

**CHAPTER 1****SPECIAL AND VOLUNTARY SEPARATION PAYMENT PROCEDURES**

**(NOTE: Concurrent with the publication of this chapter, Volume 12, Chapter 17, “Military Special Separation Benefit and Voluntary Separation Incentive Programs” will be cancelled.)**

0101 GENERAL PROVISIONS

010101. Purpose. This chapter provides procedures for the administration and payment of the special separation benefits programs to mid-career service members of the Military Services in over strength inventories. Special separation benefits (SSB) and voluntary separation incentives (VSI) are authorized in Title 10, United States Code, sections 1174a and 1175.

010102. Applicability and Scope. This chapter applies to each Defense Finance and Accounting Service (DFAS) Center that maintains a military pay system, each Military Service personnel activity, the Defense Manpower Data Center (DMDC), and all eligible members of the Military Services.

010103. Policy. The VSI/SSB programs provide two alternative incentive payments and benefit options, each with a requirement for affiliation with the Ready Reserve of a Reserve component. Service members who are approved for the voluntary separation incentive programs have the option to receive either a VSI or an SSB.

010104. Responsibilities

A. Service Member's Personnel Activity. The member's servicing active duty personnel activity is the primary coordinating activity responsible for the overall administration of these programs. Each activity approves a separation with entitlement to a VSI or an SSB, and advises the appropriate DFAS Center through normal personnel/finance communications media. The personnel activity also notifies the appropriate DFAS Center immediately if there are any changes which would affect payment.

B. VSI Recipient's Reserve Personnel Activity. The VSI recipient's Reserve personnel activity must notify the DFAS-Cleveland Center (see subparagraph 010202.B.3 for the address) in the event that the member is transferred from the Ready Reserve to the Standby Reserve or the Retired Reserve, through fault considered to be within the control of the member. This notification is necessary to stop any remaining VSI installments.

C. Service Member's Original DFAS Center. The member's original servicing DFAS Center will record the initial VSI/SSB payment, as well as process any correction or change authorized by the personnel activity. The applicable DFAS Center sends all corrections or changes made to a member's initial VSI/SSB payment to the DFAS-Cleveland Center, within 30 days after the account has been corrected. The member's original servicing DFAS Center is the primary source for information concerning the initial VSI/SSB payment, as well as general guidance

concerning VSI/SSB payment procedures. Each DFAS Center is responsible for keeping the DFAS-Cleveland Center informed of any changes to a member's account.

D. DFAS-Cleveland Center. The DFAS-Cleveland Center is the central site location for all VSI annual payments. The member's original servicing DFAS Center transfers VSI accounts to the DFAS-Cleveland Center following the initial payment. Once the account is transferred, the DFAS-Cleveland Center will provide customer service support for VSI recipients and become the primary source for VSI account assistance and maintenance. As such, the DFAS-Cleveland Center will maintain a VSI telephone "hot line" and a customer service unit that is responsive to the needs of the VSI recipient. The DFAS-Cleveland Center will maintain the VSI account until all annual installments are paid, or until the death of the VSI member recipient.

E. DFAS-Denver Center. The DFAS-Denver Center is the central site location for all VSI annual beneficiary payments. Following the death of a VSI recipient, the DFAS-Denver Center will provide customer service support for designated beneficiaries and be the primary source for VSI member beneficiary account assistance and maintenance.

F. Defense Manpower Data Center. The DMDC will maintain a personnel data base that identifies and tracks participation in the VSI/SSB programs. Because of the requirement for Reserve affiliation, the DMDC will provide advice of Reserve participation to the DFAS-Cleveland Center.

G. Department of Defense Board of Actuaries. The DoD Board of Actuaries (hereinafter referred to as the "Board") shall:

1. Determine an amount which is the total present value, as of January 1, 1993, of the future benefits payable to persons who separate under VSI prior to January 1, 1993. The Board also shall determine an amortization schedule for liquidating the original unfunded liability of the "Fund." (The "Fund" is classified as a trust fund and has been designated as account number 97X8335, "Voluntary Separation Incentive Fund." This Fund will consist of both a receipt and an expenditure account.)

2. Determine an amount which is the total present value, as of September 30, 1995, of the future benefits payable to persons who separate under VSI after December 31, 1992.

3. For each fiscal year after fiscal year 1996, carry out an actuarial valuation for the Fund and determine any new unfunded liabilities arising from gains and losses to the Fund. The Board also shall determine an amortization schedule for liquidating these new unfunded liabilities. For the upcoming fiscal years, the Board will determine, in sufficient time as to be included in the fiscal year's budget requests, the amount of Department of Defense contributions to the Fund necessary to comply with the amortization schedules for the Fund's original and new unfunded liabilities.

0102 REQUIREMENTS AND PAYMENTS PROCEDURES

010201. General Administrative Requirements

A. Eligibility for VSI/SSB. The Secretary concerned may offer a member of the Armed Forces the opportunity to apply for VSI/SSB if the member meets the administrative requirements found in DoDFMR [Vol. 7A, Chapter 35](#).

B. Application for VSI/SSB. Service members meeting the eligibility criteria described above may request, and subsequently enter into, a written agreement with the Secretary concerned to separate from active duty and accept an appointment or enlistment in, or transfer to, the Ready Reserve of a Reserve component.

C. Approval for VSI/SSB. Eligible service members will not automatically be entitled to receive VSI/SSB based solely on their request. The Secretary concerned will review all applications for special and voluntary separation benefits and approve only those consistent with the needs of the Military Department concerned.

010202. Payment Processing

A. VSI/SSB Personnel Support. The servicing personnel activity will provide Service members who are approved for special voluntary separation benefits with guidance and counseling necessary to complete the separation process. The personnel activity will complete all documentation necessary to support the initial VSI/SSB payment.

B. VSI payments

1. Upon separation, the Service member will complete a DD Form 2058 (State of Legal Residence Certificate) and IRS Form W-4 (Employee's Withholding Allowance Certificate). Members who wish to designate beneficiaries must complete a VSI Beneficiary Designation Form.

2. The DFAS-Cleveland Center will send annual VSI payments to the VSI recipient's bank via electronic funds transfer (EFT). The Service member should complete SF 1199-A to establish EFT payments. If an SF 1199-A is not available, the VSI recipient must submit the financial institution's routing transit number and a canceled check or deposit slip, that shows his/her account number and bank address.

3. The Service member's servicing personnel activity will submit completed forms to:

Defense Finance and Accounting Service  
Cleveland Center (Code FRCBC)  
1240 East Ninth Street  
Cleveland, OH 44199-2056

4. The Service member's original servicing DFAS Center will close out the member's active duty pay account and record the initial VSI payment. That DFAS Center will send information needed to establish the VSI account, via file transfer, to the DFAS-Cleveland Center within 30 days after the active duty pay account is closed. However, whenever a member has identified him/herself as a VSI recipient, but no record was transferred to the DFAS-Cleveland Center, the member's original servicing DFAS Center immediately will initiate efforts to confirm VSI status and provide either the required account information, or VSI account denial, to the DFAS-Cleveland Center within two workdays after a member's status has been confirmed. If any DFAS Center changes or corrects a member's status, e.g., a member previously identified as a VSI separate corrected to a SSB separate, that Center must notify the DFAS-Cleveland Center immediately with a telephone call and follow up with a facsimile document authorizing the change.

5. After the initial payment, the DFAS-Cleveland Center will issue all subsequent annual payments on the anniversary of the member's separation. In the event that the anniversary date falls on a weekend or holiday, make the payment according to the same rules followed for regular active duty paydays.

C. SSB Payments. The member's original servicing DFAS Center will make all SSB payments. The respective Center will close out the member's active duty pay account, record the SSB payment, and send information concerning the SSB account to the DFAS-Cleveland Center within 30 days after the active duty account was closed.

#### D. Withholding Requirements

##### 1. Federal Income Tax Withholding (FITW)

a. Initial VSI and SSB Payments. Withhold FITW at the applicable flat rate percentage of the gross payment. All SSB and initial VSI payments are included with the member's other taxable pay amounts during that calendar year and reported via the IRS Form W-2 in January of the following calendar year.

b. Annual VSI Payments. Withhold FITW from annual VSI payments based upon the annual Percentage Method of Withholding Table. A valid IRS Form W-4 is required to compute the proper withholding amount under this method. If the member does not submit an IRS Form W-4, compute the tax withholding as if the member is single, with no withholding exemptions. All anniversary payments are produced by the DFAS-Cleveland Center and reported to the member via IRS Form W-2 in January of the calendar year following the payment.

2. State Income Tax Withholding (SITW). All VSI and SSB payments are subject to State withholding for residents of states which have entered into an agreement with the Secretary of the Treasury. State withholding and reporting for the SSB and initial VSI payment is based on the member's legal residence at the time of separation from active duty (see DoDFMR [Volume 7A](#), paragraph 440106C, for those states which have entered into this agreement). For VSI anniversary payments, withhold State income tax based upon the State of legal residence claimed on DD Form 2058 or, if no new DD Form 2058 is submitted, withhold State income tax

based upon the State of legal residence claimed on the member's DD Form 2058 on file at separation.

3. The DFAS Center will not withhold FICA or any other payroll taxes from VSI and SSB payments.

#### 0103 DEBT COLLECTION PROCEDURES

010301. General. VSI/SSB payments are subject to offset for debt collection. When a Service member is released from active duty with debts due the United States, offset from the initial VSI/SSB entitlement the amount of the debt. In the case of VSI, if the debt is greater than the initial payment, the remaining debt may be collected from subsequent installments. Collections are made according to the administrative offset provisions contained in 31 U.S.C. 3716. The collection of debts from VSI/SSB payments must be consistent with standard debt collection procedures and policies.

#### 010302. Debt Collection

##### A. VSI Overpayment

1. Overpayment of Initial VSI installment. The DFAS Center that paid the Initial VSI payment will pursue collection action using "out of service" debt collection procedures. If the VSI account has already been transferred to the DFAS-Cleveland VSI pay system, notify the DFAS-Cleveland Center, Code FRCBC, within five days with the correct payment information. If debt collection actions prove unsuccessful, follow the provisions of paragraph 010302.C.2. below.

2. VSI Anniversary Overpayment. A debt incurred as a result of an anniversary overpayment, is pursued as an "out of service" debt by the DFAS-Cleveland Center. If the debt cannot be collected through these procedures, offset the amount owed from subsequent installment payments. This offset will include any applicable interest, administrative, and/or penalty charges.

B. SSB Overpayment. The Service member's original servicing DFAS Center will treat a debt incurred as a result of overpayment of SSB entitlement, as an "out of service" debt. Pursue overpayment according to standard debt collection procedures.

##### C. Active Duty Debts

1. Amounts due the United States should be offset against the initial VSI/SSB payment at the time of the member's separation. The member's original servicing DFAS Center will pursue any uncollectible amounts using "out of service" debt collection procedures.

2. The DFAS-DE Center will retain debts for VSI recipients as long as collection efforts are satisfactory. If collection efforts prove unsuccessful, the servicing DFAS Center will forward the debt to the DFAS-Cleveland Center, Code FRCBC, for administrative offset against the next VSI installment payment. Such debts should be transferred to the DFAS-

Cleveland Center no later than 90 days before the next VSI installment payment using a DD Form 139 (Pay Adjustment Authorization). The DD Form 139 must state that due process has been accorded the member. Once offset action has been taken, the DFAS-Cleveland Center will credit the proper military personnel appropriation and notify the applicable DFAS Center of the amounts collected. If the total debt cannot be liquidated from a single VSI anniversary installment, the respective DFAS Center should resubmit the remaining debt for offset, including any applicable interest, administrative and/or penalty charges, until the total debt has been satisfied.

D. Debts from Non-Appropriated Fund Instrumentalities (NAFI). A member's annual VSI installments are available for collection of debts owed to NAFI activities.

1. The NAFI is responsible for providing notification of the existence of the debt and due process to the debtor. The initial NAFI notification to the debtor must include demand for immediate payment in full of the debt.

2. The NAFI must send a DD Form 139 to the DFAS-Cleveland Center to effect collection (see subparagraph 010202.B.3. above for the address). The DD Form 139 must contain the following statement: "Member has been provided due process according to DoDFMR, [Volume 7A](#), subparagraph 500104.A.2."

3. The entire amount of the VSI entitlement is available for offset according to the administrative offset provisions contained in Title 31, United States Code, section 3716.

E. Debts from Non-DoD Federal Agencies. The DMDC will receive and certify all requests for administrative offset from non-DoD Federal agencies. Once certified, the DMDC will send the request, via a DD Form 139 or letter of transmittal, to the member's original servicing DFAS Center. This DFAS Center will satisfy the request by administrative offset of the SSB or initial VSI payment. For VSI payments, once the account is transferred to the DFAS-Cleveland Center, refer any debts to the DFAS-Cleveland Center for offset against future VSI installments.

010303. Garnishments. Garnishment orders remain in effect. Transfer garnishment cases for VSI recipients to the DFAS-Cleveland Center for administration.

0104 BENEFICIARY PAYMENT PROCEDURES

010401. Designation of Beneficiaries

A. Service members may designate beneficiaries to receive VSI installments which remain unpaid after the death of the member.

1. The VSI recipient should make designations using the VSI Beneficiary Designation Form. The VSI recipient may designate different percentages to be received by multiple recipients. In the event percentage elections are not made, divide payments evenly among the designated beneficiaries.

2. The member's servicing personnel activity will administer the form at time of separation. Send the completed form to the DFAS-Cleveland Center, Code FRCBC, within 30 days of the election.

3. After separation, the VSI recipient may change his/her beneficiary information by sending a notarized VSI Beneficiary Designation Form to the DFAS-Cleveland Center.

B. The DFAS-Cleveland Center will maintain beneficiary forms for all VSI accounts until the end of the VSI entitlement period, or until the person's death.

010402. Notification of Death and Beneficiary Claim

A. The DFAS-Cleveland Center requires notification of a VSI recipient's death. Proof of death, such as a civil death certificate, is required. Upon receipt of proper notification and proof of death, the DFAS-Cleveland Center will close out the member's active VSI account and transfer it to the DFAS-Denver Center for beneficiary payment.

B. The DFAS-Denver Center will notify the beneficiary of his/her entitlement to the deceased VSI recipient's future VSI payments. The DFAS-Denver Center must receive a claim by the beneficiary before any payments can be made.

C. No specific form is required for making claim for beneficiary payments. A statement claiming future VSI payments, signed by the beneficiary, and with the beneficiary's social security number, will be sufficient. Beneficiary claims are sent to:

Defense Finance and Accounting Service  
Denver Center (DFAS-DE/FRSA)  
6760 E. Irvington Place  
Denver, CO 80279-6000

010403. Beneficiary Payment

A. The DFAS-Denver Center will make all remaining installments to the designated beneficiaries. If a valid designation was not made or received, distribute payments according to the order of precedence contained in 10 U.S.C. 2771. Continue to make annual installments on the date of the deceased VSI recipient's original anniversary payment date.

B. The DFAS-Denver Center will pay annual installments to the beneficiary for the remainder of the deceased VSI recipient's entitlement period. Payments will be distributed to a beneficiary's estate in the event a beneficiary dies after a VSI recipient's date of death. The DFAS-Denver Center will make such payments according to the laws governing the beneficiary's state of legal residence.

C. Withholding Requirements

1. FITW is based upon the IRS Form W-4P submitted by the recipient. If an IRS Form W-4P is not submitted, the DFAS Center will calculate withholding as for a married person claiming three withholding allowances.

2. State income taxes or FICA will not be withheld from beneficiary payments.

3. The DFAS-Denver Center will issue an IRS Form 1099-R to each beneficiary recipient.

D. The DFAS-Denver Center will not honor garnishment orders against beneficiary payments.

E. Beneficiary payments generally are not subject to offset. For instance, VSI beneficiary payments are not offset even though the beneficiary is entitled to receive Social Security on behalf of the deceased VSI recipient. However, if a beneficiary is indebted to the government, the debt may be collected from VSI installment payments.

010404. Report of Existence. The DFAS-Denver Center will send a report of existence letter annually to each beneficiary.

0105 ACCOUNTING PROCEDURAL GUIDANCE

010501. Purpose. This section prescribes accounting procedures for implementing and administering the SSB and VSI programs.

010502. Financing Sources

A. Special Separation Benefit Program:

1. Special Separation Benefit (SSB) entitlements will be funded from the current Military Personnel appropriation.

2. All obligations for SSB will be recorded separately from other pay and allowances.

B. Voluntary Separation Incentive Program. All Voluntary Separation Incentive (VSI) Program payments made after December 31, 1992, are paid from a "Voluntary Separation Incentive Fund" (hereafter referred to as the "Fund") established by the Department of the Treasury. The Fund is used to accumulate amounts needed to finance liabilities accrued under the VSI Program.

010503. Responsibilities

A. The Office of Deputy Comptroller (Program/Budget), OUSD(C), shall include in Military Personnel Appropriations requests, amounts sufficient to fund SSB/VSI payments and

liquidate the unfunded liabilities of the Fund in accordance with amortization schedules determined by the DoD Board of Actuaries.

B. The Military Departments shall deposit amounts annually for liquidation of the original unfunded liability and all other payments due into the VSI Fund according to the amortization schedule provided by the DoD Board of Actuaries and the military department specific "break-outs" determined by the Office of the Deputy Comptroller (Program/Budget).

C. The Defense Finance and Accounting Service shall:

1. Establish appropriate operational procedures to manage fiscal aspects of the SSB program and prepare necessary fiscal reports.

2. Establish appropriate operational procedures to manage fiscal aspects of, account for, invest, and report on the assets of the Fund.

010504. Procedures

A. The Military Departments shall:

1. Deposit required amounts into the Fund (in accordance with subparagraph 010503.B. above) by use of the USA Card-On-line Payment and Collection System (OPAC) or the Standard Form 1081 (Voucher and Schedule of Withdrawals and Credits) citing account 97X8335.1. A copy of Standard Form 1081 will be forwarded by facsimile to DFAS-HQ/AE (FAX (703) 607-2824). Forward this copy no later than three business days prior to the effective date of the transaction.

2. Record obligations in the respective Military Personnel Appropriations annually in amounts equal to those determined by the DoD Board of Actuaries in its amortization schedule. Disbursements from the Military Personnel Appropriation to the Fund will be equal to amounts obligated.

3. Authorize transfer of funds from the Military Personnel Appropriation to the VSI Fund. Report total current liability payments to the VSI Fund annually, using the USA Card, OPAC or an SF 1081, both as a disbursement from the applicable Military Personnel Appropriation (as cited in subparagraph 010504.A.1 above) and as a deposit to the fund. Forward a copy of the SF 1081 to DFAS-HQ/AE by electronic media no later than three business days prior to the end of the month.

4. Submit a memorandum to DFAS-HQ/AE (FAX (703) 607-2824) indicating the estimated initial disbursements to Service members for the next month.

B. The Defense Finance and Accounting Service (DFAS) shall:

1. Make the initial VSI payments from the fund charging account 97X8335.

2. Report collection and disbursement transactions in the monthly Statement of Transactions (DD Form 1329).

3. Ensure applicable transactions are recorded in the appropriate budgetary and proprietary accounts in all military pay and other accounting systems as prescribed in this Regulation.

4. Ensure the Fund is classified as a trust fund and has been designated as account number 97X8335, "Voluntary Separation Incentive Fund." This Fund will consist of both a receipt and an expenditure account.

a. Make deposits to the following Fund receipt accounts as applicable:

(1) 97X8335.1 - Employing Agency Contributions, Voluntary Separation Incentive Fund. Payments from the Military Departments for accrual of future voluntary separation incentive programs.

(2) 97X8335.2 - Earnings of Investments, Voluntary Separation Incentive Fund. Payments of interest by Treasury on Fund investments.

b. Use the following accounts for reporting investment activity within the Fund:

(1) (88)97X8335 - Investment in Treasury Securities (Par), Voluntary Separation Incentive Fund. To record the purchase of Treasury securities in the Fund.

(2) (98)97X8335- Redemption of Treasury Securities (Par), Voluntary Separation Incentive Fund. To record the redemption of Treasury securities.

(3) (75)97X8335 - Unrealized Discount on Treasury Securities. To record unrealized discounts on Treasury securities.

c. Amounts deposited to the above receipt accounts are immediately available to the Fund for investment or payment of Voluntary Separation Incentive benefits. After December 31, 1992, the DFAS-Cleveland Center will make all anniversary payments of benefits payable to persons under this program from the Fund, charging account 97X8335. The DFAS-Cleveland Center must also submit to DFAS-HQ/AE a monthly forecast of anniversary payments. One month's forecast may be submitted each month or else, a twelve month forecast is due annually. In either case, the forecast submission is due no later than three business days prior to the month the disbursements are expected to occur. The DFAS-Denver Center will make anniversary payments to beneficiaries and submit a forecast of beneficiary payments to DFAS-HQ/AE.

d. Perform accounting at the budget activity level, at a minimum. Establish lower level accounts as necessary to meet reporting requirements.

5. Ensure the following VSI and SSB reporting requirements are met:

a. Appropriation Status by Fiscal Year Program and Subaccounts (Acct Rpt (M) 1002). The DFAS will report according to the instructions in [Volume 6, Chapter 4](#) or the Department of Defense Financial Management Regulation (DoD 7000.14-R). DFAS-HQ/AE will submit this report for the Fund expenditure account using Budget Activity 1 for Officers and Budget Activity 2 for Enlisted Personnel, as currently required for DoD Military Personnel Appropriations. Each DFAS Center will submit feeder reports according to the schedule of due dates published by DFAS-HQ/AE. Complete all applicable columns of the report, including disbursements for each budget subactivity.

(1) Special Separation Benefit Program. Report obligations by fiscal program year within Acct Rpt(M)1002 by budget category as a separate line. Use two separate cost categories as shown below:

Special Separation Benefit  
(SSB) – Officers  
Cost of Personnel

Special Separation Benefit  
(SSB) - Enlisted  
Cost of Personnel

(2) Voluntary Separation Incentive Program. Report military personnel separated under this program on or after January 1, 1993, separately under account 97X8335 in the Acct Rpt(M)1002 by budget category. Use two separate cost categories as shown below:

Voluntary Separation Incentive  
(VSI) – Officers  
Cost of Personnel

Voluntary Separation Incentive  
(VSI) - Enlisted  
Cost of Personnel

b. Report on Budget Execution (SF 133). The DFAS will submit SF 133 for the Fund's receipt and expenditure accounts. Each DFAS Center will submit feeder SF 133 reports on its disbursements by limits established for each Service and for initial, anniversary, and beneficiary payments to DFAS-HQ/AE.

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES</b>		
EVENT	DFAS CENTERS	DFAS-CL
Military Pay Appropriation (MPA) authorized to finance the annual payment to the VSI Trust Fund.	Record receipt of the MPA fund authorization	
Make annual Service payment determined by the DoD Board of Actuaries to liquidate the unfunded liabilities. Payments financed by the Services' Military Pay Appropriations are due each January beginning in FY 1993 and are deposited into the VSI Trust Fund.	<p>Prepare the annual payment charging the MPA accounting and crediting 97X8335.1 (See Note 1)</p> <p>Forward the SF 1081 to the disbursing office for processing</p> <p>Simultaneously record MPA obligations and disbursements for the amount of the annual payment</p> <p>Forward a copy of the SF 1081 annual payment voucher to DFAS-HQ/AE</p>	
Receive annual Service payments		Record the VSI Trust Fund receipts
Issue/receive VSI Trust Fund authorization documents	Accept, process and record the VSI Trust Fund allocation received (See Note 2)	Issue VSI Trust Fund authorization document

Table 1-1.

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
EVENT	DFAS CENTERS	DFAS-CL
Reverse MPA disbursements made for initial VSI Trust Fund account. Reverse disbursements are processed in the same month in which the summary recap is produced in the military payroll system.	<p>Prepare SF 1081 charging 91X8335, limit for initial payment, and budget activity code 1 for Officers or budget activity code 2 for Enlisted Personnel</p> <p>Forward the SF 1081 to the disbursing office for processing</p> <p>Provide DFAS-HQ/AE a copy of the SF 1081 on or before the 5th business day of the month following the month the trust fund disbursements were processed</p> <p>Enter processed SF 1081 voucher in the MPA and VSI Trust Fund accounting records</p>	
Forecast VSI Trust Fund cash requirements. (DFAS-CL is responsible for forecasting anniversary payments.)	<p>Submit monthly or yearly to DFAS-HQ/AE a forecast of anniversary payments by month</p> <p>Submit a revised forecast on an as required basis</p>	
Purchase/redemption of securities		Enter investment transactions in the VSI Trust Fund accounting records

Table 1-1. Continued.

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
EVENT	DFAS CENTERS	DFAS-CL
Process VSI anniversary payments. (DFAS-CL has responsibility for anniversary payments.)	<p>Prepare voucher for anniversary payments charging 97X8335, limit for anniversary payments, and the application budget activity code</p> <p>Forward payment to the disbursing office for processing</p> <p>Provide DFAS-HQ/AE a copy of the SF 1081 on or before the 5th business day of the month following the month the trust fund disbursements were processed</p> <p>Enter processed vouchers in the VSI Trust Fund accounting records</p>	
Process VSI payments to beneficiaries. (DFAS-DE has responsibility for beneficiary payments.)	<p>Prepare voucher for beneficiary payment charging 97X8335, limit for the anniversary payment, and the applicable budget activity code</p> <p>Forward payment voucher to the disbursing office for processing</p> <p>Provide DFAS-HQ/AE a copy of the SF 1081 on or before the 5th business day of the month following the month the trust fund disbursements were processed</p> <p>Enter processed vouchers in the VSI Trust Fund accounting records</p>	

Table 1-1. Continued.

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
EVENT	DFAS CENTERS	DFAS-CL
Year end processing.	Transfer all VSI initial payments charged to Military Pay appropriations to the VSI Trust Fund prior to the end of the fiscal year	
Prepare monthly reports.	Submit Acct Rpt (M) 1176 and DD-Comp (M) 1002 feeder reports for the VSI Trust Fund to DFAS-HQ/AE. Report level for SF 1176 data is appropriation and for SF 1002, appropriation/limit/budget activity  Submit Statement of Transactions (DD Form 1329) to Treasury Department	Receive feeder reports, record monthly execution in the departmental accounting record, and prepare the departmental reports for the VSI Trust Fund

## NOTES:

1. Services may prepare annual payment.
2. Services may accept fund authorization.

Table 1-1. Continued.