

**Interim Changes 21-98 is incorporated in this change. Interim Change 21-98 also affects other chapters and will not be deducted from the interim changes cited in the web site.**

## CHAPTER 42

### DISCRETIONARY ALLOTMENTS

#### 4201 RESTRICTIONS ON DISCRETIONARY ALLOTMENTS

##### 420101. Restrictions

★A. General. Military Service members are authorized no more than six purely discretionary allotments. Discretionary allotments are considered as class D allotments and examples are indicated in sections 4202 through 4206, of this chapter. Service members are authorized no more than one discretionary allotment to the same allottee.

B. Savings Provision. All existing approved registered allotments of military pay and allowances from active duty and retired members that were authorized previously by this part at the time registered may be continued as approved allotments. If any such allotments are discontinued, they may not be reestablished except as a new allotment in accordance with the requirements of this part. Any change in the allotment initiated by the member is considered a discontinuance, except those that are beyond the control of the member. Changes beyond the control of the member are administrative changes that are dictated by events incidental to the allotment, i.e., name and address changes, or mortgage payment changes because of a variable rate mortgage or changing escrow requirements. Although the changes in this paragraph do not constitute a discontinuance, such administrative changes that adjust the amount of the allotment shall be accepted only when the member initiates a new allotment request. Discontinuance occurs with any mortgage refinancing action.

C. Allotments to Non-Individuals. Allotments shall be sent by Direct Deposit/Electronic Fund Transfer (DD/EFT).

#### 4202 ALLOTMENTS TO DEPENDENTS OR RELATIVES

420201. Authorized Allottee. Officers and enlisted members of the Military Services may authorize allotments of pay to their dependents, relatives, or divorced spouse. These allotments may be authorized by the member or administratively initiated under procedures established by the Military Service concerned. It may be made payable to an individual or to a financial organization for credit to the account of the allottee, or a joint account of the allotter and allottee. The member may request to stop a dependent allotment administratively started.

420202. Locally Paid Dependent Allotment (Class X)-Army and Air Force Only. This allotment is locally paid and is authorized only in emergency circumstances which prevent the member from supporting the member's dependent(s) by the usual means. It may be paid directly to the member's dependent or made payable to a financial organization for credit to an

account. This allotment is intended to be flexible enough to cope with the various types of emergencies that may arise. The following are examples where an Army or Air Force member may authorize a class X allotment:

Example 1: An Army member stationed overseas (including Alaska and Hawaii) with dependents residing in the same overseas area but in a different foreign country may authorize a class X allotment (Type I) for an indefinite period.

Example 2: An Army member, stationed anywhere, who is required to depart the permanent station in a timeframe which precludes normal arrangements for support of dependents may authorize a class X allotment (Type II) for a definite period not to exceed 6 months. If the member has not returned to the permanent station by the date the allotment is due to expire, the commander may extend the allotment for another 6 months.

Example 3: An Air Force member stationed overseas (including Alaska and Hawaii) with dependents residing in the same overseas area may authorize a class X allotment for an indefinite period during periods the member is away from the permanent station.

Example 4: An Air Force member, stationed anywhere, may authorize a class X allotment for a one-time emergency payment.

Example 5: An Air Force member, stationed anywhere, who is TDY for more than 30 days may authorize a class X allotment for a period not to exceed 6 months. If the member has not returned to the permanent station by the date the allotment is due to expire, the accounting and finance officer or the appointed agent establishes a class D allotment to replace the class X allotment.

420203. Allotment or Deduction for Rent. An allotment or deduction of pay may be authorized by the appropriate Secretary of the Military Department concerned for the payment of rent of premises occupied for dwelling purposes by the spouse, children, or other dependents of a member. Such allotment or deduction will be processed in accordance with the procedural instructions of the Military Service concerned.

#### 4203 INSURANCE ALLOTMENTS

420301. Purpose. Allotments are authorized to be made by all Military Service members for paying insurance premiums.

420302. Eligible Allottees

A. United State Government Life Insurance/National Service Life Insurance (USGLI/ NSLI). The allottee for this allotment is:

Department of Veterans Affairs  
Insurance Center  
PO Box 8079  
Philadelphia PA 19101

A member may have only one NSLI allotment. If the member has more than one policy in effect under one class of insurance, or a combination of U.S. Government Life Insurance and National Service Life Insurance, the premium payments are combined into one allotment.

B. Commercial Insurers. Commercial insurers are eligible allottees. All new allotments for paying premiums on commercial insurance must be approved under the following Military Service regulations:

1. Army: AR 37-104-3 (reference (bh));
2. Navy and Marine Corps: SECNAVINST 1740.2 Series (reference (by));
3. Air Force: AFR 211-16 (reference (bz)).

All payments to an insurer are made to the home office of the agency issuing the policy or to a branch office named by the home office. A member may have more than one allotment for commercial insurance. However, if the member has more than one insurance policy with the same company, premium payments must be combined into one allotment to that company.

C. Navy Mutual Aid Insurance (Navy and Marine Corps only). The Navy Mutual Aid is an authorized allottee for the payment of life insurance. If the member has both the regular premium and the extra hazardous duty premium, the payments must be combined into one allotment.

420303. Effective Dates for Starting, Changing, and Stopping Insurance Allotments. Tables 42-1, 42-2, and 42-3 prescribe effective dates to start, change, or stop insurance allotments.

420304. Mandatory Stoppages

A. When Required. Table 42-3 gives conditions which require stopping insurance allotments.

B. Temporary Indebtedness or Forfeitures

1. Navy and Marine Corps Members. Do not stop a National Servicemen's Life Insurance allotment because of temporary indebtedness due to a request for collection of pay, or because of an authorized advance of pay, or temporary forfeiture of pay imposed by sentence of court-martial.

2. Air Force and Army Members. See Table 42-3, rule 11.

C. Cash Deposit for Insurance. Navy or Marine Corps members in a non-pay status may make cash deposits to protect a National Servicemen's Life Insurance allotment.

4204 ALLOTMENTS TO FINANCIAL ORGANIZATIONS AND INVESTMENT FIRMS

420401. Authorized Allottee. Officers and enlisted members may authorize allotments of pay to financial organizations for credit to the account of the member. Allotments may be deposited to:

A. A financial organization for credit to a savings, checking, or trust account of the allottee without restricting the use of the funds allotted.

B. A mutual fund company or investment firm.

4205 ALLOTMENTS FOR PAYMENT OF MORTGAGE OR RENT

420501. Authorized Allottee. Officers and enlisted members may authorize allotments of pay for mortgage or rent payment to a financial institution, mortgage company, realtor or to a landlord. See paragraph 420101, above, for restrictions that apply to this type of allotment.

4206 OTHER ALLOTMENTS

420601. Other Allotments. Officers and enlisted members may authorize an allotment for payment of car or personal loans. However, the restrictions in section 4108 of this volume are applicable when starting this type of allotment.

DATES TO START INSURANCE ALLOTMENTS				
R U L E	A	B	C	D
	If a member of	authorizes a/an	and	then start allotment effective the first day of the month
1	any Military Service	National Service Life Insurance allotment		preceding the month in which the insurance premium is due. If the member has credits to cover deductions, allotment may be retroactive to assure continuity of premium payments or to reinstate insurance on the member's return from unauthorized absence (notes 1 and 2).
2			insurance policy is backdated to save age	in which application is made. Member must pay the reserve to cover previous months by direct pay to the VA.
3	the Army and Air Force	insurance allotment		specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations. May be effective with the month allotter enters on duty but only when an enlisted member, warrant officer, or graduate of a Service academy is commissioned, or when an enlisted member is appointed a warrant officer.
4	the Navy or Marine Corps	commercial insurance or a Navy Mutual Aid allotment		specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations.

NOTES:

1. A U.S. Government Life Insurance, or National Service Life Insurance allotment deducted for 1 month, pay the premium for the following month. For example, if premium for July is first one to be paid by allotment, allotment must be effective June 1.
2. When a National Service Life Insurance allotment has been discontinued, whether voluntarily or involuntarily, the allotter may reauthorize the allotment, except when starting an allotment that is prohibited by this chapter.

**Table 42-1. Dates to Start Insurance Allotments**

DATES TO CHANGE INSURANCE ALLOTMENTS					
R U L E	A	B	C	D	E
	If a member of	has a	and the	then stop present allotment effective the last day of the month	and start new allotment effective the first day of the month
1	the Army or Air Force	commercial insurance or a National Servicemen's Life Insurance allotment	member or accounting and finance officer requests a change in the allotment	specified in the allotment document, if authorization will reach the allotment office before the date specified in Military Service regulations (stop retroactively if requested by the Department of Veterans Affairs or allotment office)	following the month old allotment is stopped.
2	The Navy or Marine Corps	commercial insurance, National Servicemen's Life Insurance, or a Navy Mutual Aid allotment			
3	any Military Service	National Servicemen's Life Insurance allotment	allotment was authorized in incorrect amount or effective date	before its effective date	the original authorization was effective, or the date requested by allotment office or Department of Veterans Affairs. (Allotment office adjusts premium payments with VA.)

Table 42-2. Dates to Change Insurance Allotments

DATES TO STOP INSURANCE ALLOTMENTS				
R U L E	A	B	C	D
	If a member of	authorizes a	and	then stop allotment effective the first day of the
1	the Army or Air Force	commercial insurance or a National Servicemen's Life Insurance allotment	the member requests the allotment to be stopped	month specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations.
2	the Navy or Marine Corps	commercial insurance, National Servicemen's Life Insurance, or a Navy Mutual Aid allotment		
3	any Military Service	National Servicemen's Life Insurance allotment	the application for insurance is disapproved by the VA	month before the effective starting date of the allotment (see note).
4	the Army or Air Force	commercial insurance or National Servicemen's Life Insurance allotment	is AWOL for 10 days or more	latest month in which enough pay accrues to satisfy deduction.
5	the Navy or Marine Corps	commercial insurance or Navy Mutual Aid allotment	is AWOL for 15 days (or less, if allotment discontinuance is necessary to prevent overpayment)	month before the month in which absence began if authorization will reach allotment office before the date specified in Military Service procedural regulations; otherwise the month absence began.
6		National Servicemen's Life Insurance allotment	is AWOL for at least 30 days	month before the month in which absence began.
7	the Army or Air Force	commercial or National Servicemen's Life Insurance allotment	approved court-martial sentence imposes total forfeiture of pay and allowances	latest month in which enough pay accrues to satisfy deduction.
8	the Navy or Marine Corps	commercial insurance, National Servicemen's Life Insurance, or Navy Mutual Aid allotment		month before the month in which court-martial sentence is approved.
9	the Army or Air Force	commercial insurance or National Servicemen's Life Insurance allotment	has insufficient "take-home" pay to satisfy IRS notice of levy	month before the month in which IRS notice of levy is received. (Stop insurance allotments only if discontinuance of other discretionary allotments will not satisfy levy.)
10	the Navy or Marine Corps	commercial insurance, National Servicemen's Life Insurance, or Navy Mutual Aid allotment		
11	the Army or Air Force	commercial insurance or a National Servicemen's Life Insurance allotment	has insufficient pay, because of reduction in grade, nonpay status, or stoppage of pay, to warrant continuance of allotment	latest month in which enough pay accrues to satisfy deduction. Avoid stopping allotment unnecessarily or earlier than required.
12			is separated, retires, or dies	(See procedural regulations of Military Service concerned.)
13	the Navy or Marine Corps	commercial insurance, National Servicemen's Life Insurance, or a Navy Mutual Aid allotment		

NOTE: If applicant has been separated from the Military Service, the commander forwards disapproval notice, with member's last known address thereon, to the allotment office.

Table 42-3. Dates to Stop Insurance Allotments