

Overseas Cost of Living Allowance (COLA)

The Overseas Cost of Living Allowance (COLA) is a non-taxable supplemental pay allowance, designed to offset overseas prices of non-housing goods and services.

Overseas COLA is intended to equalize purchasing power so that members can purchase the same level of goods and services overseas as they could if they were stationed in Contiguous United States (CONUS). Overseas COLA is calculated by comparing the prices of 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 in an overseas location. If prices in CONUS are rising at a greater rate than those overseas, a member's Overseas COLA will decrease, and vice versa. However, if prices rise or fall at the same rate, a member's Overseas COLA will stay the same.

Overseas COLA is not a fixed amount and may vary for each Service member. Payments are determined by:

- Location
- Rank
- Years of Service
- Number of Dependents

Overseas COLA fluctuations should be considered in household budgeting; fixed expenses, such as car payments, should be based on what a Service member can afford without Overseas COLA

Overseas COLA will fluctuate based on the exchange rate and could go up or down from pay period to pay period.

For more information go to [Overseas Cost-of-Living Allowance | COLA | Defense Travel Management Office \(dod.mil\)](#)