



DEFENSE FINANCE AND ACCOUNTING SERVICE

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NOV 27 1996

DFAS-HQ/FMM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER

SUBJECT: Department of Defense Financial Management Regulation
Volume 7, Part B (DoDFMR Vol 7B) Proposed Change on
Renouncement of Retired Pay (DFAS Item F-64)

This is an Interim Change Number R12-96 to the DoDFMR,
Volume 7B. This change is effective immediately.

We have evaluated your comments on the draft change to the
DoDFMR, Volume 7B. The attached final version of the change
includes your comments where appropriate. Assignment of an
interim change number is your authority to initiate a procedural
modification to facilitate this change.

We have determined that this policy change does not require
a change to the current pay system. For the Denver Center, use
the attached to initiate the formal printed change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau, may be contacted at
DSN 327-5061 or Commercial (703) 607-5061. Our Fax number is
DSN 332-5271 or Commercial (703) 602-5271.

Roger W. Scarce
for Roger W. Scarce
Brigadier General, USA
Deputy Director for Finance

Attachment:
As stated

cc: ASD (FMP)
DGC (F)
DFAS-DE/DG
Service Liaisons
USCG/NOAA PHS Liaisons

1. Revise paragraph 30101b to read:

"30101b. Members may not waive their right to retired pay. Even if retired pay is not being sent to a member on a monthly basis (for example, the member's whereabouts is unknown), the retired pay continues to accrue. Since, for income tax purposes, such retired pay is deemed to have been constructively received by the member once it is made available and can be drawn upon, it is subject to the withholding and reporting requirements of ordinary wages."

2. Add the following to the Bibliography:

"ParagraphCitation

30101b

Treasury Reg 1.451-1(a)
Rev. Rul. 56-126, 1956-1
C.B. 56
DFAS-HQ/F Memorandum, 24 Apr 95"