



EXHIBIT 5
DATE 3-11-05
NO. 633

March 11, 2005

TO: Senator Larry Jent and Members of the House State Administration Committee

FROM: Marg Crennen, Volunteer Advocate, AARP Montana

RE: Support of HB 633, Increase TRS GABA

Mr. Chairman and members of the Committee, for the record my name is Marg Crennen, volunteer advocate for AARP Montana. AARP is a non-profit, non-partisan organization with 143,000 members in the state.

The Montana Retired Educators Association, which was instrumental in crafting this legislation, is subgroup of AARP. In fact, AARP started as a membership organization for retired educators. AARP values retired educators in this state and believe they deserve an increase in their guaranteed annual benefit adjustment.

The current increase of 1.5% per year is not keeping up with cost of living increases. The National Bureau of Labor Statistics (BLS) estimates the Consumer Price Index increased by 3.0% between January of 2003 and January of 2004. Inflation can severely erode the purchasing power of retiree pensions. According to BLS, it takes about \$127.63 in 2004 to buy the same goods and services that could have been purchased with \$100.00 in 1994. Overtime, this impact is compounded and the ability for retirees to maintain their lifestyles becomes very difficult.

Increasing the GABA to 2.0% is a modest request. Over half of the states adjust their cost of living based on the Consumer Price Index. Using this method, the adjustment would increase to 3.0%.

I urge your support HB 633. Teachers give much more in their careers than they earn in modest pay. They deserve a livable retirement income.