

PSC

RETIRED PAY

SEMINAR HANDOUT



**FOR ADDITIONAL INFORMATION
PLEASE CONTACT**

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

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

TABLE OF CONTENTS

<u>Page</u>	<u>Topic</u>
1	Retiree Annuitant Services Structure
2	Points of Contact (Phone Numbers and Websites)
3	Retirement Resources & General Information
4	Laws Governing Retired Pay
5	Establishing your Retired Account (4700)
6	CG PSC-4700 (Page 1)
7	CG PSC-4700 (Page 2)
8	CG PSC-4700 (Page 3)
9	CG PSC-4700 (Page 4) (Note: Form may be found on www.uscg.mil/hq/cg1/psc/ras/)
10	Retired Pay Computation (3 Formulas)
11	Computation – Non-Disability Retired Pay
12	Computation – Non-Disability Retired Pay (Continued)
13	Disability Retired Pay
14	Exhibit 1 (Years/Months/Percent)
15	Exhibit 2 (Years/Months/Percent)
16	Veterans Administration Disability Compensation
17	Combat Related Special Compensation for Disabled Retirees
18	Concurrent Disability Payments of Retired Pay and VA Disability Compensation
19	Allotment Information
20	Leave & Earnings Statement (Example)

TABLE OF CONTENTS (Continued)

21	Retired Allotment Form (CG PSC-7221)
22	Retired Allotment Form (Allotments Authorized in Retirement)
23	Retired Allotment Savings Bond Table of Rules
24	Garnishment
25	Former Spouse Protection Act
26	Taxes - Federal Income Tax Withholding (FITW) and State Income Tax Withholding (SITW)
27	States with Agreement to Withhold SITW
28	Retiree Annuitant Statement of Monthly Income (RAS)
29	RAS (Example)
30	Differences in Retired and Active Duty Pay
31	Retired Cost of Living Adjustments (COLA's)
32	Recall to Active Duty
33	Conditions that may affect Retired Pay Foreign Citizenship Foreign Employment
34	Conditions that may affect Retired Pay (Continued) Criminal Conviction Federal Employment
35	Physical or Mental Incapacitation Incapacitation Trustee Appointment Court Appointed Guardian
36	DEERS
37	Delta Dental
38	Making Changes to Your Retired Account
39	What happens to your retired pay when you die?
40	Common Questions About SBP
41	Common Questions About SBP (Continued)
42	Common Questions About SBP (Continued)

Retiree Annuitant Services (RAS)

✓Retiree & Annuitant Services Customer Service Structure:

U. S. COAST GUARD	1 800 772-8724 or
PERSONNEL SERVICE 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	3443
M, U, X	3442
H, V, Y, Z	3418
P, R	3435
B, Q	3430

✓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.

A, B C, I	3424
D, E, F, G	3413
H, J, K, L, O	3438
M, N, P, Q, R, X, Y, Z	3436
S, T, U, V, W	3446

✓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 PSC (SES)	785 339-2200 or
Discrepancy of time or Statements of Service PSC (SES)	866 772-8724
PSC Travel (TVL)	
Orders: Officer (CGPC-opm-1)	202 493-1622
Enlisted (CGPC-epm-1)	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

PSC (RAS) (Info, plus the Retiree Newsletter)	www.uscg.mil/hq/cg1/psc/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	www.archives.gov/facilities/
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 PSCINST 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. www.uscg.mil/hq/cg1/psc/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 www.uscg.mil/hq/cg1/psc/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) PSCINST M1000.2 (series), 3.B.15.
- DD Form 214. 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 PSCINST 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 PSC (SES) (785) 339-2200.
- Retirement Form CG-PSC-4700. Submit at least 30 days prior to your date of retirement.
- DEERS change address on line. <https://www.tricare.osd.mil/DEERSAddress/>
- PSC Web Page – <http://www.uscg.mil/hq/psc>
- Retired pay computation on line – <http://www.uscg.mil/hq/cg1/psc/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. For 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. For 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 PSC-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 PSC-4700 in its entirety, and that PSC RAS receives it at least 30 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 following the date of your retirement. The CG PSC-4700 is available at www.uscg.mil/hq/cg1/psc/forms/psc4700.pdf.

Listed below are some problems frequently noted on form CG PSC-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.

Department of Homeland Security U. S. Coast Guard CG PSC-4700 (Rev. 02/08)	<h2 style="margin: 0;">COAST GUARD & NOAA RETIRED PAY ACCOUNT WORKSHEET AND SURVIVOR BENEFIT PLAN ELECTION</h2>
---	---

Privacy Act Statement: This information is collected under 5 USC section 552a(e)(3), Public Law 92-425, 21 Sep 72: EO 9397. Information will be used to establish retired pay account and to enroll in the Survivor Benefit Plan. The information transmitted in this form is necessary and must be completed to establish the retired pay account.

- Purpose:**
- Provide an address for correspondence with Coast Guard Personnel Service Center
 - Designate your direct deposit account
 - Specify number of exemptions and marital status for Federal income tax withholding
 - Designate State and withholding amount for Voluntary State Tax withholding
 - Designate beneficiaries for unpaid retired pay.
 - Certify eligibility and entitlement to retired pay
 - Enroll in the Survivor Benefit Plan

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 PSC (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. Continue direct deposit to the same account used for your active duty/reserve pay (**attach current copy of LES**).

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.	
15. "I claim exemption from withholding" Enter "EXEMPT". If you claim EXEMPT status, you must attach current year IRS form W-4.		This election will remain in effect until changed by you.	

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 (Including 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 Yes 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 I elect coverage for spouse only. I do do not have dependent children.

b I elect coverage for spouse and child(ren).

c I elect coverage for child(ren) only. I do do not have a spouse.

d I elect coverage for the person named in block 45 who has an insurable interest in me.

e I elect coverage for the person named in block 39 who is my former spouse.

f I elect coverage for the person named in block 39 who is my former spouse and dependent child(ren) of that marriage

g 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):

I elect coverage based on full gross retired pay.

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):

I elect coverage based on the amount of retired pay I would have received had I NOT elected the Career Status Bonus.

I elect coverage based on my current gross retired pay.

I understand this represents a reduced base amount and requires spousal concurrence.

I elect coverage with a reduced base amount of \$_____ (\$300 minimum base amount). This requires spousal concurrence.

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
---	---	--------------------------

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) _____
---	--

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 (ADBD) - *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

\$3,845.40	(base pay for E-7)
<u>x .5020</u>	(see exhibit 1, conversion table included.)
<u>\$1,930.00</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)
<u>x .5000</u>	(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 Command 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:	\$3,845.40 basic pay
x 75% (max)	\$2,884.00 per month

Retired pay based on service time:	\$3,845.40 basic pay
x 50%	\$1,922.00 per month

In this example member would receive retired pay based on disability (\$2,844.00 per month.) This total amount would be tax exempt.

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

Retired pay based on disability:	\$7,631.10 basic pay
x 60%	\$4,578.00 per month

Retired pay based on service time:	\$7,631.10 basic pay
x 65%	\$4,960.00 per month

In this example member would receive retired pay based on service time (\$4,960.00 per month.) Of this amount, \$4,578.00 would be tax exempt, and \$382.00 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 a 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

SERVICE MULTIPLIER			SERVICE MULTIPLIER			SERVICE MULTIPLIER		
20	00	50.00	24	00	60.00	28	00	70.00
20	01	50.20	24	01	60.20	28	01	70.20
20	02	50.43	24	02	60.43	28	02	70.43
20	03	50.63	24	03	60.63	28	03	70.63
20	04	50.83	24	04	60.83	28	04	70.83
20	05	51.05	24	05	61.05	28	05	71.05
20	06	51.25	24	06	61.25	28	06	71.25
20	07	51.45	24	07	61.45	28	07	71.45
20	08	51.68	24	08	61.68	28	08	71.68
20	09	51.88	24	09	61.88	28	09	71.88
20	10	52.08	24	10	62.08	28	10	72.08
20	11	52.30	24	11	62.30	28	11	72.30
21	00	52.50	25	00	62.50	29	00	72.50
21	01	52.70	25	01	62.70	29	01	72.70
21	02	52.93	25	02	62.93	29	02	72.93
21	03	53.13	25	03	63.13	29	03	73.13
21	04	53.33	25	04	63.33	29	04	73.33
21	05	53.55	25	05	63.55	29	05	73.55
21	06	53.75	25	06	63.75	29	06	73.75
21	07	53.95	25	07	63.95	29	07	73.95
21	08	54.18	25	08	64.18	29	08	74.18
21	09	54.38	25	09	64.38	29	09	74.38
21	10	54.58	25	10	64.58	29	10	74.58
21	11	54.80	25	11	64.80	29	11	74.80
22	00	55.00	26	00	65.00	30	00	75.00
22	01	55.20	26	01	65.20			
22	02	55.43	26	02	65.43			
22	03	55.63	26	03	65.63			
22	04	55.83	26	04	65.83			
22	05	56.05	26	05	66.05			
22	06	56.25	26	06	66.25			
22	07	56.45	26	07	66.45			
22	08	56.68	26	08	66.68			
22	09	56.88	26	09	66.88			
22	10	57.08	26	10	67.08			
22	11	57.30	26	11	67.30			
23	00	57.50	27	00	67.50			
23	01	57.70	27	01	67.70			
23	02	57.93	27	02	67.93			
23	03	58.13	27	03	68.13			
23	04	58.33	27	04	68.33			
23	05	58.55	27	05	68.55			
23	06	58.75	27	06	68.75			
23	07	58.95	27	07	68.95			
23	08	59.18	27	08	69.18			
23	09	59.38	27	09	69.38			
23	10	59.58	27	10	69.58			
23	11	59.80	27	11	69.80			

EXHIBIT 2

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

SERVICE MULTIPLIER			SERVICE MULTIPLIER			SERVICE MULTIPLIER		
20	00	40.00	24	00	54.00	28	00	68.00
20	01	40.29	24	01	54.29	28	01	68.29
20	02	40.58	24	02	54.58	28	02	68.58
20	03	40.88	24	03	54.88	28	03	68.88
20	04	41.17	24	04	55.17	28	04	69.17
20	05	41.46	24	05	55.46	28	05	69.46
20	06	41.75	24	06	55.75	28	06	69.75
20	07	42.04	24	07	56.04	28	07	70.04
20	08	42.34	24	08	56.34	28	08	70.34
20	09	42.63	24	09	56.63	28	09	70.63
20	10	42.92	24	10	56.92	28	10	70.92
20	11	43.21	24	11	57.21	28	11	71.21
21	00	43.50	25	00	57.50	29	00	71.50
21	01	43.79	25	01	57.79	29	01	71.79
21	02	44.08	25	02	58.08	29	02	72.08
21	03	44.38	25	03	58.38	29	03	72.38
21	04	44.67	25	04	58.67	29	04	72.67
21	05	44.96	25	05	58.96	29	05	72.96
21	06	45.25	25	06	59.25	29	06	73.25
21	07	45.54	25	07	59.54	29	07	73.54
21	08	45.84	25	08	59.84	29	08	73.84
21	09	46.13	25	09	60.13	29	09	74.13
21	10	46.42	25	10	60.42	29	10	74.42
21	11	46.71	25	11	60.71	29	11	74.71
22	00	47.00	26	00	61.00	30	00	75.00
22	01	47.29	26	01	61.29			
22	02	47.58	26	02	61.58			
22	03	47.88	26	03	61.88			
22	04	48.17	26	04	62.17			
22	05	48.46	26	05	62.46			
22	06	48.75	26	06	62.75			
22	07	49.04	26	07	63.04			
22	08	49.34	26	08	63.34			
22	09	49.63	26	09	63.63			
22	10	49.92	26	10	63.92			
22	11	50.21	26	11	63.21			
23	00	50.50	27	00	64.50			
23	01	50.79	27	01	64.79			
23	02	51.08	27	02	65.08			
23	03	51.38	27	03	65.38			
23	04	51.67	27	04	65.67			
23	05	51.96	27	05	65.96			
23	06	52.25	27	06	66.25			
23	07	52.54	27	07	66.54			
23	08	52.84	27	08	66.84			
23	09	53.13	27	09	67.13			
23	10	53.42	27	10	67.42			
23	11	53.71	27	11	67.71			

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 2007

<u>% of Disability</u>	<u>Rate</u>
10	\$ 117.00
20	230.00
30	356.00
40	512.00
50	728.00
60	921.00
70	1,161.00
80	1,349.00
90	1,517.00
100	2,527.00

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 (CRSC) 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, DD Form 2860, on PSC website under Forms & Worksheets section. Complete the form 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 Command (CGPC-adm-1) 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 Personnel Service 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.

Concurrent Disability & Retirement Payments (CRDP) & 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%

CRSC & CRDP Legislative Updates Under the National Defense Authorization Act 2008

EXPANSION OF COMBAT-RELATED SPECIAL COMPENSATION ELIGIBILITY.

CRSC may be paid to Chapter 61, disability retirees with less than 20 years of service. Chapter 61 retirees who feel they are eligible for this compensation should complete DD Form 2860 and mail it to Coast Guard Personnel Command (Adm-1), 4200 Wilson Blvd, Arlington VA 22203.

Effective Date- The amendments made by this section shall take effect on January 1, 2008, and shall apply to payments for months beginning on or after that date.

INCLUSION OF VETERANS WITH SERVICE-CONNECTED DISABILITIES RATED AS TOTAL BY REASON OF UNEMPLOYABILITY UNDER TERMINATION OF PHASE-IN OF CONCURRENT RECEIPT OF RETIRED PAY AND VETERANS' DISABILITY COMPENSATION.

Retirees with a Department of Veterans Affairs disability of less than 100%, and more than 40% but who are rated as unemployable, are entitled to CRDP in the full amount of the VA offset or the amount of retired pay based on longevity. Any amounts payable will not be made until 1 October 2008 or later.

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 PSC-7221) found at <http://www.uscg.mil/hq/cg1/psc/forms/psc7221.pdf>.
- ◆ 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/OSGLI (SGLI) allotment must be started through Office of Service Members' Group Life. (1 800 419-1473)
- ◆ Delta Dental for retired personnel is not an allotment. When you enroll for the dental program you are authorizing Delta to make a deduction each month from your retired account. Cancellations or changes must also be made through Delta Dental. You may contact them at 1 888 838-8737 or 1 888 336-3260.
- ◆ Allotments are not authorized for CFC.

DEPARTMENT OF HOMELAND SECURITY		U.S. COAST GUARD				MEMBER COPY													
U.S. COAST GUARD		LEAVE AND EARNINGS STATEMENT				NAME/													
CG-5209(REV 6-03)						INIT. JONES /JP													
1. Period Covered 01-30 JAN 00		2. SSN 123-45-6789		3. Pay Base Date 80-01-23		4. AD Base Date 80-01-23		5. Exp Ad Term Date 00-01-30		6. Exp Loss Date 00-01-30									
YOUR NET PAY	7. Mid Mo 788.10		PAY SENT TO				LEAVE INFORMATION												
	8. End Mo 787.11		9. Acct Nr: 12345678				11. Bal Bf	12. Earn	13. Used	14. SoldPd	15. Bal Eom	16. LosPrFY	17. SoldCtd						
			10. Route Nr: 1001100010				18 0	2 5	1 0	0 0	19 5	0 0	0 0						
18. USCGR Tra/Pay Cat: E-5		19. Name YN2 JOHN P JONES				NEXT MONTH PAY PERIOD ESTIMATES													
20. Rank/Rate/Grade		22. Mailing Address				23. Date		Amount											
21. Cost Code: 47400		2409 ROLE BLV				00-02-15		787.56											
PERSRU: 53-47400-02		JABRONI KS 66604-3020				24. Date		Amount											
Unit OPFAC: 53-47400						00-03-01		798.92											
25. ENTITLEMENTS			26. ALLOTMENTS			27. DEDUCTIONS													
BASIC PAY 1433 70			SAVINGS 001B 300 00			ENL BAS REG 8 38													
CLOTHING STD 21 42			CFC 004B 4 00			SGLI 16 00													
ENL BAS REG 251 40						SINGLE DENTAL 8 09													
LVRATS 7 43						FEDERAL TAX 148 18													
BAH WITH DEP 452 59						FICA TAX 109 68													
			<i>Continue EFT & savings allot John P. Jones 11 Nov 00</i>																
TOTALS 2166 54						290 33													
PAY BREAKDOWN FOR THIS PERIOD						STATE INCOME TAX INFORMATION													
28. Amount BF		29. Entitlements		30. Allotments		31. Deductions		32. Net Earnings		33. Amt to be CF		34. Income YTD		35. Tax W/H YTD		36. Exempt		37. Legal Residence	
00		2166 54		301 00		290 33		1575 21		00		00		00				MI	
FEDERAL TAX INFORMATION																		BUY U.S. SAVINGS BONDS	
38. Tax Inc This PD		39. Income YTD		40. Tax W/H YTD		41. Allowances		42. Add'l W/H		43. FICA Wages		44. FICA Wage YTD		45. FICA Tax YTD					
1433 70		12603 00		1288 58		S 01		00		1433 70		12603 00		964 13					

REMARKS ARE ON BACK

- PLEASE VERIFY YOUR ADDRESS SHOWN IN BLOCK 22 OF THIS LES. IF IT IS NOT YOUR CORRECT MAILING ADDRESS, PLEASE PROVIDE A NEW ADDRESS TO YOUR SPO.
- YOU CAN MAKE A DIFFERENCE BY DECIDING TO BECOME AN ORGAN DONOR, WHICH CAN POTENTIALLY SAVE OR IMPROVE THE LIVES OF UP TO 50 PEOPLE. FOR MORE INFORMATION ON ORGAN DONATION, CALL 1 800 452-1369.
- THE COAST GUARD AUXILIARY IS A VOLUNTEER CIVILIAN ORGANIZATION. AUXILIARY MEMBERSHIP IS OPEN TO ALL CURRENT ACTIVE DUTY, RESERVE, OR FORMER MEMBERS OF THE COAST GUARD. FOR MORE INFORMATION, CONTACT: WWW.CGAUX.ORG/PUBLIC/TBJOIN.HTM OR CALL 1 800 GET-USCG.
- THIS LES REFLECTS TRANSACTIONS PROCESSED AS OF 18SEP98.
- 30.0 DAYS LEAVE EARNED AND 31.0 DAYS LEAVE USED TO DATE IN FY98.
- MOST RECENT DATE OF ASSIGNMENT DATA FORM IS 29FEB96
- CHARGED 01DAYS REGULAR LEAVE FOR PERIOD 04SEP98 TO 04SEP98.

Department of Homeland Security U. S. Coast Guard CG PSC-7221 (Rev. 11/07)	Retired Allotment Authorization Form
--	---

SSN or Employee ID	Name (Last, First, MI)	Rank/Rate
--------------------	------------------------	-----------

PURPOSE: Use this form to start, stop, or change an allotment and to report a change of address to an allotment or bond

Purpose of request:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Start Allotment	Stop Allotment	Change Allotment	Change of Allotment Address	Savings Bond Request (See Reverse)

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 # from LES:
--	--	---

ALLOTMENT TYPE Enter type of allotment 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) <small>(can be obtained from the financial institution or found on the bottom of a check or deposit slip)</small>																						
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Account Title	
	(Account Holder's Name)

Financial Institution Name	
----------------------------	--

Bond Request: Fill out this portion to start, stop or change a bond. If you wish to change the amount, owner, co-owner, or beneficiary of an existing bond, you must stop the existing bond and start a new bond. (Note: Bonds less than \$100.00 face value are not authorized to be carried forward into retirement.) *See page 3 for more information.*

Purpose of request: Start Stop Change of Address | Same as retiree's mailing address?

Bond Face Value Amount (circle one) \$100.00, \$200.00, \$500.00, or \$1000.00 **Series:** "EE" "I"

Frequency of Bond Issuance (check one) Monthly Bi-Monthly Tri-Annual

Owner's Name:		SSN	
---------------	--	-----	--

Co-Owner's Name:		SSN	
------------------	--	-----	--

Beneficiary Name:		SSN	
-------------------	--	-----	--

Note: Member may only select a Co-Owner OR Beneficiary per bond.

Address Where You Want the Bond Sent

Street/Rural Route/P.O. Box:

City, State, 9-digit Zip Code:

Table of Rules

Code	Limit	Type	Use
S	One	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.
B	No Limit	Bond (Series EE or I)	Payable to any person the retiree designates. Minimum face value denomination is \$100.
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 PSC--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 522a(e)(3), the following information is provided to you when supplying personal information to the U.S. Coast Guard: Authority - 10 USC Section 2771. Principal Purpose(s) - Used to indicate the type of allotment member requested. Routine Use(s) - Updating allotment information. Disclosure - Disclosure is voluntary

Member's Signature

Date:

For PSC Use Only

Action Completed:

Date: _____

Initials:

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 PSC 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.
- ◆ Form W-4 required.
- ◆ 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:

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

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.

<p style="text-align: center;">U.S. COAST GUARD RETIREE/ANNUITANT STATEMENT (RAS Statement)</p>

- 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.

U.S. COAST GUARD RETIREE/ANNUITANT

DEPARTMENT OF HOMELAND SECURITY STATEMENT OF MONTHLY INCOME

U.S. COAST GUARD

1333

CG PSC-5200-RET(REV 6-03)

Period Covered 01-31 JAN 08	Pay Grade E-7	SSN xxx-xx-6789	Pay Delivery (DIRECT DEPOSIT)					
BIRTH DATES FOR SBP PURPOSES			SBP INFORMATION					
Member 193470729	Beneficiary 19370729	Youngest Child N/A	Coverage type SPOUSE	Base Amount	Pre 62 Annuity *			
ENTITLEMENTS		OLD	NEW	DEDUCTIONS				
GROSS PAY		1835.00	1922.00	FED TAX	.00 .00			
				ADDTL FED TAX	30.00 30.00			
				SBP SPOUSE	119.28 124.93			
TOTAL ENTITLEMENTS		1835.00	1922.00					
ALLOTMENTS		OLD	NEW					
NYLIC		65.93	63.93					
TOTAL ALLOTMENTS		65.93	63.93	TOTAL DEDUCTIONS	149.28 154.93			
YOUR NET PAY	Old Amt 1619.79	Mailing Address: JOHN B DOE 444 SE QUINCY ST TOPEKA KS 66683-3591			ROUTE NBR 99999999-9 ACCT NBR 0000000-000			
	New Amt 1703.14							
FEDERAL TAXES					STATE TAXES			
Exceptions	Mo Tax Income	Income YTD	Withheld YTD	Tax Exclusion	State #1	Withheld YTD	State #2	Withheld YTD
M 04	0.00	3594.14	60.00	0.00				

REMARKS:

ALLOTMENT (S) DECREASED PER YOUR REQUEST

<p>IF YOU HAVE QUESTIONS, CONTACT</p> <p>COMMANDING OFFICER (RAS) UNITED STATES COAST GUARD PERSONNEL SERVICE CENTER 444 SE QUINCY ST TOPEKA KS 66683-3591 PHONE: 1-800-772-8724</p>	<p>NOTE 1: RETIRED PAY RECORDS ARE COMPUTER MATCHED WITH OTHER FEDERAL EMPLOYMENT AND BENEFIT RECORDS FOR DUAL COMPENSATION AND DEBT PURPOSES</p> <p>NOTE 2: CHAMPUS/TRICARE ELIGIBILITY STOPS AT AGE 65. BE SURE TO VERIFY ALL DATES OF BIRTH LISTED ABOVE FOR DEERS PURPOSES.</p>
--	---

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	PSC (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 (COLAs)

* 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>
Before January 1, 2007	2.3 percent
January 1 – December 31, 2007	2.3 percent

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>
Before January 1, 2007	2.3 percent
January 1 - March 31, 2007	2.3 percent
April 1 - June 30, 2007	2.3 percent
July 1 - September 30, 2007	0.2 percent
October 1 - December 31, 2007	0.0 percent

The retired pay COLA for those who first became a member of a Uniformed Service on or after August 1, 1986, who elected to receive a bonus under the Redux law is specified according to the date of their retirement as follows:

<u>Retirement Effective</u>	<u>Percent Increase</u>
Before January 1, 2007	1.3 percent
January 1 - March 31, 2007	1.3 percent
April 1 - June 30, 2007	1.3 percent
July 1 - September 30, 2007	0.0 percent
October 1 - December 31, 2007	0.0 percent

Recall To Active Duty

- Recall Orders Issued: CGPC-opm-1 for officers, CGPC-epm-1 for enlisted, and CGPC-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 form CG PSC-4700 needs 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 PSC (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), Form 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: psc-dg-ras@uscg.mil*

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

By Fax: 785 339-3770

RAS web page: www.uscg.mil/hq/cg1/psc/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 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: Since the SBP annuity benefit gets reduced upon my spouse reaching age 62, does that mean my SBP costs also get reduced when my spouse or I reach age 62?

A: No, SBP costs do not change when member or spouse reach age 62.

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