
Defense Report

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Another Cost of Living Freeze—Another Broken Promise

It has been more than 20 years since Congress decided to guarantee every retired military member that the purchasing power to which he or she was entitled at the time of retirement would not, at any time in the future, be eroded by the ravages of inflation. According to the plan, military retired pay and survivor benefits were to be adjusted to correspond with increases in the Consumer Price Index.

From its inception in 1963 until major changes were imposed in 1981 and since, cost-of-living (COLA) adjustments reflected the progressive effort by both the executive branch and Congress to honor commitments made to those who elect military careers. Notwithstanding the clear commitments, the COLA process has undergone substantial erosion since 1981:

- In that year, Congress eliminated semiannual COLAs and established an annual adjustment mechanism.

- In 1982, this annual COLA was changed to an adjustment every 13 months—April 1983, May 1984 and June 1985. For the same period Congress implemented 50 percent COLA “caps” for nondisability retirees under age 62.

- In April 1984, Congress eliminated the May 1984 adjustment and restored the annual COLA system to be effective in December 1984.

Each of these changes would have a substantial impact on the lifetime earnings of thousands of military retirees.

Even more disturbing to former career service members is the current wrangling over the 1986 federal budget, wherein the Senate version mandates a freeze on COLAs for civil service and military retirees, as well as for social security annuitants.

A freeze in fiscal 1986 would extend the COLA turbulence into a sixth consecutive year. Unless the president and the Senate act to restore the 1986 COLA for federal and military retirees, as they reportedly favor doing for social security recipients, the disappointment felt by the thousands who see this as a failure of their government to honor its commitments can be expected to have an adverse effect on their morale and on the recruiting, retention and readiness of our military forces.