

**VOLUME 7A, CHAPTER 42: “DISCRETIONARY ALLOTMENTS”****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 [November 2012](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
4201	Changed section name to General with revised content and added the “Purpose” and “Authoritative Guidance” paragraphs to the General section.	Revision
4202	Deleted X-Class allotments. With mandated electronic fund transfer of pay and more efficient banking capabilities, locally paid allotments for dependents are obsolete.	Deletion
4202	New section named “Administration of Discretionary Allotments”. Listed discontinued allotments, grandfathering provisions and other restrictions for discretionary allotments.	Revision
4203	Section changed to “Allotments to Financial Institutions”.	Revision
4204	Section changed to “Allotments to Dependents or Relatives”.	Revision
4205	Section changed to “Insurance Allotments.” Updated hyperlinks and formatted to comply with administrative instructions.	Revision
4206	Section changed to “Allotments for Payment of Mortgage or Rent”.	Revision
4207	Section changed to “Allotment for the Savings Deposit Program”.	Revision
Table 42-3	Added missing condition criteria for Table 42-3, rules 5, 6, and 10.	Addition
Bibliography	Updated references.	Revision

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**CHAPTER 42****DISCRETIONARY ALLOTMENTS****\*4201 GENERAL**

## 420101. Purpose

This chapter prescribes the policy for Military Service members having discretionary allotments. Members are authorized no more than six discretionary allotments. Additionally, members are authorized no more than one discretionary allotment to the same allottee. To start a discretionary allotment on and after January 1, 2015, members will certify that, "Under the penalty of the Uniform Code of Military Justice, I certify that this allotment is NOT for the purchase, lease, or rental of personal property or payment toward personal property." See sections 4203 through 4207 for examples of allowable allotments.

## 420102. Authoritative Guidance

The bibliography at the end of this chapter lists the authoritative references.

**\*4202 ADMINISTRATION OF DISCRETIONARY ALLOTMENTS**

## 420201. Discontinuance

Effective January 1, 2015, members are not authorized to start allotments for the purchase, lease, or rental of personal property. Personal property includes vehicles (e.g. automobiles, motorcycles, or boats), appliances or household goods (e.g., a washer, dryer, furniture), electronics (e.g., a laptop, tablet, cellphone, or television), and other consumer items that are tangible and movable.

## 420202. Grandfathering

Allotments described in paragraph 420201 that exist on a member's pay account prior to January 1, 2015 may continue, and members may change the amount of these allotments. If for any reason an allotment described in paragraph 420201 is stopped, the allotment is not authorized to be restarted.

## 420203. Other Provisions

See Chapter 40, section 4003 for other administrative provisions regarding allotments.

**\*4203 ALLOTMENTS TO FINANCIAL INSTITUTIONS**

Members may have an allotment to a financial institution, mutual fund company, or investment firm where the member is the owner of the account. If there are multiple accounts at the same financial institution, the payments must be combined into one allotment amount.

#### \*4204 ALLOTMENTS TO DEPENDENTS OR RELATIVES

Members may authorize allotments of pay to their dependents, relatives, or former spouse(s). The allotment may be 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.

#### \*4205 INSURANCE ALLOTMENTS

##### 420501. General

Members may have an allotment for the payment of insurance premiums.

##### 420502. 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:

- A. Army: Army Regulation (AR) [37-104-4](#) and [AR 210-7](#)
- B. Navy and Marine Corps: Secretary of the Navy Instruction (SECNAVINST) [1740.2E Series](#)
- C. Air Force: [Air Force Instruction \(AFI\) 36-2925](#)

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 is not authorized to establish an insurance allotment to a financial institution where the allotment is established for and/or controlled by the insurance company. A member may have more than one allotment for commercial insurance. If the member has more than one insurance policy with the same company, then premium payments must be combined into one allotment to that company.

##### 420503. 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, then the payments must be combined into one allotment.

##### 420504. Effective Dates for Starting, Changing, and Stopping Allotments

Tables 42-1, 42-2, and 42-3 prescribe effective dates to start, change, or stop allotments.

#### \*4206 ALLOTMENTS FOR PAYMENT OF MORTGAGE OR RENT

Members may authorize allotments of pay for mortgage or rent payment to a financial institution, mortgage company, realtor, or to a landlord.

\*4207 ALLOTMENT FOR THE SAVINGS DEPOSIT PROGRAM

**Members** may authorize an allotment into the Savings Deposit Program. Such allotment will be processed in accordance with the procedural instructions of the Military Service concerned. The restrictions in Chapter 51 are applicable when starting this type of allotment.

Table 42-1. Dates to Start Insurance Allotments

<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>
	<b>If a member of</b>	<b>authorizes a/an</b>	<b>then start allotment effective the first day of the month</b>
<b>1</b>	the Army or 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 allotment 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.
<b>2</b>	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.

Table 42-2. Dates to Change Insurance Allotments

<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>If a member of</b>	<b>has a</b>	<b>and the</b>	<b>then start allotment effective the first day of the month</b>	<b>and start new allotment effective the first day of the month</b>
<b>1</b>	the Army or Air Force	commercial insurance	member or accounting and finance officer	specified in the allotment document, if authorization will reach the allotment office before the date specified in Military Service regulations	following the month old allotment is stopped.
<b>2</b>	the Navy or Marine Corps	commercial insurance, or a Navy Mutual Aid allotment	requests a change in the allotment		

\*Table 42-3. Dates to Stop Insurance Allotments

R U L E	A	B	C	D
	If a member of the	authorizes a	and	then stop allotment effective the first day of the
1	Army or Air Force	commercial 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	Navy or Marine Corps	commercial insurance, or a Navy Mutual Aid allotment		
3	Army or Air Force	commercial insurance allotment	is absent without leave (AWOL) for 10 days or more	latest month in which enough pay accrues to satisfy deduction.
4	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.
*5	Army or Air Force	commercial insurance allotment	the convening authority approves a court-martial sentence imposing total forfeiture of pay and allowances	latest month in which enough pay accrues to satisfy deduction.
*6	Navy or Marine Corps	commercial insurance, or Navy Mutual Aid allotment		month prior to the date in which the convening authority approves the court-martial sentence.
7	Army or Air Force	commercial insurance allotment	has insufficient "take home" pay to satisfy Internal Revenue Service (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.)
8	Navy or Marine Corps	commercial insurance, or Navy Mutual Aid allotment		
9	Army or Air Force	commercial 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.

Table 42-3. Dates to Stop Insurance Allotments (continued)

<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	<b>If a member of the</b>	<b>authorizes a</b>	<b>and</b>	<b>then stop allotment effective the first day of the</b>
<b>* 10</b>	<b>Air Force, Army, Navy or Marine Corps</b>	commercial insurance, or a Navy Mutual Aid allotment	is separated, retires, or dies	(See procedural regulations of Military Service concerned.)

\*BIBLIOGRAPHY

CHAPTER 42 – DISCRETIONARY ALLOTMENTS

Title 37 United States Code (U.S.C.), section 701

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Office of the Under Secretary of Defense  
Comptroller Memo, November 21, 2014