
From: Jim Davison <pjdavison47@gmail.com>
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To: Office State Actuary, WA
Subject: Member deaths contributing to reduction of underfunding of Plans 1

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Chair Conway and Committee Members:

Washington State legislators are making progress in reducing the unfunded liability (UAAL) of Plans 1 TRS and PERS. TRS 1 has gone from 69% funded in 2014 to 71% in 2020. PERS 1 has gone from 61% in 2014 to 69% in 2020. (Based on information from 2020 Actuarial Valuation Report, page 12.)

During the last decade retirees have also contributed to that improvement through natural attrition. Membership has decreased by about 19,000 due to the deaths of members. (Thirty-three members of my local school retiree group have passed since January 2020, reducing our membership to under 600 for the first time in many years.) It is unclear how many of those deceased members ever benefited from the UCOLA and/or Gain Sharing—both of which ended in 2011. It is also unclear how many benefited from the two one-time COLAs granted in 2018 and 2020, and it is doubtful any benefited from the one granted in 2022, due to take effect in July.

The question for many of us is how many more of the remaining Plans 1 TRS and PERS members must contribute to the reduction of the unfunded liability by dying—and will we be among them--before those who remain have the same financial security as members of every other retirement plan in Washington State's Department of Retirement Systems?

A recommendation from the Select Committee on Pension Policy could help make that security a reality for those still living.

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