



DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

NOV 2 1995

DFAS-HQ/F

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER

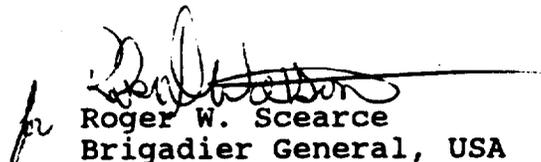
SUBJECT: Department of Defense Financial Management Regulation
Volume 7, Part B (DoDFMR Vol 7B), Cost of Living
Allowance Adjustment (COLADJ) (DFAS Item # E-45)

This is an Interim Change Number R14 - 95 to the DoDFMR,
Volume 7B. This change is effective immediately.

We have evaluated your comments on the draft change to the
DoDFMR, Volume 7B. The attached final version of the change
includes your comments where appropriate. Assignment of an
interim change number is your authority to initiate a procedural
modification to facilitate this change.

We have determined that this policy change does not require
a change to the current pay system. For the Denver Center, use
the attached to initiate the formal printed change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau may be contacted at
DSN 327-5061 or Commercial (703) 607-5061. Our Fax number is
DSN 332-5271 or Commercial (703) 602-5271.


Roger W. Searce
Brigadier General, USA
Deputy Director for Finance

Attachment:
As stated

cc: ASD (FMP)
DGC (F)
DFAS-DE/DG
DFAS-IN
DFAS-KC/FSP
Service Liaisons
USCG/NOAA PHS Liaisons

DFAS Item # E-45

Interim Change R14 - 95

1. Insert the following at the bottom of Table 2-1-4:

<u>Effective Date</u>	<u>Percentage of Increase</u>	<u>Yearly Rate</u>
1 Dec 1994	2.8 (Note 5)	9,570.85
	1.8 (Note 6)	8,857.55

2. Revise Table 2-3-1 as shown in Tab A.

3. Revise Table 2-3-2 as shown in Tab B.

4. Revise Table 2-3-3 as shown in Tab C.

5. Add the following new subparagraph 20403t:

"t. The FY 95 DoD Authorization Act and the FY 95 DoD Appropriation Act prohibit the payment of increased retired pay associated with COLADJ under 10 USC 1401a(b)(2)(B)(ii) for months before March 1, 1995, excluding disability retirements under 10 USC, chapter 61 and survivor annuities."

6. Add the following new subparagraphs to 20404:

"bz. A COLADJ effective 1 December 1994 provides the following increases. 10 U.S.C. 1401a(b)(2)(B)(ii), as amended by Public Law 103-337, October 5, 1994, and Public Law 103-335, September 30, 1994, prohibit 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 does not pertain to SBP base amounts and associated annuities and premiums, or to the exclusion amounts for dual compensation.

- (1) Pre-Aug 1986 members:

(a) Members who first entered service before 1 Aug 1986 and whose retired pay has been computed on active duty pay rates in effect before 1 Jan 1994 receive a 2.8 percent adjustment.

(b) Members who first entered service before 1 Aug 1986 and who became entitled to retired pay computed on the 1 Jan 1994 active duty basic pay rate receive a 2.2 percent adjustment.

(2) Post-Aug 1986 members:

(a) Members who first entered service on or after 1 Aug 1986 and who became entitled to retired pay before 1 Jan 1994 receive a 1.8 percent adjustment.

(b) Members who first entered service on or after 1 Aug 1986 and who became entitled to retired pay on or after 1 Jan 1994 receive a pro-rata initial adjustment as follows:

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

ca. Executive Order 12944 effective 1 January 1995 provides:

(1) Increased basic pay rates.

(2) No increase for members retired before 1 Jan 1995.

(3) Members who retired on 1 Jan 1995 and who were subject to the Uniform Retirement Date Act, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (31 Dec 1994 transfers) were not entitled to pay computed on the 1 Jan 1995 basic pay rates."

7. Revise Table 9-5-3, Refund of Monthly Premium for SBP Effective 1 Mar 1983, Step 3 Factors as follows:

"December 1994 1.028"

8. Revise Table 9-8-1 as shown in Tab D.

9. Replace Appendix 13 with Tab E.

10. Replace Appendix 21 with Tab F.

11. Replace Appendix 18 with Tab G.

BLE 2-3-1—CONTINUED

SERVICE REVERT—RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST
(WITH AT LEAST 2 YEARS' ACTIVE SERVICE AFTER RECALL)

R U L E	A	B	C	D	E	F (note 5)
	If date of release from active duty is during	and the current active duty rate is	then revert to active duty rate	and entitlement at time of recomputation is (note 4)	increased by COLADJ applicable at time of recomputation	and apply later COLADJ per table 2-3-3, rule
55	1 Dec 87- 31 Dec 87	1 Jan 87	1 Oct 85	1 Oct 85	4.2	29 through end
56	1 Jan 88- 30 Nov 88	1 Jan 88	1 Jan 87	1 Jan 87	3.7	30 through end
57	1 Dec 88- 31 Dec 88				3.7 + 4.0	
58	1 Jan 89- 30 Nov 89	1 Jan 89	1 Jan 88	1 Jan 88	3.2	31 through end
59	1 Dec 89- 31 Dec 89				3.2 + 4.7	
60	1 Jan 90- 30 Nov 90	1 Jan 90	1 Jan 89	1 Jan 89	3.6	32 through end
61	1 Dec 90- 31 Dec 90				3.6 + 5.4	
62	1 Jan 91- 30 Nov 91	1 Jan 91	1 Jan 90	1 Jan 90	4.4	33 through end
63	1 Dec 91- 31 Dec 91				4.4 + 3.7	
64	1 Jan 92- 30 Nov 92	1 Jan 92	1 Jan 91	1 Jan 91	2.0	34 through end
65	1 Dec 92- 31 Dec 92				2.0 + 3.0	
66	1 Jan 93- 30 Nov 93	1 Jan 93	1 Jan 92	1 Jan 92	2.3	35 through end
67	1 Dec 93- 31 Dec 93				2.3 + 2.6	
68	1 Jan 94- 30 Nov 94	1 Jan 94	1 Jan 93	1 Jan 93	1.9	-
69	1 Dec 94- 31 Dec 94				1.9 + 2.8	
70	1 Jan 95-	1 Jan 95	1 Jan 94	1 Jan 94	2.2	

1. See 48 Comp Gen 398.

2. See 50 Comp Gen 232.

See 48 Comp Gen 204.

4. If member was first retired on or after 1 Oct 1967, was recalled to active duty on or after 1 Oct 1967, and reverted to retired status, the provisions of 10 U.S.C. 1401a(e) may be applied (52 Comp Gen 469). However, 10 U.S.C. 1401a(e) was repealed by Public Law 98-94, 24 Sep 1983. (See paragraph 10313.)
5. If member was initially retired on or after 1 Oct 1983, the amount computed, if not a multiple of \$1, shall be rounded to the next lower multiple of \$1. Any future adjustments to such pay must be made on the rounded figure. Retired pay of members retired on 30 Sep 1983 will not be rounded until there is an adjustment under 10 U.S.C. 1401a; then, and with each subsequent adjustment, the amount as adjusted, if not a multiple of \$1, shall be rounded to the next lower multiple of \$1. The rounded amount becomes the member's entitlement and any future adjustments shall be based on this rounded entitlement.
6. Public Law 97-92 established new rates for Executive Level V personnel effective 1 Jan 1982, which permitted an increase in the maximum amount payable for grades 0-7, 0-8, 0-9, and 0-10. Member received a .7 percent COLADJ effective 1 Mar 1982 and rule 25 through end from table 2-3-3.
7. Public Law 97-377 permitted an increase in the maximum amount payable for Executive Level V personnel effective 18 Dec 1982. Grades 0-8, 0-9, and 0-10 were affected. Members received COLADJ under table 2-3-3, rule 26 through end.

TABLE 2-3-2--Continued

**DISABILITY REVERT--RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402)
(WITH AT LEAST 30 PERCENT AFTER RECALL)**

R U L E	A	B	C	D	E	F
	If date of release from active duty is during	and the current active duty rate is	then revert to active duty rate	and entitlement at time of recomputation is	increased by COLADJ applicable at time of recomputation	and apply later COLADJ per table 2-3-3, rule
60	1 Dec 90- 31 Dec 90	1 Jan 90	1 Jan 90	1 Jan 90	4.4 (See paragraph 20404bq for post-Aug 86 mbr)	32 through end
61	1 Jan 91- 30 Nov 91	1 Jan 91	1 Jan 91	1 Jan 91		2.0 and rule 33 through end (See paragraph 20404bs for post-Aug 86 mbr)
62	1 Dec 91- 31 Dec 91				2.0 (See paragraph 20404bs for post-Aug 86 mbr)	33 through end
63	1 Jan 92- 30 Nov 92	1 Jan 92	1 Jan 92	1 Jan 92		2.3 and rule 34 through end (See paragraph 20404bv for post-Aug 86 mbr)
64	1 Dec 92- 31 Dec 92				2.3 (See paragraph 20404bv for post-Aug 86 mbr)	34 through end
65	1 Jan 93- 30 Nov 93	1 Jan 93	1 Jan 93	1 Jan 93		1.9 and rule 35 through end (See paragraph 20404bx for post-Aug 86 mbr)
66	1 Dec 93- 31 Dec 93				1.9 (See paragraph 20404bx for post-Aug 86 mbr)	35 through end
67	1 Jan 94- 30 Nov 94	1 Jan 94	1 Jan 94	1 Jan 94		2.2
68	1 Dec 94- 31 Dec 94	1 Jan 94	1 Jan 94	1 Jan 94	2.2 (See paragraph 20404bz for post-Aug 86 mbr)	-
69	1 Jan 95-	1 Jan 95	1 Jan 95	1 Jan 95	-	-

Notes:

See 48 Comp Gen 398.

2. On 1 March 1982, members who are eligible for recomputation on 1 October 1980 rate plus COLADJ 2.7 (March 1981) and 8.7 (March 1982), and table 2-3-3, rules

(B)

25 through end are: grades 31, 32, 33, 0-7, 0-8, 0-9, and 0-10. However, members in grades 0-7, 0-8, 0-9, and 0-10 who are eligible for computation under January 1982 rates (see paragraph 20404ax) remain under January 1982 rates plus COLADJ .7 (March 1982) and table 2-3-3, rules 25 through end.

3. On 1 April 1983, grades 0-7 are recomputed on 1 January 1982 rates plus COLADJ .7 and 25 through end. Grades 0-8, 0-9, and 0-10, who retire 1 October 1982 through 17 Dec 1982, remain under January 1982 rate plus COLADJ .7 (March 1982) and 25 through end. Grades 0-8, 0-9, and 0-10, who retire 18 Dec 1982 or later, remain under rates effective 18 Dec 1982, plus COLADJ for rule 26 through end, table 2-3-3.

4. On 1 December 1986, pre-August 1986 members received a 1.3 COLADJ. Post-August 1986 members entitled to retired pay based on Oct 1985 rates did not receive a COLADJ.

5. Executive Level V increased effective 1 Mar 1987 for grades 0-8, 0-9, and 0-10.

TABLE 2-3-3

COST-OF-LIVING ADJUSTMENT (COLADJ) PERCENTAGE TABLE

No.	Date of COLADJ	Percent	No.	Date of COLADJ	Percent
1	1 Sep 1965	4.4	26	1 Dec 1984	3.5
2	1 Dec 1966	3.7	27	1 Dec 1986	1.3
3	1 Apr 1968	3.9	28	1 Dec 1987	4.2 Pre-Aug 1986 Mbr
4	1 Feb 1969	4.0			3.2 Post-Aug 1986 Mbr
5	1 Nov 1969	5.3	29	1 Dec 1988	4.0 Pre-Aug 1986 Mbr
6	1 Aug 1970	5.6			3.0 Post-Aug 1986 Mbr
7	1 Jun 1971	4.5	30	1 Dec 1989	4.7 Pre-Aug 1986 Mbr
6	1 Jul 1972	4.8			3.7 Post-Aug 1986 Mbr
9	1 Jul 1973	6.1	31	1 Dec 1990	5.4 Pre-Aug 1986 Mbr
10	1 Jan 1974	5.5			4.4 Post-Aug 1986 Mbr
11	1 Jul 1974	6.3	32	1 Dec 1991	3.7 Pre-Aug 1986 Mbr
12	1 Jan 1975	7.3			2.7 Post-Aug 1986 Mbr
13	1 Aug 1975	5.1	33	1 Dec 1992	3.0 Pre-Aug 1986 Mbr
14	1 Mar 1976	5.4			2.0 Post-Aug 1986 Mbr
15	1 Mar 1977	4.8	34	1 Dec 1993 (note 2)	2.6 Pre-Aug 1986 Mbr
16	1 Sep 1977	4.3			1.6 Post-Aug 1986 Mbr
17	1 Mar 1978	2.4	35	1 Dec 1994 (note 2)	2.8 Pre-Aug 1986 Mbr
18	1 Sep 1978	4.9			1.8 Post-Aug 1986 Mbr
19	1 Mar 1979	3.9			
20	1 Sep 1979	6.9			
21	1 Mar 1980	6.0			
22	1 Sep 1980	7.7			
23	1 Mar 1981	4.4			
24	1 Mar 1982	8.7			
25	1 Apr 1983 (note 1)	3.3			
		3.9			

Notes:

1. See paragraph 20404bb.
2. See associated COLADJ subpara-

graph in paragraph 20404 to determine whether member's COLADJ is delayed.

Table 9-8-1 (Continued)

Survivor Benefit Plan Threshold Amount

R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by COLADJ	then the SBP threshold is
12	1 Jan 91 - 4.1%		\$363.00
13		1 Dec 91: Pre-Aug 86 Mbr 2.0% Post-Aug 86 Mbr: If retired Jan - Mar 91 1.2% If retired Apr - Jun 91 .9% If retired Jul - Sep 91 .5% If retired Oct - Dec 91 0%	370.26 367.36 366.27 364.82 363.00
14	1 Jan 92 - 4.2%		378.00
15		1 Dec 92: Pre-Aug 86 Mbr 2.3% Post-Aug 86 Mbr: If retired Jan - Mar 92 1.5% If retired Apr - Jun 92 1.2% If retired Jul - Sep 92 .5% If retired Oct - Dec 92 0%	386.69 383.67 382.54 379.89 378.00
16	1 Jan 93 - 3.7%		392.00
17		1 Dec 93: Pre-Aug 86 Mbr 1.9% Post-Aug 86 Mbr: If retired Jan - Mar 93 1.2% If retired Apr - Jun 93 .7% If retired Jul - Sep 93 .2% If retired Oct - Dec 93 0%	399.45 396.70 394.74 392.78 392.00
18	1 Jan 94 - 2.2%		401.00
19		1 Dec 94: Pre-Aug 86 Mbr 2.2% Post-Aug 86 Mbr: If retired Jan - Mar 94 1.4% If retired Apr - Jun 94 1.2% If retired Jul - Sep 94 .7% If retired Oct - Dec 94 0%	409.82 406.61 405.81 403.81 401.00
20	1 Jan 95 - 2.6%		411.00

(D)

APPENDIX 13

TOTAL EARNINGS TABLE

Year of Retirement	Maximum Pay Covered By Social Security	Year of Retirement	Maximum Pay Covered By Social Security
1957	\$4,200	1977	\$16,500
1958	4,200	1978	17,700
1959	4,800	1979	22,900
1960	4,800	1980	25,900
1961	4,800	1981	29,700
1962	4,800	1982	32,400
1963	4,800	1983	35,700
1964	4,800	1984	37,800
1965	4,800	1985	39,600
1966	6,600	1986	42,000
1967	6,600	1987	43,800
1968	7,800	1988	45,000
1969	7,800	1989	48,000
1970	7,800	1990	51,300
1971	7,800	1991	53,400
1972	9,000	1992	55,500
1973	10,800	1993	57,600
1974	13,200	1994	60,600
1975	14,100	1995	61,200
1976	15,300		

If member made less than these amounts, add up to \$1,200 per year free credits (\$300 per quarter or \$100 per month for quarter member retires) to bring up to maximum.

(E)

AVERAGED MONTHLY CONSUMER PRICE INDEX
(Continued)

3rd Qtr 2nd Qtr	FY 91 CY 91	4th Qtr 3rd Qtr	FY 91 CY 91	1st Qtr 4th Qtr	FY 92 CY 91	2nd Qtr 1st Qtr	FY 92 CY 92
Apr 91	133.3	Jul 91	134.3	Oct 91	135.4	Jan 92	136.0
May 91	133.8	Aug 91	134.6	Nov 91	135.8	Feb 92	136.4
Jun 91	<u>134.1</u>	Sep 91	<u>135.2</u>	Dec 91	<u>135.9</u>	Mar 92	<u>137.0</u>
AVG CPI	133.7	AVG CPI	134.7	AVG CPI	135.7	AVG CPI	136.5

3rd Qtr 2nd Qtr	FY 92 CY 92	4th Qtr 3rd Qtr	FY 92 CY 92	1st Qtr 4th Qtr	FY 93 CY 92	2nd Qtr 1st Qtr	FY 93 CY 93
Apr 92	137.3	Jul 92	138.4	Oct 92	139.6	Jan 93	140.3
May 92	137.6	Aug 92	138.8	Nov 92	139.8	Feb 93	140.7
Jun 92	<u>138.1</u>	Sep 92	<u>139.1</u>	Dec 92	<u>139.8</u>	Mar 93	<u>141.1</u>
AVG CPI	137.7	AVG CPI	138.8	AVG CPI	139.7	AVG CPI	140.7

3rd Qtr 2nd Qtr	FY 93 CY 93	4th Qtr 3rd Qtr	FY 93 CY 93	1st Qtr 4th Qtr	FY 94 CY 93	2nd Qtr 1st Qtr	FY 94 CY 94
Apr 93	141.6	Jul 93	142.1	Oct 93	143.3	Jan 94	143.6
May 93	141.9	Aug 93	142.4	Nov 93	143.4	Feb 94	144.0
Jun 93	<u>142.0</u>	Sep 93	<u>142.6</u>	Dec 93	<u>143.3</u>	Mar 94	<u>144.4</u>
AVG CPI	141.8	AVG CPI	142.4	AVG CPI	143.3	AVG CPI	144.0

3rd Qtr 2nd Qtr	FY 94 CY 94	4th Qtr 3rd Qtr	FY 94 CY 94	1st Qtr 4th Qtr	FY 95 CY 94	2nd Qtr 1st Qtr	FY 95 CY 95
Apr 94	144.7	Jul 94	145.8	Oct 94	147.0	Jan 95	147.8
May 94	144.9	Aug 94	146.5	Nov 94	147.3	Feb 95	148.3
Jun 94	<u>145.4</u>	Sep 94	<u>146.9</u>	Dec 94	<u>147.2</u>	Mar 95	<u>148.7</u>
AVG CPI	145.0	AVG CPI	146.4	AVG CPI	147.2	AVG CPI	148.3

3rd Qtr 2nd Qtr	FY 95 CY 95	4th Qtr 3rd Qtr	FY 95 CY 95
Apr 95	149.3	Jul 95	149.9
May 95	149.6	Aug 95	150.2
Jun 95	<u>149.9</u>	Sep 95	_____
AVG CPI	149.6	AVG CPI	

(F)

APPENDIX 18

**ANNUAL INCOME RATES FOR MINIMUM INCOME
ANNUITIES UNDER SURVIVOR BENEFIT PLAN (SBP)
MINIMUM INCOME ANNUITY CHANGES**

Maximum Monthly Annuity Payable	Minimum Annual Income	Effective From
\$ 116.67	\$ 1,400	21 Sep 1972
175.00	2,100	1 Oct 1976
195.00	2,340	1 Oct 1978
214.67	2,576	1 Jun 1979
245.83	2,950	1 Jun 1980
273.75	3,285	1 Jun 1981
294.25	3,531	1 Jun 1982
304.67	3,656	1 Dec 1983
315.50	3,786	1 Dec 1984
325.42	3,905	1 Dec 1985
329.75	3,957	1 Dec 1986
343.75	4,125	1 Dec 1987
357.67	4,292	1 Dec 1988
374.67	4,496	1 Dec 1989
395.08	4,741	1 Dec 1990
409.83	4,918	1 Dec 1991
422.25	5,067	1 Dec 1992
433.33	5,200	1 Dec 1993
445.83	5,347	1 Dec 1994

(G)