

**Subject:** Retiree Pay Date Changes: Good and Bad

NOTE - retirees will get 13 checks in 2011 so be ready for some questions as this may change other items in their return, especially the taxable portion of any SSA payments coming in and other items such as phase-outs.

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**From DFAS**

Release No. 09-01-11

Sept. 6, 2011

Military retiree pay dates to change

CLEVELAND (AFRNS) -- Paydays for military retirees and those who receive portions of retired pay are changing for September and December, as the Defense Finance and Accounting Service changes its pay schedule to comply with the 2011 National Defense Authorization Act.

The 2011 NDAA requires military retiree pay to be processed on the first day of the month. When that day falls on a weekend or national holiday, the pay date is moved to the previous business day.

This year payments normally scheduled for Oct. 3 will be issued on Sept. 30, and payments normally scheduled for Jan. 3, 2012, will be issued on Dec. 30. For calendar 2011, this means military retirees will receive 13 rather than the normal 12 payments.

The 13th payday on Dec. 30 falls within the 2011 tax year which could affect the tax liability of some retirees and those who receive portions of their retired pay. Customers should speak with a tax adviser, the Internal Revenue Service or their state tax authority to determine if their tax withholding will satisfy federal and state income taxes when they file returns next year. DFAS officials cannot provide tax advice.

For tax year 2012 and beyond, retirees will receive their normal 12 payments.

This change affects regular retired pay, Concurrent Retirement and Disability Pay and Combat Related Special Compensation. The new rule also applies to retiree allotments, garnishments and court-ordered former spouse and child support payments. It does not affect annuity payments.

If retirees need to make changes to their federal or state tax withholding, the quickest and most secure way to do so is through myPay. Available 24/7, myPay enables eligible users worldwide to make routine changes to their pay information, including tax withholding, that become effective within days.

Customers who cannot access myPay can change federal withholding amounts by completing a new IRS Form W-4 or W-4P, or change state withholding amounts using a DD 2866. These forms can be found on the DFAS website ([www.dfas.mil/retiredmilitary/forms.html](http://www.dfas.mil/retiredmilitary/forms.html)) and should be mailed or faxed to the below address once completed:

Defense Finance and Accounting Service  
U.S. Military Retired Pay  
P.O. Box 7130  
London, KY 40742-7130  
Fax: 800-469-6559

It may take up to 30 days for changes to be made when mailing in a paper form. (Courtesy of DFAS)

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## MOAA Newsletter

### Retiree Pay Date Changes: Good and Bad

The Defense Finance and Accounting Service (DFAS) announced this week that retirees will see changes to two upcoming monthly retiree checks that will make it easier to keep their monthly bill payments straight...but could potentially affect their tax liability.

The changes were mandated by a provision in the FY2011 Defense Authorization Act.

Normally, military retired pay is processed on the first day of the month, but when that fell on a weekend or holiday, the previous law delayed retired pay checks until the day after the weekend/holiday.

The recent law change now requires DFAS to process retiree pay on the preceding business day when the first day of the month falls on a weekend or national holiday.

This affects retired pay checks previously scheduled for Oct 3, 2011 and Jan 3, 2012, but which now will be issued on Sep 30, 2011 and Dec 30, 2011 respectively.

This change adjusts retired pay, Concurrent Retirement and Disability Pay (CRDP), Combat-Related Special Compensation (CRSC), retiree allotments, garnishments, and court-ordered former spouse and child support payments; however, it does not affect survivor benefit plan annuity payments.

The good news is that retirees will now have access to their monthly retired pay in order to transfer funds or pay bills that come due on the first of the month.

The bad news (for 2011, anyway) is that, for tax purposes, retirees will see 13 rather than the normal 12 payments for calendar year 2011. Depending on their withholding situation, this could mean a higher-than-expected tax liability when filing income taxes next spring. For tax year 2012 and beyond, retirees will receive their normal 12 payments.

DFAS recommends that customers speak with a tax advisor, the Internal Revenue Service, or their own state tax authority to determine how this change might impact their tax liability.

Those who wish to adjust their state or federal tax withholdings from retired pay can do that "online" 24 hours-a-day, seven days-a-week, on the "[myPay](#)" website.