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**HOUSE BILL 1294**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By Representative Steele**

1 AN ACT Relating to cost-of-living adjustments for plan 1 retirees  
2 of the teachers' retirement system and public employees' retirement  
3 system; adding a new section to chapter 41.32 RCW; adding a new  
4 section to chapter 41.40 RCW; providing an effective date; and  
5 declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.32  
8 RCW to read as follows:

9 (1) Beginning July 1, 2023, and every year thereafter, the  
10 department shall determine the following information for each plan 1  
11 retired member or beneficiary whose retirement allowance has been in  
12 effect for at least one year:

13 (a) The original dollar amount of the retirement allowance as of  
14 June 30, 2023, or the effective date of retirement, whichever is  
15 later;

16 (b) The index for the calendar year prior to July 1, 2022, or the  
17 effective date of the retirement allowance, whichever is later, to be  
18 known as "index A";

19 (c) The index for the calendar year prior to the date of  
20 determination, to be known as "index B"; and

21 (d) The ratio obtained when index B is divided by index A.

1 (2) The value of the ratio obtained is the annual adjustment to  
2 the original retirement allowance and must be applied beginning with  
3 the July payment. In no event, however, may the annual adjustment:

4 (a) Produce a retirement allowance which is lower than the  
5 original retirement allowance;

6 (b) Exceed three percent in the initial annual adjustment; or

7 (c) Differ from the previous year's annual adjustment by more  
8 than three percent.

9 (3) For the purposes of this section, "index" means, for any  
10 calendar year, that year's average consumer price index, Seattle,  
11 Washington area for urban wage earners and clerical workers, all  
12 items, compiled by the bureau of labor statistics, United States  
13 department of labor.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40  
15 RCW to read as follows:

16 (1) Beginning July 1, 2023, and every year thereafter, the  
17 department shall determine the following information for each plan 1  
18 retired member or beneficiary whose retirement allowance has been in  
19 effect for at least one year:

20 (a) The original dollar amount of the retirement allowance as of  
21 June 30, 2023, or the effective date of retirement, whichever is  
22 later;

23 (b) The index for the calendar year prior to July 1, 2022, or the  
24 effective date of the retirement allowance, whichever is later, to be  
25 known as "index A";

26 (c) The index for the calendar year prior to the date of  
27 determination, to be known as "index B"; and

28 (d) The ratio obtained when index B is divided by index A.

29 (2) The value of the ratio obtained is the annual adjustment to  
30 the original retirement allowance and must be applied beginning with  
31 the July payment. In no event, however, may the annual adjustment:

32 (a) Produce a retirement allowance which is lower than the  
33 original retirement allowance;

34 (b) Exceed three percent in the initial annual adjustment; or

35 (c) Differ from the previous year's annual adjustment by more  
36 than three percent.

37 (3) For the purposes of this section, "index" means, for any  
38 calendar year, that year's average consumer price index, Seattle,  
39 Washington area for urban wage earners and clerical workers, all

1 items, compiled by the bureau of labor statistics, United States  
2 department of labor.

3 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
4 preservation of the public peace, health, or safety, or support of  
5 the state government and its existing public institutions, and takes  
6 effect July 1, 2023.

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