

Plans 1 COLA

Issue

In 2011, the Uniform Cost-of-Living Adjustment (COLA) was removed from the Public Employees' Retirement System, and the Teachers' Retirement System, Plans 1. The repeal of this COLA ended automatic post-retirement COLAs for most members. Stakeholders are seeking either a reinstatement of the Uniform COLA, or a replacement COLA.

Background

The Plans 1 were created without a post-retirement COLA. Over the years, minimum benefits and various COLAs were provided in the plans.

The Uniform COLA was an automatic COLA provided to Plans 1 retirees from 1994 through 2010. In 2011, the Legislature repealed the Uniform COLA and increased minimum benefits.

The Plans 1 provide two minimum retirement benefits: the Basic and the Adjusted. The Basic minimum is \$55.18 per month per year of service. The Adjusted minimum is \$1,791.08 per month, and is provided to long-service members who have been retired for 20 or more years. Minimum benefits increase every year—effectively providing a COLA to those receiving them.

Options Considered

- ❖ One dollar per month per year of service credit.
- ❖ One-time 3 percent COLA.
- ❖ Increasing eligibility (i.e., allowing more retirees to qualify) for the Adjusted Minimum Benefit.

Committee Activity

The SCPP studied this issue at the October and December meetings. At the December meeting, separate motions to recommend a one-time 3-percent COLA and a one dollar per month per year of service credit COLA failed.

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