

NARFE Reacts to Chained CPI Being Dropped from President's Budget

February 19, 2014

Alexandria, VA – Amid reports that the White House will not include the Chained CPI in its FY15 budget, Joseph A. Beaudoin, President of the National Active and Retired Federal Employees Association (NARFE), released the following statement:

“NARFE is pleased to learn that the President will not, in his Fiscal Year 2015 Budget to Congress, include a proposal to use the Chained CPI to calculate annual COLAs. This flawed proposal should be taken off the table once and for all, and it is heartening to see the President has changed course on the Chained CPI. Our nation's seniors, veterans and federal retirees should never be pawns in the budget game.

“Any reform to the way annual COLAs are calculated should take into account how seniors, those who rely most on the calculation to live, spend their money. A true measure of inflation for beneficiaries of Social Security and other federal retirement programs would take into account the rising health care costs experienced by seniors. Measures that do this, such as the CPI-E, which monitors average consumer prices for Americans age 62 years and older, would result in higher COLAs. This is a clear sign that moving to the Chained CPI is a move in the wrong direction.”

In October, NARFE held a press conference at the U.S. Capitol with other senior organizations and members of Congress opposing the Chained CPI. A recap of the event with pictures can be found [here](#) and [here](#). Prior to the event, NARFE members from across the country collected hundreds of thousands of dollars' worth of coupons to highlight the very real impact of the Chained CPI on seniors across the country. Their message to Congress and the White House was simple: “Don't Clip My COLA!”

By way of background, switching to the Chained CPI to calculate cost-of-living adjustments (COLAs) for federal civilian and military retirement annuities, as well as Social Security benefits, veterans' benefits and disability benefits, would reduce COLAs by an estimated 0.3 percent per year. Compounded over time, it would result in estimated yearly benefits being reduced by 3 percent after 10 years, 6.2 percent after 20 years and 9.4 percent after 30 years.

By using the Chained CPI instead of the current measure, the CPI-W, the average retired federal employee would lose \$48,000 over 25 years; seniors, who rely on the already meager \$15,000 annual Social Security benefit, would lose an average of \$23,000 over the same period; and military retirees would lose \$42,000.

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The [National Active and Retired Federal Employees Association](#) (NARFE) one of America's oldest and largest associations, was founded in 1921 with the mission of protecting the earned rights and benefits of America's active and retired federal workers. The largest federal employee/retiree organization, NARFE represents the interests of nearly five million current and future federal annuitants, spouses and survivors.