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SSB 6340 - Plan 1 COLA Bill Signed

SSB 6340 - A one-time 1.5% COLA for Plan 1 retirees (with a cap of $62.50/mo) was signed on Wednesday, March 21st at Governor Inslee’s office with several RPEC and WEA-Retired members in attendance.

Legislature Addresses Cuts to Retirement

While the state legislature provided some relief to retirees by partially restoring the cuts made 7 years ago, it is not nearly enough. As public sector retirees, we must be diligent in fighting for benefit restoration as the pressure to make such cuts is part of a much larger threat nationally.

[read more on page 4]

Property Tax Exemption Program for Seniors & Disabled Persons

State law provides two tax benefit programs for senior citizens and the disabled: property tax exemptions and property tax deferrals. Yet, more than 26,000 qualified seniors and disabled persons have yet to register for the exemption.

[read more on page 3]
President’s Letter  -  Kandy Kraig

Spring is officially here.

I am excited about the activism from our members! Your willingness to meet with elected officials has produced positive results. The increase in the PEBB subsidy, COLA increase for Plan 1 and the strength of RPEC is a result of these efforts.

Though the increases are not as much as we asked for or deserved, we continue to address the needs of our public service retirees. We have a commitment by supporters in office to bring retiree issues to the floor in the next session. I am proud of all the RPEC members who testified, wrote letters, and visited their legislators during this session. We all need to continue to remind lawmakers in Olympia of the impacts on personal lives when they fail to address retiree issues. Many public service retirees are hurting and RPEC will continue our fight in protecting pensions and medical benefits for all public employees.

The strength of RPEC is in its members, so we encourage you to ask a previous co-worker to become a member. If you would like to become more active or obtain more information, please attend our Leadership Conference scheduled for May 21st in Olympia. Call our Council Office at 1-800-562-6097 for more information.

I’m also looking forward to seeing many of you at our biennial convention, scheduled this year in Pasco. Attend your chapter meeting to become a delegate and assist in setting our legislative agenda.

Executive Director’s Note

Over the last five years, it has been wonderful to see the significant growth and empowerment of RPEC as membership has grown and relationships with legislators have developed. As a result, we have seen a partial restoration of benefits and more lawmakers who understand the need for retirement security. This does not mean, however, that we can relax.

We are moving into an election year, and while that justifiably turns many of us off with the negative ads, the massive amounts of mailers and the political friction it kicks up, this does provide an important opportunity - to use our collective power to push candidates that support protecting retirement benefits.

“We are moving into an election year, and while that justifiably turns many of us off... this does provide an important opportunity”

If we do not engage in the election process, then we are essentially rolling over and allowing the big money organizations that are targeting public sector benefits, Medicare, and Social Security, to go unchallenged as an authority on senior issues. That is unacceptable!

New Threats: Another front group has emerged to attack public sector pensions. It is called the Retirement Security Initiative or RSI. They use names such as these to convey authority and appear to be
focused on the best interests of seniors, which couldn’t be further from the truth.

They are exploiting the fact that many states did not fund their pensions as they should have, to push for reforms that cut or eliminate pensions of current or new public employees. In Kentucky, public servants have been fighting their governor’s attempt to push them into a 401k plan. This, despite the lessons from Kansas and West Virginia, who saw their costs spike after trying to move their public employees into 401k plans resulting in their legislatures restoring a defined benefit style plan.

Many cities and counties, even the U.S. territory of Puerto Rico, have threatened to cut public pensions when finances are tight, leaving confidence levels low among public employees.

RPEC, in coalition with the Washington Federation of State Employees and the Washington Council of County & City Employees, has raised our state and federal lawmakers’ awareness regarding the protection of retirement security, the massive costs incurred by the state if they pushed to replace our defined benefit pension with a 401k, and the importance of protecting Medicare and Social Security. The threat however, continues to loom and we will continue both our education efforts and our mobilization as we demand that retirees be heard.

If you are interested in getting more involved in efforts to support RPEC endorsed candidates in your area, please contact the RPEC office at info@rpecwa.org or 1-800-562-6097.

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Property Tax Exemption Program for Seniors & Disabled Persons

Did You Know?
State law provides two tax benefit programs for senior citizens and the disabled: property tax exemptions and property tax deferrals. Yet more than 26,000 qualified seniors and disabled persons have yet to register for the exemption, and only 1 in 100 of those eligible for deferrals are currently enrolled.

Senior Citizens/Disabled Exemption
Qualifications include:
• Annual household income of $40,000 or less
• Own and occupy a house, mobile home, condo or co-op,
• 61 years of age by December 31 of the previous year, or
• Retired because of disability or
• Veteran with a 100% service-connected disability
• You are a widow, or widower, or state registered domestic partner at least 57 years of age whose spouse or state registered domestic partner had an exemption at the time of death

Once qualified, you continue to benefit from the exemption but any change in circumstances must be reported to the assessor to avoid penalties.

Senior Citizens/Disabled Deferral
If you are 60 or older or are retired because of physical disability and have an income of $45,000 or less, you may qualify for deferral of your property tax liability. Deferred taxes become a lien on your property.

Exemption/Deferral Program Benefits:
The qualifying applicant receives a reduction in the amount of property taxes due. The amount of the reduction is based on the applicant’s income, the value of the residence, and the local levy rates.

Contact:
For questions about the program, contact your county assessor’s office.
Legislature Addresses Cuts to Retiree Pension COLA’s

Since 2009, 32 states have reduced, suspended or eliminated the cost-of-living adjustment (COLA) for current public employees and retirees, 17 of which specifically impacted current retirees alone. This surprised many who assumed that there were protections in place to prevent these cuts. Often, the explanation is that the courts view COLAs differently from ‘core’ benefits.

Most changes to COLA provisions require an act of the legislature and approval of the governor. The court decisions’ have been mixed though the majority were in favor of upholding the cuts.

The rulings upheld COLA reductions passed in New Jersey, but fully or partially rejected the cuts in Illinois, Montana, and Oregon.

Most states protect pensions under a contracts clause in their constitution. This prohibits a state from passing any law that impairs existing public or private contracts, which is the case in Washington. Unfortunately, this clearly has not provided much protection to pensions and COLAs.

According to the Center for Retirement Research at Boston College, the courts ruled to uphold the cuts on the basis that COLAs are not considered to be a contractual right. That means that

COLA’s in Washington State

PERS/TRS 1

What was the Uniform COLA for PERS/TRS Plan 1?
The Uniform COLA was removed by the Legislature in 2011. From 1995-2010 eligible PERS/TRS Plan 1 retirees received an Annual Increase. Though it was called a COLA, the Annual Increase was based on years of service, not changes in the cost of living.

What is the Adjusted Minimum Benefit for PERS/TRS Plan 1?
Legislation in 2004 established a minimum benefit for PERS/TRS Plan 1 retirees. It is only available to retirees who have at least 25 years of service credit and who have been retired at least 20 years; OR who have at least 20 years of service credit and who have been retired at least 25 years. A retiree who qualifies for the adjusted minimum benefit receives a 3% increase each July.

What is the Optional COLA for PERS/TRS Plan 1?
The Optional COLA has been available to PERS/TRS Plan 1 members since 1987. It’s optional at the time of retirement. Eligible members can choose to reduce their initial retirement benefit in exchange for an annual COLA.

What is the Minimum Benefit and Annual Increase for PERS/TRS Plan 1?
The Minimum Benefit was introduced in the 1960s to ensure a minimum benefit level for PERS/TRS Plan 1 retirees. The Annual Increase was added to the Minimum Benefit in 1995 to provide a uniform benefit increase each year. Those eligible for these benefits received lower compensation while working and/or did not have many years of service.

All PERS/PSERS/SERS/TRS Plan 2 & 3

What is the Base COLA?
A Base COLA adjusts the benefit based on the change, if any, in the Consumer Price Index (CPI) for the Seattle-Tacoma-Bremerton area. The COLA is limited to a maximum benefit adjustment of 3%. The COLA is 3% in July, 2018.
anything other than a clause specifically protecting pensions, including COLA’s, leaves us vulnerable.

Washington courts have avoided ruling directly on the protection of the COLA when addressing the Plan 1 COLA, saying that the language in the bill that created the UCOLA permitted the legislature to take it away at any time. After 7 years without an across the board COLA for Plan 1 retirees, the legislature finally passed a 1.5% increase that will be provided in July. Many of our legislators have stated they need to do more for our retirees and have committed to bring this issue back next year. We will be holding them accountable.

Cuts to Retiree Health Care Benefits

Kaiser Family Foundation Reports that the share of retirees who have Medicare and have employer-sponsored supplemental insurance is at a 25-year low, measuring between 16 and 25 percent. Fortunately for state employees, that trend has not yet hit them, though quite a few states have cut benefits as a way to decrease costs. Most city and county retirees, on the other hand, do not have coverage after retirement.

Currently, 47 states offer coverage, or access to coverage, to help reduce the cost-sharing burden of Medicare-eligible retirees. The majority tie the states contribution to the cost of the premiums, with only 12 providing a fixed dollar amount as Washington does.

While there is a legal precedent to protect pensions, many legal experts have argued that employers can do away or dramatically change health insurance for retirees, even if they had promised it for life.

Health Insurance for retirees used to be standard for most jobs, but in the 1990’s the privates sector started doing away with it. The only reason the public sector has not followed suit is due to union representation.

RPEC members have worked hard to educate lawmakers on the importance of maintaining retiree health care coverage both because they must keep the promises made to retirees and as a proven mechanism to attract and retain good employees. The result, is that the state legislature finally moved to partially restore the cut made to their contribution for Medicare eligible retirees in 2011 (from $183 to $150). In January, it will increase to $168. While we are celebrating this small victory, the majority of those with coverage have seen premium increases by around $170 dollars since the benefit was cut. We will need to continue our efforts to fully protect retiree health care coverage.
“We still have access to traditional pensions in the public sector because we have unions,” said Lisa Randlette, President of the RPEC Olympia Chapter, “if we allow it to be broken, our benefits will be cut or eliminated, the same way they did in the private sector where the unions all but disappeared”. Lisa was one of many retirees who are engaging with working members to discuss the impact having a strong union makes on retirement security. The driver for these conversations is a case waiting to be decided by the U.S. Supreme Court, Janus vs. AFSCME.

AFSCME to reverse that precedent. If Janus wins, employees would decide on an individual level instead of as a group to join a union. That means they could decide whether they save a few bucks from their pay check or pay union dues. Overall, their pay would probably decrease, as seen in the private sector as union membership declined.

According to the latest report by the Economic Policy Institute, unions, especially in industries and regions where they are strong, help boost the wages of all workers by establishing pay and benefit standards that many nonunion firms adopt. This boost has weakened as the share of private-sector workers in a union has fallen from 1 in 3 in the 1950s to about 1 in 20 today. “For the 40.2 million nonunion private-sector men the loss is equivalent to $2.1 billion fewer dollars in weekly paychecks, which represents an annual wage loss of $109 billion."

“Currently, there is a retirement crisis, where almost 50% of Americans do not even have access to a retirement vehicle,” stated Randlette. “That is the direct result of the decimation of unions in the private sector, and we must fight to protect ours.”

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**Chapter Spotlight:**

**Retirees Talk about ‘Union Difference for Retirement’**

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Under current law, every union-represented firefighter, teacher, or other public service employee may choose whether or not to join the union — but the union is required to negotiate on behalf of all workers whether they join or not. Since all the workers benefit from the union’s gains, it’s only fair that everyone chip in toward the cost. That’s why 40 years ago a unanimous Supreme Court approved the kind of cost-sharing arrangement known as “fair share”. Most expect the decision in Janus vs. AFSCME to reverse that precedent. If Janus wins, employees would decide on an individual level instead of as a group to join a union. That means they could decide whether they save a few bucks from their pay check or pay union dues. Overall, their pay would probably decrease, as seen in the private sector as union membership declined.

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“Currently, there is a retirement crisis, where almost 50% of Americans do not even have access to a retirement vehicle,” stated Randlette. “That is the direct result of the decimation of unions in the private sector, and we must fight to protect ours.”
The official Convention Call has been sent out to Chapter Officers for the 2018 RPEC Convention to be held September 18-20 at the Red Lion Hotel Pasco in Pasco, Washington.

If you are interested in attending as a delegate, attend your next local chapter meeting and request to be a delegate.

The delegate registration deadline is Thursday, June 21, 2018. All chapter registration forms and payments must be into the Council Office by that time.

Committee meetings will be held on Tuesday, September 18 from Noon until 6:00pm and the Convention General Session will convene on Wednesday, September 19 at 9:00am.

In today’s social and political climate, what makes a retirement organization unique?

The Washington State Alliance for Retired Americans (WSARA) stands out and stands up to the challenge of bringing together organizations including RPEC with individuals and communities on issues impacting retirees and seniors. As a keystone nonprofit, WSARA has the power to support a large network of organizations. This includes national, state, and local organizations, nonprofits, union groups, labor groups, retiree and senior groups, as well as individuals, politicians and community activists. This type of collaboration is huge; it is powerful and paramount to being successful in advocacy.

To increase the collaboration between senior/retiree organizations in Washington State, WSARA has hired an Outreach Coordinator, Amber Powell. In 2018, WSARA is raising awareness by expanding the organization, membership, and presence across the state.

Why is increasing collaboration between senior/retiree organizations important?

Retirement insecurity is at levels not seen since the great depression, and too often lawmakers look to agencies or research to address the needs of seniors, rather than listening to seniors themselves. This issue unites those across the political spectrum. Coordinating efforts between various senior and retiree organizations both in the private and public sectors are imperative to increase our visibility in our legislative process.

Seniors matter. Retirement security matters. Intergenerational support for these issues matters. This is why WSARA is reaching out in 2018 and growing support for our collective cause from defending defined benefit pensions to protecting and expanding Medicare and Social Security.

Thank you for taking action and being a part of RPEC, WSARA, and the mission to achieve social and economic justice for workers, retirees, and seniors. Our work continues, but together our backbone grows stronger.
Thieves of State: Why Corruption Threatens Global Security
by Sarah Chayes

Thieves of State by Sarah Chayes lays out the simple but insightful argument that corruption leads to violence and extremism. Using a clear, easy to read reporting style, Chayes weaves together examples from both history and current events including Afghanistan, Nigeria, and Egypt, as she examines a new way to understand extremism.

The United States is not left out. Chayes says that “It is not potential improvements to its workings that we lack. It is clear-sightedness about the gravity of the danger we court, and the courage to dare to design them.” In this, she calls us all to action to fight corruption which is the root of global instability and extremism.