

FINAL BILL REPORT

HCR 4422

Brief Description: Resolving that the joint committee on pension policy continue to review pension options.

By Representatives Hine, McLean, Spanel, Sheldon, H. Myers, Pruitt, Kremen, Jones, Franklin, Ludwig, Bray, Cole, Rayburn, Valle, Wynne, Neher, D. Sommers, Fraser, Leonard, Basich, Rasmussen and Anderson.

Background: The Joint Committee on Pension Policy was established in 1987 as a standing committee to provide the Legislature with in-depth analysis of such pension issues as retirement age, service credit, cost-of-living adjustments, benefits plan design, level of state funding of retirement benefits, and other issues affecting members of the state's eight retirement systems. The committee is bi-partisan, with four members each appointed from the House and the Senate.

In recent years, the committee has conducted an extensive review of cost-of-living adjustments (COLAs) for members of Plan I of the Teachers' and Public Employees' Retirement Systems. Plan I of these systems generally does not provide COLAs to supplement benefits earned at retirement. Plan I also allows members to retire at any age after 30 years of service, but does not include additional benefits for any years worked in excess of 30.

Summary: The Legislature recognizes that Plan I of the Teachers' and Public Employees' Retirement Systems (TRS and PERS) were not designed or funded to provide postretirement cost-of-living adjustments, nor were they designed to allow members who choose to continue working after 30 years' service to increase their retirement benefits. The Legislature also recognizes that many members want to plan ahead and take a personal responsibility for a financially secure retirement.

The Joint Committee on Pension Policy is requested to continue its review of options for Plan I TRS and PERS members to help provide themselves with postretirement cost of living adjustments (COLAs). Options include allowing members to: (a) credit their contributions during any years

worked in excess of 30 to a "COLA" fund; (b) transfer to another Plan I retirement plan; or (c) fund a COLA by delaying receipt of their initial retirement allowance.