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# NEWS RELEASE

DEFENSE FINANCE AND ACCOUNTING SERVICE  
1851 South Bell, Crystal Mall 3  
Arlington, Virginia 22240-5291

Press Release 0410-003  
**For Immediate Release**  
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## **DFAS to resume VSI/SSB recoupment**

Cleveland (April 20, 2010) – Recoupment of military retirees' Voluntary Separation Incentive, Special Separation Benefit and other separation payments by the Defense Finance and Accounting Service will resume in August 2010.

VSI, SSB and certain other separation payments, such as severance pay, were offered to active duty military members in an effort to reduce manpower in certain career fields, primarily during the 1990s. Because federal law prohibits military members from receiving both separation and retirement payments for the same period of service, provisions of these programs included repayment should an individual join the Ready Reserve or return to active duty and earn status as a military retiree.

On June 1, 2009, in response to retirees' concerns, DFAS temporarily stopped deducting these repayments from retirement pay while the DoD conducted a formal review of the recoupment program. Prior to the review, the federal statutes governing these programs did not allow the Department of Defense or DFAS to alter repayment rates or provide alternative repayment plans regardless of the financial hardships a retiree may be experiencing.

The DoD review is complete, and Congress has amended Sections 1174(h) and 1175(e) of Title 10, United States Code, to help limit the financial strain on military retirees as they repay their outstanding balances. The new statutes allow DFAS more flexibility to accommodate for financial hardship and modify payment plans. As a result, DFAS has reduced the maximum recoupment rate from 90 percent to 40 percent. DFAS also will consider more lenient repayment plans for retirees who are experiencing financial hardship.

Affected retirees will receive notification letters at least 90 days before recoupments resume. If they feel the rate of recoupment will create a financial hardship, they may request a more lenient repayment plan by providing financial information on the Financial Statement of Debtor form enclosed with the notification letter.

This monthly recoupment may also affect former spouses who receive Uniformed Services Former Spouse Protection Act payments from such retirees. Former spouses affected by this recoupment also will receive a notification letter prior to the resumption of recoupments.

Retirees and former spouses who have questions may find more information at [www.dfas.mil/rapay.html](http://www.dfas.mil/rapay.html) or by calling Retired and Annuitant Pay Customer Service at 1-800-321-1080.

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**Media Point of Contact:**

Defense Finance and Accounting Service  
Corporate Communications  
Jan Wittry  
216-204-7089  
[jan.wittry@dfas.mil](mailto:jan.wittry@dfas.mil)

**About DFAS**

The Defense Finance and Accounting Service provides responsive, professional finance and accounting services to the men and women who defend America. DFAS pays about 6 million people and in FY 2009 made 7.8 million travel payments, paid 12.8 million commercial invoices, made \$553 billion in disbursements to pay recipients, and managed \$426.7 billion in military retirement and health benefits funds. For more about DFAS visit <http://www.dfas.mil>.