



NEWS RELEASE

DEFENSE FINANCE AND ACCOUNTING SERVICE
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DFAS suspends VSI/SSB recoupment

INDIANAPOLIS, IN, May 20, 2009, -- Recoupment of military retirees' Variable Separation Incentive, Selective Separation Benefit and separation payments by the Defense Finance and Accounting Service has been temporarily suspended pending a formal policy and legal review by the Department of Defense.

According to DFAS officials, the suspension of recoupment actions is being taken for military retirees in an active pay status effective for the May 2009 retired pay entitlements. Military retired pay for these members received on June 1, 2009, will not be reduced by any recoupment amounts.

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. Those receiving these payments were also required to maintain an affiliation with the Ready Reserve of a military Reserve component. Provisions of these programs also included repayment should an individual remain with the Ready Reserve and earn status as a military retiree.

The federal statutes governing these programs do not allow the Department of Defense or DFAS to alter repayment ratios or provide alternative repayment plans for these military retirees regardless of the financial hardships a retiree may be experiencing.

The policy and legal review will allow DoD and DFAS to determine what options, if any, may be available to allow DoD to meet its statutory responsibilities while providing relief to military retirees impacted by recoupment actions.

Letters to military retirees in a SSB, VSI and Separation Payment recoupment status will soon be mailed advising them of the suspension of recoupment payments. Upon completion of the review, these members will receive a letter prior to recommencement of repayment reductions to their retired pay advising them of the review conclusions.

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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 the FY 2008 made 7.5 million travel payments, paid 14.4 million commercial invoices, made \$591 billion in disbursements to pay recipients, and managed \$394 billion in military retirement and health benefits funds. For more about DFAS visit <http://www.dfas.mil>.