

**SUMMARY OF MAJOR CHANGES TO CHAPTER 8  
DOD 7000.14-R, VOLUME 7B  
MILITARY PAY POLICY AND PROCEDURES FOR RETIRED PAY**

**New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic tables, etc.**

<b>Page</b>	<b>Paragraph</b>	<b>Explanation of Change/Revision</b>	<b>Effective Date</b>
8-35 through 8-36	080484	IC R6-98 adds December 1997 cost of living adjustment.	Dec 1, 1998
8-36 through 8-37	080486, 080487	IC R6-99 adds December 1998 cost of living adjustment.	Dec 1, 1999

*NOTE: Interim Changes R6-98 and R6-99 are incorporated in the chapter.*

## CHAPTER 8

### BASIC PAY RATES, LEGISLATIVE AND COST-OF-LIVING ADJUSTMENTS TO RETIRED PAY

#### 0801 PURPOSE

080101. Information in this chapter enables the reader to determine the accuracy of a member's current retired pay through a history of basic pay rates, retired pay increases, and the application of special provisions in determining retired pay since October 1949. Retired pay for members who have entered a Uniformed Service after September 7, 1980 is computed using a retired or retainer pay base. See Chapter 3 for gross pay computation. This chapter explains the effect of legislative and cost-of-living adjustments on retired pay that has been computed using a retired or retainer pay base.

080102. Before June 1, 1958, compiling tables to show the actual rates of retired pay was relatively simple since all members (except the pre-October 1, 1949, "saved pay" accounts) received a direct percentage of the active duty basic pay rates in effect October 1, 1949 through May 31, 1958. With the enactment of Public Law 85-422 (reference (ac)), and later active duty and retired pay adjustments, it became increasingly more difficult to prepare and maintain tables reflecting the pay of members on the retired rolls and, eventually, preparing such tables was no longer feasible. The applicable active duty pay tables are now serve as the basis for determining the rate of retired pay.

080103. For members who have entered a Uniformed Service after September 7, 1980:

A. The amount of retired pay is individualized. Members who retire with the same grade and years of service for percentage and basic pay purposes may or may not receive the same amount of retired pay.

B. The member's current retired pay can be verified from the retired or retainer pay base, years of service for percentage purposes or percentage of disability, retired pay increases, and the application of any special provisions in retired pay identified in this chapter.

#### 0802 DEFINITIONS

080201. The terms used in this chapter are:

A. Pay Table Code. The designation by number (or other means) used by DFAS to identify active duty pay rates in effect during the different time periods.

B. Cost-of-Living Adjustment. Percentage change increases applied to retired pay based on laws using the Consumer Price Index (CPI), Urban Wage Earners and Clerical Workers-U.S.

City Average, CPI-W, as published by the Bureau of Labor Statistics, to determine the amount of the increase. Full cost-of-living adjustment percentages appear in Table 7-3.

1. Full Cost-of-Living Adjustment. Members on the retired rolls receive the full cost-of-living adjustment if their retired pay is computed using the basic pay rates which were effective before the previous cost-of-living adjustment.

2. Partial Cost-of-Living Adjustment. Members whose retired pay is computed using the basic pay rates that become effective at the same time or after the previous cost-of-living adjustment receive a partial cost-of-living adjustment. This increase is effective from the later of the date of the full cost-of-living adjustment or date of retirement.

C. One Percent Add-On. This is an additional 1 percent added to all full cost-of-living adjustment in retired pay from November 1, 1969 through March 31, 1976. The 1 percent did not apply to partial cost-of-living adjustment. The add-on was provided to make up for the 3-month time lag between the rise in the CPI and the actual increase in retired pay. Public Law 94-440 (reference (bj)), eliminated the 1 percent add-on.

D. Legislative Increases. This is any adjustment in retired pay authorized by legislation that identifies a percentage increase rather than being based on the CPI.

E. Recomputation. This is the provision for recomputing retired pay using a pay table other than that used in the first computation of retired pay.

F. Uniform Retirement Date Act (URDA) (reference (az)). This statute: (1) provides, under certain retirement laws, that members cannot be retired before the first day of the month after the date of first eligibility, and (2) determines the pay table used in computing retired pay. This provision is especially significant when the retirement date coincides with the effective date of an active duty basic pay rate increase, because of the additional requirement to compute pay on the rates in effect as of the date retirement would have occurred except for this restriction.

G. Otherwise Qualified. This term refers to members, retired under a particular law, who are eligible for retirement under another law that may provide greater benefits. It pertains primarily to disability retirees when members have enough service to be retired for non-disability.

H. Years of Service for Basic Pay. Computation of service years creditable in determining the basic pay rate upon which retired pay is to be based, may vary depending upon retirement law. (See Chapter 1.)

I. Years of Service for Percentage Multiplier. This refers to service years creditable in determining the percentage multiplier factor (2-1/2 percent times years of service of basic pay) in retired pay computation. Computation of years of service may vary depending upon retirement law. For Reserve retirements under 10 U.S.C., Chapter 1223 (reference (c)), Reserve service points are converted to years of service (i.e., total points divided by 360 = years of service). (See Chapter 1.)

J. Burchinal Decision. This Comptroller General decision held that, under 10 U.S.C. 1401a(e) (reference (c)), retired pay is computed only under the current pay rates or the pay rates in effect immediately before the current rate.

K. Pay Inversion. A condition that exists during the periods when the cost-of-living adjustment in retired pay exceeds the percentage increases applied to active duty basic pay rates.

L. Retired Pay Base. This is an average of the highest monthly basic pay rates applicable to a member determined by the length of time member was a member of a Uniformed Service (less than or at least 36 months) and/or the type of retirement (e.g., disability or voluntary). The retired pay base or retainer pay base applies to members who entered a Uniformed Service after September 7, 1980. It replaced the monthly basic pay rate formerly used to compute of retired or retainer pay.

#### 0803 MAJOR CHANGES IN THE USE OF BASIC PAY RATES AND CONDITIONS APPLICABLE TO COMPUTATION OF RETIRED PAY

080301. The Career Compensation Act (reference (w)) stipulated that basic pay rates would be based both on pay grade and total years of service. The Act also established new methods for computing disability retirements.

080302. Before June 1, 1958, the pay of all members on the retired rolls (except “saved pay” accounts under the Career Compensation Act (reference (w))) represented a direct percentage of a basic pay rate of a member on active duty and whenever the active duty rates increased, the retired pay increased accordingly. Public Law 85-422 (reference (ac)), effective June 1, 1958, prohibited the recomputation of retired pay based on changes in the active duty basic pay rates after retirement. Essentially, the date of retirement was an added factor in computing retired pay since the retired member’s pay was fixed to the basic pay rate in effect on the date of retirement (with exceptions permitting members to use another basic pay rate under certain conditions and circumstances which are outlined in later paragraphs).

080303. Retirees receiving saved pay under laws in effect on September 30, 1949, received legislative increases in 1952 and 1955. The pay for retirees receiving pay computed under the Career Compensation Act (reference (w)) was recomputed on the 1952 and 1955 basic pay rates. Effective October 1, 1963, 10 U.S.C. 1401a (reference (c)), as added by Public Law 88-132 (reference (am)), stipulated that future adjustments to retired pay would be based on the CPI. Each January, the Secretary of Defense was to review the CPI for the previous calendar year and, if it had increased 3 percent or more, would effect a percentage increase in retired pay as of April 1, using the percentages of increase in the CPI.

080304. Public Law 89-132 (reference (bk)), effective September 1, 1965, changed the provisions for determining the retired pay cost-of-living adjustment. Instead of the yearly determination, the Secretary of Defense would determine the retired pay increase once the CPI had increased at least

3 percent over the previous CPI base and remained at that rate for 3 consecutive months. The adjustment in retired pay was the highest percent of increase reached during the 3-month period. The cost-of-living adjustment was effective the first day of the third month beginning after the 3-month period.

080305. Public Law 90-207 (reference (bl)), effective October 1, 1967, added subsections (c) through (e) under 10 U.S.C. 1401a (reference (c)). Subsections (c) and (d) of reference (c) stipulated that retired pay, when computed from the current basic pay rates, would increase at the later of the next cost-of-living adjustment or retirement date by a partial adjustment. The partial adjustment represented the percent by which the new base index exceeded the index in effect on the day before the basic pay increase. Subsection (e) (reference (c)), a saved-pay provision, permitted computation of retired pay on the basic pay rates in effect immediately preceding those in effect on retirement date if they were more favorable because of a cost-of-living adjustment. Title 10 United States Code, section 1401a(e) (reference (c)) was repealed by Public Law 98-94 (reference (aj)), effective September 24, 1983. See paragraph 080313, below. Section 8(a) of Public Law 90-207 (reference (bl)) provided that, effective January 1, 1968, whenever the General Schedule of Compensation for federal classified employees increased, an adjustment in the monthly basic pay authorized members of the Uniformed Services immediately would become effective.

080306. Public Law 91-179 (reference (bm)) effective October 31, 1969, stipulated that 1 percent would be added to the percentage increase each time there was a general cost-of-living adjustment to retired pay. Partial cost-of-living adjustment increases did not include the 1 percent.

080307. Public Law 94-440 (reference (bj)) again changed the provisions for determining the cost-of-living adjustments to retired pay. Beginning with March 1977, cost-of-living adjustments occurred twice each year; effective March 1 and September 1. The March adjustment was determined by the percentage change in the consumer price index (CPI) between June and December of the previous year. The September adjustment was determined by the percentage change in the CPI between the previous December and June. In accordance with Public Law 94-361 (reference (bn)), these adjustments were the actual percentage change (nearest 1/10 of 1 percent) without the additional 1 percent. Beginning October 1976, partial cost-of-living adjustment changes were made for members whose retired pay was computed using the basic pay rates which became effective in months other than January or July. The partial cost-of-living adjustment was the percentage (closest 1/10 of one percent) of change in the CPI between the month before establishment of the new basic pay rates and the following June or December (which was used as the new base CPI).

080308. Pay Inversion. Effective with Public Law 85-422 (reference (ac)) on June 1, 1958 (which prohibited recomputation of retired pay each time active duty pay was increased), it was assumed that members, of the same pay grade and years of service retired under later active duty pay increases, would receive a greater retired pay. Beginning in 1971, however there were instances where the cumulative cost-of-living adjustment applied to retired pay was greater than the increases in the active duty pay rates. This was popularly known as “pay inversion” and created some retention problems because, through early retirement, members could increase their retired pay rather than remaining on active duty. Under 53 Comp Gen 698 (reference (bo)), known as the “Burchinal

Decision,” members were restricted to the greater amount, based on two computations of retired pay, of pay computed on the active duty pay rates in effect:

A. At the time of retirement using the pay grade and years of service for both basic pay and percentage multiplier at the time of retirement, or

B. Immediately before the active duty basic pay rates in effect on the date of retirement, plus the cost-of-living adjustment in retired pay applicable to those basic pay rates. For this computation, the same pay grade and years of service for both basic pay and multiplier at time of retirement were used even though the computation used the earlier basic pay rates.

080309. Tower Amendment. Public Law 94-106, October 7, 1975, (reference (fg)), added subparagraph (f) to 10 U.S.C. 1401a (reference (c)). The new provision stipulated another method to offset partially the effect of “pay inversion.” This method involved computing pay based “on any previous basic pay rates, on and after January 1, 1971, plus cost-of-living adjustment, if the member was eligible for retirement at the time those rates were in effect. The computation was restricted to the pay grade and years of service at that earlier time. (For retirements on October 5, 1994 or later, the computation may not be based on a grade higher than that held at time of retirement.) The statute applies to all members retired on or after January 1, 1971. There were no retroactive pay adjustments however, for the period before October 7, 1975. A member who is recalled to active duty after retirement is not entitled to recomputation of retired pay under the Tower Amendment upon release from that active duty. Pay recomputation upon that release is restricted to the methods prescribed in 10 U.S.C. 1402 (reference (c)) covered in Chapter 7 of this Regulation. The Tower Amendment did not repeal or modify those provisions.

080310. Basic Pay Average. Public Law 96-342 (reference (bp)), as codified at 10 U.S.C. 1407 (reference (c)), established a retired pay base for use in computing retired or retainer pay. Section 1407 of reference (c) applies to members who have entered a Uniformed Service after September 7, 1980. The percentage of cost-of-living increases is determined by the most recent basic pay rate used in the computation of the retired or retainer pay base.

080311. On August 13, 1981, Public Law 97-35 (reference (bq)) revised the frequency for cost-of-living adjustment from semiannual to annual for retired pay, retainer pay, survivor annuities, and dual compensation amounts. This legislation became effective with the amendment to 5 U.S.C. 8340(b) (reference (az)), also enacted by Public Law 97-35 (reference (bq)). The annual cost-of-living adjustment, effective March 1 of each year, was based on the accumulative percentage change in the price index published for December of the preceding year over the price index published for December of the year prior to the preceding year, adjusted to the nearest 1/10th of 1 percent.

080312. Public Law 97-253 (reference (ax)), revised the cost-of-living adjustment mechanism under federal retirement systems during fiscal year 1983. The revision affected the eligibility, percentage, and effective dates of such adjustments. See Chapter 5, paragraph 050210, of this Regulation for the civilian dollar offset reduction coincident to the military cost-of-living increase (repealed in Public Law 98-369 (reference (br))).

A. First (partial) Adjustment. Members who had entitlement to a first adjustment in initial amounts of retired or retainer pay under 10 U.S.C. (reference (c)), as computed on the active duty base pay scale, became entitled to a first adjustment in retired or retainer pay equal to the percentage increase in CPI occurring between September and December 1982.

B. Members Under Age 62. Any member under age 62 on or before March 1, 1983, who was entitled to an adjustment under 10 U.S.C. 1401a(b) (reference (c)), received an adjustment based on an assumed increase in the price index. The assumed increase in the price index was 6.6 percent for fiscal year 1983. Retired or retained pay increased by one-half the assumed increase plus the amount by which the actual percentage increase in the price index increased over the assumed increase from December through December of the preceding time period.

C. Members Age 62 or Over. Any member who was age 62 or more on March 1, 1983, and entitled to an adjustment under 10 U.S.C. 1401a(b) (reference (c)) in retired or retainer pay on that date, became entitled to that increase without limitation.

D. Military Disability Retirees. Any member who was retired by reason of physical disability under 10 U.S.C., Chapter 61 (reference (c)), and entitled to an adjustment of retired pay under 10 U.S.C. 1401a(b) (reference (c)) on March 1, 1983, received that adjustment without limitation.

E. Effective Date. The effective date for cost-of-living adjustments for FY 1983 was changed from March 1 to April 1.

080313. The DoD Authorization Act, FY 1984 (reference (aj)), affected computation of retired and retainer pay.

A. Section 921 of the Act (reference (aj)) repealed the 1-year look-back provision (10 U.S.C. 1401a(e)) (reference (c)). Members who first become eligible to retire or transfer after September 24, 1983, would not use the 1-year look-back provision in computing their retired pay. Section 921 of (reference (aj)), however, had a savings provision that permitted any member, who was eligible to retire on September 24, 1983, to use the 1-year look-back as though that provision had not been repealed, provided that the member retired on or before September 24, 1986. If such member retired after September 24, 1986, the retired or retainer pay could not be less than what it would have been if the member actually retired on September 23, 1986.

**NOTE:** Section 921 (reference (aj)) did not affect the Tower Amendment (10 U.S.C. 1401a(f) (reference (c))). Under this statute, any member who used the Tower Amendment to compute his or her retired pay, as though he or she had retired on a date when he or she otherwise would have been entitled to use the 1-year look-back provision, could apply the 1-year look-back provision to ensure that their retired pay was not less than what it would have been had they actually retired on the earlier date.

B. Section 922 of reference (aj) amended all statutes that previously had authorized the rounding of monthly retired or retainer pay. All members who retire on or after October 1, 1983 had their retired or retainer pay rounded. In the initial computation of gross retired pay, any amount that was not a multiple of \$1 was rounded down to the next lower multiple of \$1. All further reductions, deductions, withholdings, and allotments were made from the rounded entitlement. Future adjustments to such pay were made on the rounded figure. For members retired on September 30, 1983, no rounding was made until there was an adjustment under 10 U.S.C. 1401a (reference (c)); then, and with each subsequent adjustment, the amount as adjusted, if not a multiple of \$1, is rounded to the next lower multiple of \$1. This became the member's entitlement and any future adjustments were based on this rounded figure.

080314. Public Law 98-270 (reference (ay)), amended 5 U.S.C. 8340(a) and (b) (reference (az)) to modify cost-of-living adjustments that also applied to military retired and retainer pay under 10 U.S.C. 1401a(b) (reference (c)). The effective date for cost-of-living adjustments was changed from March 1 to December 1. The cost-of-living adjustment equaled the percentage change in the price index for the base quarter of such year over the price index for the base quarter of the preceding year. The price index for a base quarter was defined as the arithmetical mean of such index for the 3 months of the base quarter. The partial cost-of-living adjustment equaled the percentage increase of the average CPI for July, August, and September over the CPI for the preceding December.

080315. The Military Retirement Reform Act of 1986, Public Law 99-348 (reference (bs)):

A. Reduced the retired pay multiplier for any member who first became a member of a Uniformed Service after July 31, 1986, and who retired before age 62 with less than 30 years of creditable service (excluding retirements under Title 10, Chapters 61 and 1223 (reference (c))). The multiplier was reduced by:

1. 1 percentage point for each full year that the member's years of creditable service were less than 30; and

2. 1/12 of 1 percentage point for each month by which the member's years of creditable service (after counting all full years of such service) was less than a full year,

B. Stipulated cost-of-living increases for any member who first became a member of a Uniformed Service on or after August 1, 1986, when the increase in the CPI exceeded 1 percent. The cost-of-living increase was 1 percentage point less than the increase in CPI; and

C. Restored the reduction in retired pay multiplier under subparagraph 080315.A, above, at age 62 and provided a one-time restoral at age 62 for the reduction in cost-of-living increase under subparagraph 080315.B, above. Sample calculations of retired pay catch up at age 62 and the average monthly CPI by quarter are in Appendix U.

080316. Public Law 99-576 (reference (bt)) guaranteed that military retired pay cost-of-living adjustments were unaffected by Public Law 99-177 (reference (bu)) during fiscal years 1987 through 1989.

080317. The grade Chief Warrant Officer, W-5, was established, effective February 1, 1992, for the four Military Services.

080318. Effective January 1, 1993, a longevity step for “over 24,” but less than 26 years, was added for pay grades E-7, E-8, E-9, W-4, W-5, and O-6.

080319. Public Law 103-66, August 10, 1993 (reference (fm)) delayed the payment of the December 1, 1993, military retirement cost-of-living adjustment until March 1, 1994. Disability retirements and survivor annuities were unaffected.

080320. The FY 1995 DoD Authorization Act (reference (fi)) and the FY 1995 DoD Appropriation Act (reference (fj)) prohibited the payment of increased retired pay associated with the cost-of-living adjustment for December 1994 for months before March 1, 1995, excluding disability retirements under 10 U.S.C., Chapter 61 (reference (c)), and survivor annuities.

080321. In FY 1996, the cost-of-living adjustment became effective December 1, 1995. Certain adjustments, however, were not payable for periods before March 1996: increases in retired or retainer pay for members and former members retired on the basis of longevity, age, or non-Regular service (10 U.S.C., Chapter 1223, (reference (c))). Adjustments, which became payable beginning December 1, 1995, included the increases in survivor annuities and survivor benefit program costs, retired pay based on disability, and the exclusion amounts for dual compensation.

080322. The FY 1997 DoD Authorization Act (reference (fp)) clarified the method of computing the first cost-of-living adjustment of retired pay for members who entered a Uniformed Service after September 7, 1980, but before August 1, 1986.

#### 0804 PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS

080401. The Career Compensation Act (reference (w)) stipulated the:

A. Establishment of new basic pay rates, using a combination of pay grade and total years of service pay.

B. Disability retirement based on a percentage of disability, using the Department of Veterans Affairs Schedule of Ratings for establishing such percentages with pay computed based on years of service or percentage of disability, as the member elected.

C. A revised method for recomputing pay for members who served on active duty after retirement.

D. Automatic recomputation for members retired for non-disability reasons before October 1, 1949, on the October 1, 1949 basic pay rates, if greater than rates in effect before October 1, 1949.

E. An option for members retired for disability before October 1, 1949, upon physical evaluation and assignment of a percentage of disability, to elect not later than October 1, 1954, to:

1. Remain at the rates in effect before October 1, 1949 (saved pay);
2. Have pay computed on the October 1, 1949 rates, using either disability percentages assigned or years of active service; or
3. Receive severance pay.

F. An option for members who were hospitalized on October 1, 1949, and retired before January 1, 1951 for the disability for which they were hospitalized, to elect pay based on the laws and pay tables in effect before October 1, 1949 (saved pay).

080402. Public Law 82-346 (reference (bv)), effective May 1, 1952, provided for an increase of 4 percent applied to retired saved pay accounts, regular retired accounts, and active duty basic pay rates.

080403. Public Law 84-20 (reference (bw)), effective April 1, 1955, provided for:

- A. Increased basic pay rates.
- B. A 6 percent increase for disability retired saved pay accounts.
- C. Recomputation of retired accounts (other than saved pay) on the new basic pay rates.

D. A 6 percent increase for non-disability retirees receiving pay computed on pre-October 1, 1949 rates or recomputation on April 1, 1955 basic pay rates, whichever was greater.

E. For officers with less than 3 years of service and warrant officers and enlisted members with less than 2 years of service retired for disability or placed on the TDRL. Pay computed on the April 1, 1955 rates, plus 6 percent.

080404. The Military Pay Act 1958 (reference (ac)), effective June 1, 1958, provided for:

- A. Increased basic pay rates.

- B. Retired pay increase of 6 percent for members receiving retired pay on May 31, 1958.
- C. Pay computed on the June 1, 1958 basic pay rates, plus 6 percent for members retired for disability on or after June 1, 1958, with 2 or less years of service.
- D. An additional new basic pay rate for certain pay grades with more than 20 years of service.
- E. Two new enlisted pay grades, E-8 and E-9, and two new officer pay grades, O-9 and O-10.
- F. Basic pay rates for new pay grades O-1E, O-2E, O-3E, for officers in grades O-1, O-2, O-3 with 4 or more years of active enlisted service.
- G. Computation of retired pay on the April 1, 1955 basic pay rates (active duty saved-pay rates), if greater.
- H. Retired pay computed on the April 1, 1955 pay rates, but not the 6 percent increase, for members retired after June 1, 1958, and receiving active duty saved pay.
- I. The greater of pay computed on the June 1, 1958, basic pay rates, or the April 1, 1955 rates plus 6 percent, for members retired on June 1, 1958.
- J. Retired pay recomputed effective June 1, 1958, for officers retired before June 1, 1958, who served on active duty before that date in the grade of general, admiral, lieutenant general, or vice admiral for at least 180 days. This recomputation was computed on the April 1, 1955 basic pay rates of pay grade O-8 increased by \$100 for pay grade O-9 and \$200 for pay grade O-10 with the result increased by 6 percent.
080405. The Uniformed Services Pay Act (reference (am)), effective October 1, 1963, provided for:
- A. Increased basic pay rates.
- B. Retired pay computed on the October 1, 1963 basic pay rates plus 6 percent for members retired for disability on or after October 1, 1963, with 2 years of service or less.
- C. A 5 percent increase in retired pay for members retired before September 30, 1963, except that:
1. Nondisability retirees receiving pay computed on the rate in effect before October 1, 1949, were entitled to the 5 percent increase or recomputation on the June 1, 1958, basic pay rates, using the 2-1/2 percent formula, whichever was greater.

2. Retirees receiving pay computed on the April 1, 1955 basic pay rates plus 6 percent were entitled to that pay plus 5 percent, or recomputation on the June 1, 1958 basic pay rates, whichever was greater.

3. Members retired on April 1, 1963, who were not subject to the URDA (5 U.S.C. 8301) (reference (az)) and members retired between April 2, 1963, and September 30, 1963, were entitled to a 5 percent increase or recomputation on the October 1, 1963 basic pay rates, whichever was greater.

D. Amendment to 10 U.S.C. 1401a (reference (c)) to provide for adjustments to retired pay based on the CPI.

080406. Public Law 88-422 (reference (bx)), and effective September 1, 1964, provided for:

A. Increased basic pay rates.

B. No increase in retired pay except that:

1. Members retired for disability on September 1, 1964, with 2 years of service or less, were entitled to pay computed on the October 1, 1963 basic pay rates plus 6 percent.

2. Members retired for disability on or after September 2, 1964, with 2 years of service or less, were entitled to pay computed on the September 1, 1964 basic pay rates plus 6 percent.

C. No entitlement to pay computed on the September 1, 1964 basic pay rates for members retired on September 1, 1964, who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (August 31, 1964 transfers). Their pay was computed on the October 1, 1963, basic pay rates.

080407. Public Law 89-132 (reference (bk)) effective September 1, 1965, together with the cost-of-living formula, provided for:

A. Increased basic pay rates.

B. A 4.4 percent cost-of-living adjustment in retired pay for all members on the rolls on August 31, 1965.

C. Pay computed on the September 1, 1964 basic pay rates, plus 4.4 percent for members retired on September 1, 1965 who were:

1. Subject to the URDA (reference (az)),

2. Navy Fleet Reservists and Fleet Marine Corps Reservists (August 31, 1965, transfers), or
  3. Warrant officers.
- D. Pay computed on the September 1, 1964 basic pay rates, plus 6 percent and 4.4 percent for members retired for disability on September 1, 1965, with 2 years of service or less.
080408. Public Law 89-501 (reference (by)), effective July 1, 1966, provided for:
- A. Increased basic pay rates.
  - B. No increase for members on the retired rolls on June 30, 1966.
  - C. Pay computed on the July 1, 1966 basic pay rates, notwithstanding the URDA (reference (az)) for all members who first became entitled to retired pay on or after July 1, 1966.
080409. A cost-of-living adjustment, effective December 1, 1966, provided for:
- A. Increased retired pay by 3.7 percent for all members on the rolls on November 30, 1966.
  - B. Pay computed on the July 1, 1966 basic pay rates, plus 3.7 percent from date of retirement for entitled members retired on or after December 1, 1966.
080410. Public Law 90-207 (reference (bl)), effective retroactive to October 1, 1967, provided for:
- A. Increased basic pay rates.
  - B. No increase in retired pay for members on the rolls on September 30, 1967.
  - C. Pay computed on the October 1, 1967 basic pay rates, notwithstanding the URDA (reference (az)) for all members who first became entitled to retired pay on or after October 1, 1967.
  - D. A 3.7 percent increase in retired pay from the date of retirement for members who retired after November 30, 1966, whose retired pay was computed using the July 1, 1966, active duty pay rates.
  - E. An adjustment of military active duty basic pay whenever the General Schedule for Classified Employees was adjusted upward, effective January 1, 1968.

080411. A cost-of-living adjustment, effective April 1, 1968, provided for:

A. Increased retired pay by 3.9 percent for all retirees receiving pay computed on basic pay rates in effect before October 1, 1967.

B. Entitled members whose pay was computed on the October 1, 1967 basic pay rates to:

1. An increase of 1.3 percent of the pay they were receiving on March 31, 1968, or

2. Pay computed on the July 1, 1966, basic pay rates, increased by 7.7443 percent, from April 1, 1968, or date of retirement, if later.

080412. Executive Order 11414 (reference (bz)), effective July 1, 1968, provided for:

A. Increased basic pay rates.

B. No increase to retired members on the rolls on June 30, 1968.

C. No entitlement to pay computed on the July 1, 1968 basic pay rates for members retired on July 1, 1968, who were subject to the URDA (reference (az)), warrant officers, Navy Fleet Reservists, and Fleet Marine Corps Reservists (June 30, 1968, transfers). Their pay was computed on the July 1, 1966, basic pay rates, plus 7.7443 percent.

080413. A cost-of-living adjustment, effective February 1, 1969, provided for:

A. Increased retired pay by 4 percent for retirees receiving retired pay computed on the basic pay rates in effect before July 1, 1968.

B. Entitled members whose pay was computed on the July 1, 1968, basic pay rates, to:

1. A 2.1 percent increase in the pay they were receiving on January 31, 1969, or

2. Recomputation of pay on the July 1, 1966 basic pay rates plus 7.7443 percent and 4 percent.

080414. Executive Order 11475 (reference (ca)), effective July 1, 1969, provided for:
- A. Increased basic pay rates.
  - B. No increase for retired members on the rolls on June 30, 1969.
  - C. No entitlement to pay computed on the July 1, 1969 basic pay rates for members retired on July 1, 1969, who were subject to the URDA (reference (az)), warrant officers, Navy Fleet Reservists, and Fleet Marine Corps Reservists (June 30, 1969, transfers). Their pay was computed on the July 1, 1968, basic pay rates, plus 2.1 percent.
080415. A cost-of-living adjustment, effective from November 1, 1969, provided for:
- A. Members whose retired pay was computed on the basic pay rates in effect before July 1, 1969, were entitled to an increase of 4.3 percent.
  - B. Members whose retired pay was computed on the July 1, 1969 basic pay rates, received a 0.9 percent increase.
  - C. Members who retired after November 1, 1969, received a 0.9 percent increase from the date of retirement.
080416. Public Law 91-179 (reference (bm)) amended 10 U.S.C. 1401a(b) (reference (c)) to provide an additional 1 percent to all cost-of-living adjustments. The additional 1 percent was retroactive to the November 1, 1969 cost-of-living adjustment, which effectively made the increase 5.3 percent.
080417. Executive Order 11525 (reference (cb)), effective January 1, 1970, provided for:
- A. Increased basic pay rates.
  - B. Pay computed on the January 1, 1970 basic pay rates for members who first became entitled to retired pay on or after April 15, 1970.
  - C. No entitlement to pay computed on the January 1, 1970 basic pay rates for members who first became entitled to retired pay before April 15, 1970. Their pay was computed using the July 1, 1969 basic pay rates, plus .9 percent.
080418. A cost-of-living adjustment, effective from August 1, 1970, provided for:
- A. Members whose retired pay was computed on the basic pay rates in effect before January 1, 1970, were entitled to a 5.6 percent increase, effective August 1, 1970.

B. Members whose retired pay was computed on the January 1, 1970, basic pay rates, were entitled to a 2.5 percent increase in retired pay effective August 1, 1970, or date of retirement, if later.

080419. Executive Order 11577 (reference (cc)), increased active duty basic pay rates, effective January 1, 1971, and provided for:

A. Increased basic pay rates.

B. No entitlement to pay computed on January 1, 1971 basic pay rates for members who retired on January 1, 1971, who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1970 transfers). Their pay was computed on the rates effective January 1, 1970.

C. No increase for retired members whose pay was computed on basic pay rates in effect before January 1, 1971.

080420. A cost-of-living adjustment, effective from June 1, 1971, provided for:

A. Members whose retired pay was computed on basic pay rates in effect before January 1, 1971, were entitled to an increase of 4.5 percent.

B. Members whose retired pay was computed on the January 1, 1971, basic pay rates, were entitled to a .6 percent increase effective June 1, 1971, or date of retirement, if later.

080421. Public Law 92-129 (reference (cd)), effective October 1, 1971, increased basic pay rates for only certain pay grades and years of service. (Due to an economic pay freeze, the rates were not effective until November 14, 1971.) It provided for:

A. Increased basic pay rates for:

1. Pay grades E-1 through E-4, regardless of years of service,
2. Pay grades E-5 through E-7 with less than 2 years of service,
3. Pay grade O-1, regardless of years of service, and
4. Pay grade O-2 with less than 2 years of service.

B. Computation of retired pay of members who retired on or after October 1, 1971, in all other pay grades, on the January 1, 1971 basic pay rates, increased by 0.6 percent.

080422. Executive Order 11638 (reference (ce)), increased active duty basic pay rates, effective January 1, 1972, and provided for:

A. Increased basic pay rates.

B. No entitlement to pay computed on the January 1, 1972, basic pay rates for members retired on January 1, 1972, who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1971 transfers). Their pay was computed on the basic pay rates effective October 1, 1971, or January 1, 1971.

C. No increase for retired members whose pay was computed on basic pay rates in effect before January 1, 1972.

080423. A cost-of-living adjustment, effective July 1, 1972, provided for:

A. Members whose pay was computed on basic pay rates in effect before October 1, 1971, were entitled to an increase of 4.8 percent.

B. Members whose pay was computed on the basic pay rates effective October 1, 1971, were entitled to an increase of 1.7 percent.

C. Entitlement to a 1 percent increase, effective July 1, 1972, or date of retirement, if later, for members whose retired pay was computed on the January 1, 1972 basic pay rates.

080424. Executive Order 11692 (reference (cf)), increased active duty basic pay rates, effective January 1, 1973, and provided for:

A. Increased basic pay rates.

B. No increase for members whose retired pay was computed on basic pay rates in effect before January 1, 1973. Executive Order 11778 (reference (cg)) changed the effective date of the basic pay rates from January 1, 1973 to October 1, 1972.

C. No entitlement to pay computed on the October 1, 1972 basic pay rates for members who on October 1, 1972, were subject to the URDA (reference (az)), warrant officers, Navy Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1972 transfers). Their pay was computed on the basic pay rates effective January 1, 1972.

080425. A cost-of-living adjustment, effective July 1, 1973, provided for:

A. Members whose retired pay was computed on basic pay rates in effect before January 1, 1973, later changed to computation on October 1, 1972 rates, received a 6.1 percent increase.

B. Entitlement to an increase of 2.7 percent from July 1, 1973, or date of retirement, if later, for members whose retired pay was computed on the January 1, 1973 basic pay rates. These accounts were later recomputed to provide 3.6 percent instead of 2.7 percent from July 1, 1973.

080426. Executive Order 11740 (reference (ch)), effective October 1, 1973, provided for:

A. Increased basic pay rates.

B. No entitlement to pay computed on the October 1, 1973 basic pay rates for members who retired on October 1, 1973 and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1973 transfers).

C. No increase for members on retired rolls on September 30, 1973.

080427. A cost-of-living adjustment, effective January 1, 1974, provided for:

A. An increase of 5.5 percent for members whose retired pay was computed on the basic pay rates in effect before October 1, 1973.

B. Entitlement to a 0.8 percent increase effective January 1, 1974, for members whose retired pay was computed on the October 1, 1973 basic pay rates, or an increase of 2.7 (later 3.6 percent) and 5.5 percent on the January 1, 1973 basic pay rates.

080428. A cost-of-living adjustment, effective July 1, 1974, provided for:

A. Entitlement to an increase of 6.4 percent for members whose retired pay was computed on basic pay rates in effect before October 1, 1973.

B. Entitlement to a 6.3 percent increase (0.8 not applied) effective July 1, 1974, or date of retirement for members whose retired pay was computed on the October 1, 1973 basic pay rates.

**Note:** Because of an error in the Consumer Price Index, all accounts were overpaid by 0.1 percent from July 1974 through December 1974. (The Office of the Secretary of Defense waived the overpayments.) The accounts were corrected on a current basis to 6.3 percent and 6.2 percent effective January 1975.

080429. Executive Order 11812 (reference (ci)), effective October 1, 1974, provided for:

- A. Increased basic pay rates.
- B. Retired pay computed on the October 1, 1973 rates, plus 6.3 percent, which was reduced to 6.3 percent, which was reduced to 6.2 percent effective January 1, 1975 for members retired on or after October 1, 1974.
- C. No increase for members on retired rolls on September 30, 1974.

080430. A cost-of-living adjustment, effective January 1, 1975, provided that members whose retired pay was computed on the basic pay rates in effect before October 1, 1974, received a 7.3 percent increase. To adjust accounts for the error in the CPI for July 1, 1974, the accounts were increased by 7.1992 percent, effective January 1, 1975.

080431. A cost-of-living adjustment, effective August 1, 1975, provided for:

- A. Entitlement to an increase of 5.1 percent for members whose retired pay was computed on the basic pay rates in effect before October 1, 1974.
- B. Pay increased by 5 percent, or computed on the October 1, 1973 basic pay rates, plus 6.2 percent, 7.3 percent, and 5.1 percent for members whose retired pay was computed on the October 1, 1974, basic pay rates.

080432. Executive Order 11883 (reference (cj)), effective October 1, 1975, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1975.
- C. No entitlement to pay computed on the October 1, 1975 basic pay rates for members retired on October 1, 1975, who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1975 transfers). Their pay was computed on the October 1, 1974 basic pay rates.
- D. Pay computed on the October 1, 1974, basic pay rates, plus 5 percent for members whose retired pay was computed on the October 1, 1975 basic pay rates. In computing the first retirements, some members benefited by using the October 1, 1974, rates plus 5 percent and for others, the October 1, 1975 rates were slightly higher.

080433. A cost-of-living adjustment, effective March 1, 1976, provided for:
- A. An increase of 5.4 percent for members whose retired pay was computed on the basic pay rates in effect before October 1, 1975.
  - B. A 1.7 percent increase or recomputation on the October 1, 1974 basic pay rates, plus 5 percent and 5.4 percent for members whose retired pay was computed on the October 1, 1975 basic pay rates.
080434. Executive Order 11941 (reference (ck)), effective October 1, 1976, provided for:
- A. Increased basic pay rates.
  - B. No entitlement to pay computed on the October 1, 1976 basic pay rates for members who retired on October 1, 1976, who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1976, transfers). Their pay was computed on the October 1, 1975 basic pay rates.
  - C. No increase in retired pay for members on the retired rolls on September 30, 1976.
080435. A cost-of-living adjustment, effective March 1, 1977, provided for:
- A. A 4.8 percent increase for members whose retired pay was computed on the basic pay rates in effect before October 1, 1976.
  - B. A 1 percent increase or pay computed on the October 1, 1975 basic pay rates plus 1.7 percent and 4.8 percent for members whose retired pay was computed on the October 1, 1976 basic pay rates.
080436. Special rates, effective March 1, 1977, for Executive Level V personnel, increased maximum rates for grades O-9 and O-10. Members entitled to retired pay computed under these new rates were also entitled to a 1 percent cost-of-living adjustment from date of retirement.
080437. A cost-of-living adjustment effective September 1, 1977, provided a 4.3 percent increase for all members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1976. Members whose retired pay was computed on the October 1, 1976 basic pay rates were entitled to a 5.3 percent increase. The 1 percent cost-of-living adjustment credited March 1, 1977 must be reversed prior to applying the 5.3 percent increase. If determined to be advantageous to retired members, 10 U.S.C. 1401a(f) (reference (c)) was applied to members and former members whose retired pay was computed on the October 1, 1976 basic pay rates.

080438. Executive Order 12010 (reference (cl)), effective October 1, 1977, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1977.
- C. No entitlement to pay computed on the October 1, 1977 basic pay rates for members who retired on October 1, 1977, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1977, transfers). Their pay was computed on the October 1, 1976, basic pay rates.

080439. A cost-of-living adjustment, effective March 1, 1978, provided for:

- A. A 2.4 percent increase for members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1977.
- B. A 1.1 percent increase or pay computed on the October 1, 1976 basic pay rates plus 5.3 percent and 2.4 percent for members whose retired pay was computed on the October 1, 1977, basic pay rates.

080440. A cost-of-living adjustment, effective September 1, 1978, provided a 4.9 percent increase for all members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1977. Members whose retired pay was computed on the October 1, 1977 basic pay rates were entitled to a 6.1 percent increase. The 1.1 percent cost-of-living adjustment credited March 1, 1978, must be reversed prior to applying the 6.1 percent increase. If determined to be advantageous to retired members, 10 U.S.C. 1401a(f) (reference (c)) was applied to members and former members whose retired pay was computed on the October 1, 1977, basic pay rates.

080441. Executive Order 12087 (reference (cm)), effective October 1, 1978, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1978.
- C. No entitlement to pay computed on the October 1, 1978, basic pay rates for members who retired on October 1, 1978, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1978, transfers). Their pay was computed on the October 1, 1977, basic pay rates.

080442. A cost-of-living adjustment, effective March 1, 1979, provided for:

A. A 3.9 percent increase for members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1978.

B. A 1.9 percent increase or pay computed on the October 1, 1977 basic pay rates plus 6.1 percent and 3.9 percent for members whose retired pay was computed on the October 1, 1978 basic pay rates.

080443. A cost-of-living adjustment, effective September 1, 1979, provided a 6.9 percent increase for all members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1978. Members whose retired pay was computed on the October 1, 1978 basic pay rates were entitled to an 8.9 percent increase. The 1.9 percent cost-of-living adjustment credited March 1, 1979, must be reversed prior to applying the 8.9 percent increase. If determined to be advantageous to retired members, 10 U.S.C. 1401a(f) (reference (c)) was applied to members and former members whose retired pay was computed on October 1, 1978, basic pay rates.

080444. Executive Order 12165 (reference (cn)), effective October 1, 1979, provided for:

A. Increased basic pay rates.

B. No increase for members retired before October 1, 1979.

C. No entitlement to pay computed on the October 1, 1979 basic pay rates for members who retired on October 1, 1979, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1979, transfers). Their pay was computed on the October 1, 1978, basic pay rates.

080445. A cost-of-living adjustment, effective March 1, 1980, provided for:

A. A 6.0 percent increase for members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1979.

B. A 2.8 percent increase or pay computed on the October 1, 1978, basic pay rates plus 8.9 percent and 6.0 percent for members whose retired pay was computed on the October 1, 1979, basic pay rates.

080446. A cost-of-living adjustment, effective September 1, 1980, provided a 7.7 percent increase for all members whose retired pay was computed on the basic pay rates in effect before October 1, 1979. Members, whose retired pay was computed on the October 1, 1979, basic pay rates were entitled to a 10.8 percent increase. The 2.8 percent cost-of-living adjustment credited March 1, 1980, must be reversed prior to applying the 10.8 percent increase. If determined to be

advantageous to retired members, 10 U.S.C. 1401a(f) (reference (c)) was applied to members and former members whose retired pay was computed on October 1, 1979, basic pay rates.

080447. Public Law 96-342 (reference (bp)), that became effective October 1, 1980, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1980.
- C. No entitlement to pay computed on the October 1, 1980 basic pay rates for members who retired on October 1, 1980, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1980 transfers). Their pay was computed on the October 1, 1979 basic pay rates.

080448. A cost-of-living adjustment, effective March 1, 1981, provided for:

- A. A 4.4 percent increase for members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1980.
- B. A 2.7 percent increase or pay computed on the October 1, 1979 basic pay rates plus 10.8 and 4.4 percent for members whose retired pay was computed on the October 1, 1980, basic pay rates.

080449. Executive Order 12330 (reference (co)), effective October 14, 1981, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1981.
- C. No entitlement to pay computed on the October 1, 1981, basic pay rates for members who retired on October 1, 1981, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1981, transfers). Their pay was computed on the October 1, 1980, basic pay rates.

080450. Public Law 97-92 (reference (cp)), effective January 1, 1982, established new rates for Executive Level V personnel which permitted an increase in the maximum amount payable under the October 1, 1981, basic pay rates, for grades O-7, O-8, O-9, O-10, and the Joint Chiefs of Staff. Members were entitled to a 0.7 percent cost-of-living adjustment effective March 1, 1982.

080451. A cost-of-living adjustment, effective March 1, 1982, provided for:
- A. An 8.7 percent increase for members whose retired pay was computed on the basic pay rates in effect prior to October 1, 1981.
  - B. A 0.7 percent increase or pay computed on the October 1, 1980, basic pay rates plus 2.7 and 8.7 percent for members whose retired pay was computed on the October 1, 1981, basic pay rates. If determined to be advantageous to retired members, 10 U.S.C. 1401a(f) (reference (c)) was applied to members and former members whose retired pay was computed on the October 1, 1981, basic pay rates.
080452. Executive Order 12387 (reference (cq)), effective October 1, 1982, provided for:
- A. Increased basic pay rates.
  - B. No increase for members retired before October 1, 1982.
  - C. No entitlement to pay computed on the October 1, 1982, basic pay rates for members who retired on October 1, 1982, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1982 transfers). Their pay was computed on the October 1, 1981, basic pay rates.
080453. Public Law 97-377, approved December 21, 1982 (reference (cr)), effective December 18, 1982, established new rates for Executive Level V personnel which permitted an increase in the maximum amount payable under October 1982 basic pay rates, for grades O-8, O-9, and O-10, and the Joint Chiefs of Staff.
080454. A cost-of-living adjustment, effective April 1, 1983, provided for:
- A. A 3.3 or 3.9 percent adjustment for members whose pay was computed on basic pay rates in effect before October 1, 1982. Members who are age 62 or more on March 1, 1983, or who retired by reason of physical disability under Chapter 61, 10 U.S.C. (reference (c)), were entitled to a 3.9 percent increase. Members under age 62 on March 1, 1983, were entitled to a 3.3 percent increase.
  - B. No entitlement to a partial cost-of-living adjustment on April 1, 1983, for members whose pay was computed on the basic pay rates effective October 1, 1982. (The CPI declined from 292.8 in September 1982 to 290.0 in December 1982.)

080455. Executive Order 12456 (reference (cs)), effective January 1, 1984, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1984.
- C. No entitlement to pay computed on the January 1, 1984, basic pay rates for members who retired on January 1, 1984, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1983, transfers). Their pay was computed on the October 1, 1982, basic pay rates.

080456. A cost-of-living adjustment effective December 1, 1984, provided for:

- A. A 3.5 percent adjustment for members whose pay was computed on basic pay rates in effect before January 1, 1984.
- B. A partial cost-of-living adjustment of 2.8 percent for members whose pay was computed on the basic pay rates effective January 1, 1984.

080457. Executive Order 12496 (reference (ct)), effective January 1, 1985, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1985.
- C. No entitlement to pay computed on the January 1, 1985 basic pay rates for members who retired on January 1, 1985, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1984, transfers). Their pay was computed on the January 1, 1984, basic pay rates.

080458. Executive Order 12540 (reference (cu)), effective October 1, 1985, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before October 1, 1985.
- C. No entitlement to pay computed on the October 1, 1985 basic pay rates for members who retired on October 1, 1985, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1985, transfers). Their pay was computed on the January 1, 1985, basic pay rates.

080459. The cost-of-living adjustment, effective December 1, 1985, of 3.1 percent (2.4 percent partial cost-of-living adjustment) was suspended under Public Law 99-177 (reference (bu)).

080460. A cost-of-living adjustment effective December 1, 1986, provided for:

A. A 1.3 percent adjustment for members whose pay was computed on basic pay rates in effect before October 1, 1985.

B. A 1.3 percent adjustment for members whose pay was computed on the basic pay rates effective October 1, 1985.

080461. Executive Order 12578 (reference (cv)), effective January 1, 1987, provided for:

A. Increased basic pay rates.

B. No increase for members retired before January 1, 1987.

C. No entitlement to pay computed on the January 1, 1987, basic pay rates for members who retired on January 1, 1987, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1986, transfers). Their pay was computed on the October 1, 1985, basic pay rates.

080462. Executive Level V rates increased to \$72,500 effective March 1, 1987. The increase in the salaries of senior government officials recommended in the January 5, 1987, Presidential Budget message to Congress (reference (cw)), became effective on February 4, 1987. The new, maximum basic pay amounts for grades O-8, O-9, and O-10, and the Joint Chiefs of Staff, under 2 U.S.C. 359 (reference (cx)), are effective March 1, 1987. **Note:** Table 5-9 shows rate of \$72,500 effective February 8, 1987 (first full pay period), for pay cap purposes.

080463. A cost-of-living adjustment effective December 1, 1987, provided for:

A. Pre-August 1986 members:

1. Members who first entered service before August 1, 1986 and whose retired pay has been computed on active duty pay rates in effect before January 1, 1987, received a 4.2 percent adjustment.

2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1987, active duty pay rate received to a 3.7 percent partial cost-of-living adjustment.

## B. Post-August 1986 members:

1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1987, received a 3.2 percent adjustment.

2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1987, received to a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1987 - Mar 31, 1987	3.7
Apr 1, 1987 - Jun 30, 1987	2.5
Jul 1, 1987 - Sep 30, 1987	1.2
Oct 1, 1987 - Dec 31, 1987	-0-

080464. Executive Order 12622 (reference (cy)), effective January 1, 1988, provided for:

A. Increased basic pay rates.

B. No increase for members retired before January 1, 1988.

C. No entitlement to pay computed on the January 1, 1988, basic pay rates (exception: certain grades O-8, O-9, O-10 members were computed on rates effective March 1, 1987) for members who retired on January 1, 1988, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1987, transfers).

080465. A cost-of-living adjustment effective December 1, 1988, provided for:

A. Pre-August 1986 members:

1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1988, received a 4.0 percent adjustment.

2. Members who first entered service before August 1, 1986 and who became entitled to retired pay computed on the January 1, 1988, active duty pay rate received a 3.2 percent adjustment.

B. Post-August 1986 members:

1. Members who first entered service on or after August 1, 1986 and who became entitled to retired pay before January 1, 1988, received a 3.0 percent adjustment.

2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1988, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1988 - Mar 31, 1988	2.4
Apr 1, 1988 - Jun 30, 1988	2.1
Jul 1, 1988 - Sep 30, 1988	1.1
Oct 1, 1988 - Dec 31, 1988	-0-

080466. Executive Order 12663 (reference (cz)), effective January 1, 1989, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1989.

C. No entitlement to pay computed on the January 1, 1989, basic pay rates for members who retired on January 1, 1989, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1988, transfers). Their pay was computed on the January 1, 1988, basic pay rates.

080467. A cost-of-living adjustment effective December 1, 1989, provided for:

- A. Pre-August 1986 members:

1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1989, received a 4.7 percent adjustment.

2. Members who first entered service before August 1, 1986, and who became entitled to retired pay on January 1, 1989, active duty pay rates received a 3.6 percent adjustment.

- B. Post-August 1986 members:

1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1989, received a 3.7 percent adjustment.

2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1989, received a pro rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1989 - Mar 31, 1989	2.9
Apr 1, 1989 - Jun 30, 1989	2.1
Jul 1, 1989 - Sep 30, 1989	0.5
Oct 1, 1989 - Dec 31, 1989	-0-

080468. Executive Order 12698 (reference (da)), effective January 1, 1990, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1990.
- C. No entitlement to pay computed on the January 1, 1990, basic pay rates for members who retired on January 1, 1990, and were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1989, transfers).

080469. A cost-of-living adjustment effective December 1, 1990, provided for:

A. Pre-August 1986 members:

1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1990, received a 5.4 percent adjustment.

2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1990, active duty pay rate received a 4.4 percent adjustment.

B. Post-August 1986 members:

1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1990, received a 4.4 percent adjustment.

2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1990, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1990 - Mar 31, 1990	3.7
Apr 1, 1990 - Jun 30, 1990	2.2
Jul 1, 1990 - Sep 30, 1990	1.5
Oct 1, 1990 - Dec 31, 1990	-0-

080470. Executive Order 12736 (reference (db)), effective January 1, 1991, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1991.
- C. No entitlement to pay computed on the January 1, 1991, basic pay rates for members who retired on January 1, 1991, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1990, transfers).

080471. A cost-of-living adjustment effective December 1, 1991 provided for:

- A. Pre-August 1986 members:
  - 1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1991, received a 3.7 percent adjustment.
  - 2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1991, active duty pay rate received a 2 percent adjustment.
- B. Post-August 1986 members:
  - 1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1991, received a 2.7 percent adjustment.
  - 2. Members who first entered service on or after August 1, 1986 and who became entitled to retired pay on or after January 1, 1991, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1991 - Mar 31, 1991	1.2
Apr 1, 1991 - Jun 30, 1991	.9
Jul 1, 1991 - Sep 30, 1991	.5
Oct 1, 1991 - Dec 31, 1991	-0-

080472. Executive Order 12786 (reference (dc)), effective January 1, 1992, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1992.
- C. No entitlement to pay computed on the January 1, 1992, basic pay rates for members who retired on January 1, 1992, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1991, transfers).

080473. Effective February 1, 1992, pay rates were added for the new pay grade Chief Warrant Officer, W-5.

080474. A cost-of-living adjustment effective December 1, 1992, provided for:

A. Pre-August 1986 members:

- 1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1992, received a 3 percent adjustment.
- 2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1992, active duty pay rate received a 2.3 percent adjustment.

B. Post-August 1986 members:

- 1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1992, received a 2 percent adjustment.
- 2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1992, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1992 - Mar 31, 1992	1.5
Apr 1, 1992 - Jun 30, 1992	1.2
Jul 1, 1992 - Sep 30, 1992	.5
Oct 1, 1992 - Dec 31, 1992	-0-

080475. Executive Order 12826 (reference (dd)), effective January 1, 1993, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1993.
- C. No entitlement to pay computed on the January 1, 1993, basic pay rates for members who retired on January 1, 1993, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1992, transfers).

080476. A cost-of-living adjustment effective December 1, 1993 provides the following increases. Public Law 103-66, August 10, 1993 (reference (fm)), prohibits the payment for months before March 1994 of any increase in retired pay associated with the cost-of-living adjustment except for those members retired for disability under 10 U.S.C., Chapter 61 (reference (c)).

- A. Pre-August 1986 members:
  - 1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1993, received a 2.6 percent adjustment.
  - 2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1993, active duty pay rate received a 1.9 percent adjustment.
- B. Post-August 1986 members:
  - 1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1993, received a 1.6 percent adjustment.
  - 2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1993, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1993 - Mar 31, 1993	1.2
Apr 1, 1993 - Jun 30, 1993	.7
Jul 1, 1993 - Sep 30, 1993	.2
Oct 1, 1993 - Dec 31, 1993	-0-

080477. Executive Order 12886 (reference (fk)), effective January 1, 1994, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1994.
- C. No entitlement to pay computed on the January 1, 1994, basic pay rates for members who retired on January 1, 1994, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1993, transfers).

080478. A cost-of-living adjustment effective December 1, 1994, provides the following increases. 10 U.S.C. 1401a(b)(2)(B)(ii) (reference (c)), as amended by Public Law 103-337, October 5, 1994 (reference (fi)), and Public Law 103-335, September 30, 1994 (reference (fj)), prohibited payment for months before March 1995, of any increased retired pay associated with cost-of-living adjustments except for those members or former members retired for disability. The delay did not pertain to SBP base amounts and associated annuities and premiums, or to the exclusion amounts for dual compensation.

- A. Pre-August 1986 members:
  - 1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty pay rates in effect before January 1, 1994, received a 2.8 percent adjustment.
  - 2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1994, active duty basic pay rate, received a 2.2 percent adjustment.
- B. Post-August 1986 members:
  - 1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1994, received a 1.8 percent adjustment.
  - 2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1994, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1994 - Mar 31, 1994	1.4
Apr 1, 1994 - Jun 30, 1994	1.2
Jul 1, 1994 - Sep 30, 1994	.7
Oct 1, 1994 - Dec 31, 1994	-0-

080479. Executive Order 12944 (reference (fl)), effective January 1, 1995, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1995.
- C. No entitlement to pay computed on the January 1, 1995, basic pay rates for members who retired on January 1, 1995, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1994, transfers).

080480. A cost-of-living adjustment effective December 1, 1995, provides the following increases: increases in survivor annuities (including SBP base amounts and associated annuities and premiums), retired pay based on disability, and exclusion amounts for dual compensation. Under 10 U.S.C. 1401a(b)(2) (reference (c)) and Public Law 104-106 (reference (fn)), the payment of increased retired pay associated with the FY 1996 cost-of-living adjustment was prohibited for all other members for periods before March 1, 1996.

A. Pre-August 1986 members:

1. Members who first entered service before August 1, 1986, and whose retired pay has been computed on active duty basic pay rates in effect before January 1, 1995, received a 2.6 percent adjustment.

2. Members who first entered service before August 1, 1986, and who became entitled to retired pay computed on the January 1, 1995, active duty pay rate received a 2.0 percent adjustment.

B. Post-August 1986 members:

1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1995, received a 1.6 percent adjustment.

2. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay on or after January 1, 1995, received a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
Jan 1, 1995 - Mar 31, 1995	1.3
Apr 1, 1995 - Jun 30, 1995	.8
Jul 1, 1995 - Sep 30, 1995	.2
Oct 1, 1995 - Dec 31, 1995	-0-

080481. Executive Order 12990 (reference (fo)), effective January 1, 1996, provided for:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 1996.
- C. No entitlement to pay computed on the January 1, 1996, basic pay rates for members who retired on January 1, 1996, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1995, transfers).

080482. A cost-of-living adjustment effective December 1, 1996, provided for:

- A. Pre-August 1986 members:
  - 1. Members who first entered service before August 1, 1986, and whose retired pay has been computed under active duty pay rates in effect before January 1, 1996, received a 2.9 percent adjustment.
  - 2. Members who first entered service before September 8, 1980, and who become entitled to an initial amount of retired pay computed on the January 1, 1996, active duty pay rate received a 2.5 percent adjustment.
  - 3. Members who first entered service after September 7, 1980, but before August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1996, received a pro rata initial adjustment as follows:

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
Jan 1, 1996 - Mar 31, 1996	2.5
Apr 1, 1996 - Jun 30, 1996	1.5
Jul 1, 1996 - Sep 30, 1996	.5
Oct 1, 1996 - Dec 31, 1996	-0-

- B. Post-August 1986 members:
  - 1. Members who first entered service on or after August 1, 1986, and who become entitled to retired pay before January 1, 1996, received a 1.9 percent adjustment.
  - 2. Members who first entered service on or after August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1996, received a pro rata initial adjustment as follows:

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
Jan 1, 1996 - Mar 31, 1996	1.7
Apr 1, 1996 - Jun 30, 1996	1.0
Jul 1, 1996 - Sep 30, 1996	.2
Oct 1, 1996 - Dec 31, 1996	-0-

080483. Executive Order 13033 (reference (fq)) effective January 1, 1997, provided for:

A. Increased basic pay rates.

B. No increase for members retired before January 1, 1997.

C. No entitlement to pay computed on the January 1, 1997 basic pay rates for members who retired on January 1, 1997 and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1996, transfers).

★ 080484. *A cost-of-living adjustment effective December 1, 1997, provided for: (IC R6-98)*

A. *Pre-August 1986 members:*

1. *Members who first entered service before August 1, 1986, and whose retired pay has been computed under active duty pay rates in effect before January 1, 1997, received a 2.1 percent adjustment.*

2. *Members who first entered service before September 8, 1980, and who became entitled to an initial amount of retired pay computed on the January 1, 1997, active duty basic pay rate received a 1.3 percent adjustment.*

3. *Members who first entered service after September 7, 1980, but before August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1997, are entitled to a pro rata initial adjustment as follows:*

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
<i>Jan 1, 1997 - Mar 31, 1997</i>	<i>1.3</i>
<i>Apr 1, 1997 - Jun 30, 1997</i>	<i>.8</i>
<i>Jul 1, 1997 - Sep 30, 1997</i>	<i>.4</i>
<i>Oct 1, 1997 - Dec 31, 1997</i>	<i>-0-</i>

*B. Post-Aug 1986 members:*

*1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1997, received a 1.1 percent adjustment.*

*2. Members who first entered service on or after August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1997, received a pro rata initial adjustment as follows:*

<u><i>Retired Pay Effective Date</i></u>	<u><i>Percent Increase</i></u>
<i>Jan 1, 1997 - Mar 31, 1997</i>	<i>.6</i>
<i>Apr 1, 1997 - Jun 30, 1997</i>	<i>.3</i>
<i>Jul 1, 1997 - Sep 30, 1997</i>	<i>.1</i>
<i>Oct 1, 1997 - Dec 31, 1997</i>	<i>-0-</i>

*080485. Executive Order 13071 (reference (fs)) effective January 1, 1998 provided for:*

*A. Increased basic pay rates.*

*B. No increase for members retired before January 1, 1998.*

*C. No entitlement to pay computed on January 1, 1998, basic pay rates for members who retired on January 1, 1998, and who were subject to the URDA (reference (az)) warrant officers, fleet reservists, and fleet Marine Corps reservists (December 31, 1997, transfers).*

*★ 080486. A cost-of-living adjustment effective December 1, 1998, provided for: (IC R6-99)*

*A. Pre-August 1986 members:*

*1. Members who first entered service before August 1, 1986, and whose retired pay has been computed under active duty pay rates in effect before January 1, 1998, received a 1.3 percent adjustment.*

*2. Members who first entered service before September 8, 1980, and who became entitled to an initial amount of retired pay computed on the January 1, 1998, active duty pay rate received a 1.0 percent adjustment.*

*3. Members who first entered service after September 7, 1980, but before August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1998, received a pro rata initial adjustment as follows:*

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
<i>Jan 1, 1998 - Mar 31, 1998</i>	<i>1.0</i>
<i>Apr 1, 1998 - Jun 30, 1998</i>	<i>.9</i>
<i>Jul 1, 1998 - Sep 30, 1998</i>	<i>.4</i>
<i>Oct 1, 1998 - Dec 31, 1998</i>	<i>-0-</i>

*B. Post-August 1986 members:*

*1. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1998, received a .3 percent adjustment.*

*2. Members who first entered service on or after August 1, 1986, and who became entitled to an initial amount of retired pay on or after January 1, 1998, are entitled to a pro rata initial adjustment as follows:*

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
<i>Jan 1, 1998 - Mar 31, 1998</i>	<i>.3</i>
<i>Apr 1, 1998 - Jun 30, 1998</i>	<i>.4</i>
<i>Jul 1, 1998 - Sep 30, 1998</i>	<i>.1</i>
<i>Oct 1, 1998 - Dec 31, 1998</i>	<i>-0-</i>

*★ 080487. Executive Order 13106 (reference (ft)) effective January 1, 1999 provided for: (IC R6-99)*

*A. Increased basic pay rates.*

*B. No increase for members retired before January 1, 1999.*

*C. No entitlement to pay computed on the January 1, 1999 basic pay rates for members who retired on January 1, 1999, and who were subject to the URDA (reference (az)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1998, transfers). (IC R6-99)*

## Chapter 8-Basic Pay Rates, Legislative and Cost-of-Living Adjustments to Retired Pay

## 0801-Purpose

0801 Public Law 96-342,  
Sep 8, 1980

## 0802-Definitions

080201.F 5 U.S.C. 8301  
080201.J 53 Comp Gen 698  
080201.L Public Law 96-342, Sep 8,  
1980

0803-Major Changes in the Use of Basic Pay Rates and Conditions Applicable to  
Computation of Retired Pay

080309 Public Law 103-337,  
Section 633, Oct 5, 1994  
080310 Public Law 96-342,  
Sep 8, 1980  
080317 Public Law 102-190,  
Section 1111, 1132, Dec 5,  
1991  
080318 Public Law 102-484,  
Section 4402, Oct 23, 1992

## 0804-Provisions of Pay Changes, Exceptions, and Special Computations

080401.F Public Law 81-351,  
Oct 12, 1949  
as amended by Public  
Law 81-511, May 10, 1950  
080425.B EO 11778, Apr 4, 1974  
080427.B EO 11778, Apr 4, 1974  
080462 OASD/FM&P Memo,  
Feb 11, 1987  
OASD/FM&P (MM&PP)  
Memo, Mar 6, 1987  
080473 Public Law 102-190,  
Section 1111, 1132,  
Dec 5, 1991