
From: Timothy Knopf <timknopf1@yahoo.com>
Sent: Monday, November 14, 2022 2:16 PM
To: Office State Actuary, WA
Subject: Letter to the SCPP RE Plan 1 COLA Proposal

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November 14, 2022

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

I am writing again about a one-time Cost of Living Adjustment, for Plan 1 retirees. I believe that the SCPP will vote at your next meeting to recommend a one-time 3% Plan 1 COLA, and while that is a good thing that we appreciate, Plan 1 members need more than that!

That is why we have repeatedly asked that you approve something closer to 6% or 7%. We are trapped in a pension plan founded in 1933 and unchanged for almost 90 years. In 1933 retirees were only expected to live to about 67 years of age. An annual Cost of Living Adjustment for retirees just wasn't a concern for legislators in the depths of the Great Depression.

Today's retirees thankfully do not usually die at age 67. In fact, the average Plan 1 retiree is roughly 77. By living longer without the benefit of an annual COLA, they feel the teeth of inflation on their retirement's purchasing power. I retired in 2010 after 38 years in the classroom, yet in just 13 years, inflation has eaten 20% of my retirement, and I know many who have lost 50% of their retirement's value. To make things worse this year's inflation rate now runs at 7%.

You may be reluctant to recommend more than 3% for Plan 1 since that's what the other retirement plans will receive this year. The difference is that those retirees get it automatically and have received automatic annual COLA's of up to 3% every year since they retired.

Those other plans also have a "banking" provision that keeps on paying a 3% COLA even after inflation drops below 3% until their members are caught up and made whole. That has never been available to Plan 1 retirees.

You might also think that you shouldn't go beyond 3% because of the Plan 1 unfunded liability. Remember that this unfunded liability was caused by the Legislature's decision to divert much of its Plan 1 Pension Payments to other uses for a decade. We Plan 1 members paid our share into the retirement plan from our paychecks every month, even when the legislature didn't. So, why are we, as retirees, now the ones who bear the burden of the Legislature's reckless choice made years ago?

Please consider these issues before you vote on what to recommend as a Plan 1 COLA for next session. You can help ease a long-term injury done to so many Plan 1 retirees.

Sincerely,

Timothy Knopf

TRS 1 Retiree
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