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

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

27 allowance shall be the allowance received by the beneficiary on the  
28 date the member would have turned the benefit age (~~((sixty-five))~~); and

29 (b) index A shall be the index for the calendar year prior to the year  
30 the member would have turned the benefit age (~~((sixty-six))~~).

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

5 (6) For the purposes of this section:

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

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

13 (7) The benefit age and the applicable percentage shall be  
14 determined by the state actuary using the funds appropriated for this  
15 purpose in the 1991-93 omnibus appropriations act until the funds are  
16 exhausted as provided in this subsection. The applicable percent shall  
17 be initially set at sixty percent, and the benefit age shall be  
18 initially set at sixty-five. The state actuary shall alternately  
19 increase the applicable percentage by one percent and reduce the  
20 benefit age by one year, or as much of these as the available funds  
21 permit.

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

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

27 (a) The dollar amount of the retirement allowance received by the  
28 retiree at the benefit age (~~(sixty-five)~~), to be known for the purposes

1 of this section as the "~~((age sixty-five))~~ benefit age retirement  
2 allowance";

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

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

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

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

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

19 (a) Be smaller than the retirement allowance received without the  
20 adjustment; ~~((nor))~~

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

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

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

27 (4) For beneficiaries of members who die prior to the benefit age  
28 (~~((sixty-five))~~): (a) The ~~((age sixty-five))~~ initial retirement  
29 allowance shall be the allowance received by the beneficiary on the  
30 date the member would have turned the benefit age (~~((sixty-five))~~); and

1 (b) index A shall be the index for the calendar year prior to the year  
2 the member would have turned the benefit age (~~sixty-five~~).

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

7 (6) For the purposes of this section:

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

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

15 (7) The benefit age and the applicable percentage shall be  
16 determined by the state actuary using the funds appropriated for this  
17 purpose in the 1991-93 omnibus appropriations act until the funds are  
18 exhausted as provided in this subsection. The applicable percent shall  
19 be initially set at sixty percent, and the benefit age shall be  
20 initially set at sixty-five. The state actuary shall alternately  
21 increase the applicable percentage by one percent and reduce the  
22 benefit age by one year, or as much of these as the available funds  
23 permit.

24 NEW SECTION. Sec. 3. If specific funding for the purposes of  
25 this act, referencing this act by bill number, is not provided by June  
26 30, 1991, in the omnibus appropriations act, this act shall be null and  
27 void.