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ENGROSSED SUBSTITUTE SENATE BILL 5380

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State of Washington

52nd Legislature

1991 Regular Session

By 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).

Read first time March 11, 1991.

1 AN ACT Relating to retirement allowances for members of the  
2 teachers' and public employees' retirement systems; amending RCW  
3 41.32.575 and 41.40.325; and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.32.575 and 1989 c 272 s 3 are each amended to read  
6 as follows:

7 (1) Beginning July 1, (~~(1989)~~) 1991, and every year thereafter, the  
8 department shall determine the following information for each retired  
9 member or beneficiary who is over the age of sixty-five:

10 (a) The dollar amount of the retirement allowance received by the  
11 retiree at the benefit age (~~(sixty-five)~~), to be known for the purposes  
12 of this section as the "~~(age sixty-five)~~ benefit age retirement  
13 allowance";

1 (b) The index for the calendar year prior to the year that the  
2 retiree reached the benefit age (~~((sixty-five))~~), to be known for  
3 purposes of this section as "index A";

4 (c) The index for the calendar year prior to the date of  
5 determination, to be known for purposes of this section as "index B";

6 (d) The ratio obtained when index B is divided by index A, to be  
7 known for the purposes of this section as the "full purchasing power  
8 ratio"; and

9 (e) The value obtained when the retiree's (~~((age sixty-five))~~)  
10 benefit age retirement allowance is multiplied by (~~((sixty percent))~~) the  
11 applicable percentage of the retiree's full purchasing power ratio, to  
12 be known for the purposes of this section as the "target benefit."

13 (2) Beginning with the July payment, the retiree's (~~((age sixty-~~  
14 ~~five))~~) benefit age retirement allowance shall be adjusted to be equal  
15 to the retiree's target benefit. In no event, however, shall the  
16 adjusted allowance:

17 (a) Be smaller than the retirement allowance received without the  
18 adjustment; (~~((nor))~~)

19 (b) Differ from the previous year's allowance by more than three  
20 percent; or

21 (c) Be paid before the retiree is age sixty-six.

22 No adjustment shall be made if the benefit age retirement allowance  
23 is greater than three hundred percent of the poverty income level for  
24 a family of two as published annually by the United States department  
25 of health and human services.

26 (3) For members who retire after the benefit age (~~((sixty-five))~~),  
27 the (~~((age sixty-five))~~) benefit age retirement allowance shall be the  
28 initial retirement allowance received by the member.

29 (4) For beneficiaries of members who die prior to the benefit age  
30 (~~((sixty-five))~~): (a) The (~~((age sixty-five))~~) benefit age retirement

1 allowance shall be the allowance received by the beneficiary on the  
2 date the member would have turned the benefit age (~~((sixty-five))~~); and  
3 (b) index A shall be the index for the calendar year prior to the year  
4 the member would have turned the benefit age (~~((sixty-six))~~).

5 (5) Where the pension payable to a beneficiary was adjusted at the  
6 time the benefit commenced, the benefit provided by this section shall  
7 be adjusted in a manner consistent with the adjustment made to the  
8 beneficiary's pension.

9 (6) For the purposes of this section:

10 (a) "Index" means, for any calendar year, that year's average  
11 consumer price index--Seattle, Washington area for urban wage earners  
12 and clerical workers, all items, compiled by the bureau of labor  
13 statistics, United States department of labor;

14 (b) "Retired member" or "retiree" means any member who has retired  
15 for service or because of duty or nonduty disability, or the surviving  
16 beneficiary of such a member.

17 (7) The benefit age and the applicable percentage shall be  
18 determined by the state actuary using the funds appropriated for this  
19 purpose in each biennial omnibus appropriations act until the target  
20 levels established in this subsection are achieved. The benefit age  
21 shall be initially set at sixty-five, and the applicable percent shall  
22 be initially set at sixty percent. Each year, as available funds  
23 permit, the state actuary shall reduce the benefit age from age sixty-  
24 five to the age at retirement. After the benefit age has been adjusted  
25 to the age at retirement, the state actuary shall, as available funds  
26 permit, increase the applicable percentage on an incremental basis from  
27 sixty percent to seventy percent.

28 **Sec. 2.** RCW 41.40.325 and 1989 c 272 s 2 are each amended to read  
29 as follows:

1 (1) Beginning July 1, (~~(1989)~~) 1991, and every year thereafter, the  
2 department shall determine the following information for each retired  
3 member or beneficiary who is over the age of sixty-five:

4 (a) The dollar amount of the retirement allowance received by the  
5 retiree at the benefit age (~~(sixty-five)~~), to be known for the purposes  
6 of this section as the "~~(age-sixty-five)~~ benefit age retirement  
7 allowance";

8 (b) The index for the calendar year prior to the year that the  
9 retiree reached the benefit age (~~(sixty-five)~~), to be known for  
10 purposes of this section as "index A";

11 (c) The index for the calendar year prior to the date of  
12 determination, to be known for purposes of this section as "index B";

13 (d) The ratio obtained when index B is divided by index A, to be  
14 known for the purposes of this section as the "full purchasing power  
15 ratio"; and

16 (e) The value obtained when the retiree's (~~(age-sixty-five)~~)  
17 benefit age retirement allowance is multiplied by (~~(sixty-percent)~~) the  
18 applicable percentage of the retiree's full purchasing power ratio, to  
19 be known for the purposes of this section as the "target benefit."

20 (2) Beginning with the July payment, the retiree's (~~(age-sixty-~~  
21 ~~five)~~) benefit age retirement allowance shall be adjusted to be equal  
22 to the retiree's target benefit. In no event, however, shall the  
23 adjusted allowance:

24 (a) Be smaller than the retirement allowance received without the  
25 adjustment; (~~(nor)~~)

26 (b) Differ from the previous year's allowance by more than three  
27 percent; or

28 (c) Be paid before the retiree is age sixty-six.

29 No adjustment shall be made if the benefit age retirement allowance  
30 is greater than three hundred percent of the poverty income level for

1 a family of two as published annually by the United States department  
2 of health and human services.

3 (3) For members who retire after the benefit age (~~sixty-~~  
4 ~~five~~), the (~~age sixty-five~~) initial retirement allowance shall be  
5 the initial retirement allowance received by the member.

6 (4) For beneficiaries of members who die prior to the benefit age  
7 (~~sixty-five~~): (a) The (~~age sixty-five~~) initial retirement  
8 allowance shall be the allowance received by the beneficiary on the  
9 date the member would have turned the benefit age (~~sixty-five~~); and  
10 (b) index A shall be the index for the calendar year prior to the year  
11 the member would have turned the benefit age (~~sixty-five~~).

12 (5) Where the pension payable to a beneficiary was adjusted at the  
13 time the benefit commenced, the benefit provided by this section shall  
14 be adjusted in a manner consistent with the adjustment made to the  
15 beneficiary's pension.

16 (6) For the purposes of this section:

17 (a) "Index" means, for any calendar year, that year's average  
18 consumer price index--Seattle, Washington area for urban wage earners  
19 and clerical workers, all items, compiled by the bureau of labor  
20 statistics, United States department of labor;

21 (b) "Retired member" or "retiree" means any member who has retired  
22 for service or because of duty or nonduty disability, or the surviving  
23 beneficiary of such a member.

24 (7) The benefit age and the applicable percentage shall be  
25 determined by the state actuary using the funds appropriated for this  
26 purpose in each biennial omnibus appropriations act until the target  
27 levels established in this subsection are achieved. The benefit age  
28 shall be initially set at sixty-five, and the applicable percent shall  
29 be initially set at sixty percent. Each year, as available funds  
30 permit, the state actuary shall reduce the benefit age from age sixty-

1 five to the age at retirement. After the benefit age has been adjusted  
2 to the age at retirement, the state actuary shall, as available funds  
3 permit, increase the applicable percentage on an incremental basis from  
4 sixty percent to seventy percent.

5 NEW SECTION. Sec. 3. If specific funding for the purposes of  
6 this act, referencing this act by bill number, is not provided by June  
7 30, 1991, in the omnibus appropriations act, this act shall be null and  
8 void.