

**WAC 415-02-350 What are cost-of-living adjustments (COLA) and how are they calculated?** (1) **What is a cost-of-living adjustment (COLA)?** The value of a retiree's, beneficiary's, or ex-spouse's monthly benefit may change in the years after retirement because of inflation or other factors. A COLA automatically adjusts benefits based on the cost of living changes.

(2) **What retirement plans include COLAs?** With one exception, all retirement plans administered by the department provide one or more of the types of COLAs listed in subsection (3) of this section. The judges retirement fund (chapter 2.12 RCW) does not provide a COLA.

RETIREMENT SYSTEM	PLAN	COLA TYPE	STATUTE
JUDICIAL		Base	RCW 2.10.170
LEOFF	Plan 1	Base	RCW 41.26.240
LEOFF	Plan 2	Base	RCW 41.26.440
PSERS		Base	RCW 41.37.160
PERS	Plan 1	Uniform	RCW 41.40.197
PERS	Plan 1	Optional	RCW 41.40.188 (1)(c)
PERS	Plan 2	Base	RCW 41.40.640
PERS	Plan 3	Base	RCW 41.40.840
SERS	Plans 2 and 3	Base	RCW 41.35.210
TRS	Plan 1	Uniform	RCW 41.32.489
TRS	Plan 1	Optional	RCW 41.32.530 (1)(d)
TRS	Plan 2	Base	RCW 41.32.770
TRS	Plan 3	Base	RCW 41.32.845
WSPRS	Plans 1 and 2	Base	RCW 43.43.260

(3) **What are the types of COLAs?**

(a) **Optional COLA**

The optional COLA is an option you may select at retirement. If you choose this option, your monthly retirement benefit will be actuarially reduced at retirement, and you will receive an automatic adjustment in your monthly retirement benefit each year for the rest of your life. The optional COLA has no age requirement and is limited to a maximum of three percent of your monthly benefit.

(b) **Base COLA**

The base COLA is applied in July (April for LEOFF Plan 1) of each year and adjusts the benefit based on the change in the Consumer Price Index for the Seattle-Tacoma-Bremerton, Washington area for all plans except the Judicial Retirement System which is based on the U.S. City Average. Base COLAs are limited to a maximum of three percent of the monthly benefit for all affected plans except LEOFF Plan 1. During a calendar year, the base COLA is payable to:

(i) Retirees who have been retired for at least one year by July 1st of each year (April 1st for LEOFF Plan 1); and

(ii) Beneficiaries or eligible ex-spouses who receive benefit payments from an account that, by July 1st, has paid a monthly benefit for at least one year (April 1st for LEOFF Plan 1).

(c) **Uniform COLA**

The uniform COLA is an annual adjustment to the benefit, based on years of service. The annual adjustment for the uniform COLA is independent from any other COLA. During a calendar year, it is payable to:

(i) Retirees who, by July 1st, have received a retirement benefit for at least one year and who, by December 31st, will have reached age sixty-six or older;

(ii) Beneficiaries and eligible ex-spouses who receive benefit payments from an account that, by July 1st, has paid a monthly benefit for at least one year and who, by December 31st, will have reached age sixty-six or older; and

(iii) Retirees, beneficiaries, or eligible ex-spouses of any age whose retirement benefit is calculated under the minimum formula.

**(4) Who is responsible for determining the amount of the COLA?**

The office of the state actuary (OSA) bases the percentages of the COLAs on the Consumer Price Index. The Index is based on wages earned by urban wage earners and clerical workers in the Seattle-Tacoma-Bremerton, Washington area. OSA provides this information to the department annually.

[Statutory Authority: RCW 41.50.050(5). WSR 10-16-086, § 415-02-350, filed 7/30/10, effective 9/1/10; WSR 08-20-068, § 415-02-350, filed 9/25/08, effective 10/26/08; WSR 08-01-079, § 415-02-350, filed 12/17/07, effective 1/17/08. Statutory Authority: RCW 41.50.050(5), 2.10.170, 41.26.240, 41.26.440, 41.37.160, 41.40.197, 41.40.188 (1)(c), 41.40.640, 41.40.840, 41.35.210, 41.32.489, 41.32.530 (1)(d), 41.32.770, 41.32.845, 43.43.260. WSR 06-18-009, § 415-02-350, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW. WSR 03-06-044, § 415-02-350, filed 2/27/03, effective 4/1/03.]