

**Cost-of-Living Adjustments for
Civil Service & Federal Employees
Retirement Systems**



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Background:

Cost Of Living Adjustments (COLAs) increase the amount of your monthly annuity and are meant to lessen the impact of inflation. It is determined annually and is based on the percentage increase in the Consumer Price Index (CPI) as computed by the Department of Labor. They have been a part of Civil Service annuities since 1962.

Effective Date:

COLA rates are effective December 1 of each year and payable in the January 1 annuity check of the following year.

First COLA:

An annuitant's first COLA is prorated based on the number of months on the annuity rolls prior to the COLA.

A month is credited only if the annuity commenced on or before the last day of the month. The full COLA as prescribed by law will be received each year thereafter.

Example of prorated "first" COLA formula

$$\text{Prorated COLA} = \frac{\text{COLA Rate} \times \text{months on annuity rolls}}{12}$$

If the COLA is 3 percent and you retire June 30, your annuity begins July 1. Therefore, you are on the annuity rolls from July through November or 5 months prior to the December 1 effective date of the COLA.

The annuitant will receive:

$$\frac{3\% \times 5(\text{months})}{12} = 1.25\% \text{ (prorated COLA)}$$

Civil Service Retirement System (CSRS) COLA Rules:

CSRS COLA rules apply only to CSRS and CSRS component annuities. A CSRS component will be increased under the rules governing COLAs for retirees of the CSRS. For the FERS component, the rules are very different.

Effective Date of Increase - December 1 of each year with payment beginning the January of the following year.

Amount of COLA - Equals the percentage change in the CPI during the past year.

Initial COLA - The COLA is prorated based on your status as of December 1.

Federal Employees Retirement System COLA Rules (Paid Only At Age 62 or Older):

FERS COLAs apply to retirees who were age 62 as of December 1. The COLA applies to the Basic FERS Annuity only, not the FERS Retiree Annuity Supplement. For a *FERS Survivor Annuity with CSRS Component*, the FERS survivor receives a FERS COLA even if the annuity consists of a CSRS component.

Effective date of Increase - December 1 of each year.

Amount of COLA - Tied to the percentage increase in the CPI during the year preceding the COLA under the following schedule:

CHANGE IN CPI	% OF COLA
0%	None
2% or less	Same % as CPI increase
2% to 3%	2%
3% or more	Change in CPI minus 1%

Initial COLA - For FERS annuitants who are not eligible to receive a COLA during their first year (or more) of retirement, the initial COLA is not prorated. This applies to annuitants who retired under age 62 and whose annuity commenced at least one year prior to reaching age 62 or are disability annuitants whose annuity benefits are based on 60 percent of average pay.

FERS COLA Exceptions:

1. A prorated COLA is paid the first year and subsequent full COLAs are paid prior to age 62 for employees retiring under the special provisions for:

- Air Traffic Controllers/Law Enforcement Officers/Firefighters
- Military Reserve Technicians who no longer satisfy the requirements of the position due to disability
- Spouse, former spouse, and insurable interest survivor annuitants. (If the retired employee had received a prorated COLA, the survivor's COLA is not prorated.) COLAs for children's survivor annuities are not prorated.

2. COLAs based on a Disability annuity are payable to disability annuitants without regard to their age. However, COLAs are not payable on FERS disability annuities during the annuitant's first year if the annuity rate is based on 60% of the average salary. COLAs are payable, however, during the first year if the annuitant's rate is based on an earned benefit or the annuity is redetermined because the annuitant has reached age 62.

Note: Under FERS, children's annuities are increased under CSRS COLA rules rather than the FERS provisions.

HISTORY OF COLAS / 1980 TO 2016			
*April 1980 6.0%	April 1990 5.4%	January 2000 3.5%	January 2010 NONE
*October 1980 7.7%	April 1991 3.7%	January 2001 2.6 %	January 2011 3.6%
*April 1981 11.2%	April 1992 3.0%	January 2002 1.4 %	January 2012 1.7%
*April 1982 7.4%	***April 1993 2.6%	January 2003 2.1%	January 2013 1.5%
May 1983-1984 3.5%	*April 1994 2.8%	January 2004 2.7 %	January 2014 1.7%
January 1985 3.1%	April 1995 2.6%	January 2005 4.1 %	January 2015 1.7%
January 1986 1.3%	*** April 1996 2.9%	January 2006 3.3%	January 2016 NONE
January 1987 4.2%	January 1997 2.1%	January 2007 2.3 %	January 2017 0.3 %
April 1988 4.0%	January 1998 1.3%	January 2008 5.8 %	January 2018 2.0%
April 1989 4.7%	January 1999 2.5%	January 2009 NONE	

*The 1976-83 COLAs were based on increases in the CPI-W from the first quarter of the prior year to the corresponding quarter of the current year in which the COLA became effective. After 1983, COLAs have been based on increases in the CPI-W from the third quarter of the prior year to the corresponding quarter of the current year in which the COLA became effective.

**A rate of 3.3% was payable for non-disabled employee annuitant under age 62.

***Payment of these COLA rates was delayed until March of the following year.

For additional information on COLAs, reference the CSRS & FERS Handbook for Personnel and Payroll Chapter: [C002](#).