



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1100

NOV 21 2014

COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR READINESS AND
FORCE MANAGEMENT
ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES
DIRECTOR OF THE JOINT STAFF

SUBJECT: Prohibition on the Use of Allotments for the Purchase, Lease, and Rental of
Personal Property

The Secretary of Defense approved establishment of policy that prohibits the use of discretionary military pay allotments to acquire personal property. His purpose in doing so is to eliminate one mechanism that predatory lenders use to take advantage of service members who finance purchases using the military pay allotment system.

To address predatory practices, the changes will prohibit active duty service members from establishing new allotments for the purchase, lease, or rental of vehicles (e.g., an automobile, motorcycle, or boat); appliances or household goods (e.g., a washer, dryer, or furniture); electronics (e.g., a laptop, tablet, cellphone, or television); or other consumer items that are tangible and movable. This change is effective January 1, 2015.

Allotments remain authorized for service member payments to dependents and relatives, payment of premiums for insurance, repayment of indebtedness to the U.S. Government, mortgages, savings or other deposits accounts (for other than the prohibited purposes described above), and for Combined Federal Campaign charitable contributions, among other things. Existing allotments involving the purchase, lease, or rental of personal property may remain in effect and the amount of such allotments may be changed. This policy change does not affect military retiree or Department of Defense civilian employee allotments. It affects active duty service members only.

This policy will be incorporated in the next published update to DoD Financial Management Regulation Volume 7A, Chapters 40 and 42. This letter policy letter supersedes my previous letter, same topic, dated November 14, 2014. Mr. Samuel Carter is my point of contact and can be reached at samuel.c.carter2.civ@mail.mil or 703-571-1658.

A handwritten signature in black ink, appearing to read "Mark E. Easton".

Mark E. Easton
Deputy Chief Financial Officer