



Defense Travel Management Office



Overseas Cost of Living Allowance (COLA)

August 2011



Overseas Cost of Living Allowance (COLA)

\$ 2 billion dollar program that provides a supplemental pay allowance to 250,000 service members, at approximately 600 overseas locations, including Alaska and Hawaii





COLA (continued)

- Designed to offset the higher prices of non-housing goods and services overseas so that service members can afford to purchase the same level of goods and services as if they were stationed in the U.S.
- Should not be confused with maintaining a certain quality of life or a “quality of life allowance”





COLA Can Fluctuate Monthly

- The cost of goods and services in CONUS have a direct impact on COLA
- It is affected by changes in the data that measures the cost difference between prices for goods and services overseas and CONUS prices

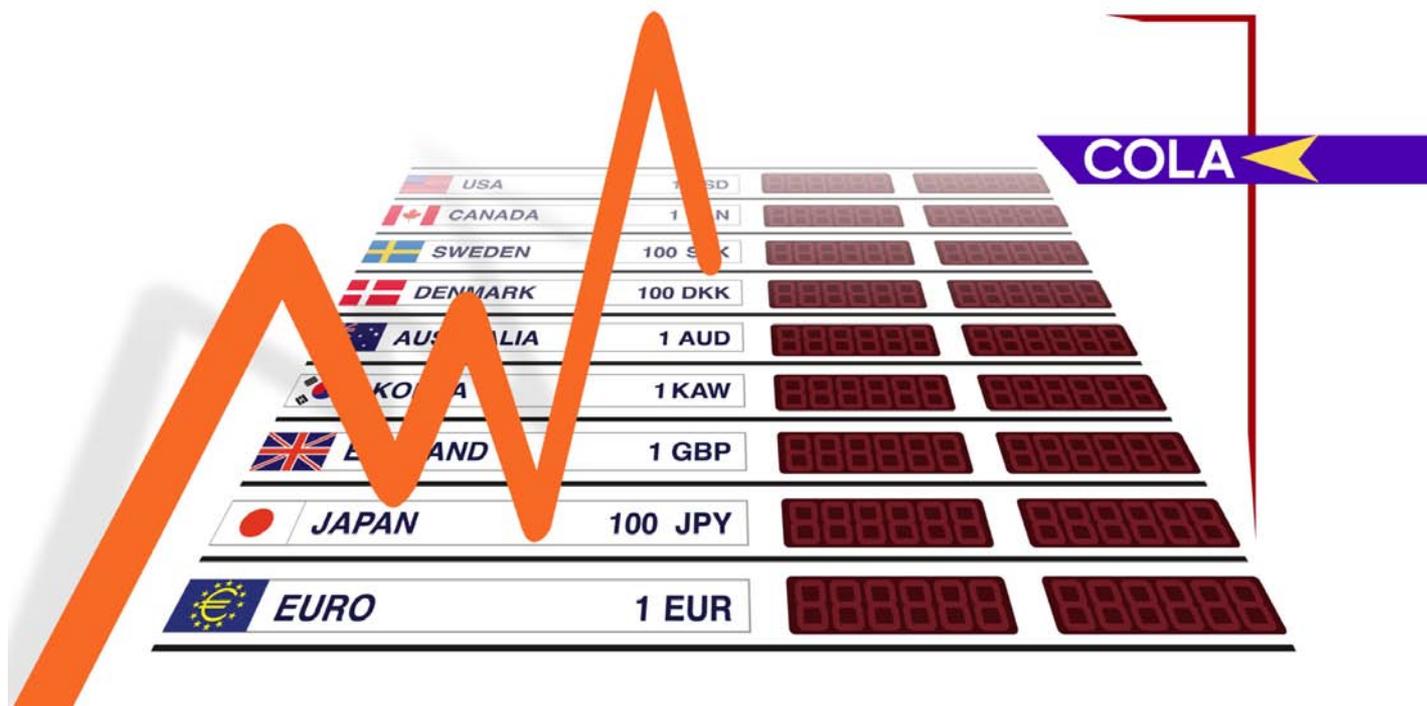


***“What Happens
in CONUS,
Doesn’t Stay
in CONUS”***



Currency Fluctuations

Overseas COLA will also fluctuate based on the current exchange rate and can go up or down from pay period to pay period





COLA and Your Budget

- Because COLA fluctuates, it should not be hardwired into your household budget
- Your fixed expenses should be based on what you can afford without it





Calculating COLA

- COLA is based on a service member's income, not a spouse's, and even if your spouse worked in the U.S., COLA is not a replacement for their income
- Service members can calculate their COLA rate at: www.defensetravel.dod.mil
- The calculation tool is updated with the current COLA amounts each pay period

