

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 asterisk (*) 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 [October 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
550301 550302 550303	Revised paragraphs in accordance with Department of Defense Instruction 1241.05, October 21, 2013.	Revision
550503	Extended the payment authority to December 31, 2017 per Public Law 114-328, section 611, December 23, 2016.	Revision
Bibliography	Updated statutes and references.	Revision

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CHAPTER 55

RESERVE INCOME REPLACEMENT PROGRAM

5501 GENERAL

550101. Purpose

This chapter establishes policy pertaining to the Reserve Income Replacement Program (RIRP) for members of the Reserve Components (RC) as defined in [Volume 7A Definitions](#).

550102. Authoritative Guidance

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

5502 DEFINITIONS

550201. Average Monthly Civilian Income

The Secretary concerned determines the average monthly civilian income amount 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 earned income reported on the most recent federal income tax filing that covers a 12-month period prior to mobilization, divided by 12.

550202. Total Earned Income

Total earned income is defined in the [Department of Defense Instruction \(DoDI\) 1241.05, October 21, 2013, RIRP, Part II Definitions](#), 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 members of the RC receive. 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. Earned income is shown 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

For the purposes of this chapter, involuntary active duty is defined as an order to duty under Title 10, United States Code (U.S.C.), sections [688](#), [12301\(a\)](#), [12301\(g\)](#), [12302](#), [12304](#), [12304a](#), [12304b](#), or [14 U.S.C. § 712](#) without the

consent of the member, or is defined as an order to full-time [NG](#) duty under [32 U.S.C. § 502\(f\)\(1\)](#) without the consent of the member.

550204. Monthly Active Duty Income Differential

This differential is [the difference](#) between the average monthly civilian income of the member and the member's total monthly military compensation (TMMC), when the member's average monthly civilian income exceeds the TMMC.

550205. Regular Military Compensation (RMC)

RMC is the sum of basic pay, basic allowance 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 (e.g., 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.

550206. TMMC

The TMMC is the amount computed on a monthly basis, using the member's RMC and the amount of any special pays, incentive pays, and allowances (not included in RMC) that are paid on a monthly basis (e.g., Foreign Language Proficiency annual bonus that may be paid in monthly installments). Bonuses paid in a lump sum or anniversary installments, such as enlistments, reenlistment, and affiliation bonuses, will not be included in the TMMC. Cost of living allowances will be included in TMMC. Per diem, to include meals and incidental expenses, will not be included in TMMC.

[*5503 RIRP ELIGIBILITY](#)

[*550301. Eligibility](#)

[An RC member currently serving on involuntary active duty is eligible for RIRP payments for any entire month of involuntary active duty \(referred to in this chapter as a "service month"\) that is served after the member completes the requisite eligibility period and for which the member realizes a monthly active duty income differential.](#)

[*550302. Eligibility Period](#)

[An eligibility period may begin before August 1, 2006. However, RIRP payments are only payable for service months beginning on or after August 1, 2006. The eligibility periods are as follows:](#)

[A. For service months, falling between August 1, 2006 and January 28, 2008, an eligibility period is:](#)

1. Eighteen continuous months of service on active duty under involuntary orders. Continuous involuntary 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, 2005, the member would meet the 18 continuous months of service at midnight on July 31, 2006. The first payment for the August entitlement would be paid on September 1, 2006.

2. Twenty-four months of involuntary active duty during the previous 60 months; or

3. Service 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.

B. For service months beginning on or after January 29, 2008, an eligibility period is:

1. Completion of 547 continuous days of service on active duty under an involuntary order to active duty. Continuous involuntary 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. 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 serves on active duty for the entire month of August.

2. Completion of 730 cumulative days of service on involuntary active duty during the previous 1,826 days; or

3. Service on involuntary 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.

*550303. RIRP Entitlement

Payment for RIRP is based on each full month of active duty following the date on which the member meets the eligibility criteria in paragraph 550302. RIRP payments are based on full months of service only. Partial payments are not authorized. 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.

550304. Special Conditions

Effective January 29, 2008, the entitlement of an RC member to a RIRP payment will commence, or if previously commenced, will continue if the member satisfies the required number of days on active duty specified in paragraph 550302, 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 assigned to duty in an area for which special pay under 37 U.S.C. § 310 is available.

5504 RESTRICTIONS

Effective January 1, 2011, a civilian employee of the Federal Government who is also a member of an RC is not entitled to a payment of RIRP for any period for which the employee is entitled to:

A. A civilian pay differential payment under 5 U.S.C. § 5538 or Volume 8, Chapter 3, paragraph 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

After an RC member has completed the requisite eligibility period, the member is entitled to RIRP payment on the first day of the calendar month after performing a preceding full calendar month of involuntary active duty service. See the example in subparagraph 550302.A.1.

550502. Limitation

A member who realizes a monthly active duty income differential greater than \$50 is entitled to RIRP. The maximum RIRP payment will 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 Congress extends the RIRP authority, RIRP will terminate on December 31, 2017, and no payments will be made after December 31, 2017, unless the member's entitlement to RIRP commenced prior to that date.

5506 TAXABILITY

550601. Federal and State Tax Deduction

RIRP payments are subject to federal and state income tax [withholding](#).

550602. Federal Insurance Contribution Act (FICA)

[RIRP](#) payments are not subject to FICA [withholding](#).

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. A partial month is not pro-rated.
2	member no longer meets eligibility requirements due to changes in TMMC	
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	

*BIBLIOGRAPHY

CHAPTER 55 – RESERVE INCOME REPLACEMENT PROGRAM

5501 – GENERAL

Department of Defense Instruction (DoDI) 1241.05
37 U.S.C. § 910

* 550101 37 U.S.C. § 101(24)

5502 – DEFINITIONS

DoDI 1241.05, Glossary

550201 37 U.S.C. § 910
* 550202 IRS Publication 596 (2016), Chapter 1, Rule 7 and
Chapter 4
550203 10 U.S.C. §§ 688, 12301(a), 12301(g), 12302, 12304a,
12304b, 14 U.S.C. § 712
* 32 U.S.C. § 502(f)(1)
550204 37 U.S.C. § 910
550205 37 U.S.C. § 910
550206 37 U.S.C. § 101(25)

5503 – RIRP ELIGIBILITY

37 U.S.C. § 910

550304 37 U.S.C. § 310
DoDI 1241.05, Enclosure 3, paragraph 1

5504 – RESTRICTIONS

37 U.S.C. § 910(b)(3)
5 U.S.C. § 5538
Public Law 111-383, section 601, January 7, 2011

5505 – PAYMENT

550502 DoDI 1241.05, Enclosure 3, paragraph 3
* 550503 Public Law 114-328, section 611(8), December 23, 2016
37 U.S.C. § 910(g)