

**SEC. 642. RECOMPUTATION OF RETIRED PAY AND
ADJUSTMENT OF RETIRED GRADE OF RESERVE
RETIREES TO REFLECT SERVICE AFTER RETIREMENT.**

(a) Recomputation of Retired Pay- Section 12739 of title 10, United States Code, is amended by adding at the end the following new subsection:

`(e)(1) If a member of the Retired Reserve is recalled to an active status in the Selected Reserve of the Ready Reserve under section 10145(d) of this title and completes not less than two years of service in such active status, the member is entitled to the recomputation under this section of the retired pay of the member.

`(2) The Secretary concerned may reduce the two-year service requirement specified in paragraph (1) in the case of a member who--

`(A) is recalled to serve in a position of adjutant general required under section 314 of title 32 or in a position of assistant adjutant general subordinate to such a position of adjutant general;

`(B) completes at least one year of service in such position; and

`(C) fails to complete the minimum two years of service solely because the appointment of the member to such position is terminated or vacated as described in section 324(b) of title 32.'

(b) Adjustment of Retired Grade- Section 12771 of such title is amended--

(1) by striking 'Unless' and inserting '(a) Grade on Transfer-Unless'; and

(2) by adding at the end the following new subsection:

`(b) Effect of Subsequent Recall to Active Status- (1) If a member of the Retired Reserve who is a commissioned officer is recalled to an active status in the Selected Reserve of the Ready Reserve under section 10145(d) of this title and completes not less than two years of service in such active status, the member is entitled to an adjustment in the retired grade of the member in the manner provided in section 1370(d) of this title.

`(2) The Secretary concerned may reduce the two-year service requirement specified in paragraph (1) in the case of a member who--

`(A) is recalled to serve in a position of adjutant general required under section 314 of title 32 or in a position of assistant adjutant general subordinate to such a position of adjutant general;

`(B) completes at least one year of service in such position; and

`(C) fails to complete the minimum two years of service solely because the appointment of the member to such position is terminated or vacated as described in section 324(b) of title 32.'