

This press release was sent from NARFE National Headquarters to all NARFE members on October 22, 2014.

COLA Announcement Renews Need for New Inflation Formula

Alexandria, VA – Following the Bureau of Labor Statistics announcement of a 1.7 percent cost-of-living adjustment (COLA) for 2015, Joseph A. Beaudoin, president of the National Active and Retired Federal Employees Association (NARFE), released the following statement on the impact to federal civilian retirement annuities and Social Security benefits:

"News of the cost-of-living adjustment (COLA) for the coming year always is eagerly awaited by the countless Americans who rely on the increase to keep up with the rising price of food, housing, transportation and medical care. However, despite the partial relief this 1.7 percent COLA will provide, the announcement is a reminder that our method for calculating the increasing cost of goods and services is out of sync with the reality faced by millions of federal annuitants, Social Security recipients and military retirees, who spend more than twice as much on medical care than the population measured by the current CPI-W formula.

"The average 3.8 percent increase in health care premiums for federal employees and retirees in 2015 shows that medical costs continue to outpace the COLA as it is calculated presently. We need a cost-of-living formula that doesn't force these Americans to take one step forward, then two steps back.

"As members of Congress and the President develop their budget proposals for fiscal year 2016, I urge them to include a switch to the CPI-E formula, a more accurate measure of inflation that accounts for health care and other costs facing seniors.

"Conversely, they should reject previous proposals to switch to the Chained CPI, which would only make a bad situation worse by further decreasing the hard-earned benefits of Social Security recipients and federal retirees, while increasing taxes on lower- and middle-income taxpayers."