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To: [Office State Actuary, WA](#)
Cc: [Peter Diedrick](#)
Subject: Regarding the SCPP Recommendation of a 2024 Ad Hoc COLA for Plan 1 Retirees
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November 6, 2023

Ladies and Gentlemen of the Washington State Select Committee on Pension Policy:

I believe that at your November 14 meeting you will consider whether to recommend to the 2024 Legislature an ad hoc Cost of Living Adjustment for retirees within PERS and TRS Plans 1. I urge you to recommend exactly such an ad hoc COLA for Plan 1 retirees in 2024.

An ad hoc COLA is badly needed by Plan 1 retirees. As you know, no annual automatic COLA was included in the Plan 1 Retirement at its creation in 1933. Today, 90 years later, teachers and public employees who gave their working lives to Washington State really suffer because their retirements can't keep up with inflation. Tragically, Plan 1 retirees are unique in this regard among the members of all other Washington State retirement plans.

More recently created plans, such as PERS and TRS 2 or 3 provide an automatic annual COLA **of up to 3% based on the rate of inflation**. With the current Seattle area inflation rate at 5.4%, all retirees suffer some. But under these current conditions the members of newer plans enjoy a "banking" feature that allow them to continue receiving their 3% COLA even after inflation drops below 3%. That COLA will continue until they have eventually **been made whole regarding what they lost**. That is not possible for Plan 1 members.

As a result, the purchasing power of Plan 1 retirements has plummeted far below their original value due to the continued and pernicious erosion of inflation. As you can imagine, some of our older Plan 1 retirees have lost as much as a 50% of their retirement's value.

Consider also that these retirements were based on salaries much lower than those earned by more recent retirees. Consider, as well, that the PERS 1 and TRS 1 retirement plans have been closed to new enrollees since 1977, 46 years ago! These are the state's oldest retirees! The average Plan 1 retiree's age is approaching 80 years. The still-living members of the Plan 1 retirement system watch their purchasing power shrink and watch their numbers shrink as more of their colleagues die each year.

However, thanks to the recommendations of the SCPP, our situation has eased a bit in recent sessions with the passage of several ad hoc COLAs of up to 3%. These would not have been possible without the support of the SCPP. While Plan 1 retirees will never regain what they have lost, these recent ad hoc COLA's provide a light of hope for the future.

Thank you for your efforts on retirees' behalf.

Sincerely,

Timothy Knopf

TRS 1 Retiree

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