
Appropriations Committee

SB 6454

Brief Description: Providing annual increases in certain retirement allowances.

Sponsors: Senators Mulliken, Pridemore, Fraser, Rockefeller, Franklin, Spanel, Shin and Roach;
by request of Select Committee on Pension Policy.

Brief Summary of Bill

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| <ul style="list-style-type: none">• A PERS 1 or TRS 1 retiree who has been receiving an allowance for at least one year receives a Uniform COLA increase beginning July 1 of the calendar year that the retiree turns age 66. |
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Hearing Date: 2/16/06

Staff: David Pringle (786-7310).

Background:

A new cost of living adjustment (COLA) was created in 1995 for members of the Teachers Retirement System, Plan 1 (TRS 1), and the Public Employees Retirement System, Plan I (PERS 1). The annual increase, or Uniform COLA, provides an annual, automatic increase each July 1. The increase is a uniform amount for each year of service and is payable to retirees who are age 66 or older and have been retired at least one year. The annual increase is also provided to the TRS 1 and PERS 1 minimum benefit.

The Uniform COLA increases by 3 percent each year, plus in the January of even-numbered years if there are extraordinary investment returns to provide for a gain sharing COLA increase. In 1995 it was \$.59 per month, per year of service; since then it has increased to \$1.14 per month, per year of service, and will increase to \$1.21 per month, per year of service on July 1, 2004. For example, an eligible retiree with 30 years of service will receive an increase of \$36.30 in his or her monthly retirement allowance on July 1, 2004.

Since the eligibility for the Uniform COLA is based on the retiree's age on July 1, a person who was born on July 2 through the end of a calendar year would not be eligible to receive the COLA in the calendar year that he or she reached age 66, but instead must wait until the following July to receive the first COLA adjustment.

Summary of Bill:

A PERS 1 or TRS 1 retiree who has been receiving an allowance for at least one year by July 1 receives a Uniform COLA increase beginning July 1 of the calendar year that the retiree turns age 66. This change is effective as of July 1, 2006.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2006.