

INTRODUCTION
TO
DEPARTMENT OF DEFENSE
FINANCIAL MANAGEMENT REGULATION

1. **Purpose.** The purpose of this Volume of the “DoD - Financial Management Regulation” is to:
 - a. Provide Department of Defense (DoD) guidance regarding military retired pay, retainer pay, survivor annuity entitlements, and authorized deductions, as authorized by Public Law, United States Statutes, Comptroller General Decisions, and other governing directives.
 - b. Take precedence over all Military service regulations pertaining to military retired pay, retainer pay, survivor annuity entitlements, and authorized deductions. No other military retired pay entitlement regulations will be issued by the Military Services unless coordinated through the Director, Defense Finance and Accounting Service (DFAS) and authorized by the Under Secretary of Defense (Comptroller).
2. **Authority.** This Volume is authorized and has been approved by the Under Secretary of Defense (Comptroller), under procedures prescribed by the Secretary of Defense in DoDI 7000.14, pursuant to 37 U.S.C.1001.
3. **Applicability.** The provisions of the Volume apply to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff, and the Defense Agencies. The term “military services,” as used herein, refers to the Army, Navy, Air Force, Marine Corps, and Coast Guard. It is for information and compliance by all personnel responsible for the administration of military retired pay.
4. **Scope.** This Volume specifies the amount and method of determining entitlements and deductions authorized to military retirees and their survivors, the circumstances which change entitlements and the laws, regulations, etc., used as a basis for its contents.
5. **Principles.** The provisions of this Volume will be reflected within the military retired pay procedures established with the Military Services. Such procedures must conform to the applicable principles, standards and related requirements prescribed by the Comptroller General of the United States.
6. **Organization and Maintenance**
 - a. **Organization.** This Volume consists of a table of contents, ten parts, and three attachments:
 - (1) Table of Contents---Lists contents of the manual down to paragraph level.
 - (2) Part One---(New Retirement Entitlements and Computations) contains instructions for computing creditable service for retirement purposes and gross retired pay, and recovery of payments made to certain members on discharge or involuntary separation from the service who are later placed on the retired list.
 - (3) Part Two---(Conditions Affecting Entitlement) contains policies and reporting requirements on the employment of certain retired members by defense-related civilian entities and United States and foreign government activities, describes the impact of foreign citizenship on retired pay, provides instructions for recomputing retired pay after additional active duty, provides a chronology of legislative and cost-of-living adjustments to retired pay since 1 Oct 1949. Describes the impact on retired pay due to advancement in grade on the retired list; the circumstances requiring correction of military records and their impact on retired pay, and the impact of removal of members from the temporary disability retired list.

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(4) Part Three---(Conditions Affecting Payment) contains policies which affect entitlement to retired pay when members are (1) awarded Department of Veterans Affairs benefits, (2) entitled to civil service or foreign service retirement annuities, and (3) performing Reserve training for compensation. It contains policies on the suspension of retired pay for various reasons, restriction on payment of retired pay, the proof of a retiree's existence, payment of retired pay when a retiree is physically or mentally incapacitated, disposition of retired pay when retiree is judged as bankrupt, and the dissemination of information on a retiree in accordance with the Freedom of Information and Privacy Acts.

(5) Part Four---(Allotments of Retired Pay) contains policies on the authorization of allotments from retired pay.

(6) Part Five---(Taxation) contains policies for determining withholding and or reporting taxable income to the Federal Government, states, and local jurisdictions.

(7) Part Six---(Other Deductions and Collections) contains policies on the garnishment of retired pay and collection of debts from a retiree for overpayments, erroneous payments, or amounts owed to the Federal Government.

(8) Part Seven---(Death Benefits) contains policies on actions and payments of retired pay and annuities earned to the date of death of a retiree or survivor annuitant and death gratuities.

(9) Part Eight---(Retired Serviceman's Family Protection Plan (RSFPP)) contains policies on participation in this voluntary survivor annuity program, election of options, withdrawal from the plan, eligible beneficiaries, cost of coverage, payment of annuities, recovery of annuity overpayments, termination and reinstatement of annuity entitlement, certification of continued eligibility to the plan, and taxability of annuities paid under the plan.

(10) Part Nine---(Survivor Benefit Plan (SBP)) contains policies on participation in this survivor annuity program, election and changes to options, eligible beneficiaries, cost and payment for coverage, survivor annuity amounts, and offsets because of dependency and indemnity compensation (DIC) and social security benefits, recovery of annuity overpayments, termination, reinstatement, and suspension of annuity entitlement, adjustment of annuity based on cost-of-living adjustment, certifications of continued eligibility to the plan, payment of annuity to minimum income widows, and taxability of annuities paid under the plan.

(11) Part Ten---(Reserve Component Survivor Benefit Plan (RCSBP)) contains policies on participation in this Reserve survivor annuity program, elections, annuity options, election changes, eligible beneficiaries cost and payment for coverage, survivor annuity amounts and offsets for dependency and indemnity compensation (DIC) and social security benefits, DIC cost refund, annuity termination, and reinstatement.

(12) Attachment 1 (Glossary of Terms) contains the definition of terms used in this Volume.

(13) Attachment 2 (Appendices) contains miscellaneous information such as blocked countries; interest tables for delinquent payment of cost of Retired Serviceman's Family Protection Plan; Department of Defense-Department of Veterans Affairs (DoD-VA) Memorandum of Understanding regarding retired pay; age of majority according to jurisdiction; comparable military service grades; States to which a copy of TD Form W-2P, Statement for Recipients of Annuities, Pensions or Retired Pay, or automated report is submitted; background for requiring the submission of reports of existence; rates of dependency and indemnity compensation; maximum amounts of pay covered by social security; social security primary insurance amount tables; social security offset factors against SBP annuities; DoD-VA memorandum for the record regarding the interface between the SBP and the dependency and indemnity compensation payment systems; and DoD Social Security Administration memorandum regarding the SBP.

(14) Attachment 3 (Bibliography) contains a list of Public Laws, United States Statutes, Comptroller General Decisions, DoD directives, and other documents used as the basis and authorities for the contents of this Volume.

b. Identification System

(1) Each of the parts is subdivided into chapters numbered consecutively beginning with 1.

(2) Paragraphs are numbered consecutively with a five digit number consisting of the part, chapter, and paragraph. Further divisions of paragraphs are identified by lower-case letters, Arabic numerals in parentheses, and lower-case letters in parentheses. Thus, a subparagraph might be referred to as 10101a(1)(a)

(3) In correspondence, messages, and other communications, refer to the Volume as “DoD Financial Management Regulation, Volume 7B” by paragraph, subparagraph, or decision logic table number. For example: DoD Financial Management Regulation, Volume 7B, paragraph 10101a(1)(a).

(4) Use of Decision Logic Tables (DLT). Decision logic tables have been used throughout the Volume to simplify technical instructions.

c. Revisions

(1) Regular Changes. Revisions will be published by means of changes to this Volume. Changes will be dated and numerically identified beginning with number one. A brief resume will be stated on each change cover sheet which will be inserted, in order, in this Volume. New or revised instructions appearing on the pages of a change are indicated by a star placed immediately before the new or revised paragraph, subparagraph, DLT, etc. A list of sheets-in-force in the manual will be issued with each change to provide a checklist for the currency of this Volume.

(2) Interim Changes. All changes requiring rapid dissemination will be made by normal means employed by the service concerned. Such instruction will be formalized and incorporated in the next regular change to this Volume.

(3) Effective Date of Changes. The effective date of changes to this Volume will be as stated in the cover sheet accompanying a regular change or as dictated in an interim change message.

7. Requests for Technical Assistance

a. Submit requests for technical assistance through channels of the Service concerned to:

(1) Army---Deputy Assistant Secretary of the Army for Financial Operations

(2) Navy---Director, Office of Financial Management Systems, Comptroller of the Navy

(3) Air Force---Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller)

(4) Marine Corps-Head, Liaison and Technical Services Division, Fiscal Division

b. When required, the above offices submit requests for technical assistance to Defense Finance and Accounting Service-HQ (FM), 1931 Jefferson Davis Highway, Arlington, VA 22240-5291.

8. Effective Date and Implementation

The provisions of this Volume are effective immediately.

9. Approval. The Under Secretary of Defense (Comptroller) approved this manual under procedures prescribed by the Secretary of Defense in DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992.

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