

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

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

| Page | Paragraph | Explanation of Change/Revision | Effective Date |
|-------------|------------------|---|-----------------------|
| | Entire chapter | Interim change C1-97 designates chapter 7 as a new chapter. | Jan 13, 1997 |

Interim change C1-97 adds this new chapter.

★ CHAPTER 7 (IC C1-97)

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

0701 GENERAL PROVISIONS

070101. Authority. Public Law (P.L.) 104-134, April 26, 1996 (reference (f)), 31 U.S.C. 3332 (reference (c)).

070102. Purpose. This chapter provides the policy/procedures for the administration and delivery of payments to military members, retirees, and annuitants through EFT.

070103. Policy. Effective July 26, 1996, P.L. 104-134 (reference (f)), requires all federal payments to be made via electronic funds transfer (EFT) by January 1999. Since 1992, the prescribed method of payment within the Department of Defense (DoD) has been EFT. DoD considers the requirement to participate in EFT 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 EFT on all new active duty, reserve, retired, and annuitant payments on or after July 26, 1996, 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 _____).

070104. Applicability and Scope

A. All payments to active duty members, reservists, retirees, survivor annuitants and allotments are paid by EFT.

B. This policy is effective for new recipients of new federal payments on and after July 26, 1996. However, phased implementation of the policy to coincide with the implementation of required systems changes is authorized. Notification and implementation commences immediately with full implementation required by January 1, 1999. NOTE: Emergency payments (as defined in [Volume 7A, Chapter 32](#), Section 3202 of this Regulation (reference (b))), and certification of no account with a financial institution, as described in paragraph 070103, above, are the only exceptions to the requirement for delivery by EFT. All pay for which an exception to the EFT requirement has not been granted, and for which the payee has not designated an account for receipt are held at the servicing DFAS central site

(when systems changes are available) until the required financial institution information is provided. Also, all check payments are mailed on payday from the servicing DFAS central site to the member's mailing address.

070105. Personnel Subject to EFT Participation

A. Active Duty Military. Active duty military personnel and personnel entering or reentering the military service must provide EFT information or certify in writing that they do not have a financial institution upon arrival at their respective military processing station. Personnel currently on active duty but not enrolled in EFT are required to submit EFT information when they perform TDY, PCS, are promoted, reenlist, or become eligible for a new payment on or after July 26, 1996, or certify in writing that they do not have a financial institution.

B. Reserve and National Guard. Reserve and National Guard personnel entering or reentering a Reserve Component upon processing into their respective component or upon mobilization or recall to active duty must provide EFT 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 National Guard unit, but not enrolled in EFT, are required to submit EFT information when they become eligible for any new payment on or after July 26, 1996, or certify in writing that they do not have a financial institution.

C. Military Retirees and Annuitants. All retirees, separated military personnel and Survivor Benefit Plan annuitants who become eligible for new payments or annuities on or after July 26, 1996, shall provide EFT 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 EFT is not available are exempt from this policy until EFT becomes available.

D. Academy and Reserve Officer Training Corps (ROTC) Cadets and Midshipmen. Military service academy and ROTC cadets and midshipmen are required to participate in EFT. Personnel not presently enrolled shall enroll immediately or certify in writing that they do not have a financial institution.

E. Individual Ready Reservist. Individual ready reservists and annual muster participants are required to participate in EFT. Personnel not presently enrolled shall enroll immediately or certify in writing that they do not have a financial institution.

070106. Personnel Exempt from EFT Participation

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

B. Written Certification Waiver. Individuals shall certify in writing that they do not have a financial institution.

1. For active duty members and reservists, certifications shall be submitted in writing to the Unit Commander.

2. For military retirees, certification shall be submitted in writing to DFAS-Cleveland Center, Retired Pay Operations, Cleveland, Ohio 44199.

3. For survivor annuitants, certifications shall be submitted in writing to DFAS-Denver Center, Annuitant Pay, Denver, Colorado 80279-6000.

070107. Reimbursement for Dishonored Check Charges

A. Reimbursements. 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 or minimum balance or average balance charges levied by the financial institution.

B. The servicing DFAS Center contacts the financial institution to explain the error and requests that charges levied against the account holder be reversed. If the financial institution declines their request for reversal, government reimbursement of the charges are made via EFT, directly to the applicable account involved. Such charges are funded from the appropriation available for the pay of the member concerned.

070108. Allotments

A. Savings Allotments. EFT is required for all savings allotments sent to financial institutions participating in the Federal Reserve System.

B. Allotments to Non Individuals. EFT is required for all discretionary allotments to non individuals.

C. EFT 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, mortgage companies, loan companies, etc., to accept allotment payment by EFT when systems become available for third party EFT.