



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

24 March 2026

The Honorable Stephen Casey
Chair, House Committee on Municipal Government and Housing

The Honorable Members of the House Committee on Municipal Government and Housing

RE: 2026-H 7443, *An Act Relating to Towns and Cities – Optional Retirement for Members of Police Force and Firefighters*

Chair Casey:

I write with regard to 2026-H 7443. As drafted, this legislation which would provide *an additional* 2.5% annual statutory cost of living adjustment (“COLA”) to active and retired police officers and firefighters employed or formerly employed by municipalities within the Municipal Employees’ Retirement System (“MERS”) on top of the annual adjustment members currently receive.

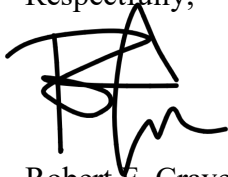
The statutory benefit adjustment eligible members receive in a given year is based on the following formula: half of the COLA is calculated by taking the previous 5-year average investment return, less 5% (5-year return minus – 5% with a max of 4%), and half is calculated using the increase in the Consumer Price Index for All Urban Consumers (“CPI-U”) from the prior September 30 (max of 3%) for a total maximum COLA of 3.5%. *See* R.I. Gen. Laws § 45-21-52 (d)(1)(B). Under this proposal, active and retired members and/or their beneficiaries “shall *also* receive a [2.5%] escalation of their pension payment” each year on January 1. 2026-H 7443 (emphasis added).

Since this legislation provides for an additional COLA for both active and retired members, it will have an impact on the pension system. Consistent with Rhode Island law, legislation concerning the pension system should not be approved without the benefit of a pension impact note. *See* R.I. Gen. Law § 45-21-42.2 (Legislation impacting the pension system “shall *not* be approved by the general assembly unless an explanatory statement or note . . . is appended to the proposed legislation which actuarially calculates . . . the projected twenty (20) year cost of the proposed legislation”) (emphasis added). This independent assessment will clarify the impact the proposed legislation will have on both the State budget, and the sustainability of the pension system. The Chairperson of the House Finance Committee – with the approval of the Speaker of the House –

can request a pension impact note concerning proposed legislation originating in the House. *See* R.I. Gen. Law § 45-21-42.2.

Please feel free to reach out by email at Robert.CravenJr@treasury.ri.gov or by phone at (401) 330-0661 with any further questions.

Respectfully,

A handwritten signature in black ink, appearing to be 'R. Craven, Jr.', with a stylized, cursive script.

Robert E. Craven, Jr.
Director of Policy and Intergovernmental Affairs
Office of the General Treasurer

cc: The Honorable William O'Brien