

INFORMATION PAPER

Subject: Savings Deposit Program

Discussion:

- Under [title 10, USC, §1035](#), and [DoD Financial Management Regulation, Volume 7A, chapter 51](#), certain deployed service members earn 10 percent interest on money they deposit into a special fund—the Savings Deposit Program.
- Service members deployed to designated areas overseas can deposit up to \$10,000 of their pay and allowances into the savings deposit program.
- Deposit programs date back to the Civil War, but the program has been in its current form since 1966. It was discontinued due to lack of participation in 1972, but was reinstated during the Gulf War.
- Service members deployed to the Persian Gulf area, to the former Yugoslavia area, and to the Afghanistan area may participate in the Savings Deposit Program.
- Deposits normally can't be withdrawn except for emergencies. Account balances are usually paid out within 90 days after the member leaves the eligible region.
- Deposits do not receive preferential tax treatment; interest is taxable when the member receives his/her account balance.
- The PDUSD(P&R) approves the areas in which members may participate in the Savings Deposit Program.