

**WAC 415-02-360 What is the optional cost-of-living adjustment (COLA) for PERS Plan 1 and TRS Plan 1?** (1) PERS Plan 1 and TRS Plan 1 members can choose to receive an initially reduced retirement benefit in order to receive an annual cost-of-living adjustment in the future. With this optional COLA, the member's monthly retirement benefit is actuarially reduced at the time of retirement. Thereafter, the monthly benefit of the member (and subsequently their beneficiary) is adjusted annually, based on changes in the consumer price index (CPI), up to the statutory maximum. For more information, see:

PERS Plan 1: RCW 41.40.188 (1)(c); WAC 415-108-326

TRS Plan 1: RCW 41.32.530 (1)(d); WAC 415-112-504

(2) **Examples**

(a) Ernie is a member of TRS Plan 1. He retires at age 55 with 30 years of service and chooses the Single Life Option (no survivor beneficiary). His average final compensation (AFC) is \$4,295.33 per month.

(i) If he **does not** choose the optional COLA, his monthly benefit will be \$2,577.20 ( $2\% \times 30 \times \$4,295.33$ ).

(ii) If he **does** choose the optional COLA, his initial monthly benefit will be reduced. For illustration purposes in this example only, we will use 0.7396 as the optional COLA factor for Ernie's age at retirement (actuarial factors change periodically). As a result, Ernie's initial monthly benefit will be reduced to \$1,909.19 ( $0.7396 \times \$2,577.20$ ). This monthly amount may increase each year with changes in the CPI.

(b) Tina is a member of PERS Plan 1. She retires with 30 years of service credit at age 52 and 8 months. Because she has 30 years of service, there is no reduction for an early retirement. Tina chooses the Single Life Option (no survivor beneficiary). Her average final compensation (AFC) is \$3,825.00 per month.

(i) If she **does not** choose the optional COLA, her monthly benefit will be \$2,295.00 ( $2\% \times 30 \times \$3,825.00$ ).

(ii) If she **does** choose the optional COLA, her initial monthly benefit will be reduced. For illustration purposes in this example only, we will use 0.7375 as the optional COLA factor for Tina's age at retirement (actuarial factors change periodically). As a result, Tina's initial monthly benefit will be reduced to \$1,692.56 ( $0.7375 \times \$2,295.00$ ). This monthly amount may increase each year with changes in the CPI.

[Statutory Authority: RCW 41.50.050(5). WSR 13-18-034, § 415-02-360, filed 8/28/13, effective 10/1/13; WSR 10-16-086, § 415-02-360, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW. WSR 08-20-068, § 415-02-360, filed 9/25/08, effective 10/26/08; WSR 02-18-048, § 415-02-360, filed 8/28/02, effective 9/1/02.]