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**SENATE BILL 6017**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** Senators Lias, Conway, Fraser, McAuliffe, Chase, Kohl-Welles, and Darneille

Read first time 02/17/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to cost-of-living adjustments for plan 1 retirees  
2 of the teachers' retirement system and public employees' retirement  
3 system; adding a new section to chapter 41.32 RCW; adding a new  
4 section to chapter 41.40 RCW; creating a new section; and declaring  
5 an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature finds that providing a  
8 cost-of-living adjustment to retirement benefits will help retirees  
9 manage rising costs over time by ensuring that benefits keep pace  
10 with inflation. The legislature finds that plan 2 and plan 3 retirees  
11 in the teachers' retirement system and the public employees'  
12 retirement system receive an annual cost-of-living adjustment to  
13 retirement benefits. However, plan 1 retirees in these systems do not  
14 receive an annual cost-of-living adjustment. It is the legislature's  
15 intent to provide the same annual cost-of-living adjustment for plan  
16 1 retirees as is provided for plan 2 and plan 3 members.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.32  
18 RCW to read as follows:

19 Beginning July 1, 2015, and every year thereafter, the department  
20 shall determine the following information for each plan 1 retired

1 member or beneficiary whose retirement allowance has been in effect  
2 for at least one year:

3 (1) The original dollar amount of the retirement allowance as of  
4 June 30, 2015, or the effective date of retirement, whichever is  
5 later;

6 (2) The index for the calendar year prior to July 1, 2014, or the  
7 effective date of the retirement allowance, whichever is later, to be  
8 known as "index A";

9 (3) The index for the calendar year prior to the date of  
10 determination, to be known as "index B"; and

11 (4) The ratio obtained when index B is divided by index A.

12 The value of the ratio obtained is the annual adjustment to the  
13 original retirement allowance and must be applied beginning with the  
14 July payment. In no event, however, may the annual adjustment:

15 (a) Produce a retirement allowance which is lower than the  
16 original retirement allowance;

17 (b) Exceed three percent in the initial annual adjustment; or

18 (c) Differ from the previous year's annual adjustment by more  
19 than three percent.

20 For the purposes of this section, "index" means, for any calendar  
21 year, that year's average consumer price index — Seattle, Washington  
22 area for urban wage earners and clerical workers, all items, compiled  
23 by the bureau of labor statistics, United States department of labor.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.40  
25 RCW to read as follows:

26 Beginning July 1, 2015, and every year thereafter, the department  
27 shall determine the following information for each plan 1 retired  
28 member or beneficiary whose retirement allowance has been in effect  
29 for at least one year:

30 (1) The original dollar amount of the retirement allowance as of  
31 June 30, 2015, or the effective date of retirement, whichever is  
32 later;

33 (2) The index for the calendar year prior to July 1, 2014, or the  
34 effective date of the retirement allowance, whichever is later, to be  
35 known as "index A";

36 (3) The index for the calendar year prior to the date of  
37 determination, to be known as "index B"; and

38 (4) The ratio obtained when index B is divided by index A.

1       The value of the ratio obtained is the annual adjustment to the  
2 original retirement allowance and must be applied beginning with the  
3 July payment. In no event, however, may the annual adjustment:

4       (a) Produce a retirement allowance which is lower than the  
5 original retirement allowance;

6       (b) Exceed three percent in the initial annual adjustment; or

7       (c) Differ from the previous year's annual adjustment by more  
8 than three percent.

9       For the purposes of this section, "index" means, for any calendar  
10 year, that year's average consumer price index — Seattle, Washington  
11 area for urban wage earners and clerical workers, all items, compiled  
12 by the bureau of labor statistics, United States department of labor.

13       NEW SECTION.   **Sec. 4.** This act is necessary for the immediate  
14 preservation of the public peace, health, or safety, or support of  
15 the state government and its existing public institutions, and takes  
16 effect immediately.

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