



State of Rhode Island
Office of the General Treasurer

James A. Diozza
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 2362 – *An Act Relating to Education – Teacher's Retirement*

Chair DiPalma:

I write with regard to 2026-S 2362, which would adjust and index the minimum benefit under the Teachers' Survivor Benefit Plan (the "TSB" plan), provide a one-time cost of living adjustment ("COLA") equal to 3.34% for eligible members that retired after July 1, 2012, and allow for a tax modification for public pension benefits. This analysis assumes the proposed amendment to the TSB plan provides for an annual index of the base benefit and an annual COLA, consistent with benefit adjustments elsewhere in the state plan. The state actuary considered the impact of each pension proposal separately for the benefit of the Senate Finance Committee. The costs contained in this assessment do not consider any budgetary impact associated with the proposed tax modification.

The actuary determined the benefit adjustment to the TSB plan would increase the unfunded actuarial accrued liability of that plan by \$112.7 million. It would *not* necessitate a change in the employer contribution. This change would reduce the funded ratio to from 202% to 138% – a 64% change – but would not require the allocation of additional state dollars given the current funded status of that plan.

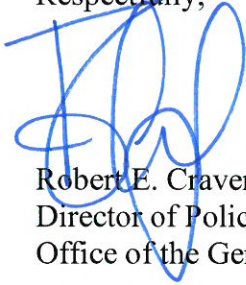
The proposal would also provide a one-time 3.34% COLA to teachers, state employees, and municipal employees in certain Municipal Employees' Retirement System ("MERS") plans that retired after July 1, 2012.¹ This class of members currently receive one-fourth of a full COLA each year. The actuary estimated this amendment would increase the total state and local contribution to the pension system by \$3.91 million in Fiscal Year 2027 (\$2.46 million from the state and \$1.45

¹ As drafted, this bill would *not* provide a benefit adjustment to municipal police and fire units.

million from municipalities).² 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,



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

cc: The Honorable V. Susan Sosnowski

² The local contribution is comprised of each municipality's contribution to MERS and its 60% share of the teacher contribution rate. See R.I. Gen. Laws § 16-16-22 (a).