



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

NOV 8 2012

READINESS AND FORCE
MANAGEMENT

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 2013 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, 2012, 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 through the third calendar quarter of 2012 (July, August, September 2012).


Virginia S. Penrod
Deputy Assistant Secretary
(Military Personnel Policy)

Attachment:
As stated

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

**FISCAL YEAR 2013 ADJUSTMENTS TO RETIRED/RETAINER PAY,
SURVIVOR ANNUITIES AND PREMIUMS**

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2012, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter calendar year 2012. 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:

<u>Retired Pay Based on Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2012	1.7 percent	1401a(b)(2)
January 1 – December 31, 2012	1.7 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, 2012	1.7 percent	1401a(b)(2)
January 1 - March 31, 2012	1.7 percent	1401a(d)
April 1 - June 30, 2012	1.0 percent	1401a(d)
July 1 - September 30, 2012	0.2 percent	1401a(d)
October 1 - December 31, 2012	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, and also elected to receive a career status 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, 2012	0.7 percent	1401a(e)
January 1 - March 31, 2012	0.7 percent	1401a(e)
April 1 - June 30, 2012	0.5 percent	1401a(e)
July 1 - September 30, 2012	0.0 percent	1401a(e)
October 1 - December 31, 2012	0.0 percent	1401a(e)

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities payable on December 1, 2012, 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 be increased by **1.7 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; 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 **1.7 percent** (ref: section 653 (c), Public Law 100-456, section 653).
7. Annuities for Certain Military Surviving Spouses (ACMSS) payable monthly under the provisions of section 644, Public Law 105-85, November 18, 1997, will be increased **1.7 percent** from \$238.17 to **\$242.22** effective December 1, 2012. (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, 2012, 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 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 for participation upon retirement will be increased **1.7 percent effective January 1, 2013**, from \$747 to **\$760** (premium for this coverage will be **\$19.00** and the breakeven base amount will be **\$1,628.57**). However, these amounts could change if the FY 2013 National Defense Authorization Act alters the expected military pay raise of 1.7 percent. (ref: 10 U.S.C. 1452(a)(4)(A)).