

CHAPTER 5**RESERVE TRANSITION BENEFIT PAYMENTS**0501 PURPOSE

This chapter describes the Reserve Transition Benefit (RTB) or Reserve Transition Assistance Program (RTAP) payment procedures which include the Reservists' Special Separation Pay (RSSP) and Reservists' Involuntary Separation Pay (RISP).

0502 APPLICABILITY AND SCOPE

This chapter applies to each DFAS Center that maintains a military pay system and to members of the Selected Reserve.

0503 POLICY

Members of the Selected Reserve who are separated during the period from March 11, 1993, through September 30, 1999, are eligible for RTB/RTAP payments upon approval of the Secretary concerned.

0504 ELIGIBILITY REQUIREMENTS

050401. RSSP. See DoDFMR, [Volume 7A](#), paragraph 570504, for eligibility requirements.

050402. RISP. See DoDFMR, [Volume 7A](#), paragraph 570505, for eligibility requirements.

0505 PAYMENT PROCEDURES050501. RSSP

A. See DoDFMR, [Volume 7A](#), paragraph 570504B, for payment computation.

B. Original Servicing DFAS Center Payment Responsibilities. The Reserve member's original servicing DFAS Center will pay and record the initial RSSP payment, as well as any correction or change authorized by the servicing personnel activity. This Center is also the primary source of information concerning the initial RSSP payment, as well as general guidance concerning RSSP payment procedures. The Reserve member's original servicing DFAS Center is responsible for keeping the DFAS-Cleveland Center informed of any changes to a RSSP recipient's account. This includes sending all changes or corrections made to an initial RSSP payment to the DFAS-Cleveland Center within 30 days after such corrections or changes are made.

C. DFAS-Cleveland Center Payment responsibilities. The DFAS-Cleveland Center is the central site location for RSSP annual payments. Once the Reserve member's original servicing DFAS Center transfers the account information, the DFAS-Cleveland Center becomes the primary source for RSSP account assistance.

1. The DFAS-Cleveland Center will maintain a RSSP telephone "hot line" and a customer service unit that is responsive to the needs of the RSSP recipient.

2. The DFAS-Cleveland Center will send annual RSSP payments via EFT. The member should complete SF 1199-A to establish EFT payments. If an SF 1199-A is not available, the member must submit a canceled check or deposit slip that shows his/her account number, routing transit number (RTN), and bank address. This information will be sent to:

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

3. The DFAS-Cleveland Center will maintain the RSSP account until all annual installments are paid or until the death of the RSSP recipient.

D. RSSP Payment Funding Procedures. The DFAS-Cleveland Center will make all anniversary installment payments citing the appropriate selected reserve military personnel appropriation. Payment accounting will be reported per standard cross-service disbursing procedures.

E. In the event of the member's death, no more annual installments will be paid.

050502. RISP. See DoDFMR, [Volume 7A](#), paragraph 570505.B. for payment computation.

050503. Withholding Requirements

A. Federal Income Tax Withholding (FITW)

1. Initial RSSP and RISP Payment. For the initial RSSP and RISP payment, the DFAS Center will withhold based upon the applicable flat rate percentage. The initial RSSP and RISP 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.

2. For the annual RSSP payments, the DFAS Center will withhold 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, withhold tax 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.

B. State Income Tax Withholding (SITW). All RSSP and RISP 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 initial RSSP and RISP payment is based upon the member's legal address at the time of transfer to the Retired Reserves or separation date, as applicable (see DoDFMR, [Volume 7A](#), paragraph 440106, for those states which have entered into this agreement). For RSSP anniversary payments, withhold state income tax based upon the state of legal residence claimed on DD Form 2058, or if no DD Form 2058 is submitted, based upon the member's state tax election coded on his/her MMPA at separation or retirement.

C. The DFAS Center will not withhold FICA or any other payroll taxes from RSSP and RISP payments.

0506 DEBT COLLECTION PROCEDURES

050601. General. RSSP/RISP payments are subject to offset for debt collection. Offset from the amount of the RSSP/RISP payment any debts remaining at separation/retirement. In the case of RSSP, if the debt is greater than the initial payment, the remaining debt may be collected from any subsequent installments. Collections are made according to the administrative offset provisions contained in 31 U.S.C.3716

050602. Debt Collection

A. RSSP Overpayment

1. Overpayment of the Initial RSSP Payment. The DFAS-DE Center will pursue collection action against the RSSP recipient. If the RSSP account has been transferred to the DFAS-Cleveland Center RSSP pay system, that Center, Code FRCBC, will be notified of the correct payment information within five days. If debt collection actions prove unsuccessful, follow the provisions of subparagraph 050602.C.1., below. If the debt cannot be satisfied through RSSP offset, the DFAS-Cleveland Center will forward the uncollectible amount to the DFAS-DE Center for collection action. Offset from retired pay will include all appropriate interest, administrative, and/or penalty charges.

2. RSSP Anniversary Overpayments. The DFAS-Cleveland Center will collect RSSP anniversary overpayments as an "out of service" debt. In the event the debt cannot be collected through these procedures, the DFAS-Cleveland Center will offset from any subsequent installment payments. This offset will include all applicable interest, administrative, and/or penalty charges.

B. RISP Overpayments. The Reserve member's servicing DFAS Center will pursue all RISP overpayments according to "out of service" debt procedures.

C. Other DoD Debts

1. RSSP Payments. The Reserve member's original DFAS Center will offset debts against the initial RSSP payment. If debts are established after the initial payment, the RSSP recipient's original servicing DFAS Center will pursue collection using "out of service" debt collection procedures. The RSSP recipient's original servicing DFAS Center will retain the debt as long as collection actions are satisfactory. If collection actions prove unsuccessful, notice of the debt will be forwarded to the DFAS-Cleveland Center, Code FRCBC, for administrative offset against any remaining RSSP installment payment. The debt will be transferred to the DFAS-Cleveland Center no later than 90 days from the next RSSP installment payment using a DD Form 139. 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 amount collected. If the total debt cannot be liquidated from a single RSSP anniversary installment, the applicable DFAS Center will resubmit the remaining debt for offset until the total debt has been satisfied. If the debt is not satisfied by offset from the last RSSP payment, the RSSP recipient's applicable DFAS Center will collect against their retired pay.

2. RISP Payments. The DFAS Center will offset amounts due the United States against the RISP payment at the time of the Reserve member's separation. If debts are established after RISP payment, pursue the debt using "out of service" debt collection procedures.

D. Debts from non-DoD Federal Agencies. DFAS-Cleveland Center/Code ABA will receive and certify all requests for administrative offset from non-DoD Federal agencies. Once certified, DFAS-Cleveland Center/ABA sends the requests to the Defense Manpower Data Center for locator service. Once the debtor's DFAS Center has been identified, the requests for offset are sent via a letter of transmittal or cartridge to the Reserve member's servicing DFAS Center. This DFAS Center provides the member with a courtesy notice of salary offset beginning and satisfies the request by administrative offset of the RISP or initial RSSP payment. For RSSP payments, once the account is transferred to the DFAS-Cleveland Center, advice of any debts owed to non-DoD Federal agencies will be transmitted to the DFAS-Cleveland Center, Code FRCBC, for offset against any future RSSP installments.

E. Other RISP Offsets

1. Individuals who subsequently receive basic pay, compensation for inactive duty training, or retired or retainer pay under a purely military retirement program, will have such pay or compensation reduced by 75 percent until the total amount withheld equals the RISP entitlement.

2. Service members, who subsequently receive disability compensation from the Department of Veterans Affairs (DVA), will have deducted from such compensation the total amount of RISP. However, there is no reduction if the disability

compensation is for a disability incurred or aggravated after the period for which the RISP was paid.

050603. Garnishments. Garnishment orders remain in effect. Garnishment cases for RSSP recipients will be transferred to the DFAS-Cleveland Center for administration.