



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-S 2249, An Act Relating to Towns and Cities – Optional Retirement for Members of Police Force and Firefighters*

Chair DiPalma:

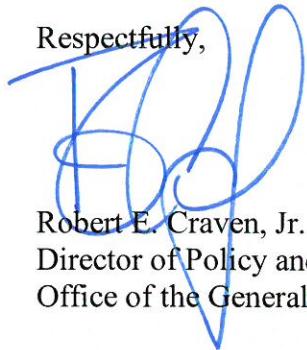
I write with regard to 2026-S 2249, which would provide an additional 2.5% annual statutory cost of living adjustment (“COLA”) to active and retired police officers and firefighters employed or formerly employed by municipalities within the Municipal Employees’ Retirement System (“MERS”) on top of the 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-S 2249 (emphasis added).

An actuarial assessment concerning the pension impact of this proposal determined that it would increase total contributions to the pension system by approximately \$34.6 million in Fiscal Year 2027, shared proportionately among participating municipalities. This figure represents the annual budgetary increase attributable to this change. Since cost is expressed as a percentage of payroll, it will increase over the 20-year statutory amortization period for the unfunded liability.

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 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 Walter Felag