
Defense Report

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If Military Retired Pay Is Adjusted Just Once a Year, the Adjustment Should Be a Fair One

For many years military retired pay was adjusted only when active-duty service members received a raise. In 1958, this connection was severed and a one-time, six-percent cost-of-living adjustment was made to retired pay. But in 1963 Congress instituted a system in which military retired pay was adjusted each time the cost of living increased by three percent or more for three consecutive months. A one-percent "kicker" was added to the adjustment to compensate for the delay between the time the cost-of-living increase occurred and the time the adjustment showed up in retired pay checks.

Then in 1976, with spiraling inflation bringing as many as three cost-of-living adjustments to military retired pay in a 12-month period, Congress decided to change the rules and adjust retired pay twice yearly, regardless of the amount of cost-of-living change. There would no longer be a kicker, Congress said, because experience proved this provision overadjusted retired pay and the two adjustments would avoid a substantial time lag between the reality of living costs and the amount of money reflected in retirement checks.

Now, at the request of the Administration, Congress is on the verge of changing the rules again. Their motivation this time is not equity for the retirees but cost avoidance at a time when deep cuts are being made in many social programs. The new plan will reduce the cost-of-living adjustments to an annual change in March, with no provision to regain the lost purchasing power. There is one slight consolation, however, in the pledge by Congress and the Administration that the yearly adjustments will reflect the full cost-of-living change.

Adherence to that pledge is vital. Unfortunately, there have been too many instances in which other administrations have seen fit to depress active-duty military pay adjustments below the level reflected in actual changes in the cost of living. The resulting depression of the buying power of military pay had driven many experienced people away from military service.

The Administration should understand that anything short of a full annual adjustment to retired pay will be seen by retirees, and active-duty members as well, as yet another breach of promise.