

**SUMMARY OF MAJOR CHANGES TO CHAPTER 03
DOD 7000.14-R, VOLUME 7B
MILITARY PAY POLICY AND PROCEDURES FOR RETIRED PAY**

New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.

Page	Paragraph	Explanation of Change/Revision	Effective Date
	Entire Chapter	IC 12-99 is a complete rewrite of Chapter 3	Nov 17, 1999

Interim Change 12-99 is incorporated in this change.

★CHAPTER 3 (IC 12-99)

GROSS PAY COMPUTATION

0301 BASIC COMPUTATION

030101. Disability Retirement. (Table 3-1, Rules 1 and 2)

A. A member permanently retired for disability receives retired pay, that is equal to the retired pay base under subparagraph 030101.C, below, multiplied by either:

1. Two and one-half percent times the years of service credited for percentage purposes, or
2. The percentage of disability with which retired, not to exceed 75 percent of the retired pay base.

B. A member placed on the Temporary Disability Retired List (TDRL) receives retired pay that is equal to the retired pay base under subparagraph 030101.C, below, multiplied by either:

1. Two and one-half percent times the years of service credited for percentage purposes, or
2. The percentage of disability with which retired, not to exceed 75 percent of the retired pay base.

If neither computation, above, renders at least 50 percent of the retired pay base upon which pay is computed, a minimum pay of 50 percent of the retired pay base is authorized while on TDRL.

C. Retired Pay Base. The retired pay base or retainer pay base is determined as follows (See also paragraph 030108, below.):

1. Pre-September 8, 1980 Member. The retired pay base is the monthly basic pay, using rate applicable on the date of retirement or the date that the member's name was placed on the TDRL, whichever applies, for the grade to which the member is entitled under 10 U.S.C. 1372 (reference (c)) or to which the member is entitled on the day before retirement or placement on TDRL, whichever is higher.

2. Post-September 7, 1980 Member. The retired pay base for a disability retiree is the member's high-three average calculated using the appropriate provision, as follows:

a. Title 10, U.S.C., sections 1201 or 1202 retirement with 36 months or more service. The retired pay base is an amount equal to the total of the highest 36 months of basic pay, whether or not consecutive, divided by 36.

b. Title 10, U.S.C., sections 1201 or 1202 retirement with less than 36 months of active service. The retired pay base is an amount equal to the total basic pay member was entitled to during active service divided by the number of months (including any fraction) of member's active service.

c. Title 10 U.S.C., sections 1204 or 1205 retirement with 36 months or more service. The retired pay base is an amount equal to the highest 36 months of basic pay to which member is entitled (or to which member would have been entitled if member had served on active duty during the entire period of the member's highest 36 months) divided by 36.

d. Title 10 U.S.C., sections 1204 or 1205 retirement with less than 36 months as a member before retirement. The retired pay base is an amount equal to the total basic pay to which member is entitled during the entire period (or to which member would have been entitled if member had served on active duty during the entire period) divided by number of months (including any fraction) that member was a member before retirement.

D. If a member is retired for disability and also is eligible under another provision of law, follow the rule in Table 3-1 applicable to the section of law which is more advantageous to the member.

E. Since disability retired pay is not computed using a retired pay multiplier that is determined under 10 U.S.C. 1409 (reference (c)), an adjustment under paragraph 030111, below, is unnecessary.

030102. Voluntary Retirement. (Table 3-1, Rules 3 through 8) A member who is voluntarily retired receives the retired pay base for the grade authorized multiplied by the retired pay multiplier for the years of service credited for percentage purposes (Rules 3 through 6). The retired pay base is computed as shown in Table 3-1, Rules 3 through 8, or under subparagraphs 030102. A through C, below. The retired pay multiplier for a member, who enters a Uniformed Service after July 31, 1986, is determined under subparagraph 030102.D, below. See paragraph 030110, below, for retired pay computation and recomputation for a member retired under the Temporary Early Retirement Authority (TERA). **Exceptions:** A Regular Navy or Marine Corps officer, in the grade of warrant officer or above, who retires after 30 years under 10 U.S.C. 6322 (reference (c)) receives 75 percent of the retired pay base (Table 3-1, Rule 7.). A member retired under 10 U.S.C. 6327 (reference (c)) receives retired pay at 50 percent of the active duty basic pay of the member's grade when not on active duty (See Rule 8).

A. Enlisted Member. See [Chapter 1](#), subparagraph 010301.A for service credited for percentage purposes. The retired pay base is the monthly basic pay rate applicable on member's date of retirement or the retired pay average computed under paragraph 030108, below. However:

1. A post-September 7, 1980 member with less than 30 years of service who is retired under 10 U.S.C. 3914 or 8914 (reference (c)) will have the retired pay base computed

using only the rates of basic pay for months of active duty as an enlisted member. This limitation also applies to the post-September 7, 1980 enlisted member who is transferred to the Fleet Reserve/Fleet Marine Corps Reserve (FR/FMCR) under 10 U.S.C. 6330 (reference (c)).

2. A Reserve enlisted member, who is retired in the highest enlisted grade satisfactorily held on active duty (or in which the member served on full-time National Guard duty satisfactorily) after being administratively reduced in grade not as the result of the member's misconduct, may use the basic pay rate of the retired grade. The basic pay applicable on the member's date of retirement for the retired grade is the retired pay base, in lieu of the retired pay base under 10 U.S.C. 1406(c) or (e) (reference (c)). A Reserve enlisted member, who is transferred to the FR/FMCR in the highest grade satisfactorily held on active duty, after being administratively reduced in grade not as the result of the member's misconduct, is entitled to use the basic pay rate of the grade in which transferred in the retired or retainer pay base computation. This provision applies to the member who entered a Uniformed Service before September 8, 1980 and who retires (or transfers to the FR/FMCR) after September 30, 1996.

3. Retired or retainer pay may be increased by 10 percent of retired pay for extraordinary heroism in the line of duty. See paragraph 030406, below.

B. Commissioned Officer. See [Chapter 1](#), subparagraph 010301.B for service credited for percentage purposes. The retired pay base is the monthly basic pay rate applicable on member's date of retirement or the retired pay average as computed under paragraph 030108, below.

C. Warrant Officer. See [Chapter 1](#), subparagraph 010301.C for service credited for percentage purposes. The retired pay base is computed under 10 U.S.C. 1406(b) or 1407 (reference (c)). A retired pay base under 10 U.S.C. 1406(b) is computed on the monthly basic pay to which the member would be entitled if serving on active duty in the retired grade on the day before retirement. If a member, however, is entitled to a higher rate of pay using any other warrant officer grade satisfactorily held by the member on active duty, retired pay may be computed using the basic pay for that warrant officer grade. The retired pay base under 10 U.S.C. 1407, or high-three average, is computed under paragraph 030108, below.

D. Retired Pay Multiplier. In computing retired or retainer pay, other than for disability or Non-Regular service retirement, the retired pay or retainer pay multiplier is the product of two and one-half percent and the member's years of creditable service. The term "years of creditable service" means the number of years of service that are creditable to a member in computing the member's retired or retainer pay, including credit for each full month of service in addition to full years of service. The retired pay or retainer pay multiplier for a post-July 1986 member who retires with less than 30 years of creditable service is reduced at the time of retirement, if under age 62. The retired pay or retainer pay multiplier reduction is 1 percentage point for each full year of creditable service less than 30 and 1/12th of 1 percent for each full month of creditable service less than a full year. The retired pay or retainer pay multiplier is limited to 75 percent for a member with more than 30 years of creditable service. Retired pay or retainer pay is recomputed on the first day of the month after the member reaches age 62. The retired pay or retainer pay is increased as if the member's pay had not been affected by a reduction in the retired pay or retainer pay multiplier or for a reduction in the cost-of-living increase for the post-July 1986 member. See paragraph 030111, below, and [Chapter 8](#), paragraph 080315 for the restoration of retired pay at age 62.

030103. Mandatory Retirement. (Table 3-1, Rules 9 through 12). A member who is mandatorily retired receives the retired pay base for the grade authorized multiplied by the retired pay multiplier (see subparagraph 030102.D, above.). The retired pay base for a pre-September 8, 1980, member is the basic pay rate of member's grade (without regard to 10 U.S.C. 3962 or 8962 (reference (c))) that is applicable on member's date of retirement. If a warrant officer is entitled to a higher rate of pay using any other warrant officer grade satisfactorily held by the member on active duty, retired pay may be computed using the basic pay for that warrant officer grade. The retired pay base for a post-September 7, 1980, member is the member's high-three average which is an amount equal to the highest 36 months of basic pay, whether or not consecutive, divided by 36. The retired pay base computation for a post-September 7, 1980, member is in paragraph 030108, below.

A. Army and Air Force. See [Chapter 1](#), subparagraph 010301.D.1 for service credited for percentage purposes.

B. Navy and Marine Corps. See [Chapter 1](#), subparagraph 010301.D.2 for service credited for percentage purposes.

030104. Non-Regular Service Retirement (Age and Service Retirement - Table 3-1, Rule 13). A member of the Reserve or National Guard who is retired for age and service receives the retired pay base of the grade authorized multiplied by two and one-half percent times the years of service credited for percentage purposes. See [Chapter 1](#), subparagraph 010301.F for service credited for percentage purposes. (The formula for converting retirement points into percentage years is: total number of retirement points divided by 360. Carry the result to three decimal places; then round to two decimal places. Example: 4,735 retirement points divided by 360 = 13.152 or 13.15 years for percentage purposes.)

A. The retired pay base for a pre-September 8, 1980, member is the monthly basic pay rate on the date when retired pay is granted using the highest grade satisfactorily held by the member. The highest grade in which a person serves satisfactorily as an officer is determined under 10 U.S.C. 1370(d) (reference (c)).

B. The retired pay base for a post-September 7, 1980, member is the high-three average equal to the total monthly basic pay to which the member was entitled during the individual's high-36 months, or to which the individual would have been entitled if the individual served on active duty during the entire period of the person's high-36 months, divided by 36.

030105. Fleet Reserve/Fleet Marine Corps Reserve (FR/FMCR) Transfer. (Table 3-1, Rule 14) A member transferred to the FR/FMCR is entitled, when not on active duty, to retainer pay computed by multiplying the retainer pay base times two and one-half percent times the years of service credited for percentage purposes. In lieu of the retainer pay base computed under 10 U.S.C. 1406(d) (reference (c)), a Reserve enlisted member may use the monthly basic pay for the highest enlisted grade in which the member served satisfactorily, as determined by the Secretary of the Navy. This provision applies to an individual who first became a member of the Uniformed Service before September 8, 1980, and who at the time of transfer is serving on active duty in a grade lower than the highest enlisted grade held by the member while on active duty-not as a result of the member's misconduct.

A. Pre-September 8, 1980 member. The retainer pay base is the basic pay that the member received at the time of transfer to the FR or FMCR. The retainer pay base is multiplied by two and one-half percent times the number of years of active service (as adjusted in paragraph 030107, below) in the Armed Forces.

B. Post-September 7, 1980 member. The retainer pay base is the person's high-three average. The high-three average is the total amount of monthly basic pay for the highest 36 months of member's active service, whether or not consecutive, divided by 36. When a member is transferred to the FR or FMCR with less than 30 years of service, the high-36 average is computed using only rates of basic pay applicable to months of active duty as an enlisted member.

030106. Historical Pay Computations for Fleet Reserve/Fleet Marine Corps Reserve Members

A. The laws that governed the computation of retainer pay for a member transferred to the FR/FMCR from its inception in 1916 through June 30, 1938, are of no value since they were assimilated in the Naval Reserve Act of 1938 (reference (e)), effective July 1, 1938. Therefore, the earlier computations are not included in this regulation since they were restated effective July 1, 1938. See Table 3-2 for the pay computations.

B. A member transferred to the FR/FMCR was administratively placed in a class to differentiate between laws and conditions governing the computation of these pay entitlements. The following classes are applicable to these members:

<u>COMPONENT</u>	<u>CODE</u>	<u>APPLICABLE TO</u>
FR FMCR	F-4c 1-b	Member who is in the Naval service on July 1, 1925, and later transferred to the Fleet Reserve/Fleet Marine Corps Reserve after completion of 16 years but less than 20 years of active service.
FR FMCR	F-4d 1-c	Member who was in the Naval service on July 1, 1925, and later transferred to the Fleet Reserve/Fleet Marine Corps Reserve after completion of 20 years but less than 30 years of active service.
FR FMCR	F-5 H-1	Member who first enlisted in the Naval service after July 1, 1925, and later transferred to the Fleet Reserve/Fleet Marine Corps Reserve before August 10, 1946, after completion of 20 years but less than 30 years of active service.
FR FMCR	F-6 1-d	Member who first enlisted in the Naval service after July 1, 1925, and later transferred to the Fleet Reserve/ Fleet Marine Corps Reserve on or after August 10, 1946 after completion of 20 years but less than 30 years of active service.

C. Longevity Pay. Longevity is the length of service performed by each member.

1. Before October 1, 1949, longevity pay was a big factor in computing retainer pay. Certain pay laws contained provisions for computing longevity pay. Such pay was based on the length of service. During this period, base pay and longevity were fitted into the framework of pay formulas to arrive at retainer pay. The computation for the longevity pay changed several times before being superseded by basic pay. The various computations and the periods applicable are:

a. Until May 31, 1942, for Navy members, the computation was 10 percent of base pay for the first increment of 4 years of Naval service, plus 5 percent of base pay for each 4-year increment thereafter, not to exceed 16 years, or 25 percent.

Example: Member served 18 years; on transfer to the Fleet Reserve, the longevity pay credit was computed:

1. 10% - 4 years

2. 5% - 4 years
3. 5% - 4 years
4. 5% - 4 years
5. 0% - 4 years

b. From June 1, 1942 to September 30, 1949, the computation was 5 percent of base pay for each 3 years of service up to 30 years, maximum of 50 percent.

2. On October 1, 1949, when basic pay became an important factor, longevity pay was not computed separately but was included in the rate of basic pay.

a. A member who transferred to the FR/FMCR on or after October 1, 1949, was required to elect the formula under which their pay would be computed. The two formulas were the fractional, under which a member would receive one-third or one-half of base pay, and the percentage, two and one-half percent times years of active federal service times basic pay. Such election was indicated on the authorization for transfer to the Fleet Reserve.

b. Under Public Law 1028 effective August 10, 1956, (reference ag)), a member who transfers to the FR/FMCR receives retainer pay computed on the formula included in the codification of the military pay laws under Title 10, United States Code (reference (c)). The prior computations were still in effect for the member to whom they applied. A member who enters the Uniformed Service before September 8, 1980, receives retainer pay computed under this formula.

c. A member who enters the Uniformed Service after September 7, 1980, receives retainer pay under the formula codified in 1956 except the retainer pay base is used instead of a monthly basic pay rate.

030107. Service Credit Rounding of Months. For percentage purposes in computing retired or retainer pay:

A. A member who retired before January 1, 1982, receives credit for any fractional part of a year that is 6 months or more as an additional year. Any portion of a year that is less than 6 months is disregarded. This applies to any member who, before January 1, 1982:

1. Applied for retirement;
2. Applied for transfer to the Fleet Reserve/Fleet Marine Corps Reserve;
3. Was being processed for retirement under the provisions of 10 U.S.C., chapter 61 (reference (c)); or
4. Was on the Temporary Disability Retired List and thereafter retired under the provisions of 10 U.S.C. 1210(c) or (d) (reference (c)).

B. Unless covered by subparagraph 030107.A, above, a member who became entitled to retired or retainer pay January 1, 1982, through September 30, 1983, inclusive, received

credit on a month-by-month basis for each full month served of 6 months or more. Any fraction of a year less than 6 months was disregarded.

C. A member who became entitled to retired or retainer pay on or after October 1, 1983, receives credit for each full month actually served. Less than full months are disregarded. See Table 3-4.

NOTE: If a member retires October 1, 1983, or later and the member is entitled to retired pay under 10 U.S.C. 1401a(f) (reference (c)) using a hypothetical retirement date which is before January 1, 1982, service credit of 6 months or more was rounded to a full year. However, funding limitations each fiscal year prohibited payment for months in excess of whole months actually served until permanent codification was effective July 1, 1986.

D. In calculating the percentage factor under subparagraphs 030107.B or C, above, the percent will be rounded at least to the nearest 1/100 of one percentage. For example, 20 years, 7 months (20.58 years) times 2.5 percent equals 51.45 percent. See Table 3-4. This rounding method will also be used if member is entitled to retired pay computed under the saved pay provision in paragraph 030203, below, or under 10 U.S.C. 1401a(f) (reference (c)) in section 0303, below.

030108. Retired Pay Base

A. The Department of Defense Authorization Act of 1981 (reference (bp)) effected the first major change in retired pay computation since 1948. Under that Act (reference bp)), retired or retainer pay is computed using a percentage of a member's monthly retired or retainer pay base instead of the member's final basic pay. The retired pay base is the average basic pay the member received over 36 months or, in certain cases a lesser period of time. The computation of retired pay using a retired pay base applies to a member who entered a Uniformed Service on or after September 8, 1980. A member is considered to have first entered a Uniformed Service when any individual on or after September 8, 1980, is first appointed or enlisted in the Uniformed Services. A member who first enlists before September 8, 1980 under the delayed entry program, in a Reserve Component as part of the Senior Reserve Officers' Training Corps (ROTC) or ROTC Financial Assistance programs, as a student at the Uniformed Services University of Health Sciences, or as a participant in the Armed Forces Health Professions Scholarship Program, is considered to have first become a member before September 8, 1980.

B. The Military Retirement Reform Act of 1986 (reference (bs)) realigned the computation of retired pay provisions. Title 10, United States Code, section 1406 was renamed the retired pay base method using the member's final basic pay and 10 U.S.C. 1407 was named the retired pay base method under the high-36 month (or high-three) average.

C. Retired Pay Base Under 10 U.S.C. 1407 (reference (c)) Computation. Monthly basic pay amounts, starting with the highest rate of pay, are added together until the total number of months equals 36 months. Divide the total pay derived from the sum of months by 36, and round to the nearest cents to obtain the retired pay base applicable to the member. Any lost time the member had is not be included in the computation.

1. A full month served counts as one month regardless of any interruption by a pay rate change and regardless of the number of days in that month.
 - a. A member serves the entire calendar month at a single rate of basic pay. This counts as one month of applicability under this rate of basic pay regardless of the number of days in the month—28, 29, 30, or 31.
 - b. A member serves the entire calendar month with multiple rates of basic pay applicable. If a member is paid more than one rate during a given month, which is a full month of service, each rate will be carried as applicable for the number of days paid at that rate. For example, if a member has a longevity pay increase effective February 11, the old rate is applicable for 10 days and the new rate is applicable for 20 days (regardless of leap year). If a month has 31 days, the 31st is ignored; i.e., if the member has a longevity pay increase effective August 11, the old rate is applicable for 10 days and the new rate is applicable for 20 days. The 30-day months are allocated in a straightforward manner.
2. If the member has less than 36 months of service, the member's basic pay is added and the number of months is computed in the same manner described in subparagraph 030108.C.1, above, for accumulating 36 months or more of pay. The total pay is divided by the total time expressed as months plus days where days less than 30 are counted as 1/30th of a month. The result is rounded to the nearest cent.
3. When a member serves less than a full month, count only the number of days actually paid so that each total of 30 days equals one month. If a member serves less than a full month and one or more rates of basic pay apply, each rate should be carried as applicable for the number of days the member was actually paid at the particular rate. For example, assume the member had a break in service and returned to active duty on February 8, but has a longevity increase effective February 11. When a member serves through the end of February, the month is assumed to have 30 days. This member receives three days at one rate and 20 days at the new rate, or 23 days of pay even though only 21 or 22 days were served.

Example: A member receives monthly basic pay of \$17,658.30 over 14 months and 11 days

$$\frac{\$17,658.30}{14 \text{ mos} + 11 \text{ days}} = \frac{\$17,658.30}{14.36667} = \$1,229.12 \text{ Retired Pay Base}$$

$$\begin{array}{ll} \$1,229.12 & \text{Retired Pay Base} \\ \times \quad \quad \% & \text{Retired Pay Multiplier} \end{array}$$

$$= \$x,xxx.xx \text{ Retired pay rounded}$$

D. When it is to the member's advantage, a saved pay rate under the provisions of the Tower Amendment (reference (fg)), and 10 U.S.C. 1401a(e) (reference (c)), may be used to compute retired pay. The saved pay provisions of 10 U.S.C. 1401a(e) (reference (c)) were eliminated September 24, 1983. See paragraph 030203, below, for eligibility. The Tower Amendment (reference (fg)) authorizes the use of the basic pay rates in effect on the day before the effective date of the rates of monthly basic pay on which the member's retired pay would otherwise be based.

030109. Rounding Retired Pay. Under Public Law 98-94, the 1984 DoD Authorization Act (reference (aj)), monthly retired or retainer pay entitlement is rounded as initially computed and as subsequently adjusted.

A. Effective October 1, 1983, the initial computation of gross retired pay, if not a multiple of \$1, is rounded down to the next lower multiple of \$1. All further reductions, deductions, withholdings and allotments are made from this rounded figure. When retired pay is subsequently increased under 10 U.S.C. 1401a (reference (c)) by cost-of-living adjustments, the retired or retainer pay, if not a multiple of \$1, is rounded down to the next lower multiple of \$1.

B. The retired or retainer pay for a member already retired on September 30, 1983, was not rounded until the next cost-of-living adjustment, December 1, 1984. The retired or retainer pay, if not a multiple of \$1, was rounded to the next lower multiple of \$1. The same rounding procedure applies to all subsequent cost-of-living adjustments.

030110. Temporary Early Retirement Authority (TERA)

A. Initial Computation of Retired Pay. The initial retired pay entitlement for a member retired under the TERA (reference (fh)), as amended, is in subparagraphs 030110.B and C, below. The amount of retired pay otherwise prescribed under the appropriate section of 10 U.S.C., sections 3991(a), 6333(a), 8991(a), 1401, or 12739 (reference (c)) is multiplied by the applicable reduction factor from Table 3-5. The resulting reduced amount of retired pay, if not a multiple of \$1, will be rounded to the next lower multiple of \$1. Such rounded amount is the initial, gross monthly retired pay entitlement

B. Reduction Factor. The reduction factor applicable to the computation in subparagraph 030110.A, above, is the amount listed in Table 3-5 based on the member's full months of active service less than 240 as of the date of the member's retirement or transfer to the Fleet Reserve or Fleet Marine Corps Reserve.

1. Any portion of a month of active service in excess of a whole month is rounded up to the next whole month. For example, total active service of 15 years, 7 months, and 12 days is rounded to 15 years, 8 months. The reduction factor based on 15 years and 8 months is computed as: $15 * 12 + 8 = 188$ months, and the applicable reduction factor corresponds to the Table 3-5 entry for 240 less 188, or 52 months. The applicable reduction factor is .95667.

2. Note that in computing the retired pay, the 12 days in excess of 187 months of service are disregarded and retired pay is based on 187 months.

Example: Member retired as an E-7

$\$1,967.10$ Retired Pay Base $\times 187/12 \times .025 \times .95667 =$

$\$30,653.975 \times .025 \times .95667 =$

$\$766.3494 \times .95667 = \underline{\$733.14}$ (Since this is not a multiple of \$1, round down to \$733.)

3. If the retiree is an officer, service under 10 U.S.C. 1405 (reference (c)) may affect the TERA computation. The member's active service is rounded up to the next whole month. Use the corresponding reduction factor from Table 3-5 for 240 months less the number of months of rounded active service for the member. The 1405 service multiplier is used instead of active service disregarding days in excess of whole months.

Example: Member retired as a Major

Service for Basic Pay 21 yrs, 03 mos, 15 days

1405 Service 21 yrs, 03 mos, 15 days

Active Service 17 yrs, 03 mos, 15 days

Active Service:

$17 \text{ years} * 12 \text{ months} = 204 + 4 \text{ months} = 208 \text{ months}$

$240 \text{ months} - 208 \text{ months} = 32 \text{ months}$

$32 \text{ months} = .97333$ (Table 3-5)

1405 Service:

$$21 \text{ years} * 12 \text{ months} = 252 + 3 \text{ months} = 255 \text{ months}$$

$$\$3,962.70 \text{ Basic Pay} \times 255/12 * .025 * .97333 =$$

$$\$84,207.375 * .025 = \$2,105.18 * .97333 = \underline{\$2,049.03} \text{ (Since this is not a multiple of \$1, round down to \$2,049.)}$$

C. Recomputation of Retired Pay at Age 62

1. A member who retired under the TERA is entitled to a recomputation of retired pay if such member is credited with employment under the provisions of section 4464 of Public Law 102-484 (reference (fh)). To be credited, the employment in public or community service must be performed during the enhanced retirement qualification period. The enhanced retirement qualification period is the period between the date of early retirement and the date on which the member would have otherwise completed 20 years of military service for purposes of computing the member's retired pay. Since the recomputation occurs at age 62, no further credit may be granted after that date. The enhanced retirement qualification period does not extend past age 62. The Defense Manpower Data Center will notify DFAS of the total number of years, months, and days of employment credited. The recomputation begins on the first day of the first month after the member reaches age 62. The member's retired pay will be computed as in subparagraph 030110.A, above, using the new total service. The new total years of service is the years, months, and days of service used in the original computation plus the years, months, and days associated with the certified periods of full-time employment credited under the provisions of section 4464, Public Law 102-484 (reference (fh)). The credit for the employment periods is added to the previously credited service as periods of active duty. The recomputation is made by using each full month of the new total years of service credited as 1/12th of a year, disregarding any remaining fractional part of a month. In no case will the number of months applicable to these procedures exceed 240. Thus, the maximum retired pay under the recomputation may not exceed 50 percent of the applicable rate of basic pay.

Active Service (Initial retirement)	187 months, 12 days
Public/Community service	<u>32 months, 20 days</u>
TOTAL SERVICE	219 months, 32 days = 220 months, 2 days

2. Retired pay is recomputed as though the initial retired pay had been computed on the new total service credit, but the increased amount is payable only for months after the member reaches age 62. All retired pay percentage increases (for example, a cost-of-living adjustment) granted to such member will be included in the recomputation with annual rounding and recomputation made as if the extra service credit had been included in the original computation. The additional service credit may affect the amount of basic pay used in the retired pay computations, as it is treated as years of active duty service in the Armed Forces for purposes of recomputation. The additional credit could also reduce the impact of the reduction factor for months short of 20 years of service.

Example: A member retired as E-7. The recomputed retired pay is based on the E-7 rate with over 18 years of service from the active duty basic pay rates that were in effect at the time of member's retirement. The reduction factor is based on 240 months less 221 = 19 months, or .98417, so the initial retired pay as recomputed is:

$$\begin{aligned} & \$2,079.00 \times (220/12) \times .025 \times .98417 = \\ & \$38,115.00 \times .025 \times .98417 = \\ & \$952.875 \times .98417 = \underline{\$937.79} \text{ (Since this is not a multiple of \$1, round down to \$937.)} \end{aligned}$$

This amount is adjusted by applying each cost-of-living adjustment given to such member since retirement, rounding down after each adjustment as required.

030111. Post-July 1986 Members Restoral of Full Retirement Amount at Age 62

A. The following member is entitled to a recomputation of retired pay at age 62 if the:

1. Member entered a Uniformed Service on or after August 1, 1986;
2. Member retired before age 62; and,
3. Member retired with less than 30 years of creditable service so that the retired pay multiplier was reduced under 10 U.S.C. 1409 (reference (c)); or
4. Member received cost-of-living increases which were reduced by 1 percent under 10 U.S.C. 1401a(b)(3).

B. The recomputation is effective on the first day of the month after the member reaches age 62.

C. The retired pay amount once recomputed is as if the retired pay had not been reduced in the retired pay multiplier (See paragraph 030102.D, above) and/or cost-of-living adjustments (See [Chapter 8](#), paragraph 080315.). See [Appendix U](#) for examples of retired pay restoral when member reaches age 62.

0302 APPLICATION OF SAVED PAY

030201. Career Compensation Act Effective October 1, 1949 (Reference (w))

A. An officer retired for disability before October 1, 1949, who failed to elect within a five-year period to receive pay under the 1949 Act (reference (w)), or who did not qualify for pay under the 1949 Act (reference (w)), continued to receive pay under laws in effect before October 1, 1949, computed at 75 percent of the basic pay of the grade authorized.

B. A member who, on October 1, 1949, was a hospital patient and who, before January 1, 1951, retired for disability as the result of the disease or injury for which hospitalized, could elect to receive retired pay:

1. Computed under laws in effect on September 30, 1949, at 75 percent of the basic pay of the grade authorized; or
2. Computed under section 402(d) of Public Law 81-351 (reference (ah)).

C. A member who, on October 1, 1949, was receiving or was entitled to receive retired pay under any provision of law, was authorized to continue the entitlement to receive the pay to which entitled under the laws in effect on September 30, 1949.

030202. Military Pay Act Effective June 1, 1958 (Reference (ac))

A. A member who retired or transferred to the FR/FMCR on or after June 1, 1958 and before April 1, 1963, and who was receiving active duty basic pay under the April 1, 1955, “saved pay” rates, continued to receive pay computed under the 1955 rates, based upon service credited for basic pay purposes as of June 1, 1958.

B. A member retired or transferred to the FR/FMCR on June 1, 1958 was entitled to pay computed on the June 1, 1958, active duty basic pay rates, or on the April 1, 1955, active duty basic pay rates plus 6 percent, whichever was greater.

C. A member retired or transferred to the FR/FMCR after June 1, 1958, who was receiving active duty saved pay, was entitled to retired pay computed on the April 1, 1955, active duty basic pay rates, but was not entitled to the additional 6 percent increase.

030203. Military Pay Act Effective October 1, 1967 (Reference (ai))

A. With respect to a member entitled to retired pay computed under this paragraph, the retired or retainer pay may not be less than it would have been if the member had become entitled to that pay based on the same basic pay grade, years of service for basic pay and percentage purposes, and percent of disability (if any) on the day before the effective date of the rates of monthly basic pay on which retired or retainer pay is based. Such members receive pay:

1. Computed under the current basic pay rates in effect on the date of retirement or transfer, or
2. Computed under the rates of basic pay in effect immediately before the current rates, whichever is greater.

B. The above computations were, in some instances, subject to the provisions of the Uniform Retirement Date Act (reference (az)). For application of this Act, see [Chapter 1](#), paragraph 010402.

C. The “1-year look-back” provision codified at 10 U.S.C. 1401a(e) (reference (c)) was repealed by section 921 of the DoD Authorization Act, FY 84 (reference (aj)). Under the provisions of that repeal, this paragraph now applies only to:

1. A member retired or transferred to the FR/FMCR October 1, 1967, through September 24, 1983, inclusive; and
2. A member eligible for retirement or transfer on or before September 24, 1983, provided the member retires or transfers on or before September 24, 1986. If the member retires

or transfers after September 24, 1986, the retired or retainer pay may not be less than it would have been had the member actually retired or transferred on September 23, 1986.

0303 TOWER AMENDMENT (Reference (fg))

030301. Basic Provisions

A. A member who retires or transfers to the Fleet Reserve/Fleet Marine Corps Reserve (FR/FMCR) on or after January 1, 1971, and who fully qualifies for retirement on a date earlier than the actual retirement date, receives the most favorable rate of pay as though the member had actually retired or been transferred on the earlier date:

1. After becoming retirement-eligible on or after January 1, 1971, (See [Chapter 1](#), section 0101, Service Creditable for Retirement Purposes.);
2. Based upon the grade and the service creditable on the earlier computation date; (For retirements on or after October 5, 1994, the grade used in the computation cannot be higher than the grade in which the member is retired.);
3. Using the rate of basic pay applicable to the member on the earlier computation date in determining the retired pay base; and
4. Subject to the provisions of paragraph 030203, above.

B. A member who retires or transfers to the FR/FMCR before October 7, 1975, the effective date of the Tower Amendment (reference (fg)), is entitled to pay adjusted from October 7, 1975. No adjustment is authorized under the provisions of the amendment for any period before October 7, 1975.

C. A member who retires between October 1, 1988, and October 4, 1994, and who is reduced in grade under sentence of court-martial after initially becoming eligible for retired pay, is not entitled to computation on a grade higher than the grade in which retired.

D. See subparagraph 030403.A, below, for provision concerning an officer who served in a special position as Chairman or Vice Chairman of the Joint Chiefs of Staff or as a Chief of Service.

E. See paragraph 030405, below, for the provision concerning an enlisted member who served in a special position as a senior enlisted member.

030302. Earlier Computation Dates

A. Predetermined earlier computation dates are established for uniformity in computing the pay of a member who qualifies under 10 U.S.C. 1401a(f) (reference (c)), the Tower Amendment (reference (fg)), as amended. Generally, the day immediately preceding an active duty basic pay rate change is the earlier date of voluntary retirement eligibility, unless the computation is more favorable based on the first day of the month preceding an active duty basic pay rate change.

B. A member of the FR/FMCR may transfer on any intermediate day of a month. Therefore, the earlier computation date for this member is the day before new active duty basic pay rates are effective.

C. A warrant officer retired under provisions of 10 U.S.C. 1293 (reference (c)) (see Table 3-1, rule 4), on the effective date of a change in the active duty pay rates, receives retired pay computed by using the rate of basic pay in effect on the day before the date of retirement. Thus, the earlier retirement eligibility date under 10 U.S.C. 1401a(f) (reference (c)) computation would be one year earlier with retired pay based upon rates in effect on the day before the earlier eligibility date. If the member is entitled to use the saved pay rate under subparagraph 030203, above, the rate in effect immediately prior to the rate in effect on the day before the earlier retirement eligibility date is used.

030303. Computation at the Time of Retirement or Transfer to the FR/FMCR

A. A member receives the most favorable retired pay, as adjusted by applicable cost-of-living adjustments, computed by using:

1. The active duty basic pay rate applicable on the actual retirement or transfer date, or
2. One prior active duty basic pay rate at the same grade and service applicable on the actual retirement or transfer date if the provisions of subparagraph 030203, above, apply.
3. Any active duty basic pay rate in effect on or after January 1, 1971, at the grade and service credited on the earlier computation date, if retirement-eligible on the earlier date. After this rule is used, apply subparagraph 030303.A.2, above, without further loss of grade and service.

B. A member retiring for disability who is eligible for voluntary retirement or for transfer to the FR/FMCR on an earlier date may have gross retired pay entitlement computed in accordance with the provisions of 10 U.S.C. 1401a(f) (reference (c)), when more favorable. However, the basic pay rate applicable for an earlier retirement date under this condition for gross pay computation cannot be used for computing pay based upon the disability rating. The rate of pay based upon degree of disability may be calculated only on the basic pay rate applicable under subparagraph 030303.A.1, or A.2 (if applicable), above.

0304 SPECIAL PROVISIONS

030401. Entitlement Under More Than One Pay Formula. A member who is entitled to pay computed under more than one pay formula or provision of law is entitled to be paid under the formula that is most favorable.

030402. Commissioned Officer With More Than Four Years of Active Enlisted and/or Warrant Officer Service. A member who, at the time of retirement, is in pay grade O1E, O2E, or O3E, having served more than 4 years of active duty as an enlisted member and/or warrant officer, receives pay computed on the special basic pay rate that is authorized.

030403. Commissioned Officer Serving in a Special Position

A. An officer who serves as Chairman or Vice Chairman of the Joint Chiefs of Staff or as a Chief of Service may receive retired pay which is computed on the highest rate of basic pay applicable to the member while serving in the special position, if that rate is higher than the rate otherwise authorized as a retired pay base for a member who first became a member before September 8, 1980. The term “Chief of Service” refers to one of the following:

1. Chief of Staff of the Army
2. Chief of Naval Operations
3. Chief of Staff of the Air Force
4. Commandant of the Marine Corps
5. Commandant of the Coast Guard.

The member may not use the rate of the special position for computation of retired pay if, during or after serving in the special position, and by member’s conduct after October 16, 1998, the officer is not certified as having served satisfactorily in the grade of general or admiral while serving in that position.

B. On December 14, 1944, special grades of Fleet Admiral of the United States Navy and General of the Army were created with insignia of five stars. The pay was set at the same pay and allowances as a rear admiral of the upper half, plus a personal money allowance of \$5,000 a year. When retired, the member received pay equal to 75 percent of their active duty pay. The five-star grade was made permanent by an Act of Congress on March 23, 1946 (reference (ak)). Active duty pay remained the same as set by the 1944 Act (reference (al)). The member was exempted from mandatory retirement because of age. The member received the same pay and allowances that they received while on active duty. The grade expired July 1, 1950.

030404. Officer in Grade O-9 and O-10

A. An officer who served in grade O-9 or O-10 for not less than 3 years is entitled to retired pay based on that grade if the Secretary of Defense certifies in writing to the President and the Congress that the officer served on active duty satisfactorily. The 3-year requirement may be reduced to not less than 2 years for retirements effective during a specified period (see paragraph 010501E.5, above). The 3-year time-in-grade requirement may not be reduced or waived if the officer is under investigation for alleged misconduct or while an adverse personnel action is pending against the officer for alleged misconduct.

B. An officer who served in grade O-9 or O-10 for a period of less than 3 years before retirement will have retired pay based on the next lower grade, unless a waiver of the time in grade requirement has been granted by the appropriate authority. The granting of the waiver will

affect only the pay computation for the date of retirement. Computations for earlier dates on which eligible to retire must be based on the next lower grade.

030405. Enlisted Member Serving in a Special Position. A senior enlisted member of an Armed Force serving in a special position may receive retired pay which is computed on the highest rate of basic pay applicable to the member while serving in the special position, if that rate is higher than the rate otherwise authorized as a retired pay base for a member who first became a member before September 8, 1980. The term “senior enlisted member” refers to one of the following:

- A. Sergeant Major of the Army
- B. Master Chief Petty Officer of the Navy
- C. Chief Master Sergeant of the Air Force
- D. Sergeant Major of the Marine Corps
- E. Master Chief Petty Officer of the Coast Guard.

The member may not use the rate of the special position for computation of retired pay if, during or after serving in the special position, and by member’s conduct after October 16, 1998, the member is reduced in grade by court-martial, non-judicial punishment, or other administrative process.

030406. Heroism Pay and Good Conduct (Markings). An enlisted member retired after 20 years of active service may be entitled to an additional 10 percent retired pay for extraordinary heroism, if authorized, not to exceed 75 percent of the retired pay base on which the retired pay is computed. See [Chapter 1](#), paragraph 010701. Navy and Marine Corps personnel may have been authorized an additional 10 percent for good conduct, but not both. See [Chapter 2](#), paragraph 020603.

030407. Computation Under the Uniformed Services Pay Act, October 2, 1963
(Reference (am))

A. Beginning October 1, 1963, a member retired between October 1, 1949, and May 31, 1958, including a member retired before October 1, 1949, receiving pay under the 1949 Act (reference (w)), received the greater of:

- 1. An increase of 5 percent in the retired pay to which entitled on September 30, 1963, or
- 2. Pay computed on the basic pay rates established under the June 1, 1958 Act without a 5 percent increase.

B. Beginning October 1, 1963, a member retired for service before October 1, 1949, and being paid under laws in effect on September 30, 1949, receives the greater of:

- 1. An increase of 5 percent in the retired pay to which entitled on September 30, 1963; or

2. Pay recomputed on the basic pay rates established by the Military Pay Act of 1958 (reference (ac)) without a 5 percent increase, based on actual active service creditable.

030408. Computation Under the Military Pay Act, May 20, 1958 (Reference (ac))

A. A member who first became entitled to retired pay on June 1, 1958, was authorized to receive pay computed on the new June 1, 1958, basic pay rates or on the April 1, 1955, active duty basic pay rates plus 6 percent, whichever is greater.

B. A member retired after June 1, 1958, who was receiving active duty saved pay was entitled to retired pay computed on the April 1, 1955, active duty basic pay rate but was not entitled to the additional 6 percent increase.

C. The basic pay rate used in the computation of pay was increased by increment of \$200 for generals and admirals and \$100 for lieutenant generals and vice admirals before the 6 percent increase on June 1, 1958, for a retired officer who:

1. Served in that grade for at least 180 days, and

2. Was entitled to retired pay on the day before the effective date of the Military Pay Act of 1958 (reference (ac)).

030409. Commissioned Officer With World War I Service. A member retired for any reason as a Regular commissioned officer and a member retired for disability as a Non-Regular commissioned officer, who serves in any capacity as a member of the military or naval forces of the United States before November 12, 1918, is entitled to receive pay computed at 75 percent of the basic pay of the grade in which retired.

030410. Emergency Officers Retired List (EORL). A person who served as an officer of the Army, Navy, or Marine Corps during World War I, other than an officer of the Regular Army, Navy, or Marine Corps, and who during such service incurred a physical disability in the line of duty, was placed on a separate retired list.

A. Payment was authorized at 75 percent of the pay and rank at the time of discharge from commissioned service, with entitlement to the same privileges as provided by law for an officer of the Regular Army, Navy, or Marine Corps retired for physical disability incurred in the line of duty.

B. Payments are made by the Department of Veterans Affairs from funds appropriated to that agency.

030411. Basic Pay Rate for Certain Members With Over 24 Years of Service. A member in pay grade E-7, E-8, E-9, W-5, or O-6 who has over 24, but less than 26 years of service, is entitled to a special rate of pay effective January 1, 1993.

Table 3-1 – Computation of Retired Pay								
R U L E	A	B	C	D	E	F	G	
	A member of	who is	under provisions of	receives the	multiplied by	plus	minus (note 8)	
1	Armed Forces	retired for disability	1201	retired pay base computed under section 1406(b) or 1407 (note 1)	2-1/2 percent times the years of service credited for percentage purposes or the percentage of disability assigned (note 3)		excess over 75 percent of retired pay base upon which computation is based	
			1204					
2			1202 1205			the amount necessary to increase the product of columns D and E to 50 percent of retired pay base		
3	Armed Forces	voluntarily retired	1293		the retired pay multiplier for the years of service credited for percentage purposes (note 3)			
4	Army or Air Force		3914 3917 8914 8917	retired pay base computed under section 1406(c)--Army or 1406(e) – Air Force or 1407 (notes 1, 10)			10 percent of the product of steps D and E (note 2)	
5			3911 3918 3920 3924 8911 8918 8920 8924					
6	Navy or Marine Corps		6321 6323	retired pay base computed under section 1406(d) or 1407 (note 1)				

Table 3-1. Computation of Retired Pay

Table 3-1 – Computation of Retired Pay (continued)							
R U L E	A	B	C	D	E	F	G
	A member of	who is	under provisions of	receives the	multiplied by	plus	minus (note 8)
7	Navy or Marine Corps	voluntarily retired	6322 6326	retired pay base computed under section 1406(d) or 1407 (note 1)	75 percent	10 percent of the product of steps D and E (note 2)	excess over 75 percent of retired pay base upon which computation is based
8			6327		50 percent (note 5)		
9	Armed Forces	involuntarily retired	564 580 633 634 635 636 1251 1255 1263 1305 (note 9)	retired pay base computed under section 1406(b) or 1407 (note 1)	retired pay multiplier for the years of service credited for percentage purposes (note 3)		
10	Army		3883 3884 3885 3886 3913 3916 3619 3920 3921 3922 3923 (note 6)	retired pay base computed under 1406(c) or 1407 (note 1)			
11	Navy or Marine Corps		6371 6372 6373 6374 6375 6376 6377 6378 6379 6380 6383 6390 6391 6394 6396 6398 6400 (note 6)	retired pay base computed under section 1406(d) or 1407 (note 1)			

Table 3-1 – Computation of Retired Pay (continued)

R U L E	A	B	C	D	E	F	G
	A member of	who is	under provisions of 10 U.S.C.	receives the	multiplied by	plus	minus (note 8)
12	Air Force	involuntarily retired	8883 8884 8885 8886 8913 8916 8919 8920 8921 8922 8923 (note 6)	retired pay base computed under section 1406(e) or 1407 (note 1)	retired pay multiplier for the years of service credited for percentage purposes (note 3)		
13	Armed Forces, Reserve, or National Guard	Reservist (age and service requirement)	12731	retired pay base computed under section 1406(b) (2) or 1407 (note 1)	2-1/2 percent times the years of service credited for percentage purposes (notes 3, 4)		excess over 75 percent of retired pay base upon which computation is based
14	Navy or Marine Corps	transferred to the FR/FMCR	6330	retainer pay base computed under section 1406(d) or 1407 (notes 1, 7)	the retainer pay multiplier for the years of service credited for percentage purposes (note 3)	10 percent of the product of columns D and E (note 2)	

NOTES:

- For active duty basic pay rate applicable, see paragraphs 010402, 030201, (section) 0303, 030302, 030303, 030501, 030502, and 030504. For a person who first became a member of a Uniformed Service after September 7, 1980, take the monthly retired pay base.
- Enlisted members credited with an act of extraordinary heroism in the line of duty.
- See [Chapter 01](#) for service creditable for percentage purposes:

Voluntary retirement:

- Paragraph 010301.A—Enlisted members
- Paragraph 010301.B—Commissioned Officers
- Paragraph 010301.C—Warrant Officers

Mandatory retirement:

- Paragraph 010301.D.1—Army and Air Force
- Paragraph 010301.D.2—Navy and Marine Corps

Disability retirement:

- Paragraph 010301.E

Reservist age and service retirement:

- Paragraph 010301.F

- Total number of retirement points divided by 360. Carry the resultant figure to three decimal places, then round to two decimal places.
EXAMPLE: 4735 retirement points divided by 360 = 13.152 or 13.15 years of service for percentage purposes (for the section 12731 retiree only) to be multiplied by 2-1/2 percent.
- Members retired under 10 U.S.C. 6327 are authorized to receive retired pay at 50 percent of the active duty basic pay of their grade when not on active duty. This provision applies only to persons who were members of the Naval Reserve or Marine Corps Reserve on January 1 1953. The provisions of 10 U.S.C. 6327 terminated on January 1, 1973. However, termination of the section did not affect any accrued rights to retired pay.
- Public Law 96-513, December 12, 1980, repealed the following section: 3913, 3916, 3919, 3921-3923, 6371, 6374, 6376-6380, 6390, 6394, 6396, 6398, 6400, 8883, 8884-8886, 8913, 8915, 8916, 8919, 8919, 8921-8923, 8927. Section 6375 was repealed by Public Law 87-123, August 3, 1961.
- In lieu of the retainer pay base computed under 10 U.S.C. 1406(d), a Reserve enlisted member may be entitled to retainer pay computed by using the monthly basic pay for the highest enlisted grade in which the member served satisfactorily, as determined by the Secretary of the Navy. This provision applies to an individual who first became a member of the Uniformed Service before September 8, 1980 and who at the

time of transfer is serving on active duty in a grade lower than the highest enlisted grade held by the member while on active duty--not as a result of member's own misconduct.

8. If member was initially retired on or after October 1, 1983, the amount computed, if not a multiple of \$1, shall be rounded to the next lower multiple of \$1. Any future adjustments to such pay must be made on the rounded figure. Retired pay of members retired on September 30, 1983, will not be rounded until there is an adjustment under 10 U.S.C. 1401a; then, and with each subsequent adjustment, the amount as adjusted, if not a multiple of \$1, shall be rounded to the next lower multiple of \$1. The rounded amount becomes the member's entitlement and any future adjustments shall be based on this rounded entitlement.
9. Section 564 repealed by Public Law 102-190, December 5, 1991. Section 1255 repealed by Public Law 90-130, November 8, 1967. An officer who was on active duty on September 15, 1981 and who is retired under Section 1251 is entitled to retired pay of at least 50 percent of the basic pay upon which the retired pay is based.
10. On a Reserve enlisted member retired under 10 U.S.C. Section 3914 or 8914 after September 30, 1996, the retired pay base is the monthly basic pay of the member's retired grade (based on rates applicable on date of member's retirement) in lieu of the retired pay base under 10 U.S.C. 1406(e).

HISTORICAL PAY COMPUTATIONS-FLEET RESERVE AND FLEET MARINE CORPS RESERVE						
	A	B	C	D	E	F
R U L E	If member retires in class	during period	with years of service	then pay computation formula is	plus	and applicable law is
1	F-4c 1-b	pre-1938 to 5/31/42	at least 16; less than 20	1/3 x base pay rating in which transferred (note 1)	longevity pay (25% maximum), extraordinary heroism (10%)	52 Stat 1179, section 203, 34 U.S.C. 854b.
2	F-4d 1-c		at least 20; less than 30	1/2 x base pay rating in which transferred (note 1)	longevity pay (25% maximum), extraordinary heroism (10%), or good conduct (10%)	
3	F-5 H-1					
4	F-4c 1-b	6/1/42 to 8/9/46	at least 16; less than 20	1/3 x base pay rating in which transferred (note 1)	longevity pay (50% maximum), extraordinary heroism(10%)	56 Stat 359, Public Law 607, 6/6/42.
5	F-4d 1-c		at least 20; less than 30	1/2 x base pay rating in which transferred (note 1)	longevity pay (50% maximum), extraordinary heroism (10%), or good conduct (10%)	
6	F-5, H-1					
7	F-4c 1-b	8/10/46 to 9/30/49	at least 16; less than 20 (note 2)	1/3 x base pay rating in which transferred (note 1) or (note 2)	longevity pay (50% maximum), extraordinary heroism (10%)	60 Stat 993, Public Law 720, 8/10/46.
8	F-4d 1-c		at least 20; less than 30	1/2 x base pay rating in which transferred (note 2)	longevity pay (50 % maximum), extraordinary heroism (10%), or good conduct (10%)	
9	F-6 (note 3) 1-d		at least 20	1/2 x base pay rating in which transferred (note 1) or 2 1/2 % x years of active federal service multiplied by base pay of rating in which transferred (note 2)	longevity pay (75% maximum), extraordinary heroism (10%)	

Table 3-2. Historical Pay Computations-Fleet Reserve and Fleet Marine Corps Reserve

HISTORICAL PAY COMPUTATIONS-FLEET RESERVE AND FLEET MARINE CORPS RESERVE						
	A	B	C	D	E	F
R U L E	If member retires in class	during period	with years of service	then pay computation formula is	plus	and applicable law is
10	all classes	transferred before 10/1/49, effective on 10/1/49	at least 20	pay received on 9/30/49 (saved pay) or $2 \frac{1}{2} \% \times$ years of active service = percent; percent x basic pay of highest federally recognized rating satisfactorily held (note 4)		Public Law 351, 81st Congress, 10/1/49.
11	F-4c 1-b	on or after 10/1/49		$\frac{1}{3} \times$ basic pay receiving at transfer (note 5) or $2 \frac{1}{2} \% \times$ years of active federal service = percent; percent x basic pay of rating in which transferred (notes 6 and 8)	extraordinary heroism (10%)	
12	F-4d 1-c			$\frac{1}{2} \times$ basic pay receiving at transfer (note 5) or $2 \frac{1}{2} \% \times$ years of active federal service = percent; percent x basic pay of rating in which transferred (notes 6 and 8)	extraordinary heroism (10%), or good conduct (10%)	
13	F-6 1-d	$\frac{1}{2} \times$ basic pay receiving at transfer (note 5) or $2 \frac{1}{2} \% \times$ years of active federal service = percent; percent x basic pay of rating in which transferred (note 6)	extraordinary heroism(10%)			

Table 3-2. Historical Pay Computations-Fleet Reserve and Fleet Marine Corps Reserve (Continued)

HISTORICAL PAY COMPUTATIONS-FLEET RESERVE AND FLEET MARINE CORPS RESERVE						
	A	B	C	D	E	F
R U L E	If member retires in class	during period	with years of service	then pay computation formula is	plus	and applicable law is
14	F-6 1-d	on or after 8/10/56	at least 20 years	2 ½ % x years of active service in Armed Forces = percent; percent x basic pay receiving at transfer (notes 7 and 8)	extraordinary heroism (10%)	Public Law 1028, 8/10/56, 10 U.S.C. 6330.

NOTES:

1. Fractional year of 6 months or more not creditable as 1 year for longevity or transfer.
2. Fractional year of 6 months or more creditable equals full year for transfer and longevity effective August 10, 1946.
3. Effective August 10, 1946 class F-5 changed to class F-6.
4. Six months or more equals 1 year for active service; 6 months or more does not equal 1 year for basic pay; no good conduct or extraordinary heroism.
5. Six months equals 1 year for basic pay and not for computing years of naval service for transfer.
6. Six months or more equals 1 full year for active service and basic pay.
7. Six months equals 1 year for active service (include constructive service in active service). Six months equals 1 year for basic pay (do not include constructive service in service for basic pay).
8. If member entered a Uniformed Service after September 7, 1980, substitute the retainer pay base for the base or basic pay.

Table 3-2. Historical Pay Computations-Fleet Reserve and Fleet Marine Corps Reserve (Continued)

EXAMPLES OF HOW YEARS, MONTHS, AND DAYS ARE CONVERTED TO YEAR AND PERCENTAGE MULTIPLE							
At Least			Not More Than				
Years	Months	Days	Years	Months	Days	Converted Years	Percentage
0	6	0	1	5	29	1	2-1/2
1	6	0	2	5	29	2	5
2	6	0	3	5	29	3	7-1/2
3	6	0	4	5	29	4	10
4	6	0	5	5	29	5	12-1/2
5	6	0	6	5	29	6	15
6	6	0	7	5	29	7	17-1/2
7	6	0	8	5	29	8	20
8	6	0	9	5	29	9	22-1/2
9	6	0	10	5	29	10	25
10	6	0	11	5	29	11	27-1/2
11	6	0	12	5	29	12	30
12	6	0	13	5	29	13	32-1/2
13	6	0	14	5	29	14	35
14	6	0	15	5	29	15	37-1/2
15	6	0	16	5	29	16	40
16	6	0	17	5	29	17	42-1/2
17	6	0	18	5	29	18	45
18	6	0	19	5	29	19	47-1/2
19	6	0	20	5	29	20	50
20	6	0	21	5	29	21	52-1/2
21	6	0	22	5	29	22	55
22	6	0	23	5	29	23	57-1/2
23	6	0	24	5	29	24	60
24	6	0	25	5	29	25	62-1/2
25	6	0	26	5	29	26	65
26	6	0	27	5	29	27	67-1/2
27	6	0	28	5	29	28	70
28	6	0	29	5	29	29	72-1/2
29	6	0				30	75

NOTE: This Table applies to members retired before January 1, 1982 with several exceptions covered in paragraph 030107.

Table 3-3. Examples of How Years, Months, And Days Are Converted To Year and Percentage Multiple

SERVICE CONVERSIONS EFFECTIVE JANUARY 1, 1982											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
		=00.	2		= 5.00	4		=10.00	6		=15.00
	1	=00.20	2	1	= 5.20	4	1	=10.20	6	1	=15.20
	2	=00.43	2	2	= 5.43	4	2	=10.43	6	2	=15.43
	3	=00.63	2	3	= 5.63	4	3	=10.63	6	3	=15.63
	4	=00.83	2	4	= 5.83	4	4	=10.83	6	4	=15.83
	5	= 1.05	2	5	= 6.05	4	5	=11.05	6	5	=16.05
	6	= 1.25	2	6	= 6.25	4	6	=11.25	6	6	=16.25
	7	= 1.45	2	7	= 6.45	4	7	=11.45	6	7	=16.45
	8	=1.68	2	8	= 6.68	4	8	=11.68	6	8	=16.68
	9	= 1.88	2	9	= 6.88	4	9	=11.88	6	9	=16.88
	10	= 2.08	2	10	= 7.08	4	10	=12.08	6	10	=17.08
	11	= 2.30	2	11	= 7.30	4	11	=12.30	6	11	=17.30
1		= 2.50	3		= 7.50	5		=12.50	7		=17.50
1	1	= 2.70	3	1	= 7.70	5	1	=12.70	7	1	=17.70
1	2	= 2.93	3	2	= 7.93	5	2	=12.93	7	2	=17.93
1	3	= 3.13	3	3	= 8.13	5	3	=13.13	7	3	=18.13
1	4	= 3.33	3	4	= 8.33	5	4	=13.33	7	4	=18.33
1	5	= 3.55	3	5	= 8.55	5	5	=13.55	7	5	=18.55
1	6	= 3.75	3	6	= 8.75	5	6	=13.75	7	6	=18.75
1	7	= 3.95	3	7	= 8.95	5	7	=13.95	7	7	=18.95
1	8	= 4.18	3	8	= 9.18	5	8	=14.18	7	8	=19.18
1	9	= 4.38	3	9	= 9.38	5	9	=14.38	7	9	=19.38
1	10	= 4.58	3	10	= 9.58	5	10	=14.58	7	10	=19.58
1	11	= 4.80	3	11	= 9.80	5	11	=14.80	7	11	=19.80

Table 3-4. Service Conversions Effective January 1, 1982

SERVICE CONVERSIONS EFFECTIVE JANUARY 1, 1982											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
8		=20.00	10		=25.00	12		=30.00	14		=35.00
8	1	=20.20	10	1	=25.20	12	1	=30.20	14	1	=35.20
8	2	=20.43	10	2	=25.43	12	2	=30.43	14	2	=35.43
8	3	=20.63	10	3	=25.63	12	3	=30.63	14	3	=35.63
8	4	=20.83	10	4	=25.83	12	4	=30.83	14	4	=35.83
8	5	=21.05	10	5	=26.05	12	5	=31.05	14	5	=36.05
8	6	=21.25	10	6	=26.25	12	6	=31.25	14	6	=36.25
8	7	=21.45	10	7	=26.45	12	7	=31.45	14	7	=36.45
8	8	=21.68	10	8	=26.68	12	8	=31.68	14	8	=36.68
8	9	=21.88	10	9	=26.88	12	9	=31.88	14	9	=36.88
8	10	=22.08	10	10	=27.08	12	10	=32.08	14	10	=37.08
8	11	=22.30	10	11	=27.30	12	11	=32.30	14	11	=37.30
9		=22.50	11		=27.50	13		=32.50	15		=37.50
9	1	=22.70	11	1	=27.70	13	1	=32.70	15	1	=37.70
9	2	=22.93	11	2	=27.93	13	2	=32.93	15	2	=37.93
9	3	=23.13	11	3	=28.13	13	3	=33.13	15	3	=38.13
9	4	=23.33	11	4	=28.33	13	4	=33.33	15	4	=38.33
9	5	=23.55	11	5	=28.55	13	5	=33.55	15	5	=38.55
9	6	=23.75	11	6	=28.75	13	6	=33.75	15	6	=38.75
9	7	=23.95	11	7	=28.95	13	7	=33.95	15	7	=38.95
9	8	=24.18	11	8	=29.18	13	8	=34.18	15	8	=39.18
9	9	=24.38	11	9	=29.38	13	9	=34.38	15	9	=39.38
9	10	=24.58	11	10	=29.58	13	10	=34.58	15	10	=39.58
9	11	=24.80	11	11	=29.80	13	11	=34.80	15	11	=39.80

Table 3-4. Service Conversions Effective January 1, 1982 (Continued)

SERVICE CONVERSIONS EFFECTIVE JANUARY 1, 1982											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
16		=40.00	18		=45.00	20		=50.00	22		=55.00
16	1	=40.20	18	1	=45.20	20	1	=50.20	22	1	=55.20
16	2	=40.43	18	2	=45.43	20	2	=50.43	22	2	=55.43
16	3	=40.63	18	3	=45.63	20	3	=50.63	22	3	=55.63
16	4	=40.83	18	4	=45.83	20	4	=50.83	22	4	=55.83
16	5	=41.05	18	5	=46.05	20	5	=51.05	22	5	=56.05
16	6	=41.25	18	6	=46.25	20	6	=51.25	22	6	=56.25
16	7	=41.45	18	7	=46.45	20	7	=51.45	22	7	=56.45
16	8	=41.68	18	8	=46.68	20	8	=51.68	22	8	=56.68
16	9	=41.88	18	9	=46.88	20	9	=51.88	22	9	=56.88
16	10	=42.08	18	10	=47.08	20	10	=52.08	22	10	=57.08
16	11	=42.30	18	11	=47.30	20	11	=52.30	22	11	=57.30
17		=42.50	19		=47.50	21		=52.50	23		=57.50
17	1	=42.70	19	1	=47.70	21	1	=52.70	23	1	=57.70
17	2	=42.93	19	2	=47.93	21	2	=52.93	23	2	=57.93
17	3	=43.13	19	3	=48.13	21	3	=53.13	23	3	=58.13
17	4	=43.33	19	4	=48.33	21	4	=53.33	23	4	=58.33
17	5	=43.55	19	5	=48.55	21	5	=53.55	23	5	=58.55
17	6	=43.75	19	6	=48.75	21	6	=53.75	23	6	=58.75
17	7	=43.95	19	7	=48.95	21	7	=53.95	23	7	=58.95
17	8	=44.18	19	8	=49.18	21	8	=54.18	23	8	=59.18
17	9	=44.38	19	9	=49.38	21	9	=54.38	23	9	=59.38
17	10	=44.58	19	10	=49.58	21	10	=54.58	23	10	=59.58
17	11	=44.80	19	11	=49.80	21	11	=54.80	23	11	=59.80

Table 3-4. Service Conversions Effective January 1, 1982 (Continued)

SERVICE CONVERSIONS EFFECTIVE JANUARY 1, 1982								
Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
24		=60.00	26		=65.00	28		=70.00
24	1	=60.20	26	1	=65.20	28	1	=70.20
24	2	=60.43	26	2	=65.43	28	2	=70.43
24	3	=60.63	26	3	=65.63	28	3	=70.63
24	4	=60.83	26	4	=65.83	28	4	=70.83
24	5	=61.05	26	5	=66.05	28	5	=71.05
24	6	=61.25	26	6	=66.25	28	6	=71.25
24	7	=61.45	26	7	=66.45	28	7	=71.45
24	8	=61.68	26	8	=66.68	28	8	=71.68
24	9	=61.88	26	9	=66.88	28	9	=71.88
24	10	=62.08	26	10	=67.08	28	10	=72.08
24	11	=62.30	26	11	=67.30	28	11	=72.30
25		=62.50	27		=67.50	29		=72.50
25	1	=62.70	27	1	=67.70	29	1	=72.70
25	2	=62.93	27	2	=67.93	29	2	=72.93
25	3	=63.13	27	3	=68.13	29	3	=73.13
25	4	=63.33	27	4	=68.33	29	4	=73.33
25	5	=63.55	27	5	=68.55	29	5	=73.55
25	6	=63.75	27	6	=68.75	29	6	=73.75
25	7	=63.95	27	7	=68.95	29	7	=73.95
25	8	=64.18	27	8	=69.18	29	8	=74.18
25	9	=64.38	27	9	=69.38	29	9	=74.38
25	10	=64.58	27	10	=69.58	29	10	=74.58
25	11	=64.80	27	11	=69.80	29	11	=74.80
						30		=75.00

Table 3-4. Service Conversions Effective January 1, 1982 (Continued)

NOTE:

To arrive at the above multipliers, divide the number of whole months by 12, carry the quotient 3, round to 2. Add this to the number of years and multiply by .025.

Example 1: 20 years, 7 months, 13 days
 7 months ÷ 12 = .583 (.58)
 20.58 x .025 = 51.45%

Example 2: 20 years, 8 months, 28 days
 8 months ÷ 12 = .667 (.67)
 20.67 x .025 = 51.68%

Exception: Members who retire between January 1, 1982 and September 30, 1983 and meet requirements of paragraph 030107 will round service credit of 6 months or more as shown on the Table.

Table 3-4. Service Conversions Effective January 1, 1982 (Continued)

Reduction Factors Applicable to Temporary Early Retirement Authority					
Months Less than 240	Reduction Factor	Months Less than 240	Reduction Factor	Months Less than 240	Reduction Factor
1	.99917	2	.99833	3	.99750
4	.99667	5	.99583	6	.99500
7	.99417	8	.99333	9	.99250
10	.99167	11	.99083	12	.99000
13	.98917	14	.98833	15	.98750
16	.98667	17	.98583	18	.98500
19	.98417	20	.98333	21	.98250
22	.98167	23	.98083	24	.98000
25	.97917	26	.97833	27	.97750
28	.97667	29	.97583	30	.97500
31	.97417	32	.97333	33	.97250
34	.97167	35	.97083	36	.97000
37	.96917	38	.96833	39	.96750
40	.96667	41	.96583	42	.96500
43	.96417	44	.96333	45	.96250
46	.96167	47	.96083	48	.96000
49	.95917	50	.95833	51	.95750
52	.95667	53	.95583	54	.95500
55	.95417	56	.95333	57	.95250
58	.95167	59	.95083	60	.95000

Table 3-5. Reduction Factors Applicable to Temporary Early Retirement Authority (Continued)

Chapter 03-Gross Pay Computation

0301-Basic Computation

030101.A	10 U.S.C. 1401
030101.B	10 U.S.C. 1401
030101.C.1	10 U.S.C. 1406(b)(1)
030101.C.2.a	10 U.S.C. 1407(c)(1)
030101.C.2.b	10 U.S.C. 1407(c)(2)
030101.C.2.c	10 U.S.C. 1407(d)(2)
030101.C.2.d	10 U.S.C. 1407(d)(3)
030101.D	10 U.S.C. 1401(b)
030101.E	10 U.S.C. 1409(a)
030102	10 U.S.C. 1409(a), 3991(a), 6327, 6333, 8991(a)
030102.A.1	10 U.S.C. 1407(e)
030102.A.2	10 U.S.C. 1406(c), 3991(c), 6333(c), 8991(c)
030102.A.3	10 U.S.C. 3991(a), 6330(c), 8991(a)
030102.B	10 U.S.C. 1406(c)-(e), 1407,
030102.C	10 U.S.C. 1401(a), 1406(b), 1407(c)
030102.D	10 U.S.C. 1409
030103	10 U.S.C. 1401, 1406(b), 1407(c)
030103.B	10 U.S.C. 6383(c)
030104	10 U.S.C. 12733, 12739
030104.A	10 U.S.C. 1406(b)
030104.B	10 U.S.C. 1407(d)
030105	10 U.S.C. 6330, 6333, 6336
030105.A	10 U.S.C. 1406(d), 6333, 6336
030105.B	10 U.S.C. 1407(c), (e)
030107	10 U.S.C. 1401(a), 1409(c), 6330(d), 6404
030108	Public Law 96-342, sec. 813, Sept 8, 1980 Public Law 99-348, sec. 104, Jul 1, 1986 OSD/FM&P Memo, Mar 12, 1993

	030109	Public Law 98-94, sec. 922, Sep 24, 1983 OSD/MP&FM Memo, Sept 29, 1983
	030110	Public Law 102-484, sec. 4403, 4417, Oct 23, 1992
	030110.B	OSD(FM&P) Memo, Apr 22, 1993
	030110.C	Public Law 102-484, sec. 4464, Oct 23, 1992
	030110.C.2	OSD(FM&P) Memo, April 22, 1993
	030111	10 U.S.C. 1401a(b), 1409, 1410 DoD Office of the Actuary Memo, May 5, 1987
0303-Tower Amendment		
	030301	10 U.S.C. 1401a(f)
	030301.C	Public Law 100-456, sec. 622, Sept 29, 1988
	030302.A	MS Comp Gen B-189029, Sept 2, 1980
	030303	10 U.S.C. 1401a(f) Public Law 103-337, sec. 633, Oct 5, 1994 MS Comp Gen B-189029, Sept 2, 1980 70 Comp Gen 398 MS Comp Gen B-231406, Mar 22, 1989 66 Comp Gen 425 MS Comp Gen B-204120, Mar 25, 1982
0304-Special Provisions		
	030403.A	10 U.S.C. 601(b), 1406(i), 3991, 6325, 6333, 8991
	030404	10 U.S.C 1370
	030405	10 U.S.C. 1406(i) DoD General Counsel opinion, Apr 21, 1998

030406	10 U.S.C. 3991(a), 6330(c), 8991(a) 55 Comp Gen 701 MS Comp Gen B-259559, Jun 6, 1995
030407	Public Law 88-132, sec. 5, Oct 2, 1963
030409	Public Law 77-607, sec. 15, Jun 16, 1942
030410	Act of May 24, 1928, Public Law 506, 45 Stat 735, as amended by Sec 1, Act of May 20, 1933 48 Stat 10
030411	Public Law 103-160, Nov 30, 1993
Table 3-1 Note 7	Public Law 96-342, Sept 8, 1980
Table 3-2 Note 8	Public Law 96-342, Sep 8, 1980
Table 3-5	ASD/FM & P(MM & PP) Memo, Apr 22, 1993