

**From:** [Emmett Mills](#)  
**To:** [Office State Actuary, WA](#)  
**Subject:** Plan 1 Ongoing COLA Study  
**Date:** Thursday, March 21, 2024 2:00:45 PM  
**Attachments:** [image001.png](#)  
[Letter from RPEC - SCPP Plan 1 Ongoing COLA Study.pdf](#)

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**CAUTION:** External email.

Greetings Members of the Select Committee on Pension Policy and Office of the State Actuary Staff,

Please find attached a letter from the Retired Public Employees Council of Washington regarding the SCPP's Plan 1 ongoing COLA study.

Please let me know if you have any questions.

Thank you,

**Emmett Mills**

*Government Affairs Coordinator*

**Retired Public Employees Council**

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# Retired Public Employees Council of Washington

March 21, 2024

To:

Members of the Select Committee on Pension Policy

Representative Joe Fitzgibbon, Chair

Senator Drew MacEwen, Vice Chair

Senator John Braun

Senator Steve Conway

Representative Timm Ormsby

Senator June Robinson

Representative Drew Stokesbary

Representative Mike Volz

David Schumacher

Tracy Guerin

J. Pat Thompson

Wally Watson

Michael Yestramski

William Zabelka

Annette Creekpaum

Dan Legard

Anthony Murrietta

Bev Hermanson

Mark Soper

Office of the State Actuary Staff

Aaron Gutierrez

Melinda Aslakson

Beth Halverson

Dear Members of the Select Committee on Pension Policy and the Office of the State Actuary,

Thank you for your work addressing the loss of purchasing power experienced by Plan 1 retirees. We appreciate the one-time COLAs that the SCPP helped pass in 2018, 2020, 2022, 2023, and 2024. We especially appreciate 2023's SB 5350, which invites the SCPP to study and recommend an ongoing COLA to the Legislature. We are eager for this work to resume in April and appreciate the SCPP's recognition that an automatic ongoing COLA is the only way to provide retirees with the security to plan ahead and confidently make long term financial decisions. Before the committee's work resumes, we would like to offer input on what an ongoing COLA could look like and how it might be funded in a way that minimally impacts employers.

As most Plan 1 pensions have lost around 40% of their purchasing power since the 2011 repeal of the Uniform COLA, we feel that an ongoing COLA should ensure minimal loss of future purchasing power. Therefore, we encourage the SCPP to consider implementing an ongoing COLA for Plan 1 retirees that is identical to the COLA received by Plans 2 and 3 retirees: an automatic increase each July based on the Seattle-Tacoma-Bellevue CPI not to exceed 3% and featuring COLA banking. Such a COLA will help prevent retirees from falling further behind and will allow them to continue to live in the communities they served. Plan 1 members contributed (and those still working continue to contribute) 6% of their wages to their pensions. They deserve the same retirement security enjoyed by members of other pension systems.

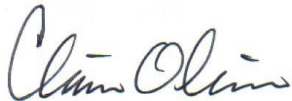
Due to the well-funded status of the pension systems, there is a potential opportunity to fund an ongoing COLA while still decreasing overall employer pension contributions. In 2023, the State Legislature passed SB 5294, which altered the Base UAAL rate, the employer contribution to pay down the Plans 1 unfunded liabilities. As Plans 1 approached full funding, the Legislature opted to gradually decrease the Base UAAL rate instead of abruptly halting it. Base UAAL rates are now set to follow a "glide pathway", gradually decreasing over the next five years. As UAAL contribution rates decrease, there is an opportunity to increase a separate employer contribution

rate to fund an ongoing Plan 1 COLA. If carefully coordinated, it may be possible to fund an ongoing COLA while gradually decreasing overall employer contributions.

To further minimize the impact of funding an ongoing COLA on employers, the SPPP could consider changing state law to allow an ongoing COLA to be funded over a longer period than currently permitted. RCW 41.45.060 requires that benefit increases be funded over a fixed ten-year period. By expanding this period to perhaps fifteen or twenty years, the effect of funding an ongoing COLA could be made less burdensome on employers.

Thank you for your consideration of these proposals and for your hard work to protect the retirement security of retired public employees.

Sincerely,

A handwritten signature in cursive script that reads "Clair Olivers".

Clair Olivers  
President  
Retired Public Employees Council of Washington  
AFSCME Retirees, Chapter 10