



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON
1851 SOUTH BELL STREET
ARLINGTON, VA 22240-5291

APR 27 2005

DFAS-DOP

MEMORANDUM FOR DIRECTOR, GOVERNMENT CONTINUING ACTIVITY, DEFENSE
FINANCE AND ACCOUNTING SERVICE (DFAS-PDO/CL)

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation
(DoDFMR), Volume 7B, Regarding Death Gratuity Payment Increase (DFAS
Item #O-1)

The attached is Interim Change **R 04-05** to update the DoDFMR, Volume 7B. Public Law 108-375, Section 643(b), October 28, 2004, prescribed an automatic adjustment mechanism to increase the death gratuity under 10 United States Code (U.S.C), Section 1478(c) whenever there is an increase in rates of basic pay under Section 1009 of Title 37, U.S.C, or any other provision of law. Public Law 108-375, Section 601 prescribed such an increase in basic pay rates in the amount of 3.5 percent. This change is effective January 1, 2005.

We have evaluated your comments on the proposed change and included the comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modification to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.

Lydia Moschkin
Director, Policy and
Requirements Management

Attachments:
As stated

cc: DASD (MMP)(Comp)
OUSD (C)(ODCFO)(FP)
ODGC (F)
DFAS-GA/CL
Services Liaisons
USCG/NOAA/PHS Liaisons

1. Add sentence to subparagraph 300203.B (see IC # R12-04) to read:

"See subparagraph C below regarding increase to the death gratuity payment."

1. Reletter subparagraph 300203.C (see IC # R12-04) as D and insert new C to read:

C. Amount Based on Rates of Basic Pay Increase.
Public Law 108-375, Section 643(b) prescribed an automatic adjustment mechanism to increase the death gratuity payment under Section 1478(c) of Title 10, United States Code, whenever there is an increase in rates of basic pay under Section 1009 of Title 37, United States Code or any other provision of law, by the average percentage that the basic pay rates are increased under Section 1009 or other provision of law. The rates are published in Table 30-1 below.

2. Revise subparagraph 300302.B to read (see R12-04):

B. Death Occurred on or After September 11, 2001.
Effective September 11, 2001, the total amount of death gratuity is excludable from gross income for tax purposes.

3. Add Table 30-1 to read:

DEATH GRATUITY AMOUNT		
DEATH OCCURRED ON OR AFTER	AMOUNT	INCREASE
September 11, 2001	\$12,000.00	
January 1, 2005	\$12,420.00	3.5%

5. Add to Bibliography:

Paragraph

Citation

300203.C

Public Law, 108-375, Section 643(b), October 28, 2004

Table 30-1

Public Law 108-375, Section 643(b), October 28, 2004