

SENATE BILL REPORT

ESSB 5380

AS PASSED SENATE, FEBRUARY 14, 1992

Brief Description: Providing an adjusted retirement allowance for certain retirees.

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators Saling, Bauer, Nelson, Moore, Rasmussen, Niemi, Bailey, Gaspard, West, Amondson, Owen, Talmadge, A. Smith, Snyder, McMullen, Wojahn, Vognild, Murray, Rinehart, Williams, L. Kreidler, Conner, Jesernig, Roach and L. Smith).

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5380 be substituted therefor, and the substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Gaspard, Johnson, L. Kreidler, Matson, Metcalf, Murray, Newhouse, Niemi, Rinehart, Saling, L. Smith, Talmadge, West, Williams, and Wojahn.

Staff: Denise Graham (786-7715)

Hearing Dates: March 7, 1991; March 11, 1991

BACKGROUND:

A retiree in Plan I of the Public Employees' Retirement System (PERS I) or the Teachers' Retirement System (TRS I) receives an annual cost-of-living adjustment (COLA) of up to 3 percent when purchasing power erodes to less than 60 percent of that at age 65.

A TRS I or PERS I member may retire at any age with 30 years of service, at age 55 with 25 years of service or at age 60 with five years of service.

SUMMARY:

The age at which the measurement of loss of purchasing power begins is called the benefit age. The amount of purchasing power that a retiree must lose before receiving a COLA is called the applicable percentage.

Each year, the State Actuary will calculate how far the benefit age can be lowered from the current law benefit age of 65 given the amount of funds appropriated for this purpose in each biennial budget. The State Actuary will make this calculation until enough funding is provided to lower the benefit age to retirement age. The State Actuary will then calculate how much the applicable percentage may be raised from the current law 60 percent given the amount of funds

appropriated for this purpose in each biennial budget. The State Actuary will make this calculation until enough funding is provided to raise the applicable percentage to 70 percent.

No PRS I or TRS I retiree will receive a COLA if his or her benefit is greater than 300 percent of the poverty income level for a family of two as determined annually by the U.S. Department of Health and Human Services.

The bill is contingent on funding in the budget.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

We should pass this bill so people can live out their lives in dignity, not having to choose between medicine and food. Active public employees see retiree benefits as part of an economic enhancement package that also includes salaries and health care benefits, and support raising retirement benefits.

TESTIMONY AGAINST: None

TESTIFIED: Senator Saling (pro); Guz Schwartz, Retired Public Employees (pro); Lee Osmond, Retired Teachers' Association (pro); Mark Brown, Washington Federation of Public Employees (pro); Karen Davis, Washington Education Association (pro); Sam Kindle, Washington State Council of County and City Employees (pro); Bob Otterstad, Association of Washington State Patrol (pro)