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| EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210 | CLASSIFICATION UI |
| | CORRESPONDENCE SYMBOL OWS/DUIO |
| | DATE March 6, 2006 |

ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 16-06

TO: STATE WORKFORCE AGENCIES

FROM: CHERYL ATKINSON
Administrator
Office of Workforce Security

Cheryl Atkinson

SUBJECT: Increase in Federal Military Pensions

- Purpose. To ensure state workforce agencies are aware of the Federal military retired pay annual cost of living adjustments (COLAs) and to provide the Department of Defense Web site where the COLA information is located.
- Background. Military COLA increases were effective December 1, 2005, based on the increase in the Consumer Price Index (CPI). 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.
- COLAs for Retired Pay. The COLA increase for those individuals who first became a member of a uniformed service before September 8, 1980, is 4.1%.

The COLA increase for those who became a member of a uniformed service on or after September 8, 1980, is determined by 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, 2005 | 4.1 percent | 1401a(b)(2) |
| January 1 - March 31, 2005 | 3.4 percent | 1401a(d) |
| April 1 - June 30, 2005 | 2.8 percent | 1401a(d) |
| July 1 - September 30, 2005 | 1.4 percent | 1401a(d) |
| October 1 - December 31, 2005 | 0.0 percent | 1401a(d) |

The above information is on the Department of Defense Web site located at:
www.dod.gov/dfas/retiredpay/costoflivingallowancecola/colaincreases.html.

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| RESCISSIONS None | EXPIRATION DATE January 31, 2007 |
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4. Instructions. States with laws that require a reduction of the UI 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 Required. State Administrators are requested to provide the above information to appropriate staff.
6. Inquiries. Please direct all inquires to the appropriate regional office.