\$ 325	\$ 29
Foster P	\$ 426	21.49%	\$ 92	\$ 442	36.72%	\$ 162	16.62%	0.00%	\$ 73	\$ -	\$ 73	\$ 89	\$ 18
Woonsocket P	\$ 5,412	19.22%	\$ 1,040	\$ 5,615	38.88%	\$ 2,183	16.76%	3.00%	\$ 941	\$ 168	\$ 1,110	\$ 1,074	\$ (69)
Charlestown P	\$ 1,324	25.64%	\$ 340	\$ 1,374	41.46%	\$ 570	19.25%	0.00%	\$ 264	\$ -	\$ 264	\$ 305	\$ 75
Hopkinton P	\$ 870	24.01%	\$ 209	\$ 903	43.94%	\$ 397	14.17%	0.00%	\$ 128	\$ -	\$ 128	\$ 269	\$ 81
Glocester P	\$ 988	17.01%	\$ 168	\$ 1,025	33.61%	\$ 345	13.46%	0.00%	\$ 138	\$ -	\$ 138	\$ 207	\$ 30
West Greenwich PR	\$ 773	20.09%	\$ 155	\$ 802	31.95%	\$ 256	14.13%	0.00%	\$ 113	\$ -	\$ 113	\$ 143	\$ 42
Burrillville P	\$ 1,373	10.79%	\$ 148	\$ 1,425	28.52%	\$ 406	12.03%	0.00%	\$ 171	\$ -	\$ 171	\$ 235	\$ (23)
Cumberland R	\$ 1,023	7.66%	\$ 78	\$ 1,061	20.76%	\$ 220	5.59%	0.00%	\$ 59	\$ -	\$ 59	\$ 161	\$ 19
Woonsocket F	\$ 7,219	12.05%	\$ 870	\$ 7,490	25.54%	\$ 1,913	8.26%	3.00%	\$ 619	\$ 225	\$ 843	\$ 1,070	\$ 27
Bristol F	\$ 50	0.00%	\$ -	\$ 52	6.57%	\$ 3	7.18%	0.00%	\$ 4	\$ -	\$ 4	\$ (0)	\$ (4)
Bristol P	\$ 1,792	10.45%	\$ 187	\$ 1,859	15.93%	\$ 296	1.61%	3.00%	\$ 30	\$ 56	\$ 86	\$ 210	\$ 102
Cranston P	\$ 7,152	21.43%	\$ 1,533	\$ 7,420	34.60%	\$ 2,567	7.74%	3.00%	\$ 574	\$ 223	\$ 797	\$ 1,770	\$ 736
Cranston F	\$ 9,321	21.33%	\$ 1,988	\$ 9,671	36.63%	\$ 3,542	10.11%	3.00%	\$ 978	\$ 290	\$ 1,268	\$ 2,275	\$ 720
New Shoreham P	\$ 278	24.74%	\$ 69	\$ 288	35.79%	\$ 103	17.90%	0.00%	\$ 52	\$ -	\$ 52	\$ 52	\$ 17
Middletown P & F	\$ 1,829	12.44%	\$ 228	\$ 1,898	17.00%	\$ 323	4.03%	1.50%	\$ 76	\$ 28	\$ 105	\$ 218	\$ 123
<b>Total - Police and Fire</b>	<b>\$ 74,504</b>		<b>\$ 12,769</b>	<b>\$ 77,298</b>		<b>\$ 24,807</b>			<b>\$ 9,640</b>	<b>\$ 990</b>	<b>\$ 10,630</b>	<b>\$ 14,177</b>	<b>\$ 2,138</b>
<b>Total - MERS</b>	<b>\$ 284,712</b>		<b>\$ 33,136</b>	<b>\$ 295,389</b>		<b>\$ 65,737</b>			<b>\$ 34,894</b>	<b>\$ 3,171</b>	<b>\$ 38,065</b>	<b>\$ 27,673</b>	<b>\$ (4,929)</b>

**Exhibit B: Combined Estimated Budgetary Impact on Local Employers  
\$ in 000s**

Estimated Increases in Employer Retirement Contributions  
FY'12 v. FY'13

TEACHERS RETIREMENT SYSTEM													
Municipal	Payroll	Rate	Contribution	Payroll	Baseline Rate	Baseline Contribution	Act DB Rate	Act DC Rate	Act DB Contribution	Act DC Contribution	Total Act Contribution	Savings	Savings
	FY 12	FY 12	FY 12	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	FY 13	Act v. Baseline	Act v. FY 12
BARRINGTON	\$ 24,508	13.23%	\$ 3,242	\$ 25,427	20.98%	\$ 5,335	11.48%	2.60%	\$ 2,919	\$ 661	\$ 3,580	\$ 1,754	\$ (338)
BRISTOL-WARREN	\$ 26,203	13.23%	\$ 3,467	\$ 27,186	20.98%	\$ 5,704	11.48%	2.60%	\$ 3,121	\$ 707	\$ 3,828	\$ 1,876	\$ (361)
BURRILLVILLE	\$ 16,456	12.55%	\$ 2,065	\$ 17,073	20.29%	\$ 3,464	10.79%	2.60%	\$ 1,842	\$ 444	\$ 2,286	\$ 1,178	\$ (221)
CENTRAL FALLS	\$ 27,317	13.23%	\$ 3,614	\$ 28,342	20.98%	\$ 5,946	11.48%	0.60%	\$ 3,254	\$ 170	\$ 3,424	\$ 2,522	\$ 190
CHARIHO	\$ 27,331	13.23%	\$ 3,616	\$ 28,356	20.98%	\$ 5,949	11.48%	0.60%	\$ 3,255	\$ 170	\$ 3,425	\$ 2,524	\$ 190
COVENTRY	\$ 44,107	13.23%	\$ 5,835	\$ 45,761	20.98%	\$ 9,601	11.48%	2.60%	\$ 5,253	\$ 1,190	\$ 6,443	\$ 3,158	\$ (608)
CRANSTON	\$ 76,960	13.23%	\$ 10,182	\$ 79,846	20.98%	\$ 16,752	11.48%	2.60%	\$ 9,166	\$ 2,076	\$ 11,242	\$ 5,509	\$ (1,061)
CUMBERLAND	\$ 27,722	13.23%	\$ 3,668	\$ 28,762	20.98%	\$ 6,034	11.48%	2.60%	\$ 3,302	\$ 748	\$ 4,050	\$ 1,985	\$ (382)
EAST GREENWICH	\$ 15,696	12.55%	\$ 1,970	\$ 16,285	20.29%	\$ 3,304	10.79%	2.60%	\$ 1,757	\$ 423	\$ 2,181	\$ 1,124	\$ (211)
EAST PROVIDENCE	\$ 35,289	13.23%	\$ 4,669	\$ 36,612	20.98%	\$ 7,681	11.48%	2.60%	\$ 4,203	\$ 952	\$ 5,155	\$ 2,526	\$ (486)
EXETER-WEST GREEN	\$ 15,195	13.23%	\$ 2,010	\$ 15,765	20.98%	\$ 3,307	11.48%	0.60%	\$ 1,810	\$ 95	\$ 1,904	\$ 1,403	\$ 106
FOSTER-GLOUCESTER	\$ 9,218	13.23%	\$ 1,219	\$ 9,563	20.98%	\$ 2,006	11.48%	2.60%	\$ 1,098	\$ 249	\$ 1,347	\$ 660	\$ (127)
FOSTER	\$ 2,346	13.23%	\$ 310	\$ 2,434	20.98%	\$ 511	11.48%	2.60%	\$ 279	\$ 63	\$ 343	\$ 168	\$ (32)
GLOUCESTER	\$ 4,050	13.23%	\$ 536	\$ 4,202	20.98%	\$ 882	11.48%	2.60%	\$ 482	\$ 109	\$ 592	\$ 290	\$ (56)
JAMESTOWN	\$ 4,593	13.23%	\$ 608	\$ 4,766	20.98%	\$ 1,000	11.48%	0.60%	\$ 547	\$ 29	\$ 576	\$ 424	\$ 32
JOHNSTON	\$ 23,111	13.23%	\$ 3,058	\$ 23,977	20.98%	\$ 5,030	11.48%	2.60%	\$ 2,753	\$ 623	\$ 3,376	\$ 1,654	\$ (318)
LINCOLN	\$ 26,982	13.23%	\$ 3,570	\$ 27,994	20.98%	\$ 5,873	11.48%	2.60%	\$ 3,214	\$ 728	\$ 3,942	\$ 1,932	\$ (372)
LITTLE COMPTON	\$ 2,556	12.55%	\$ 321	\$ 2,652	20.29%	\$ 538	10.79%	2.60%	\$ 286	\$ 69	\$ 355	\$ 183	\$ (34)
MIDDLETOWN	\$ 19,747	13.23%	\$ 2,613	\$ 20,488	20.98%	\$ 4,298	11.48%	2.60%	\$ 2,352	\$ 533	\$ 2,885	\$ 1,414	\$ (272)
NARRAGANSETT	\$ 13,248	13.23%	\$ 1,753	\$ 13,745	20.98%	\$ 2,884	11.48%	2.60%	\$ 1,578	\$ 357	\$ 1,935	\$ 948	\$ (183)
NEWPORT	\$ 17,153	13.23%	\$ 2,269	\$ 17,796	20.98%	\$ 3,734	11.48%	2.60%	\$ 2,043	\$ 463	\$ 2,506	\$ 1,228	\$ (236)
NEW SHOREHAM	\$ 2,131	12.55%	\$ 267	\$ 2,211	20.29%	\$ 449	10.79%	0.60%	\$ 239	\$ 13	\$ 252	\$ 197	\$ 16
NORTH KINGSTOWN	\$ 30,100	13.23%	\$ 3,982	\$ 31,229	20.98%	\$ 6,552	11.48%	0.60%	\$ 3,585	\$ 187	\$ 3,772	\$ 2,779	\$ 210
NORTH PROVIDENCE	\$ 26,779	13.23%	\$ 3,543	\$ 27,783	20.98%	\$ 5,829	11.48%	0.60%	\$ 3,189	\$ 167	\$ 3,356	\$ 2,473	\$ 187
NORTH SMITHFIELD	\$ 12,298	12.55%	\$ 1,543	\$ 12,760	20.29%	\$ 2,589	10.79%	0.60%	\$ 1,377	\$ 77	\$ 1,453	\$ 1,136	\$ 90
PAWTUCKET	\$ 53,539	13.23%	\$ 7,083	\$ 55,547	20.98%	\$ 11,654	11.48%	0.60%	\$ 6,377	\$ 333	\$ 6,710	\$ 4,944	\$ 373
PORTSMOUTH	\$ 18,487	13.23%	\$ 2,446	\$ 19,180	20.98%	\$ 4,024	11.48%	2.60%	\$ 2,202	\$ 499	\$ 2,701	\$ 1,323	\$ (255)
PROVIDENCE	\$ 145,082	13.23%	\$ 19,194	\$ 150,522	20.98%	\$ 31,580	11.48%	0.60%	\$ 17,280	\$ 903	\$ 18,183	\$ 13,396	\$ 1,011
SCITUATE	\$ 11,460	13.23%	\$ 1,516	\$ 11,890	20.98%	\$ 2,494	11.48%	2.60%	\$ 1,365	\$ 309	\$ 1,674	\$ 820	\$ (158)
SMITHFIELD	\$ 18,300	13.23%	\$ 2,421	\$ 18,986	20.98%	\$ 3,983	11.48%	2.60%	\$ 2,180	\$ 494	\$ 2,673	\$ 1,310	\$ (252)
SOUTH KINGSTOWN	\$ 33,166	13.23%	\$ 4,388	\$ 34,410	20.98%	\$ 7,219	11.48%	0.60%	\$ 3,950	\$ 206	\$ 4,157	\$ 3,062	\$ 231
TIVERTON	\$ 14,044	13.23%	\$ 1,858	\$ 14,571	20.98%	\$ 3,057	11.48%	2.60%	\$ 1,673	\$ 379	\$ 2,052	\$ 1,005	\$ (194)
WARWICK	\$ 96,268	13.23%	\$ 12,736	\$ 99,878	20.98%	\$ 20,954	11.48%	0.60%	\$ 11,466	\$ 599	\$ 12,065	\$ 8,889	\$ 671
WESTERLY	\$ 26,640	13.23%	\$ 3,524	\$ 27,639	20.98%	\$ 5,799	11.48%	2.60%	\$ 3,173	\$ 719	\$ 3,892	\$ 1,907	\$ (367)
WEST WARWICK	\$ 25,402	13.23%	\$ 3,361	\$ 26,355	20.98%	\$ 5,529	11.48%	0.60%	\$ 3,026	\$ 158	\$ 3,184	\$ 2,346	\$ 177
WOONSOCKET	\$ 34,567	13.23%	\$ 4,573	\$ 35,864	20.98%	\$ 7,524	11.48%	0.60%	\$ 4,117	\$ 215	\$ 4,332	\$ 3,192	\$ 241
OTHER	\$ 8,644	13.23%	\$ 1,144	\$ 8,968	20.98%	\$ 1,882	11.48%	0.60%	\$ 1,030	\$ 54	\$ 1,083	\$ 798	\$ 60
<b>Total Teachers</b>	<b>\$ 1,016,697</b>		<b>\$ 134,175</b>	<b>\$ 1,054,823</b>		<b>\$ 220,950</b>			<b>\$ 120,742</b>	<b>\$ 16,170</b>	<b>\$ 136,912</b>	<b>\$ 84,038</b>	<b>\$ (2,737)</b>

**Exhibit B: Combined Estimated Budgetary Impact on Local Employers**  
**\$ in 000s**

Estimated Increases in Employer Retirement Contributions

MERS EMPLOYER and TEACHER CONTRIBUTION TOTALS *													
Municipal	Payroll	Rate	Contribution	Payroll	Baseline	Baseline	Act DB Rate	Act DC Rate	Act DB Contribution	Act DC	Total Act	Savings	Savings
	FY 12	FY 12	FY 12	FY 13	Rate	Contribution	FY 13	FY 13	FY 13	Contribution	Contribution	Act v. Baseline	Act v. FY 12
BARRINGTON			\$ 4,250			\$ 7,690			\$ 4,094	\$ 744	\$ 4,838	\$ 2,852	\$ (588)
BRISTOL*			\$ 872			\$ 1,466			\$ 745	\$ 105	\$ 850	\$ 615	\$ 22
BURRILLVILLE			\$ 2,515			\$ 4,700			\$ 2,474	\$ 507	\$ 2,980	\$ 1,720	\$ (466)
CENTRAL FALLS**			\$ 233			\$ 385			\$ 315	\$ 27	\$ 342	\$ 43	\$ (109)
CHARLESTOWN*			\$ 582			\$ 939			\$ 476	\$ 20	\$ 496	\$ 444	\$ 86
COVENTRY			\$ 5,835			\$ 9,601			\$ 5,253	\$ 1,190	\$ 6,443	\$ 3,158	\$ (608)
CRANSTON			\$ 15,307			\$ 27,252			\$ 13,325	\$ 2,871	\$ 16,196	\$ 11,055	\$ (889)
CUMBERLAND			\$ 4,616			\$ 7,669			\$ 4,580	\$ 841	\$ 5,421	\$ 2,248	\$ (805)
EAST GREENWICH			\$ 3,038			\$ 6,040			\$ 3,006	\$ 492	\$ 3,498	\$ 2,541	\$ (460)
EAST PROVIDENCE			\$ 8,190			\$ 13,674			\$ 8,026	\$ 1,154	\$ 9,180	\$ 4,494	\$ (990)
FOSTER*			\$ 513			\$ 855			\$ 508	\$ 78	\$ 585	\$ 270	\$ (72)
GLOCESTER*			\$ 979			\$ 1,675			\$ 884	\$ 137	\$ 1,021	\$ 654	\$ (42)
HOPKINTON*			\$ 287			\$ 578			\$ 229	\$ 17	\$ 246	\$ 333	\$ 41
JAMESTOWN			\$ 1,030			\$ 1,712			\$ 986	\$ 67	\$ 1,053	\$ 658	\$ (23)
JOHNSTON			\$ 4,421			\$ 7,338			\$ 4,127	\$ 713	\$ 4,840	\$ 2,498	\$ (419)
LINCOLN			\$ 3,629			\$ 5,997			\$ 3,310	\$ 737	\$ 4,047	\$ 1,950	\$ (418)
LITTLE COMPTON			\$ 321			\$ 538			\$ 286	\$ 69	\$ 355	\$ 183	\$ (34)
MIDDLETOWN			\$ 3,451			\$ 5,745			\$ 3,056	\$ 618	\$ 3,674	\$ 2,071	\$ (223)
NARRAGANSETT			\$ 1,753			\$ 2,884			\$ 1,578	\$ 357	\$ 1,935	\$ 948	\$ (183)
NEWPORT			\$ 4,457			\$ 7,393			\$ 4,413	\$ 596	\$ 5,009	\$ 2,384	\$ (552)
NEW SHOREHAM			\$ 523			\$ 876			\$ 484	\$ 36	\$ 520	\$ 356	\$ 3
NORTH KINGSTOWN			\$ 7,024			\$ 12,504			\$ 6,866	\$ 314	\$ 7,181	\$ 5,323	\$ (157)
NORTH PROVIDENCE			\$ 4,295			\$ 7,885			\$ 4,725	\$ 249	\$ 4,974	\$ 2,911	\$ (679)
NORTH SMITHFIELD			\$ 1,818			\$ 3,370			\$ 1,744	\$ 112	\$ 1,856	\$ 1,514	\$ (38)
PAWTUCKET			\$ 9,729			\$ 16,826			\$ 9,455	\$ 566	\$ 10,020	\$ 6,806	\$ (291)
PORTSMOUTH			\$ 2,446			\$ 4,024			\$ 2,202	\$ 499	\$ 2,701	\$ 1,323	\$ (255)
PROVIDENCE			\$ 19,194			\$ 31,580			\$ 17,280	\$ 903	\$ 18,183	\$ 13,396	\$ 1,011
RICHMOND*			\$ 134			\$ 207			\$ 158	\$ 9	\$ 167	\$ 40	\$ (34)
SCITUATE			\$ 1,928			\$ 3,144			\$ 1,795	\$ 340	\$ 2,135	\$ 1,009	\$ (207)
SMITHFIELD			\$ 3,196			\$ 5,151			\$ 2,636	\$ 529	\$ 3,164	\$ 1,987	\$ 32
SOUTH KINGSTOWN			\$ 6,007			\$ 10,848			\$ 5,818	\$ 340	\$ 6,157	\$ 4,691	\$ (150)
TIVERTON			\$ 2,109			\$ 3,799			\$ 1,950	\$ 412	\$ 2,362	\$ 1,436	\$ (254)
WARREN*			\$ 675			\$ 1,183			\$ 638	\$ 20	\$ 658	\$ 526	\$ 17
WARWICK			\$ 12,736			\$ 20,954			\$ 11,466	\$ 599	\$ 12,065	\$ 8,889	\$ 671
WESTERLY			\$ 3,566			\$ 5,858			\$ 3,223	\$ 719	\$ 3,943	\$ 1,915	\$ (376)
WEST GREENWICH*			\$ 289			\$ 479			\$ 259	\$ 10	\$ 268	\$ 211	\$ 21
WEST WARWICK			\$ 3,361			\$ 5,529			\$ 3,026	\$ 158	\$ 3,184	\$ 2,346	\$ 177
WOONSOCKET			\$ 6,933			\$ 13,545			\$ 6,672	\$ 744	\$ 7,416	\$ 6,128	\$ (483)
<b>Total - All</b>			<b>\$ 152,241</b>			<b>\$ 261,893</b>			<b>\$ 142,069</b>	<b>\$ 17,897</b>	<b>\$ 159,966</b>	<b>\$ 101,927</b>	<b>\$ (7,725)</b>

\* Excludes regional school district increase. \*\* Excludes CF Schools