

**U.S. Department of  
Homeland Security**

**United States  
Coast Guard**



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# **Coast Guard Pay Manual**

**COMDTINST M7220.29B**



COMDTCHANGENOTE 7220  
FEB 10, 2012

COMMANDANT CHANGE NOTICE 7220

Subj: CH-2 TO THE COAST GUARD PAY MANUAL, COMDTINST M7220.29B

1. PURPOSE. This Commandant Change Notice publishes a change to The Coast Guard Pay Manual, COMDTINST M7220.29B.
2. ACTION. All Coast Guard unit commanders, commanding officers, officers-in-charge, deputy/assistant commandants, and chiefs of headquarters staff elements shall comply with the provisions of this Commandant Change Notice. Internet release is authorized.
3. DIRECTIVES AFFECTED. None.
4. DISCUSSION. No paper distribution will be made of this Commandant Change Notice. Official distribution will be via the Coast Guard Directive (CGDS) DVD. An electronic version will be located on the following Commandant (CG-612) web sites. Intranet: <http://cgweb.comdt.uscg.mil/CGDirectives/Welcome.htm>, Internet: <http://www.uscg.mil/directives/>, and CGPortal: <https://cgportal.uscg.mil/delivery/Satellite/CG612>.
5. PROCEDURE. Remove and replace the following sections of The Coast Guard Pay Manual, COMDTINST M7220.29B:

Remove

3-7 through 3-13  
3-24  
3-32  
3-49 through 3-51  
3-55 through 3-56  
3-77  
4-8

Replace

3-7 through 3-13  
3-24  
3-32  
3-49 through 3-51  
3-55 through 3-56  
3-77  
4-8

DISTRIBUTION – SDL No. 159

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
A	1	1		1	1	1	1	1	1	1		1	1	1	1	1	1		1		1	1				
B	1	1	1	X	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1					
C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	
D	X	X	X	X	X			X	X		X	X							X	X	X	X	X	X	X	X
E	X	X			X	X		X	X	X	X	X		X		1	X	X	X	X	X		X	X		
F																		X	X							
G			X	X	X																					
H	X	X		X	1	1	1	X																		

NON-STANDARD DISTRIBUTION:

4-10	4-10
<u>Remove</u>	<u>Replace</u>
4-18	4-18
6-i and 6-1	6-i and 6-1
6-27	6-27
7-i through 7-15	7-i through 7-14
10i	10i
10-1 through 10-4	10-1 through 10-4
10-7	10-7
10-12 and 10-13	10-12 and 10-13
10-15 through 10-22	10-15 through 10-26
11-4	11-4
11-7 and 11-8	11-7 and 11-8
14-2 through 14-4	14-2 through 14-4
16i	16i
16-3 and 16-4	16-3 and 16-4
16-13 and 16-14	16-13 and 16-14

6. MAJOR CHANGES.

- a. Section 3-B-10, removed due to authority expiration on 31 Dec 2009.
- b. Section 3-C-1.a, changed Commandant (CG-1222) to CG PSC-psd-fs, and adds language to see example 1 when the PCS is within the same MHA.
- c. Section 3-C-1.c, Inserts reference to 3-C-3.b. when BAH protection is authorized and a change in dependency status occurs.
- d. Section 3-C-2.a, Changed to clarify that the Housing Allowance Protection Worksheet (CG 2025A) will be submitted to the Coast Guard Personnel Service Center (CG PSC-psd-fs), Arlington, VA.
- e. Section 3-C-3.b, Re-written for clarification.
- f. Section 3-C-6, Re-written for clarification.
- g. Section 3-E-4.b.(4), Added to clarify the BAH entitlement for an E-3 (or below) member who is assigned to sea duty and marries an active duty member stationed ashore.
- h. Section 3-H-2, Expands the definition of a dependent child.
- i. Section 3-H-4, Changes the title of the section to Dependents Separation Requirements.
- j. Section 3-H-4.b and c, Clarifies entitlement to FSA when the child(ren) do not reside full time with the member.
- k. Section 3-H-12.a, Clarifies entitlement to FSA for married service members with dependents.

- l. Figure 3-9, Note 10, Re-written to refer the reader to section 3-E-3.b when members are assigned to different locations.
  - m. Section 4-B-9, example two updated to correctly reflect CSEAPAY entitlement. Also updated periods that are not eligible for career sea pay prior to career sea pay reform on 01 Oct 2001.
  - n. Page 4-10, figure 4-3, inserted the word “vessel” for rules 10 and 11.
  - o. Section 4-H-8-a, updated to include “inactive duty pay”.
  - p. Section 6-A-4, explained PPC’s authority to issue refunds in regards to SGLI and FSGLI.
  - q. Section 6-I, Added policy on Armed Forces Retirement Home (AFRH).
  - r. Section 7-B, References to Bonds removed from all of chapter 7 and entire section of 7-B was removed; all subsequent sections moved up 1 letter, starting with section 7-B.
  - s. Section 10-A, minor grammatical changes for clarity.
  - t. Section 10-F, updated calculations for disability severance pay IAW 10 USC 1212.
  - u. Section 10-H, expounded on rules of eligibility for SEP PAY.
  - v. Figure 10-3, added rule on LSL entitlement for temp commission to permanent commission.
  - w. Section 11-B-4.a.(4), changed max recoup rate from 20 percent to 15 percent.
  - x. Section 11-F-5-c, time limitation for waiver request increased from 3 yrs to 5 yrs.
  - y. Section 14-C, added the Finance Center (FINCEN) as a settlement authority.
  - z. Section 16-E, added policy for Representative Payee on SBP annuities.
  - aa. Section 16-A-2-d, update hyper link for retired pay multiplier.
  - bb. Section 16-A-5, removed, additional 10 percent for good conduct is no longer used.
  - cc. Section 16-A-5, subsection moved up, updated criteria for Extraordinary Heroism.
7. **RECORDS MANAGEMENT CONSIDERATIONS.** This Commandant Change Notice has been evaluated for potential records management impacts. The development of this Commandant Change Notice has been thoroughly reviewed during the directives clearance process, and it has been determined there are no further records scheduling requirements, in accordance with Federal Records Act, 44 U.S.C. 3101 et seq., National Archives and Records Administration (NARA) requirements, and the Information and Life Cycle Management Manual, COMDTINST M5212.12 (series). This policy does not have any significant or substantial change to existing records management requirements.

8. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.

- a. The development of this Commandant Change Notice and the general policies contained within it have been thoroughly reviewed by the originating office in conjunction with the Office of Environmental Management, and are categorically excluded (CE) under current USCG CE # 33 from further environmental analysis, in accordance with Section 2.B.2. and Figure 2-1 of the National Environmental Policy Act Implementing Procedures and Policy for Considering Environmental Impacts, COMDTINST M16475.1 (series). Because this Commandant Change Notice contains guidance on, and provisions for, compliance with applicable environmental mandates, Coast Guard categorical exclusion #33 is appropriate.
- b. This directive will not have any of the following: significant cumulative impacts on the human environment; substantial controversy or substantial change to existing environmental conditions; or inconsistencies with any Federal, State, or local laws or administrative determinations relating to the environment. All future specific actions resulting from the general policies in this Commandant Change Notice must be individually evaluated for compliance with the National Environmental Policy Act (NEPA), DHS and Coast Guard NEPA policy, and compliance with all other environmental mandates. Due to the administrative and procedural nature of this Commandant Change Notice, and the environmental guidance provided within it for compliance with all applicable environmental laws prior to promulgating any directive, all applicable environmental considerations are addressed appropriately in this Commandant Change Notice.

9. FORMS/REPORTS. The forms referenced in this Manual are available in USCG Electronic Forms on the Standard Workstation or on the Internet:  
<http://www.uscg.mil/forms/>, CG Portal at  
<https://cgportal.uscg.mil/delivery/satellite/uscg/refernces>, and Intranet at  
<http://cgweb.comdt.uscg.mil/cgforms>

DAVID R. CALLAHAN /s/  
RDML, Director CG-13

- (8) A member without dependents confined in a guardhouse, brig, or correctional barracks who was assigned to single-type, Government quarters before confinement and remains assigned to such quarters during confinement is authorized BAH-Partial unless forfeiture of allowances was directed.
  - (9) A member without dependents who is ordered PCS to confinement in a guard-house, brig, correctional barracks, or to additional training in a retraining or rehabilitation facility, is assigned to certain quarters therein and is not authorized BAH or OHA. Such member is authorized BAH-Partial unless forfeiture of allowance was directed.
  - (10) A member without dependents who is restrained in a status of arrest in assigned single-type Government quarters and therefore not authorized BAH or OHA, is authorized BAH-Partial unless forfeiture of allowances was directed.
  - (11) A member without dependents permanently assigned to a hospital for treatment and assigned quarters in the hospital is authorized BAH-Partial.
  - (12) A member without dependents assigned to single-type Government quarters between permanent duty stations and not authorized BAH or OHA is authorized BAH-Partial.
  - (13) A member without dependents is not authorized BAH-Partial when assigned to Government single-type quarters (including Government-leased quarters) that exceed the minimum standards of single quarters for the member's grade.
8. BAH Transit. A Transit housing allowance rate is a temporary housing allowance paid while a member is in a travel or leave status between permanent duty stations, provided the member is not assigned to Government quarters. The Transit rate continues during proceed time and authorized delays en route, including TDY en route. See section 3-G-5.
  9. BAH Reserve Components (BAH-RC). BAH-RC is the rate authorized to Reserve Component members called or ordered to active duty for 30 or fewer days except for a member called to active duty for a Secretary of Defense (SECDEF) designated contingency operation. A Reserve Component member called to active duty for a contingency operation is authorized the BAH/OHA rate even for tours of 30 or fewer days. See section 3-G-11.

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### C. BAH RATE PROTECTION.

1. Military Housing Area (MHA). The monthly BAH rate amount actually paid a member (i.e., BAH Rate Protection) must not be reduced as a result of changes in housing costs in the military housing area (MHA), administrative adjustments to MHA boundaries (which do not involve a physical relocation of a member's PDS), changes in the national monthly housing cost, or a member's promotion. If the member is reduced in pay grade or loses BAH authorization, then BAH rate protection at the current rate terminates on the effective reduction date or the date the member's eligibility for a given MHA terminates. The current BAH rate at the current duty location becomes the member's new protected BAH rate. Individual BAH rate protection prevents the decrease of a BAH rate as long as the status of a service member remains unchanged and the member is in receipt of BAH. This means that service members will be entitled to the 1 January published BAH rate, or the BAH rate authorized on 31 December, whichever is higher. Individual rate protection continues until a member's status changes due to:
  - a. Receipt of a permanent change of station (PCS) order for which the member does not have written authority from **CG PSC-psd-fs** authorizing him or her to receive the BAH rate for their previous duty station location or a designated dependents location (if with dependents). **See example 1 below when the PCS transfer is within the same MHA.**
  - b. Reduction in pay grade. See example 2 below.
  - c. Change in dependency status from with-dependents to without-dependents (e.g. divorce, death, etc). **See 3-C-3.b when BAH protection is authorized and a change in dependency status occurs.** When child support is paid, see section 3-B-6 for entitlement to BAH DIFF, or BAH or OHA with-dependents based on payment of child support.
  - d. Change in dependency status from without to with-dependents (e.g. marriage, adoption).

#### Examples:

1. PCS order within the same MHA: In NOV10 a member receives a PCS order from Portsmouth, VA to Norfolk, VA, both in the Norfolk/Portsmouth, VA Military Housing Area (MHA). The member reports to Norfolk, VA on 1MAY11. In 2010, their BAH rate is \$650. Reporting on 1MAY11, the 2011 BAH rate decreased to \$600. Is the member rate protected at the 2010 BAH rate? Yes, because both units are located in the same Military Housing Area (MHA), upon reporting individual rate protection applies at the 2010 rate. **A Housing Allowance Protection Worksheet, CG-2025A , does not have to be submitted to request BAH for the previous duty station.**
2. Reduction in pay grade: A member is reduced in pay grade from E-6 to E-5 on 16MAY11. The E-6 BAH rate is protected at \$700 on 31DEC10 even though the E-6 BAH rate decreased to \$625 on 1JAN11. Is the E-5 rate protected at the E-6 rate effective 31DEC10? No, their reduction in grade rate forfeits rate protection. Their E-5 BAH rate is effective 16MAY11.
3. Advancement in pay grade: A member is advanced to E-7 on 1MAY11. Effective 31DEC10 the BAH rate for E-6 is \$650. The 1JAN11 E-6 rate is \$600. The E-7 BAH rate effective 1JAN11 is \$625. The member is individually rate protected at the 2010 E-6 rate of \$650.
4. MHA boundary adjustment example: A MHA boundary line adjustment is made between two adjacent MHAs, which results in changing a unit(s) affected by the boundary change to lower BAH rates. Members assigned to the unit(s) prior to the effective date of the MHA boundary change may be "rate protected" into the previous MHA's BAH rate, but will not be authorized any subsequent rate increases applicable to the former MHA the unit(s) were located in. A member who reports on or after the MHA boundary change effective date will be authorized the BAH rate applicable to the new MHA, if otherwise eligible to receive BAH.

2. Requesting BAH Rate Protection.

- a. Members will submit the Housing Allowance Protection Worksheet (CG-2025A) to **the Coast Guard Personnel Service Center (CG PSC-psd-fs), Arlington, VA. This worksheet is available in the USCG Adobe Forms System or online at <http://www.uscg.mil/forms/> or <https://cgportal.uscg.mil/delivery/Satellite/CG611/FORMS>.** Note: U.S. Public Health Service Officers serving with the U. S. Coast Guard should submit BAH protection requests to: Chief, Compensation Branch, PHS Commissioned Personnel Division, Room 4-50, 5600 Fishers Lane, Rockville, MD, 20857-0001.
- b. The following circumstances are precluded from BAH rate protection consideration to base BAH on the previous duty station location, or a dependents location (if with dependents):
  - (1) Maintain continuity in dependent's education or employment.
  - (2) Financial burden of relocating dependents, including selling a residence.
  - (3) Await assignment to government housing.
  - (4) Desire to retire at the previous duty station or return there on next assignment.
  - (5) Permanent change of station (PCS) allowances conserved by not relocating dependents.

3. Authorization Provisions.

- a. A member issued a memorandum by **CG PSC-psd-fs** basing BAH on either their previous duty station or dependents location, or OHA on a dependents location, will remain in effect until the member executes a PCS from their permanent duty station, retires, resigns, discharges, divorces (if married) or experiences a dependency status change from with-dependents to without-dependents, the member and dependents (if with dependents) are assigned to government owned or leased family type quarters, or the member and/or their dependents (if with dependents) relocate their residence either out of the Military Housing Area (MHA) boundary area located in, or out of the residence location (if not in an MHA), whichever action occurs first.
- b. **When a member with-dependents is authorized BAH protection by CG PSC-psd-fs to receive a with-dependent housing allowance rate for either their previous duty station or designated place of dependents, and upon or after reporting to their new PDS the member divorces (if married) or experiences a dependency status change (e.g. court ordered legal separation, death of sole dependent) from with dependents to without dependents, effective the dependency status change date the member is not authorized to continue receipt of the with-dependent housing allowance rate for either the previous duty station or designated place of dependents. Effective on the dependency status change date the previous duty station or dependent location with-dependent rate terminates, and effective the next date the member's housing allowance authorization will be based on their current permanent duty station location. See Figure 3-14, Rule 1, Note 1.**
- c. When **CG PSC-psd-fs** authorizes a member to receive a BAH rate at their previous duty station location or dependents location, and the BAH rate at their PDS inverts to a higher rate, the member cannot submit another request to receive the PDS BAH rate. Furthermore, the member's SPO does not have the authority to change the member's BAH rate to the PDS rate should a rate inversion occur. The exception to this is a designated vessel that experiences a permanent change of homeport.

- d. A member with dependents who reports to a PDS where BAH protection may be authorized, but elects to receive the BAH rate at their PDS upon reporting, and at a later date the BAH rate at their dependent's location or previous PDS inverts to a higher rate, cannot submit a request to **CG PSC-psd-fs** to receive the dependent's location or previous PDS BAH rate.
4. "No Entitlement" Permanent Change of Station (PCS) Order. In addition to pre-existing authority to base BAH on the member's dependents location, in cases of a "no entitlement" permanent change of station (PCS) order issued within the United States, **CG PSC-psd-fs** may authorize BAH for members with or without dependents based upon the member's previous duty station location.
- a. "No Entitlement" Permanent Change of Station Defined. To properly define this term under Joint Federal Travel Regulation rules, a "no entitlement" PCS is a PCS order issued without PCS allowances to relocate dependents (if with dependents) and household goods (HHG) at Government expense. This type of PCS order is normally issued because the member's current and new duty station are 1) in proximity to each other, and 2) the member's residence is located within the reasonable commuting distance to the current duty station and the new duty station ordered to.
- b. Reasonable Commuting Distance (RCD) Standard Defined. The reasonable commuting distance (RCD) standard from the member's residence to their current duty station is a one-way distance of 50 miles or less, or a round-trip travel time of two hours or less. To calculate the RCD without route manipulation, on-line mapping systems such as MapQuest, Google Maps, and the Defense Official Table of Distances (DOTD) are used. **CG PSC-psd-fs cannot** use a member's self-certification of a personal transportation mode, driving route, mileage distance or travel time calculation. If the mileage or round-trip travel time from the residence to the old or new PDS exceeds the RCD, the member is authorized PCS entitlements to relocate **authorized** dependents and household goods to the new duty station. When PCS entitlements apply, the member cannot contact the order issuing authority and request the PCS entitlements be removed for the purpose of gaining BAH protection. A PCS order is not considered a "no entitlement" when a member elects not to utilize the PCS entitlements and commutes beyond the RCD from their residence to their new PDS.
- c. BAH Protection Consideration Factors.
- (1) Reviewing previous career assignments and housing history to determine if the housing decision is based on receipt of the current duty station BAH rate (Examples 1 and 2).
  - (2) Reviewing previous PCS transfers to verify if the member relocated their dependents and household goods to those previous duty stations (Example 3).
  - (3) If the member is with dependents, determining if the member's and dependents residence location is within the RCD to their current and new duty stations (Example 4).
  - (4) Determining if a change in dependency status has occurred.
  - (5) Determine if a residence change occurred upon or after receipt of the PCS order (Examples 5 and 6).

Examples when BAH for the previous duty station may not be authorized.

Example 1. A member was initially stationed at the CG Yard, Baltimore, MD (Annapolis, MD MHA). The member received a "no entitlement" PCS to CG Headquarters, Washington, DC, did not relocate her residence, and received the Washington DC BAH rate. Tour complete at CG Headquarters, the member receives a "no entitlement" PCS back to CG Sector Baltimore (Annapolis, MD MHA). The member cannot retain the Washington, DC BAH rate because the member's housing decision was based on the Annapolis, MD MHA.

Example 2. A member executes a “no entitlement” PCS from CG PACAREA, Alameda, CA (Oakland, CA MHA) to CG AIRSTA San Francisco (San Francisco, CA MHA). The member resides in Alameda, CA (Oakland, CA MHA). Tour complete at the air station, he receives a “no entitlement” PCS order to CG PSSU Alameda. The member cannot retain the previous duty station (AIRSTA San Francisco) BAH rate because the member based his housing decision on the Oakland, CA MHA rate when initially stationed at CG PACAREA.

Example 3. A member is initially stationed at CG Headquarters (CGHQ) and bases his housing decision within the reasonable commuting distance to CGHQ. Tour complete the member receives a PCS order to CG Sector Delaware Bay, Philadelphia, PA and doesn’t relocate dependents. Tour complete, the member then receives a PCS order to CG Sector New York, Staten Island, NY and again does not relocate dependents. The member then receives a PCS order back to CG Headquarters. Tour complete at CG Headquarters, the member receives a “no entitlement” PCS order to CG Sector Baltimore. The member is not eligible to continue receipt of the Washington, DC BAH rate because the member never relocated his dependents during his previous PCS transfers.

Example 4. A member is stationed at CGHQ Washington, DC and resides in Stafford, VA. The member receives a PCS order to the CG Yard, Baltimore, MD. The member elects not to relocate his dependents and household goods. The member may not receive the previous duty station (CGHQ) BAH rate because the member’s residence is not within a reasonable commuting distance to the CG Yard. The member has PCS allowances to relocate dependents/household goods.

Example 5. A member receives a PCS order with PCS allowances from CG PSSU Boston to CG Sector Southeastern New England, Providence, RI. The current residence is not within a reasonable commuting distance to CG Sector SENE. Prior to departing ISC Boston the member relocates his residence at his own expense to the Providence, RI area. The member cannot request to continue receipt of the Boston BAH rate because he relocated his residence.

Example 6. A member receives a PCS order with PCS allowances from CG AIRSTA San Francisco to CG AIRSTA Sacramento. The member resides near the current PDS but relocates their residence at their own expense to the new PDS. The member is not authorized to continue receipt of the San Francisco BAH rate after reporting to CG AIRSTA Sacramento. Personal moves at the member’s own expense is not a basis for BAH rate protection.

5. PCS Order; Unusually Arduous Sea Duty. These Coast Guard vessels are designated as unusually arduous sea duty vessels; High Endurance Cutters (WHEC), Medium Endurance Cutters (WMEC), National Security Class Cutters (WMSL) crew (only after crews have been moved aboard commissioned cutters or begun rotational cycles; does not apply to personnel ordered to a hull or crew during a construction phase), and Polar Class Icebreakers (WAGB).
  - a. Vessel Home Ported In CONUS. Upon receipt of a PCS order to the vessel, members who have no intention of relocating their dependents to the vessel’s home port may submit a Housing Allowance Protection Worksheet, CG 2025A, to request the BAH rate for the previous duty station, or BAH or OHA for a designated place of dependents, if higher than the vessel’s CONUS home port rate. For BAH to be based on the previous duty station, the consideration factors in section 3-C-4.c apply.
  - b. Vessel Home Ported Outside CONUS. Upon receipt of a PCS order to the vessel, members who have no intention of relocating their dependents to the vessel’s OCONUS home port, may submit a CG 2025A to receive the BAH rate for the previous duty station, or BAH or OHA for a designated place of dependents, if higher than the vessel’s OCONUS home port rate. For BAH to be based on the previous duty station, the consideration factors in section 3-C-4.c apply.
  - c. Dependent Travel Delayed. For members receiving a PCS order to an unusually arduous sea duty vessel, the intent of the authority to authorize BAH based on the previous duty station or a

designated place of dependents is based on members who intend to remain separated from their dependents throughout the duration of their tour aboard the vessel. The intent of the BAH protection authority does not apply for a delay in dependent travel (except when ordered by competent authority) or a temporary separation from dependents after the member executes the PCS and reports aboard the vessel. Temporary dependent separations of this nature are considered matters of personal choice and not a basis for BAH rate protection.

- d. Members Paying Child Support. Members in grade E-4 and above who are authorized to receive BAH with-dependents based on payment of child support, who receive a PCS order to an unusually arduous sea duty vessel home ported in the vicinity of their current duty station, may request to receive the BAH with-dependents based on payment of child support rate for their previous duty station, if higher than the vessel's home port rate. BAH rate protection consideration is contingent on the member's permanent residence being within the RCD to their current and new duty stations, and if so, has no intention of relocating and will continue to occupy this private residence upon reporting to the vessel. Members authorized a with-dependents housing allowance based on the payment of child support are not eligible to request BAH protection for a designated place of dependents when ordered to an unusually arduous sea duty vessel.
6. **PCS Order; Critical Housing Area (CHA).** In accordance with Critical Housing Areas (CHA), COMDTINST 11101.15 (series), members with dependents who are issued a PCS order to a unit located in a CHA designated military housing area (MHA), or to a specific CHA designated unit, may submit a Housing Allowance Protection worksheet, CG-2025A. BAH protection is not applicable if the member relocates any of their dependents to the CHA designated MHA the unit is located in or to the CHA designated unit location. Members authorized a housing allowance based on payment of child support are not eligible to request BAH protection under this provision.
    - a. **Critical Housing Areas are identified at web site:**  
<http://www.uscg.mil/hq/cg1/cg122/Compensation/Allowances/Critical%20Housing%20Areas.asp>
    - b. **BAH rate protection may be requested for:**
      - (1) **The previous duty station if the residence the member and dependents occupy is within the RCD standard (see section 3-C-4.b) to the member's previous duty station, or**
      - (2) **The dependent location if the residence the member and dependent occupy is not within RCD standard to the previous duty station, but has a higher BAH rate than the previous duty station, or**
      - (3) **The dependent location if a relocation of dependents at government expense is executed.**
  7. PCS Order; Short-Term Professional Education or Training. Members with dependents who receive a PCS order to a short-term professional education or training location that is between 20 weeks and 12 months, and do not use their PCS entitlements (other than their own personal travel and a small shipment of personal items to their new education or training location), or move their dependents at their own expense, may submit a Housing Allowance Protection Worksheet, CG-2025A, to request BAH protection for their previous duty station if the members and dependents residence is within a RCD (see section 3-C-4.b) to the previous duty station, or the dependents location. Members who are authorized a housing allowance based on payment of child support are not eligible to request BAH protection under this provision.

- a. Dependent Parents. When one of two members married to each other is receiving a housing allowance at the with dependents rate, the class of dependents includes either member's parents and only one member is authorized a housing allowance at the with-dependents rate or BAH-DIFF for the common class of dependents when the members are assigned to the same or adjacent bases.
4. Duty Status Effects on BAH or OHA.
- a. Member Married to Member. Unless the member's pay grade and duty station assignment specifically preclude the authorization of a without dependent housing allowance, a member married to member who have no dependents are each authorized a without dependents housing allowance when they reside in private-sector quarters, regardless of their grade. The members may not occupy their shipboard quarters or government quarters except when required (e.g., when underway or on duty). See figure 3-11 for housing allowance entitlement if one or both members are paying child support.
- b. **Members in Pay Grade E-3 (or below) Married to another Member; not assigned to government quarters and no other dependents**. When a E-3 (or below) member is:
- (1) Married to a member and both members are simultaneously assigned to sea duty. Each member is authorized BAH based on the without dependents rate for the pay grade of the member.
  - (2) Married to a member and both members are assigned to sea duty and one member receives a (PCS) order to shore duty. For the E-3 (or below) member remaining on sea duty, their receipt of BAH or OHA without dependents, or BAH or OHA with dependents based on payment of child support, terminates. Effective on the PCS reporting date that their spouse reports to their shore-based duty station, the E-3 (or below) member on sea duty is only entitled to BAH Partial. BAH-DIFF may be authorized to the E-3 (or below) member on sea duty only if their spouse stationed ashore receives a without dependent housing allowance.
  - (3) Married to a member and both members are stationed ashore and one member receives a (PCS) order to sea duty. Effective on the PCS reporting date of the E-3 (or below) member to the ship, the member is only authorized BAH Partial. BAH-DIFF may be authorized if the member is paying child support and their spouse stationed ashore is not receiving a with-dependent housing allowance based on payment of child support. The member stationed ashore continues their individual BAH or OHA authorization.
  - (4) **Assigned to sea duty and marries an active duty member stationed ashore and neither has other dependents**. Because both members are not simultaneously assigned to sea duty on their marriage date, the E-3 (or below) member assigned to sea duty is only authorized BAH Partial. Although the member's marital status changed from single to married, for BAH purposes the member is an E-3 (or below) without dependents while permanently assigned to sea duty. The member stationed ashore continues his or her individual BAH/OHA authorization. If one or both members are paying child support, the member assigned to sea duty is authorized BAH DIFF, and his or her spouse stationed ashore is authorized BAH or OHA with dependents based on the payment of child support.

G. ASSIGNMENT SITUATIONS.1. Members Without Dependents.

- a. General. A member without dependents who is entitled to basic pay is entitled to BAH or OHA as set forth in figure 3-12. Note: A member without dependents who is assigned to Government quarters ashore or aboard a vessel cannot claim a full housing allowance because the member may have a private sector quarters payment (i.e. rent, mortgage) which the member does not occupy. The member is considered assigned to Government quarters and is only authorized BAH Partial, or if paying child support, BAH-DIFF. **To avoid an erroneous BAH payment, the member's command must accurately verify the BAH/Housing Worksheet (CG-2025) and confirm his or her quarters assignment to ensure the SPO enters the correct housing allowance code.**
- b. Location Rate. Ordinarily a housing allowance is paid based on the member's PDS or the home port if a member is assigned to a vessel. For members assigned ashore, it is the specific location where a member reports for duty. The member and SPO have a responsibility to correctly start the housing allowance rate (if authorized) for that specific duty location where the member actually reports for duty. For BAH Rate Protection policies, see section 3-C of this Manual.
- c. Ashore Permanent Duty Station; Member Without Dependents.
  - (1) In Grade E-7 or above. Members in grade E-7 and above may elect to not occupy Government quarters at their PDS and are authorized BAH or OHA, unless **CG PSC-psd-fs** has determined, as requested by the member's Commanding Officer or Officer in Charge, that the member's exercise of this option would adversely affect a training mission, military discipline, force protection, or readiness purposes.
  - (2) In Grade E-6. Members in grade E-6 may elect to not reside in Coast Guard UPH facilities if such facilities do not meet adequacy standards prescribed in Table 8-1, Coast Guard Housing Manual, COMDTINST M11101.13(series). These members are authorized BAH or OHA at the without dependents rate, unless **CG PSC-psd-fs** has determined, as requested by the member's Commanding Officer or Officer in Charge, that the member's exercise of this election would adversely affect a training mission, military discipline, force protection, or readiness purposes.
  - (3) In Grade E-5 and Below. Members in grade E-5 and below may be authorized BAH or OHA at the without dependents rate only if there are no Coast Guard or Department of Defense (DoD) UPH facilities available for assignment.
  - (4) In Grade E-4 and Above and Receives PCS Orders to Sea Duty. Members in grade E-4 and above stationed ashore and authorized BAH without dependents or BAH with-dependents based on payment of child support, and receives PCS orders to a sea duty vessel home ported in the same military housing area as their current PDS, may be authorized upon reporting to the vessel to continue receipt of this housing allowance if the member continues to occupy private sector quarters. The member must be authorized by the vessel's commanding officer to reside in private sector quarters. If the member terminates their private sector quarters prior to reporting to the vessel, and is assigned to single-type Government quarters (barracks or shipboard), is only entitled to BAH Partial, or if paying child support, BAH-DIFF.

H. FAMILY SEPARATION ALLOWANCE.

1. Family Separation Allowance (FSA). Under the provisions of 37 USC 427, FSA is payable only to members with dependents. FSA is comprised of FSA-R, FSA-S, and FSA-T, and is payable in addition to any other allowance or per diem to which a member may be entitled. A member, however, may not receive more than one FSA payment for the same period even though the member may concurrently qualify for FSA-R and FSA-S or FSA-T (47 Comp Gen 788). **Effective 1 Oct 2002, FSA is payable in a monthly amount of \$250.**
2. Definition of Terms. For the purpose of this section the following definitions apply:
  - a. Dependent. The term “dependents” has the same meaning as defined earlier in chapter 3 and is further defined below:
    - (1) **Child. A dependent child(ren) is an unmarried child(ren) of the member who is in the legal custody of the member. Legal custody includes a circumstance in which the member has been awarded joint physical and legal custody of a dependent child(ren) as a result of a court ordered custody agreement or finalized divorce decree, which provides that the child(ren) physically reside with the member on an equal basis (no less than 14 days during a month) as compared to the time the child(ren) reside(s) with the spouse, and the member’s actual physical custody of the child(ren) is precluded due to an enforced family separation described in section 3-H-3. Such a custody arrangement must be stipulated in the signed court order or divorce decree, subject to the verification by the member’s SPO, or CG PPC (LGL) if the SPO cannot accurately determine the custody. Also see section 3-H-4 of this Manual.**
    - (2) Secondary. Parents defined for BAH entitlement in section 3-D-14 of this Manual.  
**Note:** Generally, a member may not be paid an allowance (including FSA) for a dependent during any period that the dependent is entitled to Basic Pay. This does not negate an entitlement to FSA for a couple comprised of a member married to another member with no other dependents. Such a couple is entitled to FSA under the conditions of this section.
  - b. Household. This term means the same as “home” or “family.” It applies to a collection of persons living under one roof, with one person who controls and supervises the affairs of the family. For FSA purposes the definition applies only to secondary dependents (46 Comp Gen 148).
3. Conditions of Entitlement. FSA compensates a member for the additional expenses incurred because of a family separation due to official orders (except permissive orders), under one of the below conditions in 3-H-3.a. See section 3-H-12 of this Manual for rules concerning FSA entitlement for members married to members. See rules in figures 3-24 and 3-26.
  - a. A member must meet all general requirements and one of the following conditions in order to qualify for FSA:
    - (1) FSA-R. Is authorized when a member with dependents is transferred to a permanent duty station where transportation of dependents, including dependents acquired after effective date of orders, is not authorized at Government expense and the dependents do not live at or near the member’s permanent duty station or homeport.

- (2) FSA-S. Is authorized when a member is permanently assigned to a ship which is away from its homeport continuously for more than 30 days. (44 Comp Gen 324, MS Comp Gen B-165122 dated 31 Jan 1969, and MS Comp Gen B-237554 dated 2 Nov 1990.) Refer to section 3-H-9 for computation of the 30-day qualifying period. Dependents are not required to live in the vicinity of the homeport.

**Note:** Under the Coast Guard's Mission Effectiveness Program (MEP) a vessel's crew who depart their vessel and temporarily serve aboard another vessel remain assigned to their vessel's PDS home port. If the vessel departs its official home port and makes a port call to the crew's PDS home port within 30 days of the departure date the crew returned to its PDS home port and are not considered away from their PDS home port for more than 30 continuous days.

- (3) FSA-T. Is authorized when a member with dependents is ordered TDY away from the permanent duty station, including TDY aboard a ship, continuously for more than 30 days, the dependents do not reside at or near the TDY location and no social visit(s) occur between the member and any dependent(s) during the initial 30-day qualifying period. Reservists with dependents ordered to active duty for greater than 30 days, but less than 181 days, at a location beyond a reasonable commuting distance from their principal place of residence, and whose dependents do not accompany them to the active duty location, are entitled to FSA-T. Refer to sections 3-H-5 and 3-H-9 of this Manual for computation of the 30-day qualifying period.

- b. Continuous Period of FSA Eligibility. Continuous FSA is payable to a member who performs the same type of FSA duty within 30 days (e.g., a member who qualifies for FSA-S, who within 30 days deploys for another qualifying period of FSA-S, is entitled to continuous FSA). The interim period starts the day after the initial deployment and ends the day prior to redeployment.

Example 1: An eligible member is attached to a career sea pay eligible vessel, and that vessel departs its homeport on 1 Jul and returns to homeport on 15 Aug, the member is entitled to FSA-S payment for 44 days under section 3-H-10. On 14 Sep, the vessel departs its homeport for a subsequent period of 35 days. Since the interim period of homeport was 29 days and the member was entitled to FSA-S for the initial and subsequent period away from homeport; the member is also entitled to FSA-S for the 28-day interim period.

Example 2: An eligible member departs for a TDY period on 1 Mar and returns on 4 Apr. The member is entitled to FSA-T for 33 days under section 3-H-9 of this Manual. On 6 May, the member departs for a subsequent TDY period of 35 days. The member is not entitled to FSA-T for the interim period because that period exceeded 30 days.

Example 3: An eligible member is attached to a career sea pay eligible vessel, and that vessel departs its homeport on 1 Jun and returns to homeport on 1 Jul. The member is entitled to FSA-S for 30 days under section 3-H-10 of this Manual. On 25 Jul, the vessel departs its homeport for a subsequent period of 20 days. Since no entitlement exists for the subsequent deployment, no entitlement is created for the interim period.

**Example 4:** An eligible member is attached to a career sea pay eligible vessel, and that vessel departs its homeport on 1 Sep and returns to homeport on 1 Oct. The member is entitled to FSA-S for 30 days under section 3-H-10. On 25 Oct, the member departs TDY ashore for a subsequent period of 35 days. Interim FSA is **not payable** due to different FSA conditions of entitlement.

4. **Dependents Separation Requirements.** A member is not considered “a member with dependents” for FSA entitlement when:
  - a. The sole dependent is placed in an institution for a known period of over one year or for an indefinite period, which may be expected to exceed one year.
  - b. **The sole dependent is a spouse legally separated or a child in the legal custody of another person. The exception occurs when the member has joint physical and legal custody of the child(ren) and the child(ren) otherwise would reside with the member at least 14 days each month but for the current assignment, the member shall be considered as a “member with dependents” for FSA entitlement.**
  - c. **The member has been awarded joint legal and physical custody of the child(ren) as a result of a court ordered custody agreement or finalized divorce decree, which provides that the child(ren) physically reside with the member less than 14 days during the month.**
  - d. The member’s dependent parent does not reside in a dwelling which the member controls, supervises, and maintains for mutual use when circumstances permit (43 Comp Gen 44, 46, and 148).
  
5. **Temporary Social Visits.** Social visits with dependents affect FSA entitlement as follows:
  - a. **FSA-R.** Entitlement continues while the member’s dependents visit at or near his or her permanent station, but for no longer than 90 continuous days (3 months). Facts clearly must show that the dependents are visiting (not changing residence) and the visit is temporary and not intended to exceed 90 days. If, for unforeseen reasons (due to illness or other emergency), a bona fide social visit extends beyond 90 continuous days, stop FSA the day before the dependents arrive at the member’s permanent station. FSA-R is again authorized on and after the day that the dependents depart from the permanent station (3 Comp Gen 596). A member is entitled to FSA-R even though one or more (but not all) dependents visit for longer than 90 continuous days, if the member is entitled on behalf of the dependents who are not visiting the member (43 Comp Gen 332).
  - b. **FSA-S.** Entitlement continues while the member’s dependents visit at or near his or her ship’s location, other than the home port, continuously for 30 days or less. If the visit exceeds 30 days, entitlement to FSA-S ends on the day preceding the date of dependent arrival, unless the visit is extended because of illness or other emergency. Under such circumstances, payment of FSA-S is limited to 30 days. Entitlement to FSA-S exists if one or more (but not all) of the dependents visit for longer than 30 days, if the member otherwise is entitled to FSA-S on behalf of the dependents who are not visiting the member. The above also applies when the ship visits the vicinity of the dependent’s residence.

11. Restrictions. The following restrictions apply to FSA-S and FSA-T:

- a. The 30-day requirements to qualify for FSA-S or FSA-T are separate, the periods of temporary duty and duty aboard ship while away from homeport may not be combined for the purpose of FSA entitlement (43 Comp Gen 333). However, when the member has previously qualified for either FSA-S or FSA-T (met the “more than 30 day” rule) a change in status from FSA-T to FSA-S or vice versa, does not disqualify the member to the entitlement for the entire period of separation from dependents.
- b. Periods of hospitalization or TDY for more than 30 days by the member at a place residing with the dependents may not be included in arriving at the 30-day requirement.

Example 1: A member on board a ship departing its homeport on 11 Jun for a 15 day patrol (ship returns 26 Jun) will have no entitlement to FSA-S. If on 23 Jun, the same member departs the ship, at other than the ships homeport, for TDY ashore for 20 days and returns to the ship on 13 July will have no entitlement to FSA-T, even though the total period is over 30 days.

Example 2: A member on board a ship and the ship departs its homeport on 1 Jul, departs the ship at other than the ships homeport on 7 Jul for TDY ashore and returns to the ship on 29 Jul, then the ship returns to homeport on 6 Aug. The member is entitled to FSA-S for the entire period. There is no entitlement to FSA-T, and this is not combining FSA-S with FSA-T, this is FSA-S only.

12. FSA For Member Married-To-Member.

- a. **Condition of Entitlement**. In the case of a member married to another member, and the couple has a child that either parent can claim for Basic Allowance for Housing (BAH), one parent may claim the child for entitlement to BAH and the other parent, when otherwise entitled, may claim the child for entitlement to FSA. The FSA entitlement may alternate between parents based on the same dependent; however, FSA may not be paid simultaneously to both members on behalf of the same dependent, except as provided in section 3-H-12.c.
- b. **Removed**.
- c. Effective 1 October 2008. FSA is payable to both married members when they reside together with their dependents immediately before being simultaneously assigned to duty assignments prescribed in section 3-H-3. The dual allowance shall continue until one of the members is no longer assigned to one of those duty assignments. The other member shall continue to receive the allowance until his or her duty assignment terminates. Before initiating this payment, commands and SPOs will verify that each member meets the FSA eligibility requirements. Close coordination of this payment will be made for a couple who have the same or separate SPOs, and the couple have the same PDS or their PDSs are in proximity to each other and the couple and their dependents reside together in the same residence.

(1) FSA-S and FSA-T Eligibility Requirements. The 30-day qualifying period under this authorization starts on or after 1 October 2008.

- (2) FSA-R Eligibility Requirements. If one member is presently in receipt of FSA-R as a result of their separation due to the execution of military order prior to 1 October 2008, the other member is eligible for FSA if their qualifying duty is effective on or after 1 October 2008.
- (3) Monthly FSA Entitlement Limit. Except as authorized in this section, no more than one FSA may be paid monthly with respect to each member of a married member-to-member couple. Commands and servicing personnel office will verify that each member meets FSA eligibility requirements before initiating payment, and will closely monitor the dual payment. While a couple and their dependents may all reside in the same household, close coordination will be made when a couple is stationed at different permanent duty stations with different SPOs.

BAH or OHA Entitlement at Permanent Stations for Spouses in a Uniformed Service -  
Family-Type Quarters Not Assigned (Notes 1 - 10 apply for all rules)

**Notes:**

1. When the members jointly occupy family-type quarters, neither member is authorized BAH or OHA, even though the dependents do not reside in the quarters, unless the dependents are prevented by a military order from occupying quarters.
2. When members are stationed at the same duty station or adjacent duty stations, each member is usually authorized BAH or OHA at the appropriate rate when the members are not assigned to family-type quarters, notwithstanding the availability of adequate single-type quarters for either or both members.
3. Members are considered to be stationed at the same duty station or adjacent duty stations when they are not precluded by distance from living together, or they actually commute on a regular basis, regardless of the distance.
4. When the members have no other dependents and are precluded by distance from living together, each is usually treated as a member without dependents for BAH or OHA entitlement purposes. See figure 3-12.
5. When members are both authorized BAH or OHA at the same or adjacent duty stations, and are separated geographically by competent orders, and one member remains assigned to their duty station, that member ordinarily is authorized BAH or OHA continuation notwithstanding the availability of adequate single quarters for assignment to either member.
6. BAH at the without-dependents rate is authorized during travel status after departure from the old PDS, or during a period of leave, delay en route, or proceed time between PDSs, provided the members are not in receipt of BAH for other dependents, and are not assigned to Government quarters.
7. When one or both of the dependents in columns A and B are dependent parents of the members, both members may not receive with-dependent rate BAH or OHA, if otherwise authorized. Also, when married members no longer share a common residence due to competent military orders, their authorization for increased allowances or to Government-furnished quarters should be determined separately, without regard to the general rule that all dependents of members are members of the same class for the purpose of determining housing allowance authorizations. Refer to sections 3-D-10, 3-E-5, and figure 3-15 for BAH or OHA for divorced or legally separated members.
8. Member married to member who both have sea duty vessels as their permanent duty station (PDS), have no dependents and are maintaining private sector quarters, are both entitled to a without-dependents housing allowance regardless of grade. See Rule 9 for member in pay grade E-3 (or below) assigned to sea duty.
9. A member in pay grade E-3 (or below) is only authorized BAH Partial when assigned to sea duty (PDS), is married to another member who is assigned to shore duty (PDS), and they have no other dependents. The member assigned to shore duty is authorized BAH or OHA at the without dependent rate applicable to their appropriate grade.
10. **When two members marry, and prior to their marriage one or both members were in receipt of a housing allowance at either the with-dependents rate, the with-dependents rate based on payment of child support, or the BAH-DIFF rate, on their marriage date all of their dependents are considered as one class of dependents for housing allowance purposes. One member is authorized a with-dependents housing allowance and the other member is authorized a without-dependents housing allowance. See section 3-E-3.b when members are assigned to different locations.**
11. If either column in column D is blank, that member is not assigned to single-type Government quarters.
12. See figure 3-12 for BAH or OHA authorization when a member is on field or sea duty.
13. When one member enters a non-pay status, the other member may claim the member not entitled to pay and allowances as a dependent and be authorized to draw BAH or OHA at the with-dependent rate for the duration of the non-pay status if otherwise authorized. For exception, see section 3-D-16.b.
14. For purposes of this table, the members have agreed that member A is to receive BAH or OHA at the with-dependent rate. See section 3-E-2.
15. Effective 1 June 2009, when the dependents in column A, rules 9 through 12, are children from a prior marriage or illegitimate children residing with member A, the members may elect for member B to receive BAH or OHA for stepchildren, in accordance with section 3-D-16 and member A to receive without-dependent rate BAH or OHA when not occupying single quarters.
16. Members must elect which one is to receive the with-dependent rate BAH or OHA. If they cannot agree as to the election, the senior member receives the with-dependent rate. **Elections cannot be retroactive.**

FIGURE 3-9 (cont'd)

8. Rates Payable and Conditions of Entitlement. Special pay for career sea duty is payable to eligible members who perform duty under orders issued by competent authority subject to the conditions in figures 4-3, 4-4, and 4-5.
9. Periods Not Payable. A member is not entitled to CSEAPAY:
  - a. For the 31<sup>st</sup> day of the month unless the period of service (total period of active duty, i.e., 12 day active duty orders) is less than 30 continuous days. In this case, include the 31<sup>st</sup> day of a calendar month in the same manner as basic pay.
  - b. During periods en route to and from ships, or while onboard a ship for transportation, regardless of the length of the period.
  - c. During periods of sea duty as an Academy cadet.
  - d. Though the 31<sup>st</sup> day of a month is included for the purposes of the “30-day rule” in rule 1 of figures 4-3 and 4-4, and rule 3 of figure 4-5, no entitlement accrues on that day.
  - e. **E-1 through E-3 and O-1 through O-3 who served aboard a career sea pay eligible vessel prior to 01 Oct 2001 (career sea pay reform) and had less than 3 years of sea service were not eligible for career sea pay.**
  - f. **When departing a vessel prior to a PCS transfer, CSEAPAY will stop on the day of departure. When departing a vessel prior to discharge, release from active duty, or retirement, CSEAPAY will stop the day of departure when utilizing permissive temporary duty and/or processing point. CSEAPAY continues if the member remains attached to the vessel in a leave status.**

**Example 1. A member is retiring on 1 September. The member departs the vessel, which is on deployment, on 18 July and returns to a shore command or cutter’s homeport for permissive temporary duty and/or time at a processing point, in conjunction with a retirement. The member commences 60 days leave on 8 August. CSEAPAY stops on 18 July.**

**Example 2. A member is being discharged on 19 May. The vessel is moored in its homeport or is underway. The member commences 14 days leave on 6 May, in conjunction with the discharge. CSEAPAY continues through 19 May since the member is still attached to the cutter and in a leave status.**
10. Records Maintenance. Authorized mobile units must maintain records available for audit for all periods of service aboard CSEAPAY eligible vessels for each member claiming CSEAPAY and/or cumulative sea duty time. Record Documentation will be retained by the unit or staff for a minimum of **three years in accordance with Information and Life Cycle Management Manual, COMDTINST M5212.12 (series)**.

Career Sea Pay; Conditions Of Entitlement – Permanent Duty Afloat

R U L E	A	B	C
	When a member is ordered to or is permanently assigned aboard a CSEAPAY eligible vessel and	and	Career Sea Pay
1	reports for permanent duty		starts on date of reporting.
2	departs from permanent duty		accrues through day of departure.
3	is discharged while on sea duty	immediately reenlists on board	continues to accrue provided member is otherwise entitled.
4	is TDY, temporarily based, or hospitalized ashore under orders		accrues for 30 days past the date of the departure. <b>(NOTES 1 &amp; 2)</b>
5	is on authorized leave		accrues for the period of leave if otherwise entitled.
6	is TDY to another CSEAPAY eligible vessel		continues at the level of the member's afloat <u>permanent duty station</u> .
7	is suspended or otherwise removed from duty or confined awaiting trial by courts-martial	is acquitted or charges are dismissed	accrues retroactively from first day of confinement, suspension or removal from duty, if member is otherwise entitled.
8	is suspended or otherwise removed from duty or confined awaiting trial by courts-martial	is convicted	does not accrue on first day of confinement, suspension or removal from duty through date prior to day of return to duty from any status above. <b>(NOTE 3)</b>
9.	is confined as a result of courts-martial		does not accrue on first day of confinement through date prior to date of release from confinement. <b>(NOTE 3)</b>
10	<b>vessel</b> is undergoing alterations or repairs	ship remains in an active status (in-commission or in-service)	continues to accrue.
11	<b>vessel</b> is undergoing inactivation processing		stops when the ship reverts to inactive status.
12	departs vessel in conjunction with separation or retirement		accrues through day of departure.

Notes:

1. The 30-day rule starts at 0001 of the first full day the member is TDY away from the career sea pay eligible vessel. Career sea pay and time terminates at 2400 the 30<sup>th</sup> actual day the member is TDY away from the career sea pay eligible vessel.

2. Periods of leave taken before, after, or between two periods of TDY by members permanently assigned to a career sea pay eligible vessel must not be considered when computing the 30 day period. Members are entitled to career sea pay and time for all periods of leave, provided the member was entitled to career sea pay upon commencement of leave. Members whose career sea pay stops during the TDY period are not entitled to career sea pay for periods of leave taken after the career sea pay has stopped. In this case career sea pay will not restart until member reports back to a career sea pay eligible vessel.

3. When the sentence is changed to restriction to a ship and the member performs duty, career sea pay resumes. Non judicial punishment does not result in the loss of career sea pay.

FIGURE 4-3

H. Special Pay-Duty Subject to Hostile Fire or Imminent Danger (HF/IDP).

1. Authority. Under the provisions of 37 USC 310 and regulations prescribed by the Secretary of Defense, members who meet the conditions of this section are entitled to special pay for duty subject to Hostile Fire or Imminent Danger (HF/ID). This special pay is in addition to any other pay and allowances to which a member may be entitled. A member may not be paid HF/IDP more than once for any month.
2. Rate payable. The monthly rate is \$225.
3. Designated Hostile Fire or Imminent Danger Areas. See DoD website <http://www.defenselink.mil/comptroller/fmr/07a/index.html> for current locations and rates.

Note: The designation of a land area encompasses all internal waters, unless otherwise noted. For HF/IDP purposes, the term “internal waters” is defined as waters landward of the baseline drawn in accordance with international law. If only the land area is designated for HF/IDP purposes, the crewmembers of a vessel which anchors in the harbor are not eligible for HF/IDP because the harbor is considered to be in coastal waters. Boat crew members whose official duties require them to make land fall and actually set foot on the soil (not a pier or other waterfront facility attached to the land) qualify for HF/IDP.

4. Conditions of Entitlement. Refer to figure 4-7 for specific conditions of entitlement and section 4-H-7 as a guide in determining entitlement under various conditions.
5. Determinations of Fact. Determinations of fact regarding qualification of entitlement for HFP/IDP will be made by commanding officers under the criteria prescribed in this section. Any determinations of fact made in the administration of this section are conclusive. Such determinations are not subject to review by any officer or agency of the Government, unless there has been fraud or gross negligence. Such determinations may be changed on the basis of new evidence or for other good cause.
6. Members in a Captured or Missing Status. The account of any member who has been qualified for HFP/IDP will continue to be credited while the members is in a status of missing, missing-in-action, interned by a foreign country, or captured by a hostile force.
7. Non-pay Status. HFP/IDP will not be prorated for any member, including reservists on short term active duty orders, members enlisting or separating from active duty, and members who die during the month.
8. Determination of Entitlement.
  - a. A member who is entitled to basic pay **or inactive duty pay (subject to the restrictions in section 2.B.2g, CG Reserve Policy Manual, COMDTINST M1001.28 (series))** is entitled to IDP/HFP for any month during any part in which the member either:
    - (1) is on official duty in a designated area, or
    - (2) is subject to hostile fire or explosion of hostile mines, or
    - (3) is killed, injured, or wounded by hostile fire, explosion of a hostile mine, or any other hostile actions.

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## CHAPTER 6. DEDUCTIONS

A. Servicemembers' Group Life Insurance (SGLI) - Active Duty Coverage.

1. Authority. Public Law 89-214, as amended by Public Law 91-291; and Public Law 92-315; Public Law 93-289; Public Law 97-66 (38 USC 765-779); Public Law 99-166; Public Law 102-25; Public Law 102-510; Public Law 104-106, and Public Law 106-419, provided for SGLI. This program provides automatic full-time coverage in the maximum amount of \$400,000 for SGLI for all Active and Reserve members serving on full-time active duty (AD) (including cadets of the Coast Guard Academy) and Reserve members performing Active Duty for Training (ADT) for more than 30 days. The 1974, amendment also extends full-time coverage to Selected Reservists (SELRES) and any other Ready Reserve members who are (a) assigned or attached to a unit or position that may require performing active duty or active duty for training and (b) will be scheduled to perform at least twelve periods of inactive duty for training annually. The Department of Veterans Affairs administers SGLI.
2. Elections. A member may decline coverage, or elect a reduced level of insurance, in \$50,000 increments. The election to decline coverage, or decrease insurance coverage, must be made on the Servicemembers' Group Life Insurance Election and Certificate form (SGLV 8286). The effective date for the decreased SGLI coverage is the first day of the month following the processing month in which the administrative office receives the VA form, SGLV 8286. For members electing to reinstate coverage they previously declined or to increase coverage they previously reduced, the increased coverage is in effect immediately (unless later disapproved by OSGLI) and a full month's premium will be charged.
3. Rates and Forms. Refer to web site <http://www.insurance.va.gov/sgliSite/SGLI/sgliPremiums.htm> for rates and forms.
4. Refunds. No refund will be made for premium payments properly deducted prior to the effective date of an election not to be covered, or an election for a reduced amount of insurance. When a request for reinstatement or increase of SGLI coverage is rejected by Office of Servicemembers' Group Life Insurance (OSGLI), premiums withheld will be credited to the member's pay account. **PPC is authorized to issue a refund of up to two months of incorrectly deducted premiums for SGLI and FSGLI, where the error was made by the Coast Guard or is simply due to lag time in processing. For refunds going back more than two months, a refund may be approved by CG PSC PSD FS-Casualty Matters if the member shows "very unusual" circumstances. Examples of "very unusual" circumstances include a declared national disaster or member is incapacitated.**
5. Forfeiture. Any member convicted of mutiny, treason, spying, or desertion, or who, because of conscientious objections, refuses to perform service in the Coast Guard, or refuses to wear the uniform of the Coast Guard, must forfeit all rights to SGLI. This insurance is not payable for death inflicted as a lawful punishment of a crime or a military or naval offense, except when inflicted by an enemy of the United States.

B. Servicemembers' Group Life Insurance – Family Coverage.

1. Authority. Public Law 107-14, Veterans Survivor Benefits Improvements Act of 2001, extends life insurance coverage to spouses and children of members insured under the SGLI program.

I. **Armed Forces Retirement Home (AFRH).**

1. **Authority.** Public Law 111-281. Section 205 “Coast Guard Authorization Act of 2010” amended 10 USC 2772, 24 USC 401, and 37 USC 1007 to include the Coast Guard as an Armed Force for the purposes of eligibility for residency at an AFRH location by Coast Guard retired warrant officers, retired enlisted, and retired commissioned officers with at least ten years active service as a regular warrant officer or enlisted member (all must have at least 20 years active service). Monthly deductions from pay in an amount not to exceed \$1.00 will be established by the Secretary of Defense and Commandant after consultation with the AFRH Chief Operating Officer.
2. **Policy.** PPC shall make a monthly deduction for the pay account of each active duty member described in subparagraph 3.a below for payment to the AFRH.
3. **Applicability.**
  - a. **Members Subject to Deductions.**
    - (1) Regular warrant officers (including retirees recalled to active duty).
    - (2) Regular enlisted members (including retirees recalled to active duty).
  - b. **Members Not Subject to Deductions.**
    - (1) Reserve Component members in any status.
    - (2) Commissioned officers (except warrant officers).
    - (3) Regular warrant officer and enlisted retirees entitled to Retired Pay, Disability Retired Pay, or Concurrent Retirement & Disability Pay (CRDP).
    - (4) Members in a non-pay status for the entire calendar month.
    - (5) Selective Service trainees inducted into Federal service.
    - (6) Cadets.
4. **Precedence Over Other Deductions and Collections.** AFRH deductions take precedence over all other deductions and collections in Figure 11-7 of Chapter 11, except:
  - a. **Forfeitures (Rule 1.a),**
  - b. **The “Montgomery G.I. Bill” (Rule 1.b.), and**
  - c. **Federal Insurance Contributions Act (FICA) taxes (Rule 2.a).**

CHAPTER 7  
ALLOTMENTS FROM PAY  
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## CHAPTER 7. ALLOTMENTS FROM PAY

A. Statutory and Administration Provisions.

1. Policy. The allotment system is provided primarily to assist Coast Guard Personnel in accommodating their personal and family financial responsibilities, and secondarily as an effective system for regular payroll deductions for approved programs. It is a convenience and privilege not to be exploited or abused.
2. Who Can Make Allotments. 37 USC 703 authorizes Coast Guard members to make allotments from their pay under regulations prescribed by the Secretary. **Regular members, reserve members on long-term active duty (see section 3.B.4, Reserve Policy Manual, COMDTINST M1001.28 (series)), and members receiving retired pay may make allotments from their pay for any of the purposes within the limitations in figure 7-1 and section 7-A-3 and 7-A-4.**
3. How Much Can Be Allotted. All pay and allowances (less amounts which must be withhold for federal, state, and FICA taxes, Servicemembers' Group Life Insurance (SGLI) premiums, Montgomery GI Bill deductions, **Armed Forces Retirement Home**, and indebtedness to the United States) may be allotted by members.
4. Restrictions. The registration of all allotments is subject to approval by the Pay and Personnel Center (PPC). The following restrictions governing allotments of pay apply:
  - a. Direct Deposit. Public Law 104-134 (the Debt Collection Improvement Act of 1996) requires that all allotment payments be made by electronic funds transfer(EFT).
  - b. Minors. Allotments may not be registered to children under 16 years of age. Allotments may be made payable to the children's guardian or custodian. Spouses of members may be named as allottees regardless of age.
  - c. Mental Incompetence. Allotments may not be registered to mentally incompetent persons. They may be made payable to a guardian or to the facility where the allottee is cared for.
  - d. Allotments to Same Payee. A member may have multiple allotments to the same payee provided: (1) The allotments are sent by direct deposit; and (2) Each allotment has a unique account number.
  - e. Number of Allotments. The maximum number of allotments any one member may have is 14.
  - f. Power of Attorney. A special power of attorney may be used to establish, change, or stop an allotment. This 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.
  - g. General Court-Martial Prisoners. Allotments are authorized only to the extent of allottable pay available after court-martial forfeitures.

- h. Members Awaiting Trial. Register only necessary “D” allotments between the date the trial is ordered and the date action is approved or disapproved by the convening authority. Discontinue allotments whenever:
    - (1) Necessary to permit collection of the forfeiture in the monthly amount specified and within the time limitation stated in the court-martial sentence.
    - (2) Member is sentenced to forfeit all pay and allowances due from the date the sentence is approved by the convening authority.
  - i. Fraudulent Enlistment. Pay and allowances may not be allotted when pay is suspended pending final action on determination of fraudulent enlistment.
  - j. Reduced Pay of Allotter. When a reduction-in-grade or stoppage of pay does not leave sufficient funds for allotments in force, allotments must be discontinued as necessary to prevent an overpaid status.
5. Effect on Allotment in Case of Death. The right to allotment in case of death of the allotter or allottee:
- a. Death of Allotter. All allotments are revoked by death of the allotter. No further allotment payments will be made by PPC after receipt of notice of the allotter’s death. Deductions made from the allotter’s pay, but not paid to the allottee, become part of the allotter’s estate. Allotments paid after death may not be collected from the allottee nor charged against the pay of the allotter (Comp Gen B-225873, 25 Sep 87), except:
    - (1) Allotments erroneously established after notice of death of the allotter.
    - (2) Unearned insurance payment premiums (insurance premiums paid one month in advance of the day payment is actually due).
  - b. 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 death of the allottee. It is not subject to any expense incurred by, or on behalf of, the allottee before or after death. All un-negotiated allotment checks must be returned to PPC for credit to the member’s account.
6. SPO/Member Responsibility. The SPO that registers an allotment, or the member when using Direct Access Self-Service, is responsible to ensure the allotment is in keeping with the regulations set forth in this chapter.
7. Command Responsibility. Commanding officers are responsible for informing the SPO promptly of any facts which warrant stopping an allotment of a member under their command.
8. Authorized Allotments. Voluntary allotments of military pay and allowances of service members in active military service are limited to discretionary and non-discretionary allotments.

- a. Discretionary Allotments. The member must certify that the allotment is within the limits of the law (e.g., allotments may not be used to repay gambling debts where gambling is not permitted). Examples of discretionary allotments include but are not restricted to the following:
- (1) Voluntary payment to a dependent and relatives.
  - (2) Payment of home loan, mortgage or rent.
  - (3) Payment of premium for commercial insurance such as life, dental, health, vehicle, etc.
  - (4) Repayment to a financial institution for car loan, home improvement loan, etc.
  - (5) Navy Mutual Aid Insurance.
  - (6) United States Government Life Insurance.
  - (7) Deposits to a financial institution, mutual fund company, or investment firm, for the personal or joint account of the member.
  - (8) Payment of dues to a Coast Guard association.
- b. Nondiscretionary Allotments. Non-discretionary allotments of military pay and allowances of members in active military service are limited to the following:
- (1) Payment for pledges for charitable contributions to the Combined Federal Campaign (CFC). Only one CFC allotment is authorized for each service member.
  - (2) Allotments to the Department of Veterans Affairs for deposit to the Post-Vietnam Era Veterans Educational Assistance Program and the Veterans Educational Assistance Act of 1984.
  - (3) Repayment of loans to CG Mutual Assistance or Morale Fund, Armed Forces Relief Societies, and the American Red Cross.
  - (4) Repayment of indebtedness to the United States Government or a court appointed trustee under Chapter XIII of the Bankruptcy Act.
  - (5) Tricare Dental Program (TDP) premiums.
  - (6) Federal Long Term Care Insurance Program (FLTCIP) premiums.

Authorized Allotment Purposes and Periods

Non-Discretionary Allotments (listed to the following)	Then the letter is	Allotment Limitation (Note 1)	Required period is		May continue into retirement	
			Indefinite	Definite	Yes	No
Charitable contributions to Combined Federal Campaign fund	C	1		X		X
Veterans' Education Assistance Act of 1984 (Note 3)	F	1		X		X
Loan repayment to:	L	NONE		X	X	
a. <u>Coast Guard Mutual Assistance or Morale Fund</u>		NONE		X		X
b. <u>Armed Forces Relief Societies</u>		NONE		X		X
c. <u>American Red Cross</u>		NONE		X		X
Repayment of indebtedness to the United State Government (Note 4) or a Court appointed Trustee under Chapter XIII of the Bankruptcy Act	T	NONE		X	X	
Veterans Benefits Improvement Act of 2000 (Note 5).	K	1		X		X
Tricare Dental Program Premiums	J	1	X			X
Federal Long Term Care Insurance Program Premiums	U	1	X		X	
TriCare Prime	V	1	X		X	

Discretionary Allotments	Then the letter is	Allotment limitation (Note 1)	Required period is		May continue into retirement	
			Indefinite	Definite	Yes	No
Support of dependents	D	NONE	X		X	
Repayment of home loans, mortgages, or rent (Note 6)	H	NONE	X		X	
Commercial Insurance	I	NONE	X		X	
Loan repayment to a Financial Institution (Note 7)	L	NONE (Note 8)	X			X
Navy Mutual Aid Insurance	M	1	X		X	
U.S. Government Life Insurance (USGLI) and/or National Service Life Insurance (NSLI)	N	1	X		X	
Other	O	NONE	X			X
Payment to financial institutions to a personal or joint account of the member	S	NONE (Note 9)	X		X	
Payment of dues to Coast Guard associations	X	NONE	X		X	

Notes:

1. Maximum number of discretionary plus non-discretionary allotments may not exceed 14. Refer to Section 7-A-4.d.
2. Removed.
3. "F" allotments are not really allotments because the contributions are a reduction of a member's basic pay. The allotment procedure is used as a convenience only and does not imply the funds were ever in the member's control.
4. Includes, but is not limited to:
  - a. Defaulted notes guaranteed by the VA or FHA.
  - b. Delinquent Federal income taxes.
  - c. Overpayment of pay and allowances of other agencies.
5. See section 7-E-5.
6. Following conditions apply:
  - a. Payment of loans for the purchase of a home, mobile home, or house trailer used as a residence by the allotter, spouse, and/or dependent.
  - b. A member's landlord is offered the opportunity to receive rental payments by allotment from the member's pay. In return the landlord agrees to "Set-A-Side" the last month' rent and security deposit. This agreement is strictly between the member and landlord – Coast Guard has no liability. Amount of allotment is normally not more than member's BAH.
  - c. Home Mortgage allotments can continue into retirement. However, rental Set-A-Side allotments cannot.
  - d. "H" Allotments are also used for payment of rent for Public Private Venture (PPV) Housing.
7. Financial Institution means any bank, savings bank, savings and loan association, credit union, or similar institution.
8. Each allotment must have a separate and distinct account number.
9. No more than two "S" allotments are authorized when retired.

FIGURE 7-1

B. Charity Drive Allotments.

1. Authority. Annual solicitations for donations to various community charity drives have been coordinated into a single combined fund-raising campaign. This campaign is the Combined Federal Campaign (CFC) and is usually held in the fall of each year.
2. Participating Localities. Only those localities listed in the Federal Fund-Raising Manual are authorized to participate in the CFC.
3. Donation by Allotment. A member permanently stationed in a CFC area during a fund-raising campaign period may make an allotment for a 12 month period effective 1 January.
  - a. Amount of Allotment. Allotments must be for at least \$1.00 per month.
  - b. Adjustment. After an allotment is registered, there can be no change in the amount.
  - c. Period of Allotment. Charity allotments (purpose code "C") automatically expire at the end of each calendar year. Once an allotment is stopped, it may not be reinstated. "C" allotments must also be stopped:
    - (1) Upon member's request any time after it has been in effect for three months.
    - (2) Upon discharge, release from active duty, retirement or death.

C. Veterans' Educational Assistance Act of 1984 (Montgomery GI Bill-MGIB).

1. Authority. 38 USC Chapter 30, Veterans' Educational Assistance Act of 1984, provides educational assistance to eligible members entering the service on or after 1 Jul 1985. Commandant (CG-1222) is responsible for Coast Guard policy pertaining to this Act, which can be found in Montgomery G.I. Bill (MGIB) Active Duty Education Assistance Program, COMDTINST 1760.9(series).
2. Enrollment. Eligible members are automatically enrolled unless they elect not to receive educational benefits within the first two weeks of active duty. Once a member is enrolled, suspensions, disenrollments, and refunds are not permitted. If a member elects not to receive educational benefits, the election is final and cannot be revoked.
3. Reduction of Basic Pay. Members will have their basic pay reduced by \$100 per month for 12 consecutive months beginning with the first of the month following entry into the Coast Guard. The total amount will be \$1,200. Since the member was never entitled to these funds, there cannot be any reimbursement. For ease of operation, the Coast Guard uses the allotment system to track these reductions. The allotment must remain in effect for 12 consecutive months.
4. Conversion of VEAP Benefits to MGIB Benefits.
  - a. The Veteran's Benefit Improvement Act of 1996, authorized VEAP participants who:
    - (a) were on active duty on 9 Oct 1996, and
    - (b) had VEAP contributions in their VEAP

accounts on 9 Oct 1996, to withdraw from the VEAP program and enroll in the MGIB.

- b. The Veteran's Benefits and Health Care Improvement Act of 2000, authorized members who: (a) had elected to participate in VEAP and made contributions before 9 Oct 1996, and (b) continuously serviced on active duty from 9 Oct 1996 through 1 Apr 2000, to enroll in the Montgomery GI Bill at a cost of \$2,700.00.
5. Increased Montgomery GI Bill Benefits for Contributing Members. Section 105 of the Veterans Benefits Improvement Act of 2000 (P.L. 106-419), authorizes members entering on active duty after 30 Jun 1985, who elect to participate in MGIB, to increase the monthly rate of their MGIB benefits by making an additional contribution, at any time while on active duty, over and above the initial pay reduction of \$1,200. Members who convert from the VEAP to MGIB program under section 7-D-10, are ineligible for this program, as are members who were offered an opportunity to participate in MGIB upon being involuntarily separated. Members participating in the additional contribution program may contribute an additional \$600 beyond their initial \$1,200 contribution to MGIB. Contributions can be in lump sum or via establishment of a "K" allotment. Allotments and lump sum payments must be in increments of \$20. Contributions under the additional contribution program do not reduce a member's taxable wages; they are considered after-tax contributions.
  6. 2008 NDAA. The 2008 NDAA authorized changes to the MGIB which are being incorporated into other Coast Guard directives at the time of publication. More information is available at: <http://gibill.va.gov/>.

#### D. Child and Spousal Support Allotments.

1. General. Upon official notification from an authorized source, the Coast Guard will establish a statutorily-required child or child and spousal support allotment from the pay and allowances of a member when such member has failed to make periodic payments under a support order for two or more months.
2. Definitions.
  - a. Authorized Source. Any agent or attorney of any state having in effect a plan approved under part D of title IV of the Social Security Act (42 USC 651-665), who has the duty or authority to seek recovery of any amounts owed as child or child and spousal support (including, when authorized under the state plan, any official of a political subdivision), and the court that has authority to issue an order against a member for the support and maintenance of a child, or any agent of such court.
  - b. Child Support. Periodic payments for the support and maintenance of a child or children, subject to and under state or local law. This includes, but is not limited to, payments to provide for health care, education, recreation, and clothing, or to meet other specific needs of the child or children.
  - c. Disposable Earnings. For the purpose of this section, disposable earnings are the same as the amounts which may be allotted as outlined in section 7-A-3 of this Manual.
  - d. Notice. A court order, letter, or similar documentation issued from an authorized source providing official notification that a member has failed to make periodic support payments under a support order.

- e. Spousal Support. Payable only in addition to child support; the periodic payments for the support and maintenance of a spouse or former spouse, under state or local law. It includes, but is not limited to, separate maintenance, alimony while litigation continues, and maintenance. Spousal support does not include any payment for transfer of property or its value by an individual to his or her spouse, or former spouse in compliance with any community property settlement, equitable distribution of property, or other division of property between spouses or former spouses.
  - f. Support Order. Any order providing for child or child and spousal support issued by a court of competent jurisdiction within any state, territory, or possession of the United States, including Indian tribal courts, or under administrative procedures established under state law that affords substantial due process and is subject to judicial review.
3. Notice to the Pay and Personnel Center (PPC).
- a. An authorized source must send to PPC (LGL), by mail or deliver in person, a signed notice that:
    - (1) Provides the full name, social security number, and duty station of the member who owes the support obligation.
    - (2) Specifies the amount of support due, & the period in which it has remained owing.
    - (3) Is accompanied by a certified copy of an order directing the payment of this support issued by a court of competent jurisdiction, or in accordance with an administrative procedure which is established by State law, affords substantial due process, and is subject to judicial review.
    - (4) Provides the full name, social security number, and mailing address of the person to whom the allotment is to be paid.
    - (5) Identifies the period in which the allotment is to remain in effect.
    - (6) Identifies the name and birth date of all children for whom support is to be provided under the allotment.
  - b. The notice is effective upon receipt by PPC.
  - c. When the notice does not sufficiently identify the member, it must be returned directly to the authorized source with an explanation of the deficiency. However, before the notice is returned, if there is sufficient time, an attempt must be made to inform the authorized source who sent the notice that it will not be honored unless adequate information is supplied.
  - d. Upon receipt of effective notice of delinquent support payments, together with all required supplementary documents and information, PPC must identify the member who owes the support obligation. The allotment to be established must be in the amount necessary to comply with the support order and to liquidate arrearages if

provided by a support order, when the maximum amount to be allotted under the provision, together with any other monies withheld for support from the member, does not exceed:

- (1) Fifty percent of the member's disposable earnings for any month in which the member asserts by affidavit or other acceptable evidence that he or she is supporting a spouse, dependent child, or both, other than a party in the support order. When the member submits evidence, copies must be sent to the authorized person, together with notification that the member's support claim must be honored. If the support claim is contested by the authorized person, that authorized person may refer this matter to the appropriate court or other authority for resolution.
- (2) Sixty percent of the member's disposable earnings for any month in which the member fails to assert by affidavit or other acceptable evidence that he or she is supporting a spouse, dependent child, or both.
- (3) Regardless of the limitations above, an additional 5 percent of the member's disposable earnings must be withheld when the notice states that the support payments are in arrears for 12 weeks more.

4. Notice to Member and Member's Commanding Officer.

- a. Within 15 calendar days after the date of receipt of notice, PPC must send to the member, at his or her duty station, written notice:
  - (1) That notice has been received from an authorized source, including a copy of the documents submitted.
  - (2) Of the maximum percentages which can be withheld and a request that the member submit supporting affidavit or other documentation necessary for determining the applicable percentage.
  - (3) That the member may submit supporting affidavits or other documentation as evidence that the information contained in the notice is in error.
  - (4) That by submitting supporting affidavits or other necessary documentation, the member consents to the disclosure of such information to the party requesting the support allotment.
  - (5) Of the amount or percentage that will be deducted if the member fails to submit the documentation necessary to enable the designated official to respond to the notice within the prescribed time limits.
  - (6) That a consultation with a judge advocate or legal officer will be provided by the Coast Guard, if possible, and that the member should immediately contact the nearest legal services office.
  - (7) Of the date that the allotment is scheduled to begin.
- b. PPC must notify the member's commanding officer of the need for consultation

between the member and a legal officer and provide a copy of the notice and other legal documentation received by the designated official.

- c. The Commanding Officer must provide the member with the following:
  - (1) When possible, an in-person consultation with a legal officer of the Coast Guard, to discuss the legal and other factors involved in the member's support obligation and failure to make payment.
  - (2) Copies of any other documents submitted with the notice.
- d. The member's Commanding Officer must confirm in writing to PPC within 30 days of the date of notice that the member received a consultation concerning the member's support obligation and the consequences of failure to make payments, or when appropriate, of the inability to arrange such consultation and the status of continuing efforts to fulfill the consultation requirement.
- e. If, within 30 days of the date of the notice, the member has furnished PPC with affidavits or other documentation showing the information in the notice to be in error, PPC must consider the member's response. PPC may return to the authorized source, without action, the notice for a statutorily required support allotment together with the member's affidavit and other documentation, if the member submits substantial proof of error, such as:
  - (1) The support payments are not delinquent.
  - (2) The underlying support order in the notice has been amended, superseded, or set aside.

## 5. Payments.

- a. Except as provided in subparagraph c below, PPC must make the support allotment by the first end of month payday after notification that the member has had a consultation with a legal officer, or that a consultation was not possible, but not later than the first end-of-month payday after 30 days have elapsed from the date of the notice to the member. The Coast Guard will not be required to vary their normal military allotment payment cycle to comply with the notice.
- b. If several notices are received with respect to the same member, payments must be satisfied on a first come, first served basis within the amount limitations above.
- c. When the member identified in the notice is found not to be entitled to money due from or payable by the Coast Guard, PPC must return the notice to the authorized source and must advise them that no money is due from or payable by the Coast Guard to the named individual. When it appears that amounts are exhausted temporarily or otherwise unavailable, the authorized source must be told why and for how long, any money is unavailable, if known. If the member separates from active duty, the authorized source must be informed that the allotment is discontinued.
- d. Payment of statutorily required allotments must be enforced over other voluntary

deductions and allotments when the gross amount of pay and allowances is not sufficient to permit all authorized deductions and collections. Allow the member to choose which voluntary allotments to cancel. If the member refuses or is unable to advise which allotments to cancel, cancel in the following order:

- (1) "C" – Combined Federal Campaign (CFC).
- (2) "X" – Association Dues.
- (3) "S" – Savings to Financial Institutions.
- (4) "F" or "K" – Educational assistance programs.
- (5) "L" – Loans to financial institutions.
- (6) "D" – Dependent allotments.
- (7) "H" – Home loans.
- (8) "I" – Insurance Premiums.
- (9) "M" – Navy Mutual Aid Insurance.
- (10) "N" – U.S. Government Life Insurance (NSLI).

- e. An allotment established under this section must be adjusted or discontinued upon notice from the authorized source.
- f. Neither the Department of Homeland Security, the Coast Guard, nor any officer or employee, must be liable for any payment made from moneys due from, or payable by, the Department of Homeland Security or the Coast Guard, to any individual pursuant to notice regular on its face, if such payment is made in accordance with this section. If PPC receives notice based on a support order which, on its face, appears to conform to the laws of the jurisdiction from which it was issued, PPC must not be required to ascertain whether the authority that issued the order had obtained personal jurisdiction over the member.

E. Involuntary Allotments for Creditor Judgments.

1. Authority. Statutory authority to collect monies for a commercial debt from a member's pay exists under 5 USC 5520a. Monies due from, or payable by, the United States to active duty members are subject to the involuntary allotment. The application for direct payment of an involuntary allotment to satisfy a judgment for commercial indebtedness from the pay of a member subject to involuntary allotment must be accompanied by a certified copy of a final judgment issued by a court of competent jurisdiction within any State, territory, or possession of the United States.
2. Definitions.
  - a. Designated Agent.  
Commanding Officer (LGL)  
Coast Guard Pay and Personnel Center

444 SE Quincy Street  
Topeka KS 66683-3591

- b. Active Duty Member. A Regular member or any member of a Reserve Component on active duty pursuant to 10 USC 672, for a period in excess of 180 days at the time an application for involuntary allotment is received by the designated agent, excluding members in a prisoner of war or missing in action status and retired members.
  - c. Final Judgment. A final judgment is a valid, enforceable order or decree;
    - (1) from which no appeal may be taken, or from which no appeal has been taken within the time allowed, or from which an appeal has been taken and finally decided;
    - (2) that includes language that the proceedings complied with the Service Members Civil Relief Act, 50 App USC 501, as amended; and
    - (3) awards a certain amount and specifies that the amount is to be paid by an individual who, at the time of application for the involuntary allotment, is a member of the Coast Guard.
3. Application to Designated Agent.
- a. The creditor initiates the Involuntary Allotment process by mailing a completed application package, which includes the original and three copies of the Involuntary Allotment Application, Department of Defense (DD) Form 2653, and a certified copy of the final judgment to the designated agent.
  - b. The application package must be sent by mail or delivered in person to the designated agent. The designated agent must note the date and time of receipt of the application package.
  - c. When the application package does not sufficiently identify the member, it must be returned directly to the applicant with an explanation of deficiency.
  - d. When the application package is effectively served on the designated agent, the application package will be processed in accordance with Indebtedness Processing Procedures for Military Personnel, section 4104 DOD Financial Management Regulation, Vol 7-A.
  - e. Upon receipt of a completed application, together with all required supporting documents and information, including a certified copy of the court order, the designated agent must identify the member from whom the monies are payable, and the member's commanding officer. Notice must be sent to the member and the member's commanding. The involuntary allotment must not exceed the lesser of 25 percent of a member's pay subject to involuntary allotment or the maximum percentage of pay subject to garnishment proceedings under the applicable State law.

- f. If the member's pay is subject to a garnishment or statutory allotment for spousal or child support, in addition to the involuntary allotment application, the combined amounts deducted from the member's pay must not exceed the lesser of 25 percent of a member's pay subject to involuntary allotment or the maximum percentage of pay subject to garnishment proceedings under the applicable State law. If the maximum percentage allowed for involuntary allotments would be exceeded by both deductions, garnishments and statutory allotments for spousal and child support take priority over the involuntary allotment.
  - g. If the designated agent is served with more than one involuntary allotment application, the applications will be processed on a first-come-first-served basis. After the first application is processed, additional applications must be returned to the applicant with a notice that a current involuntary allotment is being paid and no funds are available.
4. Pay Subject to Involuntary Allotment. Only the following types of pay are subject to the involuntary allotment process (subject to the amounts excluded under paragraphs 5 and 6 below).
- a. Basic Pay (excluding the reduction for education benefits under 38 USC 1411 ("New GI Bill"))
  - b. Special pay, to include:
    - (1) Diving Duty.
    - (2) Hardship duty pay-Location.
    - (3) Career sea pay and premium.
    - (4) Responsibility pay.
    - (5) Special duty assignment pay for enlisted members.
    - (6) Reenlistment bonus.
    - (7) Enlistment bonus.
    - (8) Prior service enlistment bonus.
    - (9) Hostile Fire or Imminent Danger Pay.
    - (10) Selective Reenlistment Bonus.
    - (11) PHA Retention Bonus
    - (12) Critical Skills Training Bonus
  - c. Incentive pay, including:
    - (1) Hazardous duty incentive pay; **including crew and non-crew flight pay.**

- (2) Aviation career incentive pay.
  - (3) HDIP for VBSS.**
  - (4) FDHDIP**
  - (5) PHA Incentive Pay**
  - (6) PHA Board Certification Pay**
  - (7) Parachute Duty Pay**
  - (8) Demolition Duty Pay**
  - d. Accrued leave payments (basic pay portion only).
  - e. Readjustment pay.
  - f. Severance pay (including disability severance pay).
5. Pay and Allowances Not Subject to Involuntary Allotment. Separation pay is not subject to the involuntary allotment. In addition, allowances paid under 10 and 37 USC, and other reimbursements for expenses incurred in connection with duty in the Military Service or allowances in lieu hereof, are not subject to the involuntary allotment.
6. Other Amounts Not Subject to the Involuntary Allotment. After computing the pay subject to involuntary allotment (paragraph 4, above), the following items must be deducted to compute the final value of pay subject to involuntary allotment:
- a. Federal and State income tax withholding (amount is limited to that which is necessary to fulfill the member's tax liability).
  - b. FICA tax.
  - c. Servicemembers' Group Life Insurance (SGLI) and Family SGLI .**
  - d. Indebtedness to the United States (including tax levies).
  - e. Fines and forfeitures ordered by a court-martial or a commanding officer.
  - f. Dental and health care deductions.
  - g. Amounts otherwise required by law to be deducted from a member's pay (except payments under 42 USC 659, 661, 662 and 665).
  - h. Armed Forces Retirement Home**
  - i. Federal Long Term Care**
  - j. TSP contributions**

7. Voluntary Allotments to be Discontinued. Payment of statutorily-required involuntary allotments must be enforced over other voluntary deductions and allotments when the gross amount of pay and allowances is not sufficient to permit all authorized deductions and collections. The member will be allowed to choose which discretionary allotments to cancel. If the member refuses or is unable to advise which allotments to cancel, the designated agent will cancel discretionary allotments in the order listed below.
  - a. Class "C" allotment for CFC.
  - b. Discretionary allotment payable to a financial organization for deposit to the member's account (includes allotments payable to a mutual fund or investment firm and allotments to pay for personal or car loans).
  - c. Class "L" allotment to repay loans to service relief agencies and the American Red Cross.
  - d. Discretionary allotments in the following order:
    - (1) payments to dependents/relatives.
    - (2) repayment of home loans and payment of rent.
    - (3) commercial life, health, and dental insurance.
    - (4) Navy Mutual Aid Insurance.
    - (5) NSLI or U.S. Government Life Insurance.
8. Notice to Member and Member's Commanding Officer.
  - a. The designated agent will promptly mail one copy of the application package and Involuntary Allotment Notice and Processing, DD Form 2654, to the member, and two copies of the application package, along with Involuntary Allotment Notice and Processing, DD Form 2654, to the member's commanding officer. The designated agent will provide notice to the member and the member's commanding officer that automatic processing of the involuntary allotment application will occur if a response is not received within 90 calendar days from the original date of mailing, unless the member has been granted an extension to respond (see subparagraph b, below).
  - b. If the member is temporarily unavailable to respond, the member's commanding officer may grant a reasonable extension of the time for the member's response. The commanding officer will notify the designated agent that the member has been granted an extension to respond, the date the response is due, and the reason(s) for the extension. In the absence of any additional correspondence from the member's commanding officer, the involuntary allotment application may be automatically processed within 15 days after the date a response was due, including any approved extension response date.

CHAPTER 10  
SEPARATION PAYMENTS AND CLAIMS  
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## CHAPTER 10. SEPARATION PAYMENTS AND CLAIMS

A. Lump Sum Leave (LSL) Payment for Unused Accrued Leave.

1. Authority. 37 USC 501, as amended, authorizes the payment of LSL.

a. Who May Be Paid.

- (1) A member who is discharged from active service under honorable conditions unless the member continues on active duty (AD) under conditions which require accrued leave to be carried forward. Also an enlisted member who voluntarily extends an enlistment for the first time may elect payment for unused accrued leave. Effective on 10 Feb 1976, members may be paid for no more than 60 days, see Section 10-A-1.a.(2) and 10-A-1.a(3) for exceptions, of accrued leave during the member's military career. Payments for accrued leave made before this date are excluded from the 60-day limitation. Effective 14 Jul 1976, a member eligible for an accrued leave settlement may elect to receive payment for a portion of the accrued leave, not to exceed a career total of 60 days, and carry the remaining accrued leave forward to a new or extended enlistment. Figures 10-1 through 10-4 are rules for determining whether a member may be paid for accrued leave. Payment for leave must be exact; half-days are not rounded. Example: A member entitled to 59-1/2 days must be paid for 59-1/2 days, not 60 days.
- (2) **Members Serving in Support of a Contingency Operation.** The term "contingency operation" means a military operation that is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an opposing military force, or results in the call or order to, or retention on active duty of members of the uniformed services under 10 USC 672(a), 673, 673(b), 673(c), 688, 3500, 8500, or any other provision of law during a war or during a national emergency declared by the President or Congress. Effective 5 Dec 1991, accrued leave sold is not added to the career leave total and the 60 day limitation does not apply to:
  - (a) Unused leave accrued by a member while serving on active duty in support of a contingency operation who dies as a result of an injury or illness incurred while serving on active duty in support of a contingency operation, or
  - (b) Unused leave accrued while serving on active duty in support of a contingency operation. This applies to members of the:
    1. **Reserve Component (including Retired Reserve);**
    2. **Regular Retirees recalled to active duty**
- (3) **Reservists on Active Duty for 31-365 Days.** The 60-day limitation on sold leave does not apply to a member of a reserve component who serves on active duty, or active duty for training, for a period of more than 30 days but not in excess of 365 days.

2. Who is Entitled to Payment. All members with accrued leave are entitled to payment of LSL when discharged or separated from active duty under honorable conditions. Enlisted members are also eligible for payment in the following cases:
  - a. When accepting an appointment to one of the Service academies. Although the member is not actually separated from active service, the date prior to the date member accepts the appointment is constructively the date of discharge (36 Comp Gen 334).
  - b. When extending an enlistment for the first time (48 Comp Gen 127). Refer to Section 1.G, Personnel Manual, COMDTINST M1000.6 (series). The date of discharge is the date member's current enlistment would have expired had no extension been made. No payment is allowed for a second or subsequent extension.
  - c. When discharged for the purpose of immediate reenlistment in any branch of the Armed Forces.
  - d. **When a member is on voluntary or required appellate leave, the member has the option of using accrued leave or being paid for LSL prior to departing on appellate leave.**
3. Who May Not Be Paid. The following members are not entitled to LSL for unused, accrued leave:
  - a. A member separated under other than honorable conditions.
  - b. A member on AD or ADT for a period of less than 30 consecutive days.
  - c. A member transferred to the retired list but retained on continuous AD after transfer.
  - d. A Coast Guard Cadet.
  - e. A member discharged for fraudulent enlistment.
4. Determination of Unused Leave Balance. Leave is accrued through the discharge date. Observe the following rules in determining the unused leave balance:
  - a. Awaiting Orders.
    - (1) If the member is placed on the retired list for physical disability (including temporary physical disability), compute the unused leave balance and reduce this balance to no less than zero by subtracting the number of days spent in a "Home Awaiting Orders Status."
    - (2) **No leave is earned while on appellate leave. However, a member required to take appellate leave whose sentence by court-martial to dismissal or dishonorable or bad-conduct discharge is set aside or disapproved on appellate review shall accrue leave for the period of leave charged as excess leave unless a rehearing or new trial is ordered and dismissal or dishonorable or bad-conduct**

**discharge results from the rehearing or new trial and such dismissal to discharge is later executed.**

- b. Travel Time. If the member is entitled to travel time to home, compute unused leave balance through:
  - (1) The constructive date of release from AD based on the travel time authorized by the orders.
  - (2) The period of authorized travel time to a port of embarkation (POE) from which Government transportation is to be furnished, if travel is to a place outside CONUS. The Servicing Personnel Office will recompute the unused leave balance as of the actual date of release and credit any additional LSL due.
5. Leave Not Counted as Service. The number of days unused leave for which LSL is made is never counted as service.
6. Computation of Payment.
  - a. Settlement for leave accrued as of 31 Aug 1976 will include:
    - (1) Officers.
      - (a) Basic pay at the rate applicable on the date of discharge/retirement.
      - (b) BAS at the rate applicable on the date of discharge/retirement.
      - (c) BAH-TR at the with or without dependents rate applicable on the date of discharge. Entitlement accrues even if the officer is not receiving payment of BAH-tr on the date discharged (28 Comp Gen 423).
      - (d) PMA at the rate applicable on the date of discharge.
    - (2) Enlisted.
      - (a) Basic pay at the rate applicable on the date of discharge or day before the day the first extension of enlistment became operative.
      - (b) BAS at the rate of \$.70 per day.
      - (c) BAH at the rate of \$1.25 per day for members in pay grades E-5 through E-9 with dependents. Entitlement accrues even though the member and/or dependents may occupy public quarters on the date of discharge.
  - b. Settlement for leave accrued after 31 Aug 1976 includes Basic Pay only (37 U.S.C. 501(h)).
  - c. For each month in which a member serves, for any period of time, in a designated combat zone, the total leave accrual for that month is considered combat zone leave, and is not taxable when used or sold. (See Section 10.A.7.b. of this Manual)

7. Taxability and Withholding Tax on Accrued Leave Payment.

- a. Lump-sum payments of accrued leave, exclusive of allowances, are normally subject to taxation and withholding tax.
  - b. Payment for any leave that accrued while serving in a designated combat zone which remained unused at separation, is excluded from Federal taxation (and state taxation where applicable) under the conditions set forth by Section 8-G of this Manual, and is not subject to Federal or State income tax withholding. Payment does not have to be received during a month in which the member qualified for the exclusion. However, a commissioned officer's exclusion may not exceed the monthly limitation which was not previously used by monthly exclusions that were attributable to the same periods of service.
8. Payment of LSL. LSL payment normally is paid on date of discharge/retirement. Exception: If LSL is paid in connection with reenlistment or first extension, payment will be included in the end of month pay following successful processing of transactions. In the case of Reserve and recalled retired members who are entitled to travel time, make payment on date of detachment from the separating activity.
9. Offsetting Indebtedness. All items of the LSL payment may be used to liquidate debts to the U. S. Government.
10. Payment to Survivors. If a member dies while on active duty (or if a member or former member dies after retirement or discharge, but before receiving payment of accrued leave), payment for accrued leave will be based upon the unused accrued leave that was carried forward into the leave year in which deceased plus the unused leave that accrued to the deceased during that leave year. In such cases, the limitation payment for more than 60 days leave accrual discussed in Section 10-A-1 of this Manual, above, does not apply.

PAYMENT OF ACCRUED LEAVE – ENLISTED MEMBERS  
SEPARATION WITH IMMEDIATE REENTRY ON ACTIVE DUTY (AD)

R U L E	A	B	C
	If an enlisted member has been on active duty (AD) for 30 or more consecutive days and	and	then accrued leave is <b>(Note 1)</b>
1	is separated under honorable conditions upon expiration or is released from AD under honorable conditions at the end of a specified period of time the member agreed to serve or was obligated to serve <b>(Notes 2&amp;3)</b>	immediately reenlists or immediately reenters on active duty	payable.
2	is separated before expiration of normal term of service or obligated period of duty for the specific purpose of enlisting or reenlisting		payable.
3	is discharged for the purpose of enlisting or accepting a commission or appointment as warrant officer in any uniformed service		not payable.
4	enlistment is extended		see figure 10-4.
5	extension of enlistment is cancelled before or during service under the extension		
6	is retired	continue on or is recalled to active duty	not payable.
7	accepts an appointment as a cadet or midshipman without being discharged from enlisted status	enters on duty as a cadet or midshipman	payable as though member was discharged on day before the date appointment was accepted.
8	<b>is serving with a temporary commission status and accepts appointment to permanent commission status</b>		<b>not payable.</b>

## Notes:

1. On and after 10 Feb 1976 a member may be paid for a maximum of 60 days of accrued leave during a military career. See Section 10-A-1.a.(2) and (3) of this Manual for exceptions.
2. An extension of the active duty obligation does not create an entitlement under this rule.
3. A Reserve member who is discharged for the purpose of immediately reenlisting in the Regular component or Reserve component of the same Service before the end of a specified period of time member agreed to serve or was obligated to serve is considered as discharged upon expiration of enlistment only if the date of release is not more than three months before the normal expiration date of the Reserve enlistment under which the active service is being performed. The date of normal expiration of enlistment is excluded in computing the three month period.

FIGURE 10-3

F. Disability Severance Pay (DIS SEV PAY).

1. Authority. 10 USC 1203, 1206 or 1209 provides that a member who is separated from the Coast Guard for a service-connected physical disability rated at less than 30 percent is entitled to DIS SEV PAY computed under 10 USC 1212 based upon years of service computed under 10 USC 1208.
2. Who May Be Paid. A member who has completed 6 months or more but less than 20 years active service at the time separated is entitled to DIS SEV PAY (39 Comp Gen 291). A determination must be made that the disability is not the result of the member's intentional misconduct or willful neglect and was not incurred during a period of unauthorized absence and did not occur when member was in excess leave status. The Physical Evaluation Board makes the determination if not already done elsewhere.
3. Election When Entering RET-II Status.
  - a. Per 10 USC 1209, a RET-II-eligible reservist being separated from the Coast Guard for a service-connected disability rated at less than 30 percent must make an election to receive DIS SEV PAY and a complete discharge from the Coast Guard Reserve (and completely forgo retired pay and benefits) OR be placed onto the Inactive Status List (ISL) of the Standby Reserve and receive retired pay and benefits at age 60 with part of the monthly amount payable as disability retired pay. This election is absolute and irrevocable - once made, there is no authority to change or revoke this decision. The member may not buy back retired status by recoupment of DIS SEV PAY at any time.
  - b. Given the importance and finality of this election, upon notification that a reservist is being processed for a disability separation under 10 USC 1209 and prior to effecting the member's election, CG PSC-rpm will:
    - (1) Send a memo (via certified mail with return receipt) to the member that explains the finality of the election that the member will make. It must specifically advise that election of DIS SEV PAY will result in discharge from the Coast Guard Reserve, permanent loss of future retired pay, medical benefits, and RC-SBP coverage. The memo must be received by the member prior to effecting any election the member made and afford the opportunity (by a date certain) to change an election before it becomes irrevocable.
    - (2) If the member is married, concurrently send a letter (via certified mail with return receipt) to the member's spouse explaining the election his or her spouse has made and the finality of this election along with the loss of future retired pay, medical benefits, and RC-SBP coverage.
  - c. If the member changes his or her election, another memo and letter indicating this change will be sent to the member and, as applicable, the member's spouse, to acknowledge the change prior to execution of the elected action.
4. **Computation - Effective 28 Jan 2008.** To compute disability severance pay, multiply the sum of basic pay for 2 months by the number of combined years (max of 19) of active service and inactive duty points.
  - a. **Basic Pay.** Compute severance pay on basic pay of the highest grade or rank held. For those selected for promotion, if the disability is found during a physical examination, then use the grade or rank to which the member would have been promoted if there were no disability.

b. **Years of Active Service.** The member's separation orders will specify the total combined years of active service and inactive duty points to be counted in computing severance pay. The total should be rounded to the nearest whole year, with 6 months or more rounded up. The maximum number of years for service for computing the disability severance pay will be 19 years. The minimum number of years for computation purposes shall be:

- (1) Six years in the case of a member separated from the Coast Guard for a disability incurred in the line of duty in a combat zone or incurred during the performance of duty in combat-related operations, as designated by the Secretary of Defense.
- (2) Three years in the case of any other member.

5. Taxability and Withholding of DIS SEV PAY.

a. General. Disability SEV PAY is normally taxable income. However, it is not subject to tax withholding or reporting if at least one of the following three conditions exist:

- (1) on 24 September 1975 the individual was either a member of an armed force or was under a binding written commitment to become a member;
- (2) the entitlement resulted from combat-related injury or illness, as determined by the Secretary of Homeland Security (or designee), which happens as a result of any of the following activities:
  - (a) as a direct result of armed conflict,
  - (b) while actually performing extra-hazardous service, even if the service does not directly involve combat,
  - (c) under conditions simulating war, including maneuvers or training, or
  - (d) by an instrumentality of war, such as weapons; or
- (3) the member has official notification from the Department of Veterans Affairs (VA) approving entitlement to disability compensation for the same illness or injury that caused the entitlement to DIS SEV PAY.

b. VA Compensation Awarded in the Tax Year of Payment. It is recommended a member be counseled that a refund of taxes withheld may be obtained from PPC (CC) if disability compensation from the VA is awarded in the same calendar year in which the member received DIS SEV PAY. To obtain a refund from PPC (CC), a request must be submitted by 31 December of the year in which the DIS SEV payment was paid.

c. VA Compensation Awarded in the Tax Year After Payment. It is recommended a member be counseled that a refund for income taxes withheld must be obtained from the Internal Revenue Service (IRS) if disability compensation from the VA is awarded in a different calendar year than the year in which the member received the disability severance payment.

- (1) General. The Maritime Transportation Safety Act (MTSA) of 2002 included provisions to change 14 USC with respect to involuntary separation entitlements for Regular Coast Guard commissioned & chief warrant officers. The changes were to adopt SEP PAY per 10 USC Section 1174 vice Severance Pay (SEV PAY) for Regular officers separated under the authority of 14 USC, Sections 286, 286a, and 327, and to deny SEP PAY to officers whose communications to their promotion boards invited or encouraged non-selection or removal from promotion lists. The intent of the changes enacted by MTSA was to bring involuntary separation benefits for Regular Coast Guard officers into conformance with those available to Coast Guard Reserve officers & enlisted on active duty, Regular Coast Guard enlisted personnel, and all DoD military personnel. To be eligible, recipients must have completed a minimum of six years of continuous active duty as of the date of separation or discharge. Although enacted by MTSA in 2002, the conversion from SEV PAY to SEP PAY was not made effective until 25 November 2006.
- (2) Who May Be Paid.
- (a) A Regular commissioned officer of the Coast Guard who is involuntarily discharged from the Service under 14 USC 286 or 327, due to non-selection for promotion, poor performance of duty, or moral dereliction, may be paid SEP PAY. Temporary officers who revert to permanent warrant or enlisted grade are not entitled to SEP PAY.
- (b) **Consistent with 14 USC 327 and the Coast Guard Personnel Manual, COMDTINST M1000.6(series), article 12.A.15, a Regular commissioned officer who has been required to show cause for retention by a Determination Board and requested discharge in lieu of appearing before a Board of Inquiry or Board of Review may, at the discretion of Commander, CG Personnel Service Center, be discharged under the same conditions as though the board process had been completed and be authorized SEP PAY as if involuntarily separated as follows:**
1. **Officers separated under Coast Guard Personnel Manual, COMDTINST M1000.6(series), article 12.A.15.C.1, with an Honorable characterization of service may be authorized either full or one half SEP PAY;**
  2. **Officer separated under Coast Guard Personnel Manual, COMDTINST M1000.6(series), article 12.A.15.C.2, who are separated with an Honorable characterization of service may be authorized either full or one half SEP PAY.**
  3. **If separated with a General or Other Than Honorable characterization of service, an officer will receive no SEP PAY.**
- (c) **A regular warrant officer discharged under 10 USC 580, 1165 or 1166 is entitled to SEP PAY per 14 USC 286a, unless a determination is made to withhold SEP PAY by Commander, USCG Personnel Service Center under subsection 10-H-2.f. of this Manual.**
- b. Under the provisions of 10 USC 1174, regular enlisted members (including enlisted reservists on extended active duty) and Reserve officers on extended active duty (and on the Active Duty Promotion List (ADPL)) **or serving as a Reserve Program Administrator (RPA) may be entitled to a lump sum SEP PAY, provided they have**

**completed at least 6 but less than 20 years of active duty as of the date of separation and:**

- (1) The member is involuntarily discharged, separated, or released; and
  - (2) **If the member was enlisted and was denied re-enlistment; or**
  - (3) **If the member was a Reserve officer on EAD and denied an extension of active duty or a new consecutive EAD contract.**
- c. Per 10 USC 1174 (c)(3), a Reserve member who is not on extended active duty when involuntarily discharged or separated and has at least 6 but not more than 20 years continuous active duty immediately before such discharge or separation, may be paid SEP PAY, if:
- (1) **The member's separation from active duty is involuntary; or**
  - (2) **The member was not accepted for an extension of the current tour of duty or a new active duty tour (other than ADT) for which he or she volunteered.**
  - (3) **For the purposes of this subsection, a period of active duty is continuous if it is not interrupted by a break in service of more than 30 days.**
- d. **Per 10 USC 986, active duty as a cadet or midshipman attending a U.S. military service academy is creditable service for any purpose for enlisted members. Any time served while attending the U.S. Coast Guard Academy, any U.S. service academy or as a Reserve Officer Training Corps (ROTC or NROTC) cadet or midshipman in any service, may not be counted in computing, for any purpose, the length of service of an officer. As such, active duty service as a Academy cadet or midshipman will not factor into length of service requirements of 14 USC 286, 14 USC 286a, or 10 USC 1174.**
- e. Per 10 USC 1174(e) and as a condition of entitlement for receipt of SEP PAY, anyone otherwise eligible for that pay shall submit to Commander, USCG Personnel Service Center, a signed agreement to serve in the Coast Guard Ready Reserve for a period of at least three years.
- (1) Commander, USCG Personnel Service Center, shall specify the format of this written Ready Reserve agreement.
  - (2) Actual accession **into the Ready Reserve** of a discharged member that is authorized SEP PAY under this Section and any subsequent assignment to duty as a reservist is solely at the discretion of Commander, USCG Personnel Service Center.
2. Who May Not Be Paid SEP PAY. Military Service members separated under the following circumstances are not eligible for SEP PAY:
- a. **Has not submitted to Commander, USCG Personnel Service Center, a signed and dated Ready Reserve service agreement and a statement of understanding per subsections 10-H-1-b. and 10-H-7-a.(3)(b) of this Manual, respectively.**
  - b. Discharged or released from AD at their request (except under conditions of 14 USC 282, 283, 284, or 327(a)).
  - c. Released from ADT (any kind).

- d. Upon discharge or release and is immediately eligible for Retired Pay based on military service or disability.
- e. A Reserve officer that declines a Regular appointment.
- f. A determination is made by the Commander, CG Personnel Service Center, that the member's separation does not warrant payment.
- g. Separated as a result of execution of a court-martial sentence.
- h. Dropped from the rolls.
- i. Separated under other than honorable conditions.
- j. An officer who is not selected for promotion to the next higher grade for the second time and is to be discharged or released from active duty, and who after such failure of promotion, is selected for and declines continuation on active duty:
  - (1) If the period of time for which the officer was selected for continuation on active duty is less than the amount of service that would be required to qualify the officer for retirement (or retention to retirement eligibility), then the subsequent discharge or release from active duty shall be considered to be involuntary.
  - (2) If the period of time for which the officer was selected for continuation on active duty is equal to or more than the amount of service that would be required to qualify the officer for retirement, then the officer's discharge or release from active duty shall not be considered to be involuntary.
- k. The member is separated for unsatisfactory performance, unsuitability, or misconduct as specified in Chapter 12, Personnel Manual, COMDTINST M1000.6 (series).
- l. As determined by Commander, CG Personnel Service Center, a member whose communications to a promotion or retention board, invited or encouraged non-selection or removal from promotion or retention lists.

### 3. How Active Service is Computed.

- a. Compute the years of active service, include each full month of service in addition to the full number of years of service. Disregard any remaining fractional part of a month.
- b. Coordination with other SEP PAY or Severance Pay benefits. A period for which a member has previously received SEP PAY under this Section or Severance Pay or readjustment pay under any other provision of law based on service in the armed forces may not be included in determining the years of service that may be counted in computing the SEP PAY of the member under this Section.

### 4. How Payment is Computed.

- a. Basis For Computing. The basis for computing the payment depends upon whether or not the member has met the performance standards prescribed by the Commandant. The separation orders will indicate if the performance was substandard. Compute the amount as follows:

- (1) Satisfactory Performance.

- (d) Years of active service (**count all time as consecutive when there is no more than a 30 day break between active duty periods**), times
  - (e) 12 months basic pay to which the member was entitled at time of separation, times
  - (f) 10 percent.
- (2) Substandard Performance or as authorized in Eligibility of **Regular and Reserve Enlisted Personnel for Separation Pay, COMDTINST 1910.1 (series)**. Effective 5 Nov 1990, one half of the amount computed in Section 10-H-4.a.(1) of this Manual.
- b. Limitation. Effective 5 Nov 1990 there is no limitation on the total amount a member may receive in SEP PAY under this Section and SEV PAY (excluding disability severance) under any other provision of law based upon service in the Armed Forces.
5. Taxability. SEP PAY is subject to Federal and state withholding taxes.
6. Offsetting Indebtedness. SEP PAY may be used to offset any indebtedness to the Government.
7. **SEP PAY Administrative Procedures.**
- a. **SEP PAY Authorization**
- (1) **Commander, CG Personnel Service Center (or his/her designee) is authorized to determine SEP PAY eligibility for personnel that are involuntarily separated from active duty per the policy contained in this Section of the Pay Manual and as clarified in applicable Commandant Instructions.**
  - (2) **SEP PAY for eligible personnel shall only be authorized via active duty separation orders issued by Commander, CG Personnel Service Center (or his/her designee). An order that authorizes SEP PAY shall contain a remarks statement that directs the recipient's attention to the contents of Section 10-H of this Manual for an explanation of Coast Guard's SEP PAY policy and regulations.**
  - (3) **Separation orders that authorize SEP PAY shall have the following attachments:**
    - (a) **A Ready Reserve service agreement in Page 7 format that has been signed and dated by the member otherwise eligible for SEP PAY per Subsection 10-H-1-d. of this Manual;**
    - (b) **A statement of understanding in Page 7 format that has been signed and dated by the member otherwise eligible for SEP PAY that confirms the recipient's understanding of SeEP Pay policy, recoupment from Retired Pay, and recoupment tax impact on Retired Pay.**
  - (4) **Ready Reservists that have executed a Ready Reserve service agreement per Subsection 10-H-1-d. of this Manual and received SEP PAY are not authorized to receive Retired Pay until completion of the three years service agreement or attainment of age 60, whichever occurs first.**

- b. Payment Conditions. Commanding Officer, CG Pay & Personnel Center, shall only disburse SEP PAY when in receipt of a certified copy of the separation order that authorizes its payment and the attachments required by this subsection. Computation of SEP PAY shall be in accordance with Subsection 10-H-4 of this Manual.**
- c. Records Retention. Copies of separation orders that authorize SEP PAY along with the required attachments shall be retained in the recipient's Personnel Data Record and Retired Pay Record.**
8. Refund Upon Retirement. Per 10 USC 1174, members who receive Separation, Severance, or Readjustment Pay under any provision of law based on service in the Uniformed Services, and who subsequently qualify under 10 USC or 14 USC for Retired Pay shall have deducted an amount equal to the total **pre-tax** amount of Separation, Severance, or Readjustment Pay until the amount deducted is equal to the total amount of Separation, Severance, or Readjustment Pay received. There is no authority to waive or cancel recoupment collection of Separation, Severance, or Readjustment Pay.
- a. Recoupment rates. The maximum rate of recoupment shall be no more than an amount equal to 40 percent of the member's gross Retired Pay.
- (1) The monthly recoupment rate shall be recalculated when gross Retired Pay is increased for cost-of-living adjustments.
  - (2) Only the difference between the recoupment and gross Retired Pay is to be considered as the gross taxable income.
  - (3) PPC shall provide written notification to members subject to recoupment. This notice is to be sent 90 days in advance of the initial collection from their Retired Pay. This notification shall provide the current outstanding balance, the proposed monthly recoupment amount, and explain the options of a more lenient repayment request if the member asserts that the maximum rate of recoupment imposes a financial hardship – see Section 10-H-8-c of this Manual for details. The notification will also explain the requirement for concurrent recoupment of the SEP/SEV Pay by both PPC and the Department of Veterans Affairs (DVA).
- b. Exceptions. Members may, at their personal discretion, request to increase their recoupment to a rate greater than the maximum in order to shorten the term of recoupment.
- c. Financial Hardship. A member whose Retired Pay is subject to recoupment may, at any time, request a review of the amount recouped based upon materially changed circumstances such as disability, divorce, or illness that results in the imposition of undue financial hardship on the member or the member's dependents. A member requesting such a review shall submit the basis for claiming that the current rate of recoupment results in an undue financial hardship along with supporting documentation. PPC shall consider any information submitted and make a determination in accordance with the following procedures and standards.
- (1) A rate of recoupment results in an undue financial hardship for a member and his or her dependents if the recoupment amount prevents the member from meeting the costs necessarily incurred for essential subsistence expenses of the member and the member's eligible dependents. These essential subsistence expenses include costs incurred for food, housing, necessary public utilities, clothing, transportation, and medical care.

- (2) In determining whether the recoupment amount prevents the member from meeting the essential subsistence expenses described above, PPC shall consider the following:
  - (a) The income from all sources of the member, the member's spouse, and eligible dependents.
  - (b) Whether these essential subsistence expenses have been minimized to the greatest extent possible.
  - (c) The extent to which the member and the member's spouse and eligible dependents have other exceptional expenses that should be taken into account and whether those expenses have been minimized.
- (3) If an undue hardship is found, the recoupment rate will be reduced based upon the member's financial condition and will continue and be reviewed on an annual basis. PPC will notify the member of any adjustments to the amount recouped each month.
- (4) PPC shall downwardly adjust the rate of recoupment based on the following formula: Subtract the total monthly essential subsistence expenses from the total monthly income. The result is the net income available for the monthly recoupment. This remainder shall be divided by the gross monthly Retired Pay to determine the actual recoupment percentage. A result of 10 percent or less limits the recoupment to 10 percent without exception. Any factor within the range of 10 to 39 percent shall be applied as the actual percentage with any fractional portions of a percentage point to be rounded down to the lower whole percentage point.
- (5) Determinations made by PPC on revised recoupment rates are final and conclusive and not subject to review or appeal unless there is compelling evidence of an error in calculation.

Example 1:

<u>Gross Monthly Income</u>		<u>Actual Monthly Expenses</u>	
Member's income	\$3,460.00	Rent/Mortgage	\$1,500.00
Spouse's income	<u>\$ 500.00</u>	Electric	\$ 80.00
Total Income	\$3,960.00	Natural Gas	\$ 125.00
		Telephone	\$ 35.00
		Water	\$ 20.00
		Food	\$ 400.00
		Car Payment	\$ 280.00
		Health Care	<u>\$ 500.00</u>
		Total Expenses	\$2,940.00

Total Income	\$3,960.00		
	Total Expenses	<u>\$2,940.00</u>	
	Net Income	\$1,020.00	(available for recoupment)

Divide the member's Net Income (\$1,020.00) by the gross retired pay (\$3,000.00) which equals .34 or a recoupment rate of 34%.

Example 2:

<u>Gross Monthly Income</u>		<u>Actual Monthly Expenses</u>	
Member's income	\$2,000.00	Rent/Mortgage	\$ 800.00
Spouse's income	<u>\$ 500.00</u>	Electric	\$ 80.00
Total Income	\$2,500.00	Natural Gas	\$ 125.00
		Telephone	\$ 35.00
		Water	\$ 20.00
		Food	\$ 200.00
		Car Payment	\$ 280.00
		Health Care	<u>\$ 500.00</u>
		Total Expenses	\$2,040.00

Total Income	\$2,500.00		
	Total Expenses	<u>\$2,040.00</u>	
	Net Income	\$ 460.00	(available for recoupment)

Divide the member's Net Income (\$460.00) by the gross retired pay (\$2,000.00) which equals .23 or recoupment rate of 23%.

\* income includes wages, salary, annuities, disability payments, bank account interest, and any other source of earned or unearned income.

9. Special Rule for Sole Survivorship Discharge. Under 10 USC 1174, a member who is the sole survivor as described below, shall be entitled to SEP PAY under this Section even if the member has completed less than six years of active service immediately prior to that discharge.
  - a. Conditions of Entitlement. Discharge under this rule will occur only at the request of the member. The member must be the only surviving child in a family in which:
    - (1) the father, mother or one or more siblings was serving in the Armed Forces and was killed, died as a result of wounds, accident, or disease, is in a captured or missing in action status, or is permanently 100% disabled or hospitalized on a continuing basis and is not employed gainfully because of the disability or hospitalization and
    - (2) the death, status, or disability did not result from the intentional misconduct or willful neglect of the parent or sibling and was not incurred during a period of unauthorized absence.
  - b. Amount Payable. The amount of SEP PAY to be paid shall be based on the years of active service, as computed in Section 10-H-3 of this Manual, actually completed by the member before the member's discharge.

I. Death Gratuity.

1. Authority. 10 USC 1475-1480, as amended by Public Law 102-190 authorizes paying a death gratuity to the survivors of a Coast Guard member who dies while on active duty and a Coast Guard reservist on IDT/ADT or while traveling to or from IDT/ADT. When a former member (separated, released, or retired) dies within 120 days following the separation date and the Secretary of Veterans Affairs determines that the death was service connected, the survivors of the former member are authorized a death gratuity. Per 10 USC 1475(a)(5), the death gratuity shall be paid to the survivors of a person who dies while at a place for final acceptance or for entry upon active duty in the Coast Guard, or while traveling to or from that place, but only if the person has been provisionally accepted for duty and was ordered or directed to go to that place. **The balance of the amount of the death gratuity, if any, shall be paid in accordance with subsection 10-I-2 of this Manual. If a person is covered under this title and has a spouse, but designates a person other than the spouse to receive all or a portion of the amount payable, the secretary concerned shall provide notice of the designation to the spouse.**
2. Eligible Payees. **If a person covered by 10 USC 1475 or 1476 does not make a designation or designates only a portion of the amount payable under 10 USC 1478, the amount of the death gratuity not covered by a designation shall be paid as follows: (if a person entitled to all or a portion of a death gratuity dies before receiving payment, it shall be paid to the living survivor next in the order prescribed below)**
  - a. **The surviving lawful spouse of the person, if any.**
  - b. **To any surviving children without regard to age or marital status to include:**
    - (1) **legitimate children**
    - (2) **adopted children**
    - (3) **step children who were part of the decedent's household at the time of death**
    - (4) **illegitimate children of a female decedent ; and**

- (5) illegitimate children of a male decedent;**
    - (a) who have been acknowledge in writing signed by the decedent;**
    - (b) who have been judicially determined, before the decedent's death, to be his children**
    - (c) who have been otherwise proved, by evidence satisfactory to the Secretary of Veterans Affairs, to be children of the decedent; or**
    - (d) to whose support the decedent had been judicially ordered to contribute.**
  - (6) To the surviving parents. Parents include fathers and mothers through adoption. However, only one father and one mother may be recognized in any case, and preference shall be given to those who exercise a parental relationship on the date, or most nearly before the date, on which the decedent entered a status described in 10 USC 1475 or 1476.**
  - (7) To the duly-appointed executor or administrator of the estate of the person.**
  - (8) If there is none of the above, to other next of kin of the person entitled under the laws of domicile of the person at the time of the person's death.**
3. Amount Payable. The amount payable is as specified in 10 USC 1478. Currently it is \$100,000 (subject to amendment).
  4. Amount Taxable. The death gratuity is not taxable.
  5. Who May Make Payment. All death gratuity payments are made by PPC (SES).
  6. Payment Procedure. The eligible beneficiary applies for the death gratuity by completing and forwarding a Claims Certification and Voucher for Death Gratuity Payment, DD Form 397, to PPC (CC). The beneficiary is normally assisted by the assigned Casualty Assistance Calls Officer (CACO). See Article 18.A.4.(g)(2), Personnel Manual, COMDTINST M1000.6 (series). A Report of Casualty, DD Form 1300, is sufficient proof of death and duty status.
  7. Additional Information Affecting Payment.
    - a. Death gratuity is not payable in the case of a member whose death is the result of lawful punishment for a crime or military offense, except when death was inflicted by a hostile force with which the United States Armed Forces had engaged in armed conflict.
    - b. Death gratuity is not payable if the beneficiary or survivor personally killed the member unless there is evidence that clearly absolves the person from any felonious intent (Comp Gen B-115170, 16 July 1953). However, it may be paid to the next eligible beneficiary(ies) or survivor(s) not responsible for the death of the member.
    - c. Death gratuity is not payable in the case of a member who has been charged with or convicted of desertion at the time of death. The death gratuity is payable if it is later found the deserter declaration was in error.

- d. A death gratuity payment may not be used to satisfy an indebtedness (including an overpayment).
8. Erroneous Payments. An erroneous payment of death gratuity is one made to a person clearly not entitled to it because of administrative error, rather than because of statement of record made by the deceased member.
- a. A second payment shall be made to the rightful beneficiary or survivor when the error resulted from improper maintenance of records or administrative negligence. This payment should not be delayed pending recovery of the erroneous payment from the ineligible recipient (37 Comp Gen 131).
  - b. A second payment shall not be made to a different person if the first payment was based on statements of record made by the deceased member, and the government has no reason to doubt the beneficiary's or survivor's status was as stated (37 Comp Gen 131).
9. Documentation.
- a. Each of the following forms of documentation is acceptable for payment of casualty and decedent affairs claims:
    - (1) For active duty, reserve, retiree and post separation veterans: Report of Casualty, DD Form 1300, Personnel Casualty Report message, Defense Casualty Information Processing System (DCIPS) reports, Certificate of Death (Overseas), DD Form 2064, and domestic civilian death certificate.
    - (2) For dependents: Personnel Casualty Report message, DCIPS reports, Certificate of Death (Overseas), DD Form 2064, and domestic civilian death certificate.
  - b. Examples of pay and compensation that may be authorized based on these documents include (but are not limited to) death gratuity, final pay and allowances, basic allowance for housing, and Survivor Benefit Plan (SBP) annuity.
  - c. Examples of reimbursement and claims that may be authorized based on these documents include (but are not limited to) outstanding travel claims of the deceased member, mortuary, funeral and transportation expenses for the remains of military members and dependents; and funeral travel of next-of-kin.
  - d. Requirements for submission of claim forms are as published elsewhere.
  - e. Commandant (CG-1222) has authority to interpret this policy and grant exceptions
- J. Transitional Compensation for Dependents of Members of the Coast Guard Separated for Dependent Abuse. (See U.S. Coast Guard Transitional Compensation for Abused Dependents, COMDTINST 1754.16 (series))

### **SEP PAY and Recoupment from Retired Pay**

SEP PAY is paid to military personnel under certain conditions of involuntary separation from active duty and is authorized by 10 USC 1174. The implementing regulations for SEP PAY are contained in Section 10-H of this Manual. The purpose of SEP PAY is to provide a lump-sum payment to Regular and Reserve personnel involuntarily separated short of active duty retirement eligibility in order to assist such personnel in readjusting to civilian life.

Separation payments are subject to Federal income taxation and by law the Coast Guard is required to withhold 25% of a separation payment and report this withholding to the U.S. Internal Revenue Service (IRS) – this withholding is also reported on the recipient's W-2 form for the tax year in which the separation benefit is paid.

Under the authority of 10 USC 1174, a member who, subsequent to receipt of Severance or SEP PAY, becomes entitled to Retired Pay is required to pay back the entire amount of the pre-tax separation payment, including all amounts withheld for taxes. Under compensation case law, the same period of service may not be used to qualify for two different entitlements. A member (or former member) who received Separation, Severance, or Readjustment Pay for a qualifying period of service and later uses the same period of service to qualify for Retired Pay is required to repay the previous separation payment. Thus, a separation payment intended to ease transition into civilian life becomes a form of advanced Retired Pay that is required by law to be recouped.

The statutory requirement for recoupment makes no distinction between Retired Pay under any of the voluntary/involuntary retirement authorities for active duty service or non-regular retirement (Reserve Retired Pay) under 10 USC 12731. Further, the recoupment of Retired Pay is not bounded by the time limitations for collection of indebtedness per 5 CFR §550.1106 but is subject to the amount limitations under 37 USC 1007(c), which restrict collections to not more than 40% of Retired Pay. Since Separation or Severance Pay is not an erroneous payment at the time it is paid and its recoupment subsequent to entitlement to Retired Pay is required by 10 USC 1174, collection may not be waived or the amount remitted under the provisions of 10 USC 2774 and 14 USC 461, respectively.

Recoupment of Separation or Severance Pay may, at the retiree's option, be in lump sum form or may be accomplished by monthly deductions from Retired Pay until the accumulated deductions equal the total pre-tax amount of the separation benefit. Under current regulations, Separation or Severance Pay is recouped at the rate of 40% of the retiree's gross Retired Pay. 90 days prior to implementation of recoupment deductions, the retiree will receive a notification letter and a Retiree Account Statement from the USCG Pay & Personnel Center Retiree & Annuitant Services Division (PPC-RAS) that indicates the amount of the monthly deduction. Retirees who submit a claim to PPC-RAS for monthly recoupment amount reduction due to financial hardship may have their recoupment rates reduced, but not less than 25% of gross Retired Pay – see Subsection 10-H-8-c. of this Manual for details and instructions.

FIGURE 10-6

**SEP PAY and Recoupment from Retired Pay (cont'd)**

Per page 28 of IRS Circular E (Employer's Tax Guide) [<http://www.irs.gov/pub/irs-pdf/p15.pdf>], PPC-RAS recoups the gross amount paid (before FITW) via monthly installment deductions from Retired Pay. PPC-RAS does not reduce the member's retired taxable income. Each year that recoupment of SEP PAY is effected from Retired Pay, the retiree has the right to claim a deduction/credit on his/her Federal income tax return (as explained in the Note on page 28). To assist the retiree in this regard, PPC-RAS provides him/her a letter entitled "Tax Certificate" showing the amount the retiree has repaid this year for a prior year wage overpayment.

Ready Reservists that have executed a Ready Reserve service agreement per Subsection 10-H-1-d of this Manual and received SEP PAY are not authorized to receive Retired Pay until completion of the three year service agreement or attainment of statutory retirement age, whichever occurs first.

- (a) Overpayment of pay and allowances – **15** percent of disposable pay, unless:
  - 1. the overpayment was the member’s fault, in **which case collection will be at a rate not to exceed two-thirds of the member’s disposable pay**; or
  - 2. the member consents to collection at a higher rate; or
  - 3. the member is separating from the service.
- (b) Travel debts, debts to another uniformed service, or debts to the Department of Homeland Security: 15 percent of disposable pay.
- (c) If a member is injured in a combat zone, collection action must be suspended for at least 90 days.
- (5) Minimum Deduction. The monthly deduction must not be less than 10 percent of the amount available for checkage, unless a lesser amount is proposed by the member’s commanding officer and approved by CO, PPC.
- b. Collections Under 5 USC 5514. This statute authorizes deduction from current pay for indebtedness to the United States under the standard prescribed by the Office of Personnel Management. The salary off-set standards are published in 5 CFR Part 550.
  - (1) Collection. When it is determined that a member is indebted to the United States, collection may be made in monthly installments or at established pay intervals not to exceed 15 percent of disposable pay for any pay period, unless a greater percentage is authorized by written consent of the member. Unsatisfied debts at discharge or retirement must be deducted from subsequent payments, of any nature, due the member.
  - (2) Due Process. Debts collected under this statute are those owed to departments and agencies other than the Department of Homeland Security or other Uniformed Services. The creditor agency is responsible for providing due process rights to member debtors and certifying to the Coast Guard that required due process rights of the standards have been provided when requesting collection action. Once the Coast Guard accepts the debt for collection, members must be provided a minimum of 30 days written notice informing the member of the nature and amount of the debt due the United States and the intent to commence collection through deductions from pay. This notice will provide the member with a point of contact at the creditor- agency for any questions or disputes the member may have.
- c. Collections Under 10 USC 2775. This statute authorizes collection from a member’s pay when he/she has been held liable for damage to Government quarters, Owned or leased, caused by the member, dependent of member, or guest of the member. Under the provisions of the Coast Guard Housing Manual, the settlement official will provide PPC (DC) the information necessary to affect collection. The rate of collection is limited to 15 percent of available pay.
- d. Collections Under 10 USC 1442 and 10 USC 1453. These statutes authorize deductions from subsequent payments of annuity amounts erroneously paid to an annuitant under the Retired Serviceman’s Family Protection Plan or Survivor Benefit Plan. Collection will be at a rate of 15 percent of available pay.

- b. Non-consent. If consent to checkage is refused, advise Commandant (CG-122), do not effect checkage of pay.
3. Amounts Un-liquidated at Separation. Amounts remaining on day of separation, whether or not the member consented to checkage, must be offset to the extent possible by final pay and allowances.

E. Recovery for Damage to Private Property.

1. Authority. Under the provisions of the Claims and Litigation Manual, COMDTINST M5890.9 (series), the pay of a member may be checked for damages to the property of another person. (Article 139, UCMJ and 10 USC 939)
2. Liquidation Procedures. The procedures and limitations governing checkages of military pay applicable to recovery of other debts to the Government are applicable here. The amount to be recovered may be liquidated by monthly withholding over the member's remaining obligated service. Approval should be documented by letter. If the member extends enlistment or reenlists before the full amount is recovered, continue the monthly withholding until full recovery is made.

F. Waiver of Claims for Erroneous Payment.

1. General. A waiver is a written request from a member or former member for the cancellation of indebtedness to the U. S. Government, which resulted from erroneous payments of pay and allowances made to or on behalf of the member or former member. Waiver applications may also be considered for erroneous payment of travel and transportation allowances paid on or after 28 December 1985.
2. Authority. 10 USC 2774 gives the Secretary of Department of Homeland Security authority to effect waiver of claims for erroneous payments of pay and allowances and travel and transportation allowances, when collection of the claim would be against equity and good conscience, and not in the best interest of the United States. The authority of the Secretary has been delegated to Commandant (CG-122).
3. Limitations. **Under the provisions of 10 USC 2774 and the standards prescribed by the Secretary of Defense (Waiver Procedures for Debts Resulting from Erroneous Pay and Allowances, DOD Instruction 1340.23), Commandant (CG-1222) may:**
  - a. Waive claims that do not exceed \$10,000.
  - b. Deny an application for waiver of a claim in any amount, provided that in those cases where the claim is an amount aggregating more than \$10,000, the member is advised of the right to appeal the denial to the Defense Office of Hearings and Appeals, Arlington, VA.
4. Claims Exceeding \$10,000. Claims which exceed \$10,000 and for which the Coast Guard recommends approval of the waiver or the member appeals agency action (or against which a Comptroller General exception has been issued) are forwarded for final resolution to the **Defense Office** of Hearings and Appeals.
5. Conditions for Waiver of Claims. The following conditions will be used in determining whether a claim should be waived:

- a. Claims for erroneous payments which may be waived in whole or in part, must have resulted from an erroneous overpayment.
  - b. The erroneous payment must not be the subject of an exception made by the Comptroller General in the account of any accountable official, or which has been transmitted to the General Accounting Office (GAO) for collection, or to the Attorney General for litigation.
  - c. Erroneous payments of pay and allowances, and travel and transportation allowances may be considered for waiver action provided the application is received by the Coast Guard within a **five** year period following date of discovery of the error, which caused the erroneous payment.
  - d. Erroneous payments that have been wholly or partially recovered must be considered for waiver in the gross amount.
  - e. Overpayments must be of such a nature that they would normally go unnoticed or undetected by the member.
  - f. Collection action under the claim would be against equity and good conscience and not in the best interests of the United States. Generally, this criteria will be met by a finding that the erroneous payment occurred through administrative error and that there is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the member or any other person having an interest in obtaining waiver of the claim. Any significant, unexplained increase in pay and allowances which would require a reasonable person to inquire concerning the correctness of the pay or allowances, ordinarily would preclude a waiver when the member fails to bring the matter to the attention of appropriate officials.
6. Processing Requests for Waiver of Erroneous Payments. Waiver requests may be made by the member or a person acting in the member's behalf.
- a. All requests by active duty personnel for waiver action must be submitted in accordance with procedures contained in Chapter 9, Personnel and Pay Procedures Manual, PPCINST M1000.2 (series).
  - b. All requests for waiver by retirees/annuitants or out-of-service members must be submitted to the Coast Guard Pay and Personnel Center. PPC will provide retirees/annuitants with waiver application instructions at the time the individual is notified of an indebtedness other than a routine adjustment.
7. Collection Action. As a general policy, collection action will not be suspended pending a determination of waiver action since any amount collected and subsequently waived may be refunded. However, in cases of extreme hardship, the CO, PPC or Commandant (CG-122) may consider suspension of collection action if it is in the best interests of the Government and the waiver request is likely to be approved. Requests for refunds may be included in the waiver application or must be received by the Coast Guard within two years following the date of waiver approval.

12. Salary Off-set. An administrative offset to collect a debt under 5 USC 5514, that is due the Government, by deduction(s) from the current pay account of a member or employee without the person's consent.
13. Settlement Authority. A person authorized to settle a claim.
14. Suspension. The delaying of collection action for a given period of time.
15. Termination. The removal of an indebtedness from accounts receivable and termination of collection action. This action does not preclude the reestablishment of the receivable, if the situation changes, or acceptance of a future payment.

C. Settlement Authority.

1. Under the policy guidance of Commandant (CG-122), the Commanding Officer, PPC must establish standard procedures for out-of-service debt collection. These procedures must conform to the guidelines of the above cited authorities and this manual. In addition, further guidance is contained in the Accounting Manual, COMDTINST M7300.4 (series), and the Claims and Litigation Manual, COMDTINST M5890.9 (series).
2. The Commanding Officer, PPC **and Commanding Officer, FINCEN** are designated as the settlement authority for out-of-service debts resulting from the Coast Guard pay and allowance system. This authority may not be redelegated. CO, PPC **or CO, FINCEN** may compromise, suspend, or terminate collection action on any debt that does not exceed \$10,000, exclusive of interest, penalties, and administrative costs.
3. Exceptions. Section 14-C-2 does not apply to any debt involving:
  - a. An indication of fraud, the presentation of a false claim, or misrepresentation on the part of a debtor or any other party having an interest in the claim, or
  - b. A debt that arose out of an exception made by the Government Accountability Office in the account of an accountable officer.

D. Responsibilities.

1. Commandant (CG-122) is responsible for:
  - a. Ensuring that the out-of-service debt collection activities are in compliance with law and regulations.
  - b. Establishing a justifiable dollar amount below which collection efforts need not be taken.
  - c. Taking actions to compromise, suspend, or terminate out-of-service debts **up to \$10,000. Records of action taken will be maintained for a minimum of three years after debt has been absolved or collected in full.**
2. Commanding Officer, Pay and Personnel Center (PPC) or Commanding Officer Finance Center (FINCEN) will:

- a. Establish, verify, and document all out-of-service debts.
  - b. Notify and aggressively pursue collection action on a timely basis, with effective follow-up.
  - c. Determine when a debt can be collected by administrative or salary off-set. When administrative offset can be used, due process as outlined in 31 USC 3716 must be given.
  - d. Authorize collection by installments. Normally, the payments should be sufficient to liquidate the debt within three years and at least \$50 per month.
  - e. Assess appropriate interest, penalties, and administrative charges on all debts in compliance with 31 USC 3717. If in the best interests of the Government, charges may be waived on a case-by-case basis.
  - f. Compromise debts in accordance with 31 USC 3711. Forward debts in excess of \$10,000, where compromise may be appropriate, with supporting documentation to Commandant (CG-122) for approval.
  - g. Terminate and suspend collection action in accordance with 31 USC 3711. Collection of debts less than \$100 will not normally be pursued unless the Commanding Officer, PPC considers it in the best interests of the Coast Guard to do so. If the debt is recommended for termination and exceeds \$10,000, forward the appropriate documentation to Commandant (CG-122) for action.
  - h. Maintain data and do periodic comparison of costs incurred in the out-of-service debt collection process and corresponding recovery rate. These costs must be used to compare the cost effectiveness of alternative collection techniques, establish guidelines with respect to points at which further collection efforts are likely to exceed recoveries, and assist in evaluating offers of compromise. When these costs exceed the established minimum debt amount below which collection efforts need not be taken, and it is considered in the best interests of the Coast Guard to change the threshold, forward a recommendation for change with complete justification to Commandant (CG-122).
  - i. Comply with the Debt Collection Improvement Act of 1996. Refer past-due debts that are 180 days delinquent to the Department of Treasury for administrative off-set under the Treasury Off-set Program.
  - j. Collect and maintain data and records involving compromise, suspension, or termination of out-of-service debts. Data and records must be maintained in accordance with the Information and Life Cycle Management Manual, COMDTINST M5212.12 (series) and be available for review or inspection by the General Accounting Office or the DHS Inspector General. Provide upon request by Commandant (CG-12) such information as may be needed to comply with the reporting requirements of other Federal agencies.
- E. Suspension of Collection Action. Commanding Officer, PPC or FINCEN may suspend collection action and/or waive the assessment of interest, penalty, and administrative charges pending a decision on a waiver request. Appropriate consideration will be given on a case-by-case basis as to whether:

1. There is a reasonable possibility that the waiver will be granted.
  2. The debt (in whole or in part) will be found not owing from the debtor.
  3. **PPC RAS is the approval authority for representative payee requests after consultation with the PPC LGL Office.**
  4. Collection of the debt or assessment of interest would cause undue hardship on the debtor.
- F. Use of Outside Agencies. Aggressive action must be taken to locate debtors by any legal means available. This includes a search of the debtor's credit report.

CHAPTER 16  
RETIRED PAY  
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- d. Multipliers. To determine a retiree's multiplier refer to the web site: <http://militarypay.defense.gov/retirement/activeduty.html>
3. Pay Scale or Retired Pay Base.
- a. On or before 7 September 1980.
- (1) An officer or enlisted person who first became a member of a Uniformed Service on or before 7 Sep 1980, is entitled to use the Basic Pay scale in effect on the first day of retirement to determine gross monthly retired pay (e.g., an officer or enlisted member who retires on 1 Jul 2000, is entitled to have retired pay computed based on the active duty pay rates effective 1 Jul 2000).
- (2) A warrant officer who first became a member of a Uniformed Service on or before 7 Sept 1980, is entitled to use the Basic Pay scale in effect on the day before retirement (e.g., a warrant officer who retires on 1 Jul 2000, is entitled to have retired pay computed based on the active duty pay rates effective on 30 Jun 2000).
- b. On or after 8 September 1980. An officer, warrant officer, or enlisted person who first became a member of a Uniformed Service on or after 8 Sep 1980, will have a retired pay base established by their high 36-month average of Basic pay, whether or not consecutive. Normally, this would be the average of the Basic pay received in the last 36 months of active duty prior to date of retirement.
- c. Special Rule for Flag Officers. Effective 1 Oct 2006, a flag officer is entitled to have retired pay calculated using the Basic pay rates in effect prior to Level II/Level V reduction under 37 USC 203(a)(2).
4. Cost-of-Living Adjustments (COLA). Adjustments are given annually based on the increase in the Consumer Price Index (CPI).
- a. Members who first became a member of a Uniformed Service on or before 31 Jul 1986, and members who first became a member of the Uniformed Service on or after 1 Aug 1986, who do not elect a \$30,000 career status bonus, receive an annual COLA.
- b. Members who first became a member of a Uniformed Service on or after 1 Aug 1986 who do elect a \$30,000 career status bonus receive an annual adjustment equal to the COLA minus one percent (when the COLA is equal to two percent or more). When the member reaches age 62, the member receives a one-time catch up adjustment; a recalculation of the member's retired pay is done to apply a full COLA for each retirement year. After this one-time catch up at age 62, adjustments in later years will again be set at the COLA minus one percent (when the COLA is equal to two percent or more).

5. Ten Percent for Heroism. The provisions of 14 USC 357(i) **state that any enlisted member who retires after 20 years of service, whether voluntarily or involuntarily, and was previously cited for extraordinary heroism while on active duty by the Secretary concerned, may have his retired pay increased by 10 percent. In accordance with the Coast Guard Awards Manual, COMDTINST M1650.25 (series) article 1.B.5, the award must be higher than a Coast Guard Commendation Medal and the citation must specifically state “extraordinary heroism.” Additionally, the member will receive a memorandum from Commandant (CG-1221) notifying them of their eligibility for a 10 percent increase.** If the member retires as an officer, there is no entitlement to the ten percent increase regardless of when the member was cited (52 Comp. Gen. 599 and 47 Comp Gen 397).
6. Department of Veterans Affairs (VA) Disability Compensation. Any member separated or retired may file a claim for VA disability compensation. A retired member receiving retired pay who files a claim with the VA and is subsequently awarded VA disability compensation must have their retired pay reduced by the dollar amount of the compensation received. If the monthly amount of VA disability compensation is greater than the monthly amount of retired pay, retired pay is stopped. At any time the VA disability compensation is less than the member’s monthly retired pay, then, upon notification from the VA to PPC, retired pay is restarted. If the VA disability compensation is less than the member’s monthly retired pay, the member will receive a payment from VA and a payment from the Coast Guard representing the difference between VA disability compensation received and the member’s retired pay. VA disability compensation is tax exempt.

B. Disability.

1. Authority. 10 USC, Chapters 61 and 71.
2. Temporary Disability Retirement. If the disability is at least 30 percent and is not stable or might not be permanent in nature, the member is placed on the temporary disability retired list (TDRL) and is subject to physical examination at least once every 18 months. After five years, the member must:
  - a. be retired for permanent disability, or
  - b. if the disability is less than 30 percent and the member has less than 20 years of service, be returned to active duty or separated.
3. Permanent Disability Retirement. A member entitled to Basic pay who is unfit to perform the duties of his or her office, grade, rank, or rating because of a permanent physical or mental disability may be retired if:
  - a. the disability is of a permanent nature;
  - b. the disability is not the result of intentional misconduct or willful neglect, and was not incurred during a period of unauthorized absence; and
  - c. either-
    - (1) the member has at least 20 years of service computed under 10 USC 1208; or

- (3) Develop and implement standard accounting and administration policies needed to support payments.
- (4) Inform members on a timely basis of their eligibility for payments under these provisions.
- (5) Provide the opportunity to retirees who are eligible to receive either CRDP or CRSC to choose between CRSC and CRDP. Provide eligible retirees the information needed to make these elections.

D. Reserve.

1. Authority. 10 USC Chapter 1223.
2. Policy. Refer to section 8-C, Reserve Policy Manual, COMDTINST M1001.28 (series).

E. **Representative Payee for Survivor Benefit Plan (SBP) Annuities.**

1. **Authority. 10 USC 1455.**
2. **Policy.** The SBP due a minor, mentally incompetent, or otherwise legally disabled person for whom a guardian or other fiduciary has not been appointed may be paid to a representative payee who, in the judgment of the Secretary concerned, is responsible for the care of the annuitant. Refer to DoD Financial Management Regulation, Volume 7B, Chapter 46.
3. **Procedure.** CG Personnel Service Center (PSC-psd-fs) is the approval authority. CG Pay and Personnel Center (RAS) will forward requests for designation of a representative payee to CG Personnel Service Center (PSC-psd-fs) for determination.

F. Administration.

1. Disbursements. PPC must calculate, make, and record all disbursements of pay to retired military personnel, retired lighthouse keepers, and annuitants.
2. Deductions. PPC must make appropriate deductions from retired or annuitant pay, including:
  - a. Department of Veterans Affairs off-sets;
  - b. Federal and state tax withholdings;
  - c. Deductions for indebtedness to the United States, its instrumentalities, and for court-ordered garnishments of pay;
  - d. Divisions under the Former Spouses' Protection Act (FSPA);
  - e. Retired Serviceman's Family Protection Plan (RSFPP) and Survivor Benefit Plan (SBP) coverage costs;
  - f. Voluntary allotment deductions; and

- g. Other deductions required by statute or regulation.
- 3. Re-delegation of Authority. Commanding Officer, PPC, is delegated authority to process and adjudicate deemed SBP elections of former spouses under the provisions of 10 USC 1450(f)(3)(A). This authority must not be further re-delegated.
- 4. Suspension. Under authority in P.L. 107-295, The Secretary of Homeland Security (as delegated to Commandant (CG-122)) may order suspensions of retired pay after determining that:
  - a. A felony warrant has been issued against the absent member by the United States under the authority of 18 USC 1073, "Flight to avoid prosecution or giving testimony," and the Department of Justice has sought extradition; or
  - b. A felony warrant has been issued against the absent member by the United States for violation of the International Parental Kidnapping Act, 18 USC 1204; or for a crime stated in 5 USC 8312; and
  - c. The member is outside the United States, and has willfully remained outside the United States to avoid criminal prosecution for 30 or more consecutive days subsequent to the date of issue of the felony warrant. As a result:
    - (1) PPC must suspend retired pay until PPC receives authority from the Commandant (CG-122) to resume monthly payments and to pay the balance of suspended payments. No interest may be paid on any suspended amounts.
    - (2) Payment of any amounts subject to involuntary withholding or paid as insurance premiums by previously established allotments must not be suspended, but must continue to be paid from the member's pay unless otherwise directed by the Secretary of Homeland Security.
- 5. Policy Guidance. In carrying out its functions, PPC must be guided by the:
  - a. United States Code and Code of Federal Regulations.
  - b. Coast Guard Pay Manual, Coast Guard Personnel Manual, and other policy guidance provided by Commandant; and
  - c. Department of Defense Financial Management Regulation, Vol.7B.
- G. Inquiries. Direct general inquiries from retirees or annuitants pertaining to retired affairs, retired pay or annuities, to:

Commanding Officer (RAS)  
Pay and Personnel Center  
444 SE Quincy Street  
Topeka KS 66683-3591

Phone number: (785) 339-3415  
Toll free line for retirees and annuitants only: 1-800-772-8724  
Fax: (785) 339-3770