MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Fiscal Year 2010 Adjustments 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 computation 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, 2009, unless specified otherwise. These COLAs reflect that the cost-of-living as measured by the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers through the third calendar quarter of 2009 (July, August, September 2009) was less than the CPI for the comparable period of 2008. Although the computed difference in CPI was negative 2.1 percent, the COLA will not be negative and is thus established at zero. Since there is no increase in this year’s COLA, the computation base for next year will remain the third calendar quarter of 2008 which will be compared to the third calendar quarter of 2010.

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

Attachment:
As stated

cc:
Deputy Chief of Staff for Personnel, U.S. Army
Deputy Chief of Naval Operations (Manpower and Personnel), U. S. Navy
Deputy Chief of Staff for Personnel, U.S. Air Force
Deputy Chief of Staff Manpower and Reserve Affairs, U.S. Marine Corps
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)
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 TO RETIRED/RETAINER PAY,
SURVIVOR ANNUITIES AND PREMIUMS
EFFECTIVE DECEMBER 1, 2009

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2009, based on
the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)
through September 2009. 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 their retirement, as follows:

<table>
<thead>
<tr>
<th>Rates of Pay Effective</th>
<th>Percent Increase</th>
<th>10 U.S.C. Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before January 1, 2009</td>
<td>0.0 percent</td>
<td>1401a(b)(2)</td>
</tr>
<tr>
<td>January 1 - December, 2009</td>
<td>0.0 percent</td>
<td>1401a(c) &amp; 1401a(f)</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Retirement Effective:</th>
<th>Percent Increase</th>
<th>10 U.S.C. Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before January 1, 2009</td>
<td>0.0 percent</td>
<td>1401a(b)(2)</td>
</tr>
<tr>
<td>January 1 - March 31, 2009</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>April 1 - June 30, 2009</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>July 1 - September 30, 2009</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>October 1 - December 31, 2009</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
</tbody>
</table>

3. The retired pay COLA for those who first became a member of a Uniformed Service on or
after August 1, 1986, and also elected to receive a career status bonus under the provisions of
section 354 of title 37 United States Code is specified according to the date of their
retirement, as follows:

<table>
<thead>
<tr>
<th>Retirement Effective</th>
<th>Percent Increase</th>
<th>10 U.S.C. Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before January 1, 2008</td>
<td>0.0 percent</td>
<td>1401a(e)</td>
</tr>
<tr>
<td>January 1 - March 31, 2008</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>April 1 - June 30, 2008</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>July 1 - September 30, 2008</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>October 1 - December 31, 2008</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
</tbody>
</table>

COLAs for Survivor Annuities

1
4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2008, 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 will NOT be increased (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; will NOT be increased. (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 NOT be increased (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, will NOT be increased and thus will remain $229.89 effective from December 1, 2008. (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 NOT be adjusted effective December 1, 2009, since there is no increase in retired pay COLA this year (ref: 10 U.S.C. 1452(a)(4)(B)).

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 increased 3.4 percent effective January 1, 2010, from $701 to $725 (premium for this coverage will be $18.13 and the breakeven base amount will be $1,553.57) (ref: 10 U.S.C. 1452(a)(4)(A) and the scheduled increase in rates of basic pay of 3.4 percent, effective January 1, 2010 under Public Law 111-XXX, section 601(b)