

SENATE BILL REPORT

SB 6305

As of January 23, 2018

Title: An act relating to retiree benefits for participants in the public employees' retirement system, the teachers' retirement system, and the public employees' benefits board.

Brief Description: Addressing retiree benefits for participants in the public employees' retirement system, the teachers' retirement system, and the public employees' benefits board.

Sponsors: Senators Hunt, Baumgartner, Braun, Palumbo, Hawkins, Keiser, Conway, Hasegawa, Kuderer and Chase.

Brief History:

Committee Activity: Ways & Means: 1/23/18.

Brief Summary of Bill

- Provides a one-time increase to the Public Employees' Retirement System Plan 1 and Teachers' Retirement System Plan 1 member monthly benefits of 3 percent up to a maximum of \$62.50.
- Requires the explicit subsidy be set at no less than 50 percent of the premium cost for retiree health care coverage.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The basic retirement allowance of a member of Plan 1 of the Public Employees' Retirement System (PERS Plan 1) or the Teachers' Retirement System (TRS Plan 1) is equal to 2 percent of the member's average final compensation, calculated on the members' highest consecutive two years of compensation, for each year of service. Retirement benefits in the Plan 1s are available to members after 30 years of service at any age, with 25 years of service at age 55, and with 5 years of service at age 60. The original Plan 1 design did not contain a benefit feature annually adjusting retirees benefits, though several ad-hoc retiree benefit adjustments were created by the Legislature prior to 1995.

Between 1995 and 2011, PERS Plan 1 and TRS Plan 1 retirees' benefits could be eligible for an annual increase from a benefit generally referred to as the Uniform Cost of Living

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Adjustment (COLA), or Uniform COLA. The Uniform COLA was enacted in 1995 to replace a number of prior COLAs, and was a fixed dollar amount multiplied by the member's total years of service. The dollar amount of the Uniform COLA was about \$1.88 per year, meaning that a member with 25 years of service would receive an additional \$47 per month each year, and the Uniform COLA itself would have increased by 3 percent per year on July 1. Members did not have a contractual right to future increases to the Uniform COLA, and those increases ceased with the repeal of the Uniform COLA in 2011.

Summary of Bill: A one-time increase is provided to retirees of the Public Employees' Retirement System Plan 1 and Teachers' Retirement System Plan 1 member monthly benefits of 3 percent up to a maximum of \$62.50 on July 1, 2018.

The explicit subsidy shall be no less than 50 percent of the premium cost.

Appropriation: None.

Fiscal Note: Partial fiscal note available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.