



OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

NOV 9 2007

PERSONNEL AND
READINESS

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(HUMAN RESOURCES)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(MILITARY PERSONNEL POLICY)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(FORCE MANAGEMENT AND PERSONNEL)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Fiscal Year 2008 Adjustments to Military Retired and Retainer Pay, Survivor Annuities and Premiums, and Related Matters

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

The attachment specifies COLAs for retired and retainer pay, survivor annuities, and premium determinations effective December 1, 2007, unless specified otherwise. These COLAs reflect the cost-of-living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers through the third calendar quarter of 2007 (July, August, September 2007).

A handwritten signature in black ink, appearing to read "W. Carr".

William J. Carr
Deputy Under Secretary
(Military Personnel Policy)

Attachment:
As stated

cc:

Deputy Chief of Staff for Personnel, U.S. Army
Chief of Naval Personnel, U. S. Navy
Deputy Chief of Staff for Personnel, U.S. Air Force
Deputy Commandant for Manpower and Reserve Affairs, U.S. Marine Corps
Assistant Commandant for Human Resources, U.S. Coast Guard
Director, Division of Commissioned Personnel, U.S. Public Health Service
Director, National Oceanic and Atmospheric Administration Corps Operations-NC
DoD Chief Actuary
Deputy General Counsel (Fiscal)

**ADJUSTMENTS IN RETIRED/RETAINER PAY,
SURVIVOR ANNUITIES AND PREMIUMS
AND RELATED FACTORS**

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2007, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through September 2007. The term "retired pay" includes retainer pay and the term "members" includes former members.

COLAs for Retired Pay

1. The 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:

<u>Retired Pay Based on Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2007	2.3 percent	1401a(b)(2)
January 1 – March 31, 2007	2.3 percent	1401a(c)
April 1, 2007	2.3 percent	1401a(c)

2. The retired pay COLA for those who first became a member of a Uniformed Service on or after September 8, 1980, 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, 2007	2.3 percent	1401a(b)(2)
January 1 - March 31, 2007	2.3 percent	1401a(d)
April 1 - June 30, 2007	2.3 percent	1401a(d)
July 1 - September 30, 2007	.2 percent	1401a(d)
October 1 - December 31, 2007	0.0 percent	1401a(d)

3. The retired pay COLA for those who first became a member of a Uniformed Service on or after August 1, 1986, who elected to receive a bonus under the provisions of section 322 of title 37 United States Code 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, 2007	1.3 percent	1401a(e)
January 1 - March 31, 2007	1.3 percent	1401a(e)
April 1 - June 30, 2007	1.3 percent	1401a(e)
July 1 - September 30, 2007	0.0 percent	1401a(e)
October 1 - December 31, 2007	0.0 percent	1401a(e)

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2007, under the provisions of subchapter I of chapter 73, title 10, United States Code, to the spouse or child of a member who died on or before March 20, 1974: **2.3 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, United States Code; Supplemental SBP annuities under the provisions of subchapter III of chapter 73, title 10, United States Code; and benefits payable under the provisions of section 5 of Public Law 96-402, 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) and 10 U.S.C. 1457(d)(1)).
6. COLAs for supplemental annuities paid to certain low income widows of members who were deceased before November 1, 1953: **2.3 percent** (ref: section 653 (c), Public Law 100-456).
7. Annuities for Certain Military Surviving Spouses (ACMSS) payable monthly under the provisions of section 644, Public Law 105-85, November 18, 1997, are increased **2.3 percent** from \$212.40 to **\$217.29** effective December 1, 2007. (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 are adjusted effective December 1, 2007, in conjunction with the adjustments in retired pay made under the provisions of section 1401a of title 10, United States Code (ref: 10 U.S.C. 1452(a)(4)(B)). The Defense Finance and Accounting Service performs the calculations to determine actual premium 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 for participation upon retirement will be issued upon enactment of legislation establishing the 2008 military pay raise.

Adjustments in Social Security Factors

10. The so-called social security offset (reduction) in SBP and RC-SBP annuities under the provisions of section 1451(e)(4) of title 10 U.S.C. is based upon figures published by the Social Security Administration (SSA). This year's changes are published in the Federal Register, October 25, 2007 (Volume 72, Number 206, pages 60703 - 60709). The following changes affect the annuity computations of the SBP/RC-SBP social security offset for those

individuals with an eligibility year of 2008 and later:

a. Average of total wages for 2006 is \$38,651.41.

b. The maximum taxable wages pertaining to Old Age Survivor and Disability Insurance (OASDI) benefits is increased from \$97,500 in 2007 to \$102,000 in 2008. There is no maximum taxable wage base for the Hospital Insurance (HI) portion (1.45 percent) of social security taxes. Earnings in 2008 above \$102,000 will not be used to determine survivor benefits.

c. The Primary Insurance Amount (PIA) for benefit eligibility in 2008 is computed on the basis of the Average Indexed Monthly Earnings (AIME) as follows:

90 percent of the first \$711 of the AIME, plus
32 percent of the AIME over \$711 and through \$4,288, plus
15 percent of the AIME over \$4,288.



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

FEB 4 2008

PERSONNEL AND
READINESS

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(HUMAN RESOURCES)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(MILITARY PERSONNEL POLICY)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(FORCE MANAGEMENT AND PERSONNEL)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Calendar Year 2008 Adjustments to Survivor Benefit Plan Low-Cost Premium Threshold

This memorandum provides supplemental guidance to DUSD (Military Personnel Policy) memorandum dated November 9, 2007, "Fiscal Year 2008 Adjustments to Military Retired and Retainer Pay, Survivor Annuities and Premiums, and Related Matters." When issued, the November 9, 2007, memorandum did not include the increase in the Survivor Benefit Plan (SBP) Low-Cost Premium Threshold because the FY-08 National Defense Authorization Act (NDAA), containing the military pay raise upon which the computation depended, had not been enacted. The FY-08 NDAA has subsequently been enacted and results in the following SBP results.

The amount with respect to which the 2.5 percent factor of the SBP premium (cost) is applied for participation upon retirement is increased by an additional **3.5 percent effective January 1, 2008**, from \$652 to **\$675** (premium for this coverage is **\$16.87** and the breakeven base amount is **\$1446.43**) (ref: 10 U.S.C. 1452(a)(4)(A) and the increase in rates of basic pay of 3.5 percent, effective January 1, 2008 under Public Law 110-181, section 601(b)).

William J. Carr
Deputy Under Secretary
(Military Personnel Policy)

cc:

Deputy Chief of Staff for Personnel, U.S. Army
Chief of Naval Personnel, U. S. Navy
Deputy Chief of Staff for Personnel, U.S. Air Force
Deputy Commandant for Manpower and Reserve Affairs, U.S. Marine Corps
Assistant Commandant for Human Resources, U.S. Coast Guard
Director, Division of Commissioned Personnel, U.S. Public Health Service
Director, National Oceanic and Atmospheric Administration Corps Operations-NC
DoD Chief Actuary
Deputy General Counsel (Fiscal)



Deputy Chief of Staff for Personnel, U.S. Air Force
Deputy Commandant for Manpower and Reserve Affairs, U.S. Marine Corps
Assistant Commandant for Human Resources, U.S. Coast Guard
Director, Division of Commissioned Personnel, U.S. Public Health Service
Director, National Oceanic and Atmospheric Administration Corps Operations-NC
DoD Chief Actuary
Deputy General Counsel (Fiscal)