
HOUSE BILL 2956

State of Washington

52nd Legislature

1992 Regular Session

By Representatives Belcher, Fraser, R. Meyers, Beck, Jones, Bowman, Kremen, Zellinsky, Basich, Van Luven, Orr and Nelson

Read first time 02/05/92. Referred to Committee on Appropriations.

1 AN ACT Relating to providing cost-of-living increases to retirees
2 of the public employees' retirement system and the teachers' retirement
3 system; amending RCW 41.32.575 and 41.40.325; adding new sections to
4 chapter 41.32 RCW; and adding new sections to chapter 41.40 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.32 RCW
7 under the subchapter heading "Plan I" to read as follows:

8 (1) The increase in benefits provided by this act applies to all
9 persons who retire prior to September 1, 1992.

10 (2) Any member of the system who is employed in an eligible
11 position after September 1, 1992, may elect to receive the increase for
12 benefits provided by this act by making the election provided in
13 subsection (3) of this section.

1 (3) A member who is employed in an eligible position after
2 September 1, 1992, may elect to be eligible for the benefits provided
3 by this act by indicating in writing, on a form provided by the
4 department of retirement systems, the member's agreement to contribute
5 an additional three percent of earnable compensation. Such agreement
6 shall be irrevocable and must be submitted not later than December 31,
7 1992, or, for members who are not employed in an eligible position as
8 of September 1, 1992, within sixty days of the member's return to
9 employment in an eligible position.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW
11 under the subchapter heading "Plan I" to read as follows:

12 (1) The increase in benefits provided by this act applies to all
13 persons who retire prior to September 1, 1992.

14 (2) Any member of the system who is employed in an eligible
15 position after September 1, 1992, may elect to receive the increase for
16 benefits provided by this act by making the election provided in
17 subsection (3) of this section.

18 (3) A member who is employed in an eligible position after
19 September 1, 1992, may elect to be eligible for the benefits provided
20 by this act by indicating in writing, on a form provided by the
21 department of retirement systems, the member's agreement to contribute
22 an additional three percent of compensation earnable. Such agreement
23 shall be irrevocable and must be submitted not later than December 31,
24 1992, or, for members who are not employed in an eligible position as
25 of September 1, 1992, within sixty days of the member's return to
26 employment in an eligible position.

27 **Sec. 3.** RCW 41.32.575 and 1989 c 272 s 3 are each amended to read
28 as follows:

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

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

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

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

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

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

21 (2) Beginning with the July 1993 payment, the (~~retiree's~~) benefit
22 age (~~sixty-five~~) retirement allowance for each retiree who is age
23 sixty-six or over shall be adjusted to be equal to the retiree's target
24 benefit. In no event, however, shall the adjusted allowance:

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

27 (b) Differ from the previous year's allowance by more than three
28 percent.

29 (3) For members who retire after age sixty-five, (~~the age sixty-~~
30 ~~five allowance~~) index A shall be the (~~initial retirement allowance~~

1 ~~received by the member~~) index for the calendar year prior to the year
2 the retiree reached age sixty-five.

3 (4) For beneficiaries of members who die prior to ~~((age sixty-~~
4 ~~five)) retirement or after retirement but before the age set in~~
5 subsection (6) of this section: (a) The benefit age ((sixty-five))
6 retirement allowance shall be the allowance received by the beneficiary
7 on the date the member would have ((turned age sixty-five)) been
8 eligible to retire or the age set in subsection (6) of this section,
9 whichever is later; and (b) index A shall be the index for the prior
10 calendar year ((prior to the year the member would have turned age
11 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) "Benefit age" means the later of either (i) the member's age at
18 retirement or (ii) from July 1, 1993, through June 30, 1995, age sixty-
19 three; from July 1, 1995, through June 30, 1997, age sixty-one; from
20 July 1, 1997, through June 30, 1999, age fifty-nine; from July 1, 1999,
21 through June 30, 2001, age fifty-seven; and from July 1, 2001,
22 thereafter, the member's age at retirement;

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

27 ~~((b))~~ (c) "Retired member" or "retiree" means any member who has
28 retired for service or because of duty or nonduty disability, or the
29 surviving beneficiary of such a member;

1 (d) "Target percentage" means, from July 1, 1993, through June 30,
2 1995, sixty-two percent; from July 1, 1995, through June 30, 1997,
3 sixty-four percent; from July 1, 1997, through June 30, 1999, sixty-six
4 percent; from July 1, 1999, through June 30, 2001, sixty-eight percent;
5 and from July 1, 2001, thereafter, seventy percent.

6 **Sec. 4.** RCW 41.40.325 and 1989 c 272 s 2 are each amended to read
7 as follows:

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

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

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

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

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

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

28 (2) Beginning with the July 1993 payment, the (~~retiree's~~) benefit
29 age (~~sixty-five~~) retirement allowance for each retiree who is age

1 sixty-six or over shall be adjusted to be equal to the retiree's target
2 benefit. In no event, however, shall the adjusted allowance:

3 (a) Be smaller than the retirement allowance received without the
4 adjustment; nor

5 (b) Differ from the previous year's allowance by more than three
6 percent.

7 (3) For members who retire after age sixty-five, ~~((the age sixty-~~
8 ~~five allowance))~~ index A shall be the ~~((initial retirement allowance~~
9 ~~received by the member))~~ index for the calendar year prior to the year
10 the retiree reached age sixty-five.

11 (4) For beneficiaries of members who die prior to ~~((age sixty-~~
12 ~~five))~~ retirement or after retirement but before the age set in
13 subsection (6) of this section: (a) ~~The benefit age ((sixty five))~~
14 retirement allowance shall be the allowance received by the beneficiary
15 on the date the member would have ~~((turned age sixty five))~~ been
16 eligible to retire or the age set in subsection (6) of this section,
17 whichever is later; and (b) index A shall be the index for the prior
18 calendar year ~~((prior to the year the member would have turned age~~
19 ~~sixty-five))~~.

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

24 (6) For the purposes of this section:

25 (a) "Benefit age" means the later of either (i) the member's age at
26 retirement or (ii) from July 1, 1993, through June 30, 1995, age sixty-
27 three; from July 1, 1995, through June 30, 1997, age sixty-one; from
28 July 1, 1997, through June 30, 1999, age fifty-nine; from July 1, 1999,
29 through June 30, 2001, age fifty-seven; and from July 1, 2001,
30 thereafter, the member's age at retirement;

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

5 (~~(b)~~) (c) "Retired member" or "retiree" means any member who has
6 retired for service or because of duty or nonduty disability, or the
7 surviving beneficiary of such a member;

8 (d) "Target percentage" means, from July 1, 1993, through June 30,
9 1995, sixty-two percent; from July 1, 1995, through June 30, 1997,
10 sixty-four percent; from July 1, 1997, through June 30, 1999, sixty-six
11 percent; from July 1, 1999, through June 30, 2001, sixty-eight percent;
12 and from July 1, 2001, thereafter, seventy percent.

13 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.32 RCW
14 under the subchapter heading "Plan I" to read as follows:

15 In addition to any cost of living adjustments provided under RCW
16 41.32.575 or 41.32.487, on February 1, 1992, the department of
17 retirement systems shall also pay an additional adjustment to any
18 retiree of plan I of the teachers' retirement system whose state
19 retirement benefit has a purchasing power of less than sixty percent of
20 the purchasing power of the benefit the retiree received at age sixty-
21 five. Each such retiree shall be given an increase on July 1 of any
22 year sufficient, when combined with any other adjustment received, to
23 restore the purchasing power of the retiree's state retirement benefit
24 to sixty percent of the purchasing power of the benefit received by the
25 retiree at age sixty-five. This increase shall be calculated using the
26 formula contained in RCW 41.32.575 but without regard to RCW
27 41.32.575(2)(b).

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.40 RCW
2 under the subchapter heading "Plan I" to read as follows:

3 In addition to any cost of living adjustments provided under RCW
4 41.40.325 or 41.40.1981, on February 1, 1992, the department of
5 retirement systems shall also pay an additional adjustment to any
6 retiree of plan I of the public employees' retirement system whose
7 state retirement benefit has a purchasing power of less than sixty
8 percent of the purchasing power of the benefit the retiree received at
9 age sixty-five. Each such retiree shall be given an increase on July
10 1 of any year sufficient, when combined with any other adjustment
11 received, to restore the purchasing power of the retiree's state
12 retirement benefit to sixty percent of the purchasing power of the
13 benefit received by the retiree at age sixty-five. This increase shall
14 be calculated using the formula contained in RCW 41.40.325 but without
15 regard to RCW 41.40.325(2)(b).