



State of Rhode Island  
Office of the General Treasurer

**James A. Diossa**  
General Treasurer

13 May 2026

The Honorable Louis DiPalma  
Chair, Senate Committee on Finance

The Honorable Members of the Senate Committee on Finance

**RE:** *2026-H 2090, An Act Relating to Towns and Cities – Optional Retirement for Members of Police Force and Firefighters*

Chair DiPalma:

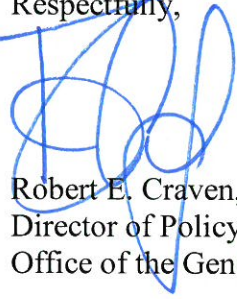
I write with regard to 2026-S 2090, which – as drafted – would provide police officers and firefighters employed by municipalities within the Municipal Employees' Retirement System ("MERS") a 2.5% accrual rate for time any time served after June 30, 2026. This benefit would be provided in addition to 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. 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.

An independent actuarial assessment determined this legislation would increase the annual contribution to the MERS system by a cumulative \$3.62 million (2.12% of covered payroll), shared proportionately among all MERS police and fire units. Since this is expressed as a percentage of payroll, it will increase over the 20-year statutory amortization period for the unfunded liability. This cost will be shared among municipalities participating in the MERS system. The exact fiscal impact this change would have on a municipality will depend on plan size and demographics.

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

Respectfully,

A handwritten signature in blue ink, appearing to be "R. Craven, Jr.", written over the word "Respectfully,".

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

cc: The Honorable Matthew LaMountain