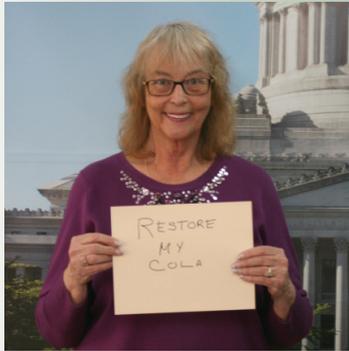


# Retired Public Employees Council Plan 1 COLA Fact Sheet



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## HISTORY

- The Public Employees Retirement System (PERS) 1 pension plan covers employees who began working for the state before October 1977.
- From 1970-1986, the Washington legislature employed various ad-hoc COLAs (3%-6%) to address concerns about the adequacy of benefits and the impact of inflation. (SCPP Issue Paper 1-12-2009)
- In 1989, the legislature introduced the CPI-based automatic COLA (up to 3%) for retirees whose purchasing power at age 65 drops more than 40%.
- In 1995, the legislature repealed all existing PERS 1 COLA statutes and enacted the Uniform Cost of Living Adjustment (UCOLA). It blended adequacy of benefits and purchasing power.
- In 2005, the OSA released a brief indicating that even with the modest policy adjustments, Plan 1 retirees erosion in purchasing power continued leaving Plan 1 members to lose approximately 50%.
- In 2011, the legislature repealed the UCOLA.

## REQUEST

- **Retirees need to be able to keep up with increased costs of surviving in Washington state by having the Cost of Living Adjustments reinstated.**

*Plan 1 members deserve to have dignity in retirement.*

## WHAT DOES THIS MEAN?

- Without a COLA, retirees have no way to keep up as the price of insurance, property taxes, groceries and medicine goes up every year. Retirees are having to choose between food and healthcare.
- The State Actuary found that if someone had retired in 1980, they have lost 30% of their purchasing power. They would have lost 70% had there not been the UCOLA for a number of years. If they retired in 2000, they have lost 20%.
- Overall prices (Cumulative Inflation rate) on household essentials and health care went up more than 10% between 2010 and 2015.
- Health care premiums for the Uniform Medical Plan went from \$162.86 in 2010 to \$267.89 in 2016 (60% of retirees are covered under this plan).

This means that anyone who started working for the state before 1977 has no way to keep up with the cost of living. Every other public employee retirement plan and the current industry standards all recognize that providing for increases in the cost of food, health care and medicine is critical to protect those who dedicated their careers to public service.