



**DEFENSE FINANCE AND ACCOUNTING SERVICE**  
**U.S. Military Retired Pay**  
**8899 E 56<sup>th</sup> Street**  
**Indianapolis, IN 46249-1200**  
**[www.dfas.mil/retiredmilitary.html](http://www.dfas.mil/retiredmilitary.html)**

Month XX, 20XX

, (Ret)

Dear :

This letter addresses your military retired pay account. DFAS has performed an audit of your Concurrent Retirement Disability Pay (CRDP) and determined that you have been overpaid. This letter serves to advise you that a debt exists and provide you with repayment options.

Your debt was the result of an incorrect CRDP disability percentage. Enclosed please find a copy of the audit worksheet. From Month XX, 20XX to Month XX, 20XX, you were entitled to CRDP in the amount of \$0.00; however, you received \$0.00. As a result, you were overpaid in the amount of \$0.00. We request that you please repay this amount in full.

Please make your check or money order payable to DFAS-Cleveland and mail your payment with the enclosed Voluntary Repayment Agreement to:

DFAS-Cleveland  
ATTN: J3DC/19<sup>th</sup> Floor Vault  
1240 E. 9th St.  
Cleveland, OH 44199

**If you are unable to repay the full debt in one (1) payment**, you may set up a payment plan to pay the debt in regular installments. To set up a payment plan, fill out the enclosed Voluntary Repayment Agreement and mail or fax it to the address or fax number indicated in the Agreement. DFAS must receive the Agreement no later than , which is thirty (30) days from the date of this letter.

**If you take no further action to pay the debt in full or set up a payment plan**, DFAS will collect the debt by offsetting your CRDP beginning . A maximum of fifteen percent (15%) of your net disposable pay will be deducted each month until the debt is paid in full. The amount withheld may change each month depending on your net disposable pay. Any final payment owed to you will be withheld to repay your debt before distribution to your beneficiaries. If any retroactive changes to your entitlement occur, DFAS will recalculate your debt, which may reduce the amount you owe.

Please see the enclosed "Collection of Your Debt" for additional information regarding debt collection. The Department of Defense Financial Management Regulation (DoD FMR) contains information regarding debt collection authority at Volume 16, Chapters 1-4. You may review the DoD FMR at <http://comptroller.defense.gov/fmr.aspx>.

You may request copies of records related to the debt by contacting DFAS at the address at the top of this page. You may also request a review or waiver of your debt. Instructions for doing so are set forth in the enclosed instructions "Requesting a Review" and "Requesting a Waiver." DFAS will promptly refund to you any amounts

that were submitted or withheld for the purpose of repaying the debt if it is determined that you no longer owe the debt or a waiver is granted.

You may review additional information about military benefits on the DFAS website at <http://www.dfas.mil>. You may contact a customer service representative at (216) 522-5955 or (800) 321-1080 (Monday-Friday, 8:00 a.m. – 5:00 p.m., Eastern Standard Time) or via fax at (800) 469-6559.

Sincerely,

Military Pay Technician  
Retired and Annuitant Pay

Enclosure:  
As stated

## COLLECTION OF YOUR DEBT

**Interest and Additional Charges.** If you cannot pay the debt in full by 30 days from the date of this letter, any unpaid portion of the debt will be considered delinquent. DFAS is authorized by law to add interest, penalties, and administrative costs to any portion of your debt that is delinquent. The rate of interest charged is at the U.S. Treasury Tax and Loan Rate and may start on the date your debt becomes delinquent and may continue until the debt is paid in full. Additional penalties may be imposed at the rate of up to 6 percent a year on any unpaid portion of your debt that is delinquent for more than 90 days, starting on the date your debt becomes delinquent and continuing until the debt is paid in full.

**Collection Action on Delinquent Debts.** If DFAS is unable to collect your debt by salary offset, DFAS may enforce repayment of your debt by using other available collection remedies such as referring your debt to a private collection agency, reporting your debt to a credit bureau, garnishing your non-Federal employment wages, or referring your debt to the Department of Justice for litigation. Debts delinquent for more than 120 days are transferred to the Department of Treasury (Treasury) for collection, and may be transferred sooner than 120 days. Treasury may offset your Federal income tax refunds or other Federal benefit payments, such as Social Security and Federal employee retirement benefits, in order to collect your debt. You may also be prohibited from being approved for a Federal loan if you do not resolve your outstanding delinquent debt.

**Penalties for False or Frivolous Statements.** If you make or provide any knowingly false or frivolous statements, representations or evidence regarding your debt, you may be liable for penalties under the False Claims Act (31 U.S.C. § 3729-3731) or other applicable statutes, and/or criminal penalties under 18 U.S.C. § 286, 287, 1001, and 1002, and other applicable statutes. A Federal employee may also be subject to disciplinary procedures under 5 U.S.C. § Chapter 75 or any other applicable statutes or regulations.

**Tax Considerations.** Per Internal Revenue Service (IRS) Publication 15, income tax withheld by DFAS in a prior calendar year cannot be adjusted. Where applicable, if your overpayment occurred in a prior calendar year, you must pay back the gross amount of your debt, including any taxes previously withheld and paid on your behalf to the IRS. You may be entitled to a deduction (or credit in some cases) for the repaid wages on your income tax return for the year of repayment of your debt. If your overpayment and repayment both occur in the same calendar year, DFAS will be able to adjust your tax withholding and you will be responsible for repaying only the net overpaid amount. Upon repayment in the same calendar year, your tax reporting will be adjusted to reflect your income and the associated taxes. Finally, please be aware that should your debt repayment ever become delinquent and collected by the offset of your tax refund, your spouse may file Form 8379, Injured Spouse Allocation, with the IRS to claim his or her share of the tax refund.

**Bankruptcy.** If you file for bankruptcy, you must notify us as soon as possible.

## REQUESTING A REVIEW

You may request a review to dispute the validity and/or the amount of your debt. If your debt will be collected by involuntary offset from your retired pay or CRSC entitlement, you may also request an adjustment of the offset schedule due to financial hardship.

**What happens during the review process?** If you file a request for a review in a timely manner, the pay office will review your account and consider any written statements or information you submit with your request. DFAS will make a written determination regarding the validity and/or the amount of your debt, or may adjust the involuntary repayment schedule. You will receive a written decision within 60 days after filing your review request. Collection of your debt, and any interest and penalty charges, will be suspended until the review is completed.

**Is there a time limit for requesting a review?** You must submit a written request for a review within 30 days from the date of the attached debt notification letter (45 days if outside the Continental United States (OCONUS)). You may request records related to your debt first by submitting a request for records within 30 day (45 OCONUS) from the date of the attached debt notification letter. You must submit a written request for a review a within 45 days after the date the records are distributed.

**What must be included in a request for review?** Your written request for review must contain the following:

- Your name, daytime phone number, email address, mailing address and social security number.
- The reason for your request, presented as follows:

1) To Contest the Validity of Your Debt or the Amount of Your Debt: Provide a statement concerning why you believe the debt (or the amount of the debt) is erroneous. Include the date and manner in which you became aware of any overpayment. Include all documentary evidence you want the pay office to review.

2) To Contest the Proposed Schedule for Collection of Your Debt by Involuntary Salary Offset: Provide an alternate payment schedule and a statement explaining your financial status. Provide copies of any records you want the pay office to consider that show evidence of your financial hardship.

- **Sign and date your review request and identify your submission as “REVIEW REQUEST”**

**Where do I submit a review request?** Fax your documents to 1-800-469-6559. If your review request is missing information, you will receive a request to submit additional information. Failure to submit the additional information within 30 business days of notification will result in your review request being denied. Alternatively, you may mail your review request and documentary evidence to DFAS U.S. Military Retired Pay, 8899 E 56th St., Indianapolis, IN 46249-1200.

**Where do I find additional information?** See DoD FMR Volume 16, Chapter 4.

## **REQUESTING A WAIVER**

**What is a waiver?** Under 10 U.S.C. § 2774, the United States may waive its right to collect the debt you owe if collection would be against equity and good conscience and not in the best interest of the United States. The debt must be the result of an erroneous payment of pay or allowances (including travel, transportation, or relocation expenses and allowances). A debt may be waived in whole or in part. Collection of your debt generally will not be suspended during the waiver review process.

**May I apply for a waiver and simultaneously request a review?** No. By submitting an application for a waiver, you acknowledge that you do not intend to dispute the validity or amount of the debt. Waiver is not the proper forum to contest the validity or amount of your debt. If your waiver application includes arguments concerning the validity or amount of your debt, your application may be denied. In order to contest the validity or amount of your debt, you must submit a request for a review.

**Is there a time limit for filing a waiver application?** You must file a waiver application within 5 years after the erroneous payment was discovered.

**What must be included in a waiver application and where should the application be submitted?**  
**DD Form 2789:**

You must complete and sign DD Form 2789 “Waiver/Remission of Indebtedness Application” available at: <http://www.dtic.mil/whs/directives/forms/eforms/dd2789.pdf>. Send the application and all supporting documents to the address in your debt letter. If your waiver application is missing information, you will receive a request to submit additional information. Failure to submit the additional information within 30 business days of notification will result in your request for waiver being closed with no action.

**Supporting Documents:**

You should include any supporting documents with your waiver application, including any VA documentation. You may also include statements from you or anyone else in support of your application. Statements must be attested to be true and correct to the best of the individual’s knowledge and belief.

**Where Do I Find Additional Information?** See DoD FMR Volume 16, Chapter 4.

**Voluntary Repayment Agreement**

Debt Information:

Retiree Name \_\_\_\_\_ SSN: \_\_\_\_\_

Acknowledgement. I acknowledge that I owe the total amount indicated above due to an overpayment and that I am obligated to repay the debt to the United States. I understand that in the event I take no further action, 15 percent of my disposable pay will be deducted automatically beginning with the pay period stated above.

Interest. I also understand that if I decide to repay the amount owed by any method other than in a single lump sum payment, interest at the Treasury Tax and Loan rate may be charged on the unpaid balance every month until the debt is paid in full.

Payment Obligation. I agree to repay the debt in the manner I have indicated below. Please choose one of the following repayment plans (check one):

Payment in Full by Check. I will repay my debt in a lump-sum by check. My payment in the amount of \$ \_\_\_\_\_ is enclosed. Make check payable to DFAS-Cleveland and mail to DFAS-CL, ATTN: J3DC/19<sup>th</sup> Floor Vault, 1240 E. 9th St., CLEVELAND, OH 44199 and fax this form to 800-469-6559.

Payment by Offset. I will repay my debt by having the payment offset from my retired pay. DFAS will accept the total payment amount as full and final payment of the debt, payable as follows (check one of four options):

1.  Single Payment. I wish to pay the total amount of the debt by offset in one payment. Please deduct the total amount of the debt from my next retired pay or Combat Related Special Compensation payment.

2.  Multiple Payments at 15% of Disposable Pay. I do not want to pay the debt all at once. I authorize DFAS to deduct the amount listed above (estimated to be 15% of my disposable pay per pay period) until the debt is paid in full.

3.  Multiple Payments at More than 15% of Disposable Pay. I do not want to pay the debt all at once. I authorize DFAS to deduct \$ \_\_\_\_\_ each pay period, which is more than 15% of my disposable pay, until the debt is paid in full.

4. Multiple Payments at Less than 15% of Disposable Pay. Payment at the rate of 15% of my disposable pay would result in an extreme financial hardship for me. I authorize DFAS to deduct \$\_\_\_\_\_ each pay period. In determining your proposed repayment amount, please be advised your debt should be repaid within 3 years, divide the amount due by 36 to determine the lowest monthly payment; minimum payment amount is \$25 per payment. You may be required to submit financial statements annually whenever your repayment period exceeds 3 years.

In the Event of Default. In the event I default on my obligation under this agreement, DFAS is entitled to terminate this agreement without notice. Upon termination, DFAS will retain all amounts paid. Any unpaid balance of the debt will be automatically reinstated and shall become immediately due and payable pursuant to law. DFAS is entitled to take any lawful action it deems appropriate to collect the debt without duplicating notices and opportunities for review previously provided to me, whether before or after the date of this agreement.

**I have read and fully understand and agree to the terms of this agreement.**

Signature of Retiree: \_\_\_\_\_ Date: \_\_\_\_\_

Daytime Telephone Number: \_\_\_\_\_

Submitting Your Signed Agreement. Please sign and return this repayment by FAX to (800) 469-6559, or by mail to DFAS U.S. Military Retired Pay, 8899 E 56th Street, Indianapolis, IN 46249-1200.

Rejection of an Unacceptable Agreement by DFAS. DFAS maintains the discretion to reject an unacceptable proposed repayment agreement and proceed with collection by offset. DFAS will notify the individual in writing in the event the repayment plan submitted is unacceptable.

THIS REPORT CONTAINS INFORMATION SUBJECT TO THE PRIVACY ACT OF 1974 AS AMENDED.