DEPARTMENT OF DEFENSE

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
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.

EXAMPLE: PAY GRADE E-4

<table>
<thead>
<tr>
<th>Member Stationed on Oahu, Hawaii</th>
<th>E-4 with 3 years of service and 2 dependents</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-point OCOLA decrease</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>OCOLA 5/15/2023 (First 50%)</td>
</tr>
<tr>
<td>Income</td>
<td>$6,190.31</td>
</tr>
<tr>
<td>Deductions</td>
<td>$414.84</td>
</tr>
<tr>
<td>Monthly Net Income</td>
<td>$5,775.47</td>
</tr>
<tr>
<td>Net Pay Increase</td>
<td>$488.69</td>
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</tbody>
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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.

HELPFUL RESOURCES

› Overseas COLA Calculator:

› Overseas COLA Program Information:

› FAQs:

For 24/7 support on resources, information and confidential help go to www.MilitaryOneSource.mil