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

SUBJECT: Fiscal Year 2016 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, 2015, unless specified otherwise. These COLAs reflect the required adjustment for cost-of-living as measured by the Consumer Price Index (CPI) for urban wage earners and clerical workers through the third calendar quarter of 2015 (July, August, September 2015). Although the computed change in the CPI is negative 0.4 percent, the COLA cannot be negative and is thus established at zero. Since there is no increase to this year's COLA, the base index quarter for next year will remain the third calendar quarter of 2014, which will be compared to the third calendar quarter of 2016.

A. M. Kurta
Deputy Assistant Secretary
(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 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
Deputy General Counsel (Fiscal)
Director, Division of Commissioned Personnel,
    U.S. Public Health Service
Director, National Oceanic and Atmospheric
    Administration Corps Operations-NC
Department of Defense Chief Actuary
FISCAL YEAR 2016 ADJUSTMENTS TO RETIRED/RETAILER PAY, SURVIVOR ANNUITIES AND PREMIUMS

The following Cost-of-Living Adjustments (COLAs) are effective December 1, 2015, based on the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) through the third quarter calendar year 2015. 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>Retirement Effective</th>
<th>Percent Increase</th>
<th>10 U.S.C. Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before January 1, 2015</td>
<td>0.0 percent</td>
<td>1401a(b)(2)</td>
</tr>
<tr>
<td>January 1 - December 31, 2015</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, 2015</td>
<td>0.0 percent</td>
<td>1401a(b)(2)</td>
</tr>
<tr>
<td>January 1 - March 31, 2015</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>April 1 - June 30, 2015</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>July 1 - September 30, 2015</td>
<td>0.0 percent</td>
<td>1401a(d) &amp; 1401a(f)</td>
</tr>
<tr>
<td>October 1 - December 31, 2015</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, 2015</td>
<td>0.0 percent</td>
<td>1401a(e)</td>
</tr>
<tr>
<td>January 1 - March 31, 2015</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>April 1 - June 30, 2015</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>July 1 - September 30, 2015</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
<tr>
<td>October 1 - December 31, 2015</td>
<td>0.0 percent</td>
<td>1401a(e) &amp; 1401a(f)</td>
</tr>
</tbody>
</table>
FISCAL YEAR 2016 ADJUSTMENTS TO RETIRED/RETAILER PAY, SURVIVOR ANNUITIES AND PREMIUMS

COLAs for Survivor Annuities

4. Retired Serviceman's Family Protection Plan annuities 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. (reference: 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. (reference: 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. (reference: Public Law 100-456, section 653(c)).

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 $250.03.

Increase in the SBP Low-Cost Premium Threshold

8. Amounts with respect to which the 2.5 percent factor of the SBP premium (cost) formula apply for members who initially participated in the plan on or before December 1, 2015, will NOT be adjusted. (reference: 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 1.3 percent effective January 1, 2016, from $776 to $786 (premium for this coverage will be $19.65 and the breakeven base amount will be $1648.29). However, these amounts could change if the FY 2016 National Defense Authorization Act alters the expected military pay raise of 1.5 percent. (reference: 10 U.S.C. 1452(a)(4)(A)).