

VOLUME 7A, CHAPTER 55: “RESERVE INCOME REPLACEMENT PROGRAM”**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 August 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
550503	Payment Authority extended to December 31, 2013.	Update
Bibliography	Statutes updated.	Update

Table of Contents

VOLUME 7A, CHAPTER 55: “RESERVE INCOME REPLACEMENT PROGRAM”	1
5501 AUTHORITY.....	3
5502 DEFINITIONS	3
550201. Average Monthly Civilian Income.....	3
550202. Earned Income.....	3
550203. Involuntary Active Duty.....	3
550204. Month	4
550205. Monthly Active Duty Income Differential.....	4
550206. Regular Military Compensation	4
550207. Total Monthly Military Compensation	4
5503 ELIGIBILITY REQUIREMENT.....	5
550301. General Requirements	5
550302. Date of Service Requirement	5
550303. Active Duty Requirement.....	6
550304. Special Conditions.....	6
5504 RESTRICTIONS.....	6
550401. Ineligibility for Payment	6
5505 PAYMENT.....	6
550501. Frequency.....	6
550502. Limitation.....	7
*550503. Termination of Payment.....	7
5506 TAXABILITY.....	7
550601. Federal and State Tax Deduction	7
550602. Federal Insurance Contribution Act (FICA)	7
Table 55-1. Date To Terminate RIRP Payment	8
BIBLIOGRAPHY	9

CHAPTER 55

RESERVE INCOME REPLACEMENT PROGRAM

5501 AUTHORITY

The Secretary concerned shall pay to an eligible member of a Reserve Component of the Armed Forces an amount equal to the monthly active-duty income differential of the member, as determined by the Secretary, when the total monthly military compensation of the member is less than the average monthly civilian income of the member. The payments shall be made on a monthly basis.

5502 DEFINITIONS

550201. Average Monthly Civilian Income

The Average Monthly Civilian Income amount is determined by the Secretary concerned based on either:

A. The member's total earned income for the 12 full months immediately preceding the member's current mobilization, divided by 12, or

B. The member's earned income reported on the most recent federal income tax filing that covers a 12-month period prior to mobilization, divided by 12.

550202. Earned Income

Earned Income is defined as wages, salaries, tips, professional fees, other compensation received for personal services and employee compensation that is included in gross income for the taxable year, plus any net earnings from self-employment for the taxable year. Earned income includes taxable compensation received by members of the Reserve Components (to include the National Guard) for the performance of Reserve duties. Employee pay is earned income if it is taxable. Nontaxable employee pay, such as certain dependent care benefits and adoption benefits, is not earned income. Generally, earned income is that income reflected in box 1 of an individual's Internal Revenue Service (IRS) Form W-2 (Wage and Tax Statement) and is reported on line 7 of IRS Form 1040 (U.S. Individual Income Tax Return), or line 1 of IRS Form 1040EZ (U.S. Income Tax Return for Single and Joint Filers With No Dependents).

550203. Involuntary Active Duty

Involuntary Active Duty is defined as an order to duty under [Title 10 United States Code, \(U.S.C.\), 688, 12301\(a\), 12301\(g\), 12302, 12304, 12304a, 12304b](#), or [14 U.S.C. 712](#) without the consent of the member or order to full-time National Guard duty under [32 U.S.C. 502\(f\)\(1\)](#).

550204. Month

For the purposes of this entitlement, the term “month” has the following meanings:

A. With regard to Reserve Income Replacement Program (RIRP) eligibility, a period of a month is computed by looking at the calendar and determining the beginning date in a month and the end date in the next month or months, using the number of days for the month with the beginning date. Example: If duty began on February 15, 2007, a one-month period would end on March 14, 2007. As an additional example, if a Reserve Component member serves involuntarily from February 15, 2007 to August 14, 2008 (18 months), the first month period would be counted from August 15, 2007 through September 14 (based on the calendar, there are 31 days in August). The use of months to determine eligibility will only be based on increments of consecutive days that are the equivalent of a month. Periods of less than a month that involve time gaps between periods will not be used in determining eligibility.

B. A Reserve Component member is entitled to payment of RIRP on the first day of a full calendar month (e.g., January, February, and March) after performing a preceding full calendar month of active duty service after completing the requisite eligibility period described in section 5503.

550205. Monthly Active Duty Income Differential

This differential is between the average monthly civilian earned income of the member and the member’s total monthly military compensation, when the member’s average monthly civilian income exceeds the total monthly military compensation.

550206. Regular Military Compensation

Regular military compensation (RMC) is the sum of basic pay, basic allowances for housing, basic allowance for subsistence (BAS) and the Federal income tax advantage that accrues from allowances that are not subject to Federal income tax (i.e. housing allowances and BAS). See [37 U.S.C. 101 \(25\)](#). RMC does not include the tax advantage that accrues because of the Combat Zone Tax Exclusion.

550207. Total Monthly Military Compensation

The total monthly military compensation (TMMC) is the amount computed on a monthly basis of the member’s regular military compensation and the amount of any special pays, incentive pays and allowances (not included in regular military compensation) that are paid on a monthly basis (e.g., Foreign Language Proficiency annual bonus that may be paid in monthly installments). Bonuses paid in lump sum or in anniversary installments, such as enlistments, reenlistment and affiliation bonuses, shall not be included in the TMMC. Cost of living allowances shall be included in TMMC. Per diem, to include Meals and Incidental Expenses, shall not be included in TMMC.

5503 ELIGIBILITY REQUIREMENT

550301. General Requirements

An eligibility period may begin before August 1, 2006. A member of the Selected Reserve, Individual Ready Reserve, Standby Reserve, or Retired Reserve who is serving on active duty may be eligible for RIRP payments if the member was involuntarily mobilized and is currently serving on involuntary active duty as defined in section 5502, and the member meets one of the following criteria:

A. On or after August 1, 2006, completed 18 continuous months of service on active duty under involuntary orders. Continuous active duty may be accumulated through successive orders to active duty, provided no break in service has occurred. Full calendar months will be used for determining eligibility.

Example: If continuous service on active duty began on February 1, 2005, the member would meet the 18 continuous months of service at midnight July 31, 2006. The first payment for the August entitlement would be paid on September 1, 2006.

B. Completed 24 cumulative months of involuntary active duty during the previous 60 months. The member must be on active duty for the entire calendar month; partial months shall not be credited. For the purposes of RIRP, the 60-month period will begin on or after August 1, 2001. Thirty days of service is considered to be a month. Partial months shall be combined into 30-day increments, and total number of days on active duty during partial months shall be divided by 30 to determine number of months.

C. Is serving on involuntary active duty for a period of 180 days or more which commenced within 6 months following the member's separation from a previous period of involuntary active duty for a period of 180 days or more. For the purposes of the 180-day criterion, it is a day-for-day count of all days on continuous active duty. For the purposes of the six-month interim period, full calendar months will be used to determine this period.

Example: A calendar month that begins on February 14 shall end at midnight on March 13.

550302. Date of Service Requirement

Effective March 6, 2008, the criteria listed in paragraph 550301 changed from months and days to just days. The member must meet one of the following criteria rules:

A. On or after August 1, 2006, completed 547 continuous days of service on active duty under involuntary mobilization orders. Continuous active duty may be accumulated through successive orders to active duty, provided no break in service has occurred.

Example: If continuous service on active duty began on February 1, 2008, the 547 days to establish eligibility would end at midnight on July 31, 2009. Under the circumstances, the

member would meet the eligibility requirement for RIRP on August 1, 2009, and would be entitled to RIRP payment on September 1, 2009, for the month of August 2009, if the member served on active duty for the entire month of August.

B. Completed 730 cumulative days of active duty under involuntary mobilization orders during the previous 1,826 days.

C. Was involuntarily mobilized to serve on active duty for a period of 180 days or more which commenced within 180 days following the member's separation from a previous period of active duty for a period of 180 days or more. For the purposes of the 180-day criterion, it is a day-for-day count of all days on continuous active duty.

550303. Active Duty Requirement

The member must be on active duty for an entire month following completion of the requisite eligibility service requirement under paragraph 550301.

550304. Special Conditions

Effective March 6, 2008, the entitlement shall commence, or if previously commenced, shall continue if the member satisfies the number of days on active duty specified in paragraph 550301 or is, following an involuntarily mobilization, retained on active duty under [10 U.S.C. 12301\(h\)\(1\)\(A\) or \(B\)](#) because of an injury or illness incurred or aggravated while the member was assigned to duty in an area for which special pay under [37 U.S.C. 310](#) is available.

5504 RESTRICTIONS

550401. Ineligibility for Payment

Effective January 1, 2011, a member of a Reserve Component who is also a civilian employee of the Federal Government is not entitled to a payment under this chapter for any period for which the employee is entitled to:

A. A civilian pay differential payment under section [5 U.S.C. 5538](#) or DoD FMR Volume 8, chapter 3 subparagraph 030509; or

B. A comparable civilian pay benefit under an administratively established program for civilian employees absent from a position of employment with the Federal Government in order to perform active duty in the Uniformed Services.

5505 PAYMENT

550501. Frequency

Entitlement to RIRP payments is based on each full month of active duty, following the date on which the member meets the eligibility criteria. Changes in pay grade, longevity,

number of dependents, and special pays will be taken into account in calculating the RIRP payment in the month following the change.

550502. Limitation

A member who realizes a monthly active duty income differential greater than \$50 is entitled to RIRP. The maximum RIRP payment shall not exceed \$3,000 per month.

*550503. Termination of Payment

Payment will terminate when one of the conditions in Table 55-1 is met. In addition, unless the RIRP authority is extended by Congress, the RIRP will terminate on [December 31, 2013](#), and no payments shall be made after [December 31, 2013](#), unless the payment liquidates RIRP entitlement for periods prior to that date.

5506 TAXABILITY

550601. Federal and State Tax Deduction

RIRP payments are subject to deduction for federal and state income tax.

550602. Federal Insurance Contribution Act (FICA)

Payments are not subject to FICA deductions.

Table 55-1. Date To Terminate RIRP Payment

DATE TO TERMINATE RIRP PAYMENT		
R	A	B
U		
L		
E	When the	then RIRP payment is terminated
1	member is released from a qualifying period of active duty	effective the last full month of service. Partial month is not pro-rated.
2	member no longer meets eligibility requirements due to changes in total military monthly compensation	
3	member's monthly active duty income differential decreases to \$50 or less due to changes in current military compensation.	
4	member's orders change his or her duty status from involuntary to voluntary	

Table 55-1. Date To Terminate RIRP Payment

BIBLIOGRAPHY

CHAPTER 55 – RESERVE INCOME REPLACEMENT PROGRAM

5501 – AUTHORITY

37 U.S.C. 910
ASD (RA) Memo, July 24, 2006

5502 – DEFINITIONS

550201	37 U.S.C. 910
550202	Internal Revenue Service Publication 596 (2008), Chapter 1, Rule 7 and Chapter 4
550203	ASD (RA) Memo, paragraph 3.1, March 6, 2008
550204	37 U.S.C. 910 ASD (RA) Memo, paragraph 3.7, July 24, 2006
550205	37 U.S.C. 910
550206	37 U.S.C. 101(25)
550207	ASD (RA) Memo, paragraph 3.6, March 6, 2008

5503 – ELIGIBILITY REQUIREMENT

	37 U.S.C. 910 ASD (RA) Memo, paragraph 4.1, July 24, 2006
550302	ASD (RA) Memo, paragraph 4.2, March 6, 2008
550303	ASD (RA) Memo, paragraph 4.2.3, March 6, 2008
550304	ASD (RA) Memo, paragraph 4.4, March 6, 2008

5504 – RESTRICTIONS

37 U.S.C. 910(b)(3)
Public Law 111-383, section 601, January 7, 2011

5505 - PAYMENT

ASD (RA) Memo, March 6, 2008
37 U.S.C. 910

* [Public Law 112-239, section 611 \(8\), January 2, 2013](#)