

R&A Quarterly Newsletter



June 2017

Information you can use to help retirees and annuitants!

Director's Message

The tax season is over and summer is here! While many people are heading to the beach or their favorite amusement park, there is still work to be done so we can make sure that we continue to provide the best possible service.

There have been several changes that you will probably come across soon that we need to make you aware of.

First of all, please keep in mind that R&A's address has changed and we need to get that message to as many retirees and annuitants as possible. We've also included information on changes to the forms available on our website and the way the IRS establishes tax levies on retiree accounts. This tax levy change will allow the IRS to issue levies on more retirees' accounts, and our article will prepare you to assist retirees with the most current information available.

We are also offering a follow-up article on Survivor Benefit Plan premium calculations from our recent RSO call.

Finally, our customer care center is offering a new customer service option that we want all our retirees and annuitants to know about so they can take full advantage of the convenience it offers.

I hope that you find the information in this issue useful and informative. Providing world class service to the brave men and women who served our country is a team effort. Thank you for everything you do.

Jeffrey Presley

Director, Retired and Annuitant Pay

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Important!

Except where otherwise noted, the articles in this newsletter are written for Retirement Services Officers and are not intended to be published or forwarded.

If you're working on a newsletter or other articles for release to military retirees, please contact Steve Burghardt, Public Affairs Specialist at (303) 834-9043, for more information.

Have You Heard? DFAS's mailing address has changed

The Defense Finance and Accounting Service's addresses for retirees and annuitants have changed effective May 1, 2017. The new addresses are:

For retirees:

Defense Finance and Accounting Service
U.S. Military Retired Pay
8899 E 56th Street
Indianapolis IN 46249-1200

For annuitants:

Defense Finance and Accounting Service
U.S. Military Annuitant Pay
8899 E 56th Street
Indianapolis IN 46249-1300

The old PO boxes in London, Kentucky will remain open for one year with all mail forwarded to the new address. However, sending mail to the old address will add three to five days to normal processing times. The telephone and fax numbers are not changing.

Military Retirement Payments Subject to Federal Payment Levy Program

Military retirees who owe federal taxes may have their military retired pay levied in order to pay an overdue tax bill. The Internal Revenue Service added military retirement payments to the Federal Payment Levy Program in March 2017. Military retired pay can now be levied (reduced) by 15 percent through the Federal Payment Levy Program. The federal tax levy could remain in place until the member's tax debt is satisfied.

What you should know

The Federal Payment Levy Program only goes into effect if a retiree has not paid their taxes on time or made arrangements to pay his or her overdue tax bill.

Usually, an overdue tax occurs when someone doesn't have enough taxes withheld from their military retirement and other income.

Before a levy is issued, the retiree will receive the following from the IRS:

- An initial tax bill with information on what is owed and how to pay it
- A final tax bill with information on what is owed, how to pay it, what can happen if it isn't paid and an explanation of their appeal rights

The IRS will not issue a levy if the member pays what they owe, or makes payment arrangements, within 30 days after the final billing notice is sent.

Once it is imposed, the 15 percent levy stays in place until the debt is paid or payment arrangements made. The remaining balance of the retired pay after the levy is deducted is sent to the taxpayer.

The Federal Payment Levy Program does not apply to people:

- In bankruptcy,
- Who have been granted a temporary delay of collection due to hardship, or
- That qualify for relief as an innocent spouse or injured spouse.

Military retirement disability payments will not be levied through FPLP. Tools and information to help retirees with their taxes are available through the IRS website at IRS.gov.

How to Report a Retiree's Death

Were you using the DFAS Fastform 9221 (Notification of Death) from our website to report retiree deaths? The 9221 Fastform was a popular tool that many RSO's used as they worked with the member's survivors. It was especially popular with RSO's working outside of the United States.

Unfortunately, we had to remove this form from our website and discontinue its use. It was identified as a security threat in our larger system architecture, and both to preserve the integrity of our data environment and remove a fraud risk, we were obliged to take it down.

If you were a 9221 user and are looking for the fastest, most effective ways to get a notification of death to DFAS, this article is for you.

Whether you are inside or outside of the United States, the quickest and surest way to notify DFAS of a retiree's death is by calling us. If we receive the notice of death in time, we can usually avoid overpaying the member's account, and then putting the survivors through a reclamation process at a difficult time.

The Cleveland Customer Care Center's hours of operation are from 8:00 am to 5:00 pm ET, Monday through Friday. Their numbers are 800-321-1080 or 216-522-5955. If you have access to DSN, the number is 580-5955. When you call, please be sure to have the retiree's SSN, name and date of death on hand. Other information to have available is the deceased retiree's manner of death, marital status and contact information for the retiree's next-of-kin.

If you cannot notify us by phone, we recommend you reach us by fax. If you are in the United States, the number is 800-469-6559. For RSO's who are overseas, the fax number for retirees is 216-367-3629 and the fax number for annuitants is 216-367-3643.

If you do not have access to a fax, then you will need to use surface mail. Please direct your mail to:

Defense Finance and Accounting Service
U.S. Military Retired Pay
8899 E 56th Street
Indianapolis IN 46249-1200

Whether you use fax or postal mail to report a death, our normal processing time of 30 days for written correspondence will apply, so it is likely that an overpayment to the deceased retiree's account will occur. If so, please alert the retiree's survivor about the possibility that a reclamation process will occur for the portion of the last month's pay that was not due.

After a retiree's death is reported to DFAS, an SF 1174 (Claim for Unpaid Compensation of Deceased Member of the Uniformed Services) will need to be completed and sent into DFAS along with a copy of the death certificate. If the member designated a beneficiary, only parts A, F and G of the SF 1174 will need to be completed. If the member selected order of precedence, in addition to parts A, F and G of the SF 1174, parts B, C, D or E may have to be completed depending on the beneficiary making the claim.

For instance, if the deceased retiree chose order of precedence, his or her spouse at the time of death would complete section B. Section C would need to be filled in with a complete list of all children's information.

In cases where there are no surviving spouse or children, the retiree may have appointed an executor or administrator. If this is the case then section D would be completed and there is no need for Section G since court documentation would also have to be sent in.

Part E is a last resort to pay out the member's arrears of pay. It is only used when there are no spouse or children and there is no executor. In this case, arrears of pay would go to whoever paid the member's funeral expenses.

More detailed instructions for handling all of these scenarios can be found on our website at <https://www.dfas.mil/retiredmilitary/forms/sf1174.html>

Please see page 5 for a list of useful contact numbers when working the family of a deceased member.

Survivor Benefit Plan (SBP) Premium Calculations

In our latest RSO call (May 16, 2017), we had an extended discussion on how to calculate Survivor Benefit Plan (SBP) premiums. There was lots of discussion and our team fielded many good questions. Thanks for all participating and your interest in the event! Since we ran out of time and had to cut our discussion short, we wanted to take this opportunity to summarize, clarify and respond to a few matters that were left up in the air at the end of the call.

The Survivor Benefit Plan (SBP) was established in 1972 as a way for retirees to financially provide for their loved ones after their death. Retirees can elect their spouse or former spouse, their spouse and children, or just their children as beneficiaries. Retirees pay a premium for this coverage, and the amount of the premium is specific to amount of coverage and beneficiary elected. For the purposes of this article, we have chosen to give you examples of how the premiums for spouse-only coverage are calculated. Spouse-only is the most commonly elected form of coverage and understanding how it is calculated may help you understand the details of how the premiums of other forms of coverage are calculated as well.

Retirees can select a base amount for coverage under the plan from a minimum of \$300.00 up their full gross retirement pay. After their death, the SBP beneficiary will get 55% of the selected base amount. Although SBP is a free benefit for everyone on active duty, after retirement there is a cost for the coverage. The monthly cost for spouse-only SBP is 6.5% of the base amount selected. For example, if the retiree elects full SBP and has a gross pay of \$1,000.00 per month, the monthly cost for SBP is \$65.00. If that same retiree elects a reduced base amount of \$600.00 for coverage under the plan, the monthly cost would be \$39.00 per month.

If a reservist elects SBP, there is one additional election that they must make. In addition to electing a beneficiary and a base amount for coverage, reservists must also elect either deferred or immediate coverage.

If the member elects deferred coverage, the member's spouse would not receive SBP until the date the member would have turned 60 years old. In this case, there is no difference in cost from a regular retiree.

If the member selected immediate coverage, his or her beneficiary would start receiving benefits effective the day after the member's death, regardless of whether the member's death occurred before age 60. There is an additional cost for this type of coverage of 3.5% of the monthly base pay selected.

For example, a reservist who selects immediate coverage at the full amount of his gross pay (\$1,000 in this example) would pay \$65.00 for SBP and an additional \$35.00 for the immediate coverage component. If that same reservist elects a reduced base amount of \$600.00, the SBP premium would be \$39.00 per month and the immediate coverage cost would be \$21.00.

Neither the cost for SBP nor the additional 3.5% begin until retirement at age 60 even though the benefit would be immediate should the retiree pass away before age 60. In such cases the cost of the program is covered by the premiums paid by those that do survive past 60.

It is important to note that the reserve component of SBP does not have any cost until the retiree turns 60 years old and starts collecting retired pay. At age 60 the cost begins. It is not a debt repayment; it is the actual monthly cost of a benefit the member elected when they entered the gray area.

Remaining Pay Dates for 2017

Entitlement Month	Retiree Payment Date	Annuitant Payment date
June 2017	June 30, 2017	July 3, 2017
July 2017	August 1, 2017	August 1, 2017
August 2017	September 1, 2017	September 1, 2017
September 2017	September 29, 2017	October 2, 2017
October 2017	November 1, 2017	November 1, 2017

A New Feature in the Customer Care Center

During peak service hours (on pay dates and during tax season) it can be a challenge for retirees and annuitants to reach a Customer Service Representative in our Cleveland Customer Care Center. Members who cannot wait in one of our call queues may have to hang up and call back. When they do, they lose their place in line and have to start their wait period all over. To reduce the frustration associated with this situation, the Cleveland Customer Care Center has added a new feature.

“Welcome to Call Back Assist, press 1 to leave a callback request or press 2 to continue holding”. Have you ever heard this message when calling the Cleveland Care Center? This message is the offer for the Customer Care Center Enterprise Solution Call Back Assist (CBA) feature. The CBA system activates anytime a customer experiences a wait time greater than one minute.

If the customer presses “1”, he or she can request a callback instead of waiting in queue. If the customer opts for a callback, they can enter the phone number they wish to be called at and hang up without losing their place in the call wait line. When it is their turn, the Call Back Assist system will call them and connect them to a CSR.

This program has been in place on a limited basis for some time. It has been so successful that the Cleveland Care Center recently expanded the CBA to the Annuity, Garnishment, Retired Pay 2, Marines, and Casualty call types. These are the complex calls where the CSR needs to do more research to resolve the customer’s inquiry.

When the Customer Care Center receives a CBA, they will wait until the customer picks up, greet the customer and proceed normally like any other call.

Useful contact numbers when working the family of a deceased member

Continued from page 3

After the death has been reported to DFAS and the SF 1174 is completed there may be additional organizations to contact. Below is a list of organizations and phone numbers that may be useful:

Social Security Administration	800-772-1213
Defense Enrollment Eligibility Reporting System	800-538-9552
Department of Veterans Affairs	800-827-1000
Office of Personnel Management	888-767-6738
National Service Life Insurance	800-669-8477
Armed Forces Benefit Association (AFBA)	800-776-2322
Army & Air Force Mutual Aid Association	800-522-5221
Burial at Sea	866-787-0081
Funeral Honors	877-645-4667
Military Benefit Association (MBA)	800-336-0100
Navy Mutual Aid Association (NMAA)	800-628-6011
Officers Benefit Association	800-736-7311
Uniformed Services Benefit Association	800-368-7021

Automated Retirement Authorization (33) Transaction Report February 21 - May 23, 2017

	Air Force (AC)	Air Force (RC)	Army (AC)	Army (RC)	Navy (AC/RC)	Marine (AC)	Marine (RC)	Quarterly Report Summary
Transactions	3,187	1,242	5,318	2,786	1,583	761	128	15,005
Accepted	2,963 93%	860 69%	4,993 94%	2,665 96%	1,560 99%	751 99%	112 88%	13,904 93%
Rejected	224 7%	382 31%	325 6%	121 4%	23 1%	10 1%	16 13%	1,101 7%
*Total Reject Reasons	248	463	341	150	29	16	29	1,276
**Top 3 Most Common Reject Reasons	167 68%	287 62%	301 89%	93 63%	19 65%	3 18%	14 49%	884 69%
Top 3 Most Common Reject Reasons							Total	Percent
Air Force (AC)	02268 - NEW GAIN ACTION MATCHES COMPLETE ACCOUNT 03072 - LAW QRQS TAFCS WHEN GR-CURR IS 01-10 OR 21-25 03294 - CSB 1 IF DIEMS => 860801 & ACT-SVC < 15 YRS						103	42%
							42	17%
							22	9%
Air Force (RC)	02268 - NEW GAIN ACTION MATCHES COMPLETE ACCOUNT 03049 - RET-ELIG-DATE IS AFTER RET-SEP-EFF-DATE-PROJ 03075 - APPL-RET-SEP-DT IS AFTER RET-SEP-EFF-DATE-PROJ						159	34%
							84	18%
							44	10%
Army (AC)	03031 - SVC-1405 > SVC-PAY 10040 - MINIMUM ACTIVE SVC REQUIREMENT NOT MET 03007 - GR-CURR-EFF-DT DOES NOT PASS STD DATE EDIT						183	54%
							71	21%
							47	14%
Army (RC)	02268 - NEW GAIN ACTION MATCHES COMPLETE ACCOUNT 10141 - PEBD IS PRIOR TO SERVICE ENTRY DATE 02262 - INPUT NAME DOES NOT MATCH NAME ON DICTIONARY						52	35%
							31	21%
							10	7%
Navy (AC/RC)	03295 - CSB 2 OR 3 IF DIEMS => 860801 & ACT-SVC => 15 YRS 02268 - NEW GAIN ACTION MATCHES COMPLETE ACCOUNT 03005 - GR-CURR DOES NOT PASS STD GRADE EDIT						9	31%
							5	17%
							5	17%
Marine (AC)	02268 - NEW GAIN ACTION MATCHES COMPLETE ACCOUNT 03026 - SVC-ACT DOES NOT PASS STD SVC EDIT 03028 - SVC-PAY DOES NOT PASS STD SVC EDIT						1	6%
							1	6%
							1	6%
Marine (RC)	03058 - ARPC-066-DATE DOES NOT PASS STD DATE EDIT 03018 - SVC-1332 < 200000 FOR RESERVE RETIREMENT 03028 - SVC-PAY DOES NOT PASS STD SVC EDIT						6	21%
							4	14%
							4	14%

* Note a single transaction can reject for multiple reasons. If the [Total Reject Reasons] is greater than the number of transactions [Rejected], one or more transactions have rejected for multiple reasons.

** Sum/Percentage of the Top 3 most common reject reasons.

Source Data: WebViewer (Online Information System)

Web Address: <https://dfasview.csd.disa.mil/>

ReportID: H3008