

VOLUME 7A, CHAPTER 42: “DISCRETIONARY ALLOTMENTS”**SUMMARY OF MAJOR CHANGES TO**

All changes are denoted by *blue font*.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font***.

The previous version dated October 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
<i>All</i>	<i>Reviewed chapter for accuracy, formatting, and updated references and hyperlinks.</i>	<i>Update</i>

Table of Contents

VOLUME 7A, CHAPTER 42: “DISCRETIONARY ALLOTMENTS” 1

4201 RESTRICTIONS ON DISCRETIONARY ALLOTMENTS 3

 420101. General 3

 420102. Savings Provision 3

 420103. Allotments to Nonindividuals 3

4202 ALLOTMENTS TO DEPENDENTS OR RELATIVES 3

 420201. Authorized Allottee 3

 420202. Locally Paid Dependent Allotment (Class X) – Army and Air Force Only 4

 420203. Allotment or Deduction for Rent 4

4203 INSURANCE ALLOTMENTS 4

 420301. Purpose 4

 420302. Eligible Allottees 5

 420303. Effective Dates for Starting, Changing, and Stopping Insurance Allotments 5

 420304. Mandatory Stoppages 6

4204 ALLOTMENTS TO FINANCIAL ORGANIZATIONS AND INVESTMENT FIRMS 6

4205 ALLOTMENTS FOR PAYMENT OF MORTGAGE OR RENT 6

4206 ALLOTMENT FOR THE SAVINGS DEPOSIT PROGRAM 6

4207 OTHER ALLOTMENTS 6

Table 42-1. Dates to Start Insurance Allotments 7

Table 42-2. Dates to Change Insurance Allotments 7

Table 42-3. Dates to Stop Insurance Allotments 8

BIBLIOGRAPHY 9

CHAPTER 42

DISCRETIONARY ALLOTMENTS

4201 RESTRICTIONS ON DISCRETIONARY ALLOTMENTS

420101. General

Military Service members are authorized no more than six purely discretionary allotments. Discretionary allotments are considered class D allotments, and examples are indicated in sections 4202 through 4206. Service members are authorized no more than one discretionary allotment to the same allottee.

420102. Savings Provision

All existing approved registered allotments of military pay and allowances from active duty and retired members that were authorized previously by this paragraph at the time registered may be continued as approved allotments. If any such allotments are discontinued, then they may not be reestablished except as a new allotment in accordance with the requirements of this paragraph. Any change in the allotment initiated by the member is considered to be a discontinuance, except those that are beyond the control of the member. Changes beyond the control of the member are administrative changes that are dictated by events incidental to the allotment, i.e., name and address changes, or mortgage payment changes because of a variable rate mortgage or changing escrow requirements. Although the changes in this paragraph do not constitute a discontinuance, such administrative changes that adjust the amount of the allotment shall be accepted only when the member initiates a new allotment request. Discontinuance occurs with any mortgage refinancing action.

420103. Allotments to Nonindividuals

Allotments shall be sent by direct deposit/electronic fund transfer.

4202 ALLOTMENTS TO DEPENDENTS OR RELATIVES

420201. Authorized Allottee

Officers and enlisted members of the Military Services may authorize allotments of pay to their dependents, relatives, or divorced spouse. These allotments may be authorized by the member or administratively initiated under procedures established by the Military Service concerned. It may be made payable to an individual or to a financial organization for credit to the account of the allottee, or a joint account of the allotter and allottee. The member may request to stop a dependent allotment administratively started.

420202. Locally Paid Dependent Allotment (Class X) – Army and Air Force Only

This allotment is locally paid and is authorized only in emergency circumstances which prevent the member from supporting the member's dependent(s) by the usual means. It may be paid directly to the member's dependent or made payable to a financial organization for credit to an account. This allotment is intended to be flexible enough to cope with the various types of emergencies that may arise. The following are examples where an Army or Air Force member may authorize a class X allotment:

Example 1: An Army member stationed overseas (including Alaska and Hawaii) with dependents residing in the same overseas area but in a different foreign country may authorize a class X allotment (Type I) for an indefinite period.

Example 2: An Army member, stationed anywhere, who is required to depart the permanent station in a timeframe which precludes normal arrangements for support of dependents may authorize a class X allotment (Type II) for a definite period not to exceed 6 months. If the member has not returned to the permanent station by the date the allotment is due to expire, then the commander may extend the allotment for another 6 months.

Example 3: An Air Force member stationed overseas (including Alaska and Hawaii) with dependents residing in the same overseas area may authorize a class X allotment for an indefinite period during periods the member is away from the permanent station.

Example 4: An Air Force member stationed anywhere, may authorize a class X allotment for a one-time emergency payment.

Example 5: An Air Force member, stationed anywhere, who is in a temporary duty status for more than 30 days may authorize a class X allotment for a period not to exceed 6 months. If the member has not returned to the permanent station by the date the allotment is due to expire, then the accounting and finance officer or the appointed agent establishes a class D allotment to replace the class X allotment.

420203. Allotment or Deduction for Rent

An allotment or deduction of pay may be authorized by the appropriate Secretary of the Military Department concerned for the payment of rent of premises occupied for dwelling purposes by the spouse, children, or other dependents of a member. Such allotment or deduction will be processed in accordance with the procedural instructions of the Military Service concerned.

4203 INSURANCE ALLOTMENTS

420301. Purpose

Allotments are authorized to be made by all Military Service members for paying insurance premiums.

420302. Eligible Allottees

A. United States Government Life Insurance/National Service Life Insurance.

The allottee for this allotment is:

Department of Veterans Affairs (VA)
Insurance Center
P.O. Box 8079
Philadelphia, PA 19101

A member may have only one National Service Life Insurance allotment. If the member has more than one policy in effect under one class of insurance, or a combination of United States Government Life Insurance and National Service Life Insurance, then the premium payments are combined into one allotment.

B. Commercial Insurers. Commercial insurers are eligible allottees. All new allotments for paying premiums on commercial insurance must be approved under the following Military Service regulations:

1. Army: [AR 37-104-4](#) and [AR 210-7](#)
2. Navy and Marine Corps: [SECNAVINST 1740.2E Series](#)
3. Air Force: AF Supplement to [DoDI 1344.07 AFI 36-2702](#)

All payments to an insurer are made to the home office of the agency issuing the policy or to a branch office named by the home office. A member is not authorized to establish an insurance allotment to a financial institution where the allotment is established for and/or controlled by the insurance company. A member may have more than one allotment for commercial insurance. If the member has more than one insurance policy with the same company, then premium payments must be combined into one allotment to that company.

C. Navy Mutual Aid Insurance (Navy and Marine Corps only). The Navy Mutual Aid is an authorized allottee for the payment of life insurance. If the member has both the regular premium and the extra hazardous duty premium, then the payments must be combined into one allotment.

420303. Effective Dates for Starting, Changing, and Stopping Insurance Allotments

Tables 42-1, 42-2, and 42-3 prescribe effective dates to start, change, or stop insurance allotments.

420304. Mandatory Stoppages

A. When Required. Table 42-3 gives conditions which require stopping insurance allotments.

B. Temporary Indebtedness or Forfeitures

1. Navy and Marine Corps Members. Do not stop a National Service Life Insurance allotment because of temporary indebtedness due to a request for collection of pay, or because of an authorized advance of pay, or temporary forfeiture of pay imposed by sentence of court-martial.

2. Air Force and Army Members. See Table 42-3, rule 9.

C. Cash Deposit for Insurance. Navy or Marine Corps members in a nonpay status may make cash deposits to protect a National Service Life Insurance allotment.

4204 ALLOTMENTS TO FINANCIAL ORGANIZATIONS AND INVESTMENT FIRMS

Officers and enlisted members may authorize allotments of pay to financial organizations for credit to the account of the member. Allotments may be deposited to a financial organization for credit to a savings, checking, or trust account of the allotter without restricting the use of the funds allotted, or a mutual fund company or investment firm.

4205 ALLOTMENTS FOR PAYMENT OF MORTGAGE OR RENT

Authorized Allottee. Officers and enlisted members may authorize allotments of pay for mortgage or rent payment to a financial institution, mortgage company, and realtor, or to a landlord. See paragraph 420101 for restrictions that apply to this type of allotment.

4206 ALLOTMENT FOR THE SAVINGS DEPOSIT PROGRAM

Active duty officers and enlisted members may authorize an allotment into the Savings Deposit Program. Such allotment shall be processed in accordance with the procedural instructions of the Military Service concerned. However, the restrictions in Chapter 51 are applicable when starting this type of allotment.

4207 OTHER ALLOTMENTS

The restrictions in Chapter 40, section 4008 are applicable when starting an allotment for payment of car or personal loan or an allotment to the Air Force Enlisted Members Widow's Home.

Table 42-1. Dates to Start Insurance Allotments

DATES TO START INSURANCE ALLOTMENTS			
R U L E	A	B	C
	If a member of	authorizes a/an	then start allotment effective the first day of the month
1	the Army or Air Force	insurance allotment	specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations. May be effective with the month allotment enters on duty but only when an enlisted member, warrant officer, or graduate of a Service academy is commissioned, or when an enlisted member is appointed a warrant officer.
2	the Navy or Marine Corps	commercial insurance or a Navy Mutual Aid allotment	specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations.

Table 42-2. Dates to Change Insurance Allotments

DATES TO CHANGE INSURANCE ALLOTMENTS					
R U L E	A	B	C	D	E
	If a member of	has a	and the	then start allotment effective the first day of the month	and start new allotment effective the first day of the month
1	the Army or Air Force	commercial insurance	member or accounting and finance officer	specified in the allotment document, if authorization will reach the allotment office before the date specified in Military Service regulations	following the month old allotment is stopped.
2	the Navy or Marine Corps	commercial insurance, or a Navy Mutual Aid allotment	requests a change in the allotment		

Table 42-3. Dates to Stop Insurance Allotments

DATES TO STOP INSURANCE ALLOTMENTS				
R U L E	A	B	C	D
	If a member of the	authorizes a	and	then stop allotment effective the first day of the
1	Army or Air Force	commercial insurance allotment	the member requests the allotment to be stopped	month specified by the member, if authorization will reach the allotment office before the date specified in Military Service procedural regulations.
2	Navy or Marine Corps	commercial insurance, or a Navy Mutual Aid allotment		
3	Army or Air Force	commercial insurance allotment	is absent without leave (AWOL) for 10 days or more	latest month in which enough pay accrues to satisfy deduction.
4	Navy or Marine Corps	commercial insurance or Navy Mutual Aid allotment	is AWOL for 15 days (or less, if allotment discontinuance is necessary to prevent overpayment)	month before the month in which absence began if authorization will reach allotment office before the date specified in Military Service procedural regulations; otherwise, the month absence began.
5	Army or Air Force	commercial insurance allotment		latest month in which enough pay accrues to satisfy deduction.
6	Navy or Marine Corps	commercial insurance, or Navy Mutual Aid allotment		month before the month in which court-martial sentence is approved.
7	Army or Air Force	commercial insurance allotment	has insufficient "take home" pay to satisfy Internal Revenue Service (IRS) notice of levy	month before the month in which IRS notice of levy is received. (Stop insurance allotments only if discontinuance of other discretionary allotments will not satisfy levy.)
8	Navy or Marine Corps	commercial insurance, or Navy Mutual Aid allotment		
9	Army or Air Force	commercial insurance allotment	has insufficient pay, because of reduction in grade, nonpay status, or stoppage of pay, to warrant continuance of allotment	latest month in which enough pay accrues to satisfy deduction. Avoid stopping allotment unnecessarily or earlier than required.
10	Navy or Marine Corps	commercial insurance, or a Navy Mutual Aid allotment	is separated, retires, or dies	(See procedural regulations of Military Service concerned.)

BIBLIOGRAPHY**CHAPTER 42 – DISCRETIONARY ALLOTMENTS**

4201 - RESTRICTIONS ON DISCRETIONARY ALLOTMENTS

37 U.S.C. 701

420101.C

DoD(C) Memo, April 22, 1992
DFAS Memo, July 22, 1992

4203 - INSURANCE ALLOTMENTS

420302

Public Law 104 - 201, section 651(a),
September 23, 1996
DoDI 1344.07, dated March 30, 2006

420302.C

DoD(C) Memo, April 22, 1992
DFAS Memo, July 22, 1992