

DIEMS between 8 Sep 80 and 31 Jul 86 HIGH-3 PAY PLAN

Years of service creditable for percentage purposes X 2-1/2% X average of highest 36 months of basic pay = Retired pay

In most cases (see exceptions below), under the High-3 formula, the basic pay base is the average of the monthly basic pay rates you received for the 36 months just before your retirement.

Commissioned officers who were formerly enlisted, who retire with less than 10 years of commissioned service and less than 30 years of total service, will use only enlisted basic pay in the calculation of their highest 36 months of basic pay (Sect 1407, Title 10 US Code). The enlisted basic pay corresponding to the member's years of service for the 36 months before retirement will be used. Commissioned warrant officer time may be used to meet the 10-year commissioned service requirement.

Commissioned officers under the High-3 formula who retire with 10 or more years of commissioned service, but who fail to serve the required time to retire in their current grade, will retire at the next lower grade. However, both the officer and enlisted basic pay for the 36 months before retirement will be used to compute the average of the highest 36 months of basic pay.

If you serve on active duty for less than 36 months (e.g., disability retirement), the basic pay base is the amount of monthly basic pay you received during the period you were on active duty divided by the number of months, including any fraction, that you served on active duty.

For more information on calculating the average of the highest 36 months of basic pay, see para 0301 of DOD 7000.14-R, VOL 7B.

You will receive an annual COLA representing the difference between the Consumer Price Index (CPI) for the third quarter of one calendar year to the third quarter of the next. The COLA is normally effective 1 December and payable the first business day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive the full COLA.

DIEMS on or after 1 Aug 86 HIGH-3 OR CSB/REDUX

If you are in this group, you are automatically covered under the High-3 formula discussed above. However, between your 14-1/2 and 15th year of active duty, you may be given an opportunity to elect to have your retired pay calculated under the REDUX formula discussed below. If you choose the REDUX formula, you receive a \$30,000 career status bonus (CSB), payable immediately in a lump sum or incrementally in anywhere from two to five annual installments. This option is called CSB/REDUX. To be eligible to elect CSB/REDUX, you must qualify under your service's regulations for retention to 20 years. You must also agree to serve continuously until you complete a total of 20 years. In most cases, failure to complete 20 years of service will result in the Soldier having to pay back the full, before-tax bonus amount.

Under CSB/REDUX, retired pay is calculated as follows:

Years of service creditable for percentage purposes X 2-1/2% minus 1% for each year under 30 X the average of your highest 36 months of basic pay. In other words, you are credited with 2% per year through your 20th year and 3.5% for each year thereafter.

At age 62, retired pay will be recomputed under the High-3 formula discussed previously; however, the recomputation will NOT be retroactive. Under CSB/REDUX, the longer you stay on active duty, the closer the retired pay percentage multiplier is to what it would have been under the High-3 retired pay plan, up to the 30-year point where the percentage multipliers are equal.

A Soldier who accepts the \$30,000 bonus and later retires for disability will use the High-3 formula for the length-of-service portion of retired pay.

Soldiers must be participating in the military thrift savings plan (TSP) on the effective date of their CSB/REDUX election to shelter/defer all or part of the CSB from taxes in the TSP. For more information, go to <https://www.tsp.gov>.

Soldiers have six months to return their CSB/REDUX elections from the date of official notification of eligibility. Elections returned before a Soldier's 15th year become effective and irrevocable at the 15th year. Elections returned after a Soldier's 15th year because of late notification will become effective on the date received.

For more information, go to:
<http://www.armyg1.army.mil/retire>.



\$\$\$\$\$\$\$ RETIRED PAY



Which Plan Are YOU Under?

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Three retired pay plans are used to compute length-of-service retired pay. Your "Date of Initial Entry into Military Service," or DIEMS date, is not used in the retired pay formula; it only determines which formula will be used. Retired pay is calculated using your Basic Active Service Date (BASD) and Pay Entry Basic Date (PEBD).

A DIEMS date is the earliest date of enlistment, induction, or appointment in a regular or reserve component of a uniformed service as a commissioned officer, warrant officer, or enlisted member. It is rarely the same as the BASD and often earlier than the PEBD.

You can view your OMPF and verify your DIEMS date at <https://www.hrc.army.mil> or through AKO <https://www.us.army.mil>. You can determine if your first contract or appointment is on file, regardless of branch of service. If that contract or appointment is not in the OMPF but is available, it should be Web uploaded through the S1, Unit Personnel Office or Regional Support Command. If a personnel element does not have upload capability, documents can be mailed to:

**Active Duty Officers/Enlisted,
Reserve Officers/Enlisted:**

Human Resource Center of Excellence
ATTN: AHRC-PDR-RCR
1600 Spearhead Division Ave
Dept 420
Fort Knox, KY 40122-5402
CML (502) 613-8950

Army National Guard Officers:

ATTN: NGB-ARP
111 S. George Mason Dr.
Arlington, VA 22204-1382

Army National Guard Enlisted:

State Adjutant General

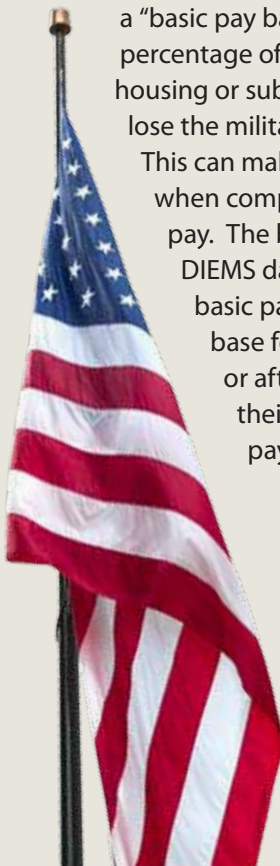
NOTE: Soldiers are responsible for their personal data elements in coordination with their career managers.

Service creditable for percentage purposes -

All three retired pay plans use "service creditable for percentage purposes" in their formulas. In addition to percentage credit for your active duty service, you may receive percentage credit for certain inactive Reserve points and, for officers, medical or dental school. Before receiving credit for the additional time, you must first qualify for retirement by completing 20 years of active duty. For an explanation of service creditable for percentage purposes, see para 0103 of DOD 7000.14-R, Financial Management Regulation (FMR), VOL 7B at http://www.defenselink.mil/comptroller/fmr/07b/07b_01.pdf. Medical and dental officers must also read para 010202.

Service for basic pay purposes -

All three retired pay plans give you a percentage of a "basic pay base." You do not receive a percentage of other compensation such as housing or subsistence allowances and you lose the military federal tax advantage. This can make a significant difference when computing your potential retired pay. The basic pay base for those with DIEMS dates before 8 Sep 80 is the final basic pay. In most cases, the basic pay base for those with DIEMS dates on or after 8 Sep 80 is the average of their highest 36 months of basic pay, referred to as "high-3."



DIEMS before 8 Sep 80 FINAL BASIC PAY PLAN

Years of service creditable for percentage purposes X 2-1/2% X final basic pay of retired grade = Retired pay

These Soldiers receive a percentage of the final basic pay of their retired grade; therefore, they should take care not to retire just before an increase in their basic pay such as those applied the 20-, 22-, 24-, 26-, 30-, 34- or 38-year points.

Officers who retire under the Final Basic Pay plan with less than 10 years of commissioned service retire in their highest enlisted or warrant officer grade. They receive a percentage of the final basic pay that corresponds to the retired grade and years of service at retirement.

Officers who have 10 years of commissioned service, but who retire before completing the required time in their current officer grade without an approved waiver, will retire at the next lower grade and receive a percentage of the final basic pay that corresponds to the lower grade and years of service at retirement. Reserve Officers retire at highest grade held satisfactorily based on the minimum period required by law.



Soldiers under the Final Basic Pay plan, who retire on the same day as a basic pay rate change (e.g., retire 1 January with last day of active duty on 31 December; or 1 July with last day of active duty on 30 June), may be eligible to have their retired pay calculated on the new pay scale. Officers who retire voluntarily use the new pay scale as long as they qualify for retirement at least one day before their retirement date. Enlisted Soldiers use the new pay scale. Warrant officers can't use the new pay scale. See para 0104 of DOD 7000-14.R, VOL 7B, for details on mandatory and disability retirements.

You will receive an annual cost-of-living adjustment (COLA) representing the difference between the Consumer Price Index (CPI) for the third quarter of one calendar year and the third quarter of the next. The COLA is normally effective 1 December and payable the first business day in January. The first COLA will be a partial one because you will not have been retired for the full COLA calculation period. Thereafter, you will receive a full COLA.