

VOLUME 7A, CHAPTER 40: “GENERAL PROVISIONS GOVERNING ALLOTMENTS OF PAY (OTHER THAN CHILD AND SPOUSAL SUPPORT ALLOTMENTS REQUIRED BY LAW)”

SUMMARY OF MAJOR CHANGES

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) 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 [May 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision

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CHAPTER 40

GENERAL PROVISIONS GOVERNING ALLOTMENTS OF PAY
(OTHER THAN CHILD AND SPOUSAL SUPPORT ALLOTMENTS REQUIRED BY
LAW)

4001 GENERAL

400101. Purpose

This chapter prescribes the general policy for all allotments authorized for deduction from a member's pay account. Military personnel identified in section 4004 may authorize allotments from their pay for the purposes set forth in Chapters 40, 42, and 43. The provisions of this chapter do not apply to child and spousal support allotments started as required by law when a member fails to make periodic payments under a support order. See Chapter 41 for applicable provisions under those circumstances.

400102. Authoritative Guidance

The bibliography at the end of this chapter lists the authoritative references.

4002 ADMINISTRATION OF ALLOTMENTS

400201. Establishment, Discontinuance, and Changes to Existing Allotments

An allotment may be established, discontinued, or changed using a properly executed Department of Defense [Form 2558](#), commonly referred to as [DD Form 2558](#), Authorization to Start, Stop or Change an Allotment, a written request from a member (or from an agent acting under a specific power of attorney), or an automated data exchange system (from specific organizations). A Service member's written signature is not required to effect an allotment from pay when automated data exchange is utilized. Members are permitted to use automated computer programs that allow using a personal identification number to establish, discontinue, or change an allotment. Allotments will be established, discontinued, or changed only after the member's identity has been validated.

400202. Administrative Changes

An allottee may make administrative changes without the member's consent. Administrative changes are changes to a financial institution name, address, account number, or routing transit number. Administrative changes will only be made after validation of the allottee's identity.

400203. Administrative Stoppage

When a financial institution notifies the member's servicing allotment payment office that the member's account has been canceled or terminated, the payment office will administratively

stop the allotment. The servicing allotment payment office will immediately credit any monies it receives from the financial institution to the member's account and notify the member of the allotment stoppage.

4003 AUTHORIZED ALLOTMENTS

400301. General

Voluntary allotments of military pay and allowances by Service members in active Military Service are limited to discretionary and non-discretionary allotments.

400302. Discretionary Allotments

Members are authorized no more than six discretionary allotments. To start a discretionary allotment on and after January 1, 2015, members will certify that, "Under the penalty of the Uniform Code of Military Justice, I certify that this allotment is NOT for the purchase, lease, or rental of personal property or payment toward personal property." Authorized discretionary allotments include:

A. Deposits to a financial institution, mutual fund company, or investment firm (for other than the prohibited purposes listed in subparagraph 400303.A);

B. Voluntary payment to a dependent or other relative. (Members may designate discretionary allotments to a spouse, former spouse(s), other dependents, and/or relative(s) not legally designated as a dependent(s). Support allotments may be made payable directly to a court, a state agency, a court trustee, a welfare agency, or to a child's guardian or custodian. This allotment may be made payable to a financial organization for credit to the allottee's account);

C. Payment of premiums for insurance;

D. Payment of mortgage or rent for real property; and

E. Deposits into the Savings Deposit Program.

400303. Discontinuance and Grandfathering of Discretionary Allotments

A. Discontinuance

Effective January 1, 2015, members are not authorized to start allotments for the purchase, lease, or rental of personal property. Personal property includes vehicles (e.g., automobiles, motorcycles, or boats), appliances or household goods (e.g., a washer, dryer, furniture), electronics (e.g., a laptop, tablet, cellphone, or television), and other consumer items that are tangible and movable.

B. Grandfathering

Allotments described in subparagraph 400303.A that exist on a member's pay account prior to January 1, 2015, may continue, and members may change the amount of these existing allotments.

400304. Non-Discretionary Allotments

Non-discretionary allotments of military pay and allowances by members in active [Military Service](#) are limited to the following:

- A. Purchase of U.S. savings bonds through [TreasuryDirect®](#);
- B. Repayment of loans to the Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society, and American Red Cross;
- C. Voluntary liquidation of indebtedness to the United States that includes the following:
 1. Indebtedness incurred due to defaulted notes insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs; [and](#)
 2. Payment of amounts due under the Retired Serviceman's Family Protection Plan, in the case of retired Military Service members serving on active duty;
- D. Any other indebtedness to any department or agency of the U.S. Government (except to the Military Department that pays the member);
- E. Any repayment of debts owed to an organization for funds administered on behalf of the U.S. Government and any such debts assigned to a collection agency;
- F. Payment for pledges for charitable contributions to the following:
 1. Combined Federal Campaign (CFC); only one such allotment is authorized for any Military Service member; [and](#)
 2. Army Emergency Relief, Navy and Marine Corps Relief Society, or Affiliates of the Air Force Assistance Fund; only one such allotment is authorized for any Military Service member;
- G. Allotments to the Department of Veterans Affairs for deposit to the Post-Vietnam Era Veterans Educational Assistance Program. The allotment must be divisible by \$5 and with a minimum amount of \$25 and not more than \$100. Upon the Service member's authorization, the allotment must run a minimum of twelve consecutive months, unless the member suspends participation or terminates enrollment due to personal hardship or release from active duty;

H. Payment of delinquent federal, state, or local income or employment taxes;
and

I. Lease payments when members are assigned to privatized housing units under the Military Housing Privatization Initiative. See Chapter 43, section 4304.

4004 ELIGIBLE ALLOTTERS

400401. Members on Extended Active Duty

Commissioned and warrant officers, and enlisted members on extended active duty may make pay allotments.

400402. Allotments Continued to Retired Status

To aid members in the transition from active duty to retired status, members on active duty may transfer all existing authorized discretionary allotments to the retired pay system as approved allotments.

4005 PAY AND ALLOWANCES WHICH MAY BE ALLOTTED

400501. Maximum Amount for Allotment

For members assigned within the continental United States, include the following items in computing the maximum amount of pay and allowances that may be allotted:

- A. Basic Pay;
- B. Basic allowance for housing for members with dependents and members without dependents including family separation housing;
- C. Basic allowance for subsistence;
- D. Incentive Pays:
 - 1. Aviation Incentive Pay;
 - 2. [Critical Skills](#) Incentive Pay;
 - 3. Hazardous Duty Pay; and
 - 4. Submarine Duty Pay; and
- E. Special Pays:
 - 1. Assignment Incentive Pay;

2. [Health Professions Officers Special and Incentive Pays](#) to include:
 - a. [Board Certification Pay](#); and
 - b. [Incentive Pay](#);
3. Career Sea Pay;
4. Career Sea Pay Premium;
5. Continuation Pays for Nuclear-Qualified, Engineering and Scientific, Judge Advocate, and Surface Warfare Officers;
6. Designated Unit Pay;
7. Diplomat Pay for Psychologists;
8. Diving Duty Pay;
9. Enlisted Members Extending at Designated Overseas Locations;
10. Officers Holding Position of Unusual Responsibility and of a Critical Nature; and
11. Special Duty Assignment Pay.

400502. Members Assigned Outside the Continental United States

Include the following pay and allowance items in addition to those listed in paragraph 400501:

- A. Cost-of-Living Allowance;
- B. Family Separation Allowance – Restricted only;
- C. Family Separation for Housing Allowance;
- D. Hardship Duty Pay;
- E. Hostile Fire/Imminent Danger Pay (applies only to members in designated areas); and
- F. Overseas Housing Allowance.

400503. Amounts Withheld from Pay and Allowances

The following amounts must be withheld from the maximum amount of pay and allowances that may be allotted:

- A. Federal, state, and Federal Insurance Contributions Act taxes;
- B. The repayment of debts properly chargeable against a member's pay account (does not include repayments of advance pay);
- C. Premiums of Servicemembers' Group Life Insurance (SGLI) and Family SGLI; and
- D. Montgomery GI Bill deduction.

400504. Commander's Restriction

Commanders may further restrict the total amount a member may allot when necessary to help the member meet essential personal needs.

4006 PERIODS OF ALLOTMENTS

Allotments will deduct for indefinite periods except those made to Military Service relief organizations; to the American Red Cross; to the U.S. Government for either repayment of indebtedness or payment of delinquent federal income taxes; for CFC charity drive donations; or for payment of delinquent state or local income or employment taxes.

4007 ALLOTMENT PAYMENT OFFICES

400701. Air Force and Army

Defense Finance and Accounting Service (DFAS)-Indianapolis pays all Army and Air Force allotments.

400702. Marine Corps and Navy

DFAS-Cleveland pays all Marine Corps and Navy allotments.

4008 SPECIAL SITUATIONS

400801. Minors

Allotments may not be made payable to children under 16 years of age, but may be made payable to the children's guardian or custodian. Members' spouses are authorized allottees regardless of their age.

400802. Mentally Incompetent Persons

Allotments may not be made payable to mentally incompetent persons. However, they may be made payable to a guardian or to the institution where a mentally incompetent person is confined.

400803. Power of Attorney

The holder of a member's special power of attorney may use that document to establish, change, or stop an allotment. The special power of attorney must specifically state the authority to establish, change, or stop allotments. A general power of attorney is not acceptable to establish, change, or stop an allotment.

400804. Member Awaiting Trial by Court Martial.

A. Members may not register allotments between the date that a Court Martial is ordered and the date of the approval or disapproval of the sentence, except when the convening authority has instructed a member to establish an allotment for deferred forfeitures.

B. Discontinue allotments whenever:

1. It is necessary to permit collection of the forfeiture in the monthly amount specified and within the time limitation stated in the Court Martial sentence; or

2. A member is sentenced to forfeit all pay and allowances due from the date the convening authority approves the sentence. This applies even though the convening authority defers the forfeitures and suspends the discharge when ordering the sentence into execution.

C. A prisoner may register allotments provided the amount of pay and allowances not forfeited is sufficient to cover allotment deductions.

400805. Returned Absentees, Deserters, and Prisoners

Allotments will not be registered for a returned absentee or deserter, unless the paying DFAS site has verified the member's pay status.

400806. Fraudulent Enlistment

When pay is suspended pending final action on the determination of fraudulent entitlement, pay and allowances are not eligible for allotment.

400807. Reduced Pay of Allotter

Allotments are discontinued when a reduction in grade or stoppage of pay results in insufficient funds for allotments in effect.

4009 RIGHT TO ALLOTMENT IN CASE OF DEATH

400901. Death of Allotter

Upon the death of the member, all allotments are revoked. After receipt of notice of the member's death, the paying allotment office will not make further allotment payments. Deductions made from the member's pay, but not paid to the allottee, become part of the member's arrears of pay. The issuance of a check for an allotment does not constitute payment until it is negotiated and the payee collects the amount. Consequently, an amount for which an allotment check was issued becomes part of the member's arrears of pay when the allotment check is not negotiated. Allotments paid after the member's death may not be collected from the allottee, with two exceptions:

A. Allotments established erroneously after notice of the member's death; and

B. Unearned insurance premiums (insurance premiums paid 1 month in advance of the day payment is due). See Military Service procedural instructions for actions required by the disbursing officer maintaining the pay account.

400902. Death of Allottee

When an allottee does not cash or negotiate an allotment check prior to the allottee's death, the check, even if it has been endorsed, does not become part of an allottee's estate. It is not subject to any expense incurred by, or on behalf of, the allottee before or after death. Unnegotiated allotment checks will be returned to the office from which they were issued. Allotment checks that have been returned will be credited to the member's account or paid in accordance with Military Service instructions if the member has been separated from the Military Service.

4010 ALLOTMENT OVERPAYMENT RESPONSIBILITIES

Reference Volume 5, Chapter 5, section 0507 for determination of liability for disbursing officers. For collections of debts owed to the Department of Defense, refer to Volume 16.

BIBLIOGRAPHY

**CHAPTER 40 - GENERAL PROVISIONS GOVERNING ALLOTMENTS OF PAY
(OTHER THAN CHILD AND SPOUSAL SUPPORT ALLOTMENTS
REQUIRED BY LAW)**

4001 - GENERAL

Title 37, United States Code (U.S.C.), section 701

4003 - AUTHORIZED ALLOTMENTS

400302

Office of the Under Secretary of Defense (OUSD)
Comptroller (C) Memo, November 21, 2014

400303

OUSD (C) Memo, November 21, 2014

400304.G

38 U.S.C. §§ 3201-3243

4009 - RIGHT TO ALLOTMENT IN CASE OF DEATH

[Comptroller General Decision \(Comp. Gen.\)](#)

B-225873.2, March 28, 1991

[Comp. Gen. B-225873](#), September 25, 1987

[Comp. Gen. B-169453](#), April 20, 1970