

CHAPTER 8

COST-OF-LIVING ADJUSTMENT

90801. Base Amounts

All SBP base amounts are increased by cost-of-living adjustments (COLADJ). The adjustment to the base amount is made at the same time and by the same total percentage that retired or retainer pay is increased. If a member before retirement elects a base amount that is less than full gross pay, the elected base amount is established as the initial base amount regardless of the COLADJ that apply to the initial computation of retired pay (excluding RCSBP elections effective 1 July 1986).

90802. Threshold and Cost of Coverage

a. Before 1 Mar 1986, initial SBP cost was computed on a standard cost formula of 2-1/2 percent of the first \$300 of the base amount and 10 percent of the base amount in excess of \$300. When retired pay increased by COLADJ under Title 10, U.S.C., section 1401a, SBP cost was recomputed under the standard cost formula. Effective 1 Dec 1980, and beginning with the March 1981 COLADJ, the percentage increase applies directly to the cost.

b. Beginning 1 Mar 1986, members who elect SBP and have retired pay computed on active duty basic pay rates in effect 1 Oct 1985, or later, will have initial SBP cost computed on the standard cost formula described in paragraph a above except that the \$300 threshold amount is indexed by active duty basic pay rates effective 1 Oct 1985, or later. For example: Member retires 1 May 1986. Active duty basic pay rates increased by 3 percent effective 1 Oct 1985. Initial SBP cost is computed on 2-1/2 percent of the first \$309 (\$300 threshold x 1.03 increase October 1985), plus 10 percent of the base amount in excess of \$309. If member's initial computation of retired pay includes a COLADJ effective 1 Oct 1985, or later, the threshold amount will be adjusted by the same COLADJ percentage. After retirement, cost increases on COLADJ as in paragraph a above. See table 9-8-1 for SBP threshold amounts.

c. On 1 Mar 1990, the cost formula for spouse and former spouse coverage changed to a flat-rate reduction of 6-1/2 percent of the base amount. An individual who entered a Uniformed Service before 1 Mar 1990, or a member who is

entitled to retired pay under Title 10, U. S. C., chapter 61 (disability) or chapter 67 (non-Regular service retirement), is entitled to whichever cost formula is more favorable to the member.

d. SSBP cost for coverage is a percentage of the base amount. SSBP cost increases in the same manner as SBP cost. The member elects SSBP coverage in increments of 5, 10, 15, or 20 percent, and the SSBP cost is computed by multiplying the SSBP premium factor (factor rates are for each 5 percent of SSBP coverage) based on member's age at election by 1, 2, 3, or 4, respectively. The SSBP premium rates are shown on table 9-4-5.

e. Members who elect spouse or former spouse coverage, or who increase the base amount of spouse or former spouse coverage during the open enrollment period 1 Apr 1992 through 31 Mar 1993, are subject to a premium addition as shown on Table 9-4-6. The additional premium is based on the number of years member had been retired. The premium addition does not apply to any member making an open season election who is currently paying RSFPP cost for spouse coverage or, who is electing SBP coverage for spouse and who previously participated in SBP but who later withdrew from participation under the provision for totally disabled members.

90803. Annuities

SBP and SSBP annuities are increased by cost-of-living adjustments, except annuities payable to the minimum income spouse. The adjustment is made at the same time and by the same percentage that retired or retainer pay is increased. Base the amount of the increase on the monthly annuity payable before any reductions. Annuities effective the same day as the cost-of-living adjustment were recomputed as of 1 Dec 1980, to include the previously denied cost-of-living adjustment; however, no retroactive payment is due for the period before 1 Dec 1980.

NOTE: In April 1983, cost was increased by 3.3 percent half-COLADJ; however, the base amount for computing SBP annuity increased by 3.9 percent COLADJ.

TABLE 9-8-1			
SURVIVOR BENEFIT PLAN THRESHOLD AMOUNT			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by COLADJ	then the SBP threshold is
1	before 1 Oct 1985		\$300.00
2	1 Oct 1985— 3 %		\$309.00
3		1 Dec 1986— Pre-Aug 1986 Mbr 1.3% Post-Aug 1986 Mbr 0%	\$313.02 \$309.00
4	1 Jan 1987— 3%		\$318.00
5		1 Dec 1987: Pre-Aug 1986 Mbr 3.7% Post-Aug 1986 Mbr: if retired Jan-Mar 1987 3.7% if retired Apr-Jun 1987 2.5% if retired Jul-Sep 1987 1.2% if retired Oct-Dec 1987 0%	\$329.77 \$329.77 \$325.95 \$321.82 \$318.00
6	1 Jan 1988— 2%		\$324.00
7		1 Dec 1988 Pre-Aug 1986 Mbr 3.2% Post-Aug 1986 Mbr: if retired Jan-Mar 1988 2.4% if retired Apr-Jun 1988 2.1% if retired Jul-Sep 1988 1.1% if retired Oct-Dec 1988 0%	\$334.37 \$331.78 \$330.80 \$327.56 \$324.00
8	1 Jan 1989— 4.1%		\$337.00
9		1 Dec 1989 Pre-Aug 1986 Mbr 3.6% Post-Aug 1986 Mbr: if retired Jan-Mar 1989 2.9% if retired Apr-Jun 1989 2.1% if retired Jul-Sep 1989 .5% if retired Oct-Dec 1989 0%	\$349.13 \$346.77 \$344.08 \$338.69 \$337.00
10	1 Jan 1990— 3.6%		\$349.00
11		1 Dec 1990: Pre-Aug 1986 Mbr 4.4% Post-Aug 1986 Mbr: if retired Jan-Mar 1990 3.7% if retired Apr-Jun 1990 2.2% if retired Jul-Sep 1990 1.5% if retired Oct-Dec 1990 0%	\$364.36 \$361.91 \$356.68 \$354.24 \$349.00

TABLE 9-8-1. CONTINUED			
R U L E	A	B	C
	If retired pay is based on active duty rates effective	and increased by COLADJ	then the SBP threshold is
12	1 Jan 1991— 4.1%		\$363.00
13		1 Dec 1991: Pre-Aug 1986 Mbr 2.0% Post-Aug 1986 Mbr: if retired Jan-Mar 1991 1.2% if retired Apr-Jun 1991 .9% if retired Jul-Sep 1991 .5% if retired Oct-Dec 1991 0%	\$370.26 \$367.36 \$366.27 \$364.82 \$363.00
*14	1 Jan 1992— 4.2%		\$378.00
*15		1 Dec 1992: Pre-Aug 1986 Mbr 2.3% Post-Aug 1986 Mbr: if retired Jan-Mar 1992 1.5% if retired Apr-Jun 1992 1.2% if retired Jul-Sep 1992 .5% if retired Oct-Dec 1992 0%	\$386.69 \$383.67 \$382.54 \$379.89 \$378.00
*16	1 Jan 1993— 3.7%		\$392.00
*17		1 Dec 93: Pre-Aug 86 Mbr 1.9% Post-Aug 86 Mbr: if retired Jan-Mar 1993 1.2% if retired Apr-Jun 1993 .7% if retired Jul-Sep 1993 .2% if retired Oct-Dec 1993 0%	\$399.45 \$396.70 \$394.74 \$392.78 \$392.00
*18	1 Jan 94—2.2%		\$401.00

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