



March 27, 2013

Senator Diane Rosenbaum, Chair
Representative Chris Garrett, Chair
Joint Rules Committee
900 Court Street NE
Salem, Oregon 97301

Chairs Rosenbaum and Garrett:

AARP Oregon opposes Senate Bill 822. Specifically, Sections 1-10 that limit the cost-of-living adjustments under Oregon's Public Employees Retirement System (PERS) are inconsistent with AARP public policy.

Per the AARP Public Policy Book: state and local retirement systems should provide annual, automatic and full cost-of-living adjustments (COLA) based on an accurate inflation index. The basis principle underlying this policy is simple: we should have the right to be self-reliant and live with dignity in retirement. Pensions safeguard the financial security of current and near-retirees.

Current and near-retirees are the focal point of AARP's advocacy because they do not have the opportunity to pivot their retirement strategy. Retirees should be sheltered from efforts to reduce or eliminate promised benefits, including alterations to COLAs. Without COLA, the purchasing power of the defined benefit will steadily decline over time. This means a middle-class retiree may find themselves struggling to afford the even the basics – food, health care, housing – in their advanced years.

Contrary to comments attributed to the Joint Ways & Means co-chairs that SB 822 is way to protect low- and middle-income retirees – it does not. PERS retirees with an earned benefit of \$25,000 to \$60,000 are middle class individuals and families. The graduated COLA proposed in SB 822 has an immediate and ongoing, cumulative impact on their retirement income.

Again, due to its impact on current and near-retirees, AARP Oregon must oppose Senate Bill 822. Thank you for your consideration.

Rick Bennett
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AARP Oregon