



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-1500

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MANPOWER AND
RESERVE AFFAIRS

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
MILITARY PERSONNEL AND QUALITY OF LIFE
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
MILITARY MANPOWER AND PERSONNEL
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE FOR
FORCE MANAGEMENT AND PERSONNEL
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
UNITED STATES COAST GUARD DIRECTOR OF MILITARY
PERSONNEL
UNITED STATES PUBLIC HEALTH SERVICE DIRECTOR OF
DIVISION OF COMMISSIONED PERSONNEL
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
DIRECTOR OF CORPS OPERATIONS

SUBJECT: Adjustment to Military Retired and Retainer Pay, Survivor Annuities and
Premiums

This memorandum and attachment provide detailed guidance regarding Cost-of-Living Adjustments (COLAs) and other computational procedures applicable to military retired and retainer pay and survivor annuities. Retired pay and survivor entitlements are adjusted and computed as prescribed herein.

The attachment specifies COLAs for retired and retainer pay, survivor annuities, and premium determinations effective December 1, 2023, unless specified otherwise. These COLAs reflect the required adjustment for cost-of-living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the four quarters ending with the third calendar quarter of 2023 (July, August, and September 2023).

A handwritten signature in cursive script, reading "Stephanie F. Miller", is positioned above the typed name.

Stephanie Miller
Deputy Assistant Secretary of Defense for
Military Personnel Policy

Attachment:
As stated

cc:
Deputy Chief of Staff for Personnel, U.S. Army
Deputy Chief of Naval Operations for
Manpower, Personnel, Training

and Education, U. S. Navy
Deputy Chief of Staff for Manpower, Personnel
and Services, U.S. Air Force
Deputy Commandant for Manpower and Reserve
Affairs, U.S. Marine Corps
Deputy Chief of Space Operations for Human
Capital, U.S. Space Force
Department of Defense Chief Actuary
Deputy General Counsel (Fiscal)
Director, Defense Health Agency

**2024 ADJUSTMENTS TO RETIRED/RETAINER PAY,
SURVIVOR ANNUITIES AND PREMIUMS**

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2023, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter calendar year 2023. The term "retired pay" includes retainer pay and the term "members" includes former members. Where applicable, the appropriate section of United States Code (U.S.C.) is cited.

COLAs for Retired Pay

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

<u>Retired Pay Based on Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2023	3.2 percent	1401a(b)(2)
January 1 – December 31, 2023	3.1 percent	1401a(c)

2. The retired pay COLA for those who first became members of a Uniformed Service on or after September 8, 1980, including those members covered by the High-3 or Blended Retirement System (BRS), 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, 2023	3.2 percent	1401a(b)(2)
January 1 - March 31, 2023	3.1 percent	1401a(d)
April 1 - June 30, 2023	2.2 percent	1401a(d)
July 1 - September 30, 2023	0.9 percent	1401a(d)
October 1 - December 31, 2023	0.0 percent	1401a(d)

3. The retired pay COLA for those who first became members of a Uniformed Service on or after August 1, 1986, and also elected to receive a career status bonus under the provisions of Sections 322 (as in effect before January 28, 2008) or 354 of Title 37 U.S.C. 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, 2023	2.2 percent	1401a(e)
January 1 - March 31, 2023	2.2 percent	1401a(e)
April 1 - June 30, 2023	1.7 percent	1401a(e)
July 1 - September 30, 2023	0.7 percent	1401a(e)
October 1 - December 31, 2023	0.0 percent	1401a(e)

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2023, under the provisions of Subchapter I of Chapter 73, Title 10, U.S.C., to the spouse or child of a member who died on or before March 20, 1974, will be increased by **3.2 percent** (ref: 10 U.S.C. 1434 (e)).
5. Annuities under the Survivor Benefit Plan (SBP) and Reserve Component Survivor Benefit Plan (RCSBP) under the provisions of Subchapter II of Chapter 73, Title 10, U.S.C., will be increased by the same percentage specified in paragraphs 1, 2, or 3 above by which the retired pay of the person providing the annuity would have been increased at such time if the person were alive and otherwise entitled to such pay. (ref: 10 U.S.C. 1451 (g)).
6. COLAs for supplemental annuities paid to certain low-income widows of members who were deceased before November 1, 1953, will be increased **3.2 percent** (ref: Public Law (P.L.) 100-456, section 653(c)).
7. Annuities for Certain Military Surviving Spouses (ACMSS) payable monthly under the provisions of section 644, P.L. 105-85, November 18, 1997, will be increased **3.2 percent** from \$311.55 to **\$321.52** effective December 1, 2022. (ref: P.L. 105-85, sec 644).

Increase in the SBP Low-Cost Premium Threshold

8. Previous amounts with respect to which the 2.5 percent factor of the SBP premium (cost) formula apply will be adjusted effective December 1, 2023, in conjunction with the adjustments in retired pay made under the provisions of Section 1401a of Title 10, U.S.C. (ref: 10 U.S.C. 1452(a)(4)(B)). The Defense Finance and Accounting Service will perform necessary calculations to determine actual premiums based on the individual circumstances of each case.
9. The amount with respect to which the 2.5 percent factor of the SBP premium (cost) is applied will be increased ***5.2 percent effective January 1, 2024**, from \$961 to **\$1,011**. The threshold premium is **\$25.28**. Therefore, the Low-Cost Threshold premium is **\$25.28** plus 10% of the difference between retired pay and the threshold amount. The breakeven base amount is **\$2,166.43**. (ref: 10 U.S.C. 1452(a)(4)(A)).

*5.2 percent is assumed based upon the President's FY2024 budget request.

Special Survivor Indemnity Allowance (SSIA)

10. In accordance with provisions of Section 1450 of Title 10, U.S.C., as amended by section 621 of P.L. 115-91 and section 622 of P.L. 115-232, the offset between SBP and Department of Veterans Affairs Dependency and Indemnity Compensation (DIC) was fully eliminated effective January 1, 2023. As such, no SSIA payments will be made from January 1, 2023, forward.

ACTION MEMO

FOR: DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR MILITARY PERSONNEL POLICY

FROM: J. B. Busch, Director of Military Compensation Policy

SUBJECT: Adjustments to Military Retired Pay, Survivor Annuities, and Premiums

- **Purpose.** Request you sign the memorandum at TAB A issuing the 2024 Cost-of-Living Adjustments (COLA) applicable to military retired and retainer pay and survivor annuities, and authorizing the press release at TAB B announcing the new rates.
- **Background.** The retired pay COLA for members who retired prior to January 1, 2023 (other than those who retired under REDUX) is 3.2 percent; TAB A provides the specific COLAs applicable to those retirees who retired during 2023 and those who retired under REDUX.
 - Authority for the COLA to retired pay is in Section 1401a of title 10, United States Code (U.S.C.) (TAB C), which states that the Secretary of Defense shall increase the retired pay of members and former members effective December 1 of each year:
 - The COLA for military retirees and survivor annuitants is calculated using the Bureau of Labor Statistics' Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).
 - The COLA effective for December of the current year is equal to the percentage increase in the CPI-W from the average for the third quarter of the current year to the average for the third quarter of the last year in which a COLA became effective. In this case, the last year in which a COLA became effective was 2022. Therefore, the law requires that we use the average CPI-W for the third quarter of 2022 as the base from which we measure the increase in the average CPI-W.
 - This method of calculating COLA is used not only for adjustments to military retired and retainer pay and survivor annuities, but also for adjustments to Social Security benefits and Department of Veterans Affairs Disability Compensation.
 - The spreadsheet showing the calculation is at TAB D (Excel spreadsheet).
 - Survivor Benefit Plan (SBP) Low-Cost Threshold (LCT) adjustments are governed by Section 1452(a)(4)(A) of title 10, U.S.C. (TAB E):
 - SBP-LCT is an alternative, lower-cost method of calculating SBP premiums, available to all disability retirees, all non-regular retirees, and those regular retirees who joined the Uniformed Services prior to March 1, 1990.

- SBP-LCT adjustments are based on the annual increase in military basic pay for the calendar year that begins during that FY. (TAB F)
- The 2023 COLA memorandum is included at TAB G for reference.
- **Non-Concurs/Alternative Viewpoints.** None. All components concur. Coordination sheet at TAB H.

RECOMMENDATION: Sign TAB A

Attachment(s):

TAB A – 2024 Military Retired Pay COLA Memo
TAB B – Public Affairs Blue Top Announcing COLA
TAB C – 10 U.S.C. 1401a
TAB D – COLA Consumer Price Index Calculations
TAB E – 10 U.S.C. 1452
TAB F – Survivor Benefit Plan Adjustment Calculations
TAB G – 2023 Military Retired Pay COLA Memo
TAB H – Coordination