

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 **November 2015** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
550101	Changed “Overview” paragraph to “Purpose” to comply with current administrative instructions.	Revision
550503	Extended the payment authority to December 31, 2016 per Public Law 114-92, section 611, November 25, 2015	Revision
Bibliography	Update statutes and references in the bibliography.	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 National Guard and Reserve Component.

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 as all income included in gross income. This includes wages, salaries, tips, professional fees, other compensation received for personal services, and employee compensation, 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. 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 National Guard duty under [32 U.S.C. § 502\(f\)\(1\)](#) without the consent of the member.

550204. Service Month

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

A. RIRP eligibility is a period of a service month computed by 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 1: If the duty began on February 15, 2007, a one-month period would end on March 14, 2007.

Example 2: 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 through September 14, 2007 (based on the calendar, there are 31 days in August).

NOTE: 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 income of the member and the member’s total monthly military compensation ([TMMC](#)), when the member’s average monthly civilian income exceeds the [TMMC](#).

550206. 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.

550207. **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 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 paragraph 550203, and the member meets one of the following criteria:

A. On or after August 1, 2006, **the member** 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 **then** 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.

B. **The member** completed 24 cumulative months of involuntary active duty during the past 60 months. A member must be on active duty for the entire calendar month. **Periods of less than a month that involve time gaps will not be used in determining eligibility.** 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.

C. **The member** 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 **service** month that begins on February 14 will end at midnight on March 13.

550302. Date of Service Requirement

Effective January 29, 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, **the member** 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 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. **The member** completed 730 cumulative days of active duty under involuntary mobilization orders during the past 1,826 days.

C. **The member** 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

A 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 January 29, 2008, the entitlement will commence, or if previously commenced will continue, if the member satisfies the number of days on active duty specified in paragraph 550301 or is, under 10 U.S.C. § 12301(h)(1)(A) or (B), retained on active duty 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 FOR PAYMENT INELIGIBILITY

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 **Chapter 55** 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, 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 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, 2016](#), and no payments will be made after [December 31, 2016](#), 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	When the	then RIRP payment is terminated
L	1 member is released from a qualifying period of active duty	effective the last full month of service. Partial month is not pro-rated.
E	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

5502 – DEFINITIONS

*		DoDI 1241.05, Glossary
	550201	37 U.S.C. § 910
*	550202	IRS Publication 596 (2015), 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, 37 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 – ELIGIBILITY REQUIREMENT

*	550304	37 U.S.C. § 910
*		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
*		Public Law 114-92, section 611(8), November 25, 2015

37 U.S.C. § 910(g)