
Appropriations Committee

HB 2511

Brief Description: Providing a benefit increase to certain retirees of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.

Sponsors: Representatives Manweller, Fitzgibbon, Muri, Fey, Hayes, Valdez and Kloba; by request of Select Committee on Pension Policy.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Provides a one-time increase to the Public Employees' Retirement System and Teachers' Retirement System Plans 1 member monthly benefits of 3 percent up to a maximum of \$62.50 on July 1, 2018.
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Hearing Date: 1/22/18

Staff: David Pringle (786-7310).

Background:

The basic retirement allowance of a member of Plan 1 of the Public Employees' Retirement System (PERS Plan 1) or the Teachers' Retirement System (TRS Plan 1) is equal to 2 percent of the member's average final compensation, calculated on the members' highest consecutive two years of compensation, for each year of service. Retirement benefits in the Plans 1 are available to members after 30 years of service at any age, with 25 years of service at age 55, and with 5 years of service at age 60. The original Plan 1 design did not contain a benefit feature annually adjusting retirees benefits, though several ad-hoc retiree benefit adjustments were created by the Legislature prior to 1995.

Between 1995 and 2011 PERS and TRS Plan 1 retirees' benefits could be eligible for an annual increase from a benefit generally referred to as the "Uniform" cost of living adjustment (COLA), or "Uniform COLA." The Uniform COLA was enacted in 1995 to replace a number of prior COLAs, and was a fixed dollar amount multiplied by the member's total years of service. The dollar amount of the Uniform COLA was about \$1.88 per year, meaning that a member with 25

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years of service would receive an additional \$47 per month each year, and the Uniform COLA itself would have increased by 3 percent per year on July 1. Members did not have a contractual right to future increases to the Uniform COLA, and those increases ceased with the repeal of the Uniform COLA in 2011.

Summary of Bill:

A one-time increase is provided to retirees of the Public Employees' Retirement System and Teachers' Retirement System Plans 1 member monthly benefits of 3 percent up to a maximum of \$62.50 on July 1, 2018.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2018.