

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 7B, CHAPTER 19
“GENERAL PROVISIONS GOVERNING ALLOTMENTS OF RETIRED PAY”**

All changes are denoted by blue font

Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

| PARAGRAPH | EXPLANATION OF CHANGE/REVISION | PURPOSE |
|-----------------------------|--|---------|
| All | This chapter is being updated with hyperlinks and formatted to comply with current administrative instruction. | Update |
| 190303.A. | Annual limit for savings bonds series EE and I for single ownership established at \$5,000. | Update |
| Tables 19-2, 19-3, and 19-4 | Added Tables 19-2, 19-3, and 19-4, moved from Volume 7B, Chapter 21. | Add |

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CHAPTER 19

GENERAL PROVISIONS GOVERNING ALLOTMENTS OF RETIRED PAY1901 GENERAL

Personnel receiving retired pay may authorize allotments from their retired pay for the purposes set forth in [Chapters 19 through 21](#) of this volume. The voluntary allotment system enables retirees to make a limited number of payments by payroll deduction. Allotments are designed for the convenience and privilege of retirees and are not to be exploited or abused. Allotments are an assignment of retired pay by the retiree to a third party, financial institution, or agency. The retired pay activity acts solely as an agent of the retiree in the assignment of pay and assumes no liability concerning any contract between the retiree and the allottee. Allotments paid erroneously through administrative error must be recovered from the allottee, if possible, or may be collected from the retiree if such payment provided a benefit to that retiree.

1902 SPECIALIZED TERMS

190201. Allotment. As used herein, a definite portion of the retired pay of a person retired from a Military Service, which the allotter authorizes to be paid to an allottee.

190202. Allottee. A qualified person, institution, or agency to whom the allotment is made payable.

190203. Allotter. The person from whose retired pay the allotment is made.

190204. Financial Institution. A financial institution is a bank (to include a military banking facility), credit union, or thrift association.

1903 AUTHORIZED ALLOTMENTS

190301. General. Voluntary allotments of retired pay or retainer pay for military retirees are limited to discretionary and nondiscretionary allotments. Discretionary allotments are identified as “class D” allotments.

190302. Discretionary Allotments. Retirees are authorized no more than six discretionary allotments. The retiree shall certify that the allotment is within the limits of the law (e.g., allotments may not be used to repay gambling debts in a state where gambling is not permitted). Examples of discretionary allotments include, but are not restricted to, the following:

★ A. Payment of insurance premiums for various types of commercial insurance. This includes payment for life, dental, and health insurance. Also, it may be payment for vehicle insurance. [The start, change and stop dates for the insurance allotments are set out in Tables 19-2, 19-3, and 19-4.](#)

B. Voluntary payment to a dependent or relative. This allotment may be made to a spouse, other dependent(s), or to a relative(s) not legally designated as a dependent(s). Support allotments shall be made to a financial institution for credit to the account of the allottee. An allottee could be a state agency, court trustee, welfare agency, former spouse, or a child's guardian or custodian.

C. Deposit to a financial institution, mutual fund company, or investment firm.

D. Payment of a car loan.

E. Payment of mortgage or rent.

F. Payment of a loan to repay consumer credit, such as to a finance company.

G. Payments to the Air Force Enlisted Members Widow's Home for Air Force members only.

190303. Nondiscretionary Allotment. Nondiscretionary allotments of retired and retainer pay are limited to the following:

A. Purchase of United States (U.S.) Savings Bonds.

1. Series EE. Purchase price is one-half of the maturity value. The Series EE bonds available through payroll deduction are \$100, \$200, \$500, or \$1,000. [Effective January 1, 2008, the annual \(calendar year\) purchase limit applying to Series EE savings bonds is \\$5,000, issue price. The limit is applied per social security number or Taxpayer Identification Number. Individuals or entities may purchase up to \\$5,000 worth of each series in paper form.](#)

2. Series I. These are par value securities, which means the maturity value is the same as the purchase price. The purchase prices available through payroll deduction are \$50, \$75, \$100, \$200, \$500, and \$1,000. A \$5,000 and \$10,000 bond is also available to purchase; however, not through payroll deduction. [Effective January 1, 2008, the annual \(calendar year\) purchase limit applying to Series I savings bonds is \\$5,000, issue price.](#)

B. Voluntary liquidation of indebtedness to the U.S. that includes:

1. Indebtedness incurred due to defaulted notes insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs (VA).

2. Any other indebtedness to any department or agency of the U.S. Government (except DoD debts).

3. Repayment of U.S. Government debts assigned to a collection agency.

C. Payment of delinquent Federal, state, or local income or employment taxes.

D. Payment of pledges for one of these specified charities: Army Emergency Relief; Navy and Marine Corps Relief Society; or affiliates of the Air Force Assistance Fund. These payments are for a definite period.

E. Repayment of loans to Navy and Marine Corps Relief Society, Army Emergency Relief, Air Force Aid Society, and American Red Cross.

190304. Carryover From Active Duty. To aid personnel in the transition from active duty to retired status, all existing authorized allotments of members on active military service may be continued as approved allotments. Authorized allotments include up to six discretionary allotments, as outlined in Volume 7A of this Regulation, and paragraph 190302.

190305. Administrative Changes. Changes beyond the control of the retiree are considered administrative in nature. These are dictated by events incidental to the purpose of the allotment. Examples include changes to the name, address, account number, and financial institution of the allottee. Other examples include amount changes due to contractual obligations existing at the time the allotment was executed (such as a mortgage payment changed because of variable rate mortgage or change in escrow requirement). Other than amount changes, administrative changes may be made at the request of the allottee without the member's consent. Administrative changes that adjust the amount of the allotment shall be accepted only when communicated by the Service member as a new allotment request.

190306. Establishment, Discontinuance, and Changes to Existing Allotments. A properly executed form, a written request, or an automated data exchange (from specific organizations) may be used to establish, discontinue, or change an allotment. Automated computer programs that allow members to establish, discontinue, or change an allotment using a personal identification number are also permitted. In addition, requests may be accepted telephonically from members without written documentation, but only after the member's identity has been validated. Requests for allotment actions should be provided to the Defense Finance and Accounting Service, Cleveland Site. Normally, allotments are not established retroactively.

1904 RETIRED PAY WHICH MAY BE ALLOTTED

The amount of retired pay, which may be allotted, can be limited administratively to exclude amounts required to be withheld for:

190401. Tax purposes.

190402. Liquidation of an indebtedness determined under applicable provisions of law to be chargeable against the member's retired pay account.

190403. Cost of participation in the Retired Serviceman's Family Protection Plan and/or Survivor Benefit Plan.

- 190404. Garnishments.
- 190405. Continuing tax levies.
- 190406. VA compensation.
- 190407. Former spouse.

1905 PERIODS OF ALLOTMENTS

Allotments are registered for an indefinite period except allotments for:

- 190501. Repayment of an indebtedness to the U.S., to include payment of delinquent Federal income taxes.
- 190502. Charity as specified in subparagraph 190303.D.

1906 RESTRICTIONS

190601. Minors. Allotments (except U.S. Savings Bonds) may not be made payable to children under 16 years of age. Such allotments may be made payable to the children's guardian or custodian. Spouses of retirees may be named as allottees regardless of age.

190602. Mental Incompetents. Allotments are not payable to mentally incompetent persons. Such allotments are payable to a guardian or the institution where confined.

190603. Multiple Allotments. See restrictions in section 1903, and in chapters [20](#) and [21](#) of this volume.

190604. Power of Attorney. A special power of attorney may be used to establish, change, or stop an allotment. This special power of attorney specifically must state the authority to establish, change or stop allotments. A general power of attorney is not acceptable to establish, change, or stop an allotment.

190605. Reduced Retired Pay of Allotter. When a stoppage or reduction of retired pay does not leave enough funds for deduction of allotments in force, those allotments are stopped administratively by the disbursing officer without the signature of the retiree.

190606. Administrative Stops. Allotments may be stopped because of the required deductions from retired pay listed in section 1904. When possible, the retiree is allowed to determine the allotments to be stopped. If, however, the retiree involved refuses, or is unable, to identify those that should be stopped, then the allotments of that retiree are involuntarily stopped. See Figure 19-1 for the order of precedence.

1907 RIGHT TO ALLOTMENTS IN CASE OF DEATH

190701. Death of Retiree. Entitlements to allotments end with the death of the member. No further allotment payments may be made after receipt of notice of the allotter's death. Deductions made from the retiree's pay, but not paid to the allottee, become part of the arrears of retired pay. Allotments paid after the retiree's death may not be collected from the allottee, except:

- A. Allotments erroneously established after notice of death of the retiree, and
- B. Unearned insurance premiums (insurance premiums are paid 1 month before the day payment is actually due).

190702. Death of Allottee. An allotment check, even though endorsed, does not become part of an allottee's estate if it is not cashed or negotiated before the allottee's death. It is not subject to any expense incurred by or on behalf of the allottee before or after death. All unnegotiated allotment checks must be returned to the office that issued them. Such checks are credited to the retiree's account.

1908 ALLOTMENT OVERPAYMENT RESPONSIBILITIES

Any check or bond issued and mailed to a recipient for which entitlement does not exist must be recovered immediately by the issuing office. When an allotment payment is made after deductions from retiree's retired pay have ceased, and the retiree does not return the amount of that payment, the office of issuance starts recovery action of an equal amount from the recipient, or the retiree, if that office determines that the retiree benefited from the payment. If the retiree is liable, then overpayment is recovered by deductions from retired pay due to the retiree.

| ORDER OF PRECEDENCE | | |
|----------------------------|--|---------------------------|
| Precedence | Type | Letter Designation |
| 1 | Charitable contributions to Army Emergency Relief, Navy and Marine Corp Relief Society, or Air Force Assistance Fund | See Table 19-1 |
| 2 | Bonds | B |
| 3 | Savings | D |
| 4 | Loans | L |
| 5 | Payment of delinquent state or local income or employment taxes | T |
| 6 | Dependents | D |
| 7 | Home loans | D |
| 8 | Commercial life insurance/Army Mutual Aid Insurance | D |
| 9 | Navy Mutual Aid Insurance | M |
| 10 | Government life insurance | N |
| 11 | Veterans Group Life Insurance | See Table 19-1 |
| 12 | Deductions for court-ordered support | D |
| 13 | Repayment of indebtedness to the U.S. | T |
| 14 | Payment of delinquent Federal income taxes | T |

Figure 19-1. Order of Precedence

| ALLOTMENTS OF RETIRED PAY — GENERAL | | | | | | | | |
|-------------------------------------|---|-------------------------------------|---------------|--------------|--|---|---------------------------------------|----------|
| R U L E | A | B | | | C | | D | |
| | When the purpose of allotment is for | and Service's letter designation is | | | and member is not on active duty and has allotment (notes 1 and 2) | | then the allotment period required is | |
| | | Army | Navy/ USMC | Air Force | authorized for carryover from active duty | authorized for establishment from active duty | Indefinite | Definite |
| 1 | purchase of U.S. Savings Bonds | B | B | B | X | X | X | |
| 2 | payment to dependents (note 5) | D | D | D | X | X | X | |
| 3 | repayment of home loans | D | D | D | X | | X | |
| 4 | commercial life insurance/Army Mutual Aid Insurance (note 3) | D | D | D | X | X | X | |
| 5 | repayment of loans to Navy and Marine Corps Relief Society, Army Emergency Relief, American Red Cross, or Air Force Aid Society | L | L | L | X | X | | X |
| 6 | Navy Mutual Aid Insurance (note 2) | None | M | None | X | X | X | |
| 7 | U.S. Government Life Insurance and/or National Service Life Insurance (note 4) | N | N | N | X | X | X | |
| 8 | repayment of loans on Department of Veterans Affairs insurance (note 4) | N | N | N | | | X | |
| 9 | payment of financial institution or credit to account of retiree (note 6) | D | D | D | X | | X | |
| 10 | payment of delinquent Federal income taxes and/or payment of indebtedness to the U.S. (note 7) | T | T | T | | X | | X |
| 11 | charitable contributions to the Army Emergency Relief, Navy and Marine Corps Relief Society, or affiliates of the Air Force Assistance Fund | L | C | F | X | X | | X |

Table 19-1. Allotments of Retired Pay – General

| ALLOTMENTS OF RETIRED PAY — GENERAL | | | | | | | | |
|-------------------------------------|--|-------------------------------------|---------------|--------------|--|---|---------------------------------------|----------|
| R U L E | A | B | | | C | | D | |
| | When the purpose of allotment is for | and Service's letter designation is | | | and member is not on active duty and has allotment (notes 1 and 2) | | then the allotment period required is | |
| | | Army | Navy/ USMC | Air Force | authorized for carryover from active duty | authorized for establishment from active duty | Indefinite | Definite |
| 12 | payment of delinquent state or local income or employment taxes (note 8) | T | T | T | X | | | X |
| 13 | Veterans Group Life Insurance | D | D,V | D | | X | X | |

NOTES:

1. Includes members of the Fleet Reserve or Fleet Marine Corps Reserve when not on active duty.
2. In addition to allotments authorized, member may continue any other allotments in effect (except Combined Federal Campaign and aviation premiums payable to the Navy Mutual Aid Association) at the time of retirement.
3. On the life of the allotter, spouse, and/or children.
4. Payment of allotments for insurance premiums and repayment of insurance loans are made by one NSLI or class N allotment.
5. Authorized to a spouse, former spouse, spouse, and/or children of the retired member having a permanent residence other than that of the retired member.
6. Includes credit unions within the U.S., its possessions, Puerto Rico, and Panama Canal Zone operating under a Federal or state charter. Also includes credit unions authorized under [Volume 5, Chapter 34](#) of this Regulation to operate an overseas U.S. military installation.
7. Delinquent Federal income taxes are payable to the applicable District Director, Internal Revenue Service.
8. Delinquent state or local and employment taxes are payable to the applicable state or local tax authorities.

Table 19-1. Allotments of Retired Pay - General (Continued)

| EFFECTIVE DATES FOR STARTING INSURANCE ALLOTMENTS (D, M, V, OR N) | | | | |
|--|-------------------------------|------------------------------|--|---|
| | A | B | C | D |
| R U L E | If a retired member of | is authorized a class | and the | then start allotment effective the first day of the month |
| 1 | any Military Service | N allotment | | before the month in which insurance premium is due (note). |
| 2 | | | insurance policy is dated back to save age | in which application is made. Retiree must pay the Reserve to cover previous months by direct payments to VA. |
| 3 | the Army or Air Force | D allotment | | specified by retiree, if authorization reaches the servicing finance center before the date specified in Military Service procedural regulations. |
| 4 | the Navy or Marine Corp | D or M allotment | | |
| 5 | any Military Service | D or V allotment | | the date submitted by the Veterans Group Life Insurance through the automated data exchange process. |

NOTE: A U.S. Government or National Service Life Insurance allotment deducted for 1 month pays the premium for the succeeding month. For example, if premium for July is paid by allotment, then allotment must be effective June 1.

Table 19-2. Effective Dates for Starting Insurance Allotments (D, M, V, or N)

| EFFECTIVE DATES FOR CHANGING INSURANCE ALLOTMENTS (D, M, V, OR N) | | | | | |
|--|-------------------------------|----------------------|--|---|---|
| | A | B | C | D | E |
| R U L E | If a retired member of | has a class | and | then stop present allotment effective the last day of the month | then start new allotment effective the first day of the month |
| 1 | the Army or Air Force | D or N allotment | the retiree or fiduciary or guardian requests a change in allotment | specified in request if allotment change can be processed by the date specified in procedural regulations of the concerned Military Service | after the month old allotment is stopped. |
| 2 | the Navy or Marine Corps | D, M, or N allotment | | | |
| 3 | any Military Service | N allotment | allotment was authorized in incorrect amount or effective date | before its effective date | specified in original request or authorization of the date requested by the VA. |
| 4 | | D or V allotment | the OSGLI automated data exchange provides a change in the allotment | as specified by the automated data exchange process | specified by the automated data exchange process. |

Table 19-3. Effective Dates for Changing Insurance Allotments (D, M, V, or N)

| EFFECTIVE DATES FOR STOPPING INSURANCE ALLOTMENTS (D, M, V, OR N) | | | | |
|--|-------------------------------|----------------------|---|--|
| | A | B | C | D |
| R U L E | If a retired member of | has a class | and | then stop allotment effective the last day of the |
| 1 | the Army or Air Force | D or N allotment | the retiree requests the allotment be stopped | month specified by the retiree, if authorization reaches the servicing DFAS Center before the date specified in procedural regulations of the Military Service concerned. |
| 2 | the Navy or Marine Corps | D, M, or N allotment | | |
| 3 | any Military Service | N allotment | the application for insurance is disapproved by the VA | month before the effective starting date of the allotment. |
| 4 | the Army or Air Force | D allotment | has insufficient “net” pay to satisfy IRS Notice of Levy for delinquent income tax determined by IRS to be a “problem case” | month before the month in which IRS levy is received (stop insurance allotments only if discontinuance of other voluntary allotments will not satisfy levy). |
| 5 | the Navy or Marine Corps | D or M allotment | | |
| 6 | the Army or Air Force | D or N allotment | has pay suspended (note 1) or insufficient pay | last month in which enough pay accrues to satisfy deduction. Avoid stopping allotment unnecessarily or earlier than required. |
| 7 | the Navy or Marine Corps | D, M, or N allotment | | |
| 8 | the Army or Air Force | D or N allotment | dies | (note 1.) |
| 9 | the Navy or Marine Corps | D, M, or N allotment | | |
| 10 | any Military Service | D or V allotment | the retiree or OSGLI requests the allotment | month specified by the retiree, if authorization reaches the servicing DFAS Center before the date specified in Military Service procedural regulations; for OSGLI as specified by the automated data exchange process (note 2). |

NOTES:

1. See procedural regulations of Military Service concerned.
2. Advise OSGLI immediately of reason for stoppage of allotment if it was discontinued by the automated data exchange process.

Table 19-4. Effective Dates for Stopping Insurance Allotments (D, M, V, or N)

BIBLIOGRAPHY

CHAPTER 19 – GENERAL PROVISIONS GOVERNING ALLOTMENTS OF RETIRED PAY

1903 – AUTHORIZED ALLOTMENTS

190303.A 31 C.F.R. Parts 351, 353, 359, [360](#) and 36