



IMPLEMENTING CALENDAR YEAR 2023 OVERSEAS COST-OF-LIVING ALLOWANCE (COLA) CHANGES

THERE ARE MORE THAN
230,000
SERVICE MEMBERS

receiving Overseas COLA to help offset overseas prices of nonhousehold goods and services.



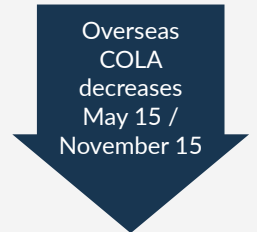
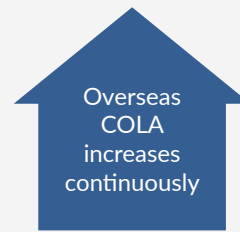
OVERSEAS COLA is a nontaxable supplemental pay allowance.

OVERSEAS COLA is not a fixed amount and may vary based on location, pay grade, years of service and number of dependents.



NEW FOR 2023

The frequency of changes to Overseas COLA will impact service members at different times throughout the year.



IMPORTANT HIGHLIGHTS:

KEY FACTS

Overseas COLA ...

- ▶ is based on a service member's "spendable" income; it does not consider a spouse's income.
- ▶ should not be considered in household budgeting; fixed expenses, such as car payments, should be based on what a service member can afford without the allowance.
- ▶ can fluctuate based on the exchange rate.
- ▶ can increase or decrease based on economic conditions.

Housing costs and household utilities are accounted for separately in housing allowances.

HOW OVERSEAS COLA IS CALCULATED

Overseas COLA is calculated by comparing the prices of nonhousehold goods and services overseas with average prices for equivalent goods and services in CONUS. The result of this price comparison is an index that reflects a cost of living.

Members will only receive a COLA if the costs are higher at an overseas location than average CONUS.

EXAMPLE: PAY GRADE E-4

Member Stationed on Oahu, Hawaii	E-4 with 3 years of service and 2 dependents		
	8-point OCOLA decrease	2022	2023 - 50% Reductions
		OCOLA 5/15/2023 (First 50%)	OCOLA 11/15/2023 (Final 50%)
Income	\$6,190.31	\$6,697.66	\$6,568.66
Deductions	\$414.84	\$433.50	\$433.50
Monthly Net Income	\$5,775.47	\$6,264.16	\$6,135.16
Net Pay Increase		\$488.69	\$359.69

HELPFUL RESOURCES

- ▶ **Overseas COLA Calculator:**
<https://www.travel.dod.mil/Allowances/Overseas-Cost-of-Living-Allowance/Overseas-COLA-Rate-Lookup/>
- ▶ **Overseas COLA Program Information:**
<https://www.travel.dod.mil/Allowances/Overseas-Cost-of-Living-Allowance/>
- ▶ **FAQs:**
<https://www.travel.dod.mil/Support/ALL-FAQs/Article/2963206/OCONUS-cost-of-living-allowance/>

