

**VOLUME 7A, CHAPTER 2: “REPAYMENT OF UNEARNED PORTION OF BONUSES AND OTHER BENEFITS”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

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

The previous version dated March 2009 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Verified hyperlinks, format, and references.	Update
All	Added paragraphs titles for clarity.	Update
020203.A 020203.B 020203.C 020203.D 020203.E	Changed from paragraphs to subparagraphs.	Update

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## CHAPTER 2

**REPAYMENT OF UNEARNED PORTION OF BONUSES AND OTHER BENEFITS**

## 0201 GENERAL PROVISIONS

**\*020101. Entitlement**

A member of the uniformed services who enters into a written agreement with specified service conditions for receipt of a bonus, special or incentive pay, educational benefits, stipend, or similar payment (hereinafter referred to as “pay or benefit”), is entitled to the full amount of the pay or benefit if the member fulfills the conditions of that pay or benefit. If the member fails to fulfill the service conditions specified in the written agreement for the pay or benefit, then the pay or benefit may be terminated and the member may be required to repay an amount equal to the unearned portion of the pay or benefit. Such repayment will be pursued unless the member’s failure to fulfill specified service conditions is due to circumstances determined reasonably beyond the member’s control. Conditions under which repayment will not be sought are set forth in section 0202.

**\*020102. Procedures**

The Secretary of the Military Department concerned may establish, by regulation, procedures for determining the amount of the repayment required. Service regulations shall apply the rules in Table 2-1 for disposition of unearned portions of bonuses, special pay, educational benefits, or stipends.

**\*020103. Definition**

The term “service,” as used in this chapter, refers to an obligation willingly undertaken by a member of the uniformed services in exchange for a pay or benefit offered by the Secretary of Defense or the Secretary of the Military Department concerned (or designee) under one or more of the following circumstances:

- A. Remain on active duty or in an active status in a Reserve Component.
- B. Perform duty in a specified skill, with or without a specified qualification or credential.
- C. Perform duty at a specified location.
- D. Perform duty for a specified period of time.

**\*020104. Bankruptcy**

An obligation to repay the United States is, for all purposes, a debt owed to the United States. A discharge in bankruptcy under [Title 11, United States Code \(U.S.C.\)](#) does not discharge a person from such debt if the discharge order is entered less than 5 years after:

A. The date of the termination of the agreement or contract on which the debt is based; or

B. The date of the termination of the service on which the debt is based, in the absence of such agreement or contract.

#### \*0202 REPAYMENT AND NON-REPAYMENT CONDITIONS

##### \*020201. Conditions Under Which Repayment Will Be Sought

When the conditions of a written agreement are not fulfilled and repayment is determined appropriate, the member will be required to repay the United States the unearned portion of the pay or benefit. In cases other than death of a member, the Secretary of the Military Department concerned will advise the Defense Finance and Accounting Service of the disposition of any unearned portion of a pay or benefit.

##### \*020202. Delegation of Authority

The Secretary of the Military Department concerned may, through regulation, delegate the authority to make repayment determinations consistent with the criteria set forth in section 0202, but not below the O-6 or equivalent level. If delegated, then the Military Departments will specify the level and the scope of the authorized delegation in implementing regulations.

##### \*020203. Conditions Under Which Repayment Will Not Be Sought

As a general rule, repayment action will not be pursued in situations in which the member's inability to fulfill specified service conditions related to a pay or benefit is due to circumstances determined reasonably beyond the member's control. Payment of any unpaid portion of the pay or benefit will be subject to the rules in Table 2-1, which in appropriate circumstances provide discretion to the Secretary of the Military Department concerned to pay unearned portions based on case-by-case determinations.

\* A. Repayment will not be sought and any remaining unpaid portion of a pay or benefit due to a member under a written agreement that existed at the time of the member's death, which was not the result of the member's misconduct, is payable as a lump sum in the settlement of the decedent's final military pay entitlements.

\* B. Repayment will not be sought and any remaining unpaid portion of a pay or benefit due to a member under a written agreement shall be paid at the time of separation or retirement for a disability described under [10 U.S.C., chapter 61](#) that was incurred in the line of duty in a combat zone designated by the President of the United States or the Secretary of Defense, or in combat-related operation designated by the Secretary of Defense, and/or for a

combat-related disability, as defined under [10 U.S.C. 1413a\(e\)](#). In such case, any remaining unpaid portion of a pay or benefit due to a member shall be paid to the member upon separation from service. Repayment will be sought and any unpaid balances may not be paid to members who incur a disability because of their misconduct, as defined in [10 U.S.C. 1207](#). In all other instances involving a member's separation for medical reasons not falling under [10 U.S.C., chapter 61](#) which were not the result of the member's misconduct, the Secretary of the Military Department concerned has the discretion to determine whether to require repayment of the unearned portion of the pay or benefit, or to pay an unpaid balance of a pay or benefit.

\* C. Subject to the enlistment authorities under [10 U.S.C.](#) and [37 U.S.C.](#), and the relevant regulations of the Secretary of the Military Department concerned, a member who was paid a bonus or special pay for a period of enlistment in a Military Department, who is discharged for immediate reenlistment or appointment in a Military Department for which no bonus or special pay is paid, may be considered to have completed the full term of service specified in the former enlistment contract, provided the term of the latter reenlistment or appointment includes the remaining period of service from the former enlistment. The member's enlistment bonus or special pay entitlements will be addressed prior to discharge from a Military Department.

\* D. Repayment will not be sought and the Secretary of the Military Department concerned will not pay any remaining unpaid portion of a pay or benefit under the following circumstances, unless the Secretary of the Military Department concerned makes a determination under [subparagraph 020203.E](#):

1. The member's employment in another military specialty or assignment rotation is directed;
2. The member's military specialty or assignment is phased out or eliminated;
3. The member's military specialty or assignment is otherwise affected by force structure or other mission-essential requirements; or
4. The member is separated from service under a hardship separation or sole survivor discharge.

\* E. Under all other circumstances, the Secretary of the Military Department concerned has the discretion to, at some point in the process, render a case-by-case determination that the member's repayment of, or the Military Department's full payment of an unpaid portion of, a pay or benefit is appropriate based on one or more of the following:

1. contrary to a personnel policy or management objective,
2. against equity and good conscience, or
3. contrary to the best interest of the United States.

Table 2-1. Disposition of Unearned Portions of Bonuses, Special Pay, Educational Benefits, or Stipends

<b>DISPOSITION OF UNEARNED PORTIONS OF BONUSES, SPECIAL PAY, EDUCATIONAL BENEFITS, OR STIPENDS</b>					
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>R U L E</b>	<b>If a member under a written agreement for a pay or benefit</b>	<b>and</b>	<b>then repayment of the unearned portion of the pay of benefit</b>	<b>and</b>	<b>any unpaid portion of the bonus, special pay or student loan repayment under <a href="#">Title 10</a> or <a href="#">Title 37</a> United States Codes (U.S.C.)</b>
<b>1</b>	Dies, through no misconduct of the member		will not be sought		will be paid in the member's final pay
<b>2</b>	Incur an injury or illness, through no misconduct of the member, that precludes the member from fulfilling the service conditions specified in the written agreement	the member is separated or retired for disability under <a href="#">10 U.S.C., chapter 61</a> .	will not be sought	if such separation or retirement is for a disability incurred in the line of duty in a combat zone designated by the President or the Secretary of Defense or in a combat-related operation designated by the Secretary of Defense, and/or involves a combat-related disability as defined in <a href="#">10 U.S.C. 1413a(e)</a>	will be paid to the member upon separation
<b>3</b>		the member is separated, other than as described in Rule 2, for medical reasons as a result of an injury or illness	will not be sought, unless the Secretary of the Military Department concerned determines that repayment of the unearned portion is appropriate due to a personnel policy or management objective, equity or good conscience, or it is in the best interest of the United States		will not be paid, unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E.
<b>4</b>		the member continues in service in another capacity	will not be sought if the Secretary of the Military Department concerned determines that to recoup the unearned portion would be contrary to a personnel policy or management objective, against equity or good conscience, or contrary to the best interest of the United States		will not be paid, unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E.

Table 2-1. Disposition of Unearned Portions of Bonuses, Special Pay, Educational Benefits, or Stipends (continued)

<b>DISPOSITION OF UNEARNED PORTIONS OF BONUSES, SPECIAL PAY, EDUCATIONAL BENEFITS, OR STIPENDS (continued)</b>					
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>R U L E</b>	<b>If a member under a written agreement for a pay or benefit</b>	<b>and</b>	<b>then repayment of the unearned portion of the pay of benefit</b>	<b>and</b>	<b>any unpaid portion of the bonus, special pay or student loan repayment under <a href="#">Title 10</a> or <a href="#">Title 37</a> United States Codes (U.S.C.)</b>
<b>5</b>	Is an enlisted member paid a bonus or special pay and is discharged for immediate reenlistment or appointment in a Military Department for which no bonus or special pay is paid	the term of the latter reenlistment or appointment includes the remaining period of service from the former enlistment	will not be sought if the Secretary of the Military Department concerned determines that to recoup the unearned portion would be contrary to a personnel policy or management objective, against equity or good conscience, or contrary to the best interest of the United States		will not be paid unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E. <i>(In this case, the member may be considered to have completed the full term of service on the former enlistment contract.)</i>
<b>6</b>	Is directed by the Service concerned to transfer into another military specialty or assignment rotation		will not be sought		will not be paid, unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E.
<b>7</b>	Is in a military occupational specialty or assignment that is phased out or eliminated, or otherwise affected by a force structure or other mission essential requirement		will not be sought		will not be paid, unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E.
<b>8</b>	Is separated from service under a hardship separation, or a sole survivor discharge		will not be sought		will not be paid, unless the Secretary of the Military Department concerned makes a determination consistent with Rule 9, Column E.

Table 2-1. Disposition of Unearned Portions of Bonuses, Special Pay, Educational Benefits, or Stipends (continued)

<b>DISPOSITION OF UNEARNED PORTIONS OF BONUSES, SPECIAL PAY, EDUCATIONAL BENEFITS, OR STIPENDS (continued)</b>					
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>R U L E</b>	<b>If a member under a written agreement for a pay or benefit</b>	<b>and</b>	<b>then repayment of the unearned portion of the pay or benefit</b>	<b>and</b>	<b>any unpaid portion of the bonus, special pay or student loan repayment under <a href="#">Title 10</a> or <a href="#">Title 37</a> United States Codes (U.S.C.)</b>
<b>9</b>	Does not fulfill the service conditions for the pay or benefit under any other circumstances		will be sought, unless the Secretary of the Military Department concerned, at some point in the process makes a case-by-case determination that to require repayment of an unearned portion of the pay or benefit would be contrary to a personnel policy or management objective, against equity or good conscience, or contrary to the best interest of the United States		will not be paid unless the Secretary of the Military Department concerned, at some point in the process, makes a case-by-case determination that to refrain from paying an unpaid portion of the pay, benefit or student loan would be contrary to a personnel policy or management objective, against equity or good conscience, or it is in the best interest of the United States.



## BIBLIOGRAPHY

**CHAPTER 2 – REPAYMENT OF UNEARNED PORTION OF BONUSES AND OTHER BENEFITS**

## 0201 – GENERAL PROVISIONS

37 U.S.C., 303a(e), 373

USD (P&amp;R) Memo, May 21, 2008

USD (P&amp;R) Memo, February 6, 2009

\* 0202 – **REPAYMENT AND NON-REPAYMENT CONDITIONS**

USD(P&amp;R) Memo, May 21, 2008

USD(P&amp;R) Memo, February 6, 2009

## Table 2-1

USD(P&amp;R) Memo, May 21, 2008

USD(P&amp;R) Memo, February 6, 2009