
SENATE BILL 6312

State of Washington

52nd Legislature

1992 Regular Session

By Senators Saling, Bauer, Skratek, Rinehart, Gaspard, Jesernig, Murray, M. Kreidler, Sutherland, A. Smith, Pelz and Wojahn

Read first time 01/24/92. Referred to Committee on Ways & Means.

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; and amending RCW 41.32.575 and 41.40.325.

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

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

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

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

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

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) "Benefit age" means the member's age at retirement, except that
7 for members who retire prior to the minimum age set by the legislature
8 under subsection (7) of this section, the benefit age shall be the
9 minimum age set by the legislature;

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

17 (d) "Target percentage" is the percentage of the full purchasing
18 power ratio that the legislature sets as a target for qualifying for
19 cost-of-living adjustments funded under subsection (7) of this section.

20 (7) The legislature shall establish the minimum "benefit age" and
21 the "target percentage" in each biennial omnibus appropriations act
22 until the target levels established in this subsection are achieved.
23 The minimum benefit age shall be initially set at sixty-five, and the
24 target percentage shall be initially set at sixty percent. Each year,
25 the benefit age may be reduced from age sixty-five to such age as may
26 be established in the appropriations act. After the benefit age has
27 been lowered to the age at retirement, the target percentage shall be
28 increased on an incremental basis to such level as may be established
29 in the appropriations act, up to seventy percent.

1 (8) Changes to the minimum benefit age or target percentage shall
2 be effective only if the cost of the change, as determined pursuant to
3 chapter 41.45 RCW, is fully funded in the appropriations act.

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

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

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

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

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

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

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

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

1 (a) Be smaller than the retirement allowance received without the
2 adjustment; nor

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

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

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

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

18 (6) For the purposes of this section:

19 (a) "Benefit age" means the member's age at retirement, except that
20 for members who retire prior to the minimum age set by the legislature
21 under subsection (7) of this section, the benefit age shall be the
22 minimum age set by the legislature;

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" is the percentage of the full purchasing
2 power ratio that the legislature sets as a target for qualifying for
3 cost-of-living adjustments funded under subsection (7) of this section.

4 (7) The legislature shall establish the minimum "benefit age" and
5 the "target percentage" in each biennial omnibus appropriations act
6 until the target levels established in this subsection are achieved.
7 The minimum benefit age shall be initially set at sixty-five, and the
8 target percentage shall be initially set at sixty percent. Each year,
9 the benefit age may be reduced from age sixty-five to such age as may
10 be established in the appropriations act. After the benefit age has
11 been lowered to the age at retirement, the target percentage shall be
12 increased on an incremental basis to such level as may be established
13 in the appropriations act, up to seventy percent.

14 (8) Changes to the minimum benefit age or target percentage shall
15 be effective only if the cost of the change, as determined pursuant to
16 chapter 41.45 RCW, is fully funded in the appropriations act.