



SMITH HILL REPORT

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2009 Pension Plan Changes **Proposed by the House Finance Committee**

Below is a **summary** of pension changes **approved** by the **House Finance Committee** last week. The sole dissenting vote was **Rep. Robert Jacquard** of Cranston. The House of Representatives is **scheduled to vote** on the proposal when it acts on the State Budget, **Wednesday, June 24**. The Senate is expected to take up the State Budget the following day.

The RIFTHP is lobbying against all of the changes while asking the Representatives to support specific amendments to Budget Article 7. Reprinted on page two of the Smith Hill Report is a flyer distributed by a dozen RIFTHP members last Thursday identifying the amendments. The members were from the Central Falls Teachers' Union, the Howard Union of Teachers, the Pawtucket Teachers' Alliance, and the Warwick Teachers' Union.

Urge your Representative to support these amendments before Wednesday's vote!!!

Effective date of Changes

- October 1, 2009 - except purchased credits at full actuarial value after June 16
- No impact on any individuals eligible to retire by September 30, 2009

Purchased Credits

- Full actuarial costs except for military, upon passage
- Purchased credits do not count toward vesting (current law)
- Purchased credits continue to count for service time

Accidental Disability

- Effective on filings after September 30
- 66 2/3rds percent for permanently and totally disabled
- 50 percent for those able to work in other jobs
- Annual review by ERSRI

State Employees and Teachers

- Does not apply to those eligible to retire by September 30, 2009
- Retirement eligibility
 - Proportional to age 62
 - Plan A - Proportional to 28 years or age 60 with ten years
 - Plan B - Proportional to 59 and 29 years
 - Corrections - Proportional to age 55 and 25 years
 - Nurses - Proportional to age 55 and 25 years
- Freeze service credits, then Plan B
 - Plan A on September 30 retain 80 percent cap
 - Plan B on September 30 retain 75 percent cap
- COLA = Plan B
- Salary basis is consecutive highest 5 years

Judges

- Applies only to new judges hired after July 1, 2009
- Salary basis is 5 consecutive highest years
- 80 Percent full, 65 percent reduced maximum benefit accrual

For more information go to:

www.rifthp.org

Pension information is located in the center panel. Senator and Representative information is found to the left by clicking on the links.



WHAT IS FAIR???

The House Finance Committee has passed a budget that includes yet another set of significant cuts in pension benefits for teachers and state workers. These changes cost hard-working teachers and state workers benefits valued at \$55 million per year. These changes are on the heels of major pension cuts in 2005 and a contribution increase in 1995.

We object to the taking of pension benefits from vested workers who have regularly and faithfully made pension contributions every pay period. We believe that Article 7 is illegal and unwarranted, and we ask that some specific changes be made to mitigate the pension reduction.

Maintain the three – year average

Article 7 would base our pensions on the average of the five highest years of compensation instead of the highest three. We ask that you amend Article 7 to preserve the three year average in calculating benefits.

Give us time to make purchases

Article 7 makes the purchase of prior service very expensive. This change is retroactive to all purchase requests made after June 16, 2009. We ask you to amend Article 7 by making the increased cost of purchasing service credit effective October 1, 2009 like the other effective dates.

Let us get our money back

Some of us have purchased service credit to buy years of service that are now worthless because Article 7 will make us work more years in order to retire. Amend Article 7 to allow us to get a refund of these purchases.

Get us off the roller coaster

Teachers and State workers are weary of our pensions and benefits being under attack year after year. Promise us that whatever changes are enacted this year will be the final set of changes by giving us a property right to pension benefits earned by vested workers after ten years of service directly into state law.