



DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

MAR - 6 1998

DFAS-HQ/FMM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Update to the Department of Defense Financial
Management Regulation (DoDFMR), Volume 7, Part B,
Change for December 1997 Cost-of-Living Adjustment
(DFAS item G-74)

This is an Interim Change Number R6-98 to the DoDFMR, Volume 7B. This change is effective December 1, 1997. The attached final version of the change includes your comments where appropriate. Assignment of an interim change number is your authority to initiate a procedural modification to facilitate this change.

We have determined that this policy change does not require a change to the current pay system. For the Denver Center, use the attached to initiate the formal change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau may be contacted at DSN 327-5061 or commercial (703) 607-5061. Our FAX number is DSN 332-5271 or commercial (703) 602-5271.

Roger W. Searce
Brigadier General, USA
Director for Finance

Attachment:
As stated

cc: DASD (MMP) (COMP)
ODGC (F)
DFAS-DE/DG
Service Liaisons
USCG/NOAA/PHS Liaisons

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
1 Jan - 31 Mar 1997	1.3 percent
1 Apr - 30 Jun 1997	.8 percent
1 Jul - 30 Sep 1997	.4 percent
1 Oct - 31 Dec 1997	0 percent

(2) Post-Aug 1986 members:

(a) Members who first entered service on or after 1 Aug 1986 and who became entitled to retired pay before 1 Jan 1997 receive a 1.1 percent adjustment.

(b) Members who first entered service on or after 1 Aug 1986 and who became entitled to an initial amount of retired pay on or after 1 Jan 1997 are entitled to a pro rata initial adjustment as follows:

<u>Retired Pay Effective Date</u>	<u>Percent Increase</u>
1 Jan - 31 Mar 1997	.6 percent
1 Apr - 30 Jun 1997	.3 percent
1 Jul - 30 Sep 1997	.1 percent
1 Oct - 31 Dec 1997	0 percent"

6. Add the following new subparagraph 20404cg (paragraph 080485 in reformatted Vol 7B):

"cg. Executive Order 13071 of December 31, 1997, effective 1 Jan 1998 provides:

(1) Increased basic pay rates.

(2) No increase for members retired before 1 Jan 1998.

(3) Members who retired on 1 Jan 1998 and who were subject to the Uniform Retirement Date Act, warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (31 Dec 1997 transfers) were not entitled to pay computed on the 1 Jan 1998 basic pay rates."

7. Revise Table 9-8-1, SBP Threshold Amount, (table 49-1 in reformatted Vol 7B), to show the following change/addition after Rule 23:

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	If retired pay is based on active duty rates effective	and increased by COLADJ	then the SBP threshold is
24	"Jan 97 - 3.0%		434.00
25		1 Dec 97-- Pre-8 Sep 80 Mbr: 1.3 %	439.64

Pre-Aug 86 Mbr:		
Retired Jan-Mar 97	1.3 %	439.64
Retired Apr-Jun 97	.8 %	437.47
Retired Jul-Sep 97	.4 %	435.74
Retired Oct-Dec 97	0	434.00
Post-Aug 86 Mbr:		
Retired Jan-Mar 97	.6 %	436.60
Retired Apr-Jun 97	.3 %	435.30
Retired Jul-Sep 97	.1 %	434.43
Retired Oct-Dec 97	0	434.00

26 1 Jan 98 - 2.8% 446.00"

8. Revise Appendix 13 to show the following addition:

Year of Retirement	Maximum Pay By Social Security
"1998	68,400"

9. Revise Appendix 21 to show the following:

"1st Qtr FY 97	2nd Qtr FY 97	3rd Qtr FY 97
4th Qtr CY 96	1st Qtr CY 97	2nd Qtr CY 97
Oct 96 155.5	Jan 97 156.3	Apr 97 157.2
Nov 96 155.9	Feb 97 156.8	May 97 157.2
Dec 96 155.9	Mar 97 157.0	Jun 97 157.4
AVG CPI 155.8	AVG CPI 156.7	AVG CPI 157.3
4th Qtr FY 97	1st Qtr FY 98	
3rd Qtr CY 97	4th Qtr CY 97	
Jul 97 157.5	Oct 97 158.5"	
Aug 97 157.8		
Sep 97 158.3		
AVG CPI 157.9		

TABLE 2-3-1
SERVICE REVERT--RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402)
(WITH AT LEAST 2 YEARS' ACTIVE SERVICE AFTER RECALL)

	A	B	C	D	E	F
R					increased by	
U	If date of	and the	then	and entitle-	COLADJ appli-	and apply
L	release from	current	revert to	ment at time	cable at time	later COLADJ
E	active duty	active duty	active	of recompu-	of recompu-	per table 2-3-
	is during	rates is	duty rate	tation is	tation	3, rule
				(note 4)	(note 8)	(notes 5, 9)
73	1 Dec 96- 31 Dec 96	1 Jan 96	1 Jan 95	1 Jan 95	2.0 + 2.9	38 through end
74	1 Jan 97- 30 Nov 97	1 Jan 97	1 Jan 96	1 Jan 96	2.5	38 through end
75	1 Dec 97- 31 Dec 97	"	"	"	2.5 + 2.1	--
76	1 Jan 98-	1 Jan 98	1 Jan 97	1 Jan 97	1.3	--

TABLE 2-3-2

DISABILITY REVERT-RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402)
(WITH AT LEAST 30 PERCENT AFTER RECALL)

	A	B	C	D	E	F
R U L E	If date of release from active duty is during	and the current active duty rate is	then revert to active duty rate	and entitle- ment at time of recompu- tation is	increased by COLADJ appli- cable at time of recompu- tation (note 6)	and apply later COLADJ per table 2-3- 3, rule (notes 6, 7)
71	1 Jan 96- 30 Nov 96	1 Jan 96	1 Jan 96	1 Jan 96		2.5 and rule 38 through end
72	1 Dec 96- 31 Dec 96	"	"	"	2.5 (See para- graph 20404cd for post-Aug 86 mbr)	38 through end
73	1 Jan 97- 30 Nov 97	1 Jan 97	1 Jan 97	1 Jan 97		1.3
74	1 Dec 97- 31 Dec 97	"	"	"	1.3 (See para- graph 20404cf for post-Aug 86 mbr)	--
75	1 Jan 98-	1 Jan 98	1 Jan 98	1 Jan 98	--	--