

**CHAPTER 2010-37**

**No. 309**

**AN ORDINANCE**

IN AMENDMENT OF SECTION 17-188.1  
-- PURCHASE OF SERVICE CREDIT, BY  
AMENDING SUB SECTION (4)

*Approved November 1, 2010*

***Be it ordained by the City of Providence:***

Sec. 17-188.1. Same--Purchase of service credit.

Section (4) shall be amended as follows:

(1) The city controller, shall be responsible for the determination, establishment and fixing of service creditable for previous service or military service and the cost of the purchase thereof as set forth in subsections (2), (3), (4) and (5) of this section for active members with a period of continuous service of at least one (1) year's duration. The city controller shall make a report monthly to the employee retirement board and the city council of all purchases of service credit made by any members.

(2) Any active member of the retirement system who was on active duty in the armed services of the United States or in the merchant marine service of the United States during and period of one (1) year or more, may, by written notice filed with the city controller, pay into the retirement system within five (5) years of his first becoming a member, a contribution equal to ten (10) percentum of his compensation earnable in his first year of credible service

multiplied by the number of years and fraction thereof in such armed service up to a maximum of four (4) years provided that he or she has received an honorable discharge. Upon such payment, anything to the contrary notwithstanding, such amount shall become part of such member's accumulated contributions and the period of service in the armed forces or merchant marines on account of which such payment was made shall be added to his period of service since last becoming a member. The crediting of such service shall be for the purpose of computing the amount of pension which may become payable under this article. There will be no interest charged provided that the member makes said purchase during his or her first five (5) years of first becoming a member of the retirement system, if purchased after completing five (5) years of membership, said member will be charged regular interest to date of purchase from date of enrollment into the retirement system calculated equal to the assumed investment return on the assets of the pension trust used by the actuary in the most recent actuarial valuation, compounded annually.

Any active member of the retirement system prior to (date of passage), with seven (7) years or more of membership in said system, who failed to purchase creditable military service as outlined above, shall be permitted to purchase said time and said member will be charged regular interest to date of purchase from date of enrollment into the retirement system calculated equal to the assumed investment return on the assets of the pension trust used by the actuary in the most recent actuarial valuation, compounded annually. In accordance with this section, if an eligible employee who was a member terminates employment and subsequently becomes an eligible employee again, the date of first becoming a member of the retirement system shall be used to determine the applicable five (5) years of membership.

(3) Any member who has rendered service as a member prior to his last becoming a member and terminated such previous service may, by written notice filed with the city controller, elect to repay into the annuity savings fund an amount equal to the amount of such member's accumulated contributions which were withdrawn by such member on account of such member's last termination of membership, together with eight (8) percentum interest compounded annually thereon from his last termination of membership, to the date of repayment. Upon such repayment, anything to the contrary notwithstanding, such amount shall become part of such member's accumulated contributions and the period of service on account of which such payment was made shall be added to his period of service since last becoming a member. The crediting of such service shall be both for the purpose of computing the amount of pension which may become payable under this article and for the purpose of determining such member's eligibility for the benefits payable hereunder and the rights of any beneficiary claiming through him.

(4) Any employee or elected officer who is an active class A member who returns to employment following a period of leave to which he is entitled under Federal or State Law or a period of disability for which workers' compensation or similar payments are made, may, by written notice filed with the city controller, elect to pay into the annuity savings fund an amount equal to eight (8) percentum of the base compensation which the employee or elected officer would have paid had such employee or elected officer not taken such period of leave or disability. ~~together with eight (8) percentum interest compounded annually thereon from the date of the commencement of his period of leave or disability, to the date of repayment. Upon such payment, anything to the contrary notwithstanding, such amount shall become part of such member's~~

~~accumulated contributions and the period of service on account of which such payment was made shall be added to his period of service since last becoming a member. The crediting of such service shall be both for the purpose of computing the amount of pension which may become payable under this article and for the purpose of determining such member's eligibility for the benefits payable hereunder and the rights of any beneficiary claiming through him. -~~

Should said payment be made within twenty four months of the employees return from leave to active employment, said payment shall fulfill all requirements. Any such payment made subsequent to twenty four months of the employees return from leave to active employment shall include a eight (8) percentum interest compounded annually thereon from the date of the commencement of his period of leave or disability, to the date of repayment. Upon such payment, anything to the contrary notwithstanding, such amount shall become part of such member's accumulated contributions.

(5) Any employee or elected officer who is an active class B member who returns to employment following a period of leave to which he is entitled under Federal or State law or a period of disability for which workers' compensation or similar payments are made, may, by written notice filed with the city controller, elect to pay into the annuity savings fund an amount equal to 9.5 percentum (9.5%) of the base compensation which the employee or elected officer would have been paid had such employee or elected officer not taken such period of leave or disability together with eight (8) percentum interest compounded annually thereon from the date of the commencement of his period of leave or disability, to the date of repayment. Upon such payment, anything to the contrary notwithstanding, such amount shall become part of such member's accumulated contributions and the period of service on account

of which such payment was made shall be added to his period of service since last becoming a member. The crediting of such service shall be both for the purpose of computing the amount of pension which may become payable under this article and for the purpose of determining such member's eligibility for the benefits payable hereunder and the rights of any beneficiary claiming through him.

(6) Any other employee or elected officer who is an active member and who had a period of continuous full time service of at least six (6) months' duration prior to his date of membership as a temporary city employee, or a CETA – financed city employee, may by, written notice filed with the city controller, elect to pay into the annuity savings fund and the pension accumulation fund an amount equal to the full actuarial value of the benefits payable under this article as of the date of payment, as computed by the actuarial advisor of the board, assuming such member shall retire on his normal retirement date based upon the assumptions used in the plan's actuarial valuation. Upon such payment, anything to the contrary notwithstanding, such amount paid into the annuity savings account shall become part of such member's accumulated contributions and the period of service on account of which such payment was made shall be added to his period of service since last becoming a member. The crediting of such service shall be both for the purpose of computing the amount of pension which may become payable under this article and for the purpose of determining such member's eligibility for the benefits payable hereunder and the rights of any beneficiary claiming through him.

(7) The city controller shall not permit the purchase of service credits in the retirement system for any period of employment as a seasonal or part-time

employee or for service as a member on any part-time board or commission.

(8) In reference to any interest payment in this section, members in active service of the retirement system, who make application for purchase of service shall be notified by the city controller as to the calculation of interest and said member shall have a maximum of thirty (30) days in which to effectuate said purchase. If the payment is not received within thirty (30) days of notification by the city controller and payments are made per pay period, interest shall accrue equal to the assumed investment return on the assets of the pension trust used by the actuary in the most recent actuarial valuation, compounded annually on the balance of payments. Members may purchase service credit by an installment plan by payroll deduction not to exceed five (5) years, provided that all purchases and payments must be made prior to retirement.

(Ord. 1993, ch. 93-28, § 2, 9-24-93; Ord. 1998, ch. 22, § 1, 5-28-98; Ord. 2008, ch. 08-29, 6-5-08; Ord. 2008, ch. 08-31, 6-19-08)

Intent is to afford employees who return from leaves required by law, to pay "makeup contributions" to the system, interest free, if made in full within twenty four months of return to active employment. Also clarifies that employee contributions are allocate toward the annuity portion of the retirement benefit and failure to pay "makeup contributions" will affect the annuity portion only of the benefits payable.

**IN CITY  
COUNCIL**  
OCT 21 2010

FINAL READING  
READ AND PASSED

PRESIDENT

CLERK

**IN CITY COUNCIL**  
OCT - 7 2010

**APPROVED** READING  
READ AND PASSED

CLERK

**MAYOR**