

From: [Jim Davison](#)
To: [Office State Actuary, WA](#)
Subject: Plans 1 TRS & PERS still need help and, better yet, equity with other plans
Date: Monday, March 14, 2022 8:32:58 PM

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Dear Members of the Select Committee on Pension Policy:

Thank you for your recommendation prior to the 2022 legislative session for a 3% COLA for Plans 1 PERS and TRS retirees. At the time of that recommendation my purchasing power had decreased by 36% since my 2005 retirement (after a 36-year teaching career), according to the CPI Inflation Calculator. By the end of the session that loss had increased to 45.87%. The 1.5% and 3% COLAs in 2018 and 2020 were both capped, unlike the un-capped annual COLAs in several other plans in the Department of Retirement Systems. While appreciated, they hardly touched my loss of purchasing power.

Last February, while SB 5676 (Plan 1 COLA) was in Appropriations, Representative Rude introduced an amendment to increase the SCPP recommended percentage from 3% to 5% (still capped, but higher than the previous two one-time COLAs), a seemingly reasonable request considering inflation had increased to well over 7% AND the state's revenue forecast was outstanding! Appropriations Chair Ormsby spoke against the amendment stating the SCPP vetted the bill and the fiscal impact of any change was uncertain. The amendment was defeated.

Item 4 in the Select Committee on Pension Policy Goals for Washington State Public Pensions dated 2005 (the year I retired) states:

4. Purchasing Power: To increase and maintain the purchasing power of retiree benefits in the Plans 1 of PERS and TRS, to the extent feasible, while providing long-term benefit security to retirees.

(<https://leg.wa.gov/JointCommittees/SCPP/Documents/GoalsAdopted.pdf>)

It was also obvious from Representative Ormsby's comment that a recommendation coming from the SCPP is key, as seen in 2018, 2020 and 2022. For that reason, a recommendation by the SCPP that would actually "increase and maintain the purchasing power" of Plan 1 retirees and end the continual loss of purchasing power would not only be greatly appreciated but is needed to prevent further loss of purchasing power.

As stated in the Pensions 101 PowerPoint (p. 5, slide 9-
https://leg.wa.gov/JointCommittees/SCPP/Documents/2008/Pensions_101.pdf), "Pay now, or pay more later". Due to at least a decade of underfunding (clearly shown on p. 44 of Washington State 2016 Risk Assessment Assumptions Study —
<https://leg.wa.gov/osa/presentations/Documents/RiskAssessment/2016RAAS.pdf>) by the legislature, cities and counties, it is now later and paying more is essential to satisfy Item 4 of your goals. To do otherwise allows the race to the bottom to continue for this group of aging retirees.

It's ironic that the SCPP Goals are dated 2005--the midpoint of the most recent decade of underfunding of Plans 1 TRS and PERS.

Sincerely,

Jim Davison

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