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You would have to go all the way back to the 1991 COLA of 5.4 percent to see an increase more than the recently announced 4.1 percent COLA for 2006. Considering today's higher energy costs, this is good news for federal and military retirees.

For those of you who recently retired and are receiving COLA for the first time, you may be interested in the basis for the annual COLA. Each year, federal and military retired pay is adjusted to meet the increased cost of living. The COLA varies from year to year and is based on the Consumer Price Index (CPI) for urban wage earners and clerical

# 2006 Cost of Living Adjustment (COLA)

## Largest Increase in 14 Years

workers (CPI-W). The Consumer Price Index (CPI-W) measures inflation and the period for the 2006 COLA calculation ran from third quarter 2004 to third quarter 2005. COLA is compiled by the Department of Labor.

### LAST-10-YEAR COLA HISTORY

2005	2.7%	2000	2.4%
2004	2.1%	1999	1.3%
2003	1.4%	1998	2.1%
2002	2.6%	1997	2.9%
2001	3.5%	1996	2.6%

The one thing about COLA is that everything gets increased, even those RCSBP and SBP premiums that get deducted from your retired pay get increased by the amount of COLA.

COLA affects retired pay, survivor benefit program (SBP) annuities, Social Security benefits, SBP premiums, and veterans' disability compensation. In regard to military retired pay, the full adjustment applies to those who retired before 1 Jan 2005. The increase will be reflected in your January 2006 direct deposit for the month of December 2005.

For those who retired on 1 January or after, a partial COLA increase applies. For retirement dates between 1 Jan 2005 – 31 Mar 2005, there will be a 3.4 percent adjustment. For retirement dates of 1 Apr 2005 – 30 Jun 2005, there will be a 2.8 percent adjustment. For those who retired 1 Jul 2005 – 30 Sep 2005, there will be a 1.4 percent adjustment. There is no COLA increase for those who retired 1 Oct 2005 – 31 Dec 2005. ⚡