

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

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also 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 [September 2017](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting to comply with current administrative instructions.	Revision
1.2 (C00102)	Updated the “Authoritative Guidance” paragraph to comply with current administrative instructions.	Revision
References	Renamed “Bibliography” to “References.”	Revision

Table of Contents

VOLUME 7A, APPENDIX C: “IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY”	1
1.0 GENERAL (C001)	3
1.1 Purpose (C00101).....	3
*1.2 Authoritative Guidance (C00102).....	3
2.0 POLICY (C002)	3
2.1 DoD Method of Payment (C00201).....	3
2.2 Applicability and Scope (C00202).....	3
3.0 PERSONNEL SUBJECT TO EFT PARTICIPATION (C003)	4
3.1 AD Military (C00301).....	4
3.2 Reserve and National Guard (NG) (C00302).....	4
3.3 Military Retirees and Annuitants (C00303).....	4
3.4 Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen (C00304).....	4
3.5 Individual Ready Reservist (IRR) (C00305).....	5
4.0 PERSONNEL EXEMPT FROM EFT PARTICIPATION (C004)	5
4.1 Personnel (C00401).....	5
4.2 Written Certification Waiver (C00402)	5
5.0 REIMBURSEMENT FOR DISHONORED CHECK CHARGES (C005).....	5
5.1 Reimbursements (C00501).....	5
5.2 DFAS Procedures (C00502).....	6
6.0 ALLOTMENTS (C006)	6
6.1 General (C00601).....	6
6.2 Savings Allotments (C00602)	6
6.3 Allotments to Non-Individuals (C00603)	6
*REFERENCES	7

APPENDIX C

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

1.0 GENERAL (C001)

1.1 Purpose (C00101)

This appendix provides the policy for the administration and delivery of payments to military members, retirees, and annuitants through the EFT method of payment.

*1.2 Authoritative Guidance (C00102)

The pay policies and requirements established by the Department of Defense (DoD) in this chapter are derived primarily from, and prepared in accordance with the United States Code (U.S.C.), Title 31. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

2.0 POLICY (C002)

2.1 DoD Method of Payment (C00201)

The prescribed method of payment within the DoD is the EFT method of payment. DoD considers the requirement to participate in the EFT method of payment 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 the EFT method of payment on all new Active Duty (AD), 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 _____

2.2 Applicability and Scope (C00202)

2.2.1. All payments to AD members, reservists, retirees, survivor annuitants, and allotments are paid by the EFT method of payment.

2.2.2. Emergency payments (defined in Chapter 32, section 3203) and certification of no account with a financial institution, as described in paragraph 2.1, are the only exceptions to the requirement for delivery by the EFT method of payment. All pay for which an exception to the EFT method of payment 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 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.

3.0 PERSONNEL SUBJECT TO EFT PARTICIPATION (C003)

3.1 AD Military (C00301)

AD military personnel and personnel entering or reentering the military service must provide the EFT method of payment information or certify in writing that they do not have a financial institution upon arrival at their respective military processing station. Personnel currently on AD but not enrolled in the EFT method of payment are required to submit EFT method of payment 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.

3.2 Reserve and National Guard (NG) (C00302)

Reserve and NG personnel entering or reentering a Reserve Component, upon processing into their respective component, or upon mobilization or recall to AD must provide the EFT method of payment 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 NG unit, but not enrolled in the EFT method of payment, are required to submit the EFT method of payment information when they become eligible for any new payment, or certify in writing that they do not have a financial institution.

3.3 Military Retirees and Annuitants (C00303)

All retirees, separated military personnel, and Survivor Benefit Plan annuitants who become eligible for new payments or annuities **must** provide the EFT method of payment 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 the EFT method of payment is not available are exempt from this policy until the EFT method of payment becomes available.

3.4 Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen (C00304)

Military Service Academy, ROTC cadets, and midshipmen are required to participate in the EFT method of payment. Personnel not presently enrolled **must** enroll immediately or certify in writing that they do not have a financial institution.

3.5 Individual Ready Reservist (IRR) (C00305)

IRRs and annual muster participants are required to participate in the EFT method of payment. Personnel not presently enrolled **must** enroll immediately or certify in writing that they do not have a financial institution.

4.0 PERSONNEL EXEMPT FROM EFT PARTICIPATION (C004)

4.1 Personnel (C00401)

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

4.2 Written Certification Waiver (C00402)

Individuals **must** certify in writing that they do not have a financial institution as follows:

4.2.1. For AD members and reservists, certifications will be submitted in writing to the Unit Commander.

4.2.2. For military retirees, certifications will be submitted in writing to:

DFAS, U.S. Military Retired Pay
8899 E. 56th Street
Indianapolis, IN 46249-1200

4.2.3. For survivor annuitants, certifications will be submitted in writing to:

DFAS, U.S. Military Annuitant Pay
8899 E. 56th Street
Indianapolis, IN 46249-1300

5.0 REIMBURSEMENT FOR DISHONORED CHECK CHARGES (C005)

5.1 Reimbursements (C00501)

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, minimum balance, or average balance charges levied by the financial institution.

5.2 DFAS Procedures (C00502)

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 the EFT method of payment, directly to the applicable account involved. Such charges are funded from the appropriation available for the pay of the member concerned.

6.0 ALLOTMENTS (C006)

6.1 General (C00601)

The EFT method of payment 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, and mortgage companies, to accept allotment payment by the EFT method of payment when systems become available for third party EFT method of payment.

6.2 Savings Allotments (C00602)

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

6.3 Allotments to Non-Individuals (C00603)

The EFT method of payment is required for all discretionary allotments to non-individuals.

*REFERENCES

APPENDIX C - IMPLEMENTING PROCEDURES FOR MANDATORY ELECTRONIC FUNDS TRANSFER (EFT) OF MILITARY PAY

1.0 – GENERAL (C001)

31 U.S.C. § 3332

Title 31, Code of Federal Regulation, parts 205, 206, 208, 210, and 212