

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL DUIO/OUI
	DATE January 3, 2017

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 8-17

TO: STATE WORKFORCE AGENCIES

FROM: PORTIA WU /s/
Assistant Secretary

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) provided by the Department of Defense.

2. Background. The military COLA is based on the previous year's Consumer Price Index (CPI). Military COLA increases became effective December 1, 2016. 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.

3. 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, 2016** (see attached). For more information on COLAs for the different retirees, visit the Department of Defense website at:

<https://www.dfas.mil/retiredmilitary/newsevents/newsletter/2017costoflivingadjustment.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, 2016.

RESCISSIONS None	EXPIRATION DATE January 1, 2018
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FISCAL YEAR 2017 ADJUSTMENTS TO RETIRED/RETAINER PAY, SURVIVOR ANNUITIES AND PREMIUMS

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2016, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter of calendar year 2016. The term “retired pay” includes retainer pay and the term “members” includes former members 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>Retired Pay Based on Rates of Pay Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2016	0.3 percent	1401a(b)(2)
January 1 – December 31, 2016	0.3 percent	1401a(c)

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, 2016	0.3 percent	1401a(b)(2)
January 1 – March 31, 2016	0.3 percent	1401a(d)
April 1 – June 30, 2016	0.3 percent	1401a(d)
July 1 – September 30, 2016	0.3 percent	1401a(d)
October 1, – December 31, 2016	0.0 percent	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 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, 2016	0.3 percent	1401a(e)
January 1, – March 31, 2016	0.3 percent	1401a(e)
April 1 – June 30, 2016	0.3 percent	1401a(e)
July 1 – September 30, 2016	0.0 percent	1401a(e)
October 1 – December 31, 2016	0.0 percent	1401a(e)

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2016, 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 be increased by **0.3 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 the subchapter II of chapter 73, title 10, United States Code will be increased by the same percentage specified in the line of paragraph 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 **0.3 percent** (ref: Public Law 100-456, section 653(c), Sept. 29, 1988).
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 **0.3 percent** from \$250.03 to **\$250.78** effective December 1, 2016. (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, 2016, in conjunction with the adjustments in retired pay made under the provisions of section 1401a of title 10, United States Code (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 for participation upon retirement will be increased **1.6 percent effective January 1, 2017**, from \$786 to **\$799** (premium for this coverage will be **\$19.98** and the breakeven base amount will be **\$1,712.15**). However, these amounts could change if the Fiscal Year 2017 National Defense Authorization Act alters the expected military pay raise of 1.6 percent. (ref: 10 U.S.C. 1452(a)(4)(A)).