

<b>EMPLOYMENT AND TRAINING ADMINISTRATION</b> <b>ADVISORY SYSTEM</b> <b>U.S. DEPARTMENT OF LABOR</b> <b>Washington, D.C. 20210</b>	<b>CLASSIFICATION</b> Unemployment Insurance
	<b>CORRESPONDENCE SYMBOL</b> OUI/DUIO
	<b>DATE</b> December 17, 2020

**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 8-21**

**TO:** STATE WORKFORCE AGENCIES

**FROM:** JOHN PALLASCH  
Assistant Secretary



**SUBJECT:** Federal Military Pensions Cost of Living adjustments (COLA)

1. **Purpose.** To ensure State Workforce Agencies (SWA) are aware of the Federal military retired pay annual COLA provided by the Department of Defense.
2. **Action Requested.** ETA requests that State Administrators provide the information in this Unemployment Insurance Program Letter (UIPL) and the Attachment I to appropriate staff.
3. **Summary and Background.**
  - a. Summary – This UIPL provides SWAs with information regarding the Federal military retired pay annual COLA provided by the Department of Defense.
  - b. Background – The military COLA is based on the previous year’s Consumer Price Index (CPI). Military COLA increases became effective December 1, 2020. 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 of the Uniformed Services.
4. **COLA for Retired Pay.** Based on the increase in the CPI, there are COLA adjustments for retired pay, survivor annuities, and Survivor Benefit Plan premiums effective **December 1, 2020** (see Attachment I). For more information on COLAs for the different retirees, visit the Department of Defense website at: <https://militarypay.defense.gov/Pay/Retirement/Cola/>
5. **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.
6. **Inquiries.** Please direct inquiries to the appropriate Regional Office.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> Continuing
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7. **Attachment.** Fiscal Year 2021 Adjustments to Retired/Retainer Pay, Survivor Annuities, and Premiums.

**FISCAL YEAR 2021 ADJUSTMENTS TO RETIRED/RETAINER PAY, SURVIVOR ANNUITIES AND PREMIUMS**

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2020, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter calendar year 2020. The term "retired pay" includes retainer pay and the term "members" includes former members. Where applicable, the appropriate section of United States Code (U.S.C.) is cited.

**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>Retired Pay Based on Rates of Pay Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2020	<b>1.3 percent</b>	1401a(b)(2)
January 1 – December 31, 2020	<b>1.1 percent</b>	1401a(c)

2. The retired pay COLA for those who first became a member of a Uniformed Service on or after September 8, 1980, including those members covered by the High-3 or Blended Retirement System (BRS), 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, 2020	<b>1.3 percent</b>	1401a(b)(2)
January 1 - March 31, 2020	<b>1.1 percent</b>	1401a(d)
April 1 - June 30, 2020	<b>0.7 percent</b>	1401a(d)
July 1 - September 30, 2020	<b>1.3 percent</b>	1401a(d)
October 1 - December 31, 2020	<b>0.0 percent</b>	1401a(d)

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 U.S.C. 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, 2019	<b>0.3 percent</b>	1401a(e)
January 1 - March 31, 2019	<b>0.3 percent</b>	1401a(e)
April 1 - June 30, 2019	<b>0.3 percent</b>	1401a(e)
July 1 - September 30, 2019	<b>0.3 percent</b>	1401a(e)
October 1 - December 31, 2019	<b>0.0 percent</b>	1401a(e)

### COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2018, under the provisions of Subchapter I of Chapter 73, Title 10, U.S.C., to the spouse or child of a member who died on or before March 20, 1974 will be increased by **1.3 percent** (ref: 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 Subchapter II of Chapter 73, Title 10, U.S.C., will be increased by the same percentage specified in paragraphs 1, 2, or 3 above by which the retired pay of the person providing the annuity would have been increased at such time if the person were alive and otherwise entitled to such pay. (ref: 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 be increased **1.3 percent** (ref: 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 be increased **1.3 percent** from \$276.17 to **\$270.64** effective December 1, 2020. (ref: P.L. 105-85, sec 644).

### Increase in the SBP Low-Cost Premium Threshold

8. Previous amounts with respect to which the 2.5 percent factor of the SBP premium (cost) formula apply will be adjusted effective December 1, 2020, in conjunction with the adjustments in retired pay made under the provisions of Section 1401a of Title 10, U.S.C. (ref: 10 U.S.C. 1452(a)(4)(B)). The Defense Finance and Accounting Service will perform necessary calculations to determine actual premiums based on the individual circumstances of each case.
9. The amount with respect to which the 2.5 percent factor of the SBP premium (cost) is applied will be increased **3.0 percent effective January 1, 2021**, from \$869 to **\$895**. The threshold premium is **\$22.38**. Therefore, the Low-Cost Threshold premium is **\$22.38** plus 10% of the difference between retired pay and the threshold amount. The breakeven base amount is **\$1,917.86**. (ref: 10 U.S.C. 1452(a)(4)(A)).

### Increase in the Special Survivor Indemnity Allowance (SSIA)

10. In accordance with provisions of Section 1450(m) of Title 10, U.S.C., as amended by section 621 of P.L. 115-91 and Section 622 of P.L. 115-232, the maximum amount of SSIA payable will be increased by **1.3 percent effective December 1, 2020**. The new SSIA rate will be **\$327**. (ref: 10 U.S.C. 1450(m)).