



State Supreme Court Rules on Pension Lawsuit

Recent headlines say it all: “Court says state can ax pension perks” or “State is winner in pension cases.” The Washington State Supreme Court issued rulings on the Plan 1 Uniform Cost of Living Adjustment (UCOLA) and Gain Sharing lawsuits.

Justices heard the cases on October 24, 2013, and all nine justices ruled on August 14, 2014, against retirees in both cases. See links below for more information.

The Plan 1 UCOLA was created in 1995 and provided an annual cost of living increase for members of the Teachers Retirement System Plan 1 (TRS 1) and the Public Employees Retirement System Plan 1 (PERS 1). When the systems were created, TRS 1 and PERS 1 did not have a cost of living adjustment built into the pension. The Washington State Legislature eliminated the UCOLA in 2011, thereby, instigating the lawsuit.

The Court's ruling did not alter the Plan 1, \$1,547 monthly alternative minimum benefit. The 2011 UCOLA repeal legislation increased the minimum pension amount for Plan 1 retirees with long careers. This benefit enhancement for the state's lowest income school retirees remains intact.

In 1998, the Legislature authorized a pension benefit enhancement named gain sharing. Gain sharing enhanced retirement benefits for members of Plans 1 and 3 when the state's pension funds received abnormally high investment returns. This benefit was eliminated in 2007 and replaced with early retirement opportunities for members of Plans 2 and 3. The recent ruling eliminates gain sharing but keeps those early retirement factors in place.

The Washington State Department of Retirement Systems has posted an analysis on its webpage. Please click the following link to review it:

<http://www.drs.wa.gov/announcements/supreme-court-rulings-issued-in-gain-sharing-ucola-lawsuits>

The links to the actual opinions written by the court for each case are:

New Supreme Court Opinions as of Thursday, August 14

Aug. 14, 2014—87424-7—Wash. Educ. Ass'n. v. Dep't of Ret. Sys.
<http://www.courts.wa.gov/opinions/?fa=opinions.disp&filename=874247MAJ>

Aug. 14, 2014—88546-0—Wash. Educ. Ass'n. v. Dep't of Ret. Sys.
<http://www.courts.wa.gov/opinions/?fa=opinions.disp&filename=885460MAJ>