

**VOLUME 7B, CHAPTER 14: “PAYMENT RESTRICTIONS”****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 October 2011 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated hyperlinks and reformatted to comply with current administrative instructions.	Update
1401	Reformatted section to comply with administrative instructions.	Update
140201	Updated paragraph with reference to Title 31 Code of Federal Regulations, section 211.1, whereby it has been determined that the mailing of checks is prohibited to the countries listed in this reference because postal, transportation, and banking facilities in general, or local conditions, are such that there is not a reasonable assurance that a retiree or annuitant in listed countries actually will receive checks drawn against funds of the United States, or negotiate checks for full value.	Update
1403	Added reference to Volume 7A, Appendix C, for implementing the Department of Defense policy on Electronic Fund Transfer.	Add
1404	Previous Section 1403 renumbered to 1404 along with paragraphs.	Update

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## CHAPTER 14

PAYMENT RESTRICTIONS

## \*1401 GENERAL

Amounts of retired pay and retainer pay due a retired member of the uniformed services shall be paid on the first day of each month beginning after the month in which the right to such pay accrues.

## 140101. Payment Date

When the payment date falls on a Saturday, Sunday, or legal holiday, the Director of Defense Finance and Accounting Service (DFAS) may authorize the payment of retired pay and retainer pay on the preceding workday but not more than three days before last day of the pay period.

## \*140102. Payrolls Paid On October 1

For payrolls otherwise payable on October 1, the Department of Defense (DoD) Comptroller shall determine if the payroll may be dated in September.

## 1402 CHECKS

## \*140201. Mailing of Checks to Foreign Countries

The Secretary of the Treasury has determined that the mailing of checks is prohibited to the countries listed in [Title 31 Code of Federal Regulations, section \(CFR\) 211.1](#) because postal, transportation, and banking facilities in general, or local conditions, are such that there is not a reasonable assurance that a retiree or annuitant in listed countries will actually receive checks drawn against funds of the United States, or negotiate checks for full value. Powers of attorney for receipt or collection of checks, or for the proceeds of checks included within the determination of the Secretary of the Treasury, are not recognized.

## 140202. Claims

Claims for the release of checks withheld from delivery, or for proceeds thereof, are filed with the DFAS site that originally authorized issuance.

## 140203. Philippine Islands

Checks drawn on the Treasury of the United States for delivery to Philippine citizens located in the Republic of the Philippines are inscribed with the phrase: "Payable only in pesos through authorized agent banks of the Central Bank of Philippines and Postal Offices." Proof of U.S. citizenship claimed by a retiree living in the Philippines, must be verified by the disbursing office responsible for delivering checks to the Philippines.

\*1403 ELECTRONIC FUND TRANSFER (EFT)

The prescribed method of payment within the DoD is EFT. See Volume 7A, Appendix C, for implementing DoD policy on EFT procedures for retirees and annuitants.

\*1404 LOSS OF ENTITLEMENT TO RETIRED PAY

\*140401. Conditions

Each of the following may result in a loss of entitlement to retired pay. See appropriate corresponding chapter for additional information.

- A. Expiration of five years on the Temporary Disability Retired List. See Chapter 11.
- B. Loss of United States Citizenship. See Chapter 6.
- C. Employment by Foreign Government. See Chapter 5.
- D. Conflict of Interest. See Chapter 5.
- E. National Security Violations. Within the scope of [5 U.S.C. 8311-8322](#).

NOTE: The Hiss Act, codified as [5 U.S.C. 8311-8322](#) as amended, prohibited the payment of retired pay to military personnel who were convicted of any criminal offense enumerated in the statute. The Act did not prohibit the payment of retired pay if both the criminal offense and the award of retired pay occurred before September 1, 1954. Retired pay awarded on or after September 1, 1954, however, could not be paid regardless of the date on which the offense or conviction occurred. If the individual involved received a presidential pardon or later was cleared by decision of a higher court, then the right to retired pay was restored. Public Law 87-299 amended the Hiss Act and limited provisions to cases involving national security. Members convicted by courts-martial or Federal civil courts of offenses for felonies or equivalent of felonies but not involving national security, were no longer subject to the provisions of the Hiss Act.

F. Denial Upon Certain Punitive Discharges or Dismissals. The non-Regular service retired pay entitlement of a member is denied when his or her court-martial sentence includes death or separation by dishonorable discharge, bad conduct discharge, or dismissal effective with court-martial sentences adjudged after February 10, 1996.

\*140402. Recall to Active Duty

A retiree who receives orders, issued by proper authority, for recall to active duty for an indefinite or definite period is not entitled to retired pay for the period of active duty. Members on active duty for training are covered in [Chapter 12](#), section 1204.

## BIBLIOGRAPHY

## CHAPTER 14 – PAYMENT RESTRICTIONS

## 1401 – GENERAL

Public Law 111-383, Section  
632, Jan 7, 2011  
10 U.S.C. 1412  
37 U.S.C. 1006(h)  
59 Comp Gen 219,  
B-193772, January 22, 1980  
DoD Directive 5118.5,  
paragraphs 4.1.2 and 4.1.3

## 1402 – CHECKS

140201

31 U.S.C. 3329,  
31 CFR 211.1

140202

31 U.S.C. 3329,  
31 CFR 211.2

140203

TD Circular 1081, Dec 28,  
1976

## 1403 – ELECTRONIC FUND TRANSFER (EFT)

31 U.S.C. 3332

## 1404 –LOSS OF ENTITLEMENT TO RETIRED PAY

140401.A

10 U.S.C. 1210(h)

140401.B

10 U.S.C. 12731

140401.E

Public Law 103-337,  
section 639, Oct 5, 1994

140401.F

5 U.S.C. 8311-8322

Public Law 104-106,

section 632, Feb 10, 1996

10 U.S.C. 12740