

COLA increase is 5.8%, biggest since 1982

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The Dec. 1 cost-of-living adjustment for military and federal civilian retirees, disabled veterans and survivors will be 5.8 percent, with the increase first appearing in Jan. 1 checks.

The same increase will go to Social Security recipients.

The 5.8 percent hike is a little less than some expected. In the last few months, rising crude oil prices had a broad effect across the economy — increasing not only the cost of filling up gas tanks but also boosting transportation costs to drive up the price of retail goods and food.

But oil prices have fallen as the overall economy has suffered a major meltdown, resulting in a final COLA that is still the biggest increase since 1982.

The COLA also is far bigger than the 3.9 percent military pay raise signed into law earlier this week by President Bush. That is because the two increases are based on different concepts.

Retired pay automatically increases each year to keep pace with inflation, measured by the change in the cost of goods and services. Increases in military and federal civilian pay, which generally involve an act of Congress, are designed to match private-sector wage growth.

Retirement COLAs, which also apply to survivor benefits, take effect automatically. Recipients do not have to do anything to get the extra pay. Annual adjustments in veterans' disability pay, low-income pensions and dependency and indemnity compensation for survivors of deceased service members and veterans are not automatic, but Congress usually passes legislation guaranteeing veterans' benefits will increase by the same rate as Social Security.

President Bush signed the 2009 veterans' COLA measure Sept. 25