
From: Timothy Knopf <timknopf1@yahoo.com>
Sent: Friday, October 7, 2022 11:49 AM
To: Office State Actuary, WA
Subject: The SCPP's Plan 1 COLA Proposal

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October 7, 2022

Dear Members of the Select Committee on Pension Policy:

I understand that the SCPP will consider another one-time Cost of Living Adjustment for PERS 1 and TRS 1 retirees at its October 18th meeting. I praise that. A COLA for Plan 1 members is badly needed. I am also pleased that the proposal will create a study regarding establishing a permanent COLA for Plan 1 retirees. That is hope on the horizon.

HOWEVER, right now a one-time 3% COLA is not nearly enough for people whose retirements have already lost between 20 and 50 percent in purchasing power to inflation since retirement. On top of that we face an inflation rate of 9% this year. The SCPP recommends a one-time COLA, it should be much larger than 3%, preferably 7% or more.

It is true that the current inflation rate has caused all state retirees to feel the pain of lost purchasing power (with the possible exception of LEOFF Plan 1 members), but unlike their younger Plan 2 and 3 colleagues, PERS and TRS 1 members have not received automatic COLAs up to 3% each year. Neither are Plan 1 members able to enjoy the "banking" feature that will hopefully bring Plans 2 and 3 in line with inflation over time.

Even more galling is the knowledge that LEOFF Plan 1 and 2 members will receive a \$36,000 lump sum payout at the end of January, 2023 because their mostly state-funded pension plan has developed a huge surplus.

What makes this even more frustrating is that Plan 1 members are so often told that any chance of a permanent COLA or even a reasonable one-time COLA is impossible because legislators can't see past "our" substantial Plan 1 unfunded liability.

That unfunded liability was the result of the Washington State Legislature's choice 20 to 30 years ago intentionally diverting on average, 50% of its recommended Plan 1 Pension Plan payments to other purposes for a decade.

As current members of the Legislature, you can rightly say, "But what does that have to do with us? We weren't even here 20 or 30 years ago." That's true, but we Plan 1 members were, and we remember. We remember that we always paid our share into the retirement plan from our paychecks each month. We remember who was responsible for that liability. So, we wonder now why are we, as retirees, the ones who bear the burden of the Legislature's reckless choices three decades ago?

Plan 1 retirees average of 76 years or older. 60% of them are women, many widows, with little income beyond their state retirement. Some of our members must pursue Medicaid and local food banks to survive. That should not be necessary after a life of serving the state.

Sincerely,

Tim Knopf, TRS Plan 1 Retiree

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