

**TABLE OF CONTENTS**

FORWARD

TABLE OF CONTENTS

INTRODUCTION TO THE DOD FINANCIAL MANAGEMENT REGULATION

SUMMARY OF MAJOR CHANGES

FORMAT - OLD/NEW FOR SECTIONS AND PARAGRAPHS

FORMAT - OLD/NEW FOR FIGURES AND TABLES

REFERENCES, FIGURES, AND TABLES

DEFINITIONS

## Chapter 1 Initial Entitlements-Retirements

- 0101 Service Creditable for Retirement Purposes
- 0102 Service Creditable for Basic Pay
- 0103 Service Creditable for Percentage Purposes
- 0104 Uniform Retirement Date Act (URDA) Application
- 0105 Rank and Pay Grade
- 0106 Noncitizens
- 0107 Heroism Pay
- 0108 Payment

## Chapter 2 Initial Entitlement-Fleet Reserve/Fleet Marine Corps Reserve

- 0201 General
- 0202 Transfer Eligibility-Service for Percentage Multiple Purposes
- 0203 Service for Basic Pay Purposes
- 0204 Date of Transfer
- 0205 Rank and Grade
- 0206 Gross Pay Computation
- 0207 Payment Date

## Chapter 3 Gross Pay Computation

- 0301 Basic Computation
- 0302 Application of Saved Pay
- 0303 Tower Amendment
- 0304 Retired Pay Base
- 0305 Special Provisions

Chapter 4	Recoupment of Readjustment Pay, Nondisability Severance Pay, Separation Pay, Voluntary Separation Incentive, and Special Separation Benefit
0401	General Provisions
0402	Readjustment Pay
0403	Severance Pay-Nondisability
0404	Separation Pay
0405	Voluntary Separation Incentive (VSI)
0406	Special Separation Benefit (SSB)
Chapter 5	Employment
0501	Reporting Requirement
0502	Federal Employment
0503	Pay Adjustments
0504	Conflict of Interest
0505	Foreign Government Employment
0506	Federal Judges
0507	Service in Military Force of Newly Democratic Nations
Chapter 6	Foreign Citizenship After Retirement
0601	General Application
0602	Foreign Residence
0603	Loss of United States Citizenship
0604	Conditions Not Subjected to Loss of United States Citizenship and/or Loss of Entitlement to Retired Pay
0605	Dual Citizenship and/or Service in the Armed Forces of a Foreign Country
Chapter 7	Recomputation After Additional Active Duty
0701	General
0702	Computation of Additional Active Service
0703	Length of Time on Active Duty
0704	Applicable Basic Pay Rates
0705	Grades Authorized for Recomputation
0706	Recomputation of Entitlement
0707	Heroism Pay
Chapter 8	Basic Pay Rates, Legislative and Cost-Of-Living Adjustments to Retired Pay
0801	Purpose
0802	Definitions
0803	Major Changes in the Use of Basic Pay Rates and Conditions Applicable to Computation of Retired Pay

0804	Provisions of Pay Changes, Exceptions, and Special Computations
Chapter 9	Advancements on Retired List
0901	Purpose
0902	General
0903	Advancements
0904	Effects on Pay
0905	Restoration of Former Grade
Chapter 10	Correction of Records
1001	Authority
1002	Pay Computation
1003	Tax Adjustment
1004	Appropriation Charges
1005	Restrictions
Chapter 11	Removal from the Temporary Disability Retired List
1101	Entitlement to Disability Severance Pay
1102	Computation of Severance Pay
1103	Severance Pay and Department of Veterans Affairs (VA) Disability Compensation
1104	Return to Active Duty
1105	Disability of a Permanent Nature
1106	Termination of Temporary Disability Retired Pay
1107	Notification to Department of Veterans Affairs
Chapter 12	Waiver of Retired Pay
1201	Waiver Conditions and Benefits
1202	Department of Veterans Affairs Benefits
1203	Civil Service Retirement
1204	Reserve Training (Army and Air Force Only)
Chapter 13	Suspension of Pay
1301	General
1302	Statutory Requirements
1303	Regulatory Requirements
1304	Service Department Administrative Requirements
1305	Effect of Suspension on Taxable Income, Federal Income Tax Withheld, and Other Actions

Chapter 14	Payment Restrictions
1401	General
1402	Geographic
1403	Expiration of Eligibility to Retired Pay
Chapter 15	Proof of Existence
1501	General
1502	Competent Retiree
1503	Mentally Incompetent Retiree
1504	Mailing of Retired Pay Checks
Chapter 16	Physical or Mental Incapacitation
1601	Definitions
1602	Physically Incapacitated Retiree
1603	Medical Examination
1604	Service Department Appointment of Trustee
1605	Court Appointment of a Guardian or Other Legal Representative for Physically, or Mentally Incapacitated Retiree
1606	Comfort Items While in the Hospital
1607	General Maintenance of Accounts
Chapter 17	Bankruptcies
1701	Wage Earner's Plan Under the Bankruptcy Act, Chapter 13
1702	Regular Bankruptcy
Chapter 18	Release of Information
1801	Freedom of Information Act
1802	Privacy Act
1803	Administration
Chapter 19	General Provisions Governing Allotments of Retired Pay
★1901	General
1902	Specialized Terms
★1903	Authorized Allotments
1904	Retired Pay Which May Be Allotted
★1905	Periods of Allotments
★1906	Restrictions
1907	Right to Allotments In Case of Death
1908	Allotment Overpayment Responsibilities

★Chapter 20	Discretionary Allotments
★2001	Discretionary Allotments
★2002	Allotments and Insurance Premiums
★2003	Allotments to Dependents or Relatives
★2004	Deposit to Financial Institutions and Investment Firms
★Chapter 21	Non-Discretionary Allotments
★2101	Non-Discretionary Allotments
★Chapter 22	Reserved
★Chapter 23	Reserved
Chapter 24	Computation of Wages Subject to Federal Income Tax Withholding
2401	Background
2402	Retired Pay Subject to FITW
2403	Retired Pay Not Subject to FITW
2404	Effect of VA Award on Federal Income Tax Withholding
2405	Gross Pay Partially Taxable
2406	FITW Wage Reductions From Deductions and Collections
2407	United States Citizens Abroad
2408	Arrears of Pay
2409	Collection of Delinquent Taxes
2410	Taxability of Direct Remittance Payments for Coverage Under the Survivor Benefit Plan (SBP)
2411	Taxability of Direct Remittance Payments for Coverage Under the Retired Serviceman's Family Protection Plan (RSFPP)
2412	Processing Correction of Records Cases
2413	Taxability and Withholding
2414	Taxability of Retired Pay for Fleet Reservist/Fleet Marine Corps Reservist Not Physically Qualified for Retention in the Fleet Reserve/Fleet Marine Corps Reserve
Chapter 25	Computation of Federal Income Tax Withholding
2501	Wages Subject to Withholding of Federal Income Tax
2502	Rates for Regular and Additional Withholding of Federal Income Tax
2503	Rates of Federal Income Tax Withholding for One-Time Payments

Chapter 26	State and Local Taxes
2601	Introduction
2602	Withholding
2603	Payments and Reports
Chapter 27	Garnishments
2701	Background
2702	Purpose
2703	Scope
2704	Definitions
2705	Receipt of Process
2706	Effects on Allotments
2707	Responsive Pleadings
2708	Notice to Member
2709	Limitations
2710	Liabilities
2711	Priorities
2712	Collections by Garnishments
2713	Garnishment of Renounced Pay
Chapter 28	Collection of Debts
2801	General
2802	Specialized Terms
2803	Collection With Member's Consent
2804	Authority for Involuntary Collection
2805	Collection Under 37 U.S.C. 1007(C)
2806	Collection Under 5 U.S.C. 5514
2807	Limitation on Amount of Deductions
2808	Interest, Penalties, and Administrative Costs
2809	Waiver of Indebtedness
2810	Application of the Federal Claims Collection Act
2811	IRS Tax Levies
2812	Bankruptcy
2813	Pay Not Affected by Civil Process
Chapter 29	Former Spouse Payments from Retired Pay
2901	Background
2902	Purpose
2903	Definitions
2904	Eligibility of Former Spouse
2905	Application by Former Spouse

2906	Review of Court Orders
2907	Garnishment Orders
2908	Limitations
2909	Notification of Member
2910	Liability of the Designated Agent
2911	Payments
2912	Reconsideration
Chapter 30	Death of Retiree
3001	Arrears of Pay
3002	Death Gratuity
3003	Taxable Income
Chapter 31	Death of Survivor Annuitant
3101	Arrears of Annuity
3102	Documentation
3103	Payment of the Arrears
3104	Taxability
Chapter 32	Recovery of Payments Made to a Financial Organization
3201	Accountability of Financial Organization for Direct Deposit Payments
3202	Examples of Financial Organization Accountability
3203	Liability of Disbursing Officer
Chapter 33	Retired Serviceman's Family Protection Plan (RSFPP) - Application of Plan
3301	Background
3302	Specialized Terms
3303	Members Eligible to Elect Under the Plan
3304	Members Ineligible to Elect Under the Plan
3305	General Provisions
Chapter 34	Retired Serviceman's Family Protection Plan - Election and Withdrawals
3401	Election
3402	Withdrawals
Chapter 35	Retired Serviceman's Family Protection Plan - Beneficiaries
3501	Eligible Beneficiaries
3502	Designating Beneficiaries
3503	Substantiating Evidence Regarding Dependency and Age of Dependent

3504	Evidence of Marriage
3505	Common Law Marriages
Chapter 36	Retired Serviceman's Family Protection Plan - Cost of Coverage
3601	General Provision
3602	Continuance or Discontinuance of Cost Based on Options Elected
3603	Reduction of Retired Pay for Cost of Coverage
3604	Effective Date of Reduction
3605	Payment of Cost During Non-Receipt of Retired Pay
3606	Temporary Disability Retired List (TDRL)
3607	Calculation for Delinquent Premiums
3608	Age Factor
3609	Calculating Cost for Single Option
3610	Calculating Cost for Multiple Options
3611	Taxability of Cost
3612	Income Exclusion
Chapter 37	Retired Serviceman's Family Protection Plan - Annuity Amounts
3701	General
3702	Effective Date of Annuity
3703	Annuity Payments
3704	Claims for Annuity
3705	Annuity Amounts
3706	Payments to Widow or Widower
3707	Payment to Children
3708	Cost-of-Living Adjustment
Chapter 38	Retired Serviceman's Family Protection Plan - Annuity Overpayments
3801	Causes of Overpayments
3802	Recovery of Overpayments
3803	Method of Recovery
3804	Waiver of Indebtedness
Chapter 39	Retired Serviceman's Family Protection Plan - Annuity Terminations and Reinstatements
3901	Terminations
3902	Reinstatements
Chapter 40	Retired Serviceman's Family Protection Plan - Certificates of Eligibility and Report of Existence



4001	Annual Certificate of Eligibility
4002	Report of Existence (ROE)
Chapter 41	Retired Serviceman's Family Protection Plan - Taxability of Annuities
4101	Federal Income Tax
4102	Federal Income Tax Withholding (FITW)
4103	Income Exclusion
4104	Adjustment to Taxable Annuities
4105	Federal Estate Tax
4106	State Taxation
4107	Further Tax Information
Chapter 42	Survivor Benefit Plan - Application of the Plan
4201	Purpose
4202	Specialized Terms
4203	Eligible Participants
Chapter 43	Survivor Benefit Plan - Elections and Election Changes
4301	Election
4302	Election Option
4303	Election Data
4304	Irrevocable Elections, Corrections, and Discontinued Participation
4305	Election Coverage
4306	Combined RSFPP and SBP Coverage
4307	Changes in Election and Coverage
4308	Discontinuance of Participation
4309	Open Enrollment Periods
Chapter 44	Survivor Benefit Plan (SBP) - Beneficiaries
★4401	Eligible Beneficiaries
Chapter 45	Survivor Benefit Plan (SBP) - Premiums
4501	General
4502	Cost Factor/Formula
★4503	Computation of Premium
4504	Effective Date of Premium
★4505	Suspension, Change and Termination of Premium
4506	Payment of Premium
4507	Delinquent SBP Premiums
★4508	Paid Up SBP Premiums After 30 Years and Age 70

4509	Taxability of Premiums
4510	Income Exclusion
Chapter 46	Survivor Benefit Plan (SBP) - Annuity Amount and Offsets
4601	Annuity Amount
4602	Offsets to the Annuity
Chapter 47	Survivor Benefit Plan (SBP) -Annuity Overpayments
4701	Causes of Overpayments
4702	Liability
4703	Liquidation of Debt
★4704	Waiver of Indebtedness
Chapter 48	Survivor Benefit Plan (SBP) - Annuity Terminations, Reinstatements and Suspensions
4801	Terminations
★4802	Reinstatement of Annuity
4803	Suspension
Chapter 49	Survivor Benefit Plan (SBP) - Cost-Of-Living Adjustment
4901	Base Amounts
★4902	Threshold and Cost of Coverage
4903	Annuities
Chapter 50	Survivor Benefit Plan (SBP) - Certificate of Eligibility and Report of Existence
5001	Annual Certificate of Eligibility
★5002	Report of Existence (ROE)
Chapter 51	Survivor Benefit Plan (SBP) - Minimum Income Widow
5101	Eligibility Criteria
5102	Amount of Annuity
5103	Effective Date of Entitlement
5104	Annuitant-Mentally or Physically Incapacitated
5105	Changes and Termination
5106	Reopened Claim
5107	Causes of Overpayment
5108	Liability
5109	Waiver of Indebtedness

- ★Chapter 52 Annuities and Certain Military Surviving Spouses (ACMSS)
  - ★5201 Temporary Authority for ACMSS
  - ★5202 Annuity Application
  - ★5203 Definition of a Qualified Surviving Spouse and Deceased Retired Member
  - ★5204 Payment of Annuity
  - ★5205 Amount of Annuity
  - ★5206 Funding
  
- ★Chapter 53 Survivor Benefit Plan (SBP) - Taxability of Annuities
  - ★5301 Federal Income Tax
  - ★5302 Federal Income Tax Withholding (FITW)
  - ★5303 Income Exclusion
  - ★5304 Adjustment to Taxable Annuity
  - ★5305 Amount of Annuity Subject to Federal Estate Tax
  - ★5306 State Taxation
  - ★5307 Further Tax Information
  
- ★Chapter 54 Reserve Component Survivor Benefit Plan (RCSBP) - Application of Plan
  - ★5401 Purpose
  - ★5402 Specialized Terms
  - ★5403 Eligible Participants
  
- ★Chapter 55 Reserve Component Survivor Benefit Plan (RCSBP) - Election and Election Changes
  - ★5501 Election
  - ★5502 Election Data
  - ★5503 Irrevocable Elections and Discontinued Participation
  - ★5504 Election Coverage
  - ★5505 Changes in Election and Coverage
  
- ★Chapter 56 Reserve Component Survivor Benefit Plan (RCSBP) - Beneficiaries
  - ★5601 Eligible Beneficiaries
  
- ★Chapter 57 Reserve Component Survivor Benefit Plan (RCSBP) - Premium
  - ★5701 General
  - ★5702 Factor Tables
  - ★5703 Calculation of Premium

5704	Initial Premium and Effective Date
★5705	Suspension, Termination, Reinstatement, and Change of Premium
★Chapter 58	Reserve Component Survivor Benefit Plan (RCSBP) - Annuity Amount and Offsets
★5801	Annuity Amount
5802	Offsets to the Annuity
5803	Taxability of Annuity
★Chapter 59	Victims of Abuse-Retirement-Eligible Members
5901	Background
5902	Definitions
5903	Eligibility
5904	Application for Payment
5905	Method of Payment
★Chapter 60	Victims of Abuse - NonRetirement Eligible Members (Transitional Compensation)
★6001	General
Appendix A	Blocked Countries
Appendix B	RSFPP Compound Interest Table #1-3 Percent
Appendix C	RSFPP Compound Interest Table #2-3.25 Percent
Appendix D	RSFPP Compound Interest Table #3-3.75 Percent
Appendix E	RSFPP Compound Interest Table #4-4.25 Percent
Appendix F	RSFPP Compound Interest Table #5-6 Percent
Appendix G	Memorandum of Understanding Between the Veterans Administration and the Department of Defense, Jun 13, 1985
Appendix H	Age of Majority by State and United States Possessions
Appendix I	Comparable Grades
Appendix J	State Tax Reporting
Appendix K	Reports of Existence

Appendix L	Dependency and Indemnity Compensation Rate Tables
Appendix M	Total Earnings Table
Appendix N	Social Security PIA Tables
Appendix O	Offset Factors
Appendix P	Reserved
Appendix Q	Social Security Administration and Department of Defense Memorandum of Understanding on the Survivor Benefit Plan
Appendix R	Annual Income Rates for Minimum Income Annuities Under the Survivor Benefit Plan
Appendix S	Social Security Offset to Survivor Benefit Plan (Eligibility Year Before 1979)
Appendix T	Social Security Offset to Survivor Benefit Plan (Eligibility Year 1979 or Later)
Appendix U	Averaged Monthly Consumer Price Index (CPI-W)
Appendix V	Interagency Agreement Between the Department of Veterans Affairs and the Department of Defense Military Retired Pay
Appendix W	Letter-Internal Revenue Service Tax Levy
Appendix X	Bibliography