

### **1.3 Percent Cost-of-Living Adjustment Due in 1999**

You may expect a 1.3 percent cost-of-living increase in your retirement payment of January 2, 1999 if you are a retired federal employee or the surviving family member of a deceased employee and you have been receiving benefits, under either the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS), for at least one year.

You get a prorated amount if you have not received benefits for a full year. You get one-twelfth of the increase for each month you received benefits before December 1, 1998.

Your benefit is limited to the cap amount specified by law. Generally, the cap reflects the GS-15 step 10 pay rate plus the highest possible locality pay.

The 1.3 percent increase was based on the increase in the Consumer Price Index (CPI), as determined by the U.S. Department of Labor, Bureau of Labor Statistics. The list below shows the prorated percentages that apply according to the month in which the annuity began.

#### **Percentage Increase Based on Beginning Date of Benefit**

- December 1997 (and before) - 1.3%
- January 1998 - 1.2%
- February 1998 - 1.1%
- March 1998 - 1.0%
- April 1998 - 0.9%
- May 1998 - 0.8%
- June 1998 - 0.7%
- July 1998 - 0.6%
- August 1998 - 0.5%
- September 1998 - 0.4%
- October 1998 - 0.3%
- November 1998 - 0.2%

## Benefit Adjustments – Questions

Will my benefit increase as the cost-of-living increases?

Yes. Cost-of-living increases are effective each December first. The increase appears in your January first payment, which represents your benefit for December. Federal Employees Retirement (FERS) cost-of-living increases are not provided until age 62, except for disability and survivor benefits.

How is the amount of each cost-of-living increase determined?

The U.S. Department of Labor calculates the increase in the Consumer Price Index (CPI) from the third quarter average of the previous year to the third quarter average for the current year. For Civil Service Retirement System (CSRS) benefits, the increase percentage is applied to your monthly benefit amount before any deductions, and is rounded down to the next whole dollar. For Federal Employees Retirement System (FERS) benefits, if the increase in the CPI is 2 percent or less, the cost-of-living increase is equal to the CPI increase. If the CPI increase is more than 2 percent but no more than 3 percent, the cost-of-living increase is 2 percent. If the CPI increase is more than 3 percent, the cost-of-living increase is 1 percent less than the CPI increase. The new amount is rounded down to the next whole dollar.