



DEFENSE FINANCE AND ACCOUNTING SERVICE

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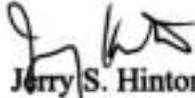
DFAS-DFM

**MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE
FINANCE AND ACCOUNTING SERVICE (DFAS-PM/ CL)**

SUBJECT: Interim Change to the Department of Defense Financial Management
Regulation (DoDFMR), Volume 7, Part B, Regarding December 2000
Cost-of-Living Adjustment (DFAS Item J-61)

The attached, Interim Change **R11-01** to the DoDFMR, Volume 7B implements the military pay cost-of-living adjustment effective December 1, 2000. The attached also implements the basic pay increase effective January 1, 2001, as authorized by the National Defense Authorization Act for fiscal year 2001 under Public Law 106-398, October 30, 2000.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.


Jerry S. Hinton
Director for Finance

Attachments:
As stated

cc: DASD(MPP)(Comp)
OUSD(C)(OCDFO)(FP)
ODGC(F)
DFAS-GAM/DE
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-PR/KC
DFAS-PRR/CL
DFAS-PRR/DE
DFAS-PMJE/DE

1. Revise Table 7-1, Rule 78, Column A, to read:

"Jan 1, 99 - Nov 30, 99"

2. Revise Tables 7-1 and 7-2 in Volume 7B to add/change as follows:

Table 7 - 1

SERVICE REVERT – RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402) (WITH AT LEAST 2 YEARS OF ACTIVE SERVICE 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 entitlement at time of recomputation is (note 4)	increased by COLADJ applicable at time of recomputation (note 8)	and apply later COLADJ per table 7-3 rule (notes 5 & 9)
80	Jan 1, 00 – Nov 30, 00	Jan 1, 00	Jan 1, 99	Jan 1, 99	2.0	
81	Dec 1, 00 – Dec 31, 00				2.0 + 3.5	
82	Jan 1, 01 – Nov 30, 01	Jan 1, 01	Jan 1, 00	Jan 1, 00	2.8 *	

* For those using rates effective Jan 1, 2000: 2.8 percent (ref. 10 U.S.C. 1401a(c)(2)). Note: This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was unchanged from the rate of January 1, 2000. For those using rates effective July 1, 2000: 0.7 percent (ref. 10 U.S.C 1401a(c)(2)). Note: This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was changed from the rate of January 1, 2000.

Table 7-2

DISABILITY REVERT – RATES OF ENTITLEMENT UPON REVERSION TO RETIRED LIST (10 U.S.C. 1402) (WITH DISABILITY OF 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 entitlement at time of recomputation is (note 4)	increased by COLADJ applicable at time of recomputation (note 8)	and apply later COLADJ per table 7-3 rule (notes 5 & 9)
79	Jan 1, 00 – Nov 30, 00	Jan 1, 00	Jan 1, 00	Jan 1, 00		2.8
80	Dec 1, 00 – Dec 31, 00				2.8**	

** For those using rates effective Jan 1, 2000: 2.8 percent (ref. 10 U.S.C. 1401a(c)(2)). Note: This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was unchanged from the rate of January 1, 2000. For those using rates effective July 1, 2000: 0.7 percent (ref. 10 U.S.C 1401a(c)(2)). Note: This includes any member whose retired pay is computed on a pay cell of the July 1, 2000 pay table that was changed from the rate of January 1, 2000."

3. Update Table 7-3 in Volume 7B, Cost of-Living Adjustment Percentage Table, to show the following addition after no. 40:

"41 Dec 1, 00 (note 2) 3.5 Pre-Aug 86 member"

4. Add the following new paragraph 080490 in Volume 7B:

"080490. A cost-of-living adjustment effective Dec 1, 2000 provided for:

Pre-Aug 86 members:

1. Members who first entered service before August 1, 1986, and whose retired pay has been computed under active duty pay rates in effect before January 1, 2000, received a 3.5 percent adjustment.

2. Members who first entered service before September 8, 1980, and who became entitled to an initial amount of retired pay computed on the January 1, 2000, active duty basic pay rate received a 2.8 percent adjustment. This includes any member whose retired pay is computed on a pay cell of the July 1, 2000, pay table that was unchanged from the rate of January 1, 2000.

3. Members who first entered service before September 8, 1980, and who became entitled to an initial amount of retired pay computed on the July 1, 2000 active duty basic pay rate received a 0.7 percent adjustment. This includes any member whose retired pay is computed on a pay cell of the July 1, 2000, pay table that was changed from the rate of January 1, 2000.

4. 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>Retired Pay Effective Date</u>	<u>Percent Increase</u>
Before January 1, 2000	3.5 percent
Jan 1, 2000 – Mar 31, 2000	2.8 percent
Apr 1, 2000 – Jun 30, 2000	1.8 percent
Jul 1, 2000 – Sep 30, 2000	0.7 percent
Oct 1, 2000 – Dec 31, 2000	0.0 percent"

5. Add the following new subparagraph 080491 in Volume 7B:

"Executive Order 13182 effective January 1, 2001 provides:

- A. Increased basic pay rates.
- B. No increase for members retired before January 1, 2001.
- C. No entitlement to pay computed on the January 1, 2001 basic pay rates for members who retired on January 1, 2001, and who were subject to the URDA (reference (x)), warrant officers, Fleet Reservists, and Fleet Marine Corps Reservists (December 31, 2000 transfers)."

6. Revise Table 49-1, Survivor Benefit Plan Threshold Amount in Volume 7B, to show the following change/addition after rule 30:

R	A	B	C
U	If retired pay is based on		
L	active duty pay rates		
E	effective	and increased by COLADJ	then the threshold is
“31	January 1, 2000 – 4.8%	Dec 1, 00	
	*July 1, 2000 1.4%	Pre-Sep 8, 80 Mbr (Jan 00) 2.8%	\$497.55
		Pre-Sep 8, 80 Mbr (JUL 00) .7%	\$494.44
	*Sec 601(C) of P.L. 106-65, Oct 6, 1999	Pre-Aug 1986 Mbr	
		Retired Jan-Mar 00 2.8%	\$497.55
		Retired Apr-Jun 00 1.8%	\$492.71
		Retired Jul-Sep 00 .7%	\$494.44
		Retired Oct-Dec 00 0	\$491.00
32	January 1, 2001		\$509.00

7. Revise Appendix M, Total Earnings Table, by adding the following:

<u>Year of Retirement</u>	<u>Maximum Pay By Social Security</u>
“2001	80,400”

8. Revise Appendix U, Averaged Monthly Consumer Price Index (CPI-W), by adding the following:

<u>1st Qtr FY 00</u>	<u>2nd Qtr FY 00</u>	<u>3rd Qtr FY 00</u>	<u>4th Qtr FY 00</u>
<u>4th Qtr CY 99</u>	<u>1st Qtr CY 00</u>	<u>2nd Qtr CY 00</u>	<u>3rd Qtr CY 00</u>
Oct 99 165.1	Jan 00 165.6	Apr 00 168.0	Jul 00 169.4
Nov 99 165.2	Feb 00 166.5	May 00 168.2	Aug 00 169.3
Dec 99 165.2	Mar 00 167.9	Jun 00 169.2	Sep 00 170.4
AVG CPI 165.2	AVG CPI 166.7	AVG CPI 168.5	AVG CPI 169.7

9. Update the bibliography as follows:

<u>Paragraph</u>	<u>Citation</u>
080490	OSD (FMP)(MPP) Comp Memo, Nov 9, 2000
080491	Executive Order No. 13182, Dec 23, 2000