



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 7444, 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 7444, which – as drafted – would provide police officers and firefighters employed by municipalities within the Municipal Employees’ Retirement System (“MERS”) a 2.5% accrual rate for time any time served after June 30, 2026. This benefit would be provided in addition to the accrued benefit a member will already receive for service rendered prior to that date.

In Rhode Island’s defined benefit plan, an employee’s benefit is expressed as a percentage of the employee’s final average salary. *See* R.I. Gen. Laws §§ 16-16-12 (a)(ii); 36-10-9 (1)(a)(ii). “The percentage is usually a function of the employee’s years of service times a ‘multiplier’ percentage.” Reason Foundation, Public Pension Glossary (July 1, 2021) (the multiplier is often referred to as the ‘accrual rate’). A higher rate of benefit accrual (that is to say, a higher ‘multiplier’) generally corresponds to a higher pension benefit. Currently, members of MERS police and fire units accrue 2% per year of service. *See* R.I. Gen. Laws § 45-21.2-6 (subject to increased accrual rates for long term service). Members with greater than 30 years of service who are at least 57 accrue 2.25% per year, which incentivizes qualifying personnel to serve at least 30 years. *See* R.I. Gen. Laws § 45-21.2-6.

Since this legislation would enhance the accrual rate for MERS police and fire units, 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.

Should the House of Representatives request a pension impact note concerning this legislation, the Office of the General Treasurer would require additional clarification as to the bill's intent. Specifically, the language as introduced is ambiguous as to whether this legislation provides for a separate multiplier for time accrued after June 30, 2026, or whether it produces a second accrued benefit.

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 flourish at the end.

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

cc: The Honorable William O'Brien