



1. RCW 43.88.030(1)(h) – Disclosure on Plans 1 COLAs

Post-Retirement Adjustments Established After July 1, 1991			
(Dollars in Millions)	2017-19*	2019-21**	2021-23**
PERS Plan 1	\$33.6	\$40.7	\$19.9
TRS Plan 1	16.2	22.8	3.9
WSPRS	3.3	3.8	4.1
Total	\$53.1	\$67.3	\$27.9

*We did not update this historical biennium estimate from our prior letter.

**Estimated using assumptions and methods in the 2019 AVR.

Annuitants under the Public Employees' Retirement System (PERS) Plan 1 and the Teachers' Retirement System (TRS) Plan 1 may be eligible to receive the Basic Minimum COLA at (or after) retirement, or the Alternate Minimum Benefit (also known as the \$1,000 Minimum Benefit) after retirement. Eligible annuitants under the Washington State Patrol Retirement System (WSPRS) receive a COLA based on the percentage change in the applicable Consumer Price Index (CPI). We determined increases in COLA payments consistent with the amounts stated in current law. For your reference, we provide a list of applicable statutory references in **Appendix A**.

We expect an increase in the PERS 1, TRS 1, and WSPRS COLA payments due to an expected increase in the number of COLA eligible annuitants as well as the statutory increase in annual COLAs. Furthermore, the relatively higher COLAs in the 2017-19 and 2019-21 Biennia for PERS and TRS Plans 1 is the result of legislation passed in the 2018 and 2020 Legislative Sessions granting 1.5 and 3 percent COLAs, respectively. These laws provided one-time COLAs to certain eligible member benefits on July 1, 2018, and July 1, 2020.

Please see **Appendix B** for more details on assumptions and methods used in the development of the Post-Retirement Adjustments table above.



2. RCW 43.88.030(2)(j) – Disclosure on UAAL

PERS 1

PERS 1 has a UAAL of \$3,759 million as of the latest AVR. The Plan 1 funding method requires the UAAL to be amortized over a rolling ten year period, as a level percentage of projected total system payroll (includes the School Employees' Retirement System (SERS) and the Public Safety Employees' Retirement System (PSERS) compensation) subject to minimum rates set in statute. The adopted PERS 1 UAAL rate for the 2021-23 Biennium is 3.71 percent. We expect employers to contribute \$1,182 million to the PERS 1 UAAL during the 2021-23 Biennium, of which \$609 million is State and \$328 million is General Fund-State (GF-S). These amounts are assumed to grow by approximately 6 percent over each biennia until the UAAL payoff date due to assumed salary increases and assumed growth in PERS, SERS, and PSERS membership. In addition, these amounts will change based on any change in the UAAL contribution rate. PERS 1 is currently projected to be fully funded by the end of Fiscal Year (FY) 2027.

TRS 1

TRS 1 has a UAAL of \$2,580 million as of the latest AVR. The Plan 1 funding method requires the UAAL to be amortized over a rolling ten year period, as a level percentage of projected TRS payroll subject to minimum rates set in statute. The adopted TRS 1 UAAL rate for the 2021 - 23 Biennium is 6.19 percent. We expect employers to contribute \$990 million to the TRS 1 UAAL during the 2021-23 Biennium, of which \$861 million is State (all GF-S). These amounts are assumed to grow by approximately 9 percent over each biennia until the UAAL payoff date due to assumed salary increases and assumed growth in TRS membership. In addition, these amounts will change based on any change in the UAAL contribution rate. TRS 1 is currently projected to be fully funded by the end of FY 2026.

Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 is fully funded and has no UAAL as of the latest AVR.

Plans 2/3 and WSPRS

Consistent with current law, we use the Aggregate actuarial cost method when calculating required contributions for PERS 2/3, TRS 2/3, SERS 2/3, PSERS 2, LEOFF 2, and WSPRS. This actuarial cost method does not develop a UAAL.



Appendix A – Statutory References

PERS and TRS Plans 1

- ❖ Chapter 345, Laws of 1995, Uniform COLA.
- ❖ Chapter 340, Laws of 1998, Gain-Sharing.
- ❖ Chapter 85, Laws of 2004, \$1,000 Minimum Benefit.
- ❖ Chapter 244, Laws of 2006, \$1,000 Minimum Benefit.
- ❖ Chapter 491, Laws of 2007, Repeal of Gain-Sharing.
- ❖ Chapter 362, Laws of 2011, Repeal of Uniform COLA.
- ❖ Chapter 151, Laws of 2018, One-Time 1.5 Percent COLA.
- ❖ Chapter 329, Laws of 2020, One-Time 3 Percent COLA.

WSPRS

- ❖ Chapter 74, Laws of 1999, Uniform COLA added to the survivor benefit.
- ❖ Chapter 329, Laws of 2001, Compound COLA for all retirees.



Appendix B – Assumptions and Methods

We calculated the increase in COLA payments by estimating how much the COLA payments increase year-over-year as described below. We add the increases over two years for the total biennial increase.

To calculate the increase due to Basic Minimum and Alternate Minimum COLA payments for PERS and TRS Plans 1, we compared projected benefit payments with and without the expected increases to the minimums each year. Likewise, to calculate the increase in COLA payments for WSPRS we compared projected benefit payments with and without the expected COLA increases currently assumed to be 2.75 percent. Lastly, we estimated the impact of the 2020 PERS and TRS Plans 1 COLA legislation taking into account the pricing methodology disclosed in our actuarial fiscal note for [Engrossed House Bill 1390](#).

Otherwise, for the 2019-21 and 2021-23 Biennia, projected benefit payments rely on assumptions and methods disclosed in the 2019 AVR.