

**SUMMARY OF MAJOR CHANGES TO CHAPTER 19
DOD 7000.14-R, VOLUME 7B
MILITARY PAY POLICY AND PROCEDURES FOR RETIRED PAY**

New and revised instructions are indicated by a ★ placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.

Page	Paragraph	Explanation of Change/Revision	Effective Date
19-1 19-1 through 3 19-4 19-4 19-6 19-7 through 8	1901 1903 190502 190603 Figure 19-1 Table 19-1	Revises discretionary and nondiscretionary allotments of retired pay or retainer pay.	Oct 1, 1997
19-3	190306	Addresses use of automated computer programs for allotments of retired pay.	Nov 29, 1999
19-4	190604	Addresses authority for the use of a special power of attorney to establish, change, or stop an allotment.	Mar 18, 1998

CHAPTER 19

GENERAL PROVISIONS GOVERNING ALLOTMENTS OF RETIRED PAY★1901 GENERAL

Personnel receiving retired pay may authorize allotments from their retired pay for the purposes set forth in Chapters 19 through 21 of this volume. The voluntary allotment system enables retirees to make a limited number of payments by payroll deduction. Allotments are designed for the convenience and privilege of retirees and are not to be exploited or abused. Allotments are an assignment of retired pay by the retiree to a third party, financial institution, or agency. The retired pay activity acts solely as an agent of the retiree in the assignment of pay and assumes no liability concerning any contract between the retiree and the allottee. Allotments paid erroneously through administrative error must be recovered from the allottee, if possible, or may be collected from the retiree if such payment provided a benefit to that retiree.

1902 SPECIALIZED TERMS

190201. Allotment. As used herein, a definite portion of the retired pay of a person retired from a Military Service, which the allotter authorizes to be paid to an allottee.

190202. Allottee. A qualified person, institution, or agency to whom the allotment is made payable.

190203. Allotter. The person from whose retired pay the allotment is made.

190204. Financial Institution. A bank (to include a military banking facility), credit union, or thrift association.

★1903 AUTHORIZED ALLOTMENTS

190301. General. Voluntary allotments of retired pay or retainer pay for military retirees are limited to discretionary and nondiscretionary allotments. Discretionary allotments are identified as “class D” allotments.

190302. Discretionary Allotments. Retirees are authorized no more than six discretionary allotments. The retiree shall certify that the allotment is within the limits of the law (e.g., allotments may not be used to repay gambling debts in a state where gambling is not permitted). Examples of discretionary allotments include, but are not restricted to, the following:

A. Payment of insurance premiums for various types of commercial insurance. This includes payment for life, dental and health insurance. Payment for vehicle insurance also is included.

B. Voluntary payment to a dependent or relative. This allotment may be made to a spouse, other dependents, or to a relative(s) not legally designated as a dependent(s). Support

allotments shall be made to a financial institution for credit to the account of the allottee. An allottee may be a state agency, court trustee, welfare agency, former spouse or a child's guardian or custodian.

- C. Deposit to a financial institution, mutual fund company, or investment firm.
- D. Payment of car loan.
- E. Payment of mortgage or rent.
- F. Payment of a loan to repay consumer credit, such as to a finance company.

190303. Nondiscretionary Allotments. Nondiscretionary allotments of retired and retainer pay are limited to the following:

- A. Purchase of U.S. Savings Bonds.
- B. Voluntary liquidation of indebtedness to the United States that includes:
 - 1. Indebtedness incurred due to defaulted notes insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (DVA).
 - 2. Any other indebtedness to any department or agency of the United States Government (except DoD debts).
 - 3. Repayment of U.S. Government debts assigned to a collection agency.
- C. Payment of delinquent federal, state, or local income or employment taxes.
- D. Payment of pledges for one of these specified charities: Army Emergency Relief, Navy and Marine Corps Relief Society, or affiliates of the Air Force Assistance Fund. These payments are for a definite period.
- E. Repayment of loans to the Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society and American Red Cross.

190304. Carry-over from Active Duty. To aid personnel in the transition from active duty to retired status, all existing authorized allotments of members on military active duty may be continued as approved allotments. Authorized allotments include up to six discretionary as outlined in [Volume 7A](#) of this Regulation, and paragraph 190302, above.

190305. Administrative Changes. Changes beyond the control of the retiree are considered administrative in nature. These are dictated by events incidental to the purpose of the allotment. Examples include changes to the name, address, account number, and financial institution of the allottee. Other examples include amount changes due to contractual obligations

existing at the time the allotment was executed (such as a mortgage payment changed because of a variable rate mortgage or change in escrow requirement). Other than amount changes, administrative changes may be made at the request of the allottee without the member's consent. Administrative changes that adjust the amount of the allotment shall be accepted only when communicated by the Service member as a new allotment request.

190306. Establishment, Discontinuance, and Changes to Existing Allotments. A properly executed form, a written request, or an automated data exchange (from specific organizations) may be used to establish, discontinue, or change an allotment. Automated computer programs that allow members to establish, discontinue, or change an allotment using a personal identification number (PIN) also are permitted. In addition, requests may be accepted by telephone from members without written documentation, but only after the member's identity has been validated. Requests for allotment actions should be provided to the Defense Finance and Accounting Service—Cleveland Center. Normally, allotments are not established on a retroactive basis.

1904 RETIRED PAY WHICH MAY BE ALLOTTED

The amount of retired pay, which may be allotted, can be limited administratively to exclude amounts required to be withheld:

- 190401. For tax purposes.
- 190402. For liquidation of an indebtedness determined under applicable provisions of law to be chargeable against the member's retired pay account.
- 190403. For cost of participation in the Retired Serviceman's Family Protection Plan and/or Survivor Benefit Plan.
- 190404. Because of federal civilian employment of a retired Regular officer.
- 190405. For garnishments.
- 190406. For continuing tax levies.
- 190407. For VA compensation.
- 190408. For former spouse.

1905 PERIODS OF ALLOTMENTS

Allotments are registered for an indefinite period except allotments for:

190501. Repayment of an indebtedness to the United States, to include payment of delinquent federal income taxes.

★ 190502. Payments to charities as specified in subparagraph 190303.D, above.

1906 RESTRICTIONS

190601. Minors. Allotments (except U.S. Savings Bonds) may not be made payable to children under 16 years of age. Such allotments may be made payable to the children's guardian or custodian. Spouses of retirees may be named as allottees regardless of age.

190602. Mental Incompetents. Allotments are not payable to mentally incompetent persons. Such allotments are payable to a guardian or the institution where confined.

★ 190603. Multiple Allotments. See restrictions in section 1903, above, and in [Chapters 20 and 21](#) of this volume.

★ 190604. Power of Attorney. A special power of attorney may be used to establish, change, or stop an allotment. This special power of attorney specifically must state the authority to establish, change or stop allotments. A general power of attorney is not acceptable to establish, change, or stop an allotment.

190605. Reduced Retired Pay of Allotter. When a stoppage or reduction of retired pay does not leave enough funds for deduction of allotments in force, those allotments are stopped administratively by the disbursing officer without the signature of the retiree.

190606. Administrative Stops. Allotments may be stopped because of the required deductions from retired pay listed in section 1904, above. When possible, the retiree is allowed to determine the allotments to be stopped. If, however, the retiree involved refuses, or is unable to identify those that should be stopped, the allotments of that retiree are involuntarily stopped in the precedence specified in Figure 19-1, below, with Precedence 1 being the allotment first to be stopped.

1907 RIGHT TO ALLOTMENTS IN CASE OF DEATH

190701. Death of Retiree. Entitlements to allotments end with the death of the member. No further allotment payments may be made after receiving notice of the allotter's death. Deductions made from the retiree's pay, but not paid to the allottee, become part of the arrears of retired pay. Allotments paid after the retiree's death may not be collected from the allottee, except:

A. Allotments erroneously established after notice of death of the retiree, and

B. Unearned insurance premiums (insurance premiums are paid 1 month before the day payment is actually due).

190702. Death of Allottee. An allotment check, even though endorsed, does not become part of an allottee's estate if it is not cashed or negotiated before the allottee's death. It is not subject to any expense incurred by or on behalf of the allottee before or after death. All unnegotiated allotment checks must be returned to the office that issued them. Such checks are credited to the retiree's account.

1908 ALLOTMENT OVERPAYMENT RESPONSIBILITIES

Any check or bond issued and mailed to the recipient for which entitlement does not exist must be recovered immediately by the issuing office. When an allotment payment is made after deductions from retiree's retired pay have ceased, and the retiree does not return the amount of that payment, the office of issuance starts recovery action of an equal amount from the recipient, or the retiree, if that office determines that the retiree benefited from the payment. If the retiree is liable, overpayment is recovered by deductions from retired pay due to the retiree.

<u>Precedence</u>	<u>Type</u>	<u>Letter Designation</u>
1	Charitable contributions to Army Emergency Relief, Navy and Marine Corp Relief Society, or Air Force Assistance Fund	See Table 19-1
★ 2	Bonds	B
3	Savings	D
4	Loans	L
5	Payment of delinquent state or local income or employment taxes	T
6	Dependents	D
★ 7	Home Loans	D
★ 8	Commercial life insurance/Army Mutual Aid Insurance	D
9	Navy Mutual Aid Insurance	M
10	Government life insurance	N
11	Veterans Group Life Insurance	See Table 19-1
12	Deductions for court-ordered support	D
13	Repayment of indebtedness to the United States	T
14	Payment of delinquent federal income taxes	T

★Figure 19-1. Precedence of Administrative Allotment Stops

ALLOTMENTS OF RETIRED PAY - GENERAL								
R U L E	A	B			C		D	
	When the purpose of allotment is for	and Service's letter designation is			and member is not on active duty and has allotment (notes 1 and 2)		then the allotment period required is	
		Army	Navy/USMC	Air Force	authorized for carry-over from active duty	authorized for establishment from active duty	Indefinite	Definite
1	Purchase of U.S. Savings Bonds	B	B	B	X	X	X	
2	Payment to Dependents (note 5)	D	D	D	X	X	X	
★3	Repayment of home loans	D	D	D	X		X	
★4	Commercial life insurance/Army Mutual Aid Insurance (note 3)	D	D	D	X	X	X	
5	Repayment of loans to Navy and Marine Corps Relief Society, Army Emergency Relief, American Red Cross, or Air Force Aid Society	L	L	L	X	X		X
6	Navy Mutual Aid Insurance (note 2)	None	M	none	X	X	X	
7	U.S. Government Life Insurance and/or National Service Life Insurance (note 4)	N	N	N	X	X	X	

★Table 19-1. Allotments of Retired Pay – General

ALLOTMENTS OF RETIRED PAY - GENERAL								
R U L E	A	B			C		D	
	When the purpose of the allotment is for	and Service's letter designation is			and member is not on active duty and has allotment (notes 1 and 2)		then the allotment period required is	
		Army	Navy/USMC	Air Force	authorized for carry-over from active duty	authorized for establishment from active duty	Indefinite	Definite
8	Repayment of loans on Department of Veterans Affairs Insurance (note 4)	N	N	N			X	
★9	Payment of financial institution or credit to account of retiree (note 6)	D	D	D	X		X	
10	Payment of delinquent federal income taxes and/or payment of indebtedness to the United States (note 7)	T	T	T		X		X
11	Charitable contributions to the Army Emergency Relief, Navy and Marine Corps Relief Society, or affiliates of the Air Force Assistance Fund	L	C	F	X	X		X
12	Payment of delinquent state or local income or employment taxes (note 8)	T	T	T	X			X
★13	Veterans Group Life Insurance	D	D,V	D		X	X	

NOTES:

1. Includes members of the Fleet Reserve or Fleet Marine Corps Reserve when not on active duty.
2. In addition to allotments authorized, member may continue any other allotments in effect (except Combined Federal Campaign and aviation premiums payable to the Navy Mutual Aid Association) at the time of retirement.
3. On the life of the allotter, spouse and/or children.
4. Payment of allotments for insurance premiums and repayment of insurance loans are made by one NSLI or class N allotment.
5. Authorized to a spouse, former spouse, spouse and/or children of the retired member having a permanent residence other than that of the retired member.
6. Includes credit unions within the United States, its possessions, Puerto Rico, and Panama Canal Zone operating under a federal or state charter. Also includes credit unions authorized under [Volume 5, Chapter 34](#), of this Regulation (reference (fr)) to operate at overseas United States military installations.
7. Delinquent federal income taxes are payable to the applicable District Director, Internal Revenue.
8. Delinquent state or local and employment taxes are payable to the applicable state or local tax authorities.

★Table 19-1. Allotments of Retired Pay - General (Continued)

Chapter 19-General Provisions Governing Allotments of Retired Pay

1906-Restrictions

190601

37 U.S.C. 203(d)