

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL DU10/OUI
	DATE December 31, 2015

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 5-16

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU
 Assistant Secretary

Eric M. Seligson for

SUBJECT: Federal Military Pensions

1. Purpose. To ensure State Workforce Agencies are aware of the Federal military retired pay annual cost of living adjustment (COLA) and to provide the Department of Defense Web site where the COLA information is located.

2. Background. COLAs are determined by the Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI-W). It is based on the percentage increase of the CPI-W from the 3rd quarter of the previous year versus the current year's 3rd quarter (July, August, and September). Military retired pay, by law, is always rounded down to the next lower dollar amount. The term "retired pay" includes retainer pay and the term "member" includes former members.

3. COLA for Retired Pay. Based on the CPI-W there will be no increase in the COLA to Federal civilian and military retirement annuities in 2016 due to a negative inflation rate. Retirees and annuitants will not see a change to their payments for the 2016 calendar year. The attachment specifies the COLA(s) for retired and retainer pay, survivor annuities, and premium determinations effective December 1, 2015. For more information on the COLA(s) for the different retirees, visit the Department of Defense website at: <http://www.dfas.mil/retiredmilitary/newsevents/newsletter/Cost-of-Living-Adjustment-for-2016.html>.

4. Instructions. States with laws that require a reduction of the unemployment insurance weekly benefit amount by the prorated weekly amount of retired pay and pensions should identify claimants affected by the COLA increases and make the appropriate reductions as required by state law.

5. Action Requested. State Administrators are requested to provide the above information and attachment to appropriate staff.

6. Inquiries. Please direct all inquiries to the appropriate Regional Office.

7. Attachment. Adjustment to Retired/Retainer Pay, Survivor Annuities and Premiums, Effective December 1, 2015.

RESCISSIONS None	EXPIRATION DATE Continuing
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ATTACHMENT

FISCAL YEAR 2016 ADJUSTMENTS TO RETIRED/RETAINER PAY, SURVIVOR ANNUITIES AND PREMIUMS

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2015, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter calendar year 2015. The term “retired pay” includes retainer pay and the term “members” includes former of the Uniformed Services.

COLAs for Retired Pay

1. The retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980, is specified according to the effective date of their retirement, as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2015	0.0 percent	1401a(b)(2)
January 1 – December 31, 2015	0.0 percent	1401a(c) & 1401a(f)

2. The retired pay COLA for those who first became a member of a Uniformed Service on or after September 8, 1980, is specified according to the effective date of their retirement, as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2015	0.0 percent	1401a(b)(2)
January 1 – March 31, 2015	0.0 percent	1401a(d) & 1401a(f)
April 1 – June 30, 2015	0.0 percent	1401a(d) & 1401a(f)
July 1 – September 30, 2015	0.0 percent	1401a(d) & 1401a(f)
October 1, – December 31, 2015	0.0 percent	1401a(d) & 1401a(f)

3. The retired pay COLA for those who first became a member of a Uniformed Service on or after August 1, 1986, and also elected to receive a career status bonus under the provisions of section 354 of title 37 United States Code is specified according to the date of their retirement, as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2015	0.0 percent	1401a(e)
January 1, – March 31, 2015	0.0 percent	1401a(e) & 1401a(f)
April 1 – June 30, 2015	0.0 percent	1401a(e) & 1401a(f)
July 1 – September 30, 2015	0.0 percent	1401a(e) & 1401a(f)
October 1 – December 31, 2015	0.0 percent	1401a(e) & 1401a(f)

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities under the provisions of subchapter I of chapter 73, title 10, United States Code, to the spouse or child of a member who died on or before March 20, 1974 will **NOT** be increased. (reference: 10 U.S.C. 1434 (e)).
5. Annuities under the Survivor Benefit Plan (SBP) and Reserve Component Survivor Benefit Plan (RCSBP) under the provisions of the subchapter II of chapter 73, title 10, United States Code; will **NOT** be increased. (reference: 10 U.S.C. 1451 (g)).
6. COLAs for supplemental annuities paid to certain low income widows of members who were deceased before November 1, 1953 will **NOT** be increased. (reference: Public Law 100-456, section 653(c)).
7. Annuities for Certain Military Surviving Spouses (ACMSS) payable monthly under the provisions of section 644, Public Law 105-85, November 18, 1997, will **NOT** be increased and thus will remain **\$250.03**.

Increase in the SBP Low-Cost Premium Threshold

8. Amounts with respect to which the 2.5 percent factor of the SBP premium (cost) formula apply for members who initially participated in the plan on or before December 1, 2015, will **NOT** be adjusted. (reference: 10 U.S.C. 1452 (a)(4)(B)).
9. The amount with respect to which the 2.5 percent factor of the SBP premium (cost) is applied for participation upon retirement will be increased **1.3 percent effective January 1, 2016**, from \$776 to **\$786** (premium for this coverage will be **\$19.65** and the breakeven base amount will be **\$1684.29**). However, these amounts could change if the Fiscal Year 2016 National Defense Authorization Act alters the expected military pay raise of **1.3 percent**. (reference: 10 U.S.C. 1452(a)(4)(A)).