



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

1851 SOUTH BELL STREET
ARLINGTON, VA 22240-5291

DFAS-NPF

JUL 28 2006

MEMORANDUM FOR DIRECTOR, MILITARY COMPENSATION, OFFICE OF THE
UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
DIRECTOR, FINANCE, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation,
(DoDFMR), Volume 7A, Reimbursement Allowance for Servicemembers' Group
Life Insurance (SGLI) Premium Deduction (DFAS Item P-13)

Attached is Interim Change 35-06 to Volume 7A, Chapter 47 of the DoDFMR. Public Law 109-163, Section 613, January 6, 2006, provides the new allowance to reimburse SGLI premiums for those members who serve in theater of operations for Operation Enduring Freedom and Operation Iraqi Freedom. The Secretary concerned shall pay the member a monthly allowance equal to the monthly premium for the first \$150,000 of SGLI coverage and the monthly premium of \$1.00 for Traumatic Injury Protection under the SGLI program. This change is effective February 1, 2006.

Assignment of the interim change number is authority for the Director of Finance to initiate a procedural modification to implement this change. This office requests that the Director for Accounting and Finance Policy and Analysis post a copy of this interim change to the DoDFMR web site.

A handwritten signature in cursive script, appearing to read "T. L. Waddell".

Thomas L. Waddell
Acting Director, Policy and Performance
Management

Attachment:
As stated

cc:
DFAS-AMO (Pat McGriff)
DFAS-PM/IN (Cindy Garcia)
DFAS-PMA/CL
DoD-DHRA/OGC
OUSD(C)(ODCFO)(A&FP&A)
Service Liaisons
USCG/NOAA/PHS Liaison

SERVICEMEMBERS' GROUP LIFE INSURANCE PREMIUM REIMBURSEMENT**1. Add the following new Section 4714:**4714 REIMBURSEMENT ALLOWANCE FOR SERVICEMEMBERS' GROUP LIFE INSURANCE PREMIUM DEDUCTION

471401. General. Effective February 1, 2006, the Secretary concerned shall pay an allowance to a member of the armed forces in an amount equal to the SGLI premium for the first \$150,000 of SGLI coverage held by a member while serving in the theater of operations for Operation Enduring Freedom (OEF) or Operation Iraqi Freedom (OIF) at anytime during the month. In order to qualify for this allowance, a member must be deployed outside of the United States and serving in the theater of operations for Operation Enduring Freedom and Operation Iraqi Freedom and have SGLI coverage.

471402. Premiums. The reimbursements will be the monthly premium for the first \$150,000 of SGLI coverage plus the cost for Traumatic Injury Protection (TSGLI) of \$1.00, which is automatically extended to any member covered under the SGLI program. The member must complete a Servicemembers' Group Life Insurance Election and Certificate (SGLV Form 8286) to increase or decrease SGLI coverage. See example below to determine the amount of the allowance.

Example: A member deployed to the theater of operations for OEF chooses to retain coverage for \$400,000. That member's January premium would be \$27.00 (\$3.25 for \$50,000 of coverage times 8, plus \$1.00 for TSGLI). Effective February 1, 2006, the member would receive an allowance equal to \$10.75 (\$9.75 for \$150,000 in coverage, plus \$1.00 for TSGLI)

471403. Tax Implication. The first \$50,000 of coverage is excludable from taxable income. Therefore and based on example above, the member's taxable amount is \$7.50 (10.75 less 3.25). The \$7.50 amount may also be excludable from taxable income if the amount is earned while serving in a Combat Tax Exclusion area. For officers, however, the exclusion of the allowance from taxable income is subject to application of the monthly maximum combat zone tax exclusion. Also, see paragraph 440102 of this volume.

2. Add to Bibliography.

<u>Paragraph</u>	<u>Reference</u>
4714	Public Law 109-163, Section 613, January 6, 2006 OUSD (P&R) memorandum of April 17, 2006
471403	OUSD (P&R) memorandum of April 17, 2006



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000



APR 17 2006

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (M&RA)
ASSISTANT SECRETARY OF THE NAVY (M&RA)
ASSISTANT SECRETARY OF THE AIR FORCE (MR)
DIRECTOR, JOINT STAFF
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Implementing Guidance for Section 613 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 37 U.S.C. § 437)

For the months beginning on or after January 6, 2006, this memorandum and attachment establish procedures for the payment of a monthly allowance in an amount equal to the deduction made under section 1969(a)(1) of title 38, United States Code, for the first \$150,000 of Servicemembers' Group Life Insurance (SGLI) coverage held by a member of the armed forces while serving in the theater of operations for Operation Enduring Freedom or Operation Iraqi Freedom any time during a month, consistent with section 613 of the National Defense Authorization Act for Fiscal Year 2006 (NDAA FY06)(Public Law 109-163.

Services and supporting agencies will follow established procedures to allow members to make the elections they desire under the SGLI program. Consistent with section 613(c) of the NDAA FY06, this policy is effective as of February 1, 2006.

Gail H. McGinn
Performing the Duties
of the Principal Deputy

Enclosure:
As stated

cc:
Commandant (G-HR), U.S. Coast Guard
Director, Division of Commissioned Personnel, U.S. Public Health Service
Director, National Oceanic and Atmospheric Administration Corps



Guidance for Allowance to Cover a Portion of Monthly Premium for Servicemembers' Group Life Insurance - Members Serving in Operation Enduring Freedom or Operation Iraqi Freedom

GENERAL

Section 613 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) provides that the Secretary concerned shall pay a monthly allowance to a member of the armed forces in an amount equal to the deduction made under section 1969(a)(1) of title 38, United States Code, for the first \$150,000 of Servicemembers' Group Life Insurance (SGLI) coverage held by the member while serving in the theater of operations for Operation Enduring Freedom (OEF) or Operation Iraqi Freedom (OIF). This change is effective February 1, 2006, as determined on a worldwide basis by time at the international Dateline.

The Secretary concerned shall pay the monthly allowance, provided a member:

1. Has insurance coverage under the SGLI program, subchapter III of chapter 19 of title 38 and
2. Is deployed outside the United States and is serving in the theater of operations for Operation Enduring Freedom (OEF) or Operation Iraqi Freedom (OIF) at any time during a month.

These changes will not affect coverage under Family SGLI (FSGLI). Such coverage and limitations on such coverage continue under previously existing rules.

Consistent with sections 79 and 134 of title 26, United States Code, the reimbursement for the cost of SGLI coverage that exceeds \$50,000 and the \$1 reimbursement for the SGLI is considered taxable income. Therefore, \$7.50 of the \$10.75 premium reimbursement would constitute taxable income. However, the premium reimbursement may be excluded from taxable income if it is earned while the member is serving in a designated combat zone, which may include the theater of operations for the OEF or OIF. It should also be noted that the exclusion of the allowance from taxable income for officers is subject to application of the monthly maximum combat zone tax exclusion.

PREMIUMS:

The monthly SGLI premium remains \$3.25 per \$50,000 of coverage. Therefore, \$10.75 will be the monthly premium for the first \$150,000 of SGLI coverage. This amount includes \$1.00 for Traumatic Servicemembers Group Life Insurance (T-SGLI) which is automatically extended to any member covered by SGLI.

RESPONSIBILITIES:

Defense Finance and Accounting Service shall:

(1) Coordinate with the Military Services to ensure that FY 2006 funds are obligated to cover the payment of premiums from February through September 2006. Funds must be obligated from the active duty military personnel appropriations within Budget Activity 6. Other Military Personnel Costs.

(2) Assist the Military Services in identifying eligible members for this monthly allowance as those members with SGLI coverage who are deployed outside the United States and serving in the theater of operations for OEF or OIF any time during a month.

(3) Calculate payment of the applicable monthly premiums for eligible members who serve in OIF/OEF for any period of time during that month

The Military Departments shall:

Establish procedures to advise members, in advance of deployment to the theater of operations for the OIF/OEF, information regarding:

(1) The availability of this allowance under the SGLI program.

(2) The ability of members who elected not to be insured under SGLI or elected less than the \$150,000 SGLI coverage, to obtain insurance or to obtain additional coverage, as appropriate.

DESIGNATION OF BENEFICIARIES:

Existing beneficiary designations remain effective in the same proportion as the proportion of total benefits such beneficiary was designated to receive under the last valid SGLV 8286. Such beneficiary proportional designations remain effective until a new SGLV 8286 (September 2005 version) is properly completed. A member who wishes to retain the coverage with beneficiary designations in the same proportion as before February 1, 2006, does not need to take any action whatsoever

EXAMPLES OF ALLOWANCE DETERMINATION:

A. A member deployed to the theater of operations for OEF chooses to retain coverage for \$400,000. That member's January premium should be \$27.00 (\$3.25 for \$50,000 in coverage times S. plus \$1.00 for T-SGLI). Effective February 1, 2006, the member would receive an allowance equal to \$10.75 (\$9.75 for \$150,000 in coverage, plus \$1.00 for T-SGLI).

B. A member chooses to reduce coverage to \$100,000 and completes and submits a new SGLV Form 8286 on December 1, 2005. The newly elected coverage is effective February 1, 2006. This member's premiums would be

\$7.50 (\$6.50 for \$100,000 in coverage, plus \$1.00 for T-SGLI). Effective February 1, 2006, the member would receive an allowance equal to \$7.50.