

**VOLUME 7A, APPENDIX C: “IMPLEMENTING PROCEDURES FOR
MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY”**

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [September 2023](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
References	Updated supporting Service instruction references.	Revision

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APPENDIX C

**IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS
TRANSFER (EFT) OF MILITARY PAY**

1.0 GENERAL

1.1 Purpose

This appendix provides the policy for the administration and delivery of payments to military members, retirees, and annuitants through the EFT method of payment.

1.2 Authoritative Guidance

The pay policies and requirements established by the DoD in this chapter are derived primarily from and prepared in accordance with the Treasury Financial Manual (TFM) and United States Code (U.S.C.), Title 31. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

2.0 DoD METHOD OF PAYMENT

2.1 Policy

All Federal payments must be made by EFT, with the exception of tax refunds. See [31 U.S.C. § 3332](#) and corresponding regulations published by U.S. Department of Treasury (Treasury), Bureau of Fiscal Service at [TFM Part 4A, section 2040](#).

2.2 Personnel Subject to EFT Participation

2.2.1. Active Duty (AD) Military

AD military personnel and personnel entering or reentering the military service must provide the EFT method of payment information upon arrival at their respective military processing station, [unless exempt under paragraph 2.3 or they have filed a waiver request under paragraph 2.4](#). Personnel currently on AD but not enrolled in the EFT method of payment are required to submit EFT method of payment information when they perform Temporary Assigned Duty, Temporary Duty Travel, Permanent Change of Station travel, are promoted, reenlist, or become eligible for a new payment.

2.2.2. Reserve and National Guard (NG)

Reserve and NG personnel entering or reentering a Reserve Component, upon processing into their respective component, or upon mobilization or recall to AD must provide the EFT method of payment information, [unless exempt under paragraph 2.3 or they have filed a waiver request under paragraph 2.4](#). Mobilized or recalled personnel are also required to continue participation after demobilization or deactivation. Personnel currently affiliated with a Reserve or

NG unit, but not enrolled in the EFT method of payment, are required to submit the EFT method of payment information when they become eligible for any new payment.

2.2.3. Military Retirees and Annuitants

All retirees, separated military personnel, and Survivor Benefit Plan annuitants who become eligible for new payments or annuities must provide the EFT method of payment information, [unless exempt under paragraph 2.3 or they have filed a waiver request under paragraph 2.4](#). NOTE: Personnel currently receiving payments at a financial institution or address in a foreign country where the EFT method of payment is not available are exempt from this policy until the EFT method of payment becomes available.

2.2.4. Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen

Military Service Academy, ROTC cadets, and midshipmen are required to participate in the EFT method of payment. Personnel not presently enrolled must enroll immediately, [unless exempt under paragraph 2.3 or they have filed a waiver request under paragraph 2.4](#).

2.2.5. Individual Ready Reservist (IRR)

IRRs and annual muster participants are required to participate in the EFT method of payment. Personnel not presently enrolled must enroll immediately, [unless exempt under paragraph 2.3 or they have filed a waiver request under paragraph 2.4](#).

2.3 Personnel Exempt From EFT Participation

AD military, retirees, or survivor annuitants receiving payments in an overseas area where the EFT method of payment is not available are exempt from this policy until the EFT method of payment becomes available at a financial institution in their area or until they relocate to an area, where the EFT method of payment is available.

2.4 Waivers

Payment by electronic funds transfer is not required in the following cases:

2.4.1. Where an individual:

2.4.1.1. Was born prior to May 1, 1921, and was receiving payment by check on March 1, 2013;

2.4.1.2. Receives a type of payment for which Treasury does not offer delivery to a Treasury-sponsored account. In such cases, those payments are not required to be made by electronic funds transfer, unless and until such payments become eligible for deposit to a Treasury-sponsored account;

2.4.1.3. Is ineligible for a Treasury-sponsored account because of suspension or cancellation of the individual's Treasury-sponsored account by the Financial Agent;

2.4.1.4. Has filed a waiver request with Treasury certifying that payment by electronic funds transfer would impose a hardship because of the individual's inability to manage an account at a financial institution or a Treasury-sponsored account due to a mental impairment, and Treasury has not rejected the request; or

2.4.1.5. Has filed a waiver request with Treasury certifying that payment by electronic funds transfer would impose a hardship because of the individual's inability to manage an account at a financial institution or a Treasury-sponsored account due to the individual living in a remote geographic location lacking the infrastructure to support electronic financial transactions, and Treasury has not rejected the request;

2.4.2. Where the political, financial, or communications infrastructure in a foreign country does not support payment by electronic funds transfer;

2.4.3. Where the payment is to a recipient within an area designated by the President or an authorized agency administrator as a disaster area. This waiver is limited to payments made within 120 days after the disaster is declared;

2.4.4. Where either:

2.4.4.1. A military operation is designated by the Secretary of Defense in which uniformed services undertake military actions against an enemy; or

2.4.4.2. A call or order to, or retention on, active duty of members of the uniformed services is made during a war or national emergency declared by the President or Congress;

2.4.5. Where a threat may be posed to national security, the life or physical safety of any individual may be endangered, or a law enforcement action may be compromised;

2.4.6. Where the agency does not expect to make payments to the same recipient within a one-year period on a regular, recurring basis and remittance data explaining the purpose of the payment is not readily available from the recipient's financial institution receiving the payment by electronic funds transfer;

2.4.7. Where an agency's need for goods and services is of such unusual and compelling urgency that the Government would be seriously injured unless payment is made by a method other than electronic funds transfer; or, where there is only one source for goods or services and the Government would be seriously injured unless payment is made by a method other than electronic funds transfer; and

2.4.8. An individual who requests a waiver under subparagraphs 2.4.1.4 and 2.4.5 of this section shall provide, in writing, to Treasury a certification supporting that request, in such form that Treasury may prescribe. The individual shall attest to the certification before a notary public, or otherwise file the certification in such form that Treasury may prescribe.

2.4.8.1. For AD members and reservists, certifications will be submitted in writing to the Unit Commander.

2.4.8.2. For military retirees, certifications will be submitted in writing to:

DFAS, U.S. Military Retired Pay
8899 E. 56th Street
Indianapolis, IN 46249-1200

2.4.8.3. For survivor annuitants, certifications will be submitted in writing to:

DFAS, U.S. Military Annuitant Pay
8899 E. 56th Street
Indianapolis, IN 46249-1300

Example: I certify that I do not have a financial institution or authorized payment agent. Signature _____ Date _____

NOTE: Treasury reserves the right to reject any waiver request it receives.

2.5 Exception

Emergency payments (defined in Chapter 32, section 3.2) and certification of no account with a financial institution, as described in paragraph 2.4, are the only exceptions to the requirement for delivery by the EFT method of payment. All pay for which an exception to the EFT method of payment requirement has not been granted, and for which the payee has not designated an account for receipt, is held at the DFAS central site or military service pay office until the required financial institution information is provided. Check payments are mailed on payday from the servicing DFAS central site or military service pay office to the member's mailing address.

3.0 REIMBURSEMENT FOR FINANCIAL INSTITUTION FEES

3.1 Reimbursements

Charges resulting from erroneous information provided by the individual or the financial institution to the servicing financial office are not the liability of the government and are not reimbursed. Reimbursement for financial institution fees is authorized when an administrative or mechanical error on the part of the government causes the pay of a military member to be deposited late or in an incorrect manner or amount. Such reimbursements are limited to overdraft charges, minimum balance, or average balance charges levied by the financial institution.

3.2 Procedures

The servicing DFAS central site or military service pay office contacts the financial institution to explain the error and requests that charges levied against the account holder be reversed. If the financial institution declines to reverse the charges, then government reimbursement of the charges is made via the EFT method of payment, directly to the applicable account involved. Such charges are funded from the appropriation available for the pay of the member concerned.

4.0 ALLOTMENTS

4.1 General

The EFT method of payment is the preferred method for paying all allotments and should be used whenever possible. It is DoD's intention to work with recipients of all allotments, such as courts receiving child support and/or alimony payments, dependents, spouses, insurance companies, and mortgage companies, to accept allotment payment by the EFT method of payment when systems become available for third party EFT method of payment.

4.2 Savings Allotments

The EFT method of payment is required for all savings allotments sent to financial institutions participating in the Federal Reserve System.

4.3 Allotments to Non-Individuals

The EFT method of payment is required for all discretionary allotments to non-individuals.

*REFERENCES

APPENDIX C - IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY

2.0 – DoD METHOD OF PAYMENT

- 2.1 31 U.S.C. § 3332
TFM Part 4A § 2040
- 2.4 Title 31, Code of Federal Regulation (CFR), § 208.3
31 CFR § 208.4
[Note](#) [31 CFR § 208.4\(a\)\(v\)](#)

3.0 – REIMBURSEMENT FOR FINANCIAL INSTITUTION FEES

- 3.1 10 U.S.C. § 1053