

What if spending patterns have changed because of changes in the exchange rate?

When changes to spending patterns occur, the Living-Pattern Survey will be updated. An event such as the opening or closing of a military commissary or exchange may also prompt a survey update.

What should I do to ensure I am receiving the correct COLA amount?

Ensure your local finance office has the most current information about command-sponsored Family members. COLA will be paid for up to five command-sponsored Family members.

Are there other things I should keep in mind?

Families should not include COLA in their everyday budget. As soon as the Family returns to the United States, the entitlement to overseas COLA will no longer exist.

Where can I get more information about COLA?

The following websites provide more information about COLA:

<http://perdiem.hqda.pentagon.mil/perdiem/allowcol.html>

<http://266fincom1.hqusareur.army.mil/>

What Servicemembers Need To Know About Overseas Cost of Living Allowance (COLA)

**Headquarters
United States Army Europe and
Seventh Army
United States Army Installation Management
Command, Europe Region
Heidelberg, Germany**

What is overseas COLA?

Overseas COLA (cost of living allowance) is an allowance paid to Servicemembers to *partially* offset the high cost of living overseas (including Alaska and Hawaii). This allowance is intended to help Servicemembers maintain their ability to purchase similar goods and services overseas as they can purchase in the United States. COLA does not *reimburse* expenses; it is designed to *offset* the higher prices of goods and services overseas. COLA is not compensation for remoteness, hardship, or nonavailability of goods and services.

Does everyone assigned overseas receive COLA?

No. COLA is paid only for specific *areas*. If the cost of living in the specific overseas area is the same as or lower than it is in an average area in the United States, COLA will not be authorized. COLA is authorized for Servicemembers assigned to Belgium, Germany, Italy, and the Netherlands.

How much COLA will I receive at my new permanent-duty station?

COLA rates by location are available at <http://perdiem.hqda.pentagon.mil/perdiem/ocform.html>.

Is COLA affected by changes to the exchange rate?

Yes. The Department of Defense Per Diem, Travel, and Transportation Allowance Committee monitors exchange rates throughout the year. The Per Diem Committee adjusts COLA (up or down) as changes occur in the value of the dollar to foreign currencies.

How often is COLA adjusted?

COLA is adjusted once a year based on pricing data furnished by the commands overseas. For currency fluctuations, the Committee can adjust COLA as often as every payday. Of course, just as it takes time to process an allotment change, it takes a while for a COLA change to show up on a paycheck.

What is the Living-Pattern Survey?

The Living-Pattern Survey asks Servicemembers which local stores they shop in and how much (what percent) they buy from the military commissary and exchange. For example, the survey may show that Servicemembers typically buy half their clothing in local stores (using foreign currency) and half at the military exchange (using U.S. dollars). Based on information from the survey, price

collectors will conduct a “market basket survey” (Retail Price Schedule) in many locations each year to determine the actual prices for about 120 goods and services. The prices from each of these surveys are compared with prices in the United States for equivalent goods and services at the time of the survey. If the overseas “market basket cost” is greater than the U.S. cost, COLA is granted.

I know that the value of the dollar has dropped a lot over the past several months, but my COLA has not gone up an equal amount to compensate for the drop. Why not?

COLA is adjusted only for the portion of income that the typical Servicemember spends locally in foreign currency.

As an example, if the Living-Pattern Survey for an area shows that typical Servicemembers spend 50 percent of their income in local currency and 50 percent in dollars, only the portion of the COLA that is based on local-currency purchases will be adjusted for currency fluctuations. In this example, if the value of the dollar to the local currency falls 4 percent, COLA would be increased by 2 percent.