

1999—Subsec. (i)(2). Pub. L. 106-65 substituted “after October 16, 1998” for “on or after the date of the enactment of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999” in introductory provisions.

1998—Subsec. (i)(2), (3). Pub. L. 105-261 added par. (2) and redesignated former par. (2) as (3).

1997—Subsec. (b)(1). Pub. L. 105-85 substituted “3962 and 8962” for “3962(b) and 8962(b)” in footnote 3 in table.

Subsec. (c)(1). Pub. L. 105-85, §1073(a)(23)(A), substituted “3962” for “3962(b)” in footnote 1 in table.

Subsec. (e)(1). Pub. L. 105-85, §1073(a)(23)(B), substituted “8962” for “8962(b)” in footnote 1 in table.

1994—Subsec. (b). Pub. L. 103-337 substituted “Subtitle A or E” for “Subtitle A” in subsec. heading, designated existing provisions as par. (1), inserted par. (1) heading, in table struck out item for section 1331 which related to monthly basic pay of highest grade held satisfactorily by person at any time in armed forces, renumbered footnotes 3 and 4 as 2 and 3, respectively, and struck out former footnote 2 which provided for computations at rates applicable on date when retired pay is granted, and added par. (2).

1991—Subsec. (b). Pub. L. 102-190 substituted “580” for “564” in table.

1988—Subsec. (b). Pub. L. 100-456 substituted “satisfactorily by person” for “satisfactory by person” in item relating to section 1331 in table.

1987—Subsec. (d). Pub. L. 100-180, §512(d)(2), inserted “or 6334” after “6151” in text, and inserted item relating to section 6334 at end of table.

Subsec. (i). Pub. L. 100-180, §1314(b)(6), inserted “and Vice Chairmen” after “Chairmen” in heading and inserted “or Vice Chairman” after “Chairman” in par. (1).

#### EFFECTIVE DATE OF 2014 AMENDMENT

Pub. L. 113-291, div. A, title VI, §603(e), Dec. 19, 2014, 128 Stat. 3398, provided that: “This section [amending this section and sections 210 and 414 of Title 37, Pay and Allowances of the Uniformed Services, enacting provisions set out as a note under section 203 of Title 37, and amending provisions set out as a note under section 205 of Title 37] and the amendments made by this section shall take effect on the date of the enactment of this Act [Dec. 19, 2014], and shall apply with respect to months of service that begin on or after that date.”

#### EFFECTIVE DATE OF 2003 AMENDMENT

Pub. L. 108-136, div. A, title VI, §643(c), Nov. 24, 2003, 117 Stat. 1517, provided that: “The amendments made by this section [amending this section] shall take effect on the date of the enactment of this Act [Nov. 24, 2003] and shall apply with respect to officers who first become entitled to retired pay under title 10, United States Code, on or after such date.”

#### EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-337 effective Dec. 1, 1994, except as otherwise provided, see section 1691 of Pub. L. 103-337, set out as an Effective Date note under section 10001 of this title.

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-190 effective Feb. 1, 1992, see section 1132 of Pub. L. 102-190, set out as a note under section 521 of this title.

#### TRANSFER OF FUNCTIONS

For transfer of authorities, functions, personnel, and assets of the Coast Guard, including the authorities and functions of the Secretary of Transportation relating thereto, to the Department of Homeland Security, and for treatment of related references, see sections 468(b), 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

#### GRADE ON TRANSFER TO RETIRED RESERVE

Pub. L. 103-337, div. A, title XVI, §1688, Oct. 5, 1994, 108 Stat. 3025, provided that: “In determining the highest grade held satisfactorily by a person at any time in the Armed Forces for the purposes of paragraph (2) of section 1406(b) of title 10, United States Code, as added by this title, the requirement for satisfactory service on the reserve active-status list contained in section 1370(d) of title 10, United States Code, as added by this title, shall apply only to reserve commissioned officers who are promoted to a higher grade as a result of selection for promotion under chapter 36 of that title or under chapter 1405 of that title, as added by this title, or having been found qualified for Federal recognition in a higher grade under chapter 3 of title 32, United States Code, after the effective date of this title [see Effective Date note set out under section 10001 of this title].”

#### § 1407. Retired pay base for members who first became members after September 7, 1980: high-36 month average

(a) USE OF RETIRED PAY BASE IN COMPUTING RETIRED PAY.—The retired pay or retainer pay of any person entitled to that pay who first became a member of a uniformed service after September 7, 1980, is computed using the retired pay base or retainer pay base determined under this section.

(b) HIGH-THREE AVERAGE.—Except as provided in subsection (f), the retired pay base or retainer pay base of a person under this section is the person’s high-three average determined under subsection (c) or (d).

(c) COMPUTATION OF HIGH-THREE AVERAGE FOR MEMBERS ENTITLED TO RETIRED OR RETAINER PAY FOR REGULAR SERVICE.—

(1) GENERAL RULE.—The high-three average of a member entitled to retired or retainer pay under any provision of law other than section 1204 or 1205 or section 12731 of this title is the amount equal to—

(A) the total amount of monthly basic pay to which the member was entitled for the 36 months (whether or not consecutive) out of all the months of active service of the member for which the monthly basic pay to which the member was entitled was the highest, divided by

(B) 36.

(2) SPECIAL RULE FOR SHORT-TERM DISABILITY RETIREES.—In the case of a member who is entitled to retired pay under section 1201 or 1202 of this title and who has completed less than 36 months of active service, the member’s high-three average (notwithstanding paragraph (1)) is the amount equal to—

(A) the total amount of basic pay to which the member was entitled during the period of the member’s active service, divided by

(B) the number of months (including any fraction thereof) of the member’s active service.

(3) SPECIAL RULE FOR RESERVE COMPONENT MEMBERS.—In the case of a member of a reserve component who is entitled to retired pay under section 1201 or 1202 of this title, the member’s high-three average (notwithstanding paragraphs (1) and (2)) is computed in the same manner as prescribed in paragraphs (2) and (3) of subsection (d) for a member entitled

to retired pay under section 1204 or 1205 of this title.

(d) COMPUTATION OF HIGH-THREE AVERAGE FOR MEMBERS AND FORMER MEMBERS ENTITLED TO RETIRED PAY FOR NONREGULAR SERVICE.—

(1) RETIRED PAY UNDER CHAPTER 1223.—The high-three average of a member or former member entitled to retired pay under section 12731 of this title is the amount equal to—

(A) the total amount of monthly basic pay to which the member or former member was entitled during the member or former member's high-36 months (or to which the member or former member would have been entitled if the member or former member had served on active duty during the entire period of the member or former member's high-36 months), divided by

(B) 36.

(2) NONREGULAR SERVICE DISABILITY RETIRED PAY.—The high-three average of a member entitled to retired pay under section 1204 or 1205 of this title is the amount equal to—

(A) the total amount of monthly basic pay to which the member was entitled during the member's high-36 months (or to which the member would have been entitled if the member had served on active duty during the entire period of the member's high-36 months), divided by

(B) 36.

(3) SPECIAL RULE FOR SHORT-TERM DISABILITY RETIREES.—In the case of a member who is entitled to retired pay under section 1204 or 1205 of this title and who was a member for less than 36 months before being retired under that section, the member's high-three average (notwithstanding paragraph (2)) is the amount equal to—

(A) the total amount of basic pay to which the member was entitled during the entire period the member was a member of a uniformed service before being so retired (or to which the member would have been entitled if the member had served on active duty during the entire period the member was a member of a uniformed service before being so retired), divided by

(B) the number of months (including any fraction thereof) which the member was a member before being so retired.

(4) HIGH-36 MONTHS.—The high-36 months of a member or former member whose retired pay is covered by paragraph (1) or (2) are the 36 months (whether or not consecutive) out of all the months before the member or former member became entitled to retired pay or, in the case of a member or former member entitled to retired pay by reason of an election under section 12741(a) of this title, before the member or former member completes the service required under such section 12741(a), for which the monthly basic pay to which the member or former member was entitled (or would have been entitled if serving on active duty during those months) was the highest. In the case of a former member, only months during which the former member was a member of a uniformed service may be used for purposes of the preceding sentence.

(e) LIMITATION FOR ENLISTED MEMBERS RETIRING WITH LESS THAN 30 YEARS' SERVICE.—In the case of a member who is retired under section 3914 or 8914 of this title or who is transferred to the Fleet Reserve or Fleet Marine Corps Reserve under section 6330 of this title, the member's high-36 average shall be computed using only rates of basic pay applicable to months of active duty of the member as an enlisted member.

(f) EXCEPTION FOR ENLISTED MEMBERS REDUCED IN GRADE AND OFFICERS WHO DO NOT SERVE SATISFACTORILY IN HIGHEST GRADE HELD.—

(1) COMPUTATION BASED ON PRE-HIGH-THREE RULES.—In the case of a member or former member described in paragraph (2), the retired pay base or retainer pay base is determined under section 1406 of this title in the same manner as if the member or former member first became a member of a uniformed service before September 8, 1980.

(2) AFFECTED MEMBERS.—A member or former member referred to in paragraph (1) is a member or former member who by reason of conduct occurring after October 30, 2000—

(A) in the case of a member retired in an enlisted grade or transferred to the Fleet Reserve or Fleet Marine Corps Reserve, was at any time reduced in grade as the result of a court-martial sentence, nonjudicial punishment, or an administrative action, unless the member was subsequently promoted to a higher enlisted grade or appointed to a commissioned or warrant grade; and

(B) in the case of an officer, is retired in a grade lower than the highest grade in which served by reason of denial of a determination or certification under section 1370 of this title that the officer served on active duty satisfactorily in that grade.

(3) SPECIAL RULE FOR ENLISTED MEMBERS.—In the case of a member who retires within three years after having been reduced in grade as described in paragraph (2)(A), who retires in an enlisted grade that is lower than the grade from which reduced, and who would be subject to paragraph (1) but for a subsequent promotion to a higher enlisted grade or a subsequent appointment to a warrant or commissioned grade, the rates of basic pay used in the computation of the member's high-36 average for the period of the member's service in a grade higher than the grade in which retired shall be the rates of pay that would apply if the member had been serving for that period in the grade in which retired.

(Added Pub. L. 99-348, title I, §104(b), July 1, 1986, 100 Stat. 689; amended Pub. L. 101-189, div. A, title VI, §651(a), (b)(2), Nov. 29, 1989, 103 Stat. 1459, 1460; Pub. L. 103-337, div. A, title XVI, §1662(j)(5), Oct. 5, 1994, 108 Stat. 3004; Pub. L. 104-106, div. A, title XV, §1501(c)(15), Feb. 10, 1996, 110 Stat. 499; Pub. L. 106-398, §1 [[div. A], title VI, §651], Oct. 30, 2000, 114 Stat. 1654, 1654A-163; Pub. L. 107-107, div. A, title X, §1048(c)(8), Dec. 28, 2001, 115 Stat. 1226; Pub. L. 108-375, div. A, title VI, §641(a), Oct. 28, 2004, 118 Stat. 1957; Pub. L. 111-84, div. A, title VI, §643(d)(2), Oct. 28, 2009, 123 Stat. 2367.)

PRIOR PROVISIONS

A prior section 1407, added Pub. L. 96-342, title VIII, §813(a)(1), Sept. 8, 1980, 94 Stat. 1100; amended Pub. L.

96-513, title I, § 113(c), title V, §§ 501(21), 511(53), Dec. 12, 1980, 94 Stat. 2877, 2908, 2925, related to determination of retired base pay, prior to repeal by Pub. L. 99-348, § 104(b).

## AMENDMENTS

2009—Subsec. (d)(4). Pub. L. 111-84 inserted “or, in the case of a member or former member entitled to retired pay by reason of an election under section 12741(a) of this title, before the member or former member completes the service required under such section 12741(a),” after “became entitled to retired pay”.

2004—Subsec. (c)(3). Pub. L. 108-375 added par. (3).

2001—Subsec. (f)(2). Pub. L. 107-107 substituted “October 30, 2000—” for “the date of the enactment of this subsection—” in introductory provisions.

2000—Subsec. (b). Pub. L. 106-398, § 1 [[div. A], title VI, § 651(1)], substituted “Except as provided in subsection (f), the retired pay base” for “The retired pay base”.

Subsec. (f). Pub. L. 106-398, § 1 [[div. A], title VI, § 651(2)], added subsec. (f).

1996—Subsec. (c)(1). Pub. L. 104-106, § 1501(c)(15)(A), substituted “section 12731” for “section 1331”.

Subsec. (d)(1). Pub. L. 104-106 substituted in heading “CHAPTER 1223” for “CHAPTER 67” and in text “section 12731” for “section 1331”.

1994—Subsec. (c)(2)(B). Pub. L. 103-337, § 1662(j)(5)(A), which directed substitution of “chapter 1223” for “chapter 67”, could not be executed because the words “chapter 67” did not appear subsequent to amendment by Pub. L. 101-189, § 651(a)(2), (4). See 1989 Amendment note below.

Subsec. (f)(2). Pub. L. 103-337, § 1662(j)(5)(B), which directed amendment of subsec. (f)(2) by substituting “Chapter 1223” for “Chapter 67” in heading and “section 12731” for “section 1331” in text, could not be executed because of previous repeal of subsec. (f) by Pub. L. 101-189, § 651(a)(2). See 1989 Amendment note below.

1989—Subsec. (b). Pub. L. 101-189, § 651(a)(1), (b)(2), substituted “person” for “member”, “person’s” for “member’s”, and “subsection (c) or (d)” for “subsection (c)”.

Subsec. (c). Pub. L. 101-189, § 651(a)(2), (4), added subsec. (c) and struck out former subsec. (c) which related to computation of high-three average.

Subsec. (d). Pub. L. 101-189, § 651(a)(4), added subsec. (d). Former subsec. (d) redesignated (e).

Subsec. (e). Pub. L. 101-189, § 651(a)(2), (3), redesignated subsec. (d) as (e) and struck out former subsec. (e) which related to special rules for short-term disability retirees.

Subsecs. (f), (g). Pub. L. 101-189, § 651(a)(2), struck out subsec. (f) which related to special rule for members retiring with non-regular service, and subsec. (g) which defined the term “years of creditable service”.

## EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-375, div. A, title VI, § 641(b), Oct. 28, 2004, 118 Stat. 1957, provided that: “Paragraph (3) of section 1407(c) of title 10, United States Code, as added by subsection (a), shall take effect—

“(1) for purposes of determining an annuity under subchapter II or III of chapter 73 of that title, with respect to deaths on active duty on or after September 10, 2001; and

“(2) for purposes of determining the amount of retired pay of a member of a reserve component entitled to retired pay under section 1201 or 1202 of such title, with respect to such entitlement that becomes effective on or after the date of the enactment of this Act [Oct. 28, 2004].”

## EFFECTIVE DATE OF 1996 AMENDMENT

Pub. L. 104-106, div. A, title XV, § 1501(c), Feb. 10, 1996, 110 Stat. 498, provided that the amendment made by that section is effective as of Dec. 1, 1994, and as if included as an amendment made by the Reserve Officer Personnel Management Act, title XVI of Pub. L. 103-337, as originally enacted.

## EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-337 effective Dec. 1, 1994, except as otherwise provided, see section 1691 of Pub. L. 103-337, set out as an Effective Date note under section 10001 of this title.

**§ 1407a. Retired pay base: officers retired in general or flag officer grades**

(a) RATES OF BASIC PAY TO BE USED IN DETERMINATION.—Except as otherwise provided in this section, in a case in which the determination under section 1406 or 1407 of this title of the retired pay base applicable to the computation of the retired pay of a covered general or flag officer involves a rate of basic pay payable to that officer for any period between October 1, 2006, and December 31, 2014, that was subject to a reduction under section 203(a)(2) of title 37 for such period, such retired-pay-base determination shall be made using the rate of basic pay for such period provided by law, without regard to the reduction under section 203(a)(2) of title 37.

(b) PARTIAL PRESERVATION OF COMPUTATION OF RETIRED PAY BASE USING UNCAPPED RATES OF BASIC PAY FOR COVERED OFFICERS WHO FIRST BECAME MEMBERS BEFORE SEPTEMBER 8, 1980, AND WHOSE RETIRED PAY COMMENCES AFTER DECEMBER 31, 2014.—

(1) OFFICERS RETIRING AFTER DECEMBER 31, 2014.—In the case of a covered general or flag officer who first became a member of a uniformed service before September 8, 1980, and who is retired after December 31, 2014, under any provision of law other than chapter 1223 of this title or is transferred to the Retired Reserve after December 31, 2014, the retired pay base applicable to the computation of the retired pay of that officer shall be determined as provided in paragraph (2) if determination of such retired pay base as provided in that paragraph results in a higher retired pay base than determination of such retired pay base as otherwise provided by law (including the application of section 203(a)(2) of title 37).

(2) ALTERNATIVE DETERMINATION OF RETIRED PAY BASE USING UNCAPPED RATES OF BASIC PAY AS OF DECEMBER 31, 2014.—For a determination in accordance with this paragraph, the amount of an officer’s retired pay base shall be determined by using the rate of basic pay provided as of December 31, 2014, for that officer’s grade as of that date for purposes of basic pay, with that officer’s years of service creditable as of that date for purposes of basic pay, and without regard to any reduction under section 203(a)(2) of title 37.

(3) EXCEPTION FOR OFFICER RETIRED IN A LOWER GRADE.—In a case in which the retired grade of the officer is lower than the grade in which the officer was serving on December 31, 2014, paragraph (2) shall be applied as if the officer was serving on that date in the officer’s retired grade.

(c) PRESERVATION OF COMPUTATION OF RETIRED PAY BASE USING UNCAPPED RATES OF BASIC PAY FOR OFFICERS TRANSFERRING TO RETIRED RESERVE DURING SPECIFIED PERIOD.—In the case of a covered general or flag officer who is transferred to the Retired Reserve between October 1,