

FINAL BILL REPORT

SB 5175

C 89 L 07

Synopsis as Enacted

Brief Description: Providing annual increases in certain retirement allowances.

Sponsors: Senators Pridemore, Schoesler, Fraser, Fairley, McAuliffe, Shin, Jacobsen, Prentice, Franklin and Rasmussen; by request of Select Committee on Pension Policy.

Senate Committee on Ways & Means

House Committee on Appropriations

Background: A new cost of living adjustment (COLA) was created in 1995 for members of the Teachers Retirement System Plan 1 (TRS 1), and the Public Employees Retirement System Plan 1 (PERS 1). The annual increase, or Uniform COLA, provides an automatic increase to eligible members' retirement allowances each July 1. The increase is a uniform amount for each year of service and is payable to retirees who are age 66 or older and have been retired at least one year.

The Uniform COLA increases by 3 percent each year, and may be further increased by gain-sharing in even-numbered years if there are extraordinary investment returns. In 1995, the increase amount was \$0.59 per month, per year of service. By July 1, 2007, it will have increased to \$1.33 per month, per year of service. For example, an eligible retiree with 30 years of service will receive an increase of \$39.90 in his or her monthly retirement allowance on July 1, 2007. That same retiree will receive an monthly benefit increase of \$41.10 on July 1, 2008, plus any additional increase that may result from a January 1, 2008, gain-sharing event.

Retirees must have been retired for at least one year and be at least 66 years of age by July 1 in order to qualify for the cost of living adjustment made to retirement allowances in that year.

Summary: The age requirements for COLA eligibility in PERS 1 and TRS 1 are changed so that a member must have been retired for at least one year by July 1 and reach age 66 by December 31 in order to be eligible for the adjustment given during that year.

Votes on Final Passage:

Senate	43	0
House	97	0

Effective: July 1, 2007