

VOLUME 7B, CHAPTER 7: “ACTIVE/RESERVE DUTY AFTER RETIREMENT”**SUMMARY OF MAJOR CHANGES**

All changes are 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 [November 2015](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and statutes, and formatted to comply with current administrative instructions.	Revision
070101	Added a “Purpose” paragraph.	Addition
070201	Added definition for the term "active duty" for clarification.	Addition
070202	Added information for clarity concerning Reserve (non-regular) members who served in an active status in the Selected Reserve of the Ready Reserve.	Addition
070202.C	Added definition for the term "active status" for clarification.	Addition
070402	Added information for clarity concerning the Tower Amendment.	Addition
0706	Revised wording to reflect information referenced in Chapter 12.	Revision
Bibliography	Updated references.	Revision

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CHAPTER 7

ACTIVE/RESERVE DUTY AFTER RETIREMENT

0701 GENERAL

***070101. Purpose**

The purpose of this chapter is to provide information for retired members who subsequently perform additional active/reserve duty and their entitlement to retired or retainer pay recomputation.

070102. Authoritative Guidance

The bibliography at the end of this chapter lists the authoritative references.

0702 ENTITLEMENT AND ELIGIBILITY

***070201. Entitlement to Recomputation of Retired Pay**

A member of the Armed Forces who has become entitled to retired or retainer pay, and later serves on active duty (other than for training) is entitled to have retired or retainer pay recomputed upon his release from active duty to take into account any additional service. A retiree or member eligible for retired pay who serves in an active status in the Selected Reserve may be entitled to recomputation of their Reserve (non-regular) pay, if certain criteria described in paragraph 070202 or 070203 are met. The term "active duty" is defined under Title 10, United States Code (U.S.C.), [section 101\(d\)\(1\)](#) to mean "full-time duty in the active military service of the United States. Such term includes full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned. Such term does not include full-time National Guard duty." As used here, it does not include training.

***070202. Active Reserve (Non-Regular) Service After Regular Retirement or Eligibility for Regular Retirement**

A member who [served in an active status in the Selected Reserve of the Ready Reserve after becoming eligible for regular retired or retainer pay based on years of service](#), without regard to whether the member actually retired or received retired or retainer pay for regular service, may apply for Reserve (non-regular) retired pay if the member:

- A. Has attained the Reserve (non-regular) pay eligibility age of 60 years or such other reduced eligibility age as provided for in 10 U.S.C. [§ 12731\(f\)](#);
- B. Has performed at least 20 years of service for a Reserve (non-regular) retirement; and

* C. After October 28, 2009, has completed two or more years of satisfactory service, as determined by the Secretary concerned, in an active status (excluding any period of active duty service) subsequent to the date upon which he or she previously became eligible for regular retired or retainer pay. The term "active status" means the status of a member of a reserve component who is not in the inactive Army National Guard or inactive Air National Guard, on an inactive status list, or in the Retired Reserve. See 10 U.S.C. § 101(d)(4). A member who was eligible for regular retired or retainer pay on or before October 27, 2009, whose service was determined to be satisfactory by the Secretary concerned, is not subject to the 2-year service requirement. See paragraph 070204 for exceptions to the 2-year requirement subsequent to the date upon which he or she previously became eligible for regular retired or retainer pay.

070203. Active Reserve Service After Reserve (Non-Regular) Retirement

The following subparagraphs address members of the Retired Reserve recalled to an active status in the Selected Reserve:

A. A member of the Retired Reserve serving in an active status in the Selected Reserve on October 28, 2009, or who thereafter serves in an active status in the Selected Reserve is entitled to recomputation of Reserve (non-regular) pay if the member serves in such status for not less than 2 years; or

B. A commissioned officer of the Retired Reserve who is recalled to an active status under the provisions of this paragraph and completes not less than 2 years of service in such active status is entitled to an adjustment in the retired grade, subject to service requirements.

070204. Exception to 2-Year Active Status Service

The Secretary concerned may reduce the minimum 2-year service requirement specified in subparagraph 070202.C and paragraph 070203 in the case of an officer of the National Guard who:

A. Completes at least 1 year of service in a position of adjutant general or assistant adjutant general; and

B. Fails to complete the minimum 2 years of service solely because the appointment of the person to such position was terminated or vacated as provided by:

1. The laws of the State of whose National Guard he or she is a member; or

2. The laws of the Commonwealth of Puerto Rico, or the District of Columbia, Guam, or the Virgin Islands, of whose National Guard he or she is a member.

0703 RECOMPUTATION FOR ACTIVE DUTY SERVICE OR ACTIVE STATUS IN THE
SELECTED RESERVE AFTER RETIREMENT

070301. Basic Recomputation Formula

A retired member who subsequently serves on active duty is generally entitled, after completion of that active duty, to retired pay recomputed by multiplying a revised retired or retainer pay base by a revised retired pay multiplier.

070302. Revised Retired or Retainer Pay Base

The retired or retainer pay base for a recomputation of retired pay differs depending on the date the member first became a member of the uniformed services and whether the recomputation is for subsequent service in the Selected Reserve or subsequent active duty in a Regular Component.

A. Service in an Active Status in the Selected Reserve. A member, who after retirement or eligibility for retired or retainer pay serves in an active status in the Selected Reserve, subject to paragraph 070202 or 070203, is entitled to recomputed retired pay using the retired pay base.

1. Before September 8, 1980. If the member first became a member of the uniformed service before September 8, 1980, the retired pay base is the monthly basic pay determined at the rates applicable on the date the member completes the qualifying active Reserve service.

2. After September 7, 1980. If the member first became a member of the uniformed service after September 7, 1980, the retired pay base used is the average of the member's high-36 months (whether or not consecutive) out of all the months before the member became entitled to retired pay by reason of election of retired pay under the provisions of this paragraph.

B. Service on Active Duty. A member entitled to retired or retainer pay, who subsequently serves on active duty, other than for training, is entitled to recomputed retired or retainer pay using the retired pay base.

1. Before September 8, 1980. For a member who first became a member of the uniformed service before September 8, 1980, the revised retired or retainer pay base is the monthly basic pay of the grade determined as follows. If the member served:

a. Less than two continuous years on subsequent active duty, the member's revised retired or retainer pay base is the rate of basic pay under which the member's previous retired or retainer pay was computed upon entrance to subsequent active duty; increased by any applicable cost-of-living adjustment (COLA) issued during that period of active duty; or

b. Two or more continuous years on subsequent active duty, the member's revised retired or retainer pay base is the appropriate rate of basic pay of the grade and

years of service to which eligible if retired (or transferred to the Fleet Reserve (FR) or Fleet Marine Corps Reserve (FMCR)) upon release from this period of active duty. The revised retired or retainer pay base is computed using the pay tables in effect immediately prior to the tables under which the member was paid during the period of that active duty, increased by any applicable COLA issued during this period of active duty. In the rare case when a member serves for two or more continuous years of subsequent active duty under the same pay table and that table is in effect at the time of reversion to retired status, use the appropriate basic pay from that table.

2. After September 7, 1980. For a member who first became a member of the uniformed service after September 7, 1980, the revised retired or retainer pay base is the high-36 month average of all service, including subsequent active duty, as though retiring or transferring to the FR or the FMCR for the first time.

3. Optional Pay Base. A retired member entitled to recomputation of retired pay (for other than disability) after subsequent active duty, may elect to substitute the retired pay base in use upon entry to such active duty which is increased by any applicable COLA issued during the period of the subsequent active duty.

070303. Revised Retired Pay Multiplier

A. The years of service for determining the revised retired or retainer pay multiplier are those already credited in computing the original retired or retainer pay, plus all years of active service after having become entitled to retired or retainer pay.

1. Increase the years of service as follows:

	<u>Year</u>	<u>Month</u>	<u>Day</u>
Date released from active duty	2004	05	28
Date recalled to active duty	<u>2001</u>	<u>09</u>	<u>09</u>
Additional time on active duty	02	08	19 + 1
	(1 day added for inclusive dates)		
Service credited upon retirement	22	06	03
Plus additional active duty	<u>02</u>	<u>08</u>	<u>20</u>
Service credited for recomputation	25	02	23

2. After computing, convert to years and fraction of years by crediting each full month of service that is in addition to the number of full years of service creditable to the member as one-twelfth of a year and disregard any remaining fractional part of a month.

B. A member described in paragraph 070301 will have the years of service computed in accordance with 10 U.S.C., Chapter 1223, pertaining to Reserve (non-regular) retirement.

C. The percentage to apply to the years of service for determining the revised or retainer pay multiplier is generally 2.5 percent for each year of service. However, a member who

accepted the post July 31, 1986, reduced retirement (REDUX) and Career Status Bonus (CSB) remain subject to a 1 percent reduction in the final multiplier for each year less than 30 years of service. This reduction to the final multiplier will be decreased as a result of the additional active service credited.

070304. Special Considerations for Recomputation

The following subparagraphs address special considerations for recomputation of retired pay for members who first became a member of the uniformed services before September 8, 1980 (Final Pay Members).

A. A retiree advanced in grade on the retired list while serving on active duty after retirement may decline advancement to the higher grade upon release from active duty if advancement results in a reduction in retired pay entitlement. The retiree is entitled to recomputation using either:

1. The higher grade based on the basic pay rates applicable at the time of retirement increased by the applicable COLA in that pay (see Chapter 8); or

2. The grade held before advancement based on the basic pay rates replaced by those in effect upon release from active duty if active duty after retirement was for a continuous period of at least 2 years.

B. It is not mandatory that a retiree be advanced on the retired list. Once advanced, the retiree has retired pay rights determined under the section governing such advancement.

C. A retired officer recalled to active duty (other than for training) in the grade held on the retired list, under any law that authorized advancement on the retired list based on a special commendation for the performance of duty in actual combat, may have retired pay recomputed upon release from active duty based on that grade as prescribed in Table 7-1, rule 1 and on the basis of the rate:

1. In effect upon release from active duty if the retiree received these rates for a continuous period of at least 3 years; or

2. Replaced by those in effect upon release from active duty if the retiree did not receive the current rates for a continuous period of at least 3 years.

D. A retiree recalled to active duty after retirement and promoted in grade while on active duty may elect, upon release from that active duty, to have retired pay recomputed based on either:

1. The higher grade to which promoted in which the retiree served satisfactorily, if the member met service time-in grade requirements; or

2. The lower grade held at initial retirement.

E. A retiree recalled to active duty after retirement and demoted in grade while on active duty may elect, upon release from that active duty, to have retired pay recomputed based on either:

1. The grade to which demoted; or

2. The retired pay to which entitled in the grade held at initial retirement; increased by the applicable COLA.

070305. Special Considerations for Disability Retirees

A. A member who reverts to retired pay after active duty with a new or aggravated physical disability rated at 30 percent or more may elect to receive:

1. The retired pay to which they became entitled when previously retired, increased by any applicable subsequent COLA; or

2. Retired pay recomputed using a revised pay base and revised retired pay multiplier. The revised pay base for a member under high-36 rules is described in subparagraph 070302.A. The revised pay base for a member under final pay rules is the highest monthly basic pay received while on active duty after retirement or after the date when placed on the Temporary Disability Retired List (TDRL). The revised retired pay multiplier is as the member elects either 2.5 percent for each year of service creditable for a disability retirement or the highest percentage of disability, not to exceed 75 percent, attained while on active duty after retirement or after the date when placed on the TDRL.

B. A member who was retired for physical disability or whose name is on the TDRL who reverts to the retired list after subsequent active duty, but who did not incur a new or aggravate any existing physical disability while on the subsequent active duty, may elect to receive either:

1. Retired pay to which they became entitled when previously retired, increased by any applicable COLA; or

2. Retired pay as computed for a non-disability reversion under the provisions of paragraphs 070302 and 070303.

C. A member who retired or became eligible to retire due to a physical disability on the Permanent Disability Retired List, or TDRL, on or before January 7, 2011, may not have a retired pay multiplier in excess of 75 percent. A member who first becomes eligible to retire or retires for a physical disability on or after January 8, 2011, will not have their multiplier reduced if it is in excess of 75 percent.

D. A member placed on the TDRL may not have a retired pay multiplier less than 50 percent.

0704 COST-OF-LIVING ADJUSTMENT (COLA)

070401. Application of COLA Increases

Apply the COLA increases to recomputed retired pay in the same manner as for initial retirement. The first COLA after reversion to retired pay following a period of active duty may be a partial COLA depending upon the reversion date. When the recomputed retired pay is based on the original retired pay or the original retired pay base, apply all COLA increases from the date of initial retirement. See Figure 7-1 for application of the COLA increases to recompute retired pay. Chapter 8 contains the annual COLA rates.

*070402. Compare Basic Pay Rates to Tower Amendment Provisions

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. See the provisions in Chapter 3, regarding the Tower Amendment to determine if basic pay rates authorized under that provision afford greater retired pay entitlement than those computed under this chapter.

0705 HEROISM PAY

070501. Extraordinary Heroism

An enlisted member who has been credited by the Secretary concerned with extraordinary heroism in the line of duty during any period of active service in the armed forces and who is entitled to recomputation of retired pay based on subsequent active duty will have the recomputation of retired pay increased by 10 percent.

070502. Extraordinary Heroism and the Retired Pay Multiplier

The addition of heroism pay may not be allowed to increase the recomputed retired pay multiplier above 75 percent. For details on heroism pay refer to Chapter 1.

*0706 RETIRED PAY AND ACTIVE SERVICE

A retired member who elects to receive compensation for periods of active duty or inactive duty training must waive 1 day of retired pay for each calendar day while serving on active duty, inactive duty training, or in an active Reserve status. See Chapter 12.

Figure 7-1. Recomputation After Recall to Active Duty (Continued)

Notes (Continued):

3. The 1402(e) recomputation utilizes the pay table in effect at retirement, but uses the new service totals and updated by applicable COLAs. [See Chapter 8 for the COLA rates.](#)
4. Saved Pay is the member's original retired pay entitlement, as updated by the COLA.
5. The highest option is paid.

Table 7-1. Computation of Retired Pay Following Active/Reserve Duty after Retirement or Eligibility for Retired Pay

COMPUTATION OF RETIRED PAY FOLLOWING ACTIVE/RESERVE DUTY AFTER RETIREMENT OR ELIGIBILITY FOR RETIRED PAY						
R U L E	A	B	C	D	E	F
	If	and	take	multiply by	add	subtract (Notes 4 & 5)
1	a member previously retired for other than disability, reverts to retired status without a disability retirement (Note 1)	the member first became a member before September 8, 1980	monthly basic pay (note 2) of the grade in which member would be eligible: (1) to retire if retiring upon that release from active duty; or (2) to transfer to the FR or FMCR if transferring to either upon that release from active duty	2.5 percent of the sum of: (1) the years of service that may be credited to the retiree in computing retired pay or retainer pay; and (2) years of active service after becoming entitled to retired pay or retainer pay (Note 3)		the excess over 75 percent of pay upon which the computation is based, only if the member originally retired before January 1, 2007, with more than 30 years of service and did not serve at least 2 years on the recall to active duty.
2		the member first became a member after September 7, 1980	retired pay base or retainer pay base to which member would be entitled to use if: (1) retiring upon release from that active duty; or (2) transferring to the FR or FMCR upon that release from active duty	the retired pay multiplier or the retainer pay multiplier for a high-36 retiree (with reduction described under paragraph 070303 for post-August 1, 1986 members who elected the CSB with REDUX retirement) for the sum of: (1) the years of service that may be credited to the retiree in computing retired pay; and (2) years of active service after becoming entitled to retired or retainer pay		excess over 75 percent of retired or retainer pay based upon computation only if the member originally retired before January 1, 2007, with more than 30 years of service and did not serve at least 2 years on the recall to active duty.

Table 7-1. Computation of Retired Pay Following Active/Reserve Duty after Retirement or Eligibility for Retired Pay (Continued)

COMPUTATION OF RETIRED PAY FOLLOWING ACTIVE/RESERVE DUTY AFTER RETIREMENT OR ELIGIBILITY FOR RETIRED PAY.						
R U L E	A	B	C	D	E	F
	If	and	take	multiply by	add	subtract (Notes 4 & 5)
3	a member reverts with a new or aggravated disability rating that qualifies for disability retirement (Note 6)	member first became a member before September 8, 1980	highest monthly basic pay that member received while on active duty after retirement or after date when member's name was placed on TDRL	as a member elects: (1) 2.5 percent of years of service credited under 10 U.S.C. § 1208 (Note 3); or (2) the highest disability percentage, not to exceed 75 percent, attained while on active duty after retirement or after the date member's name was placed on TDRL	the amount necessary to increase product of columns C and D to 50 percent of pay upon which computation is based, if member is on TDRL.	
4		member first became a member after September 7, 1980	the retired pay base			
5	a member previously retired for disability, reverts to retired status without incurring any additional or aggravating disability that would qualify for disability retirement (Note 6)		either the highest monthly pay they received on active duty or the retired pay base as appropriate under rule 3 or 4	2.5 percent of years of service credited under 10 U.S.C. § 1208 (Note 3).		

Table 7-1. Computation of Retired Pay Following Active/Reserve Duty after Retirement or Eligibility for Retired Pay (Continued)

COMPUTATION OF RETIRED PAY FOLLOWING ACTIVE/RESERVE DUTY AFTER RETIREMENT OR ELIGIBILITY FOR RETIRED PAY						
R U L E	A	B	C	D	E	F
	If	and	take	multiply by	add	subtract (Notes 4 & 5)
6	a member entitled to or receiving regular retired pay based on years of service that has attained Reserve Retired pay eligibility and age and has performed at least 20 years of service qualifying for a Reserve retirement	served in an active status as a member of an RC on or after October 28, 2009, completing 2 or more years of satisfactory service after becoming eligible for regular retired pay based on years of service without regard to whether the member actually retired or received retainer pay for regular service (Notes 7 & 8)	either the basic pay for the highest grade held while serving in the active status or the retired pay base computed through the new retirement date	2.5 percent times the years of service credited for percentage purposes (Note 9).		
7	a member of Retired Reserve serves in active status in Selected Reserve on or after October 28, 2009	serves for not less than 2 years in such active status	either the basic pay for the highest grade held while serving in the active status or the retired pay base computed through the date of release from duty	2.5 percent times the years of service credited for percentage purposes (Note 9).		

Table 7-1. Computation of Retired Pay Following Active/Reserve Duty after Retirement or Eligibility for Retired Pay (Continued)

Notes:

1. Alternatively, members eligible under rules 1 or 2 may elect to substitute the rate of basic or monthly retired pay base (high-36 average) under which the original retired pay was computed at the time of entering on this period of active duty (increased by any applicable adjustments in the COLA) for the amount in column C of the table.
2. For a member who has been entitled, for a continuous period of at least 2 years, to basic pay under the rates of basic pay in effect upon release from active duty, compute under those rates. For a member who has been entitled to basic pay for a continuous period of at least 2 years upon that release from active duty, but who is not covered by the preceding sentence, compute under the rates of basic pay replaced by those in effect upon that release from active duty. For any other member, compute under the rates of basic pay under which the member's retired pay or retainer pay was computed when member entered on that active duty.
3. Before applying percentage factor, credit each full month of service that is in addition to the number of full years of service creditable to the member as one-twelfth of a year. Disregard any remaining fractional part of a month.
4. The amount computed, if not a multiple of \$1, is rounded to the next lower multiple of \$1. Any future adjustments to such pay must be made on the rounded figure. The rounded amount becomes the member's entitlement and any future adjustments is based on this rounded entitlement.
5. The reduction only applies to a member who retired before January 1, 2007, with more than 30 years of creditable service who is recalled to active duty and serves on active duty for a continuous period of less than 2 years that ends after January 1, 2007.
6. Alternatively, members eligible under rules 3, 4, or 5 may elect to substitute the retired pay to which entitled when originally retired increased by any applicable adjustments in the COLA.
7. A member who was eligible for regular retired or retainer pay on or before October 27, 2009, whose service was determined to be satisfactory, is not subject to the 2-year requirement.
8. The 2-year service requirement may be reduced by the Secretary concerned if an officer of the National Guard completes at least 1 year of service in a position of adjutant general or assistant adjutant general and fails to complete the minimum years of service solely because the appointment to such position is terminated or vacated under applicable State or territorial law.
9. Total number of retirement points divided by 360. Carry the resultant figure to three decimal places, then round to two decimal places. Example: 4,735 retirement points divided by 360 = 13.152 or 13.15 years of service for percentage purposes (for the section 12731 retiree only) to be multiplied by 2.5 percent.

*BIBLIOGRAPHY

CHAPTER 07 — ACTIVE/RESERVE DUTY AFTER RETIREMENT

0701 – GENERAL

070102	10 U.S.C. § 1402
	10 U.S.C. § 1402a
	10 U.S.C. § 12739
	10 U.S.C. § 12741

0702 – ENTITLEMENT AND ELIGIBILITY

070201	10 U.S.C. § 101(d)(1)
070202	10 U.S.C. § 12731(a)(B)
	10 U.S.C. § 12741(a)
	10 U.S.C. § 10145(d)
070202.A	10 U.S.C. § 12731(a)(1)
070202.B	10 U.S.C. § 12731(a)(2)
070202.C	10 U.S.C. § 12739
	Public Law 111-84, section 642, October 28, 2009
	10 U.S.C. § 101(d)(4)
070202.B	10 U.S.C. § 12731(a)
070203.A	10 U.S.C. § 12741
	Public Law 111-84, section 642, October 28, 2009
070203.B	10 U.S.C. § 12771(b)
070204	10 U.S.C. § 12739(e)(2)
	10 U.S.C. § 12741(a)(2)
070204.A	32 U.S.C. § 314
070204.B	32 U.S.C. § 324(b)

0703 – RECOMPUTATION FOR ACTIVE DUTY SERVICE OR ACTIVE STATUS IN
THE SELECTED RESERVE AFTER RETIREMENT

070302.A	10 U.S.C. § 12741
	10 U.S.C. § 1406
	10 U.S.C. § 1407
070302.B	10 U.S.C. § 1406(b)(2)
	10 U.S.C. § 1402
	10 U.S.C. § 1402a
	10 U.S.C. § 1407(b)
	10 U.S.C., Chapter 1223
070302.B.1	10 U.S.C. § 1402
	10 U.S.C. § 1406

