

VOLUME 7B, CHAPTER 8: “BASIC PAY RATES, LEGISLATIVE AND COST-OF-LIVING ADJUSTMENTS TO RETIRED PAY”

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated July 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	This chapter is being formatted to comply with current administrative instructions.	Update
Table of Content (TOC)	Updated TOC to comply with current administrative instructions.	Update
080407	Updated information on removal of 75 percent cap according to statute.	Update
080408.A	Added cost of living adjustment rates for retired pay effective December 1, 2011.	Add
080408.B	Added monthly basic pay for members of the uniformed services increase effective January 1, 2012.	Add
Table 8-1	Updated Table 8-1, Full Cost-of-Living Adjustment Percentage Table.	Update
Bibliography	Updated Bibliography	Update

Table of Contents

VOLUME 7B, CHAPTER 8: “BASIC PAY RATES, LEGISLATIVE AND COST-OF-LIVING ADJUSTMENTS TO RETIRED PAY”		1
0801	PURPOSE	5
080101.	Accuracy of Retired Pay	5
080102.	Use of Active Duty Pay Tables.....	5
080103.	Service After September 7, 1980.....	5
800104.	Definitions.....	5
0802 MAJOR CHANGES IN THE USE OF BASIC PAY RATES AND CONDITIONS APPLICABLE TO COMPUTATION OF RETIRED PAY.....		7
080201.	Career Compensation Act of 1949.....	7
080202.	The Effect of Active-Duty Pay Rate Increases on Retired Pay	7
080203.	Retired Pay Based on the CPI.....	8
080204.	Change in Determining the Retired Pay COLA	8
080205.	Effects of Public Law 90-207 on Retired Pay Computation.....	8
080206.	One percent Increase to COLA.....	8
080207.	New Change in Determining Retired Pay COLA.....	8
080208.	Pay Inversion	9
080209.	Tower Amendment	9
080210.	Basic Pay Average	10
080211.	Revised Frequency for COLA	10
080212.	Revised COLA Mechanism	10
080213.	Department of Defense (DoD) Authorization Act, FY 1984	11
080214.	Modification of COLAs Applicable to Military Retired and Retainer Pay	11
080215.	The Military Retirement Reform Act of 1986	12
080216.	FY 1987 – 1989 No COLA Reduction	12
080217.	Chief Warrant Officer Grade	12
080218.	Added Longevity Step	12
080219.	Delay of COLA Adjustment	12
080220.	Prohibited Increase in COLA Adjustment.....	13
080221.	Various Pay-Out Periods for FY 1996 COLA Adjustments.....	13
080222.	Clarification of Initial Computation of Retiree COLAs	13
080223.	Adjustment of Basic Pay Rates.....	13
080224.	The Retired Pay of General or Flag Officers Who Retired After September 30, 2006.....	13
080225.	Change in 75-Percent Maximum	13
0803 PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS PRIOR TO DECEMBER 1, 2005		13
080301.	The Career Compensation Act.....	13
080302.	Amendments to the Career Compensation Act.....	14
080303.	The Uniformed Services Pay Act	16

Table of Contents (Continued)

080304.	Basic Pay Rates Effective September 1, 1964	16
080305.	Basic Pay Rates Effective September 1, 1965	17
080307.	Cost-of-Living Adjustment effective December 1, 1966	17
080308.	Basic Pay Rates Effective October 1, 1967.....	18
080309.	Cost-of-Living Adjustment Effective April 1, 1968	18
080310.	Basic Pay Rates Effective July 1, 1968	18
080311.	Cost-of-Living Adjustment Effective February 1, 1969.....	19
080312.	Basic Pay Rates Effective July 1, 1969.....	19
080313.	Cost-of-Living Adjustment Effective November 1, 1969	19
080314.	Amended COLA Retroactive to November 1, 1969	19
080315.	Basic Pay Rates Effective January 1, 1970	20
080316.	COLA Effective August 1, 1970	20
080317.	Basic Pay Rates Effective January 1, 1971	20
080318.	COLA Effective June 1, 1971	20
080320.	Basic Pay Rates Effective January 1, 1972	21
080321.	COLA Effective July 1, 1972	21
080322.	Basic Pay Rates Effective January 1, 1973	22
080323.	COLA Effective July 1, 1973	22
080324.	Basic Pay Rates Effective October 1, 1973.....	22
080325.	COLA Effective January 1, 1974.....	23
080326.	COLA Effective July 1, 1974	23
080327.	Basic Pay Rates Effective October 1, 1974.....	23
080328.	COLA Effective January 1, 1975.....	24
080329.	Cost-of-Living Adjustment Effective August 1, 1975	24
080330.	Basic Pay Rates Effective October 1, 1975.....	24
080331.	COLA Effective March 1, 1976	24
080332.	Basic Pay Rates Effective October 1, 1976.....	25
080333.	COLA Effective March 1, 1977	25
080334.	Rates for Executive Level V Personnel	25
080335.	COLA Effective September 1, 1977	25
080336.	Basic Pay Rates Effective October 1, 1977.....	25
080337.	COLA Effective March 1, 1978	26
080338.	COLA Effective September 1, 1978.....	26
080339.	Basic Pay Rates Effective October 1, 1978.....	26
080340.	COLA Effective March 1, 1979	26
080341.	COLA Effective September 1, 1979.....	27
080342.	Basic Pay Rates Effective October 1, 1979.....	27
080343.	COLA Effective March 1, 1980	27
080344.	Cost-of-Living Adjustment Effective September 1, 1980	27
080345.	Basic Pay Rates Effective October 1, 1980.....	28
080346.	COLA Effective March 1, 1981	28
080347.	Basic Pay Rates Effective October 14, 1981.....	28

Table of Contents (Continued)

080348.	Rates for Executive Level V Personnel	28
080349.	COLA Effective March 1, 1982	29
080350.	Basic Pay Rates Effective October 1, 1982.....	29
080351.	Rates for Executive Level V Personnel Effective December 18, 1982	29
080352.	COLA Effective April 1, 1983	29
080353.	Basic Pay Rates Effective January 1, 1984	30
080354.	COLA Effective December 1, 1984.....	30
080355.	Basic Pay Rates Effective January 1, 1985	30
080356.	Basic Pay Rates Effective October 1, 1985.....	30
080357.	COLA Effective December 1, 1985.....	31
080358.	COLA and Basic Pay Rates FY 1987.....	31
080359.	Executive Level V Rate Increase	31
080360.	COLA and Basic Pay Rates FY 1988.....	31
080361.	COLA and Basic Pay Rates FY 1989.....	32
080362.	COLA and Basic Pay Rates FY 1990.....	33
080363.	COLA and Basic Pay Rates FY 1991.....	34
080364.	COLA and Basic Pay Rates FY 1992.....	35
080365.	COLA and Basic Pay Rates FY 1993.....	36
080366.	COLA and Basic Pay Rates FY 1994.....	37
080367.	COLA and Basic Pay Rates FY 1995.....	38
080368.	COLA and Basic Pay Rates FY 1996.....	39
080369.	COLA and Basic Pay Rates FY 1997.....	40
080370.	COLA and Basic Pay Rates FY 1998.....	41
080371.	COLA and Basic Pay Rates FY 1999.....	42
080372.	COLA and Basic Pay Rates FY 2000	43
080373.	COLA and Basic Pay Rates FY 2001.....	45
080374.	COLA and Basic Pay Rates FY 2002.....	46
080375.	COLA and Basic Pay Rates FY 2003.....	47
080376.	COLA and Basic Pay Rates FY 2004.....	48
080377.	COLA and Basic Pay Rates FY 2005.....	48
0804	PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS STARTING DECEMBER 2005	49
080401.	COLA and Basic Pay Rates FY 2006.....	49
080402.	COLA and Basic Pay Rates FY 2007.....	50
080403.	COLA and Basic Pay Rates FY 2008.....	52
080404.	COLA and Basic Pay Rates FY 2009.....	53
080405.	COLA and Basic Pay Rates FY 2010.....	54
080406.	COLA and Basic Pay Rates FY 2011.....	55
*080407.	Removal of the 75 Percent Cap Subject to Provision	56
*080408.	COLA and Basic Pay Rates FY 2012	56
Table 8-1.	Full Cost-of-Living Adjustment Percentage Table	58
BIBLIOGRAPHY		61

CHAPTER 8

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

0801 PURPOSE

080101. [Accuracy of Retired Pay](#)

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 (COLA) on retired pay that has been computed using a retired or retainer pay base.

080102. [Use of Active Duty Pay Tables](#)

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, 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 now serve as the basis for determining the rate of retired pay.

080103. [Service After September 7, 1980](#)

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.

800104. Definitions

A. [Pay Table Code](#). The designation by number (or other means) used by the Defense Finance and Accounting Service (DFAS) to identify active-duty pay rates in effect during the different time periods.

B. Cost-of-Living Adjustment. Percentage change increases are 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 8-1.

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 adjustments in retired pay from November 1, 1969 through March 31, 1976. The **1 percent** did not apply to partial cost-of-living adjustments. 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](#) eliminated the **1 percent** add-on.

D. Legislative Increase. 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). 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 nondisability.

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 [Volume 7A, Chapter 1](#)) of this Regulation.

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 [Title 10, United States Code \(10 U.S.C.\), Chapter 1223](#), Reserve service points are converted to years of service (i.e., total points divided by 360 equals years of service). See [Chapter 1 of this volume](#).

J. [Burchinal Decision](#). This Comptroller General decision ([53 Comp. Gen. 698 \(1974\)](#)) held that retired pay is computed only under the current pay rates or the pay rates in effect immediately before the current rate pursuant to [10 U.S.C. 1401a\(e\)](#). Public Law 90-207, effective October 1, 1967, added subsection (e) under [10 U.S.C. 1401a](#) as a method to prevent pay inversion. On October 7, 1975, Public Law 94-106 added subsection (f) under [10 U.S.C. 1401a](#) which superseded [10 U.S.C. 1401a\(e\)](#).

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 retired or retainer pay. See [Chapter 3](#) for Pre-September 8, 1980 Member.

0802 MAJOR CHANGES IN THE USE OF BASIC PAY RATES AND CONDITIONS APPLICABLE TO COMPUTATION OF RETIRED PAY

080201. Career Compensation Act of 1949

The Career Compensation Act 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.

080202. The Effect of Active-Duty Pay Rate Increases on Retired Pay

Before June 1, 1958, the pay of all members on the retired rolls (except “saved pay” accounts under the Career Compensation Act) 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, 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).

080203. Retired Pay Based on the CPI

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 was recomputed on the 1952 and 1955 basic pay rates. Effective October 1, 1963, [10 U.S.C. 1401a](#), as added by Public Law 88-132, 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, then would affect a percentage increase in retired pay as of April 1, using the percentages of increase in the CPI.

080204. Change in Determining the Retired Pay COLA

Public Law 89-132, 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.

080205. Effects of Public Law 90-207 on Retired Pay Computation

Public Law 90-207, effective October 1, 1967, added subsections (c) through (e) under [10 U.S.C. 1401a](#). Subsections (c) and (d) 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), 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, U.S.C., section 1401a\(e\)](#) was repealed by [Public Law 98-94](#), effective September 24, 1983. See paragraph 080213. Section 8(a) of Public Law 90-207 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.

080206. One percent Increase to COLA

Public Law 91-179, 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.

080207. New Change in Determining Retired Pay COLA

[Public Law 94-440](#) 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 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](#), these adjustments were the actual percentage change (nearest 1/10th 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 1/10th of 1 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).

080208. Pay Inversion

With Public Law 85-422, effective 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 who 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 which was popularly known as “pay inversion”. Pay inversion 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 \(1974\)](#), known as the “Burchinal Decision,” members were restricted to the greater amount of pay, based on two computations of retired 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 the time of retirement were used even though the computation used the earlier basic pay rates.

080209. Tower Amendment

[Public Law 94-106](#), October 7, 1975, added subparagraph (f) to [10 U.S.C. 1401a](#). The new provision stipulated another method to partially offset 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 the 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 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](#) that are covered in [Chapter 7](#) of this volume. The Tower Amendment did not repeal or modify those provisions.

080210. Basic Pay Average

[Public Law 96-342](#), as codified at [10 U.S.C. 1407](#), established a retired pay base for use in computing retired or retainer pay. [Title 10, U.S.C., section 1407](#) 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.

080211. Revised Frequency for COLA

On August 13, 1981, [Public Law 97-35](#) revised the frequency for cost-of-living adjustments 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\(b\)](#), also enacted by [Public Law 97-35](#). 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.

080212. Revised COLA Mechanism

[Public Law 97-253](#) revised the cost-of-living adjustment mechanism under Federal retirement systems during fiscal year (FY) 1983. The revision affected the eligibility, percentage, and effective dates of such adjustments and was repealed by [Public Law 98-369](#).

A. Members who had entitlement to a first adjustment in initial amounts of retired or retainer pay under [10 U.S.C. 1401](#), 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, which is referred to as a first (partial) adjustment.

B. Any member under age 62 on or before March 1, 1983, who was entitled to an adjustment under [10 U.S.C. 1401a\(b\)](#), received an adjustment based on an assumed increase in the price index. The assumed increase in the price index was 6.6 percent for FY 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. Any member who was age 62 or more on March 1, 1983, and entitled to an adjustment under [10 U.S.C. 1401a\(b\)](#) in retired or retainer pay on that date, became entitled to that increase without limitation.

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

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

080213. Department of Defense (DoD) Authorization Act, FY 1984

Public Law 98-94 (1993), also known as the DoD Authorization Act, FY 1984, affected the computation of retired and retainer pay.

A. Public Law 98-94, section 921, repealed the 1-year look-back provision (10 U.S.C. 1401a(e)). 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, 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, then 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 did not affect the Tower Amendment (10 U.S.C. 1401a(f)). 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. Public Law 98-94, section 922, 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; 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.

080214. Modification of COLAs Applicable to Military Retired and Retainer Pay

Public Law 98-270 amended 5 U.S.C. 8340(a) and (b) to modify cost-of-living adjustments that also applied to military retired and retainer pay under 10 U.S.C. 1401a(b). 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.

080215. The Military Retirement Reform Act of 1986

Public Law 99-348:

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 [10 U.S.C., Chapter 61](#), and [1223](#). The multiplier was reduced by:

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

2. One-twelfth 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.

C. Restored the reduction in retired pay multiplier under subparagraph 080315.A at age 62 and provided a one-time restoral at age 62 for the reduction in cost-of-living increase under subparagraph 080315.B.

080216. FY 1987 – 1989 No COLA Reduction

[Public Law 99-576](#) guaranteed that military retired pay cost-of-living adjustments were unaffected by [Public Law 99-177](#) during fiscal years 1987 through 1989.

080217. Chief Warrant Officer Grade

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

080218. Added Longevity Step

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.

080219. Delay of COLA Adjustment

[Public Law 103-66](#) 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.

080220. Prohibited Increase in COLA Adjustment

The FY 1995 DoD Authorization Act, [Public Law 103-337](#), and the FY 1995 DoD Appropriations Act, [Public Law 103-334](#), 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](#), and survivor annuities.

080221. Various Pay-Out Periods for FY 1996 COLA Adjustments

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](#)). 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.

080222. Clarification of Initial Computation of Retiree COLAs

The FY 1997 DoD Authorization Act, [Public Law 104-201](#), 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.

080223. Adjustment of Basic Pay Rates

Effective April 1, 2007, [Public Law 109-364](#) adjusts basic pay rates within each pay grade.

080224. The Retired Pay of General or Flag Officers Who Retired After September 30, 2006

Under [Public Law 109-364](#), the retired pay of general or flag officers who are retired after September 30, 2006 is to be based on rates of basic pay provided by law, rather than the rate as reduced by [37 U.S.C. 203\(a\)\(2\)](#).

080225. Change in 75-Percent Maximum

[Public Law 109-364](#) removed the 75-percent maximum for the retired pay multiplier under [10 U.S.C. 1409](#) for members who retire after December 31, 2006 with more than 30 years of service.

0803 PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS PRIOR TO DECEMBER 1, 2005

080301. The Career Compensation Act

The Career Compensation Act of 1949 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 nondisability 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).

080302. Amendments to the Career Compensation Act

The following statutes amended provisions of the Career Compensation Act.

A. Effective May 1, 1952, Public Law 82-346 provided for an increase of 4 percent applied to retired saved pay accounts, regular retired accounts, and active-duty basic pay rates.

B. The Career Incentive Act of 1955, Public Law 84-20, effective April 1, 1955, further amended the Career Compensation Act by providing:

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

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

5. Officers with less than 3 years of service and warrant officers and enlisted members with less than 2 years of service and retired for disability or placed on the Temporary Disability Retired List (TDRL) will have pay computed on the April 1, 1955 rates, plus 6 percent.

C. The Military Pay Act of 1958, effective June 1, 1958, the provided for:

1. Increased basic pay rates.

2. Retired pay increase of 6 percent for members receiving retired pay on May 31, 1958.

3. 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.

4. An additional new basic pay rate for certain pay grades with more than 20 years of service.

5. Two new enlisted pay grades, E-8 and E-9, and two new officer pay grades, O-9 and O-10.

6. Basic pay rates for new pay grades O-1E, O-2E, and O-3E, for officers in grades O-1, O-2, and O-3 with 4 or more years of active enlisted service.

7. Computation of retired pay on the April 1, 1955 basic pay rates (active-duty saved-pay rates), if greater.

8. 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.

9. 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.

10. 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.

080303. [The Uniformed Services Pay Act](#)

The Uniformed Services Pay Act, Public Law 88-132, 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](#)), 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](#) to provide for adjustments to retired pay based on the CPI.

080304. [Basic Pay Rates Effective September 1, 1964](#)

Public Law 88-422, 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 who retired on September 1, 1964, and who were subject to the URDA, 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.

080305. [Basic Pay Rates Effective September 1, 1965](#)

Public Law 89-132, effective September 1, 1965, [along](#) 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;
 2. 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.

080306. [Basic Pay Rates Effective July 1, 1966](#)

Public Law 89-501, 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 for all members who first became entitled to retired pay on or after July 1, 1966.

080307. [Cost-of-Living Adjustment effective December 1, 1966](#)

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.

080308. [Basic Pay Rates Effective October 1, 1967](#)

Public Law 90-207, 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 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, and 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.

080309. [Cost-of-Living Adjustment Effective April 1, 1968](#)

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.

080310. [Basic Pay Rates Effective July 1, 1968](#)

[Executive Order 11414](#), 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 who retired on July 1, 1968, and who were subject to the URDA, warrant officers, 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.

080311. [Cost-of-Living Adjustment Effective February 1, 1969](#)

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.

080312. [Basic Pay Rates Effective July 1, 1969](#)

[Executive Order 11475](#) 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 who retired on July 1, 1969, and who were subject to the URDA, warrant officers, 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.

080313. [Cost-of-Living Adjustment Effective November 1, 1969](#)

A cost-of-living adjustment, effective 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.

080314. [Amended COLA Retroactive to November 1, 1969](#)

Public Law 91-179 amended [10 U.S.C. 1401a\(b\)](#) 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.

080315. [Basic Pay Rates Effective January 1, 1970](#)

[Executive Order 11525](#) 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 0.9 percent.

080316. [COLA Effective August 1, 1970](#)

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.

080317. [Basic Pay Rates Effective January 1, 1971](#)

[Executive Order 11577](#) 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, and who were subject to the URDA, 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.

080318. [COLA Effective June 1, 1971](#)

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 0.6-percent increase effective June 1, 1971 or date of retirement, if later.

080319. [Basic Pay Rates for Certain Pay Grades](#)

Public Law 92-129, 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.) The statute 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.
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.

080320. [Basic Pay Rates Effective January 1, 1972](#)

[Executive Order 11638](#) 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 who retired on January 1, 1972, and who were subject to the URDA, 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.

080321. [COLA Effective July 1, 1972](#)

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.

080322. [Basic Pay Rates Effective January 1, 1973](#)

[Executive Order 11692](#) 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](#) 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (September 30, 1972 transfers). Their pay was computed on the basic pay rates effective January 1, 1972.

080323. [COLA Effective July 1, 1973](#)

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, and 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.

080324. [Basic Pay Rates Effective October 1, 1973](#)

[Executive Order 11740](#), 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, 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.

080325. [COLA Effective January 1, 1974](#)

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.

080326. [COLA Effective July 1, 1974](#)

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.

080327. [Basic Pay Rates Effective October 1, 1974](#)

[Executive Order 11812](#), 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 6.2 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.

080328. [COLA Effective January 1, 1975](#)

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.

080329. [Cost-of-Living Adjustment Effective August 1, 1975](#)

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.

080330. [Basic Pay Rates Effective October 1, 1975](#)

[Executive Order 11883](#), 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 who retired on October 1, 1975, and who were subject to the URDA, 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.

080331. [COLA Effective March 1, 1976](#)

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.

080332. [Basic Pay Rates Effective October 1, 1976](#)

[Executive Order 11941](#), 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, and who were subject to the URDA, 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.

080333. [COLA Effective March 1, 1977](#)

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.

080334. [Rates for Executive Level V Personnel](#)

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.

080335. [COLA Effective September 1, 1977](#)

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. Reverse 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, then [10 U.S.C. 1401a\(f\)](#) was applied to members and former members whose retired pay was computed on the October 1, 1976 basic pay rates.

080336. [Basic Pay Rates Effective October 1, 1977](#)

[Executive Order 12010](#), 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 who were subject to the URDA, 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.

080337. [COLA Effective March 1, 1978](#)

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.

080338. [COLA Effective September 1, 1978](#)

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, then [10 U.S.C. 1401a\(f\)](#) was applied to members and former members whose retired pay was computed on the October 1, 1977 basic pay rates.

080339. [Basic Pay Rates Effective October 1, 1978](#)

[Executive Order 12087](#), 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 who were subject to the URDA, 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.

080340. [COLA Effective March 1, 1979](#)

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.

080341. [COLA Effective September 1, 1979](#)

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 [it is](#) determined to be advantageous to retired members, then [10 U.S.C. 1401a\(f\)](#) was applied to members and former members whose retired pay was computed on October 1, 1978 basic pay rates.

080342. [Basic Pay Rates Effective October 1, 1979](#)

[Executive Order 12165](#), 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 who were subject to the URDA, 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.

080343. [COLA Effective March 1, 1980](#)

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.

080344. [Cost-of-Living Adjustment Effective September 1, 1980](#)

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. Reverse the 2.8-percent cost-of-living adjustment, credited March 1, 1980, **before** applying the 10.8-percent increase. If **it is** determined to be advantageous to retired members, then 10 U.S.C. 1401a(f) was applied to members and former members whose retired pay was computed on October 1, 1979 basic pay rates.

080345. Basic Pay Rates Effective October 1, 1980

Public Law 96-342, 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 who were subject to the URDA, 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.

080346. COLA Effective March 1, 1981

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.

080347. Basic Pay Rates Effective October 14, 1981

Executive Order 12330, 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 who were subject to the URDA, 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.

080348. Rates for Executive Level V Personnel

Public Law 97-92, 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, and O-10, and for the Joint Chiefs of Staff. Members were entitled to a 0.7-percent cost-of-living adjustment, effective March 1, 1982.

080349. [COLA Effective March 1, 1982](#)

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 *it is* determined to be advantageous to retired members, then [10 U.S.C. 1401a\(f\)](#) was applied to members and former members whose retired pay was computed on the October 1, 1981 basic pay rates.

080350. [Basic Pay Rates Effective October 1, 1982](#)

[Executive Order 12387](#), 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 who were subject to the URDA, 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.

080351. [Rates for Executive Level V Personnel Effective December 18, 1982](#)

Effective December 18, 1982, [Public Law 97-377](#) 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 for the Joint Chiefs of Staff.

080352. [COLA Effective April 1, 1983](#)

A cost-of-living adjustment, effective April 1, 1983, provided for:

A. A 3.3-percent 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 [10 U.S.C., Chapter 61](#), 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.)

080353. [Basic Pay Rates Effective January 1, 1984](#)

[Executive Order 12456](#), 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 who were subject to the URDA, 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.

080354. [COLA Effective December 1, 1984](#)

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.

080355. [Basic Pay Rates Effective January 1, 1985](#)

[Executive Order 12496](#), 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 who were subject to the URDA, 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.

080356. [Basic Pay Rates Effective October 1, 1985](#)

[Executive Order 12540](#), 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 who were subject to the URDA, 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.

080357. [COLA Effective December 1, 1985](#)

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](#).

080358. [COLA and Basic Pay Rates FY 1987](#)

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

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

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

B. [Basic pay rates effective January 1, 1987, Executive Order 12578](#), provided for:

1. Increased basic pay rates.

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

3. No entitlement to pay computed on the January 1, 1987 basic pay rates for members who retired on January 1, 1987, and who were subject to the URDA, 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.

080359. [Executive Level V Rate Increase](#)

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 the Congress became effective on February 4, 1987. The new, maximum basic pay amounts for grades O-8, O-9, and O-10, and for the Joint Chiefs of Staff, under [2 U.S.C. 359](#), are effective March 1, 1987.

080360. [COLA and Basic Pay Rates FY 1988](#)

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

1. Pre-August 1986 members:
 - a. 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.
 - b. 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 a 3.7-percent partial cost-of-living adjustment.
2. Post-August 1986 members:
 - a. 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.
 - b. 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 a pro-rata initial adjustment as follows:

<u>Retired Between</u>	<u>Percent Increase</u>
January 1, 1987 – March 31, 1987	3.7
April 1, 1987 – June 30, 1987	2.5
July 1, 1987 – September 30, 1987	1.2
October 1, 1987 – December 31, 1987	-0-

B. [Basic pay rates effective January 1, 1988, *Executive Order 12622*](#), provided for:

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

080361. [COLA and Basic Pay Rates FY 1989](#)

- A. A cost-of-living adjustment, effective December 1, 1988, provided for:
 1. Pre-August 1986 members:

a. 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.

b. 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.

2. Post-August 1986 members:

a. 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.

b. 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>
January 1, 1988 – March 31, 1988	2.4
April 1, 1988 – June 30, 1988	2.1
July 1, 1988 – September 30, 1988	1.1
October 1, 1988 – December 31, 1988	-0-

B. [Basic pay rates effective January 1, 1989, *Executive Order 12663*](#), provided for:

1. Increased basic pay rates.

2. No increase for members retired before January 1, 1989.

3. No entitlement to pay computed on the January 1, 1989 basic pay rates for members who retired on January 1, 1989, and who were subject to the URDA, 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.

080362. [COLA and Basic Pay Rates FY 1990](#)

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

1. Pre-August 1986 members:

a. 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.

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

2. Post-August 1986 members:

a. 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.

b. 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>
January 1, 1989 – March 31, 1989	2.9
April 1, 1989 – June 30, 1989	2.1
July 1, 1989 – September 30, 1989	0.5
October 1, 1989 – December 31, 1989	-0-

B. [Basic pay rates effective January 1, 1990, *Executive Order 12698*](#), provided for:

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

080363. [COLA and Basic Pay Rates FY 1991](#)

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

1. Pre-August 1986 members:
 - a. 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.
 - b. 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.

2. Post-August 1986 members:

a. 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.

b. 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>
January 1, 1990 – March 31, 1990	3.7
April 1, 1990 – June 30, 1990	2.2
July 1, 1990 – September 30, 1990	1.5
October 1, 1990 – December 31, 1990	-0-

B Basic pay rates effective January 1, 1991, [Executive Order 12736](#), provided for:

1. Increased basic pay rates.

2. No increase for members retired before January 1, 1991.

3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1990 transfers).

080364. [COLA and Basic Pay Rates FY 1992](#)

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

1. Pre-August 1986 members:

a. 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.

b. 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.

2. Post-August 1986 members:

a. 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.

b. 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>
January 1, 1991 – March 31, 1991	1.2
April 1, 1991 – June 30, 1991	0.9
July 1, 1991 – September 30, 1991	0.5
October 1, 1991 – December 31, 1991	-0-

B. Basic pay rates effective January 1, 1992, Executive Order 12786, provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1992.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1991 transfers).

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

080365. COLA and Basic Pay Rates FY 1993

- A. A cost-of-living adjustment, effective December 1, 1992, provided for:
1. Pre-August 1986 members:
 - a. 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.
 - b. 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.
 2. Post-August 1986 members:
 - a. 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.

b. 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>
January 1, 1992 – March 31, 1992	1.5
April 1, 1992 – June 30, 1992	1.2
July 1, 1992 – September 30, 1992	0.5
October 1, 1992 – December 31, 1992	-0-

B. Basic pay rates effective January 1, 1993, [Executive Order 12826](#), provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1993.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1992 transfers).

080366. [COLA and Basic Pay Rates FY 1994](#)

A. A cost-of-living adjustment, effective December 1, 1993, provides the following increases. (NOTE: [Public Law 103-66](#), 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](#)).

1. Pre-August 1986 members:
 - a. 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.
 - b. 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.
2. Post-August 1986 members:
 - a. 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.

b. 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>
January 1, 1993 – March 31, 1993	1.2
April 1, 1993 – June 30, 1993	0.7
July 1, 1993 – September 30, 1993	0.2
October 1, 1993 – December 31, 1993	-0-

B. [Basic pay rates effective January 1, 1994, Executive Order 12886](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1994.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1993 transfers).

080367. [COLA and Basic Pay Rates FY 1995](#)

A. A cost-of-living adjustment, effective December 1, 1994, provides the following increases. (NOTE: [Title 10, U.S.C., section 1401a\(b\)\(2\)\(B\)\(ii\)](#), as amended by [Public Law 103-337](#) and [Public Law 103-335](#)), 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 Survivor Benefit Plan (SBP) base amounts and associated annuities and premiums, or to the exclusion amounts for dual compensation.)

1. Pre-August 1986 members:
 - a. 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.
 - b. 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.
2. Post-August 1986 members:
 - a. 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.

b. 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>
January 1, 1994 – March 31, 1994	1.4
April 1, 1994 – June 30, 1994	1.2
July 1, 1994 – September 30, 1994	0.7
October 1, 1994 – December 31, 1994	-0-

B. [Basic pay rates effective January 1, 1995, *Executive Order 12944*](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1995.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1994 transfers).

080368. [COLA and Basic Pay Rates FY 1996](#)

A. 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\(b\)\(2\)](#) and [Public Law 104-106](#), 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.

1. Pre-August 1986 members:
 - a. 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.
 - b. 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.
2. Post-August 1986 members:
 - a. 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.

b. 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>
<i>January 1, 1995 – March 31, 1995</i>	<i>1.3</i>
April 1, 1995 – June 30, 1995	0.8
July 1, 1995 – September 30, 1995	0.2
October 1, 1995 – December 31, 1995	-0-

B. Basic pay rates effective January 1, 1996, Executive Order 12990 provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1996.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1995 transfers).

080369. COLA and Basic Pay Rates FY 1997

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

1. Pre-August 1986 members:
 - a. 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.
 - b. 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.
 - c. 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>
January 1, 1996 – March 31, 1996	2.5
April 1, 1996 – June 30, 1996	1.5
July 1, 1996 – September 30, 1996	0.5
October 1, 1996 – December 31, 1996	-0-

2. Post-August 1986 members:

a. 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.

b. 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>
January 1, 1996 – March 31, 1996	1.7
April 1, 1996 – June 30, 1996	1.0
July 1, 1996 – September 30, 1996	0.2
October 1, 1996 – December 31, 1996	-0-

B. [Basic pay rates effective January 1, 1997, Executive Order 13033](#) provided for:

1. Increased basic pay rates.

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

3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1996 transfers).

080370. [COLA and Basic Pay Rates FY 1998](#)

A. A cost-of-living adjustment, effective December 1, 1997, provided for:

1. Pre-August 1986 members:

a. 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.

b. 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.

c. 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>
January 1, 1997 – March 31, 1997	1.3
April 1, 1997 – June 30, 1997	0.8
July 1, 1997 – September 30, 1997	0.4
October 1, 1997 – December 31, 1997	-0-

2. Post-Aug 1986 members:

a. 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.

b. 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>Retired Pay Effective Date</u>	<u>Percent Increase</u>
January 1, 1997 – March 31, 1997	0.6
April 1, 1997 – June 30, 1997	0.3
July 1, 1997 – September 30, 1997	0.1
October 1, 1997 – December 31, 1997	-0-

B. [Basic pay rates effective January 1, 1998, Executive Order 13071](#), effective January 1, 1998, provided for:

1. Increased basic pay rates.

2. No increase for members retired before January 1, 1998.

3. 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 warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1997 transfers).

080371. [COLA and Basic Pay Rates FY 1999](#)

A. A cost-of-living adjustment, effective December 1, 1998, provided for:

1. Pre-August 1986 members:

a. 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.

b. 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.

c. 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>
January 1, 1998 – March 31, 1998	1.0
April 1, 1998 – June 30, 1998	0.9
July 1, 1998 – September 30, 1998	0.4
October 1, 1998 – December 31, 1998	-0-

2. Post-August 1986 members:

a. Members who first entered service on or after August 1, 1986, and who became entitled to retired pay before January 1, 1998, received a 0.3-percent adjustment.

b. 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>
January 1, 1998 – March 31, 1998	0.3
April 1, 1998 – June 30, 1998	0.4
July 1, 1998 – September 30, 1998	0.1
October 1, 1998 – December 31, 1998	-0-

B. [Basic pay rates effective January 1, 1999, Executive Order 13106](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 1999.
3. 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, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1998 transfers).

080372. COLA and Basic Pay Rates FY 2000

A. A cost-of-living adjustment, effective December 1, 1999, provided for:

1. Pre-August 1986 members:
 - a. 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, 1999, received a 2.4-percent adjustment.
 - b. 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, 1999 active-duty basic pay rate, received a 2-percent adjustment.
 - c. 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, 1999, are entitled to a pro-rata adjustment as follows:

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
January 1, 1999 – March 31, 1999	2.0
April 1, 1999 – June 30, 1999	1.7
July 1, 1999 – September 30, 1999	0.7
October 1, 1999 – December 31, 1999	-0-

2. Officers in grades 0-7 through 0-10. Recomputation of retired pay for certain members retired during the period April 30 through December 31, 1999.

a. [Section 601\(d\) of Public Law 106-65](#) revised the limits imposed on the rates of basic pay for members of the Uniformed Services. Pay rates for grades 0-7 and above will be limited, effective January 1, 2000, to the pay rate for Level III of the Executive Schedule.

b. [Section 601\(e\) of Public Law 106-65](#) provides that retired pay be recomputed, effective January 1, 2000, for certain members who retired during the period of April 30, 1999 through December 31, 1999. As a result, the retired pay of members in grade 0-9 with over 26 years of service and 0-10s with over 16 years of service will be recomputed. The new rates will be for months beginning on or after January 1, 2000, and will be computed as if the Level III of the Executive Schedule limit had applied at the time of a qualified member's retirement. No increased amount is payable for any period before January 1, 2000 as a result of this provision. Retired pay rates for affected members should be recomputed for their entitlement for January 2000 as though the following rates of basic pay had been applicable at the time of retirement:

0-9	Over 26 years of service:	\$9,528.90
0-10	Over 16 years of service:	\$9,528.90
0-10	Over 18 years of service:	\$9,528.90
0-10	Over 20 years of service:	\$10,167.00
0-10	Over 22 years of service:	\$10,167.00
0-10	Over 24 years of service:	\$10,167.00
0-10	Over 26 years of service:	\$10,491.60

B. [Basic pay rates effective January 1, 2000, *Executive Order 13144*](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2000.
3. No entitlement to pay computed on the January 1, 2000 basic pay rates for members who retired on January 1, 2000, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 1999 transfers).

080373. [COLA and Basic Pay Rates FY 2001](#)

A. A cost-of-living adjustment, effective December 1, 2000, provided for:

1. Pre-August 1986 members:
 - a. 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, 2000, received a 3.5-percent adjustment.
 - b. 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, 2000 active duty basic pay rate, received a 2.8-percent adjustment. This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was unchanged from the rate of January 1, 2000.
 - c. Members who first entered service before September 8, 1980, and who became entitled to an initial amount of retired pay computed on the July 1, 2000 active-duty basic pay rate, received a 0.7-percent adjustment. This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was changed from the rate of January 1, 2000.
 - d. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
Before January 1, 2000	3.5
January 1, 2000 – March 31, 2000	2.8
April 1, 2000 – June 30, 2000	1.8
July 1, 2000 – September 30, 2000	0.7
October 1, 2000 – December 31, 2000	-0-

B. Basic pay rates effective January 1, 2001, [Executive Order 13182](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2001.
3. No entitlement to pay computed on the January 1, 2001 basic pay rates for members who retired on January 1, 2001, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2000 transfers).

080374. [COLA and Basic Pay Rates FY 2002](#)

A. A cost-of-living adjustment, effective December 1, 2001, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is [set out](#) according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows *:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2001	2.6 percent	1401a(b)(2)
January 1, 2001**	2.0 percent	1401a(c)
July 1, 2001***	0.0 percent	1401a(c)

* The effective date of a pay cell (i.e., a pay rate specified for a given grade and years of service) of the July 1, 2001 pay table is considered to be January 1, 2001 if the pay rate for that cell is unchanged from the January rate.

** Includes those whose retired pay is computed on a pay cell of the July 1, 2001 pay table unchanged from the rate for that pay cell in the January 1, 2001 pay table.

*** Includes those whose retired pay is computed on a pay cell of the July 1, 2001 pay table changed from the rate for that pay cell in the January 1, 2001 pay table.

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2001	2.6 percent	1401a(b)(2)
January 1, 2001 – March 31, 2001	2.0 percent	1401a(d)
April 1, 2001 – June 30, 2001	1.1 percent	1401a(d)
July 1, 2001 – September 30, 2001	0.0 percent	1401a(d)
October 1, 2001 – December 31, 2001	0.0 percent	1401a(d)

NOTE: Because of an error in the Consumer Price Index, all accounts were underpaid by .01 percent, effective December 1999. All accounts affected were corrected, recomputed, and paid by December 2001.

B. Basic pay rates effective January 1, 2002, [Executive Order 13249](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2002.
3. No entitlement to pay computed on the January 1, 2002 basic pay rates for members who retired on January 1, 2002, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2001 transfers).

080375. [COLA and Basic Pay Rates FY 2003](#)

A. A cost-of-living adjustment, effective December 1, 2002, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2002	1.4 percent	1401a(b)(2)
January 1, 2002	1.4 percent	1401a(c)

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2002	1.4 percent	1401a(b)(2)
January 1, 2002 – March 31, 2002	1.4 percent	1401a(d)
April 1, 2002 – June 30, 2002	1.4 percent	1401a(d)
July 1, 2002 – September 30, 2002	0.5 percent	1401a(d)
October 1, 2002 – December 31, 2002	0.0 percent	1401a(d)

B. Basic pay rates effective January 1, 2003, [Public Law 107-314](#) and [Executive Order 13282](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2003.

3. No entitlement to pay computed on the January 1, 2003 basic pay rates for members who retired on January 1, 2003, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2002 transfers).

080376. [COLA and Basic Pay Rates FY 2004](#)

A. A cost-of-living adjustment, effective December 1, 2003, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980, is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2003	2.1 percent	1401a(b)(2)
January 1, 2003	1.7 percent	1401a(c)

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2003	2.1 percent	1401a(b)(2)
January 1, 2003 – March 31, 2003	1.7 percent	1401a(d)
April 1, 2003 – June 30, 2003	0.7 percent	1401a(d)
July 1, 2003 – September 30, 2003	0.4 percent	1401a(d)
October 1, 2003 – December 31, 2003	0.0 percent	1401a(d)

B. [Basic pay rates effective January 1, 2004, Public Law 108-136 and Executive Order 13322](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2004.

3. No entitlement to pay computed on the January 1, 2004 basic pay rates for members who retired on January 1, 2004, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2003 transfers).

4. Added provision to [10 U.S.C 1406](#) that provided that an individual who served as a commander of a uniformed or combatant command shall have retired pay computed using the rates of basic pay authorized for the Chairman/Vice Chairman of the Joint Chiefs of Staff and the Chiefs of Service.

080377. [COLA and Basic Pay Rates FY 2005](#)

A. A cost-of-living adjustment, effective December 1, 2004, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2004	2.7 percent	<u>1401a(b)(2)</u>
January 1, 2004	2.7 percent	<u>1401a(c)</u>

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2004	2.7 percent	<u>1401a(b)(2)</u>
January 1, 2004 – March 31, 2004	2.7 percent	<u>1401a(d)</u>
April 1, 2004 – June 30, 2004	1.8 percent	<u>1401a(d)</u>
July 1, 2004 – September 30, 2004	0.3 percent	<u>1401a(d)</u>
October 1, 2004 – December 31, 2004	0.0 percent	<u>1401a(d)</u>

B. Basic pay rates effective January 1, 2005, [Public Law 108-375](#) and [Executive Order 13368](#) provided for:

1. Increased basic pay rates.

2. No increase for members retired before January 1, 2005.

3. No entitlement to pay computed on the January 1, 2005 basic pay rates for members who retired on January 1, 2005, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2004 transfers).

0804 PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS STARTING DECEMBER 2005

080401. [COLA and Basic Pay Rates FY 2006](#)

A. A cost-of-living adjustment, effective December 1, 2005, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2005	4.1 percent	<u>1401a(b)(2)</u>
January 1, 2005	3.4 percent	<u>1401a(d)</u>

2. Retired pay COLA for those who first became a member of a Uniformed Service on or after September 8, 1980, retired pay COLA is specified according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2005	4.1 percent	<u>1401a(b)(2)</u>
January 1, 2005 – March 31, 2005	3.4 percent	<u>1401a(d)</u>
April 1, 2005 – June 30, 2005	2.8 percent	<u>1401a(d)</u>
July 1, 2005 – September 30, 2005	1.4 percent	<u>1401a(d)</u>
October 1, 2005 – December 31, 2005	0.0 percent	<u>1401a(d)</u>

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and who elected to receive a bonus under the provisions of [37 U.S.C 322](#), is specified according to their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2005	3.1 percent	<u>1401a(e)</u>
January 1, 2005 – March 31, 2005	2.6 percent	<u>1401a(e)</u>
April 1, 2005 – June 30, 2005	2.3 percent	<u>1401a(e)</u>
July 1, 2005 – September 30, 2005	1.1 percent	<u>1401a(e)</u>
October 1, 2005 – December 31, 2005	0.0 percent	<u>1401a(e)</u>

B. Basic pay rates effective January 1, 2006, [Public Law 109-163](#) and [Executive Order 13393](#), effective January 1, 2006, provided for:

1. Increase basic pay rates.
2. No increase for members retired before January 1, 2006.

3. No entitlement to pay computed on the January 1, 2006 basic pay rates for members who retired on January 1, 2006, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2005 transfers).

080402. [COLA and Basic Pay Rates FY 2007](#)

A. A cost-of-living adjustment, effective December 1, 2006, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980, is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2006	3.3 percent	<u>1401a(b)(2)</u>
January 1, 2006	2.8 percent	<u>1401a(c)</u>

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2006	.3 percent	<u>1401a(b)(2)</u>
January 1, 2006 – March 31, 2006	2.8 percent	<u>1401a(d)</u>
April 1, 2006 – June 30, 2006	2.4 percent	<u>1401a(d)</u>
July 1, 2006 – September 30, 2006	0.6 percent	<u>1401a(d)</u>
October 1, 2006 – December 31, 2006	0.0 percent	<u>1401a(d)</u>

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and who elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2006	2.3 percent	<u>1401a(e)</u>
January 1, 2006 – March 31, 2006	2.0 percent	<u>1401a(e)</u>
April 1, 2006 – June 30, 2006	1.9 percent	<u>1401a(e)</u>
July 1, 2006 – September 30, 2006	0.3 percent	<u>1401a(e)</u>
October 1, 2006 – December 31, 2006	0.0 percent	<u>1401a(e)</u>

B. [Basic pay rates effective January 1, 2007, Public Law 109-364 and Executive Order 13420](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2007.
3. Increased targeted pay rates effective April 1, 2007.
4. No entitlement to pay computed on the January 1, 2007 basic pay rates for members who retired on January 1, 2007, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2006 transfers).
5. Cumulative years of service pay rates expanded to over 40 years of service.

C. [Change in Retirement Computation. Public Law 109-364](#) provides:

1. That the retired pay base for officers in pay grades O-7 through O-10 who retired after September 30, 2006 shall have their retired pay computed using the rate of basic pay for such period provided by law rather than the rate capped at Level II of the Executive Schedule.

2. In the case of a member who retires after December 31, 2006 with more than 30 years of creditable service, the 75 percent cap is removed.

3. Additional longevity pay increases for senior grades above 28 years of service resulting in increased retired pay for future senior members retiring with over 30 years of creditable service.

080403. COLA and Basic Pay Rates FY 2008

A. A cost-of-living adjustment, effective December 1, 2007, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of the active-duty basic pay rate used to compute their retired pay as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2007	2.3 percent	<u>1401a(b)(2)</u>
January 1 – April 1, 2007	2.3 percent	<u>1401a(c)</u>

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is set out according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2007	2.3 percent	<u>1401a(b)(2)</u>
January 1, 2007 – March 31, 2007	2.3 percent	<u>1401a(d)</u>
April 1, 2007 – June 30, 2007	2.3 percent	<u>1401a(d)</u>
July 1, 2007 – September 30, 2007	0.2 percent	<u>1401a(d)</u>
October 1, 2007 – December 31, 2007	0.0 percent	<u>1401a(d)</u>

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and who elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2007	1.3 percent	<u>1401a(e)</u>
January 1, 2007 – March 31, 2007	1.3 percent	<u>1401a(e)</u>
April 1, 2007 – June 30, 2007	1.3 percent	<u>1401a(e)</u>
July 1, 2007 – September 30, 2007	0.0 percent	<u>1401a(e)</u>
October 1, 2007 – December 31, 2007	0.0 percent	<u>1401a(e)</u>

B. Basic pay rates effective January 1, 2008, [Public Law 110-181](#) and [Executive Order 13454](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2008.
3. No entitlement to pay computed on the January 1, 2008 basic pay rates for members who retired on January 1, 2008, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2007 transfers).

080404. [COLA and Basic Pay Rates FY 2009](#)

A. A cost-of-living adjustment, effective December 1, 2008, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of their retirement as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2008	5.8 percent	1401a(b)(2)
January 1 – December, 2008	5.0 percent	1401a(c)

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2008	5.8 percent	1401a(b)(2)
January 1, 2008 – March 31, 2008	5.0 percent	1401a(d)
April 1, 2008 – June 30, 2008	3.8 percent	1401a(d)
July 1, 2008 – September 30, 2008	1.2 percent	1401a(d)
October 1, 2008 – December 31, 2008	0.0 percent	1401a(d)

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and who elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2008	4.8 percent	1401a(e)
January 1, 2008 – March 31, 2008	4.2 percent	1401a(e)
April 1, 2008 – June 30, 2008	3.3 percent	1401a(e)
July 1, 2008 – September 30, 2008	1.0 percent	1401a(e)
October 1, 2008 – December 31, 2008	0.0 percent	1401a(e)

B. [Basic pay rates effective January 1, 2009](#), [Public Law 110-417](#) and [Executive Order 13483](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2009.
3. No entitlement to pay computed on the January 1, 2009 basic pay rates for members who retired on January 1, 2009, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2008 transfers).

080405. [COLA and Basic Pay Rates FY 2010](#)

A. A cost-of-living adjustment, effective December 1, 2009, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of their retirement as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2009	0.0 percent	1401a(b)(2)
January 1 – December, 2009	0.0 percent	1401a(c) & 1401a(f)

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2009	0.0 percent	1401a(b)(2)
January 1, 2009 – March 31, 2009	0.0 percent	1401a(d) & 1401a(f)
April 1, 2009 – June 30, 2009	0.0 percent	1401a(d) & 1401a(f)
July 1, 2009 – September 30, 2009	0.0 percent	1401a(d) & 1401a(f)
October 1, 2009 – December 31, 2009	0.0 percent	1401a(d) & 1401a(f)

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and who elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2009	0.0 percent	1401a(e)
January 1, 2009 – March 31, 2009	0.0 percent	1401a(e) & 1401a(f)
April 1, 2009 – June 30, 2009	0.0 percent	1401a(e) & 1401a(f)
July 1, 2009 – September 30, 2009	0.0 percent	1401a(e) & 1401a(f)
October 1, 2009 – December 31, 2009	0.0 percent	1401a(e) & 1401a(f)

B. Basic pay rates effective January 1, 2010, [Public Law 111-84](#) and [Executive Order 13525](#) provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2010.
3. No entitlement to pay computed on the January 1, 2010 basic pay rates for members who retired on January 1, 2010, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2009 transfers).

080406. [COLA and Basic Pay Rates FY 2011](#)

A. A cost-of-living adjustment, effective December 1, 2010, provided for:

1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of their retirement as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(b)(2)
January 1 – December 31, 2010	0.0 percent	1401a(c) & 1401a(f)

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is [set out](#) according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(b)(2)
January 1 – March 31, 2010	0.0 percent	1401a(d) & 1401a(f)
April 1 – June 30, 2010	0.0 percent	1401a(d) & 1401a(f)
July 1 – September 30, 2010	0.0 percent	1401a(d) & 1401a(f)
October 1 – December 31, 2010	0.0 percent	1401a(d) & 1401a(f)

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and also elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to the date of their retirement, as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(e)
January 1 – March 31, 2010	0.0 percent	1401a(e) & 1401a(f)
April 1 – June 30, 2010	0.0 percent	1401a(e) & 1401a(f)
July 1 – September 30, 2010	0.0 percent	1401a(e) & 1401a(f)
October 1 – December 31, 2010	0.0 percent	1401a(e) & 1401a(f)

- B. Basic pay rates effective January 1, 2011, [Executive Order 13561](#) provided for:
1. Increased basic pay rates.
 2. No increase for members retired before January 1, 2011.
 3. No entitlement to pay computed on the January 1, 2011 basic pay rates for members who retired on January 1, 2011, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2010 transfers).

***080407. Removal of the 75 Percent Cap Subject to Provision**

A member who retired or became entitled to retired pay due to physical disability on or before January 7, 2011, may not have a retired pay multiplier in excess of 75 percent. Under Public Law 111-383, a member with more than 30 years of creditable service who first becomes entitled to retired pay due to physical disability, on or after January 8, 2011, shall not have their multiplier reduced if it is in excess of 75 percent.

***080408. COLA and Basic Pay Rates FY 2012**

- A. A cost-of-living adjustment, effective December 1, 2011, provided for:
1. Retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980 is specified according to the effective date of their retirement as follows:

Retired pay based on:

<u>Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2011	3.6 percent	<u>1401a(b)(2)</u>
January 1 – December 31, 2011	3.6 percent	<u>1401a(c)</u>

2. Those who first became a member of a Uniformed Service on or after September 8, 1980, the retired pay COLA is set out according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2011	3.6 percent	<u>1401a(b)(2)</u>
January 1 – March 31, 2011	3.6 percent	<u>1401a(d)</u>
April 1 – June 30, 2011	2.4 percent	<u>1401a(d)</u>
July 1 – September 30, 2011	0.4 percent	<u>1401a(d)</u>
October 1 – December 31, 2011	0.0 percent	<u>1401a(d)</u>

3. The retired pay COLA for those who first became a member of the Uniformed Service on or after August 1, 1986, and also elected to receive a career status bonus under the provisions of [37 U.S.C 354](#), is specified according to the date of their retirement, as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2011	2.6 percent	<u>1401a(e)</u>
January 1 – March 31, 2011	2.6 percent	<u>1401a(e)</u>
April 1 – June 30, 2011	1.9 percent	<u>1401a(e)</u>
July 1 – September 30, 2011	0.1 percent	<u>1401a(e)</u>
October 1 – December 31, 2011	0.0 percent	<u>1401a(e)</u>

B. Basic pay rates effective January 1, 2012, Executive Order 13594 provided for:

1. Increased basic pay rates.
2. No increase for members retired before January 1, 2012.
3. No entitlement to pay computed on the January 1, 2012 basic pay rates for members who retired on January 1, 2012, and who were subject to the URDA, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2011 transfers).

NOTE: Members retiring in 2012 may be entitled to more retired pay using the 2011 pay rates increased by a partial COLA instead of using the increased pay rates with more service credit. Under 10 U.S.C. 1401a(f)(1), inversions to retired pay entitlements are prevented by allowing computation of retired pay based on retirement at an earlier date. In such computations, the grade and service credit must be those applicable on the earlier date being used. Also the retiree must meet the retirement eligibility requirements as of the earlier date.

Table 8-1. Full Cost-of-Living Adjustment Percentage Table

No.	Date of COLA	Percent
1	Sep 1, 1965	4.4
2	Dec 1, 1966	3.7
3	Apr 1, 1968	3.9
4	Feb 1, 1969	4.0
5	Nov 1, 1969	4.3
6	Aug 1, 1970	5.6
7	Jun 1, 1971	4.5
8	Jul 1, 1972	4.8
9	Jul 1, 1973	6.1
10	Jan 1, 1974	5.5
11	Jul 1, 1974	6.3
12	Jan 1, 1975	7.3
13	Aug 1, 1975	5.1
14	Mar 1, 1976	5.4
15	Mar 1, 1977	4.8
16	Sep 1, 1977	4.3
17	Mar 1, 1978	2.4
18	Sep 1, 1978	4.9
19	Mar 1, 1979	3.9
20	Sep 1, 1979	6.9
21	Mar 1, 1980	6.0
22	Sep 1, 1980	7.7
23	Mar 1, 1981	4.4
24	Mar 1, 1982	8.7
25	Apr 1, 1983 (note 1)	3.3
		3.9
26	Dec 1, 1984	3.5
27	Dec 1, 1986	1.3
28	Dec 1, 1987	4.2 Pre-Aug 86 Member
		3.2 Post-Aug 86 Member
29	Dec 1, 1988	4.0 Pre-Aug 86 Member
		3.0 Post-Aug 86 Member
30	Dec 1, 1989	4.7 Pre-Aug 86 Member
		3.7 Post-Aug 86 Member
31	Dec 1, 1990	5.4 Pre-Aug 86 Member
		4.4 Post-Aug 86 Member
32	Dec 1, 1991	3.7 Pre-Aug 86 Member
		2.7 Post-Aug 86 Member

Table 8-1. Full Cost-of-Living Adjustment Percentage Table (Continued)

No.	Date of COLA	Percent
33	Dec 1, 1992	3.0 Pre-Aug 86 Member 2.0 Post-Aug 86 Member
34	Dec 1, 1993 (note 2)	2.6 Pre-Aug 86 Member 1.6 Post-Aug 86 Member
35	Dec 1, 1994 (note 2)	2.8 Pre-Aug 86 Member 1.8 Post-Aug 86 Member
36	Dec 1, 1995 (note 2)	2.6 Pre-Aug 86 Member 1.6 Post-Aug 86 Member
37	Dec 1, 1996	2.9 Pre-Aug 86 Member 1.9 Post-Aug 86 Member
38	Dec 1, 1997	2.1 Pre-Aug 86 Member 1.1 Post-Aug 86 Member
39	Dec 1, 1998	1.3 Pre-Aug 86 Member 0.3 Post-Aug 86 Member
40	Dec 1, 1999 (note 3)	2.4 Pre-Aug 86 Member 2.4 Post-Aug 86 Member w/o CSB 1.4 Post-Aug 86 Member w/CSB
41	Dec 1, 2000 (note 3)	3.5 Pre-Aug 86 Member 3.5 Post-Aug 86 Member w/o CSB 2.5 Post-Aug 86 Member w/CSB
42	Dec 1, 2001 (note 3)	2.6 Pre-Aug 86 Member 2.6 Post-Aug 86 Member w/o CSB 1.6 Post-Aug 86 Member w/CSB
43	Dec 1, 2002 (note 3)	1.4 Pre-Aug 86 Member 1.4 Post-Aug 86 Member w/o CSB 0.4 Post-Aug 86 Member w/CSB
44	Dec 1, 2003 (note 3)	2.1 Pre-Aug 86 Member 2.1 Post-Aug 86 Member w/o CSB 1.1 Post-Aug 86 Member w/CSB
45	Dec 1, 2004 (note 3)	2.7 Pre-Aug 86 Member 2.7 Post-Aug 86 Member w/o CSB 1.7 Post-Aug 86 Member w/CSB
46	Dec 1, 2005 (note 3)	4.1 Pre-Aug 86 Member 4.1 Post-Aug 86 Member w/o CSB 3.1 Post-Aug 86 Member w/CSB

Table 8-1. Full Cost-of-Living Adjustment Percentage Table (Continued)

No.	Date of COLA	Percent
47	Dec 1, 2006 (note 3)	3.3 Pre-Aug 86 Member 3.3 Post-Aug 86 Member w/o CSB 2.3 Post-Aug 86 Member w/CSB
48	Dec 1, 2007 (note 3)	2.3 Pre-Aug 86 Member 2.3 Post-Aug 86 Member w/o CSB 1.3 Post-Aug 86 Member w/CSB
49	Dec 1, 2008 (note 3)	5.8 Pre-Aug 86 Member 5.8 Post-Aug 86 Member w/o CSB 4.8 Post-Aug 86 Member w/CSB
50	Dec 1, 2009 (note 3)	0.0 Pre-Aug 86 Member 0.0 Post-Aug 86 Member w/o CSB 0.0 Post-Aug 86 Member w/CSB
51	Dec 1, 2010 (note 3)	0.0 Pre-Aug 86 Member 0.0 Post-Aug 86 Member w/o CSB 0.0 Post-Aug 86 Member w/CSB
*52	Dec. 1, 2011 (note 3)	3.6 Pre-Aug 86 Member 3.6 Post-Aug 86 Member w/o CSB 2.6 Post-Aug 86 Member w/CSB

NOTES:

1. See paragraph 080352.
2. See associated cost-of-living adjustment paragraph in section 0804 to determine whether member's cost-of-living adjustment is delayed.
3. Separate retired pay cost of living adjustment applicable for those who first became members of a Uniformed Service on or after August 1, 1986, who elected to receive a Career Status Bonus (CSB) under the DoD FMR [Volume 7A, Chapter 66](#).

BIBLIOGRAPHY

CHAPTER 8 – BASIC PAY RATES, LEGISLATIVE AND COST-OF-LIVING ADJUSTMENTS TO RETIRED PAY

0801 – PURPOSE

080101 - 080103	Public Law 96-342, September 8, 1980
080104.F	5 U.S.C. 8301
080104.J	53 Comp Gen 698
080104.L	Public Law 96-342, September 8, 1980

0802 – MAJOR CHANGES IN THE USE OF BASIC PAY RATES AND CONDITIONS APPLICABLE TO COMPUTATION OF RETIRED PAY

080209	Public Law 103-337, section 633, October 5, 1994
080210	Public Law 96-342, September 8, 1980
080217	Public Law 102-190, section 1111, and 1132, December 5, 1991
080218	Public Law 102-484, section 4402, October 23, 1992
080223	37 U.S.C. 1009
080224	37 U.S.C. 1407a
080225	10 U.S.C. 1409

0803 – PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS PRIOR TO DECEMBER 1, 2005

080301.F	Public Law 81-351, October 12, 1949, as amended by Public Law 81-511, May 10, 1950
080322.B	EO 11778, April 4, 1974
080323.B	EO 11778, April 4, 1974
080359	OASD/FM&P Memo, February 11, 1987 and OASD/FM&P Memo, March 6, 1987
080364.C	Public Law 102-190, section 1111 and 1132, December 5, 1991
080372	OSD (FMP)(Comp) Memo, December 10, 1999
080372.B	Executive Order 13144, December 21, 1999
080373.A	OSD(FMP)(MPP) Comp Memo, November 9, 2000
080373.B	Executive Order No. 13182, December 23, 2000
080374.A	OSD (FMP)(MPP) Comp Memo, December 20, 2001
080374.B	Executive Order 13249
080375.A	OSD (FMP)(MPP) Comp Memo, March 24, 2003
080376.A	OSD (FMP)(MPP) Comp Memo, December 8, 2003
080377.A	OSD (FMP)(MPP) Comp Memo, December 2, 2004

BIBLIOGRAPHY (continued)

0804 – PROVISIONS OF PAY CHANGES, EXCEPTIONS, AND SPECIAL COMPUTATIONS STARTING DECEMBER 2005

080401	USD P&R Memo, November 28, 2005
080402	USD P&R Memo, November 8, 2006
080402.C	37 U.S.C. 1009
080403.A	USD P&R Memo, November 9, 2007
080403.B	37 U.S.C. 1009
080404.A	USD P&R Memo, October 29, 2008
080404.B	37 U.S.C. 1009
080405	37 U.S.C. 1009 , October 28, 2009 and USD P&R Memo, November 17, 2009
080406.A	USD P&R Memo, November 12, 2010
080406.B	Executive Order 13561, December 22, 2010
080407	Public Law 111-383, section 631, January 7, 2011
0804087.A	USD P&R Memo, November 22, 2011
080408.B	Executive Order 13594, December 19, 2011
Table 8-1	USD P&R Memo, November 22, 2011