

LEGISLATIVE PRIORITIES

APWU SUPPORTS EQUITABLE FEDERAL EMPLOYEE COLAS

Those that retired under the Federal Employees Retirement System (FERS) receive a Social Security Cost-of-Living Adjustment (COLA) that is calculated differently than those that retired under the Civil Service Retirement System (CSRS). This calculation results in reduced COLAs for FERS annuitants, equaling up to one percent less than CSRS COLAs.

THE EQUAL COLA ACT (H.R. 866, S.3194)

Lead Cosponsors: Rep. Gerry Connolly (D-VA-11) and Sen. Alex Padilla (D-CA)

This bill, introduced in the House on February 8, 2023 and Senate on November 1, 2023, would fix this COLA discrepancy created in the 1980s. Under the current system, all annual COLAs are based on the percentage increase in the Consumer Price Index for urban wage earners and clerical workers (CPI-W). CSRS annuitants receive a COLA equal to the CPI-W increase, while FERS annuitants only receive an equal COLA if the CPI-W increase is below two percent. After that, if the CPI-W increase is:

- Between two and three percent, FERS retirees receive a flat two percent COLA.
- Over three percent, one percent is subtracted from the CPI-W for FERS retiree COLAs.

For 2024, the CPI-W increased by 3.2% between the third quarters of 2022 and 2023. As a result, the

CSRS retirees saw a 3.2% COLA, while FERS retirees received a 2.2% COLA. Although it may appear minor, one percentage point can equal tens of thousands of dollars over the course of an individual's retirement.

The Equal COLA Act will give both FERS and CSRS retirees COLAs equal to the CPI-W increase. It is time we stop penalizing our seniors for their retirement system and give fair Cost-of-Living Adjustments to our retired federal employees!

