



Defense Travel Management Office

Overseas Cost of Living Allowance Talking Points

I. Talking Points

1. The Defense Travel Management Office maintains central oversight for the Overseas Cost of Living Allowance (COLA).
2. COLA is a non-taxable supplemental pay allowance, designed to offset overseas prices of non-housing goods and services. Approximately 260,000 members at 600 locations overseas, including Alaska and Hawaii receive COLA payments.
3. COLA is intended to equalize purchasing power so that members stationed overseas can purchase the same level of goods and services as they could if they were stationed in CONUS.
4. COLA is impacted by prices in the U.S. and only compensates for specific, non-housing goods and services.
5. Overseas COLA is not a fixed amount and can fluctuate from pay period to pay period. Because of the fluctuation, fixed expenses, such as rent and car payments, should be based on what Service members can afford without COLA.
6. Changes in spendable income, shopping patterns, prices of goods and services, and currency fluctuations can all cause COLA to increase or decrease.
7. COLA should not be confused with maintaining a certain quality of life, or as a "quality of life allowance".
8. Rank, years of service and number of dependents determine the actual COLA payment.
9. COLA payment rates vary for each Service member from location to location due to the differences in the shopping amenities available, amount of purchases made on-base versus off-base, and local prices based on aggregate behavior.
10. As the U.S. dollar gets stronger, Service members stationed in overseas locations can expect COLA payments to decrease. Members stationed in locations using the Euro can expect their COLA payments to decrease due to the declining value of the Euro against the U.S. dollar.
11. Service members can calculate their COLA payment by using the COLA calculator located at: <http://www.defensetravel.dod.mil/site/colaCalc.cfm>. The calculation tool is updated with the current COLA amount each pay period.
12. To learn more about COLA and other allowances, visit the Defense Travel Management Office website at: <http://www.defensetravel.dod.mil/site/allowances.cfm>.