

**VOLUME 7B, CHAPTER 3: “GROSS PAY COMPUTATION”**

**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [July 2020](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated chapter and formatting to comply with administrative instructions.	Revision
All	Renumbered the chapter sections and paragraphs to comply with administrative instructions.	Revision
2.2.3 5.1	Added note to clarify that the retired pay may not be recomputed for a non-regular member who is retired for disability and becomes entitled to immediate retired pay before eligibility age.	Addition
2.2.4 2.10.1	Added verbiage to clarify Career Status Bonus reduction factors will not apply when computing retired pay for disability retirees.	Addition
2.5.1.3	Added verbiage to clarify high-36 months of a non-regular member who is awaiting retired pay at eligibility age would only include the months prior the discharge	Addition
References	Updated reference.	Revision

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## CHAPTER 3

### GROSS PAY COMPUTATION

#### 1.0 GENERAL

##### 1.1 Purpose

This chapter establishes the standard way of computing basic retired pay, which includes the application of saved pay, impact of the Tower Amendment, impact of other special provisions related to retired pay, and calculations and payment of a lump sum of retired pay. This update introduces guidance for the Modernized Retirement System, known as the Blended Retirement System (BRS). BRS is authorized by the Fiscal Year (FY) 2016 National Defense Authorization Act (NDAA), [Public Law \(P.L.\) 114-92](#), sections 631 through 635. BRS was further modified in the FY 2017 NDAA, [P.L. 114-328](#), sections 631 through 633 and FY 2018 NDAA, [P.L. 115-91](#), section 622. BRS became effective January 1, 2018. Unless specifically stated in P.L. 114-92, P.L. 114-328, or P.L. 115-91, all existing provisions in statute, regulation, and policy related to retired pay, retainer pay, and survivor benefits remain in effect under the BRS.

##### 1.2 Authoritative Guidance

The pay policies and requirements established by DoD in this chapter are derived primarily from, and prepared in accordance with the United States Code (U.S.C.), including Titles 10, 37, and 38. Due to the subject matter in this chapter, the list of authoritative sources is extensive. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

#### 2.0 BASIC COMPUTATION

##### 2.1 Overview

In most cases, retired or retainer pay is the product of multiplying the retired pay base by the years of service multiplier. In some military disability retirement cases, retired pay is the product of multiplying the retired pay base by the percentage of disability determined by the military service.

2.1.1. Retired Pay Base. The retired pay base is determined by using the active duty basic pay entitlement of the member.

2.1.1.1. Pre-September 8, 1980 Member. For individuals who first became members before September 8, 1980, the retired or retainer pay base is the basic pay of the member on the day before retirement. See paragraphs 2.2 through 2.6 for exceptions.

2.1.1.2. Post-September 7, 1980 Member. For individuals who first became members after September 7, 1980, the retired or retainer pay base is the average of the highest 36 months of basic pay received.

2.1.1.2.1. The retired pay base for a member with 36 or more months of active service is the average monthly basic pay the member received over their highest earning 36 months. In the case of a Reserve component member, this is the total amount of basic pay to which the member was entitled during the member's high 36 months or to which the member would have been entitled if the member had served on "active duty" during the entire period of the member or former member's high 36 months. Only months during which the individual was a member of a uniformed service may be used. Starting with the highest rate of pay, add together the monthly basic pay amounts 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 cent to obtain the retired pay base applicable to the member. Any lost time the member had is not to be included in the computation.

2.1.1.2.2. The retired pay base for a member with less than 36 months of active service is the member's basic pay for the entire period of the member's active service added together divided by the number of months (including any fractions thereof) of the member's active service. In the case of a Reserve component member, this is the total amount of basic pay to which the member was entitled or to which the member would have been entitled if the member had served on active duty during the entire period before being retired. Divide the total pay by the total time expressed as months and days, count days that are less than 30 as 1/30th of a month. Round the result to the nearest cent.

2.1.1.2.3. A full month served counts as 1 month regardless of any interruption by a pay rate change and regardless of the number of days in that month. Service for an entire calendar month at a single rate of basic pay counts as 1 month under that rate of basic pay, regardless of the number of days in the month, i.e., 28, 29, 30, or 31 days. For a calendar month that has multiple rates of basic pay, compute service for an entire calendar month, for the number of days paid at each 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, ignore the 31st. For example, 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. Allocate the computation of pay for a 30 day month in a straightforward manner.

2.1.1.2.4. 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 1 month. If a member serves less than a full month and one or more rates of basic pay apply, compute each rate as applicable for the number of days paid to the member 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, consider the month to have 30 days. This member receives 3 days at one rate and 20 days at the new rate or 23 days of pay.

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

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

$$\begin{array}{l} \$1,229.12 \text{ Retired Pay Base} \\ \times \quad \quad \% \text{ Retired Pay Multiplier} \\ \hline = \$x,xxx.xx \text{ Retired Pay Rounded} \end{array}$$

2.1.1.3. Consider an individual to have first become a member of a uniformed service when that individual is first appointed or is enlisted in the uniformed services. A member who first enlists 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 on the date of enlistment or entry into those programs.

Example 1: 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.

Example 2: A member who first enlists before January 1, 2018 under the delayed entry program; in a Reserve Component as part of the Senior 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 January 1, 2018.

2.1.1.4. The Defense Finance and Accounting Service (DFAS) may use a saved pay rate under the provisions of the Tower Amendment to compute retired pay when it is to the member's advantage. See paragraph 4.1 for eligibility. The Tower Amendment 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.

## 2.1.2. Retired Pay Multiplier

2.1.2.1. 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 the applicable percentage and the member's years of creditable service. The percentage varies according to the member's retirement program. See Table 3-4 (pre-BRS - 2.5 percent) and Table 3-5 (BRS - 2.0 percent). 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. See Chapter 1, section 4.0 for determining creditable years of service for computing retired pay.

2.1.2.1.1. Pre-January 1, 1980 Member. The retired pay or retainer pay multiplier for a member with a Date of Initial Entry into Military Service (DIEMS) before January 1, 1980, is the product of 2.5 percent and the member's years of creditable service unless that member elected to enroll in the BRS.

2.1.2.1.2. Post-January 1, 1980 Member. The retired pay or retainer pay multiplier for a member with a DIEMS on or after January 1, 1980, is the product of 2.5 percent and the member's years of creditable service, unless that member accepted the Career Status Bonus (CSB) or elected to enroll in the BRS.

2.1.2.2. The retired pay or retainer pay multiplier for a regular member with a DIEMS on or after August 1, 1986, but before January 1, 2018, who has accepted the CSB and who retires with less than 30 years of creditable service is:

2.1.2.2.1. The product of 2.5 percent times the member's years of creditable service;

2.1.2.2.2. Minus 1 percentage point for each full year of creditable service less than 30; and

2.1.2.2.3. One twelfth of 1 percentage point for each full month of creditable service less than a full year.

NOTE: See subparagraph 2.10.2 for the restoring of retired pay at age 62.

2.1.2.3. The retired pay or retainer pay multiplier for a member with a DIEMS on or after January 1, 2018, or a member with a DIEMS before January 1, 2018, who elected to enroll in the BRS, is 2 percent times the years of creditable service.

2.1.2.3.1. For a regular retirement under the BRS, the years of service multiplier is determined by multiplying 2 percent times the member's years of creditable service, as computed in accordance with Title 10, U.S.C. § 1405. 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.

2.1.2.3.2. For a non-regular retirement under the BRS, the years of service multiplier is determined by multiplying 2 percent times the years of service credited for percentage purposes. In accordance with DoD Instruction (DoDI) 1215.07, as determined under [10 U.S.C. § 12733](#), the formula for converting retirement points into years of service credited for percentage purposes is total number of retirement points divided by 360.

2.1.2.3.3. For a disability retirement under the provisions of [10 U.S.C., Chapter 61](#), the years of service multiplier is determined by multiplying 2 percent times the member's years of creditable service, as computed in accordance with 10 U.S.C. § 1208. However, a member may elect to receive retired pay equal to their retired base pay multiplied by the member's rated percent of disability in accordance with 10 U.S.C. § 1401. All other provisions of 10 U.S.C., Chapter 61 apply.

2.1.2.4. If retired before January 1, 2007, the retired pay or retainer pay multiplier is limited to 75 percent for a member with more than 30 years of creditable service. If retired after December 31, 2006, for other than disability, there is no restriction on the retired pay multiplier.

## 2.2 Disability Retirement (Table 3-1, Rules 1 and 2)

2.2.1. The retired pay base pay for a disability retirement is determined based on when a member entered service.

2.2.1.1. Pre-September 8, 1980. For a member who entered service before September 8, 1980, the retired pay base is the monthly basic pay of the grade or rank in which the member was serving when placed on the Temporary Disability Retired List (TDRL), or the highest temporary grade or rank in which the member served satisfactorily or to which the member was entitled on the day before retirement or placement on the TDRL, whichever is the higher.

2.2.1.2. Post-September 7, 1980. For a member who entered service after September 7, 1980, the retired pay base is determined as prescribed in subparagraph [2.1.1.2](#).

2.2.2. The retired pay multiplier for a disability retirement is determined as follows:

2.2.2.1. A member permanently retired for disability receives retired pay that is equal to the retired pay base under Table 3-1, Rule 1, multiplied by the member's election of either:

2.2.2.1.1. The applicable percentage described in subparagraph [2.1.2.3.3](#) times the years of service credited for percentage purposes [under 10 U.S.C. § 1208](#), except as provided in subparagraph [2.2.3](#);

2.2.2.1.2. Percentage of disability, not to exceed 75 percent, on date retired;

2.2.2.1.3. The retired pay multiplier may not exceed 75 percent for a member with 30 or more years of service, retiring on or before January 7, 2011. The retired pay multiplier is not limited for members with 30 or more years of service who retire on or after January 8, 2011; or

2.2.2.1.4. The retired pay multiplier is 2 percent times the years credited for percentage purposes [under 10 U.S.C. § 1208](#), for a member who was enrolled in BRS or the percentage of disability, not to exceed 75 percent, on date retired for those who elected to enroll in the BRS.



2.2.2.2. A member placed on the TDRL receives retired pay that is equal to the retired pay base under Table 3-1, Rule 2, multiplied by the member's election of either:

2.2.2.2.1. The applicable percentage described in subparagraph 2.1.2 times the years of service credited for percentage purposes under 10 U.S.C. § 1208; or,

2.2.2.2.2. Percentage of disability, not to exceed 75 percent, on the date when the military department concerned places the member's name on the TDRL.

2.2.2.2.3. If neither multiplier as described under subparagraphs 2.2.2.2.1 and 2.2.2.2.2 is at least 50 percent, DFAS will pay a minimum of 50 percent of the retired pay base while the member is on the TDRL.

2.2.2.2.4. For a member placed on the TDRL on or before January 7, 2011, the retired pay multiplier may not exceed 75 percent. The retired pay multiplier is not limited for members with 30 or more years of service who retire on or after January 8, 2011.

\* 2.2.3. If a member is retired for disability and is eligible under another provision of law, follow the rule in Table 3-1 applicable to the section of law that is more advantageous to the member. Note, however, for a Non-regular member who is retired for disability and becomes entitled to immediate retired pay under Chapter 61 before eligibility age, the retired pay may not be recomputed at eligibility age (usually age 60) based on 10 U.S.C. § 12731. To be entitled to retired pay for non-regular service under 10 U.S.C. § 12731, a member must "not be entitled under any other provision of law, to retired pay from an armed force." See 10 U.S.C. § 12731.

\* 2.2.4. DoD will compute creditable service for disability retirees under 10 U.S.C. § 1208. DoD will not apply CSB reduction factors when computing retired pay for disability retirees.

### 2.3 Voluntary Retirement (Table 3-1, Rules 3 through 8)

2.3.1. The retired or retainer pay base pay for a voluntary retirement is determined based on when a member entered service.

2.3.1.1. Pre-September 8, 1980. For a member who entered service before September 8, 1980, the retired or retainer pay base is the monthly basic pay rate applicable on the date of the member's retirement for the grade or rank in which the member was retired or to which the member advances on the retired list. Compute the retired pay base as shown in Table 3-1, Rules 3 through 8.

2.3.1.1.1. 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.

2.3.1.1.2. For Army and Air Force Reserve enlisted personnel, 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 \(e\)](#).

2.3.1.1.3. For Navy and Marine Corps Reserve enlisted personnel transferred to the Fleet Reserve/Fleet Marine Corps Reserve (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, use the basic pay rate of the grade in which the member transferred for the retired or retainer pay base. This subparagraph applies to the member who entered a uniformed service before September 8, 1980 and who retired (or transferred to the FR/FMCR) after September 30, 1996.

2.3.1.1.4. For warrant officers, compute the retired pay base 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 the 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.

2.3.1.2. Post-September 7, 1980. For a member who entered service after September 7, 1980, the retired pay base is determined as prescribed in subparagraphs [2.1.1.2.1](#) and [2.1.1.2.2](#).

2.3.1.2.1. An Army or Air Force enlisted member with less than 30 years of service who is retired under [10 U.S.C. § 7314](#) or 10 U.S.C. § 9314 will have the retired pay base computed using only the rates of basic pay for months of active duty as an enlisted member.

2.3.1.2.2. A Navy and Marine Corps enlisted member who is transferred to the FR/FMCR in accordance with [10 U.S.C. § 8330](#) will have the retired pay base computed using only the rates of basic pay for months of active duty as an enlisted member.

2.3.2. The retired or retainer pay multiplier for a voluntary retirement is determined in accordance with subparagraph [2.1.2](#).

2.3.2.1. For service credited for percentage purposes of enlisted members, see Chapter 1, paragraph [4.2](#).

2.3.2.2. For service credited for percentage purposes of commissioned officers, see Chapter 1, paragraph [4.3](#).

2.3.2.3. For service credited for percentage purposes of warrant officers, see Chapter 1.

2.3.2.4. The retired pay multiplier for a member who enters a uniformed service after July 31, 1986, and who has accepted the CSB, is determined under subparagraph [2.1.2.2](#).

2.3.2.5. See paragraph 2.11 for retired pay computation for a member retired under the Temporary Early Retirement (TERA).

2.3.3. DFAS may increase retired or retainer pay by 10 percent of retired pay for extraordinary heroism in the line of duty. See paragraph 5.6.

## 2.4 Involuntarily Retirement (Table 3-1, Rules 9 through 12)

2.4.1. The retired pay base pay for a mandatory retirement is determined as follows:

2.4.1.1. For a member who entered service before September 8, 1980, the retired pay base is the basic pay rate of member's grade that is applicable on member's date of retirement. Do not use the grade of brigadier general if the member was a permanent professor at a military academy and was conferred such a title upon 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.

2.4.1.2. For a member who entered service after September 7, 1980, the retired pay base is determined as prescribed in subparagraph 2.1.1.

2.4.2. The retired pay multiplier for a mandatory retirement is determined in accordance with subparagraph 2.1.2.

2.4.2.1. For service credited for percentage purposes of Army and Air Force retirees, see Chapter 1.

2.4.2.2. For service credited for percentage purposes of Navy and Marine Corps retirees, see Chapter 1.

2.4.2.3. The retired pay multiplier for a member who enters a uniformed service after July 31, 1986, and who has accepted the CSB, is determined under subparagraph 2.1.2.2.

## 2.5 Reservist (Meets Age and Service Requirements) (Table 3-1, Rule 13)

2.5.1. The retired pay base pay for a non-regular retirement is determined as follows:

2.5.1.1. For a member who entered service before September 8, 1980, the retired pay base is the monthly basic pay at the rate applicable on the date granted retired pay, at the highest grade held satisfactorily at any time in the Armed Forces.

2.5.1.2. For a member who entered service after September 7, 1980, the retired pay base is determined as prescribed in subparagraph 2.1.1.2. The high-36 months of such a member are the 36 months for which the pay was the highest, whether or not consecutive, out of all the months before the member became entitled to retired pay or would have become entitled to retired pay. This will generally be the 36 months immediately preceding receipt of retired pay even

though the member may not have been in an active status during such time. However, DFAS may only use months during which the individual was a member of a uniformed service for this purpose.

\* 2.5.1.3. Non-regular members who, after completing 20 years of service computed under 10 U.S.C. § 12732, elect to be discharged to civilian status (awaiting pay at eligibility age) are former members. The high-36 months of such a member would only include the months prior the discharge.

2.5.2. The retired pay multiplier for a non-regular retirement is determined by multiplying the applicable percentage in accordance with subparagraph 2.1.2 times the years of service credited for percentage purposes. See Chapter 1 for service credited for percentage purposes.

NOTE: Pursuant to 10 U.S.C. § 12733, the formula for converting retirement points into percentage years is the total number of retirement points divided by 360. Carry the result to three decimal places; round to two decimal places. Example: 4,735 retirement points divided by 360 equals 13.152 years or 13.15 years for percentage purposes.

2.5.3 For non-regular members who were previously retired for disability and became entitled to immediate retired pay under Chapter 61, see subparagraph 2.2.3.

## 2.6 Fleet Reserve/Fleet Marine Corps Reserve (FR/FMCR) Transfer (Table 3-1, Rule 14)

When not on active duty, a member transferred to the FR/FMCR is entitled to retainer pay computed by multiplying the retainer pay base times the applicable percentage in accordance with subparagraph 2.1.2 times the years of service credited for percentage purposes. In lieu of the retainer pay base computed in accordance with 10 U.S.C. § 1406(d), 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 paragraph 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.

2.6.1. 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/FMCR. The retainer pay base is multiplied by the applicable percentage in accordance with subparagraph 2.1.2 times the number of years of active service (as adjusted in subparagraph 2.1.1) in the Armed Forces.

2.6.2. 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 transfers to the FR/FMCR with less than 30 years of service, DFAS computes the high-36 average using only rates of basic pay applicable to months of active duty as an enlisted member.

## 2.7 Historical Pay Computations

2.7.1. 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 assimilated in the Naval Reserve Act of 1938, effective July 1, 1938. Therefore, the earlier computations are not included since they were restated effective July 1, 1938. See Table 3-2 for the pay computations.

2.7.2. 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 FR/FMCR 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 FR/FMCR 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 FR/FMCR 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 FR/FMCR on or after August 10, 1946, after completion of 20 years but less than 30 years of active service.

2.7.3. Longevity is the length of service performed by each member.

2.7.3.1. Before October 1, 1949, longevity pay was a significant factor in computing retainer pay. Certain pay laws contained provisions for computing longevity pay based on the member's length of service. During this period, base pay and longevity fit 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:

2.7.3.1.1. 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. For example, a member who served 18 years; on transfer to the FR, the longevity pay credit computed as:

2.7.3.1.1.1. 10 percent – 4 years;

2.7.3.1.1.2. 5 percent – 4 years;

2.7.3.1.1.3. 5 percent – 4 years;

2.7.3.1.1.4. 5 percent – 4 years; and

2.7.3.1.1.5. 0 percent – 4 years.

2.7.3.1.1. 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; a maximum of 50 percent.

2.7.3.2. 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.

2.7.3.2.1. A member who transferred to the FR/FMCR on or after October 1, 1949 was required to elect the formula under which DFAS would compute their pay. The two formulas were the fractional (under which a member would receive one third or one-half of base pay) and the percentage (2.5 percent times years of active Federal service times basic pay). The authorization for transfer to the FR indicates such election.

2.7.3.2.2. Under P.L. 1028, effective August 10, 1956, 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 U.S.C. The prior computations were still in effect for the members to whom they applied. A member who enters a uniformed service before September 8, 1980 receives retainer pay computed under this formula.

2.7.3.2.3. 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.

## 2.8 Service Credit Rounding of Months

For percentage purposes in computing retired or retainer pay:

2.8.1. 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. Disregard any portion of a year that is less than 6 months. See Table 3-3. This applies to any member who, before January 1, 1982:

2.8.1.1. Applied for retirement;

2.8.1.2. Applied for transfer to the FR/FMCR;

2.8.1.3. Was being processed for retirement under the provisions of 10 U.S.C., Chapter 61; or

2.8.1.4. Was on the TDRL and thereafter retired under the provisions of [10 U.S.C. § 1210\(c\) or \(d\)](#).

2.8.2. Unless covered by subparagraph 2.1.1, 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. Disregard any fraction of a year less than 6 months. See Table 3-3.

2.8.3. A member who became entitled to retired or retainer pay on or after October 1, 1983 receives credit for each full month served. Disregard less than full months. 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\(f\)](#) 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 FY prohibited payment for months in excess of whole months actually served until permanent codification was effective July 1, 1986.

2.8.4. In calculating the percentage factor under subparagraphs 2.8.2 or 2.8.3, round the percent to the nearest 1/100 of 1 percentage point. For example, 20 years, 7 months (20.58 years) time's 2.5 percent equals 51.45 percent. See Table 3-4. This rounding method will also be used if the member is entitled to retired pay computed under the saved pay provision in paragraph 3.3 or under 10 U.S.C. § 1401a(f) in section 4.0.

## 2.9 Rounding Retired Pay

Under P.L. 98-94, the 1984 DoD Authorization Act, round the monthly retired or retainer pay entitlement as initially computed and as subsequently adjusted.

2.9.1. Effective October 1, 1983, the initial computation of gross retired pay, if not a multiple of \$1, round down to the next lower multiple of \$1. Make all further reductions, deductions, withholdings, and allotments from this rounded figure. When retired pay is subsequently increased under 10 U.S.C. § 1401a by cost of living adjustment (COLA), the retired or retainer pay, if not a multiple of \$1, is rounded down to the next lower multiple of \$1.

2.9.2. The retired or retainer pay for a member already retired on September 30, 1983 was not rounded until the next COLA, December 1, 1984. If not a multiple of \$1, round the retired or retainer pay to the next lower multiple of \$1. The same rounding procedure applies to all subsequent COLA.

## 2.10 Special Computations for Career Status Bonus With Reduced Retirement (CSB/REDUX)

\* 2.10.1. [Except for disability retirees](#), the retired pay or retainer pay multiplier of members who elected the CSB with REDUX retirement will be reduced 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. [Note: The CSB reduction factors in this subparagraph will not apply to members who are retired for disability under Chapter 61 of the U.S. Code.](#)

2.10.2. Effective on the first day of the month following the member's 62nd birthday, DFAS will recompute the retired pay of members who elected the CSB with REDUX to equal the

amount of retired pay to which the member would have been entitled on that date if the member had not taken the CSB with REDUX retirement and had no reduction in their multiplier or COLA. Following the restoration discussed in the preceding sentence, DFAS will continue to apply the annual COLA reduction to the member's retired pay each year throughout the member's retirement.

2.10.3. Members who elected the CSB/REDUX retirement and accepted early retirement under the TERA program will have their retired pay recomputed as discussed in subparagraph 2.10.1; however, they will be subject to the TERA reduction factor from Table 3-6 for the entirety of their retirement with no restoration of that reduction at age 62 or at any other time.

## 2.11 Temporary Early Retirement Authority (TERA)

The TERA legislation provided the Secretary of Defense a temporary additional force management tool with which to affect the drawdown of military forces from October 23, 1992 through September 1, 2002. Congress amended that legislation and reinstated certain TERA provisions for the period beginning December 31, 2011 and ending on December 31, 2025. DFAS will compute the basic TERA retired pay entitlement for members of the Army, Navy, Marine Corps and Air Force as described in this paragraph.

2.11.1. Computation of Retired Pay. DFAS will multiply the applicable reduction factor from Table 3-6 to compute the amount of retired pay otherwise prescribed for a retiring member using years of creditable service, high-36 month average basic pay, and the applicable retired pay percentage factor. The resulting reduced amount of retired pay, if not a multiple of \$1, round to the next lower multiple of \$1. This rounded amount is the initial gross monthly retired pay entitlement.

2.11.2. Reduction Factor. To determine the appropriate reduction factor from Table 3-6, take the difference between 240 months (20-year career) and the number of months of active service as of the date of the member's retirement or transfer to the FR/FMCR under TERA.

2.11.2.1. Round up to the next whole month any portion of a month of active service in excess of a whole month. For example, round up the total active service of 15 years, 7 months, and 13 days to 15 years, 8 months. Then compute the reduction factor based on 15 years and 8 months as:  $(15 \times 12) + 8 = 188$  months and the applicable reduction factor corresponds to the Table 3-6 entry for 240 less 188 or 52 months. The applicable reduction factor for 52 months from Table 3-6 is .95667.

NOTE: In computing the retired pay, disregard the 13 days in excess of 187 months of service. Compute retired pay based on 187 months. The rounding up is applied only to determine the TERA reduction factor.

2.11.2.2. As an example, the retired pay for a member retired under TERA as an E-7, with 15 years, 7 months, 13 days of creditable service and a high-36 month average basic pay of \$3,783.50 would be computed as follows:



$$\begin{aligned}
 & \text{RPB} \times ((\text{AS} \div \text{MO}) \times \text{RPF}) \times \text{TRF} = \\
 & \$3,783.50 \times ((187 \div 12) \times .025) \times .95667 = \\
 & \$3,783.50 \times (15.5833 \times .025) \times .95667 = \\
 & \$3,783.50 \times .3896 \times .95667 = \underline{\$1,410.18} \text{ (round down to } \$1,410.00)
 \end{aligned}$$

RPB	-	Retired Pay Base (i.e., high-36 month average basic pay)
AS	-	Active Service (in months)
MO	-	Months in a year
RPF	-	Retired Pay Percentage Factor
TRF	-	TERA Reduction Factor (Table 3-6)

2.11.3. TERA Computation Modified for CSB/REDUX. DFAS must modify the basic TERA retired pay entitlement if a member has elected to receive a CSB and is subject to the REDUX retirement plan. In such case, the normal retired pay multiplier must first be reduced by 1/12<sup>th</sup> of 1 percentage point for each month that the member's creditable service is less than 30 years (360 months) under the REDUX computation before the application of the TERA reduction factor from Table 3-6.

Using the example in subparagraph 2.11.2.2, compute the TERA retired pay for a member who has elected to receive a CSB as follows:

$$\begin{aligned}
 & \text{RPB} \times ((\text{AS} \div \text{MO}) \times \text{RPF}) - (((360 - \text{AS}) \div \text{MO}) \times \text{RRF}) \times \text{TRF} = \\
 & \$3,783.50 \times ((187 \div 12) \times .025) - (((360 - 187) \div 12) \times .01) \times .95667 = \\
 & \$3,783.50 \times ((15.5833 \times .025) - ((173 \div 12) \times .01)) \times .95667 = \\
 & \$3,783.50 \times (.3896 - (14.42 \times .01)) \times .95667 = \\
 & \$3,783.50 \times (.3896 - .1442) \times .95667 = \\
 & \$3,783.50 \times .2454 \times .95667 = \underline{\$888.24} \text{ (round down to } \$888.00)
 \end{aligned}$$

RPB	-	Retired Pay Base
AS	-	Active Service (in months)
MO	-	Months in a year
RPF	-	Retired Pay Percentage Factor
360	-	30 Years (360 months)
RRF	-	REDUX Reduction Factor (1%)
TRF	-	TERA Reduction Factor (Table 3-6)

NOTE: The amount determined in subparagraph 2.11.3 will be increased by the annual COLA as determined for other members who have elected the CSB and REDUX retirement. This will result in a COLA that is reduced by 1 percentage point whenever the standard military retirement COLA is greater than 1 percent and the same COLA whenever the standard is 1 percent or less.

2.11.4. Unlike the prior TERA eligibility period from 1992 through 2002, under the new TERA authority, commencing on December 31, 2011, members may not earn additional credit for purposes of re-computing retired pay for any employment by a public service or community service organization.

2.11.5. Persons retired under the TERA provisions have all the same entitlement rights, privileges and responsibilities of participation in the Survivor Benefit Plan (SBP), as retired members of their respective branch of service.

2.11.5.1. Full coverage under SBP means coverage on the amount of retired pay computed in subparagraph [2.11.1](#) which is the initial computation of TERA retired pay as reduced by the applicable reduction factor from Table 3-6.

2.11.5.2. For a CSB/REDUX member, the base amount for full SBP coverage is the amount computed using the TERA formula in subparagraph [2.11.1](#) including the reduction from Table 3-6. The SBP full base amount for a CSB recipient does not include the REDUX retirement reduction in subparagraph [2.11.3](#). If the member elects a reduced base amount, with spouse concurrence, at the time of retirement, even if based on the REDUX re-computation in subparagraph [2.10.3](#), no increase will be made in that base amount as a result of the re-computation at age 62 other than an increase to restore the elected base amount to what would have been in effect had full COLAs been in effect. No increase will be made in that base amount as a result of the re-computation at age 62 for the restoration of the retired pay multiplier.

## 2.12 Exception to High-36 Month Retired Pay Computation for Members Retired Following a Disciplinary Reduction in Grade

Members or former members who entered the uniformed services on or after September 8, 1980 will have their retired pay base computed using the high-36 month average, except for the members described as follows, whose retired pay base is based on the final basic pay of the grade prescribed under 10 U.S.C. § 1406, rather than the highest-36 month average of basic pay.

2.12.1. Affected Members. A member or former member subject to the exception in 030212 is one who, by reason of conduct occurring after October 30, 2000:

2.12.1.1. In the case of an enlisted member retired or transferred to the FR/FMCR, is reduced in grade as a result of court-martial sentence, nonjudicial punishment, or an administrative action, unless the member was subsequently promoted to a higher enlisted grade or appointed to a commissioned or warrant grade, in which case see subparagraph [2.12.2](#).

2.12.1.2. In the case of an officer, retired in a grade lower than the highest grade in which the officer served by reason of denial of a determination or certification under [10 U.S.C. § 1370](#) that the officer served on active duty satisfactorily in that grade, apply this determination only in those circumstances where such determination is the result of conduct occurring after October 30, 2000. Conduct for the purposes of this subparagraph will not include failure to complete the time necessary for certification under 10 U.S.C. § 1370, absent any other conduct bearing on such certification.

2.12.2. Special Rule for Enlisted Members. In the case of an enlisted member retired within 3 years after having been reduced in grade as prescribed in subparagraph 2.12.1.1, and who was not subsequently promoted to a higher enlisted grade (or appointed to a warrant or commissioned grade), the retired pay base will be computed using the final basic pay rather than the high-36 month average. If, however, the member is subsequently promoted to a higher enlisted grade (or appointed to a warrant or commissioned grade), the member's retired pay will be computed using a high-36 month average computation. The computation will use the final 36 months of basic pay, except for the months in which the member served in a grade higher than the grade in which retired. The basic pay for such months will be the rates that would have applied to the member at that time if serving in the grade in which retired such as:

2.12.2.1. An E-7 is reduced to an E-5 and retired as an E-5. This member comes under subparagraph 2.12.1.1, with retired pay base computed under the pre-September 1980 system, which is final pay rules using the pay of an E-5.

2.12.2.2. An E-7 is reduced to an E-5 two years before retirement, is promoted 1 year later to an E-6 and retired as an E-6. This member uses the "Special Rule" and computes a high-36 average as specified in subparagraph 2.11.2 rather than using the final pay of an E-6. In computing the high-36 average, it would include 12 months as an E-7, 12 months as an E-5, and 12 months as an E-6. The "Special Rule" requires that the time as an E-7 will be replaced in the high-36 formula with pay rates of an E-6.

### 3.0 APPLICATION OF SAVED PAY

#### 3.1 Career Compensation Act, Effective October 1, 1949

3.1.1. An officer retired for disability before October 1, 1949 who failed to elect within a 5-year period to receive pay under the 1949 Act, or who did not qualify for pay under the 1949 Act, continued to receive pay under laws in effect before October 1, 1949, computed at 75 percent of the basic pay of the grade authorized.

3.1.2. 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:

3.1.2.1. Computed under laws in effect on September 30, 1949 at 75 percent of the basic pay of the grade authorized; or

3.1.2.2. Computed under section 402(d) of P.L. 81-351.

3.1.3. 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.

### 3.2 Military Pay Act, Effective June 1, 1958

#### 3.2.1. A member who:

3.2.1.1. Retired or transferred to the FR/FMCR on or after June 1, 1958 and before April 1, 1963; and

3.2.1.2. Was receiving active duty basic pay under the April 1, 1955 saved pay rates will continue to receive pay computed under the 1955 rates, based upon service credited for basic pay purposes as of June 1, 1958.

3.2.2. A member who 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.

3.2.3. 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.

### 3.3 Military Pay Act, Effective October 1, 1967

3.3.1. 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:

3.3.1.1. Computed under the current basic pay rates in effect on the date of retirement or transfer, or

3.3.1.2. Computed under the rates of basic pay in effect immediately before the current rates, whichever is greater.

3.3.2. The computations in paragraph 3.3 were, in some instances, subject to the provisions of the Uniform Retirement Date Act.

3.3.3. The “1-year look-back” provision codified at 10 U.S.C. § 1401a(e) was repealed by section 921 of the DoD Authorization Act, FY 1984. Under the provisions of that repeal, this paragraph now applies only to:

3.3.3.1. A member retired or transferred to the FR/FMCR October 1, 1967, through September 24, 1983, inclusive; and

3.3.3.2. 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 had the member actually retired or transferred on September 23, 1986.

#### 4.0 TOWER AMENDMENT

##### 4.1 Basic Provisions

4.1.1. A member, who retires or transfers to the 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:

4.1.1.1. After becoming retirement-eligible on or after January 1, 1971 (see Chapter 1, section 2.0);

4.1.1.2. 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.);

4.1.1.3. Using the rate of basic pay applicable to the member on the earlier computation date in determining the retired pay base; or

4.1.1.4. Subject to the provisions of paragraph 3.3.

4.1.2. A member, who retired or transferred to the FR/FMCR before October 7, 1975, the effective date of the Tower Amendment, 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.

4.1.3. A member who retired 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.

4.1.4. See subparagraph 5.3.1 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.

4.1.5. See paragraph 5.5 for the provision concerning an enlisted member who served in a special position as a senior enlisted member.

## 4.2 Earlier Computation Dates

4.2.1. Predetermined earlier computation dates are established for uniformity in computing the pay of a member who qualifies under 10 U.S.C. § 1401a(f), and the Tower Amendment, 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.

4.2.2. 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.

4.2.3. A warrant officer retired under provisions of [10 U.S.C. § 1293](#) (see Table 3-1, rule 3), 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) 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 paragraph 3.3, the rate in effect immediately prior to the rate in effect on the day before the earlier retirement eligibility date is used.

## 4.3 Computation at the Time of Retirement or Transfer to the FR/FMCR

4.3.1. A member receives the most favorable retired pay, as adjusted by applicable COLA, computed by using:

4.3.1.1. The active duty basic pay rate applicable on the actual retirement or transfer date;

4.3.1.2. 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 paragraph 2.3 apply; or

4.3.1.3. 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 4.3.1.2 without further loss of grade and service.

4.3.2. A member retiring for disability who is eligible for voluntary retirement or 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) 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. DFAS calculates the rate of pay based upon degree of disability only on the basic pay rate applicable under subparagraph 4.3.1.1 or 4.3.1.2 (if applicable).

## 5.0 SPECIAL PROVISIONS

### \*5.1 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. *Note, however, that for a Non-regular member who is retired for disability and becomes entitled to immediate retired pay under Chapter 61 before eligibility age, the retired pay may not be recomputed at eligibility age (usually age 60) based on 10 U.S.C. § 12731. See 2.2.3.*

### 5.2 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.

### 5.3 Commissioned Officer Serving in a Special Position

5.3.1. Joint Chief of Staff and Chief of Service. An officer who serves as Chairman or Vice Chairman of the Joint Chiefs of Staff or as a Chief of the 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. Except as provided in paragraph 5.9, effective January 1, 2007, the rate of basic pay cannot exceed Level II of the Executive Schedule. The term “Chief of Service” refers to one of the following:

- 5.3.1.1. Chief of Staff of the Army;
- 5.3.1.2. Chief of Naval Operations;
- 5.3.1.3. Chief of Staff of the Air Force;
- 5.3.1.4. Commandant of the Marine Corps; or
- 5.3.1.5. Commandant of the Coast Guard.

NOTE: 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 the 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.

5.3.2. Special Rule for Computation of Retired Pay Base for Commanders of Combatant Commands. An officer who serves as a Commander of a Unified or Specified Combatant Command may receive retired pay that is computed on the highest rate of basic pay applicable to the member while serving in that position. 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 the 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. Except as provided in paragraph 5.9, effective January 1, 2007, the rate of basic pay cannot exceed Level II of the Executive Schedule. This special rule will apply with respect to officers who first become entitled to retired pay on or after November 23, 2004.

#### 5.4 Officer in Grade O-9 or O-10

5.4.1. 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. DFAS may reduce the 3 year requirement to not less than 2 years for retirements effective during a specified period (see Chapter 1, subparagraph 6.1.5.5). DFAS may not reduce or waive the 3 year time in grade requirement if the officer is under investigation for alleged misconduct or while an adverse personnel action is pending against the officer for alleged misconduct.

5.4.2. 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.

5.4.3. Section 601(e) of [P.L. 106-65](#), October 5, 1999, provides that retired pay be recomputed effective January 1, 2000, for certain members who retired during the period April 30, 1999 through December 31, 1999. As a result, DFAS will recompute the retired pay of members' grade O-9 with over 26 years of service and O-10s with over 16 years of service. The new rates will be for months beginning on or after January 1, 2000 and will be computed as if the Level II limit had applied at the time of a qualified member's retirement. No increased amount is payable for any period before January 1, 2000, as a result of this subparagraph. DFAS will recompute retired pay rates for affected members as though the following rates of basic pay had been applicable at the time of retirement:

O-9	Over 26 years of service:	\$9,528.00
O-10	Over 16 years of service:	\$9,528.00
O-10	Over 18 years of service:	\$9,528.00
O-10	Over 20 years of service:	\$10,167.00
O-10	Over 22 years of service:	\$10,167.00
O-10	Over 24 years of service:	\$10,167.00
O-10	Over 26 years of service:	\$10,491.60

#### 5.5 Enlisted Member Serving in a Special Position

The senior enlisted member of an Armed Force may receive retired pay, which DFAS computes on the highest rate of basic pay applicable to the member while serving in that 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:

- 5.5.1. Sergeant Major of the Army;
- 5.5.2. Master Chief Petty Officer of the Navy;
- 5.5.3. Chief Master Sergeant of the Air Force;
- 5.5.4. Sergeant Major of the Marine Corps; or
- 5.5.5. Master Chief Petty Officer of the Coast Guard.

NOTE: 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, nonjudicial punishment, or other administrative process.

#### 5.6 Heroism Pay

An enlisted member retired after 20 years of service, to include an enlisted member retired due to disability, may be entitled to an additional 10 percent retired pay for extraordinary heroism, if authorized. See Chapter 1, section 8.0.

#### 5.7 Computation Under the Uniformed Services Pay Act, October 2, 1963

5.7.1. 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, received the greater of:

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

5.7.1.2. Pay computed on the basic pay rates established under the June 1, 1958 Act without a 5 percent increase.

5.7.2. 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:

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

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

## 5.8 Computation Under the Military Pay Act, May 20, 1958

5.8.1. The Military Pay Act, May 20, 1958, authorizes a member who first became entitled to retired pay on June 1, 1958, 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.

5.8.2. 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.

5.8.3. The basic pay rate used in the computation of pay was increased by increments 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:

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

5.8.3.2. Was entitled to retired pay on the day before the effective date of the Military Pay Act of 1958.

## 5.9 Retired Pay Base for Officers Retired in General or Flag Officer Grades

5.9.1. The retired pay base of a general or flag officer who retires between October 1, 2006 and December 31, 2014 will not be restricted by the requirement in [37 U.S.C. § 203 \(a\)\(2\)](#) to reduce basic pay in excess of Level II of the Executive Schedule. The retired pay base will be determined using the rate of basic pay for such period provided by law, rather than such rate reduced.

5.9.2. A general or flag officer who retires on or after January 1, 2015 and who served at any point between October 1, 2006 and December 31, 2014 has partial preservation of the computation of the retired pay base using the rate of basic pay for such period provided by law, rather than such rate reduced with the following guidance as stated in [10 U.S.C. § 1407a](#):

5.9.2.1. The retired pay base amount for a general or flag officer under the Final Pay retirement system is based upon the higher of the following:

5.9.2.1.1. The basic pay rate in effect for the highest grade in which the general or flag officer satisfactorily served and his or her years of service as of the date of retirement, as limited by the Executive Level II ceiling, or

5.9.2.1.2. The basic pay rate in effect on December 31, 2014, not limited by the Executive Level II ceiling, for the grade and years of service for which the general or flag officer had satisfactorily served as of December 31, 2014.

5.9.2.2. The retired pay base amount for a general or flag officer under the high-36 retirement system may include the monthly basic pay rate for the general or flag officer's grade and years of service for:

5.9.2.2.1. All months served during this period of October 1, 2006 and December 31, 2014, not limited by the Executive Level II ceiling, or

5.9.2.2.2. A combination of months served during this period not limited by the Executive Level II ceiling and months served after January 1, 2015, now limited by the Executive Level II ceiling.

5.9.3. A general or flag officer who retires on or after January 1, 2015 and did not serve at any point between October 1, 2006 and December 31, 2014 will be restricted by the requirement in 37 U.S.C. § 203 (a)(2) to reduce basic pay in excess of Level II of the Executive Schedule. The retired pay base will be determined using the reduced rate of basic pay provided by law. NOTE: This subparagraph pertains only to the computation of the retired pay base for Officers Retired in General or Flag Officer Grades. It does not pertain to the retired pay multiplier. All service creditable on the date of retirement is included for purposes of computing the retired pay multiplier for a general or flag officer who retires on or after January 1, 2015.

## 6.0 LUMP SUM PAYMENTS OF RETIREMENT ANNUITY

### 6.1 Eligibility

Public Law 114-92, section 633 enacts [10 U.S.C. § 1415](#), affording a member of a uniformed service covered by the BRS at retirement the option to elect to receive a discounted portion of his or her retired pay as a lump sum. To be eligible to elect the lump sum a member must be covered under the BRS, and qualify for a regular retirement or a non-regular retirement. Members who are retired for a physical disability under provisions of 10 U.S.C., Chapter 61 are not eligible for the lump sum option. A member who is not eligible for the BRS or who does not elect to enroll in the BRS is not eligible to elect a lump sum payment of his or her retirement annuity.

### 6.2 Election

6.2.1. A member, covered by the BRS, who elects to receive a portion of his or her retired pay as a lump sum must make this election not later than 90 days before:

6.2.1.1. The date upon which the member retires and receives a regular retirement;  
or

6.2.1.2. The date upon which the member first reaches eligibility age required to receive retired pay under the non-regular retirement program, in accordance with DoDI 1215.07.

6.2.2. A member's decision to elect the lump sum must be recorded on a DoD (DD) Form 2656, "Data for Payment of Retired Personnel," in Part II, "Lump Sum Election."

6.2.2.1. The member will indicate the lump sum percentage, either 25 percent or 50 percent, and the number of equal lump sum payments, up to **four**, on the DD 2656.

6.2.2.2. The DD 2656 must be signed and dated no later than 90 days prior to the date of retirement, or the date the member is eligible to receive retired pay.

6.2.2.3. The lump sum election must be transmitted to DFAS no less than 30 days prior to the date of retirement, or the date the member is eligible to receive retired pay.

6.2.3. An election of a lump sum of retired pay may not be revoked on or after the date of retirement, or on or after the date the member is first eligible to receive retired pay. To revoke a previous lump sum election prior to retirement, the member must submit a signed, notarized statement rescinding the previous election, dated prior to the date of retirement, acknowledging that this decision to refuse the lump sum is final, and must complete a new DD 2656.

### 6.3 Amount

A member who elects to receive a portion of his or her retired pay as a lump sum may elect to receive the discounted present value of either 25 percent or 50 percent of the gross estimated retired pay. Pursuant to 10 U.S.C. § 1415(b)(2), the lump sum amount takes into account the projected COLA applicable to that member on the day that member elected the lump sum option. The amount is calculated for the period from the day that member is eligible to begin receiving retired pay to the first day of the month following the month during which the retiree attains the age that was the full social security retirement age.

### 6.4 Discount Rate

The discount rate applied in computing the amount of the lump sum described in paragraph 6.3 will be determined and published in accordance with procedures specified in and subparagraph 6.4.1.

6.4.1. In computing the amount of the lump sum described in paragraph 6.3, the discounted present value will be:

6.4.1.1. The 7-year average of the 23-year maturity monthly average spot rate taken from the “Treasury High Quality Market (HQM) Corporate Bond Yield Curve;”

6.4.1.2. The 7-year average rate is adjusted for inflation using the 7-year average of the 23-year maturity monthly average rate taken from the “Treasury Breakeven Inflation (TBI) Curve.” The inflation adjustment is a multi-step procedure:

6.4.1.2.1. Annualize the 7-year average HQM rate;

6.4.1.2.2. Geometrically back out inflation using the 7-year average TBI rate; and

6.4.1.2.3. Transform the result to a semi-annual rate.

6.4.1.3. The resulting inflation-adjusted rate is increased by an additional 4.28 percentage points; and

6.4.1.4. The result is rounded to the nearest 0.01 percentage point.

6.4.2. The Chief Actuary, DoD Office of the Actuary, calculates the discount rate and the Deputy Assistant Secretary of Defense for Military Personnel Policy promulgates the discount rate annually no later than June 1 of each year to be effective as of January 1 of the succeeding year. The rate promulgated on June 1 of each year will be the Department of Treasury published yield curves as of March of that year averaged with the preceding 83 months plus the adjustment factor of 4.28 percentage points. Accordingly, the initial discount rate used for 2018, as described in subparagraph 6.4.1, was published on June 1, 2017 at 6.99 percent.

## 6.5 Installment Payments

A member who elects to receive a lump sum payment of his or her retired pay may elect to receive this payment in up to four annual installments over no more than 4 years.

## 6.6 Timing of Payments

A member who elects installment payments in accordance with paragraph 6.5 will receive equal lump sum distributions payable each year on the anniversary of the first installment; the first installment of which will be paid no later than 60 days after:

6.6.1. The date on which that member retires if eligible for a regular retirement; or

6.6.2. The date on which the member first becomes eligible to begin receiving retired pay if eligible for a non-regular retirement.

## 6.7 Restoration of Full Annuity Payment

The retired pay of a member who elects to receive a lump sum payment of their retired pay in accordance with paragraph 6.2 will be restored to its full monthly annuitized amount as of the first day of the month following the month in which the member attains the full retirement age that was applicable to that member on the day that the member elected the lump sum option, in accordance with 10 U.S.C. § 1415.

## 6.8 Relationship to Disability Compensation

Public Law 114-92, section 633, modified 38 U.S.C. § 5304, “Prohibition against duplication of benefits,” to establish that a member electing to receive a portion of his or her retired pay as a lump sum may not concurrently receive Department of Veteran Affairs (VA) disability compensation, except under specified circumstances. Accordingly:

6.8.1. DFAS will report the amount of any lump sum election to the VA.

6.8.2. Pursuant to 38 U.S.C. § 5304, the VA will withhold disability payments to any retiree who elects to receive a portion of their retired pay as a lump sum until the amount withheld (i.e., not paid to the retiree on a monthly basis) equals the gross amount of the lump sum payment received by that retiree. Once the amount of VA disability compensation withheld equals the amount previously received as a lump sum, the retiree is considered to have fully offset the lump sum distribution. The retiree must then agree to waive a portion of each month's future retired pay, equal to the amount of the VA disability compensation to which he or she is now entitled, to begin receiving that VA disability compensation in accordance with 38 U.S.C. § 5304 and 38 U.S.C. § 5305.

6.8.3. A retiree who is eligible for Concurrent Retirement and Disability Payment (CRDP) due to a service-connected disability rating of 50 percent or more, is entitled to be paid both his or her VA disability compensation and his or her retired pay without regard to the required offsets described in 38 U.S.C. § 5304 and subparagraph 6.8.2. Accordingly, retirees who qualify for CRDP and who elect to receive a portion of their retired pay as a lump sum are not subject to withholding of VA disability compensation upon receipt of a lump sum payment. See also 10 U.S.C. § 1414.

6.8.4. A retiree who would otherwise be eligible for Combat-Related Special Compensation (CRSC) in accordance with 10 U.S.C. § 1413a, remains subject to the provisions of 38 U.S.C. § 5304 and 38 U.S.C. § 5305, requiring a waiver of retired pay before a retiree can receive VA disability compensation, as discussed in subparagraph 6.8.2. Specific policies and procedures for payment of CRSC to members who elect a lump sum of retired pay follows:

6.8.4.1. In order to be eligible for CRSC, a retiree must first be determined to have a service-connected, compensable disability in accordance with regulations prescribed by the Secretary of the VA.

6.8.4.2. The Secretary concerned will determine what, if any, portion of that member's service-connected, compensable disability meets the criteria for CRSC eligibility in accordance with existing guidance. The Secretary concerned will notify DFAS of the percentage of the retiree's disability related to combat in accordance with existing CRSC guidance.

6.8.4.3. DFAS will determine the resulting value of CRSC entitlement for which the member would otherwise have been eligible, but for the withholding of disability compensation as required by section 633 of P.L. 114-92, such that the member will receive VA disability compensation only for disabilities determined to be CRSC eligible.

6.8.4.4. DFAS will report to the VA which disabilities have been determined to be CRSC eligible, the associated rating, and the resulting value of the CRSC for which the member would otherwise have been eligible, but for receipt of the lump sum.

6.8.4.5. Prior to receiving disability compensation from the VA, the retiree must agree to waive receipt of retired pay, equal to the amount of VA disability compensation payable from that retiree's actual monthly retired pay received.

6.8.4.6. By agreement, the VA will pay disability compensation only for the disabilities determined by the Secretary concerned to be eligible for CRSC utilizing information provided by DFAS for such determination.

6.8.4.7. DFAS will pay CRSC to the retiree in an amount equal to the amount of the retired pay waived. VA will continue to withhold any amount of disability compensation to which the retiree is eligible in excess of the amount related to combat until such time as the amount withheld equals the gross amount of the lump sum payment received by that retiree.

## 6.9 Lump Sum Payment Effect on Survivor Benefit Plan

Pursuant to 10 U.S.C. § 1447(6)(A) and 10 U.S.C. § 1452, as amended by P.L. 115-91, section 622, FY 2018 NDAA, a member of a uniformed service who elects a lump sum of retired pay, in accordance with 10 U.S.C. § 1415, and is a participant in SBP or Reserve Component – SBP (RC-SBP) will have coverage at the full base amount, unless the member elects or previously elected, with spousal concurrence if required, to reduce the base amount.

6.9.1. The full base amount for a retiree who elects to receive a lump sum of retired pay is the amount equal to the amount of his or her unreduced monthly retired pay, without regard to the required reduction in monthly retired pay pursuant to the lump sum.

6.9.2. If electing to reduce coverage less than the full base amount, the reduced base amount may be any whole dollar amount that is greater than or equal to \$300, but less than the amount of the unreduced retired pay.

6.9.3. All retiring uniformed service members, including those who elect a lump sum of retired pay, are considered full participants in SBP or Reserve Component (RC)-SBP having maximum coverage unless:

6.9.3.1. For members retiring with a regular retirement, or members retiring with a non-regular retirement who previously declined to make an election until reaching the age of eligibility for retired pay, an election for less than full SBP coverage is made prior to the first day of entitlement to retired pay, with spousal concurrence if required; or

6.9.3.2. For members qualifying for a non-regular retirement, an election for less than full RC-SBP coverage is made, with spousal concurrence if required, prior to the completion of the 90 day period immediately following notification to the member that he or she has completed the years of service required to be eligible for a non-regular retirement pursuant to 10 U.S.C., Chapter 1223.

6.9.4. The requirements of 10 U.S.C. § 1450(f)(3), regarding former spouse elections remain applicable to members who elect a lump sum of retired pay.

#### 6.10 Disputes

Members who accept the lump sum distribution may not seek review of, or otherwise retrospectively challenge, the amount of the lump sum, particularly in regards to discount rate, actuarial assumptions, or other factors used in computing this amount.

#### 6.11 Division of Retired Pay

Any lump sum payment of retired pay remains subject to the conditions of 10 U.S.C. § 1408, with consideration to court orders.



Table 3-1. Computation of Retired Pay

COMPUTATION OF RETIRED PAY							
<b>R U L E</b>	<b><u>A</u> A member of the</b>	<b><u>B</u> who is</b>	<b><u>C</u> under provisions of 10 U.S.C.</b>	<b><u>D</u> receives the retired pay base</b>	<b><u>E</u> multiplied by</b>	<b><u>F</u> plus</b>	<b><u>G</u> minus/add (note 1)</b>
<b>1</b>	Armed Forces	retired for disability	§ 1201 § 1204	computed under 10 U.S.C. § 1406(b) or § 1407 (note 2)	the percentage of disability assigned, not to exceed 75 percent or 2.5 percent times the years of service credited to the member under 10 U.S.C. § 1208, except for a member retiring on or before January 7, 2011, the multiplier is limited to 75 percent (note 3)	the amount necessary to increase the product of columns D and E to 50 percent of retired pay base..	
<b>2</b>	Armed Forces	retired for disability	§ 1202 § 1205	computed under 10 U.S.C. § 1406(b) or § 1407 (note 2)	the percentage of disability assigned, not to exceed 75 percent or 2.5 percent times the years of service credited to the member under 10 U.S.C. § 1208, except for a member retiring on or before January 7, 2011, the multiplier is limited to 75 percent (note 3)	the amount necessary to increase the product of columns D and E to 50 percent of retired pay base.	
	Armed Forces	voluntarily retired	§ 1293	computed under 10 U.S.C. § 1406(b) or 10 U.S.C. 1407 (note 2)			excess over 75 percent of retired pay base upon which computation is based if member retires before January 1, 2007 (note 5).

Table 3-1. Computation of Retired Pay (Continued)

<b>COMPUTATION OF RETIRED PAY</b>							
<b>R U L E</b>	<b>A</b> A member of the	<b>B</b> who is	<b>C</b> under provisions of 10 U.S.C.	<b>D</b> receives the retired pay base	<b>E</b> multiplied by	<b>F</b> plus	<b>G</b> minus/add (note 1)
<b>3</b>	Armed Forces	voluntarily retired	§ 1293	computed under 10 U.S.C. § 1406(b) or 10 U.S.C. 1407 (note 2)			excess over 75 percent of retired pay base upon which computation is based if member retires before January 1, 2007 (note 5).
<b>4</b>	Army or Air Force	voluntarily retired	§ 7314 § 7317 § 9314 § 9317	computed under 10 U.S.C. § 1406(c) for Army, 10 U.S.C. § 1406(e) for Air Force, or 10 U.S.C. § 1407 (notes 2 and 6)		10 percent of the product of Columns D and E, if applicable (note 4)	excess over 75 percent of retired pay base upon which computation is based if member retires before January 1, 2007 (note 5).
<b>5</b>	Army or Air Force	voluntarily retired	§ 7311 § 7318 § 7320 § 7324 § 9311 § 9318 § 9324	computed under 10 U.S.C. § 1406(c) for Army, § 1406(e) for Air Force, or § 1407 (notes 2 and 6)			excess over 75 percent of retired pay base upon which computation is based if member retires before January 1, 2007 (note 5).

Table 3-1. Computation of Retired Pay (Continued)

COMPUTATION OF RETIRED PAY							
<b>R U L E</b>	<b><u>A</u></b> A member of the	<b><u>B</u></b> who is	<b><u>C</u></b> under provisions of 10 U.S.C.	<b><u>D</u></b> receives the retired pay base	<b><u>E</u></b> multiplied by	<b><u>F</u></b> plus	<b><u>G</u></b> minus/add (note 1)
6	Navy or Marine Corps	voluntarily retired	§ 8321 § 8323	computed under 10 U.S.C. § 1406(d) or 10 U.S.C. § 1407 (note 2)			excess over 75 percent of retired pay base upon which computation is based if member retires before January 1, 2007 (note 5).
7	Navy or Marine Corps	voluntarily retired	§ 8322 § 8326	computed under 10 U.S.C. § 1406(d) or 10 U.S.C. § 1407 (note 2)	retired pay multiplier from 10 U.S.C. § 140 9 for years of service credited for percentage purposes (note 3)	10 percent of columns D and E if applicable (note 4)	excess over 75 percent of retired pay base upon which computation is based, if the member retired before January 1, 2007 (note 5).
8	Navy or Marine Corps	voluntarily retired	§ 8327	computed under 10 U.S.C. § 1406(d) or 10 U.S.C. § 1407 (note 2)	50 percent (note 7)	10 percent of columns D and E if applicable (note 4).	
9	Armed Forces	involuntarily retired	§ 580 § 633 § 634 § 635 § 636 § 1251 § 1263 § 1305 (note 8)	computed under 10 U.S.C. § 1406(b) or 10 U.S.C. § 1407 (note 2)	retired pay multiplier from 10 U.S.C. § 140 9 for years of service credited for percentage purposes (note 3)		excess over 75 percent of retired pay base upon which computation is based, if the member retired before January 1, 2007 (note 5).

Table 3-1. Computation of Retired Pay (Continued)

COMPUTATION OF RETIRED PAY							
<b>R U L E</b>	<b><u>A</u></b> A member of the	<b><u>B</u></b> who is	<b><u>C</u></b> under provisions of 10 U.S.C.	<b><u>D</u></b> receives the retired pay base	<b><u>E</u></b> multiplied by	<b><u>F</u></b> plus	<b><u>G</u></b> minus/add (note 1)
<b>10</b>	Army	involuntarily retired	§ 7320 § 7321 (note 5)	computed under 10 U.S.C. § 1406(c) or 10 U.S.C. § 1407 (note 2)	retired pay multiplier from 10 U.S.C. § 14 09 for years of service credited for percentage purposes (note 3)		excess over 75 percent of retired pay base upon which computation is based, if the member retired before January 1, 2007 (note 5).
<b>11</b>	Navy or Marine Corps	involuntarily retired	§ 8371 § 8372 (note 5)	computed under 10 U.S.C. § 1406(d) or §10 U.S.C. 1407 (note 2)	retired pay multiplier from 10 U.S.C. § 14 09 for years of service credited for percentage purposes (note 3)		excess over 75 percent of retired pay base upon which computation is based, if the member retired before January 1, 2007 (note 5).
<b>12</b>	Air Force	involuntarily retired	§ 9320 § 9321 (note 5)	computed under 10 U.S.C. § 1406(e) or 10 U.S.C. § 1407 (note 2)	retired pay multiplier for the years of service credited for percentage purposes (note 3)		excess over 75 percent of retired pay base upon which computation is based, if the member retired before January 1, 2007 (note 5).
<b>13</b>	Armed Forces, Reserve, or National Guard	a reservist (meets age and service requirement)	§ 12731	computed under 10 U.S.C. § 1406(b) (2) or 10 U.S.C. § 1407 (note 2)	2.5 percent (or 2.0 percent for members covered by BRS) times the years of service credited for percentage purposes, (notes 3 and 10)	10 percent of the product of columns D and E (note 4)	excess over 75 percent of retired pay base upon which computation is based if member retired before January 1, 2007 (note 5).

Table 3-1. Computation of Retired Pay (Continued)

COMPUTATION OF RETIRED PAY							
<b>R U L E</b>	<b><u>A</u></b> A member of the	<b><u>B</u></b> who is	<b><u>C</u></b> under provision s of 10 U.S.C.	<b><u>D</u></b> receives the retired pay base	<b><u>E</u></b> multiplied by	<b><u>F</u></b> plus	<b><u>G</u></b> minus/add (note 1)
<b>14</b>	Navy or Marine Corps	transferred to the FR/FMCR	§ 8330	computed under 10 U.S.C. § 1406(d) or 10 U.S.C. § 1407 (notes 2 and 9)	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 4)	excess over 75 percent of retired pay base upon which computation is based if member retired before January 1, 2007 (note 5).

**NOTES:**

1. If a member was initially retired on or after October 1, 1983, the amount computed, if not a multiple of \$1, must 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, must be rounded to the next lower multiple of \$1. The rounded amount becomes the member's entitlement and any future adjustments must be based on this rounded entitlement.
2. For applicable active duty basic pay rate, see sections 4.0 and 5.0, Chapter 1, paragraph 5.2, and paragraph 3.1. For a person who first became a member of a uniformed service after September 7, 1980, use the high-36 month average. For exception to high-36 months retired pay computation for members retired following a disciplinary reduction in grade, refer to paragraph 2.12.
3. See Chapter 1 for service creditable for percentage purposes:

**Voluntary retirement:**

Chapter 1, Paragraph 3.2—Enlisted members  
Chapter 1, Paragraph 3.3—Commissioned Officers  
Chapter 1, Paragraph 3.4—Warrant Officers

**Mandatory retirement:**

Chapter 1, Subparagraph 3.5.1—Army and Air Force  
Chapter 1, Subparagraph 3.5.2—Navy and Marine  
Corps

**Disability retirement:**

Chapter 1, Paragraph 3.6

**Reservist age and service retirement:**

Chapter 1, Paragraph 3.7

4. For enlisted members credited with an act of extraordinary heroism in the line of duty. For Army and Air Force enlisted members, the total retired pay to include the 10 percent increase, may not exceed the maximum pay of 75 percent. For Navy and Marine Corps enlisted members, the total maximum retired pay is 75 percent plus the 10 percent increase. Members with more than 30 years of creditable service should also have retired pay computed without the 10 percent add-on and awarded the higher of the two calculations. All members who retire under the provisions of [10 U.S.C. § 12731](#) with credit for extraordinary heroism are restricted to a maximum pay of 75 percent.
5. For members who retired on or after January 1, 2007, the retired pay multiplier is the sum of 75 percent for 30 years of service plus 2.5 percent for every year over 30 years.
6. For a Reserve enlisted member retired under 10 U.S.C. § 7314 or § 9314 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).

**NOTES: (Continued)**

7. Members retired under [10 U.S.C. § 8327](#) 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. § 8327 terminated on January 1, 1973. However, termination of the section did not affect any accrued rights to retired pay.

8. Section 564 repealed by P.L. 102-190, December 5, 1991. Section 1255 repealed by P.L. 90-130, November 8, 1967. An officer who was on active duty on September 15, 1981 and who is retired under 10 U.S.C. § 1251 is entitled to retired pay of at least 50 percent of the basic pay upon which the retired pay is based. Title 10, U.S.C. § 1251 allows a retirement for age (at age 62), but only if the member already has 20 years of service. See also 10 U.S.C. § 12731.

9. 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 the member's own misconduct.

10. Total number of retirement points divided by 360. Carry the resultant figure to three decimal places, 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 10 U.S.C. § 12731 retiree only) to be multiplied by the applicable percentage rate described at subparagraph [2.1.2](#).

Table 3-2. Historical Pay Computations – FR/FMCR

<b>HISTORICAL PAY COMPUTATIONS – FLEET RESERVE AND FLEET MARINE CORPS RESERVE</b>						
<b>R U L E</b>	<b>If member retires in class</b>	<b>during period</b>	<b>with years of service of at least</b>	<b>then pay computation formula is</b>	<b>plus</b>	<b>and applicable law is</b>
<b>1</b>	F-4c 1-b	pre-1938 to May 31, 1942	16; less than 20	1/3 x base pay rating in which transferred (note 1)	longevity pay (25 percent maximum), extraordinary heroism (10 percent)	52 Stat 1179, section 203, 34 U.S.C. § 854b.
<b>2</b>	F-4d 1-c	pre-1938 to May 31, 1942	20; less than 30	1/2 x base pay rating in which transferred (note 1)	longevity pay (25 percent maximum), extraordinary heroism (10 percent), or good conduct (10 percent)	52 Stat 1179, section 203, 34 U.S.C. § 854b.
<b>3</b>	F-5 H-1	pre-1938 to May 31, 1942	20; less than 30	1/2 x base pay rating in which transferred (note 1)		52 Stat 1179, section 204, 34 U.S.C. § 854c.
<b>4</b>	F-4c 1-b	June 1, 1942 to August 9, 1946	16; less than 20	1/3 x base pay rating in which transferred (note 1)	longevity pay (50 percent maximum), extraordinary heroism (10 percent)	56 Stat 359, P.L. 607, June 6, 1942.
<b>5</b>	F-4d 1-c	June 1, 1942 to August 9, 1946	20; less than 30	1/2 x base pay rating in which transferred (note 1)	longevity pay (50 percent maximum), extraordinary heroism (10 percent), or good conduct (10 percent)	56 Stat 359, P.L. 607, June 6, 1942.
<b>6</b>	F-5, H-1	June 1, 1942 to August 9, 1946	20; less than 30	1/2 x base pay rating in which transferred (note 1)	longevity pay (50 percent maximum), extraordinary heroism (10 percent), or good conduct (10 percent)	56 Stat 359, P.L. 607, June 6, 1942.
<b>7</b>	F-4c 1-b	August 10, 1946 to September 30, 1949	16; less than 20 (note 2)	1/3 x base pay rating in which transferred (notes 1 or 2)	longevity pay (50 percent maximum), extraordinary heroism (10 percent)	60 Stat 993, P.L. 720, August 10, 1946.
<b>8</b>	F-4d 1-c	August 10, 1946 to September 30, 1949	20; less than 30	1/2 x base pay rating in which transferred (note 2)	longevity pay (50 percent maximum), extraordinary heroism (10 percent), or good conduct (10 percent)	

Table 3-2. Historical Pay Computations – FR/FMCR (Continued)

<b>HISTORICAL PAY COMPUTATIONS – FLEET RESERVE AND FLEET MARINE CORPS RESERVE</b>						
<b>R U L E</b>	<b>If member retires in class</b>	<b>during period</b>	<b>with years of service of at least</b>	<b>then pay computation formula is</b>	<b>plus</b>	<b>and applicable law is</b>
<b>9</b>	F-6 (note 3) 1-d		20 years	1/2 x base pay rating in which transferred (note 1) or 2.5 percent x years of active federal service multiplied by base pay of rating in which transferred (note 2)	longevity pay (75 percent maximum), extraordinary heroism (10 percent)	
<b>10</b>	all classes	transferred before October 1, 1949, effective on October 1, 1949	20 years	pay received on 9/30/49 (saved pay) or 2.5 percent x years of active service = percent; percent x basic pay of highest federally recognized rating satisfactorily held (note 4)		
<b>11</b>	F-4c 1-b	on or after October 1, 1949	20 years	1/3 x basic pay receiving at transfer (note 5) or 2.5 percent x years of active federal service = percent; percent x basic pay of rating in which transferred (notes 6 and 8)	extraordinary heroism (10 percent)	
<b>12</b>	F-4d 1-c	on or after October 1, 1949	20 years	1/2 x basic pay receiving at transfer (note 5) or 2.5 percent x years of active federal service = percent; percent x basic pay of rating in which transferred (notes 6 and 8)	extraordinary heroism (10 percent), or good conduct (10 percent)	
<b>13</b>	F-6 1-d	on or after October 1, 1949	20 years	1/2 x basic pay receiving at transfer (note 5) or 2.5 percent x years of active federal service = percent	extraordinary heroism (10 percent)	



Table 3-2. Historical Pay Computations – FR/FMCR (Continued)

<b>HISTORICAL PAY COMPUTATIONS – FLEET RESERVE AND FLEET MARINE CORPS RESERVE</b>						
<b>R U L E</b>	<b>If member retires in class</b>	<b>during period</b>	<b>with years of service of at least</b>	<b>then pay computation formula is</b>	<b>plus</b>	<b>and applicable law is</b>
<b>14</b>	F-6 1-d	on or after August 10, 1956	20 years	2.5 percent x years of active service in Armed Forces = percent; percent x basic pay receiving at transfer (notes 7 and 8)	extraordinary heroism (10 percent)	P.L. 1028, August 10, 1956, 10 U.S.C. § 8330.

**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; nor 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 3-3. Pre-1982 Retirement Percentage Multiple Conversions

PRE-1982 RETIREMENT PERCENTAGE MULTIPLE CONVERSIONS							
At Least			Not More Than				
Years	Months	Days	Years	Months	Days	Converted Years	Percentage
0	6	0	1	5	29	1	2.50
1	6	0	2	5	29	2	5.00
2	6	0	3	5	29	3	7.50
3	6	0	4	5	29	4	10.00
4	6	0	5	5	29	5	12.50
5	6	0	6	5	29	6	15.00
6	6	0	7	5	29	7	17.50
7	6	0	8	5	29	8	20.00
8	6	0	9	5	29	9	22.50
9	6	0	10	5	29	10	25.00
10	6	0	11	5	29	11	27.50
11	6	0	12	5	29	12	30.00
12	6	0	13	5	29	13	32.50
13	6	0	14	5	29	14	35.00
14	6	0	15	5	29	15	37.50
15	6	0	16	5	29	16	40.00
16	6	0	17	5	29	17	42.50
17	6	0	18	5	29	18	45.00
18	6	0	19	5	29	19	47.50
19	6	0	20	5	29	20	50.00
20	6	0	21	5	29	21	52.50
21	6	0	22	5	29	22	55.00
22	6	0	23	5	29	23	57.50
23	6	0	24	5	29	24	60.00
24	6	0	25	5	29	25	62.50
25	6	0	26	5	29	26	65.00
26	6	0	27	5	29	27	67.50
27	6	0	28	5	29	28	70.00
28	6	0	29	5	29	29	72.50
29	6	0				30	75.00

**NOTE:** This Table applies to members retired before January 1, 1982, with several exceptions covered in paragraph 2.8.

Table 3-4. Post-1981 – Pre-2018 Retirement Percentage Multiplier Conversions

POST-1981 – PRE-2018 RETIREMENT PERCENTAGE MULTIPLIER CONVERSIONS											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
		00.	3		7.50	6		15.00	9		22.50
	1	00.20	3	1	7.70	6	1	15.20	9	1	22.70
	2	00.43	3	2	7.93	6	2	15.43	9	2	22.93
	3	00.63	3	3	8.13	6	3	15.63	9	3	23.13
	4	00.83	3	4	8.33	6	4	15.83	9	4	23.33
	5	1.05	3	5	8.55	6	5	16.05	9	5	23.55
	6	1.25	3	6	8.75	6	6	16.25	9	6	23.75
	7	1.45	3	7	8.95	6	7	16.45	9	7	23.95
	8	1.68	3	8	9.18	6	8	16.68	9	8	24.18
	9	1.88	3	9	9.38	6	9	16.88	9	9	24.38
	10	2.08	3	10	9.58	6	10	17.08	9	10	24.58
	11	2.30	3	11	9.80	6	11	17.30	9	11	24.80
1		2.50	4		10.00	7		17.50	10		25.00
1	1	2.70	4	1	10.20	7	1	17.70	10	1	25.20
1	2	2.93	4	2	10.43	7	2	17.93	10	2	25.43
1	3	3.13	4	3	10.63	7	3	18.13	10	3	25.63
1	4	3.33	4	4	10.83	7	4	18.33	10	4	25.83
1	5	3.55	4	5	11.05	7	5	18.55	10	5	26.05
1	6	3.75	4	6	11.25	7	6	18.75	10	6	26.25
1	7	3.95	4	7	11.45	7	7	18.95	10	7	26.45
1	8	4.18	4	8	11.68	7	8	19.18	10	8	26.68
1	9	4.38	4	9	11.88	7	9	19.38	10	9	26.88
1	10	4.58	4	10	12.08	7	10	19.58	10	10	27.08
1	11	4.80	4	11	12.30	7	11	19.80	10	11	27.30
2		5.00	5		12.50	8		20.00	11		27.50
2	1	5.20	5	1	12.70	8	1	20.20	11	1	27.70
2	2	5.43	5	2	12.93	8	2	20.43	11	2	27.93
2	3	5.63	5	3	13.13	8	3	20.63	11	3	28.13
2	4	5.83	5	4	13.33	8	4	20.83	11	4	28.33
2	5	6.05	5	5	13.55	8	5	21.05	11	5	28.55
2	6	6.25	5	6	13.75	8	6	21.25	11	6	28.75
2	7	6.45	5	7	13.95	8	7	21.45	11	7	28.95
2	8	6.68	5	8	14.18	8	8	21.68	11	8	29.18
2	9	6.88	5	9	14.38	8	9	21.88	11	9	29.38
2	10	7.08	5	10	14.58	8	10	22.08	11	10	29.58
2	11	7.30	5	11	14.80	8	11	22.30	11	11	29.80

Table 3-4. Post-1981 – Pre-2018 Retirement Percentage Multiplier Conversions (Continued)

POST-1981 – PRE-2018 RETIREMENT PERCENTAGE MULTIPLIER CONVERSIONS											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
12		30.00	15		37.50	18		45.00	21		52.50
12	1	30.20	15	1	37.70	18	1	45.20	21	1	52.70
12	2	30.43	15	2	37.93	18	2	45.43	21	2	52.93
12	3	30.63	15	3	38.13	18	3	45.63	21	3	53.13
12	4	30.83	15	4	38.33	18	4	45.83	21	4	53.33
12	5	31.05	15	5	38.55	18	5	46.05	21	5	53.55
12	6	31.25	15	6	38.75	18	6	46.25	21	6	53.75
12	7	31.45	15	7	38.95	18	7	46.45	21	7	53.95
12	8	31.68	15	8	39.18	18	8	46.68	21	8	54.18
12	9	31.88	15	9	39.38	18	9	46.88	21	9	54.38
12	10	32.08	15	10	39.58	18	10	47.08	21	10	54.58
12	11	32.30	15	11	39.80	18	11	47.30	21	11	54.80
13		32.50	16		40.00	19		47.50	22		55.00
13	1	32.70	16	1	40.20	19	1	47.70	22	1	55.20
13	2	32.93	16	2	40.43	19	2	47.93	22	2	55.43
13	3	33.13	16	3	40.63	19	3	48.13	22	3	55.63
13	4	33.33	16	4	40.83	19	4	48.33	22	4	55.83
13	5	33.55	16	5	41.05	19	5	48.55	22	5	56.05
13	6	33.75	16	6	41.25	19	6	48.75	22	6	56.25
13	7	33.95	16	7	41.45	19	7	48.95	22	7	56.45
13	8	34.18	16	8	41.68	19	8	49.18	22	8	56.68
13	9	34.38	16	9	41.88	19	9	49.38	22	9	56.88
13	10	34.58	16	10	42.08	19	10	49.58	22	10	57.08
13	11	34.80	16	11	42.30	19	11	49.80	22	11	57.30
14		35.00	17		42.50	20		50.00	23		57.50
14	1	35.20	17	1	42.70	20	1	50.20	23	1	57.70
14	2	35.43	17	2	42.93	20	2	50.43	23	2	57.93
14	3	35.63	17	3	43.13	20	3	50.63	23	3	58.13
14	4	35.83	17	4	43.33	20	4	50.83	23	4	58.33
14	5	36.05	17	5	43.55	20	5	51.05	23	5	58.55
14	6	36.25	17	6	43.75	20	6	51.25	23	6	58.75
14	7	36.45	17	7	43.95	20	7	51.45	23	7	58.95
14	8	36.68	17	8	44.18	20	8	51.68	23	8	59.18
14	9	36.88	17	9	44.38	20	9	51.88	23	9	59.38
14	10	37.08	17	10	44.58	20	10	52.08	23	10	59.58
14	11	37.30	17	11	44.80	20	11	52.30	23	11	59.80

Table 3-4. Post-1981 – Pre-2018 Retirement Percentage Multiplier Conversions (Continued)

POST-1981 – PRE-2018 RETIREMENT PERCENTAGE MULTIPLIER CONVERSIONS											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
24		60.00	27		67.50	30		75.00	33		82.50
24	1	60.20	27	1	67.70	30	1	75.20	33	1	82.70
24	2	60.43	27	2	67.93	30	2	75.43	33	2	82.93
24	3	60.63	27	3	68.13	30	3	75.63	33	3	83.13
24	4	60.83	27	4	68.33	30	4	75.83	33	4	83.33
24	5	61.05	27	5	68.55	30	5	76.05	33	5	83.55
24	6	61.25	27	6	68.75	30	6	76.25	33	6	83.75
24	7	61.45	27	7	68.95	30	7	76.45	33	7	83.95
24	8	61.68	27	8	69.18	30	8	76.68	33	8	84.18
24	9	61.88	27	9	69.38	30	9	76.88	33	9	84.38
24	10	62.08	27	10	69.58	30	10	77.08	33	10	84.58
24	11	62.30	27	11	69.80	30	11	77.30	33	11	84.80
25	blank	62.50	28	blank	70.00	31	blank	77.50	34	blank	85.00
25	1	62.70	28	1	70.20	31	1	77.70	34	1	85.20
25	2	62.93	28	2	70.43	31	2	77.93	34	2	85.43
25	3	63.13	28	3	70.63	31	3	78.13	34	3	85.63
25	4	63.33	28	4	70.83	31	4	78.33	34	4	85.83
25	5	63.55	28	5	71.05	31	5	78.55	34	5	86.05
25	6	63.75	28	6	71.25	31	6	78.75	34	6	86.25
25	7	63.95	28	7	71.45	31	7	78.95	34	7	86.45
25	8	64.18	28	8	71.68	31	8	79.18	34	8	86.68
25	9	64.38	28	9	71.88	31	9	79.38	34	9	86.88
25	10	64.58	28	10	72.08	31	10	79.58	34	10	87.08
25	11	64.80	28	11	72.30	31	11	79.80	34	11	87.30
26	blank	65.00	29	blank	72.50	32	blank	80.00	35	blank	87.50
26	1	65.20	29	1	72.70	32	1	80.20	35	1	87.70
26	2	65.43	29	2	72.93	32	2	80.43	35	2	87.93
26	3	65.63	29	3	73.13	32	3	80.63	35	3	88.13
26	4	65.83	29	4	73.33	32	4	80.83	35	4	88.33
26	5	66.05	29	5	73.55	32	5	81.05	35	5	88.55
26	6	66.25	29	6	73.75	32	6	81.25	35	6	88.75
26	7	66.45	29	7	73.95	32	7	81.45	35	7	88.95
26	8	66.68	29	8	74.18	32	8	81.68	35	8	89.18
26	9	66.88	29	9	74.38	32	9	81.88	35	9	89.38
26	10	67.08	29	10	74.58	32	10	82.08	35	10	89.58
26	11	67.30	29	11	74.80	32	11	82.30	35	11	89.80

Table 3-4. Post-1981 – Pre-2018 Retirement Percentage Multiplier Conversions (Continued)

POST-1981 – PRE-2018 RETIREMENT PERCENTAGE MULTIPLIER CONVERSIONS											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
36		90.00	38		95.00	40		100.00	42		105.00
36	1	90.20	38	1	95.20	40	1	100.20	42	1	105.20
36	2	90.43	38	2	95.43	40	2	100.43	42	2	105.43
36	3	90.63	38	3	95.63	40	3	100.63	42	3	105.63
36	4	90.83	38	4	95.83	40	4	100.83	42	4	105.83
36	5	91.05	38	5	96.05	40	5	101.05	42	5	106.05
36	6	91.25	38	6	96.25	40	6	101.25	42	6	106.25
36	7	91.45	38	7	96.45	40	7	101.45	42	7	106.45
36	8	91.68	38	8	96.68	40	8	101.68	42	8	106.68
36	9	91.88	38	9	96.88	40	9	101.88	42	9	106.88
36	10	92.08	38	10	97.08	40	10	102.08	42	10	107.08
36	11	92.30	38	11	97.30	40	11	102.30	42	11	107.30
37		92.50	39		97.50	41		102.50	43		107.50
37	1	92.70	39	1	97.70	41	1	102.70	43	1	107.70
37	2	92.93	39	2	97.93	41	2	102.93	43	2	107.93
37	3	93.13	39	3	98.13	41	3	103.13	43	3	108.13
37	4	93.33	39	4	98.33	41	4	103.33	43	4	108.33
37	5	93.55	39	5	98.55	41	5	103.55	43	5	108.55
37	6	93.75	39	6	98.75	41	6	103.75	43	6	108.75
37	7	93.95	39	7	98.95	41	7	103.95	43	7	108.95
37	8	94.18	39	8	99.18	41	8	104.18	43	8	109.18
37	9	94.38	39	9	99.38	41	9	104.38	43	9	109.38
37	10	94.58	39	10	99.58	41	10	104.58	43	10	109.58
37	11	94.80	39	11	99.80	41	11	104.80	43	11	109.80

**NOTE:** To derive multipliers for service in excess of 43 years and 11 months, divide the number of whole months by 12, compute the quotient to three digits, round to two digits, and add this to the number of years. Then, multiply by .025.

Example 1: 20 years, 7 months, 13 days  
 $7 \text{ months} \div 12 = .583 (.58)$   
 $20.58 \times .025 = 51.45\%$

Example 2: 44 years, 8 months, 28 days  
 $8 \text{ months} \div 12 = .667 (.67)$   
 $44.67 \times .025 = 111.68\%$

Exception: Members who retire between January 1, 1982 and September 30, 1983 and meet requirements of paragraph 2.7 will round service credit of 6 months or more, as shown on the Table.

Table 3-5. Effective January 1, 2018 BRS Percentage Multiplier Conversions

BRS PERCENTAGE MULTIPLIER CONVERSIONS - EFFECTIVE JANUARY 1, 2018											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
		0	3		6.00	6		12.00	9		18.00
	1	.17	3	1	6.17	6	1	12.17	9	1	18.17
	2	.33	3	2	6.33	6	2	12.34	9	2	18.34
	3	.50	3	3	6.50	6	3	12.50	9	3	18.50
	4	.67	3	4	6.67	6	4	12.67	9	4	18.67
	5	.83	3	5	6.83	6	5	12.84	9	5	18.84
	6	1.00	3	6	7.00	6	6	13.00	9	6	19.00
	7	1.17	3	7	7.17	6	7	13.17	9	7	19.17
	8	1.33	3	8	7.33	6	8	13.34	9	8	19.34
	9	1.50	3	9	7.50	6	9	13.50	9	9	19.50
	10	1.67	3	10	7.67	6	10	13.67	9	10	19.67
	11	1.83	3	11	7.83	6	11	13.84	9	11	19.84
1		2.00	4		8.00	7		14.00	10		20.00
1	1	2.17	4	1	8.17	7	1	14.17	10	1	20.17
1	2	2.33	4	2	8.34	7	2	14.34	10	2	20.34
1	3	2.50	4	3	8.50	7	3	14.50	10	3	20.50
1	4	2.67	4	4	8.67	7	4	14.67	10	4	20.67
1	5	2.83	4	5	8.84	7	5	14.84	10	5	20.84
1	6	3.00	4	6	9.00	7	6	15.00	10	6	21.00
1	7	3.17	4	7	9.17	7	7	15.17	10	7	21.17
1	8	3.33	4	8	9.34	7	8	15.34	10	8	21.34
1	9	3.50	4	9	9.50	7	9	15.50	10	9	21.50
1	10	3.67	4	10	9.67	7	10	15.67	10	10	21.67
1	11	3.83	4	11	9.84	7	11	15.84	10	11	21.84
2		4.00	5		10.00	8		16.00	11		22.00
2	1	4.17	5	1	10.17	8	1	16.17	11	1	22.17
2	2	4.33	5	2	10.34	8	2	16.34	11	2	22.34
2	3	4.50	5	3	10.50	8	3	16.50	11	3	22.50
2	4	4.67	5	4	10.67	8	4	16.67	11	4	22.67
2	5	4.83	5	5	10.84	8	5	16.84	11	5	22.84
2	6	5.00	5	6	11.00	8	6	17.00	11	6	23.00
2	7	5.17	5	7	11.17	8	7	17.17	11	7	23.17
2	8	5.33	5	8	11.34	8	8	17.34	11	8	23.34
2	9	5.50	5	9	11.50	8	9	17.50	11	9	23.50
2	10	5.67	5	10	11.67	8	10	17.67	11	10	23.67
2	11	5.83	5	11	11.84	8	11	17.84	11	11	23.84

Table 3-5. Effective January 1, 2018 BRS Percentage Multiplier Conversions (Continued)

BRS PERCENTAGE MULTIPLIER CONVERSIONS - EFFECTIVE JANUARY 1, 2018											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
12		24.00	15		30.00	18		36.00	21		42
12	1	24.17	15	1	30.17	18	1	36.17	21	1	42.18
12	2	24.34	15	2	30.34	18	2	36.34	21	2	42.34
12	3	24.50	15	3	30.51	18	3	36.51	21	3	42.51
12	4	24.67	15	4	30.67	18	4	36.67	21	4	42.68
12	5	24.84	15	5	30.84	18	5	36.84	21	5	42.84
12	6	25.01	15	6	31.01	18	6	37.01	21	6	43.01
12	7	25.17	15	7	31.17	18	7	37.17	21	7	43.18
12	8	25.34	15	8	31.34	18	8	37.34	21	8	43.34
12	9	25.51	15	9	31.51	18	9	37.51	21	9	43.51
12	10	25.67	15	10	31.67	18	10	37.67	21	10	43.68
12	11	25.84	15	11	31.84	18	11	37.84	21	11	43.84
13		26.00	16		32.00	19		38.00	22		44.00
13	1	26.17	16	1	32.17	19	1	38.17	22	1	44.18
13	2	26.34	16	2	32.34	19	2	38.34	22	2	44.34
13	3	26.51	16	3	32.51	19	3	38.51	22	3	44.51
13	4	26.67	16	4	32.67	19	4	38.67	22	4	44.68
13	5	26.84	16	5	32.84	19	5	38.84	22	5	44.84
13	6	27.01	16	6	33.01	19	6	39.01	22	6	45.01
13	7	27.17	16	7	33.17	19	7	39.17	22	7	45.18
13	8	27.34	16	8	33.34	19	8	39.34	22	8	45.34
13	9	27.51	16	9	33.51	19	9	39.51	22	9	45.51
13	10	27.67	16	10	33.67	19	10	39.67	22	10	45.68
13	11	27.84	16	11	33.84	19	11	39.84	22	11	45.84
14		28.00	17		34.00	20		40.00	23		46.00
14	1	28.17	17	1	34.17	20	1	40.17	23	1	46.18
14	2	28.34	17	2	34.34	20	2	40.34	23	2	46.34
14	3	28.51	17	3	34.51	20	3	40.51	23	3	46.51
14	4	28.67	17	4	34.67	20	4	40.67	23	4	46.68
14	5	28.84	17	5	34.84	20	5	40.84	23	5	46.84
14	6	29.01	17	6	35.01	20	6	41.01	23	6	47.01
14	7	29.17	17	7	35.17	20	7	41.16	23	7	47.18
14	8	29.34	17	8	35.34	20	8	41.34	23	8	47.34
14	9	29.51	17	9	35.51	20	9	41.51	23	9	47.51
14	10	29.67	17	10	35.67	20	10	41.67	23	10	47.68
14	11	29.84	17	11	35.84	20	11	41.84	23	11	47.84



Table 3-5. Effective January 1, 2018 BRS Percentage Multiplier Conversions (Continued)

BRS PERCENTAGE MULTIPLIER CONVERSIONS - EFFECTIVE JANUARY 1, 2018											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
24		48.00	27		54.00	30		60.00	33		66.00
24	1	48.18	27	1	54.18	30	1	60.18	33	1	66.18
24	2	48.34	27	2	54.34	30	2	60.35	33	2	66.35
24	3	48.51	27	3	54.51	30	3	60.51	33	3	66.51
24	4	48.68	27	4	54.68	30	4	60.68	33	4	66.68
24	5	48.84	27	5	54.84	30	5	60.85	33	5	66.85
24	6	49.01	27	6	55.01	30	6	61.01	33	6	67.01
24	7	49.18	27	7	55.18	30	7	61.18	33	7	67.18
24	8	49.34	27	8	55.34	30	8	61.35	33	8	67.35
24	9	49.51	27	9	55.51	30	9	61.51	33	9	67.51
24	10	49.68	27	10	55.68	30	10	61.68	33	10	67.68
24	11	49.84	27	11	55.84	30	11	61.85	33	11	67.85
25	blank	50.00	28	blank	56.00	31	blank	62.00	34	blank	68.00
25	1	50.18	28	1	56.18	31	1	62.18	34	1	68.18
25	2	50.34	28	2	56.34	31	2	62.35	34	2	68.35
25	3	50.51	28	3	56.51	31	3	62.51	34	3	68.51
25	4	50.68	28	4	56.68	31	4	62.68	34	4	68.68
25	5	50.84	28	5	56.84	31	5	62.85	34	5	68.85
25	6	51.01	28	6	57.01	31	6	63.01	34	6	69.01
25	7	51.18	28	7	57.18	31	7	63.18	34	7	69.18
25	8	51.34	28	8	57.34	31	8	63.35	34	8	69.35
25	9	51.51	28	9	57.51	31	9	63.51	34	9	69.51
25	10	51.68	28	10	57.68	31	10	63.68	34	10	69.68
25	11	51.84	28	11	57.84	31	11	63.85	34	11	69.85
26	blank	52.00	29	blank	58.00	32	blank	64.00	35	blank	70.00
26	1	52.18	29	1	58.18	32	1	64.18	35	1	70.18
26	2	52.34	29	2	58.35	32	2	64.35	35	2	70.35
26	3	52.51	29	3	58.51	32	3	64.51	35	3	70.51
26	4	52.68	29	4	58.68	32	4	64.68	35	4	70.68
26	5	52.84	29	5	58.85	32	5	64.85	35	5	70.85
26	6	53.01	29	6	59.01	32	6	65.01	35	6	71.01
26	7	53.18	29	7	59.18	32	7	65.18	35	7	71.18
26	8	53.34	29	8	59.35	32	8	65.35	35	8	71.35
26	9	53.51	29	9	59.51	32	9	65.51	35	9	71.51
26	10	53.68	29	10	59.68	32	10	65.68	35	10	71.68
26	11	53.84	29	11	59.85	32	11	65.85	35	11	71.85

Table 3-5. Effective January 1, 2018 BRS Percentage Multiplier Conversions (Continued)

BRS PERCENTAGE MULTIPLIER CONVERSIONS - EFFECTIVE JANUARY 1, 2018											
Service Multiplier			Service Multiplier			Service Multiplier			Service Multiplier		
Years	Months	(%)	Years	Months	(%)	Years	Months	(%)	Years	Months	(%)
36		72.00	38		76.00	40		80.00	42		84.00
36	1	72.18	38	1	76.18	40	1	80.18	42	1	84.18
36	2	72.35	38	2	76.35	40	2	80.35	42	2	84.35
36	3	72.51	38	3	76.52	40	3	80.52	42	3	84.52
36	4	72.68	38	4	76.68	40	4	80.68	42	4	84.68
36	5	72.85	38	5	76.85	40	5	80.85	42	5	84.85
36	6	73.01	38	6	77.02	40	6	81.02	42	6	85.02
36	7	73.18	38	7	77.18	40	7	81.18	42	7	85.18
36	8	73.35	38	8	77.35	40	8	81.35	42	8	85.35
36	9	73.51	38	9	77.52	40	9	81.52	42	9	85.52
36	10	73.68	38	10	77.68	40	10	81.68	42	10	85.68
36	11	73.85	38	11	77.85	40	11	81.85	42	11	85.85
37		74.00	39		78.00	41		82.00	43		86.00
37	1	74.18	39	1	78.18	41	1	82.18	43	1	86.18
37	2	74.35	39	2	78.35	41	2	82.35	43	2	86.35
37	3	74.51	39	3	78.52	41	3	82.52	43	3	86.52
37	4	74.68	39	4	78.68	41	4	82.68	43	4	86.68
37	5	74.85	39	5	78.85	41	5	82.85	43	5	86.85
37	6	75.02	39	6	79.02	41	6	83.02	43	6	87.02
37	7	75.18	39	7	79.18	41	7	83.18	43	7	87.18
37	8	75.35	39	8	79.35	41	8	83.35	43	8	87.35
37	9	75.52	39	9	79.52	41	9	83.52	43	9	87.52
37	10	75.68	39	10	79.68	41	10	83.68	43	10	87.68
37	11	75.85	39	11	79.85	41	11	83.85	43	11	87.85

**NOTE:** To derive multipliers for service in excess of 43 years and 11 months, divide the number of whole months by 12, compute the quotient to three digits, round to two digits, and add this to the number of years. Then, multiply by .02.

Example 1: 20 years, 7 months, 13 days  
7 months ÷ 12 = .583 (.58)  
20.58 × .02 = 41.16%

Example 2: 44 years, 8 months, 28 days  
8 months ÷ 12 = .667 (.67)  
44.67 × .02 = 89.34%

Table 3-6. Reduction Factors Applicable to TERA

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

**NOTE:** Mathematically, the reduction factor (RF) is one minus one twelve hundredth of the difference between 240 and the number of months or remaining portion of a month of active service of such member. Thus, for 188 months the reduction factor is computed as:

$$\begin{aligned}
 \text{RF} &= 1.0 - [(240-188)/1200] \\
 &= 1.0 - [52/1200] \\
 &= 1.0 - .04333 \\
 &= .95667
 \end{aligned}$$

## \*REFERENCES

## CHAPTER 3 – GROSS PAY COMPUTATION

## 1.0 – GENERAL

- 1.1 10 U.S.C. §§ 1401, 1406, 1407, 1409  
P.L. 114-92, sections 631-635,  
November 25, 2015  
P.L. 114-328, sections 631-634,  
December 26, 2016  
P.L. 115-91, section 622, December 12, 2017  
Office of the Deputy Secretary of Defense, memo,  
Subject: Implementation of the Blended  
Retirement System, January 27, 2017

## 2.0 – BASIC COMPUTATION

- 2.1.1.1 10 U.S.C. § 1406
- 2.1.1.2.1 10 U.S.C. § 1407
- 2.1.1.2.2 10 U.S.C. § 1407(c)(2)
- 2.1.1.2.3 10 U.S.C. § 1407(d)(2)
- 2.1.2.3 P.L. 109-364, section 642, October 17, 2006  
10 U.S.C. § 1409(b)  
P.L. 110-181, section 646, January 28, 2008  
10 U.S.C. § 8333(a)
- 2.1.2.4 10 U.S.C., Chapter 61  
10 U.S.C. § 1208  
10 U.S.C. § 1401  
10 U.S.C. § 1405  
10 U.S.C. § 1409  
10 U.S.C. § 12733  
DoDI 1215.07, July 30, 2019, Incorporating  
Change 1, May 17, 2021
- 2.2.1.1 10 U.S.C. § 1406(b)(1)  
10 U.S.C. § 1372
- 2.2.1.2 10 U.S.C. § 1407

## REFERENCES (Continued)

- 2.2.2.1 P.L. 111-383, section 631, January 7, 2011  
10 U.S.C. § 1401(a)  
10 U.S.C. § 1402(d)  
10 U.S.C. § 1402a(d)
- 2.2.2.2 P.L. 111-383, section 631, January 7, 2011  
10 U.S.C. § 1401(a)  
10 U.S.C. § 1402(d)  
10 U.S.C. § 1402a(d)
- 2.2.4 P.L. 114-92, section 631(c)(1)(A),  
November 25, 2015  
10 U.S.C. § 1401  
10 U.S.C. § 1409
- 2.3.1.1 10 U.S.C. § 1406(b)(1)  
10 U.S.C. § 1372
- 2.3.1.2 10 U.S.C. §§ 1407, 7314, 8330, and 9314
- 2.4.1.1 10 U.S.C. § 1406(b)(1)
- 2.4.1.2 10 U.S.C. § 1407
- 2.5.1.1 10 U.S.C. § 1406(b)(2)  
10 U.S.C. § 1370(d)
- 2.5.1.2 10 U.S.C. § 1407
- 2.5.2 10 U.S.C. § 12733  
10 U.S.C. § 12739
- 2.9 P.L. 98-94, section 922, September 24, 1983  
10 U.S.C. § 1412  
Office of the Secretary of Defense (OSD)/Military  
Personnel and Force Management (MP&FM)  
Memo, September 29, 1983
- 2.10 10 U.S.C. §§ 1401a(b), 1409, and 1410  
DoD Office of the Actuary Memo, May 5, 1987  
Office of the Under Secretary of Defense (OUSD)  
(Military Personnel Policy (MPP)) Memo,  
April 12, 2012

## REFERENCES (Continued)

- 2.11 P.L. 102-484, sections 4403 and 4417,  
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10 U.S.C., Chapter 67  
10 U.S.C. § 1293 note  
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OUSD (MPP) Memo, April 12, 2012  
P.L. 114-328, section 508, December 23, 2016  
10 U.S.C. § 1293 note
- 2.11.1 10 U.S.C. § 1401  
10 U.S.C. § 7361(a)  
10 U.S.C. § 8333(a)  
10 U.S.C. § 9361(a)  
10 U.S.C. § 12739
- 2.11.3 37 U.S.C. § 322 (renumbered § 354)  
10 U.S.C. § 1409
- 2.11.4 P.L. 112-81, section 504, December 31, 2011  
10 U.S.C. § 1293 note  
OUSD (MPP) Memo, April 12, 2012
- 2.11.5 OUSD (MPP) Memo, April 12, 2012
- 2.12 P.L. 106-398, section 651, October 30, 2000  
10 U.S.C. § 1406  
10 U.S.C. § 1407
- 2.12.1.2 Office of the Assistant Secretary of Defense/  
Military Personnel Policy (OASD/MPP) Memo,  
December 20, 2001
- 4.0 – TOWER AMENDMENT
- 4.1 10 U.S.C. § 1401a(f)
- 4.1.3 P.L. 100-456, section 622, September 29, 1988  
10 U.S.C. § 1401a(f)
- 4.2.1 Manuscripts Comptroller General (MS Comp Gen)  
B-189029, September 2, 1980

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- 4.3 P.L. 103-337, section 633, October 5, 1994  
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66 Comp Gen 425  
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## 5.0 – SPECIAL PROVISIONS

- 5.3.1 10 U.S.C. §§ 601(b), 1406(i), 7361, 8325, 8333, and  
9361  
37 U.S.C. § 203
- 5.3.2 P.L. 108-136, section 643, November 24, 2003  
10 U.S.C. § 1406  
37 U.S.C. § 203
- 5.4 10 U.S.C. § 1370
- 5.5 10 U.S.C. § 1406(i)  
DoD General Counsel Opinion, April 21, 1998
- 5.6 10 U.S.C. §§ 7361(a), 8330(c), and 9361(a)  
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10 U.S.C. § 1402
- 5.7 P.L. 88-132, section 5, October 2, 1963  
10 U.S.C. § 1402
- 5.9 P.L. 109-364, section 641, October 17, 2006  
P.L. 113-291, section 622, December 19, 2014  
10 U.S.C. § 1407a  
37 U.S.C. § 203(a)(2)

## 6.0 - LUMP SUM PAYMENTS OF RETIREMENT ANNUITY

- P.L. 114-92, section 633, November 25, 2015
- 6.1 10 U.S.C. § 1415
- 6.3 10 U.S.C. § 1415(b)(2)

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6.7	10 U.S.C. § 1415
6.8	10 U.S.C. § 1413a 10 U.S.C. § 1414 38 U.S.C. § 5304 38 U.S.C. § 5305
6.9	10 U.S.C. § 1415  10 U.S.C. § 1447(6)(A) 10 U.S.C. § 1450 10 U.S.C. § 1452
6.11	10 U.S.C. § 1408
Table 3-1, Rule 1 and 2	P.L. 111-383, section 631, January 7, 2011 10 U.S.C. § 1401(a) 10 U.S.C. § 1402(d) 10 U.S.C. § 1402a(d)
Table 3-1, Note 4	10 U.S.C., Chapter 1223
Table 3-1, Note 7	P.L. 96-342, September 8, 1980 10 U.S.C. § 1406(d)
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Table 3-5	P.L. 114-92, section 633, November 25, 2015
Table 3-6	Assistant Secretary of Defense/Force Management and Personnel, Manpower Management and Personnel Policy Memo, April 22, 1993