

**SUMMARY OF MAJOR CHANGES TO CHAPTER 02  
DOD 7000.14-R, VOLUME 7B  
MILITARY PAY POLICY AND PROCEDURES FOR RETIRED PAY**

**New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.**

<b>Page</b>	<b>Paragraph</b>	<b>Explanation of Change/Revision</b>	<b>Effective Date</b>
		No ICs have been issued to this chapter.	

## CHAPTER 2

INITIAL ENTITLEMENT-FLEET RESERVE/  
FLEET MARINE CORPS RESERVE0201 GENERAL020101. Purpose

A. The Fleet Reserve and Fleet Marine Corps Reserve were established to provide an available reserve of former members of the Regular Navy or Naval Reserve and the Regular Marine Corps or Marine Corps Reserve who could be used without further training to fill billets requiring experienced personnel in the first stages of mobilization during an emergency or in time of war.

B. When not on active duty, members of the Fleet Reserve and Fleet Marine Corps Reserve may accept employment in any civil branch of the public service and may receive the pay and allowances incident to such employment in addition to any pay and allowances to which they may be entitled under the provisions of law.

C. Members of the Fleet Reserve and Fleet Marine Corps Reserve may be ordered to active duty without their consent:

1. In time of war or national emergency declared by the Congress and for 6 months thereafter.

2. In time of national emergency declared by the President or when otherwise authorized by law. Members of the Fleet Reserve and Fleet Marine Corps Reserve are not, unless urgently required by particular circumstances, ordered to active duty until examined by a medical officer of the Navy or Naval Reserve and found physically qualified for active duty.

3. When otherwise authorized by law.

D. In time of peace, any member of the Fleet Reserve or Fleet Marine Corps Reserve may be required to perform not more than 2 months active duty for training during each 4-year period.

020102. Retirement for Physical Disability. A member of the Fleet Reserve or Fleet Marine Corps Reserve found physically unfit for duty is transferred to the Regular retired list or Reserve retired list of the Navy or Marine Corps, as appropriate. Such retirement is by reason of physical disability.

020103. Retirement After 30 Years of Service. On completion of 30 years of active and inactive service, a member of the Fleet Reserve or Fleet Marine Corps Reserve is transferred to either the Regular retired list or the Reserve retired list of the Navy or Marine Corps, as appropriate. On being placed on the retired list, a member may be advanced to the highest officer

grade in which the member served satisfactorily under a temporary appointment with retired pay based on that grade. See [Chapter 9](#), for advancement on the retired list.

## 0202 TRANSFER ELIGIBILITY-SERVICE FOR PERCENTAGE MULTIPLE PURPOSES

020201. Minimum Required Service. Enlisted members of the regular Navy and regular Marine Corps or the Naval Reserve and Marine Corps Reserve upon completion of at least 20 years of active service in the Armed Forces to include service as a cadet or midshipman are eligible for transfer to the Fleet Reserve or Fleet Marine Corps Reserve as specified below: [ERIC, this sentence needs to be completed--I've taken a stab at it, but you may have a better solution.]

A. Prior to December 31, 1977, a member became eligible for transfer upon completion of 19 years and 6 months of active service since that part of a year that is 6 months or more was creditable as a whole year.

B. On and after December 31, 1977, a member must complete a total of 20 years of active service to be eligible for transfer to the Fleet Reserve or Fleet Marine Corps Reserve. Time creditable as active service for a completed minority enlistment, and an enlistment terminated within 3 months before the end of the term of enlistment under 10 U.S.C. 6330(d) (reference (c)), prior to December 31, 1977, may be used in determining eligibility for transfer.

### 020202. Application for Transfer to Fleet Reserve or Fleet Marine Corps Reserve

#### A. Navy (Fleet Reserve)

1. The member shall initiate the request for transfer to the Fleet Reserve. The member submits the applications for transfer (NAVPERS Form 1830/1--formerly NAVPERS Form 630), to the Chief of Naval Personnel. That official (or designee) then determines whether the member meets the eligibility requirements for transfer. The approval (or disapproval) of a request for such transfer is based on the needs of the Military Service and the criteria in effect when the request is received.

2. Upon approval of the request for transfer, the Bureau of Naval Personnel prepares a NAVPERS Form 1830/2 (formerly NAVPERS Form 631), Fleet Reserve Transfer Authorization, specifying a "not earlier than date" for the member's transfer to the Fleet Reserve and sends it to the member's commanding officer. The authorization also states whether the member is entitled to extraordinary heroism pay.

3. At the time of the member's transfer, the commanding officer completes the first endorsement area of the authorization and the disbursing officer completes the second endorsement area. The original authorization is sent to the DFAS-Cleveland Center, Retired Pay Department.

#### B. Marine Corps (Fleet Marine Corps Reserve)

1. The member submits an application for transfer (NAVMAC 10831 (REV 7-71)), to the Commandant of the Marine Corps (Code MMSR), where it is determined whether the member meets the eligibility requirements for transfer. The approval (or disapproval) of a request for such transfer is based on the needs of the Military Service and the criteria in effect when the request is received.

2. Upon approval of a member's request for transfer, the Commandant of the Marine Corps issues a letter-type order authorizing the member's release from active duty to the Fleet Marine Corps Reserve on a specified date. This order, which also states whether the member is entitled to extraordinary heroism pay, is addressed and forwarded to the member's commanding officer.

3. At the time of member's transfer, the commanding officer issues a letter-type order effecting the member's release from active duty and transfer to the Fleet Reserve. A copy of this order is sent to the DFAS-Kansas City Center, Retired Pay Branch, Centralized Pay Division.

020203. Service Creditable for Transfer to the Fleet Reserve or Fleet Marine Corps Reserve

A. Service in the following Military Services is creditable for transfer eligibility and percentage multiple purposes if performed in an active duty (and active duty for training status after August 9, 1956) in any component of the:

1. Army
2. Navy
3. Air Force
4. Marine Corps
5. Coast Guard and former Revenue Cutter Service.

Service as an appointed or enlisted aviation cadet in the Naval Reserve or Marine Corps Reserve is creditable as is service as a cadet or midshipman at a Service academy. Not creditable is time lost that occurred before July 24, 1956, because of confinement as a result of sentence of any court-martial other than general court-martial and while confined awaiting trial and during trial which results in conviction as finally approved is creditable.

B. Service in the following is not creditable for transfer eligibility and percentage multiple purposes:

1. Service in the Philippine Constabulary;
2. Furlough without pay (FWOP);

3. Inactive service as a member of a Reserve Component;
4. Inactive service while on the Temporary Disability Retired List (TDRL); and
5. Time lost in excess of 1 day (24 consecutive hours) because of:
  - a. Sickness due to misconduct (SKMC). Before June 17, 1955, the Bureau of Naval Personnel credited time lost due to SKMC for transfer purposes.
  - b. Non-performance of duty before July 24, 1956, because imprisoned as a result of general court-martial sentence and while in arrest awaiting trial and during trial which results in conviction as finally approved. Non-performance of duty after July 23, 1956, due to confinement under sentence by any court-martial, as finally approved, before, during, and after trial. If member is acquitted or sentence is set aside and charges dismissed, period of confinement is not considered time lost.
  - c. Absence while in civil arrest (while in custody of civil authorities), unless member is acquitted or released without making restitution or reparation.
  - d. Unauthorized absence which includes absence without leave (AWOL), absence over leave (AOL), and desertion (the latter of which previously was shown as AOL or AWOL and now is shown as Unauthorized Absence).

020204. Constructive Service. This is service for which credit is given although not actually performed. Constructive service is creditable as service for transfer eligibility and percentage multiple purposes. Constructive service is not creditable for determining basic pay rate upon which retainer pay is computed. No constructive service is to be credited after December 31, 1977. Constructive service earned prior to December 31, 1977 will be used for eligibility and percentage multiple purposes.

A. Minority Enlistments. This is an enlistment of a male between the age of 14 and 18, or female between the age of 18 and 21 who enlists with the consent of his or her parents or guardians to serve in the Navy or Marine Corps until reaching age 21 years. (The Navy policy is to accept men for enlistment at 17 years.) A completed minority enlistment, or a minority enlistment which terminates within 3 months of the expiration date of the enlistment, is counted as 4 years of active service when actual day-for-day service performed totals at least the period constituting the member's minority upon enlistment less 3 months.

B. Short-term Enlistment. This is an enlistment that is terminated within 3 months before the end of the term of enlistment. A short-term enlistment is counted as active service for the full term when the actual day-for-day active service performed amounts to at least the full term of the enlistment less 3 months.

C. Voluntary Extension. When the member agrees to serve beyond the scheduled term, modify the original minority or term enlistment contract by increasing the period of time agreed to by the member. The same rule established for crediting constructive service for short-term enlistments applies for voluntary extensions.

D. Involuntary Extension. When an enlistment (including a minority enlistment) is extended involuntarily for a specific period, compute service based on the constructive service principle for short-term enlistments, which applies equally for computing service for transfer by the Bureau of Naval Personnel on and after March 15, 1966, and by the Commandant of the Marine Corps on and after January 1, 1968.

1. Before March 15, 1966, the Bureau of Naval Personnel, in preparing Fleet Reserve Transfer Authorizations (NAVPERS Form 631, currently NAVPERS Form 1830/2) did not credit constructive service for periods of involuntary extension in computing service for transfer.

2. A Marine receives no constructive service credit for periods of involuntary extension when computing service for transfer before January 1, 1968. A Marine who previously served in the United States Navy, however, is credited with constructive service performed in the Navy for periods of involuntary extension on and after March 15, 1966.

E. Lost Time and Inactive Service. Before crediting constructive service for a period of service, deduct any lost time and any inactive service from the member's day-for-day service. After these deductions, if the member is eligible to receive constructive service for the period of enlistment, credit it. If, after deductions, the member is not eligible for constructive service for a period of enlistment, give credit only for the actual day-for-day service after making those deductions.

020205. Conclusiveness of Transfer. All transfers of members to the Fleet Reserve or Fleet Marine Corps Reserve, when effected, are conclusive for all purposes except that the Chief of Naval Personnel or the Commandant of the Marine Corps, acting for the Secretary of the Navy, may correct any error or omission in the determination as to a member's grade and years of creditable service. When such a correction is made, the member is entitled, when not on active duty, to retainer pay based on the grade and number of years of creditable service, as corrected, from the effective date of transfer.

0203 SERVICE FOR BASIC PAY PURPOSES

The total service for basic pay purposes follows the same principle as service for percentage multiple purposes. For an explanation of service creditable for basic pay purposes, see section 0102 of this volume.

0204 DATE OF TRANSFER

020401. Effective Date of Transfer. Members are transferred to the Fleet Reserve and Fleet Marine Corps Reserve only upon the authority of and on the date specified by the Chief of Naval Personnel or the Commandant of the Marine Corps. Commanding officers may defer transfers to the Fleet Reserve up to 30 days beyond the date authorized when urgent operational commitments demand the member's service. Transfers to the Fleet Marine Corps Reserve may not be made on a date other than the date specified in the authority for release. Any change in this date must be authorized by the Commandant of the Marine Corps prior to the effective date of transfer. The date of transfer is the member's last day of active duty and the member is entitled to active duty pay and allowances for that date.

020402. Application of Uniform Retirement Date Act (reference (x)). Since a transfer to the Fleet Reserve or Fleet Marine Corps Reserve is not considered to be a retirement, the Uniform Retirement Date Act (reference (az)) does not apply. Once the member has completed a total of 30 years of active service and is eligible for retirement, member's date of retirement comes under the Uniform Retirement Date Act (reference (az)). A transfer to the Fleet Reserve may be made on any intermediate day of a month as approved by the Chief of Naval Personnel. Transfers to the Fleet Marine Corps Reserve are made on the last day of the month except where transfer has been requested on the effective date of an expiration of enlistment. Except in time of war or national emergency, personnel transferred to the Fleet Marine Corps Reserve are released from active duty on date of such transfer, unless an order to the contrary is received.

020403. Modification of "Not Earlier Than Date." The Chief of Naval Personnel normally does not approve a requested change of authorized date for transfer to the Fleet Reserve. In case of hardship, meritorious circumstances, or unusual conditions, a member may submit a request for a change of authorized date for the transfer to the Chief of Naval Personnel through the commanding officer and cognizant personnel distribution. If an earlier date of transfer is requested, the commanding officer's endorsement must state whether the member's services can be spared. If approved the Chief of Naval Personnel issues a message to the commanding officer and sends a copy to the DFAS-Cleveland Center, Retired Pay Department.

020404. Effective Date of Retainer Pay. Members transferred to the Fleet Reserve and Fleet Marine Corps Reserve receive "retainer" pay versus "retired" pay as they are considered to have their services retained for possible use. A member becomes entitled to retainer pay starting on the day after the effective date of transfer to the Fleet Reserve or Fleet Marine Corps Reserve.

020405. Retainer Pay Effective on the First Day of New Active Duty Pay Rates

A. When a member is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, compute retainer pay using the rate of active duty pay received at the time of transfer. For example, if a member transferred on December 31, 1991, with retainer pay effective on January 1, 1992, compute the member's retainer pay using the January 1, 1991, active duty pay rates. If a member transferred on January 1, 1992, with retainer pay effective on January 2, 1992, compute retainer pay using the January 1, 1992, active duty pay rates.

B. Notwithstanding any other provision of law, the monthly retainer pay of a member of the Fleet Reserve or Fleet Marine Corps Reserve, who first became entitled to that pay on or after January 1, 1971, may not be less than the monthly retainer pay to which member would be entitled if he or she had become entitled to retainer pay at an earlier date, adjusted to reflect any applicable increase in such pay under 10 U.S.C. 1401a (reference (c)). In computing the amount of retainer pay to which the member would have been entitled on that earlier date, base the computation, subject to 10 U.S.C. 1401a (reference (c)), on the member's grade, length of service and the rate of basic pay applicable at that time.

#### 0205 RANK AND GRADE

A member transferred to the Fleet Reserve or Fleet Marine Corps Reserve has retainer pay computed based on the pay grade in which serving on date of transfer.

020501. A member who has served as a temporary officer but holds permanent enlisted status shall revert to permanent enlisted pay grade upon transfer to the Fleet Reserve or Fleet Marine Corps Reserve.

020502. A member who has served as the Master Chief Petty Officer of the Navy or as Sergeant Major of Marine Corps is entitled to retainer pay at the highest basic pay rate to which the member was entitled while so serving, if that rate is higher.

#### 0206 GROSS PAY COMPUTATION

020601. Computation. See section 0301 of this volume.

020602. Extraordinary Heroism. See section 0107 of this volume for guidance. See subparagraph 030102.A.3 and paragraph 030406 of this volume for computation rules.

020603. Good Conduct (Markings). For members retired and being paid under laws in effect before October 1, 1949, a 10 percent credit for good conduct may apply. To qualify for this credit, a member must have been retired under the specific citation which contains the authority for this increase and the member's average marks for conduct for 20 or more years must not be less than 95 percent of the maximum.

020604. Insular Force. See paragraph 010602 of this volume for guidance.

#### 0207 PAYMENT DATE

See section 0108 of this volume.

## Chapter 02-Initial Entitlement Fleet Reserve/Fleet Marine Corps Reserve

0201-General	020101.C	10 U.S.C. 6485(a)
	020101.D	10 U.S.C. 6484(b)
	020102 & 020103	10 U.S.C. 6331
0202-Transfer Eligibility - Service for Percentage Multiple Purposes		
	020201	10 U.S.C. 6330(b) and (d) MS Comp Gen B-195448, Apr 3, 1980
	020201.B	Public Law 95-111, Sep 21, 1977 Public Law 95-240, Mar 7, 1978 Public Law 95-457, Oct 13, 1978
	020203.A.6.b	MS Comp Gen B-195448, Apr 3, 1980
	020204	43 Comp Gen 826 Public Law 95-111, Sep 21, 1977 Public Law 95-240, Mar 7, 1978 Public Law 95-457, Oct 13, 1978
	020204.A & B	10 U.S.C. 6330(d)
0203-Service for Basic Pay Purposes		
	0203	10 U.S.C. 6330(d)
0204-Date of Transfer		
	020405	44 Comp Gen 584
	020405.B	10 U.S.C. 1401a(f)
0205-Rank and Grade		
	020501	10 U.S.C. 6330(c) 49 Comp Gen 800
	020502	10 U.S.C. 6330(c)

0206-Gross Pay Computation

020603

Naval Reserve Act of 1938,  
section 203  
34 U.S.C. 854(b)(repealed)