

## DEPRECIATION

1. **Under the claims statute, you are paid the actual value of an item at the time of its loss.** The Coast Guard is only permitted to pay the actual value of a used item at the time of loss or damage.

2. **How is actual value determined?** The actual value of an item is the current replacement cost minus applicable depreciation. Current replacement cost takes inflation and local availability into account. If the an item costs more now than when you bought it, or is not available in the local area, you provide the current replacement price of the item where it can be found.

3. **How is depreciation determined?** The military services have developed a joint “Depreciation Guide” which lists standard depreciation rates for virtually all categories of personal property. Per industry guidelines, most items 6 months or older at the time of pick-up have depreciation applied to them.

4. **Not all items are depreciated.** Items which do not decrease in value over time are not depreciated. For example, true antiques (over 100 years old) do not depreciate. Expensive solid wood furniture such as that made of oak or walnut does not depreciate. Fine china does not depreciate.

5. **Date of Purchase.** If a date of purchase is not provided for an item claimed, the Claims Settlement Officer uses a standard date of five years from the date of pick-up to determine the depreciation of the item. It is understandable if you cannot remember the exact date of purchase. An approximate estimate of the month and year that you purchase an item is acceptable. If the item was given to you as a gift provide the month and year you received the item.