

**VOLUME 7A, APPENDIX C: “IMPLEMENTING PROCEDURES FOR
MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY”**

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 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reviewed Appendix for content. No major changes needed. Eliminated old dates, as unnecessary.	Update
Bibliography	Created Bibliography. Deleted former C00101, “Authority” subparagraph and placed reference in the Bibliography.	Update

Table of Contents

VOLUME 7A, APPENDIX C: “IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY”		1
C001	GENERAL PROVISIONS.....	3
C00101.	Purpose	3
C00102.	Policy.....	3
C00103.	Applicability and Scope	3
C002	PERSONNEL SUBJECT TO EFT PARTICIPATION	3
C00201.	Active Duty Military	3
C00202.	Reserve and National Guard	4
C00203.	Military Retirees and Annuitants	4
C00204.	Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen	4
C00205.	Individual Ready Reservist	4
C003	PERSONNEL EXEMPT FROM EFT PARTICIPATION	4
C00301.	Personnel	4
C00302.	Written Certification Waiver.....	4
C004	REIMBURSEMENT FOR DISHONORED CHECK CHARGES.....	5
C00401.	Reimbursements	5
C00402.	DFAS Procedures.....	5
C005	ALLOTMENTS	5
C00501.	General	5
C00502.	Savings Allotments	5
C00503.	Allotments to Non Individuals	6
BIBLIOGRAPHY		7

APPENDIX C

**IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS
TRANSFER (EFT) OF MILITARY PAY**

C001 GENERAL PROVISIONS

C00101. Purpose

This appendix provides the policy and procedures for the administration and delivery of payments to military members, retirees, and annuitants through electronic fund transfer (EFT).

C00102. Policy

The prescribed method of payment within the Department of Defense (DoD) is EFT. DoD considers the requirement to participate in EFT as a reasonable condition of service or benefit for personnel including enlistments, commissions, promotions, reenlistments, retirements, and for survivor benefit annuitant recipients. This policy requires payments by EFT on all new active duty, reserve, retired, and annuitant payments unless the recipient of the new payment certifies in writing that he/she does not have a financial institution or authorized payment agent.

Example: I certify that I do not have a financial institution or authorized payment agent. Signature_____ Date_____

C00103. Applicability and Scope

A All payments to active duty members, reservists, retirees, survivor annuitants and allotments are paid by EFT.

B. Emergency payments (defined in Chapter 32, Section 3202) and certification of no account with a financial institution, as described in paragraph C00103, are the only exceptions to the requirement for delivery by EFT. All pay for which an exception to the EFT requirement has not been granted, and for which the payee has not designated an account for receipt, is held at the servicing Defense Finance and Accounting Service (DFAS) central site (when systems changes are available) until the required financial institution information is provided. Check payments are mailed on payday from the servicing DFAS central site to the member's mailing address.

C002 PERSONNEL SUBJECT TO EFT PARTICIPATION

C00201. Active Duty Military

Active duty military personnel and personnel entering or reentering the military service must provide EFT information or certify in writing that they do not have a financial institution upon arrival at their respective military processing station. Personnel currently on active duty but

not enrolled in EFT are required to submit EFT information when they perform temporary duty travel, permanent change of station travel, are promoted, reenlist, become eligible for a new payment, or certify in writing that they do not have a financial institution.

C00202. Reserve and National Guard

Reserve and National Guard personnel entering or reentering a Reserve Component upon processing into their respective component or upon mobilization or recall to active duty must provide EFT information or certify in writing that they do not have a financial institution. Mobilized or recalled personnel are also required to continue participation after demobilization or deactivation. Personnel currently affiliated with a Reserve or National Guard unit, but not enrolled in EFT, are required to submit EFT information when they become eligible for any new payment, or certify in writing that they do not have a financial institution.

C00203. Military Retirees and Annuitants

All retirees, separated military personnel, and Survivor Benefit Plan annuitants who become eligible for new payments or annuities shall provide EFT information or certify in writing that they do not have a financial institution. NOTE: Personnel currently receiving payments at a financial institution or address in a foreign country where EFT is not available are exempt from this policy until EFT becomes available.

C00204. Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen

Military service academy, ROTC cadets, and midshipmen are required to participate in EFT. Personnel not presently enrolled shall enroll immediately or certify in writing that they do not have a financial institution.

C00205. Individual Ready Reservist

Individual ready reservists and annual muster participants are required to participate in EFT. Personnel not presently enrolled shall enroll immediately or certify in writing that they do not have a financial institution.

C003 PERSONNEL EXEMPT FROM EFT PARTICIPATION

C00301. Personnel

Active duty military, retirees, or survivor annuitants receiving payments in an overseas area where EFT is not available are exempt from this policy until EFT becomes available at a financial institution in their area or until they relocate to an area where EFT is available.

C00302. Written Certification Waiver

Individuals shall certify in writing that they do not have a financial institution.

A. For active duty members and reservists, certifications shall be submitted in writing to the Unit Commander.

B. For military retirees, certification shall be submitted in writing to Defense Finance and Accounting Service, U.S. Military Retirement Pay, P.O. Box 7130, London, KY 40742-7130.

C. For survivor annuitants, certifications shall be submitted in writing to Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

C004 REIMBURSEMENT FOR DISHONORED CHECK CHARGES

C00401. Reimbursements

Charges resulting from erroneous information provided by the individual or the financial institution to the servicing financial office are not the liability of the government and are not reimbursed. Reimbursement for dishonored check charges is authorized when an administrative or mechanical error on the part of the government causes the pay of a military member to be deposited late or in an incorrect manner or amount. Such reimbursements are limited to overdraft charges or minimum balance or average balance charges levied by the financial institution.

C00402. DFAS Procedures

The servicing DFAS Site contacts the financial institution to explain the error and requests that charges levied against the account holder be reversed. If the financial institution declines to reverse the charges, then government reimbursement of the charges is made via EFT, directly to the applicable account involved. Such charges are funded from the appropriation available for the pay of the member concerned.

C005 ALLOTMENTS

C00501. General

EFT is the preferred method for paying all allotments and should be used whenever possible. It is DoD's intention to work with recipients of all allotments, such as courts receiving child support and/or alimony payments, dependents, spouses, insurance companies, mortgage companies, loan companies, etc., to accept allotment payment by EFT when systems become available for third party EFT.

C00502. Savings Allotments

EFT is required for all savings allotments sent to financial institutions participating in the Federal Reserve System.

C00503. Allotments to Non Individuals

EFT is required for all discretionary allotments to non individuals.

BIBLIOGRAPHY

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C001 – GENERAL PROVISIONS

31 USC 3332