



Defense Finance and Accounting Service Military Annuitant Pay Newsletter

December 2003

Social Security Offset

Remember:

<https://mypay.dfas.mil> &
<http://www.dfas.mil> are
your online sources for
pay information.

Offsets have been a key provision of the Survivor Benefit Plan since its inception in 1972. Since the U.S. government pays benefits received in excess of the cost to the member, Congress decided the annuitant could not receive the full entitlement for both Social

Security benefits and SBP (for the purposes of this article, assume eligibility occurs at age 62).

There are two methods used to calculate the amount of offset - the Social Security Offset method and the two-tier method.

If the retiree was first eligible to retire on or after Oct. 1, 1985, the offset is calculated using the two-tier method. This means the annuitant would receive 55 percent of the annuity base amount until age 62, at which time it would be reduced to 35 percent of the annuity base amount .

If the retiree was first eligible to retire before Oct. 1, 1985, the offset is calculated using the SSO method.

The amount of offset is determined by the length of time and amount of money the retiree contributed to Social Security from his/her active duty pay. Social Security began to be deducted from military pay on Jan. 1, 1957, therefore, if a member retired in 1958, the spouse's SBP would only be offset by a small amount, since the member would have contributed for only a short while.

The SBP payments made to the annuitants who are entitled to benefits based on the member's Social Security account by law must be offset even though the annuitant may not be receiving those benefits. There are certain circumstances under which a Social Security Offset may be eliminated or reduced. All require verification by the Social Security Administration.

DFAS Form 2203 must be completed by the SSA and submitted by the annuitant.

Some of the reasons an offset may be eliminated or reduced are: member did not have active duty earnings, member drew nondisability Social Security benefits early, annuitant is working and is under age 65, annuitant is entitled to a government pension and the annuitant is a nonresident of the United States. You can learn more about SBP at <http://www.dfas.mil>.

Updating address information

To ensure proper receipt of tax documents, annuitant account statements and the latest SBP informational releases, it is important that you keep DFAS apprised of your current mailing address. Address changes can be made by telephone (1-800-321-1080), email (accessible at www.dfas.mil) or by mail to: Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131. When you change your address with DFAS, it also updates the same with your service component. This ensures delivery of your service component publication.

Contacting Annuity Pay

When calling the Annuity Pay Contact Center, customers should have a pencil and paper handy to write down information provided by the customer service representative. Customers should be prepared to provide their Social Security number or spouse's Social Security number, in the case of annuitants.

To contact Annuity Pay Operations call 1-800-321-1080. Our business hours are 7 a.m. to 7:30 p.m. Eastern Time Monday through Friday. Mondays and paydays (first business day of the month) are typically the busiest days of the week and month. Annuitants may also email Annuity Pay questions by going to www.dfas.mil.

Notice: Included with this newsletter is your Annuitant Account Statement and your annual tax statement, if warranted. We have opted to include all of these items in one mailing rather than in separate mailings, as in the past. Please retain these documents for your use.

myPay: The Key to Controlling Your Pay

myPay offers convenient and secure access to your pay information and allows you to make your own pay changes. myPay is available via the Internet at <https://mypay.dfas.mil> or 1-877-363-3677.



Strong encryption and secure socket-layer technologies combined with user-unique access make myPay safe to use and protect personal information from unauthorized access.

myPay delivers your Annuitant Account Statement and tax statement online. No longer will you have to wait for the printed copy to come in the mail. With myPay you have the confidence in knowing your pay information is accurate, because you're in charge.

myPay features available to you:

- view, print and save annuitant account statement
- view, print and save tax statement
- change federal tax withholding
- update bank account and electronic funds transfer information
- edit personal address information
- print and save report of existence
- print and save certificate of eligibility

To use myPay, you must have a Personal Identification Number. If you do not have a PIN, you may obtain one if you access the myPay Web site and click on "New PIN" under the Need a New PIN heading on the myPay home page or call 1-877-363-3677 and follow the prompts to obtain a PIN.

The process will issue a new random temporary PIN for your account, which will be mailed to your correspondence address of record currently contained in your pay system. Please allow 10 business days for delivery.

The Certificate of Eligibility process

Certificates of Eligibility are automatically generated and sent to annuitants approximately 90 days prior to their birthday each year. The COE should be completed by the annuitant and returned via mail or fax before the annuitant's birthday to avoid any interruption in pay. If a legal representative such as power of attorney has been added to an annuitant's account, that individual should complete and sign the form, marking the legal representative portions as requested.

Upon return of the COE, DFAS will process the document according to the information provided and will either continue, adjust or terminate annuitant's pay as appropriate. A marriage certificate is required when the "I married in the past year..." box is marked to update the annuitant's account properly.

Annuitants should include their name and Social Security Number, the name and Social Security number of their deceased sponsor and the signature date. Forms can be mailed to DFAS at: U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131 or can be faxed to 1-800-982-8459.