

PPC

RETIRED PAY

SEMINAR HANDOUT



**FOR ADDITIONAL INFORMATION
PLEASE CONTACT**

**COMMANDING OFFICER (RAS)
U S COAST GUARD
PAY & PERSONNEL CENTER
444 SE QUINCY STREET
TOPEKA, KS 66683-3591**

**PHONE: (785) 339-3415 or 1 (800) 772-8724
FAX: (785) 339-3770**

Seminar Handout - Updated 2/1/2011

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Retiree & Annuitant Services (RAS)

✓Retiree & Annuitant Services Customer Service Structure:

U. S. COAST GUARD 1 800 772-8724

or

PAY & PERSONNEL CENTER (RAS) 785 339-3415

444 SE QUINCY ST

TOPEKA KS 66683-3591

Fax: 785-339-3770

✓Retiree & Annuitant Services (RAS) Alpha Breaks

Call 1-800-772-8724 dial the extension number listed below

✓Ten Pay Technicians each processing a portion of the alphabet for new retirements and maintaining retiree accounts.

A, C	3428
G, I, J, N	3417
D, E, F	3434
K, L, O	3426
T, W	3449
S	3430
M, U, X	3442
H, V, Y, Z	3418
P, R	3435
B, Q	3425

✓Reserve Processing 20 year letters, reservists entering RET1 or RET2 status; and producing and mailing retirement certificates and pins.

A-Z	3412
-----	------

✓Deceased Account Team processing retiree deaths, annuitant starts, and maintaining annuitant accounts.

C, D, E, F, G, I, O, U, Y	3424
A, H, J, K, L, N, V	3438
B, M, Q, R, Z	3436
P, S, T, W, X	3443

✓DEERS Personnel Technician for information and ID Cards - 3441

✓Newsletter editor for quarterly Retiree Newsletter - 2236

Points Of Contact

Helpful Telephone Numbers

Final separation or sale of leave PPC (SES)	785 339-2200 or
Discrepancy of time or Statements of Service PPC (SES)	866 772-8724
PPC Travel (TVL)	
Orders: Officer (CG-PSC-opm)	202 493-1622
Enlisted (CG-PSC-epm)	202 493-1241
Office of Servicemember's Group Life Insurance (SGLI)	800 419-1473 or 201 802-7676
Department of Veteran's Affairs (VA)	800 827-1000
Social Security Administration	800 772-1213
Retiree Dental Program - Delta Dental of California	888 838-8737
To obtain copies of your DD-214, awards, etc. contact: National Personnel Records Center (MPR) 9700 Page Blvd, St. Louis, MO 63132-5100	314 801-0800

Helpful Web Sites

PPC (RAS) (Info, plus the Retiree Newsletter)	www.uscg.mil/ppc/ras
Coast Guard Magazine	www.uscg.mil
Navy (Info, plus the Navy publication Shift Colors)	www.npc.navy.mil/channels
Air Force (Info, plus the Air Force publication Afterburner)	www.afpc.randolph.af.mil
Social Security	www.ssa.gov
Department of Veterans Affairs	www.va.gov
DEERS & RAPIDS	www.dmdc.osd.mil
The Retired Enlisted Association	www.trea.org
The Military Officers Association of America	www.moaa.org
Reserve Officers Association	www.roa.org
The American Legion	www.legion.org
Disabled American Veterans	www.dav.org
American Red Cross	www.redcross.org
Retired Military Almanac	www.militaryalmanac.com
National Personnel Records Center	http://www.archives.gov/veterans/military-service-records/
TRICARE Internet Home Page	www.tricare.osd.mil
Delta Dental Program	www.ddpdelta.org

Resources and General Information

- Request for retirement. Personnel Manual COMDTINST M1000.6 (series), 12.C.9 and 11.
- Physical (6 months prior to retirement). COMDTINST M1000.6 (series), 12.C.3.a
- Checklist for retirement found in 3PM PPCINST M1000.2 (series), 3.B.22.
- Time In Grade Requirements. Titles 10 and 14 of the U.S. Code establish legal minimum periods that a member must hold a pay grade in order to retire with that grade. Personnel Manual COMDTINST M1000.6 (series), 5 & 6 establish time in grade policies for voluntary retirements.
- Retirement Package sent via e-mail to members' global address 6 months prior to retirement. Package provides complete instructions and forms for retirement. If not received call RAS (785) 339-3412. <http://www.uscg.mil/ppc/ras/>.
- Retirement Certificate and Pin sent to member's unit 6 months prior to retirement. If not received call RAS (785) 339-3412. To order <http://www.uscg.mil/ppc/ras/CertificateRequest.asp>.
- SPO enters SOI at least 60 days prior to the date member goes on terminal leave or date of retirement. Personnel and Pay Procedures Manual 3PM PPCINST M1000.2 (series), 3.B.15.
- DD214. Completed by SPO. Member should see a draft copy 30 days prior to retirement and final copy issued by unit on day of retirement. 3PM PPCINST M1000.2 (series), 3.B.15.
- Final active duty pay, final leave settlement, and final W-2 (issued at year-end) for taxable active duty pay. Issued by PPC (SES) (785) 339-2200.
- Retirement Form CG-4700. Submit at least 60 - 90 days prior to your date of retirement.
- DEERS change address on line. <https://www.dmdc.osd.mil/appj/address/login/SelectLogin.do>
- PPC Web Page – <http://www.uscg.mil/ppc/ras/>
- Retired pay computation on line – <http://www.uscg.mil/ppc/ras/RetirementEst.asp>

Laws Governing Retired Pay

- ⇒ Coast Guard enlisted members and regular officers are retired under authority of Title 14, U.S. Code, and their retired pay is computed under Section 423 of Title 14 and Section 1406(f) of Title 10. Under these provisions, the basic pay rates in effect “at the time of retirement” is used for computing retired pay. Therefore as an example all enlisted members and all regular officers who enter into retirement on the first day of January will have their retirement pay based on the pay scales in effect on 1 January.
- ⇒ Coast Guard warrant officers are retired under authority of Title 10, U.S. Code, and their retired pay is computed under Section 1406(b) of Title 10. Under these provisions, the basic pay rates in effect “on day before retirement” are used for computing retired pay. Therefore as an example all warrant officers who enter into retirement on the first day of January will have their retirement pay based on the pay scales in effect on 31 December of the prior year.

Additional information concerning retirement computation for warrant officers:

- The law and Comptroller General decisions are very explicit that a warrant officer retired under Title 10, Sections 1263, 1293 and 1305 must have his/her retired pay based on the basic pay rates in effect on the day before retirement.
- Article 12.C.6, CG Personnel Manual, provides that Coast Guard warrant officers are retired under Title 10, Sections 1263, 1293, and 1305.
- Prior to May 1954, the Coast Guard retired their warrant officers under Title 14, Sections 303-305, in lieu of Title 10. Sections 303-305 were repealed on 29 May 1954.
- In June 1969, a Comptroller General decision was rendered which allowed the Coast Guard to retire a warrant officer under Title 14, Section 292, in lieu of title 10, Section 1293, and as a result, have his/her retired pay based on the basic pay rates in effect on the date of retirement instead of the day before retirement.
- It does not appear that the 1969 Comptroller General ruling would have applicability today as Article 12.C.5.a, CG Personnel Manual explicitly precludes warrant officers from being retired under Title 14, Section 292 and 291.

CG-4700 Establishing Your Retired Account

Your retired pay account is not on JUMPS. It is established on the Retired Pay System maintained by RAS. Therefore, it is very important that you complete CG-4700 in its entirety, and that PPC RAS receives it at least 60 - 90 days prior to the date of your retirement. This is mandatory in order for you to receive your first retired payment on time. All voluntary retirements are effective on the first day of the month. If you are a regular retiree, your first retired payment should be received on the first working day of the month following the date of your retirement. The CG-4700 is available at <http://www.uscg.mil/ppc/forms/>.

Listed below are some problems frequently noted on the Form 4700:

- Form not signed where required (Sect. VII & Sect. IX.)
- Form not witnessed where required (Sect. VII & Sect. IX.)
- Not signed & witnessed on same date (Sect. VII & Sect. IX.)
- Incomplete or inaccurate state tax request (Sect. III)
- Witnessed by relative. (VII & Sect. IX.)
- Current address and phone for contact not provided. (Sect. I.)

★ It is very important that we be able to contact you in case we need additional information in order to establish your retired account.

U. S. Department
of Homeland Security
U. S. COAST GUARD
CG-4700 (Rev. 02/10)

COAST GUARD & NOAA RETIRED PAY ACCOUNT WORKSHEET AND SURVIVOR BENEFIT PLAN ELECTION

Privacy Act Statement:

Authority: Collection of this information is authorized by: 10 U.S.C. Chapters 73 and 165; DOD Financial Management Regulation, Volume 7B, Chapters 14, 30, 49, and 54; and E.O. 9397.

Purpose: The Coast Guard will use this information to establish a retired pay account, including designation of beneficiaries for unpaid retired pay, election information under the Survivor Benefit Plan (SBP), and federal and state tax withholding elections.

Routine Uses: The information will be used by the Coast Guard to establish a retired pay account. The information may be shared with the Internal Revenue Service for tax purposes, and with the Department of Veterans Affairs in conjunction with administration of DVA compensation.

Disclosure: Disclosure of this information (including our beneficiary's SSN) is voluntary; however, failure to furnish the requested information will result in delays in initiating retired pay.

Section I: IDENTIFICATION AND ADDRESS (complete all sections, if not applicable enter N/A)

1A. ENTER YOUR APPROVED RETIREMENT DATE		1b. Retiring from the following Service (select one):	
		<input type="checkbox"/> NOAA <input type="checkbox"/> Coast Guard Active Duty <input type="checkbox"/> Coast Guard Reserve	
1c. Name (Last, First, MI.)		2. Rank/Pay Grade	3. Employee ID Number (EMPLID):
4. Date of Birth	5. Correspondence Address, Street, City, State and Zip Code		6. Area Code & Telephone Number
			Work: Home: Cell/Other:

6a. Please provide your Home & Business (if applicable) email addresses if you would you like PPC (RAS) to contact you via e-mail in case telephone contact cannot be established:

(H) _____ (B) _____

Section II: PAY DELIVERY (See instructions for proper completion and don't forget to attach a voided check to your application.)

Public Law 103-356 makes direct deposit mandatory

7a. Mail Check to address in block 5 (Note: You must have an approved waiver of mandatory direct deposit from PPC (ras)).

7b. Direct deposit account shown below.

8. Type of Account: Checking Savings

9a. Routing Transit Number (RTN) Check Digit

9b. Account Number

10. Financial Institution Name _____

11. Address-City, State, and ZIP Code _____

Section III: TAX WITHHOLDING INFORMATION (use instructions for IRS Form W-4 and State Tax form to complete)

FEDERAL WITHHOLDING		VOLUNTARY STATE WITHHOLDING	
12. Marital Status (check one): <input type="checkbox"/> Single, <input type="checkbox"/> Married or <input type="checkbox"/> Married but withhold at higher single rate		16. State designated to receive tax	
13. Total No. of Exemptions Claimed		17. Requested Monthly Amount for State Tax (Whole dollar amount but not less \$10.00)	\$
14. Additional Withholding (optional)	\$	Note: The State you designate to receive tax must have an agreement with the Department of Defense for withholding state tax. A listing of states that have agreements for withholding is included with the instructions for this form. This election will remain in effect until changed by you.	
15. "I claim exemption from withholding" Enter "EXEMPT". If you claim EXEMPT status, you must attach current year IRS form W-4.			

(Page 1 of 4)

Previous editions are obsolete and shall not be used

FOR ANY CORRECTIONS/CHANGES A NEW FORM MUST BE COMPLETED PRIOR TO DATE OF RETIREMENT

U.S. DEPT. OF HOMELAND SECURITY, USCG, CG-4700 (Rev. 02-10)

Section IV: DESIGNATION OF BENEFICIARIES FOR UNPAID RETIRED PAY

I hereby designate the following beneficiary(ies) to receive retired pay due and payable at my death. I am aware that under the provisions of 10 U.S.C. 2771 and 4 CFR Part 34, this designation will remain in effect unless canceled or changed by me.

18a. Name (Last, First, Middle Initial)	18b. Relationship	18c. Address (City, State & ZIP Code)	18d. Telephone (Including Area Code)	18e. Share (Total must equal 100%)
1.				
Social Security Number				
2.				
Social Security Number				
3.				
Social Security Number				
4.				
Social Security Number				

Section V: CERTIFICATION DATA FOR PAYMENT OF RETIRED PERSONNEL (must be completed)

"I [] have [] have not been convicted of any offense involving the National Security (5 U.S.C. 8312).

"I [] have [] have not failed or refused to testify before a Federal Grand Jury, Court of the United States, courts-martial, or congressional committee in connection with any matter endangering the National Security, or defense of the United States or any relationship I have or have not had with a foreign government (5 U.S.C. 8314).

"I [] have [] have not knowingly or willfully remained outside of the United States or its territories or possessions to avoid prosecution (5 U.S.C. 8313).

"I [] have [] have not knowingly or willfully made a false, fictitious, or fraudulent statement or representation, or knowingly and willfully concealed a material fact in an employment application for a civilian or military office or position in or under the Legislative, Executive, or the Judicial branch of Government of the United States or the government of the District of Columbia(5 U.S.C. 8315).

"I [] am [] am not employed by any foreign government, company, educational institution, or other concern which is controlled in whole or in part by a foreign government nor have I made application for such employment and I have not negotiated for such employment. I understand that before I accept such employment I must obtain advance approval from Commandant (CG-1222) and the Department of State.

I [] am [] am not drawing a pension, retired pay, or disability compensation from the Department of Veterans Affairs (VA), Civil Service Commission, or other Government agency nor have I made application for such benefits.

If you are drawing a VA or civil service pension, retired pay, or disability compensation, or have made application therefore, please provide the name and address of the agency and the monthly amount received (if any) in the space below.

Monthly Amount	Name and Address (Street, City, State and ZIP) of Agency

Section VI: SURVIVOR BENEFIT PLAN (SBP) ELECTION (Complete all blocks)					
19. Are you married? <input type="checkbox"/> Yes <input type="checkbox"/> No		20. Do you have dependent children? <input type="checkbox"/> Yes <input type="checkbox"/> No			
21. FOR Reserve Retiree Only – Have you elected RCSBP (option B or C) prior to this date <input type="checkbox"/> Yes <input type="checkbox"/> No IF YES, ATTACH A COPY OF THE ELECTION FORM and skip to Section VIII IF NO or elected (option A), complete the remainder of Section VI & VII					
22. Beneficiary Category (ies)					
a <input type="checkbox"/> I elect coverage for spouse only. I <input type="checkbox"/> do <input type="checkbox"/> do not have dependent children.					
b <input type="checkbox"/> I elect coverage for spouse and child(ren).					
c <input type="checkbox"/> I elect coverage for child(ren) only. I do <input type="checkbox"/> do not <input type="checkbox"/> have a spouse.					
d <input type="checkbox"/> I elect coverage for the person named in block 45 who has an insurable interest in me.					
e <input type="checkbox"/> I elect coverage for the person named in block 39 who is my former spouse.					
f <input type="checkbox"/> I elect coverage for the person named in block 39 who is my former spouse and dependent child(ren) of that marriage					
g <input type="checkbox"/> I elect not to participate in SBP. (Blocks 24-27 must be completed even if no coverage elected)					
23. Level of coverage (do not complete if 22d or 22g was elected above)					
a I did NOT elect the Career Status Bonus and REDUX. I elect SBP coverage as follows (choose one):					
<input type="checkbox"/> I elect coverage based on full gross retired pay.					
<input type="checkbox"/> I elect coverage with a reduced base amount of \$_____ (\$300 minimum base amount).					
b I DID elect the Career Status Bonus and REDUX. I elect SBP coverage as follows (choose one):					
<input type="checkbox"/> I elect coverage based on the amount of retired pay I would have received had I NOT elected the Career Status Bonus.					
<input type="checkbox"/> I elect coverage based on my current gross retired pay.					
I understand this represents a reduced base amount and <u>requires spousal concurrence.</u>					
<input type="checkbox"/> I elect coverage with a reduced base amount of \$_____ (\$300 minimum base amount). <u>This requires spousal concurrence.</u>					
24. Spouse Name (Last, First, MI.)		25. Spouse SSN		26. Spouse Date of Birth	
27. Date of Marriage:					
List your dependent child(ren) (Designate which children resulted from marriage to former spouse, if any)					
28. Name (Last, First, Middle Initial.)		29. Relationship	30. Date of Birth	31. SSN	32. *Disabled Child
a.					<input type="checkbox"/> Yes <input type="checkbox"/> No
b.					<input type="checkbox"/> Yes <input type="checkbox"/> No
c.					<input type="checkbox"/> Yes <input type="checkbox"/> No
d.					<input type="checkbox"/> Yes <input type="checkbox"/> No
*BLOCK 32 NOTE: Disabled Child – If yes, provide a current physician's statement dated within 90 days of the date of retirement describing the medical condition and whether it is temporary or permanent and why the condition is considered incapacitating (e.g. the dependent is unable to take care of basic activities of daily living).					
Section VII: SBP SPOUSAL CONCURRENCE (Required when member is married and elects child(ren) only coverage, does not elect full spouse coverage, or declines coverage)					
I hereby concur with the Survivor Benefit Plan election made by my spouse. I have received information that explains the options available and the effects of those options. I know that retired pay stops on the date the retiree dies. I have signed this statement of my free will.					
33. Spouse Signature: _____				38. NOTARY SEAL HERE	
34. Subscribed and Sworn to before me in County _____ State _____					
35. On Month _____ Day _____, 20 _____					
36. My Commission expires the _____ day _____, 20 _____					
37. Notary Public (Signature) _____					

Former Spouse (Complete **ONLY** if 22e or 22f was elected above)

39. Name (Last, First, MI)	40. SSN	41. Address (Street, City, State and Zip Code)
42. Date of divorce/dissolution of marriage		43. Date of Birth
44. a <input type="checkbox"/> The election indicated above is being made pursuant to the requirements of court order <input type="checkbox"/> Yes <input type="checkbox"/> No b <input type="checkbox"/> The election indicated above is being made pursuant to a written agreement I previously entered into voluntarily as part of or incident to a preceding of divorce, dissolution, or annulment <input type="checkbox"/> Yes <input type="checkbox"/> No c <input type="checkbox"/> The written agreement has been incorporated in, or ratified or approved by a court order <input type="checkbox"/> Yes <input type="checkbox"/> No		

Insurable Interest (Complete **ONLY** if 22d was elected above)

45. Name (Last, First, MI)	46. SSN	47. Address (Street, City, State and Zip Code):
48. Relationship	49. Date of Birth	

Section VIII: DECLARATION OF SERVICE	50. Date you first became a member of the Uniformed Services (see note below)	51. Date of current rank
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Note: Under the law, you "first became a member" of the Uniformed Services on the date first enlisted, inducted, or appointed. For non-prior service Academy cadets and OCS graduates, it is the date you took the oath of office for entrance into the Academy (for Academy cadets, this is not the date your creditable service for retirement begins) or OCS. For enlisted members who enlisted under the Delayed Entry Program (DEP), it is the date you signed up for the DEP.

52. PRIOR SERVICE BREAKDOWN (FOR COAST GUARD ACTIVE DUTY OR NOAA PERSONNEL ONLY)

FROM			TO			ARMED SERVICE
DAY	MONTH	YEAR	DAY	MONTH	YEAR	

IF ANY OF THE ABOVE SERVICE WAS IN A RESERVE COMPONENT:

DID YOU PERFORM RESERVE DRILLS? <input type="checkbox"/> Yes <input type="checkbox"/> No	Number of reserve retirement points earned (attach copies of points statements if available) _____
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53. Have you ever held a Rank/Rate higher than your current one? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, what rank did you hold?	When did you hold this rank?
54. Have you ever received severance, separation or readjustment pay from a military service in connection with separation or release from active duty? <input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, what amount did you receive?	When did you receive such payment?

Section IX: MEMBER'S CERTIFICATION (member and witness signature and date (must sign on same date) required for start of retired pay)

Under penalties of perjury, I certify that the number of withholding exemptions claimed does not exceed the number to which I am entitled, and that all statements on this form are made with full knowledge of the penalties for making false statements. (18 U.S.C. 287 and 1001 provide for a penalty of not more than \$10,000 fine, or 5 years in prison, or both). Also, I have been counseled that I can terminate SBP participation, with my spouse's written concurrence, within one year after the second anniversary of commencement of retired pay. However, if I exercise my option to terminate SBP, future participation is barred.

55. Member' Name (last, first, middle initial)	56. Member's Employee ID Number:	
57. Member' Signature	58. Date	
59. Witness Name (Last, First, MI) (over 18 years old & not a member of your family)	60. Witness Signature	
61. Witness Address (Street, City, State and Zip Code)	62. Witness telephone number	63. Date

Retired Pay Computation - (3 formulas)

When did you enter the service?

* Prior to 8 September 1980 - 20 years = 50% of base pay.

Computation is 2-1/2% per year X base pay on date of retirement.

* Between 8 September 1980 and 31 July 1986; and after 31 July 1986 if you did not take the 15 year bonus. - 20 years = 50% of average of high 36 months.

Computation is 2-1/2% per year X average of highest 36 months of active duty.

* After 31 July 1986 (REDUX) if 15 year bonus was taken - 20 years = 40% of average of high 36 months.

Computation is 2-1/2% per year, less 1% for each year less than 30 years X the average of highest 36 months of active duty.

Considerations in Computing Retired Pay

- Your highest grade held
- Active Duty Base Date (ADBBD) - *Designates time served on active duty and determines multiplier (percentage) to be used for retired pay computation. (Only active duty time applies)*
- Pay Base Date (PBD) - *Designates what Pay Scale will be used to establish retired pay. (Active & inactive time applies)*
- Date Initial Entry Military Service (DIEMS) - *Designates retirement law that will be used for retirement)*
- 10% for Heroism. Heroism - Officer & enlisted. USCG Pay Manual COMDTINST M7220.29A, 16.A.6 and 7.
- Reserve Points
- Base pay from current active duty pay scale.

Computation Of Non-Disability Retired Pay

Members who entered Service Prior to 8 September 1980:

- ✓ Regular Officers and Enlisted based on basic pay rates in effect on the first day of retirement. Warrant Officers based on basic pay rates in effect on the day before date of retirement. *Please see page 4.*
- ✓ 2.5% for each full year of creditable active service. (*Pro-rated percentage given for each additional full month. See Exhibit #1, page 18.*)
- ✓ Maximum retired pay is 75%
- ★ Example: E-7 retires with 20 years, 1 month active service

\$4,189.20	(base pay for E-7)
x .5020	(see exhibit 1, conversion table included.)
<u>\$2,102.00</u>	Gross retired pay

Members who entered Service between 8 September 1980 and 31 July 1986 and those after 31 July 1986 who did not take the 15 year bonus:

- ✓ Retired pay computation based on average of member's highest 36 months basic pay of active service only.
- ✓ 2.5% for each full year of creditable active service. (*Pro-rated percentage given for each additional full month. See exhibit #1, page 18.*)
- ✓ Maximum retired pay is 75%
- ★ Example: Member retires with 20 years active service. The average of the member's highest 36 months basic pay is \$1,500.00.

\$1,500.00	(average high 36 months)
x .5000	(see exhibit 1 conversion table included.)
<u>\$ 750.00</u>	Gross retired pay

Computation Of Non-Disability Retired Pay (Continued)

Members who entered Service after 31 July 1986 and took the 15 year bonus: (REDUX Retirement – Please see note below.)

- ✓ Retired pay computation based on average of member's highest 36 months basic pay of active service only.
- ✓ Receive reduced percentage of retired pay, e.g. 40% upon completion of 20 years active service. *(See exhibit 2, page 19.)*
- ★ Example: Member retires with 20 years active service. The average of the member's highest 36 months basic pay is \$1,500.00.

\$1,500.00	(average high 36 months)
<u> x .4000</u>	(see exhibit 2, page 19.)
<u> \$ 600.00</u>	Gross retired pay

NOTES

- Members who have prior reserve service (where the member performed reserve drills) will receive additional credit for such reserve service. One year of retirement credit is given for each group of 360 reserve points earned. For example, if a member retiring from active duty with 20 years active service had prior reserve time and earned 720 inactive duty drill points in the reserve, the member's retired pay will be based on 22 years active service.
- If a member held a higher grade than the one held at retirement, the Coast Guard Personnel Service Center may authorize retired pay to be based on such higher grade.
- The FY-2000 DoD Authorization Act repealed/modified the REDUX retirement law. Effective October 1999 those entering the service after July 1986 will have a choice at 15 years of service: \$30K immediate bonus and stay in REDUX; or no bonus and move to pre-1986 high-three retirement system as explained above.

Disability Retired Pay

Members with over 20 years service:

The member's retired pay will be the greater of:

- ✓ Basic Pay (or high 36 month average) times percentage of disability;
or
- ✓ Basic pay (or high 36 month average) times years of service times 2.5%.
- ✓ The maximum percentage allowed is 75%.
- ✓ If member was in the service on 24 September 1975, the portion of CG retired pay attributable to disability is tax exempt.

★ Example: E-7 with 20 years service has 80% disability.

Retired pay based on disability:	\$4,189.20 basic pay
x 75% (max)	\$3,141.00 per month

Retired pay based on service time:	\$4,189.20 basic pay
x 50%	\$2,094.00 per month

In this example member would receive retired pay based on disability (\$3,141.00 per month.) This total amount would be tax exempt.

★ Example: O-5 with 26 years service has 60% disability:

Retired pay based on disability:	\$8,313.30 basic pay
x 60%	\$4,987.00 per month

Retired pay based on service time:	\$8,313.30 basic pay
x 65%	\$5,403.00 per month

In this example member would receive retired pay based on service time (\$5,403.00 per month.) Of this amount, \$4,987.00 would be tax exempt, and \$416.00 per month would be taxable.

The above provisions have no impact on the tax-exempt status of Veterans Administration (VA) disability compensation. VA disability compensation is tax-exempt regardless of when the member entered the service. However, members who receive both VA disability compensation and Coast Guard disability retired pay are allowed an tax exclusion only for the amount which is greater.

EXHIBIT 1

RETIREES WHO FIRST BECAME A MEMBER OF THE UNIFORMED SERVICES PRIOR TO 31 JULY 1986; AND AFTER IF MEMBER DID NOT TAKE 15 YEAR BONUS

Yrs	Mos	Multiplier %									
20	0	0.5000	25	1	0.6270	30	2	0.7543	35	3	0.8813
20	1	0.5020	25	2	0.6293	30	3	0.7563	35	4	0.8833
20	2	0.5043	25	3	0.6313	30	4	0.7583	35	5	0.8855
20	3	0.5063	25	4	0.6333	30	5	0.7605	35	6	0.8875
20	4	0.5083	25	5	0.6355	30	6	0.7625	35	7	0.8895
20	5	0.5105	25	6	0.6375	30	7	0.7645	35	8	0.8918
20	6	0.5125	25	7	0.6395	30	8	0.7668	35	9	0.8938
20	7	0.5145	25	8	0.6418	30	9	0.7688	35	10	0.8958
20	8	0.5168	25	9	0.6438	30	10	0.7708	35	11	0.8980
20	9	0.5188	25	10	0.6458	30	11	0.7730	36	0	0.9000
20	10	0.5208	25	11	0.6480	31	0	0.7750	36	1	0.9020
20	11	0.5230	26	0	0.6500	31	1	0.7770	36	2	0.9043
21	0	0.5250	26	1	0.6520	31	2	0.7793	36	3	0.9063
21	1	0.5270	26	2	0.6543	31	3	0.7813	36	4	0.9083
21	2	0.5293	26	3	0.6563	31	4	0.7833	36	5	0.9105
21	3	0.5313	26	4	0.6583	31	5	0.7855	36	6	0.9125
21	4	0.5333	26	5	0.6605	31	6	0.7875	36	7	0.9145
21	5	0.5355	26	6	0.6625	31	7	0.7895	36	8	0.9168
21	6	0.5375	26	7	0.6645	31	8	0.7918	36	9	0.9188
21	7	0.5395	26	8	0.6668	31	9	0.7938	36	10	0.9208
21	8	0.5418	26	9	0.6688	31	10	0.7958	36	11	0.9230
21	9	0.5438	26	10	0.6708	31	11	0.7980	37	0	0.9250
21	10	0.5458	26	11	0.6730	32	0	0.8000	37	1	0.9270
21	11	0.5480	27	0	0.6750	32	1	0.8020	37	2	0.9293
22	0	0.5500	27	1	0.6770	32	2	0.8043	37	3	0.9313
22	1	0.5520	27	2	0.6793	32	3	0.8063	37	4	0.9333
22	2	0.5543	27	3	0.6813	32	4	0.8083	37	5	0.9355
22	3	0.5563	27	4	0.6833	32	5	0.8105	37	6	0.9375
22	4	0.5583	27	5	0.6855	32	6	0.8125	37	7	0.9395
22	5	0.5605	27	6	0.6875	32	7	0.8145	37	8	0.9418
22	6	0.5625	27	7	0.6895	32	8	0.8168	37	9	0.9438
22	7	0.5645	27	8	0.6918	32	9	0.8188	37	10	0.9458
22	8	0.5668	27	9	0.6938	32	10	0.8208	37	11	0.9480
22	9	0.5688	27	10	0.6958	32	11	0.8230	38	0	0.9500
22	10	0.5708	27	11	0.6980	33	0	0.8250	38	1	0.9520
22	11	0.5730	28	0	0.7000	33	1	0.8270	38	2	0.9543
23	0	0.5750	28	1	0.7020	33	2	0.8293	38	3	0.9563
23	1	0.5770	28	2	0.7043	33	3	0.8313	38	4	0.9583
23	2	0.5793	28	3	0.7063	33	4	0.8333	38	5	0.9605
23	3	0.5813	28	4	0.7083	33	5	0.8355	38	6	0.9625
23	4	0.5833	28	5	0.7105	33	6	0.8375	38	7	0.9645
23	5	0.5855	28	6	0.7125	33	7	0.8395	38	8	0.9668
23	6	0.5875	28	7	0.7145	33	8	0.8418	38	9	0.9688
23	7	0.5895	28	8	0.7168	33	9	0.8438	38	10	0.9708
23	8	0.5918	28	9	0.7188	33	10	0.8458	38	11	0.9730
23	9	0.5938	28	10	0.7208	33	11	0.8480	39	0	0.9750
23	10	0.5958	28	11	0.7230	34	0	0.8500	39	1	0.9770
23	11	0.5980	29	0	0.7250	34	1	0.8520	39	2	0.9793
24	0	0.6000	29	1	0.7270	34	2	0.8543	39	3	0.9813
24	1	0.6020	29	2	0.7293	34	3	0.8563	39	4	0.9833
24	2	0.6043	29	3	0.7313	34	4	0.8583	39	5	0.9855
24	3	0.6063	29	4	0.7333	34	5	0.8605	39	6	0.9875
24	4	0.6083	29	5	0.7355	34	6	0.8625	39	7	0.9895
24	5	0.6105	29	6	0.7375	34	7	0.8645	39	8	0.9918
24	6	0.6125	29	7	0.7395	34	8	0.8668	39	9	0.9938
24	7	0.6145	29	8	0.7418	34	9	0.8688	39	10	0.9958
24	8	0.6168	29	9	0.7438	34	10	0.8708	39	11	0.9980
24	9	0.6188	29	10	0.7458	34	11	0.8730	40	0	1.0000
24	10	0.6208	29	11	0.7480	35	0	0.8750			
24	11	0.6230	30	0	0.7500	35	1	0.8770			
25	0	0.6250	30	1	0.7520	35	2	0.8793			

EXHIBIT 2

RETIREES WHO FIRST BECAME A MEMBER OF THE UNIFORMED SERVICES ON OR AFTER 1 AUGUST 1986 AND TOOK 15 YEAR BONUS

Yrs	Mos	Multiplier %
20	0	0.4000
20	1	0.4029
20	2	0.4059
20	3	0.4088
20	4	0.4117
20	5	0.4146
20	6	0.4175
20	7	0.4204
20	8	0.4234
20	9	0.4263
20	10	0.4292
20	11	0.4321
21	0	0.4350
21	1	0.4379
21	2	0.4409
21	3	0.4438
21	4	0.4467
21	5	0.4496
21	6	0.4525
21	7	0.4554
21	8	0.4584
21	9	0.4613
21	10	0.4642
21	11	0.4671
22	0	0.4700
22	1	0.4729
22	2	0.4759
22	3	0.4788
22	4	0.4817
22	5	0.4846
22	6	0.4875
22	7	0.4904
22	8	0.4934
22	9	0.4963
22	10	0.4992
22	11	0.5021
23	0	0.5050
23	1	0.5079
23	2	0.5109
23	3	0.5138
23	4	0.5167
23	5	0.5196
23	6	0.5225
23	7	0.5254
23	8	0.5284
23	9	0.5313
23	10	0.5342
23	11	0.5371
24	0	0.5400
24	1	0.5429
24	2	0.5459
24	3	0.5488
24	4	0.5517
24	5	0.5546
24	6	0.5575
24	7	0.5604
24	8	0.5634
24	9	0.5663
24	10	0.5692
24	11	0.5721
25	0	0.5750

Yrs	Mos	Multiplier %
25	1	0.5779
25	2	0.5809
25	3	0.5838
25	4	0.5867
25	5	0.5896
25	6	0.5925
25	7	0.5954
25	8	0.5984
25	9	0.6013
25	10	0.6042
25	11	0.6071
26	0	0.6100
26	1	0.6129
26	2	0.6159
26	3	0.6188
26	4	0.6217
26	5	0.6246
26	6	0.6275
26	7	0.6304
26	8	0.6334
26	9	0.6363
26	10	0.6392
26	11	0.6421
27	0	0.6450
27	1	0.6479
27	2	0.6509
27	3	0.6538
27	4	0.6567
27	5	0.6596
27	6	0.6625
27	7	0.6654
27	8	0.6684
27	9	0.6713
27	10	0.6742
27	11	0.6771
28	0	0.6800
28	1	0.6829
28	2	0.6859
28	3	0.6888
28	4	0.6917
28	5	0.6946
28	6	0.6975
28	7	0.7004
28	8	0.7034
28	9	0.7063
28	10	0.7092
28	11	0.7121
29	0	0.7150
29	1	0.7179
29	2	0.7209
29	3	0.7238
29	4	0.7267
29	5	0.7296
29	6	0.7325
29	7	0.7354
29	8	0.7384
29	9	0.7413
29	10	0.7442
29	11	0.7471
30	0	0.7500
30	1	0.7520

Yrs	Mos	Multiplier %
30	2	0.7543
30	3	0.7563
30	4	0.7583
30	5	0.7605
30	6	0.7625
30	7	0.7645
30	8	0.7668
30	9	0.7688
30	10	0.7708
30	11	0.7730
31	0	0.7750
31	1	0.7770
31	2	0.7793
31	3	0.7813
31	4	0.7833
31	5	0.7855
31	6	0.7875
31	7	0.7895
31	8	0.7918
31	9	0.7938
31	10	0.7958
31	11	0.7980
32	0	0.8000
32	1	0.8020
32	2	0.8043
32	3	0.8063
32	4	0.8083
32	5	0.8105
32	6	0.8125
32	7	0.8145
32	8	0.8168
32	9	0.8188
32	10	0.8208
32	11	0.8230
33	0	0.8250
33	1	0.8270
33	2	0.8293
33	3	0.8313
33	4	0.8333
33	5	0.8355
33	6	0.8375
33	7	0.8395
33	8	0.8418
33	9	0.8438
33	10	0.8458
33	11	0.8480
34	0	0.8500
34	1	0.8520
34	2	0.8543
34	3	0.8563
34	4	0.8583
34	5	0.8605
34	6	0.8625
34	7	0.8645
34	8	0.8668
34	9	0.8688
34	10	0.8708
34	11	0.8730
35	0	0.8750
35	1	0.8770
35	2	0.8793

Yrs	Mos	Multiplier %
35	3	0.8813
35	4	0.8833
35	5	0.8855
35	6	0.8875
35	7	0.8895
35	8	0.8918
35	9	0.8938
35	10	0.8958
35	11	0.8980
36	0	0.9000
36	1	0.9020
36	2	0.9043
36	3	0.9063
36	4	0.9083
36	5	0.9105
36	6	0.9125
36	7	0.9145
36	8	0.9168
36	9	0.9188
36	10	0.9208
36	11	0.9230
37	0	0.9250
37	1	0.9270
37	2	0.9293
37	3	0.9313
37	4	0.9333
37	5	0.9355
37	6	0.9375
37	7	0.9395
37	8	0.9418
37	9	0.9438
37	10	0.9458
37	11	0.9480
38	0	0.9500
38	1	0.9520
38	2	0.9543
38	3	0.9563
38	4	0.9583
38	5	0.9605
38	6	0.9625
38	7	0.9645
38	8	0.9668
38	9	0.9688
38	10	0.9708
38	11	0.9730
39	0	0.9750
39	1	0.9770
39	2	0.9793
39	3	0.9813
39	4	0.9833
39	5	0.9855
39	6	0.9875
39	7	0.9895
39	8	0.9918
39	9	0.9938
39	10	0.9958
39	11	0.9980
40	0	1.0000

Veterans Administration (VA) Disability Compensation

- Retired members who receive disability compensation from the VA have their retired pay reduced for each dollar of VA compensation received. If the amount of VA compensation exceeds retired pay, retired pay stops.
- The major advantage of VA compensation is that it is tax-free
- Members with a VA disability rating of 30 percent or more receive an additional allowance for dependents.
- DAV and VFW are Service Organizations who may assist you with your VA claim.

Rates of VA Compensation effective December 2010

<u>% of Disability</u>	<u>Rate</u>
10%	\$123.00
20%	\$243.00
30%	\$376.00
40%	\$541.00
50%	\$770.00
60%	\$974.00
70%	\$1,228.00
80%	\$1,427.00
90%	\$1,604.00
100%	\$2,673.00

Note: Disability ratings awarded by the Department of Veterans Affairs are separate ratings and do not have any impact on a disability rating that may have been awarded by the Coast Guard.

COMBAT RELATED SPECIAL COMPENSATION FOR DISABLED RETIREES

Combat-Related Special Compensation (CRSC) was authorized by the FY 2003 National Defense Authorization Act (P.L. 107-314, sec. 636) for certain retirees with combat- or operations-related disabilities.

Eligible Retirees: Must have 20 or more years of active duty service in the Uniformed Services (retired reservists are not eligible unless they have accumulated 7,200 points-equivalent of 20 years for pay-or more). Retirees are not eligible if they have waived military retired pay to credit military service toward their civil service retirement, or for any other reason, other than to receive Department of Veterans Affairs (DVA) disability compensation.

Qualifying Disabilities: Must have one or both of the following to qualify:

- Purple Heart with 10% or higher rating if disability related to reason for the medal. Just because a retiree has a purple heart doesn't result in entitlement.
- A 60% or higher Service (Title 10 USC, Chapter 61) or DVA rating
- Service-connected 60% disability rating by Service or DVA attributed to:
 1. As a direct result of armed conflict
 2. While engaged in hazardous duty
 3. Performance of duty under conditions simulating war
 4. Through an instrumentality of war

Application Processing: Eligible retirees must apply for CRSC using the approved application form [DD-2860](#) in accordance with the instructions published on the form.

Processing times have not been established, however, payments will be retroactive to June 1, 2003, for those determined to have qualifying disabilities that existed as of that date.

The Coast Guard Personnel Service Center (CGPSC-psd-de) will determine which disabilities qualify under the above criteria and notify applicants of their decision. Applicants who qualify for CRSC will have their applications forwarded to the Retiree & Annuitant Services Branch of the Pay & Personnel Center (RAS) for computation of the actual CRSC payment.

Effective January 1, 2004, CRSC eligibility was extended to retirees with combat-related VA disability ratings between 10% and 50%. Additionally, reservists needed only 20 years of qualifying service in order to be eligible. The other eligibility requirements remained unchanged. Please note that qualified reservists will not receive CRSC until they begin to receive retired pay at age 60.

Temporary Early Retirement Authorization (TERA) retirees are not eligible to receive CRSC unless they have returned to active duty and accumulated enough service time to meet the 20-year requirement before retiring for the second time.

Effective 1 January 2008, CRSC was extended to Chapter 61 retirees and TERA retirees who had not completed 20 years of creditable service.

CONCURRENT DISABILITY PAYMENTS OF RETIRED PAY & VA DISABILITY COMPENSATION

The FY 2004 National Defense Authorization Act (P.L. 108-136, sec. 641) authorized Concurrent Disability Payments (CDP). Section 641 of the Act approves the phase-in of full concurrent receipt of military retired pay and veterans' disability compensation for certain military retirees. Member's veterans' disability compensation must have been rated at 50 percent or higher to be eligible. In general, this change authorizes "a member of the uniformed services who is entitled for any month to retired pay and who is also entitled for that month to veterans' disability compensation for a qualifying service-connected disability is entitled to be paid both for that month without regard to Sections 5304 and 5305 of Title 38, U.S. Code. The phase-in begins January 1, 2004 and ends on December 31, 2013. This act also repealed Section 1413, Title 10, U.S. Code, which was the SCFSDR.

Eligible Retirees: Any Regular, Reserve, or Disability retiree with at least 20 years of creditable service that has been rated 50% or higher by the Department of Veterans Affairs (DVA).

The term "current baseline offset" as used below means the amount for any month that is the lesser of (a) the amount of the applicable monthly retired pay of the qualified retiree for that month; and (b) the amount of monthly veterans' disability compensation to which the qualified retiree is entitled for that month. During calendar year 2004, the amount of retired pay payable to a qualified retiree is the amount (if any) of retired pay in excess of the current baseline offset plus up to the following:

50%	\$100.00
60%	\$125.00
70%	\$250.00
80%	\$350.00
90%	\$500.00
100% or unemployable	\$750.00

The CRDP is taxable income, except in limited circumstances, and is reported on a Form 1099-R unless member qualifies for tax exclusion as follows:

- Retiree was a member of the Armed Forces on or before 24 September 1975.
- Member receives payment by reason of a combat-related injury.

A person who is a qualified retiree under the above guidelines and is also an eligible CRSC disabled retiree may receive special compensation in accordance with the CRSC law or retired pay in accordance with above guidelines, but not both.

In January of calendar years 2005 - 2013, a qualified retiree will be paid their reduced retired pay plus the 2004 Maximum CRDP amount applicable to their VADP (for the current month of entitlement regardless of the percentage applicable in 2004), plus the following percentage of any remaining portion of their CBO (CBO-2004 MAX CRDP).

Calendar Year	Additional Percentage of Remaining CBO*
2005	10.00%
2006	28.00%
2007	49.60%
2008	69.76%
2009	84.88%
2010	93.95%
2011	98.18%
2012	99.64%
2013	99.96%

Allotment Information

- ◆ May annotate and sign LES to carry allotments forward into retirement. Be sure to sign and date LES.
- ◆ May complete allotment authorization form (CG 7221) found at: <http://www.uscg.mil/ppc/forms/> .
- ◆ May provide instructions for allotment start or change to us either in writing (mail or fax) or by telephone.
- ◆ All allotments must be paid by direct deposit.
- ◆ SGLI (active duty) continues for 120 days after separation from active duty at no cost to the member. Info concerning conversion to VGLI will be sent to member by the Office of Servicemembers Group Life Insurance.
- ◆ VGLI(SGLI) allotment must be started through Office of Service Members' Group Life. (1 800 419-1473)
- ◆ Delta Dental and Tricare for retired personnel is not an allotment. When you enroll for the dental and/or medical programs you are authorizing Delta Dental/Tricare to make a deduction each month from your retired account. Cancellations or changes must also be made through Delta Dental/Tricare. You may contact Delta Dental at 1 888 838-8737 or 1 888 336-3260, Tricare North 1 877 874-2273, Tricare South 1 800 444-5445, and Tricare West at 1 888 874-9378.
- ◆ Allotments are not authorized for CFC.

View Paycheck

Joe Guardian

Active Coast Guard Employees

For a prior pay period, click [Paycheck Selection](#)

[Comments](#)

Joe Guardian 123 Any St. Topeka KS 66615	Employee ID: 1234567 Department: 000450 Location: CG PPC Pay End Date: 02/28/2009 Check Date: 03/01/2009	TAX DATA: Federal KS State Marital Status: Married Allowances: Addl. Percent: Addl. Amount:
Job Title: First Class Yeoman SSN: 012-34-5678		

Leave							
	Begin	Earned	Used	Balance	Sold Cumm	Lost Prv FY	Sold CP
	53.5	2.5	5.0	51.0	20.5	0.0	0.0

Current	Total Earnings	Cur TaxableGrs	Total Taxes	Total Deductions	Net Pay
	4,531.47	2,953.36	638.88	123.84	3,768.75
YTD		5,937.17			

Earnings			Taxes		
Description	Hours	Rate	Description	Amount	YTD Amount
Basic Pay			Fed Withholdng	276.55	557.66
BAH WDEP			Fed MED/EE	232.92	465.84
ENL BAS			KS Withholdng	29.41	60.90
CLTHNG STD					

Total: 4,531.47 **Total:** 638.88

Before-Tax Deductions		After-Tax Deductions		Employer Paid Benefits	
Description	Amount	Description	Amount	Description	YTD Amount
TSPBP	91.34	Fam SGLI			
Total:	91.34	Total:	32.50	Total:	

After Tax Deductions include Allotments, Bonds, Dental and SGLI.

Net Pay Distribution

Payment Type	Paycheck Number	Account Type	Account Number	Amount
Direct Deposit		Checking		1,884.40
Direct Deposit		Checking		1,884.35
Total:				3,768.75

*Continue EFT & savings allot
John P. Jones
11 Nov 2010*

LES REMARKS

[Home](#) > [Self Service](#) > [Employee](#) > [View](#) > [View Paycheck](#)

[New Window](#)

Paycheck comments page

View Paycheck

Joe Guardian

Active Coast Guard Employees

This section shows the remarks from the current month's LES. It is accessed by clicking the "**Comments**" link on the current month's View Paycheck page. The Remarks Section provides:

- General statements for all members
- Supporting information regarding:
- Changes to a member's pay file
- Debt Liquidations

If the View All, First, Last or Arrow links are active, use them to view additional lines.

Joe Guardian 123 Any St. Topeka KS 66615 Job Title: First Class Yeoman SSN: 012-34-5678	Employee ID: Department: 000450 Location: CG PSC Pay End Date: 02/28/2009 Check Date: 03/01/2009	Status: Married Percent: Amount:
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Comments View All First 1-18 of 18 Last

* TO REQUEST A REPLACEMENT OR CORRECTED W-2, FOLLOW THE PROCEDURES ON THE PSC WEB SITE AT [HTTP://WWW.USCG.MIL/HR/PSC/W2.ASP](http://www.uscg.mil/hr/psc/w2.asp).

* CHANGE IS UNDERWAY. TO FIND OUT MORE ABOUT THE COAST GUARD MODERNIZATION, GO TO THE CG MODERNIZATION SECTION ON CG CENTRAL ([HTTP://CGCENTRAL.USCG.MIL](http://cgcentral.uscg.mil)) OR CLICK ON THE MODERNIZATION EFFORT LINKS FOR PRESENTATIONS, MEMOS, PODCAST, ETC.

* VERIFYING THE ACCURACY OF YOUR PAY AND INFORMATION ON YOUR LES IS YOUR RESPONSIBILITY; YOU MUST REPORT SUSPECTED ERRORS TO YOUR SERVICING PERSONNEL OFFICE (SPO).

* DID YOU KNOW? UPON SEPARATION, THE REMAINDER OF YOUR MILITARY SERVICE OBLIGATION (MSO) IS SERVED IN THE RESERVE COMPONENT. FOR MORE INFORMATION, CONTACT YOUR SERVICING PERSONNEL OFFICE (SPO).

* ARE YOU A RESERVIST WHO WAS CALLED TO ACTIVE DUTY AFTER 9/11/2001 IN SUPPORT OF OIF/OEF? YOU MAY BE ELIGIBLE FOR REAP. FOR MORE DETAILS, SEE [HTTP://WWW.GIBILL.VA.GOV](http://www.gibill.va.gov) OR [HTTP://WWW.USCG.MIL/RESERVE](http://www.uscg.mil/reserve).

* THIS LES REFLECTS TRANSACTIONS PROCESSED AS OF 19FEB09.

* 12.5 DAYS LEAVE EARNED AND 14.0 DAYS LEAVE USED TO DATE IN FY09.

* YTD TSP TAX DEF: \$152.23. CAREER TSP TAX DEF: \$503.83.

Click the "OK" button to return to the View Paycheck page.

Service Dates

The Active Duty Base Date, Expected Loss Date and Expected Active Duty Termination Date are shown on the [Self-Service > Employee > View > Member Info](#) page. The Pay Entry Base Date is not currently displayed in Direct Access Self Service.

- Pay Base Date – this determines your longevity for pay.
- AD Base Date – this determines when you are eligible for an Active Duty retirement. For Reserve Personnel: This field might be set to 00 00 00, or contain an invalid date since a Reservist can enter/depart AD frequently. Use your Reserve Points Statement to determine eligibility for retirement upon obtaining 20 Satisfactory years of service.
- Exp Ad Term Date – this shows your current Active Duty contract expiration date.
- Exp Loss Date – this shows the date all contracts expire.

U.S. DEPARTMENT OF HOMELAND SECURITY U. S. Coast Guard CG-7221 (Rev. 07-10)	<h1 style="margin: 0;">RETIRED ALLOTMENT AUTHORIZATION FORM</h1>
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Employee ID	Name (Last, First, MI)	Rank/Rate
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PURPOSE: Use this form to start, stop, or change an allotment and to report a change of address to an allotment

Purpose of request:

First Allotment	<input type="checkbox"/>	Start Allotment	<input type="checkbox"/>	Stop Allotment	<input type="checkbox"/>	Change Allotment	<input type="checkbox"/>	Change of Allotment Address		
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Blanket Code (If known): Start Amount: Month of First Deduction: For payment dated:	Stop Amount: Month of Last Deduction:	(Applies to Stops & Changes) Enter allotment title/name from pay slip:
--	--	---

ALLOTMENT TYPE Enter type of allotment (B, D, H, I, L, M, N, O, S, T, or X) from table on reverse of this form:

ELECTRONIC FUNDS TRANSFER (EFT) INFORMATION Complete if allotment is to be paid by EFT

Type of Account	<input type="checkbox"/>	Savings	<input type="checkbox"/>	Checking
------------------------	--------------------------	---------	--------------------------	----------

Allotee Name:
(person/company who will receive allotment)

--	--

Routing Transit Number (RTN)

--	--

(can be obtained from the financial institution or found on the bottom of a check or deposit slip)

Account Number	
Account Title	
Financial Institution Name	(Account Holder's Name)

Purpose of request:

Second Allotment	<input type="checkbox"/>	Start Allotment	<input type="checkbox"/>	Stop Allotment	<input type="checkbox"/>	Change Allotment	<input type="checkbox"/>	Change of Allotment Address		
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Blanket Code (If known): Start Amount: Month of First Deduction: For payment dated:	Stop Amount: Month of Last Deduction:	(Applies to Stops & Changes) Enter allotment title/name from pay slip:
--	--	---

ALLOTMENT TYPE Enter type of allotment (B, D, H, I, L, M, N, O, S, T, or X) from table on reverse of this form:

ELECTRONIC FUNDS TRANSFER (EFT) INFORMATION Complete if allotment is to be paid by EFT

Type of Account	<input type="checkbox"/>	Savings	<input type="checkbox"/>	Checking
------------------------	--------------------------	---------	--------------------------	----------

Allotee Name:
(person/company who will receive allotment)

--	--

Routing Transit Number (RTN)

--	--

(can be obtained from the financial institution or found on the bottom of a check or deposit slip)

Account Number	
Account Title	
Financial Institution Name	(Account Holder's Name)

Table of Rules

Code	Limit	Type	Use
B	1	TreasuryDirect	Payable to a TreasuryDirect account you have established at www.treasurydirect.gov , for purchasing Treasury bonds/securities. In the ELECTRONIC FUNDS TRANSFER blocks above, show: *Type of Account: Savings * Allotee Name: TREASURYDIRECT * Routing Transit Number (RTN): 051736158 *Account Number: Your TreasuryDirect account number (without hyphens) *Account Title: Name on your TreasuryDirect account *Financial Institution Name: Bureau of Public Debt
S	Two	Savings	Payable to any financial institution, other than a finance company, provided the institution is capable of receiving payment through Electronic Fund Transfer (EFT).
H	One	Mortgage	Payable for loans for the purchase of a home, mobile home or trailer used as a residence by the retiree.
N	One	NSLI	National Service Life Insurance premiums.
L	No Limit	Loan	Payable ONLY to Coast Guard Mutual Assistance or morale fund offices and the allotment MUST have a stop date.
T	No Limit	Indebtedness	Payable to IRS or other Government agency and MUST have a stop date.
D	No Limit	Dependent	Support of dependents, including a former spouse.
I	No Limit	Insurance	Payable to any insurance company for payments of insurance premiums for the life of the retiree or retiree and family.
I	One	VGLI	Payable to the Office of Servicemember's Group Life Insurance (OSGLI) for Veterans Group Life Insurance. This allotment cannot be started through PPC--it must be started through OSGLI, Newark, NJ, ☎1-800-419-1473
M	One	Insurance	Payable to the Navy Mutual Aid Association.
O	One	AAFES	Army Air Force Exchange Service DPP Program
X	No Limit	Dues	Payable to CPOA, CWOA, Academy Alumni Association, Coast Guard Foundation, Naval Aviation Museum Foundation, and CGHQ Mutual Assistance Campaign.

Privacy Act Statement

In accordance with 5 USC section 552a(e)(3), the following information is provided to you when supplying personal information to the U.S. Coast Guard:
AUTHORITY: 37 U.S.C. 101 et seq; E.O. 9397, November 1943 (SSN).

PRINCIPAL PURPOSES: To permit starts, changes, or stops to allotments. To maintain a record of allotments and ensure starts, changes, and stops are in keeping with member's desires.

ROUTINE USES: Information may be disclosed to Congress; allottees; Secret Service; General Accounting Office; Federal, State, and local courts; U.S. Treasury; and to the Department of Justice in some cases for criminal prosecution, civil litigation, or investigative purposes.

DISCLOSURE: Voluntary; however, failure to provide the requested information as well as the SSN may result in the member not being able to start, change, or stop allotments. The furnishing of SSNs is required by the regulations governing Department of Treasury Circular, Public Debt Series No. 3-80 (31 CFR 353). Other information requested by this form is also required under the above regulations to establish the rights, authority and/or entitlement of the signers. Failure to furnish any of the required information may prevent completion of the transaction.

FAX to PPC (RAS) at (785) 339-3770 You can also mail to: Commanding Officer (RAS) U. S. Coast Guard Pay & Personnel Center 444 S E Quincy St. Topeka, KS 66683-3591	Your Signature	Date:
	Your E-Mail Address (optional):	
	For PPC Use Only	
	Action Completed:	Initials: _____
	Date: _____	

Garnishment

May be court ordered to enforce child support and/or alimony obligations.

Are carried forward from Active Duty.

LIMITATIONS:

50% x Net Disposable Earnings (NDE)
55% x NDE if more than 12 weeks in arrears.
60% x NDE if NOT supporting second family.
65% x NDE if more than 12 weeks in arrears.

TOTAL MAXIMUM: 65% x NDE – if combined with FSPA

NDE Computation equals Gross Pay less –

Amounts owed to the United States
Amounts required by law to be deducted
SBP spouse & child costs
VA disability compensation

Note: Internal Revenue Tax Levy deduction is based on number of allowable exemptions as established by IRS.

F S P A

FORMER SPOUSE PROTECTION ACT

A former spouse may receive direct payments from a member's retired pay for Alimony, Child Support or Division of Retired Pay as Marital Property.

Purpose of Deduction

Rules that Apply

Alimony

No minimum length of marriage

No minimum length of military service

Deduction normally limited to 50% of "Disposable Retired Pay"

Child Support

No minimum length of marriage

No minimum length of military service

Deduction can be as much as 50% of "Disposable Retired Pay"

For PPC Enforcement

Community Property
or
Property Division

Ten years of marriage while member was in the military service

Deduction can be as much as 50% of "Disposable Retired Pay"

Taxes

Federal Income Tax Withholding (FITW)

- ◆ Marital status and exemptions claimed establish the amount of deduction.
- ◆ Additional tax may be withheld in even dollar amount.

State Income Tax Withholding (SITW)

- ◆ Each State has different laws concerning taxability of retired pay.
- ◆ SITW is optional by request of retiree.
- ◆ Information on State tax requirements may be found in the Retired Military Almanac.
- ◆ Retiree may elect to have SITW withheld from retired pay if residing in one of the states that has an agreement with DoD for SITW. List of states that currently have an agreement may be found in this handout.
- ◆ The amount of withholding is not based on marital status or number of exemptions claimed. Retiree must specify monthly amount to be withheld of at least \$10.00 and in even dollar increments.

More Tax Information

- ◆ Retired Pay is not subject to Social Security Withholding (*FICA*.)
- ◆ The 1099R (*tax statement*), mailed annually, is sent to the home mailing address we have for you on the retired pay system. The 1099R is normally mailed during the month of January.
- ◆ The retired pay tax year ends with the November retired pay (*payment dated first working day of December*) each year.

States with an Agreement to Withhold State Tax (SITW) from Military Retired Pay

This is a current list of States that have an agreement with the Coast Guard to withhold State taxes. This does not mean that all of these States tax retired pay. For example, Kansas does not tax military retired pay; however, if a member wants Kansas state tax withheld from his/her pay, we can withhold it because we have an agreement with them.

List of States

Alabama	Louisiana	North Dakota
Arizona	Maine	Ohio
Arkansas	Maryland	Oklahoma
California	Massachusetts	Oregon
Colorado	Minnesota	Rhode Island
Connecticut	Mississippi	South Carolina
Delaware	Missouri	Utah
District of Columbia	Montana	Vermont
Georgia	Nebraska	Virginia
Idaho	New Jersey	West Virginia
Indiana	New Mexico	Wisconsin
Iowa	New York	
Kansas	North Carolina	

Reminder: Withholding of state tax is voluntary. If your state has an agreement with us and you would like state tax withheld, you should send your request in writing, provide the amount of monthly withholding of at least \$10.00, in even dollar increments.

Note: States with Agreement for withholding is subject to change at any time.

U.S. COAST GUARD & NOAA RETIREE/ANNUITANT STATEMENT (RAS Statement)

- The RAS Statement is your “LES” in retirement.
- The Statement is only sent when your retired pay changes. They are not issued monthly like active LES’.
- The Statement is produced and sent at least once a year when you receive a Cost-of-Living Adjustment (COLA). Other than that it is only issued when a change has occurred to your retired pay account.
- Correct home mailing address is very important. If three pieces of mail are returned to RAS your pay is held until we can contact you.
- The Statement gives you an opportunity to review for accuracy, dates of birth and SBP information.
- The reverse of your Statement will provide remarks about the change made to your retired account.

DEPARTMENT OF HOMELAND SECURITY U.S. COAST GUARD CG-5209-RET (REV 12-07)		U.S. COAST GUARD RETIREE/ANNUITANT STATEMENT OF MONTHLY INCOME					
Period Covered 1-31 DEC 2009		Pay Grade E6		Employee ID		Pay Delivery EFT	
BIRTHDATES FOR SBP PURPOSES				SBP INFORMATION			
Member 1967-JUL-28		Beneficiary/Spouse N/A		Youngest Child 2003-OCT-22		Coverage Type 1-Child	
				Base Amount 1645.19		Annuity 905.00	
ENTITLEMENTS		OLD		NEW		DEDUCTIONS	
RETIRED PAY		1555.00		1645.00		VA COMP	
CRDP		595.00		628.00		811.00	
TOTAL ENTITLEMENTS		2150.00		2273.00		SBP-CH PREMIUM	
						6.69	
						COURT GARN	
						666.16	
						704.47	
ALLOTMENTS		OLD		NEW			
DEPENDENT		400.00		400.00			
TOTAL ALLOTMENTS		400.00		400.00		TOTAL DEDUCTIONS	
						1483.85	
						1568.54	
YOUR NET PAY	Old Amt	Name		Bank Name		Route Nbr	
	266.15	BM1		Rbs Citizens, Nation		211070175	
YOUR NET PAY	New Amt	USCG RET				Amount	
	304.46					304.46	
FEDERAL TAXES				STATE TAXES			
Exemptions S/4	Mo Tax Income 1408.93	Income YTD 1408.93	Withheld YTD 0.00	State #1	Withheld YTD 0.00	State #2	Withheld YTD

COMMENTS ARE ON REVERSE SIDE

REMARKS:			
This Pay Slip reflects a Cost of Living Adjustment effective 1 December 2008. The percentage of your COLA is:			
Date of Retirement	Entered Service Before 8 Sep 80	Entered Service After 7 Sep 80 and No 15-Year Bonus	Entered Service After 31 Jul 86 and 15-Year Bonus
Before 1/1/2008	5.8%	5.8%	4.8%
1/1/2008 thru 3/31/2008	5.0%	5.0%	4.2%
4/1/2008 thru 6/30/2008	5.0%	3.8%	3.3%
7/1/2008 thru 9/30/2008	5.0%	1.2%	1.0%
10/1/2008 thru 12/31/2008	5.0%	0.0%	0.0%
YOUR PAY DATA CHANGES:			
RETIRED PAY HAS CHANGED DUE TO STATUS CHANGE OR COLA ADJUSTMENT			
CONCURRENT RETIREMENT DISABILITY PAYMENT (CRDP) CHANGED			
VA OFFSET DEDUCTION AMOUNT CHANGED			
SBP CHILD PREMIUM CHANGED			
COURT ORDERED GARNISHMENT DEDUCTION CHANGED			
IF YOU HAVE QUESTIONS, CONTACT:		RETIRED PAY RECORDS ARE COMPUTER MATCHED WITH OTHER FEDERAL EMPLOYMENT AND BENEFIT RECORDS FOR DEBT PURPOSES.	
COMMANDING OFFICER (RAS)		BE SURE TO VERIFY ALL DATES OF BIRTH LISTED ABOVE FOR DEERS PURPOSES.	
USCG PAY & PERSONNEL CENTER		BUY U.S. SAVINGS BONDS	
444 SE QUINCY STREET			
TOPEKA, KS, 66683-3591 PHONE: 1-800-772-8724			

Differences In Retired And Active Duty Pay

	Retired Pay	VS	Active Duty
Pay Day	Once per month First working day of month <i>(defaults forward if weekend)</i>		Twice per month First Calendar day of month <i>(defaults backward if weekend)</i>
Notice of Account (LES's)	Issued only when change occurs (RAS Statement)		Issued every month (LES)
Pay Change Request	No form required <i>(written request)</i>		Prescribed CG Form
Taxable Income	Form 1099R		Form W-2
SPO Support	PPC (RAS) 1 800 772-8724		SPO
Retiree Newsletter	Issued Quarterly & mailed to your home		None
Cost-of-Living Allowances	Partial COLA first year Full COLA thereafter		Full Pay Raises each year

Retired Cost Of Living Adjustments (COLA's)

* Each December (unless changed by Congress), military retired pay and SBP annuities receive a Cost of Living Adjustment (COLA) to account for inflation. The COLA is reflected in the retired payment received the first working day of January (December retired pay.)

The retired pay COLA for those who first became a member of a Uniformed Service before September 8, 1980, is specified according to the effective date of the active duty basic pay rate used to compute their retired pay as follows:

<u>Retired Pay Based on Rates of Pay Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(b)(2)
January 1 – December 31, 2010	0.0 percent	1401a(c)

The retired pay COLA for those who first became a member of a Uniformed Service on or after September 8, 1980, is specified according to the effective date of their retirement as follows:

<u>Retirement Effective:</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(b)(2)
January 1 - March 31, 2010	0.0 percent	1401a(d)
April 1 - June 30, 2010	0.0 percent	1401a(d)
July 1 - September 30, 2010	0.0 percent	1401a(d)
October 1 - December 31, 2010	0.0 percent	1401a(d)

The retired pay COLA for those who first became a member of a Uniformed Service on or after August 1, 1986, and also elected to receive a career status bonus under the provisions of section 322 of title 37 United States Code (Redux law) is specified according to the date of their retirement as follows:

<u>Retirement Effective</u>	<u>Percent Increase</u>	<u>10 U.S.C. Authority</u>
Before January 1, 2010	0.0 percent	1401a(e)
January 1 - March 31, 2010	0.0 percent	1401a(e)
April 1 - June 30, 2010	0.0 percent	1401a(e)
July 1 - September 30, 2010	0.0 percent	1401a(e)
October 1 - December 31, 2010	0.0 percent	1401a(e)

Recall To Active Duty

- Recall Orders Issued: CG-PSC-opm for officers, CG-PSC-epm for enlisted, and CG-PSC-rpm for all reservists.
- Retiree waives retired pay for period of recall.
- Recall period less than 30 days: Retired pay continues and upon completion of recall period, entitlements to active duty pay and allowances are computed and a special payment is issued for the difference between active duty and retired pay. A Form W-2 for taxable active duty pay received during the recall period is issued at year-end.
- Recall period more than 30 days: Retired pay is suspended and member is paid from the JUMPS active pay system.
- Immediate Recall (*No break in service*): Even if scheduled for immediate recall to active duty, with no break in service, the retirement forms (4700) need to be completed and submitted to RAS.
- At completion of recall period, retired pay is reviewed to determine if pay adjustment (*additional time, etc.*) is applicable.
- Members that elected to participate in the SBP prior to their original retirement date may only modify their existing election if they have had a change in marital or dependent status during the recall period, or if they resume retired status during an SBP open season.

Conditions That May Affect Retired Pay

FOREIGN CITIZENSHIP

- Retired regular officers and enlisted members who lose their United States Citizenship by applying for citizenship in a foreign country or by taking an oath of allegiance to a foreign state lose their entitlement to retired pay.
- A citizen of the United States may live outside the United States indefinitely without losing United States citizenship.
- Retirees who reside in a foreign country and acquire foreign citizenship by operation of that country's law, but do not relinquish U.S. citizenship, are considered to have dual citizenship. Dual citizenship alone does not require a member to lose entitlement to retired pay.
- Reference: DoD Financial Management Regulation, Volume 7B, Part Two, Chapter 2, 20201-20205.

FOREIGN EMPLOYMENT

- The U.S. Constitution prohibits military retirees from accepting any office, title, or employment from a foreign government unless the retiree first obtains the approval of the Secretary of Homeland Security and the Secretary of State. Employment with a private company, enterprise, or organization that is owned by a foreign government, is an instrumentality of a foreign government, is also prohibited without prior approval. Approvals by the Secretary of DHS and Secretary of State cannot be given retroactively. For example, if a retiree goes to work for a foreign government, does not report such fact for six months, and receives Secretarial approval two months later, the retiree is subject to forfeiture retired pay for a period of 8 months. Requests for foreign employment should be submitted to Commandant (G-1222.)
- Reference: DoD Financial Management Regulation, Volume 7B, Part Two, Chapter 1, Section E, 20141-20144.

Conditions That May Affect Retired Pay (Continued)

Retired members lose their retired pay if:

- Convicted by court-martial or federal court of an offense involving the national security of the United States, including espionage, sabotage, disclosure of defense or classified information, seditious or subversive activities, or a violation of national security.
- The retiree refuses or willfully fails to appear, testify or produce papers before a federal grand jury, court, court-martial, or congressional committee in a proceeding concerning the retiree's relationship with a foreign government or a matter relating to national security or defense.
- Found guilty of perjury under U.S. laws by falsely testifying or concealing any material fact in connection with a crime involving national security.
- Reference: DoD Financial Management Regulation, Volume 7B, Part Three, Chapter 3, Section C, 30321.

EMPLOYMENT OF RETIRED MILITARY MEMBERS

- After being approved for appointment to a civilian position, a retiring military member should be able to demonstrate his or her availability for work within 45 days, the standard time period applicable for all Coast Guard civilian appointments. Additionally, prolonged delays in requesting waivers may be viewed as holding the position open for a military member, and may result in denial of the request. (COMDTINST 12300.6J)

Physical Or Mental Incapacitation

Incapacitation of Retiree

- A physically or mentally incapacitated retiree is one who is impaired by physical disability, mental illness, mental deficiency, advanced age, chronic use of drugs or alcohol, or other causes which prevent sufficient understanding or capacity to competently manage their own affairs.
- Upon receipt of information that a retiree may be mentally incapacitated, a team of members who are specially trained in mental disorders must determine whether the retiree is competent.
- If retiree is determined to be incompetent a trustee or court appointed guardian must be appointed. A Power-of-Attorney is no longer valid at the Federal level.
- Reference: DoD Financial Management Regulation, Volume 7B, Part Three, Chapter 5.

Trustee Appointment

Persons over the age of 21 that may be considered for appointment by Commandant as trustee are:

- Lawful spouse (not subject to age requirement.)
- Legitimate son or daughter or legally adopted son or daughter.
- Parents
- Head of an institution, if member is a patient.
- Any other person or person if in the best interest of the member.

Court Appointed Guardian

- The incapacitated retiree or any person interested in the welfare of the retiree may petition a court of competent jurisdiction for a finding of incapacity and appointment of a guardian or other legal representative. A copy of the appropriate court order certifying to the appointment of the guardian must be forwarded to CG PPC (RAS) before payments may be made to appointee.

DEERS

Members should update their DEERS information whenever there is a:

- Change in their status.
- Change in status of a family member i.e. birth, death, marriage, divorce, adoption, etc.
- Change in address or telephone number.
- Loss or theft of identification card.
- Updating your Retired Pay record does not update DEERS. They are separate systems.
- If required information is not in the DEERS system, an ID card cannot be issued.
- ID cards must be kept current in order to receive benefits. Expired ID cards may result in refusal of medical treatment, payment of claims, or base privileges.
- ID cards may usually be obtained or renewed at any military installation that has the ID card computer program.
- Call your local ID issuing office or call toll free 1 800 538-9552.
(In CA 1 800 334-4162 or AK & HI 1 800 527-5602.) Also you may find DEERS & RAPIDS information on the web at: www.dmdc.osd.mil.
- Address changes may be made on line at www.tricare.osd.mil/DEERSAddress/

Delta Dental

When you choose to enroll in the TRICARE Select Retiree Dental Program, you make an agreement directly with Delta Dental to have your premiums for dental insurance withdrawn from your retired pay. You do not start an allotment with RAS when you enroll in the plan, you authorize Delta Dental to deduct the money for your monthly premiums. In order to change the amount of your payment or to cancel your enrollment you must contact Delta Dental directly. An additional note is that when you enroll in the Plan you also authorize any yearly increase in the monthly premium that is deducted from your retired pay.

Please contact Delta Dental if you have any questions concerning their retiree dental plan. You may reach them at --

- www.ddpdelta.org
- 888-838-8737 (Enrollment)
- 888-336-3260 (Customer Service)
- By Mail: DDP*DELTA
PO Box 537008
Sacramento, CA 95853-7008

Making Changes To Your Retired Account

* Changes that may be made by Telephone, Fax or Mail:

Home Mailing Address: Telephone, e-mail, fax or mail changes to your home mailing address which is the address used for any correspondence we may need to send to you. Examples are the Retiree/Annuitant Statement (RAS), the 1099R (statement of taxable income), and the Retiree Newsletter. Also, please advise your pay technician if this address change will affect any savings bonds or allotments you have.

Direct Deposit Account: Provide Routing Number, Account Number and checking or savings.

Allotments: Start, Stop or Change an Allotment.

State (SITW) Income Tax Withholding: Start, Stop or Change

* Changes that require written requests:

Survivor Benefit Plan (SBP): You must write or fax us with requests to make any changes to your SBP. Include substantiating documentation (i.e. divorce decree, death certificate).

Federal (FITW) The IRS requires written request, or Form W-4, if claiming over 10 exemptions or exempt status and to make any changes to your FITW.

* Reporting the Death of Coast Guard or NOAA Retiree:

To report the death of a Coast Guard or NOAA retiree telephone or notify us in writing.

* How to Contact us:

By Phone: 1-800-772-8724 or 785-339-3415 (*dial the extension number for your pay technician or follow the menu*)

By E-Mail: *e-mail: PPC-dg-ras@uscg.mil*

By Mail: Commanding Officer (RAS)
United States Coast Guard
Pay & Personnel Center
444 SE Quincy St
Topeka KS 66683-3591

By Fax: 785 339-3770

RAS web page: <http://www.uscg.mil/ppc/ras>

What happens to your retired pay when you die?

ALL PAYMENTS STOP!!

RETIRED PAY

ALL ALLOTMENTS

FORMER SPOUSE PAYMENTS

Payment in the form of an annuity begins only if you have elected to participate in the Survivor Benefit Plan (SBP).

Common Questions About SBP

- Q:** I understand my retired pay stops when I die. However, my spouse will be eligible for other Government benefits from the VA and Social Security Administration, right?
- A:** Your spouse could be entitled to a benefit called Dependency and Indemnity Compensation (DIC) from the VA. However, DIC is only payable if your death is found to be "service connected". A surviving spouse can also get social security survivor benefits if the spouse is over age 59, or if you have minor children. However, if you turn down SBP and you die from a non-service connected cause, and you don't have any minor children, your spouse will be without any Government benefits until reaching age 60.
- Q:** Does my spouse lose SBP if she or he remarries after I die?
- A:** If your spouse remarries before age 55, the monthly SBP annuity will be stopped. If this remarriage terminates, the annuity restarts.
- Q:** Does my spouse have any say in what SBP decision I make?
- A:** A spouse sure does. If you don't elect full coverage, your spouse must be notified and must sign a statement agreeing to your election of no coverage or reduced coverage. If your spouse doesn't agree or doesn't sign the statement, you are put on automatic full SBP coverage.
- Q:** What are some of the differences between SBP and life insurance?
- A:** (1) SBP has no cash value, whereas whole life insurance has a cash value and can be borrowed against.
(2) SBP is government-subsidized.
(3) SBP annuities rise with inflation, but insurance policies don't.
(4) SBP premiums are exempt from taxes, whereas insurance premiums are not exempt. SBP annuities paid out are taxable income, whereas insurance proceeds generally are not taxable. SBP coverage cannot be denied due to your age or health, whereas insurance coverage can be.
- Q:** What are probably the most important factors in making an SBP decision?
- A:** Your health and that of your spouse, your family longevity and that of your spouse, the difference between you and your spouse's age, and your private financial planning (commercial insurance, etc.).

Common Questions About SBP (Continued)

Q: Is my SBP decision irrevocable?

A: Yes, with the following exceptions.

(1) For future retirees, the window to discontinue SBP will open on the second anniversary after the retired member begins to receive retired pay, and will close on the third anniversary date. Retirees may not elect to discontinue participation without the written concurrence of the spouse, and participants who elect to withdraw will not be entitled to a refund of premiums.

(2) There have been open enrollment seasons once about every 10 years since SBP was adopted in 1972, whereby a retiree could come into the program. However, the costs to come in during open season were much higher based on the retiree's age and how many years the retiree had been retired.

Q: Are there any cases where I should consider SBP a must-an extremely good buy?

A: Yes, in the case of an incapacitated child. If you have a mentally or physically handicapped child, SBP provides excellent protection at little cost.

Q: If I buy SBP coverage for my four children, do they each receive an annuity of 55 percent of my SBP base amount?

A: No, the annuity will be equally divided among your four children. When the oldest child reaches majority age, it would be divided into thirds, etc., etc.

Q: Is there a down side to purchasing SBP coverage for both my spouse and children?

A: One down side might be that the children will only be eligible for an annuity if you have no surviving spouse and your children are still under age 18 - thus you may end up paying for coverage that won't reap benefits. However, remember that child costs are very inexpensive.

Q: When do my children become ineligible under SBP?

A: At age 18, or if they attend school full-time, at age 22.

Q: I know that SBP annuity for my spouse is not reduced when my spouse reaches age 62. I also know that SBP stops if my spouse remarries before age 55. Are there any other instances where SBP is reduced or stopped?

A: Yes, if your spouse becomes qualified for Dependency and Indemnity Compensation (DIC) from the VA (a tax-free benefit) due to your service connected death, then the SBP annuity is reduced dollar-for-dollar. For example, if your spouse's SBP annuity was \$1,000 per month and your spouse is awarded \$850 DIC per month, the SBP annuity is reduced to \$150 per month. **HOWEVER**, a partial or full refund of the SBP costs you have paid will be provided to your spouse.

Common Questions About SBP (Continued)

Q: Is there ever a point that SBP will be considered paid up?

A: Yes, when the member has paid into SBP for 30 years and reaches age 70.

Q: What about dependents I acquire after I retire - can I cover them under SBP?

A: It really depends on your status at retirement. If you have a spouse at retirement, and elect not to cover your spouse under SBP, you would be precluded from electing SBP coverage for a new spouse acquired after retirement, unless there was an SBP open enrollment season. On the same hand, if you have eligible children at retirement, but don't elect SBP child coverage, you would be precluded from electing coverage for children you acquire after retirement. If you have no dependents at retirement, then later acquire dependents, you have one year to request SBP coverage for these dependents.

Q: Just how important is the COLA protection of SBP?

A: Extremely. SBP annuities, for instance, increased 296% between 1972 and 1988 - an annuity that was \$500 in 1972 was \$1,483 in 1988.

Another good example of the COLA protection would be SGLI. In 1972, SGLI coverage was \$15,000. Now, 20 years later, SGLI coverage is \$400,000. Just think, at this rate, 20 years from now, SGLI would have to be worth between \$600,000 and \$2,000,000!!!

Be sure to remember the COLA features of SBP when your insurance salesman presents information about purchasing a life insurance policy.

Q: Once I elect SBP, what responsibilities do I have after I retire?

A: To notify PPC if your family status changes. If your spouse or child dies, you divorce, your child marries or reaches age 18, immediately notify PPC so we can stop the SBP deductions from your pay.