

Retiree and Annuitant Services (RAS)





Our Mission

- To serve those who served.





Our Organization

**Retiree and Annuitant Services
(RAS)**

Accounting Pay Tech

**Deceased Claims
Examiner Team**

**Customer Response
Team (CRT)**

**VA Compensation
Team**

**New Retiree
Accessions Team**

**Account Maintenance
Team**





Today's Topics

- Last Months on Active Duty
- Preparing for Retirement
- Things that Affect Your Pay
- Managing Your Retired Account
- Using DA Self-Service
- The Survivor Benefit Plan (SBP)
- Keeping Connected with USCG



Your Last Months on Active Duty

- Submit Retirement Request
- Receive Orders via Direct Access
- Set up Physical
- Complete Career Intentions Worksheet
- SPO issues DD214/DD214-1





Preparing For Retirement

- Receive Retirement Package from SPO
- Complete Retirement Pay Form (DD-2656)
- Retired Pay Estimate
 - <https://www.dcms.uscg.mil/ppc/ras/retirementEst/>
- Retirement Checklist 3PM PPCINST
M1000.2A 3-B-23
- Attend Pre-Retirement (TAP) Seminar
- Certificates and Pin requested by member's unit at least 60 days prior to the date of retirement ceremony. If not received, call SEP (866) 772-8724.





Retirement Certificates and Pin

- Units should order Certificates from Separations (SEP) Website 60 days prior to ceremony date

- <https://www.dcms.uscg.mil/ppc/sep/CertificateRequest/>

PPC (SEP) sends the following items to member's unit for presentation:

- Retirement Certificate signed by Commandant
- Spouse Certificate of Appreciation signed by Commandant
- Certificate of Appreciation for Service in the Armed Forces of the United States signed by the President
- U.S. Coast Guard Retirement Pin





The Retirement Pay Form

- Retirement Forms (DD-2656) available from Website - <https://www.dcms.uscg.mil/ppc/pd/forms/>
 - Submit form to ppc-dg-customer@uscg.mil at least 90 days prior to your retirement date, keeping a copy for yourself.
 - Ensure that your SPO has entered and approved your retirement orders in the Direct Access system.
- (List of frequent problems in Seminar Handout)



Frequent Problems with the DD-2656 Form

- Form must be signed where required
- Form must be witnessed or notarized where required
- Must be signed and witnessed on same day
- Spouse must sign on same date or after Retiree signs
- Cannot be witnessed by relative
- No mark-ups or erasures on DD-2656





Remember:

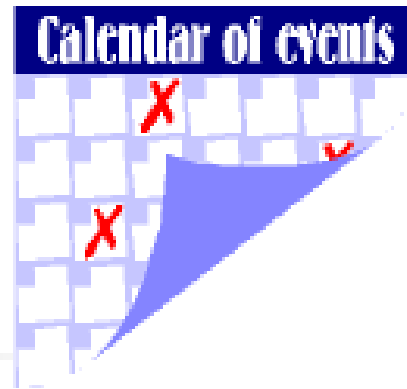
- Submit request for retirement
- Receive HQ Approval (Orders)
- Complete Form DD-2656
- Submit Form to RAS 90 days prior to retirement to:

ppc-dg-customermercure@uscg.mil

- Keep a copy in your records



Points of Interest about Retired Pay



- Retired pay is due and paid the month **following** your retirement date.

Retire on 1 January, first payment received on 1 February

- Your first retired payment is made the first working day of the month following date of retirement, unless it falls on the weekend or a holiday, then it will pay out the working day before.
- The tax year for retired pay runs from January through December.



Retired Pay Formulas

Date Initial Entry in Military Service (DIEMS)

**Prior to
8 Sep 1980**

2 1/2%
Per Year
X Base Pay
on Date of
Retirement

20 Years:
50% of Base Pay

**Between
8 Sep 80 - 31 Jul 86 &
After 31 Jul 86 if REDUX
Bonus Not Taken**

2 1/2 % Per Year
X Average of
Highest 36 Months
of Active Duty

20 Years:
50% of High 36

**After
31 Jul 86 – If REDUX
Bonus Taken**

2 1/2 % Per Year
Less 1% for Each Year
Less than 30 Years
X Average of Highest 36
Months of Active Duty

20 Years:
40% of High 36 at
20 Years



Information Needed to Compute Retired Pay

- Highest Grade Held
- Active Duty Base Date (ADBBD)
 - Only Active Duty Time Counts
- Pay Base Date (PBD)
 - Includes Active and Inactive Time
- Date Initial Entry Military Service (DIEMS)
 - Designates Retirement Law Used for Retirement
- Reservist: Number of Points



Examples from Jan 2023 ADPS

Ex: (E-7 w/20 yrs)

\$5,130.20

x .5000

\$2,565.00

Gross Retired Pay

Ex: (CWO3 w/24 yrs)

\$7,781.40

x .6000

\$4,668.00

- Gross x 6.5% = SBP Cost
- Gross x 55% = Annuity



Examples from Jan 2023 ADPS

Ex: (0-6 w/30 yrs)

\$13,576.50

x .7500

\$10,325.00 **Gross Retired Pay**

Ex: (0-8 w/36 yrs)

\$17,545.80

x .9000

\$15,791.00

- Gross x 6.5% = SBP Cost
- Gross x 55% = Annuity



VA Disability Compensation

- Forfeit \$1 of retired pay for each \$1 of VA Disability Compensation received (“Offset”)
- Additional stipend for dependents if VA rates disability at 30% or higher
- VA Disability Compensation is Tax-Free
- Concurrent Retirement Disability Pay (CRDP)
 - Affects members with 50% or higher VA disability AND 20 or more years of military service
- Combat-Related Special Compensation (CRSC)

CRDP and CRSC: OFFSET IS RESTORED





VA RATES – Effective Dec 2023

<u>VA Disability %</u>	<u>Monthly Amount</u>
10%	\$171.23
20%	\$338.49
30%	\$524.31
40%	\$755.28
50%	\$1,075.16
60%	\$1,361.88
70%	\$1,716.28
80%	\$1,995.01
90%	\$2,241.91
100%	\$3,737.85





Allotments in Retirement

- How to convert active duty allotments to retirement
 - Annotate, sign, and date active duty LES
 - Allotment Form (CG-7221)
- Changing allotments in retirement
 - Use DA Self-Service
- More on allotments
 - Allotments must be direct deposit
 - SGLI/VGLI is started through Servicemembers Group Life Ins.
 - Retired Dental/Vision/Tricare are not allotments
 - No CFC allotments may be carried forward
 - Authorized allotments and form in seminar handout





Garnishment

- May be Court ordered to enforce child support and/or alimony
- Carried forward from Active Duty
- Computation for net disposable earnings and percentage found in Seminar Handout



Former Spouse Protection Act

- Provided for in Divorce Decree
- Processed through PPC Legal Office
- Alimony and Child Support
 - No minimum length of service
 - No minimum length of marriage
- Community Property or Property Division
 - For PPC enforcement - 10 years marriage while member was in the military Service
- Deduction may be as much as 50% of “Disposable Retired Pay”





Federal and State Taxes

- Federal Income Tax Withholding (FITW)
 - Deduction based on marital status and other info provided on IRS W4 Form
 - W4 Form Required (change can be made by member in DA S-S)
 - May elect additional tax amount
- State Income Tax Withholding (SITW)
 - Each state treats military retired pay differently
 - SITW is not a mandatory deduction from retired pay
 - You may request SITW, if residing in one of the states with a DoD agreement (List in seminar handout/change on DA)
 - Retiree must specify \$\$ dollar amount of deduction
- FICA - Retired pay is not subject to Social Security withholding





Retired Pay and Social Security

- Military Retired Pay is not affected by Social Security entitlements
- Once you retire, you can draw both Social Security and Retired Pay without an offset



**U.S. COAST GUARD
RETIREE/ANNUITANT
STATEMENT OF MONTHLY INCOME**

Period Covered 1-31 DEC2022	Pay Grade E8	Employee ID 1234567	Pay Delivery EFT
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BIRTHDATES FOR SBP PURPOSES **SBP INFORMATION**

Member 1960-DEC-01	Beneficiary/Spouse 1960-APR-01	Youngest Child N/A	Coverage Type 1-Spouse	Base Amount 2,678.13	Annuity 1,473.00
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ENTITLEMENTS		OLD	NEW	DEDUCTIONS		
RETIRED PAY		2,628.00	2,672.00			
TOTAL ENTITLEMENTS		2,628.00	2,672.00			
ALLOTMENTS		OLD	NEW			
CG ASSOC CPO		2.00	2.00	SBP-SP PREMIUM	171.17	174.08
DENTAL		71.97	71.97	FTTW	305.40	311.56
TOTAL ALLOTMENTS		73.97	73.97	TOTAL DEDUCTIONS	476.57	485.64

YOUR NET PAY **Bank Name** **Route Nbr** **Amount**

Old Amt 2,077.46	Name BMCS John Guardian USCG RET	Bank of America	123456789	2,112.39
New Amt 2,112.39				

FEDERAL TAXES **STATE TAXES**

Exemptions S/0	Mo Tax Income 2,497.92	Income YTD 29,521.61	Withheld YTD 3,670.72	State #1	Withheld YTD 0.00	State #2	Withheld YTD 0.00
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COMMENTS ARE ON REVERSE SIDE

REMARKS:

YOUR PAY DATA CHANGES:
 -RETIRED PAY HAS CHANGED DUE TO STATUS CHANGE OR COLA ADJUSTMENT
 -FEDERAL TAX WITHHOLDING (FWT) CHANGED
 -SBP SPOUSE PREMIUM CHANGED

<p>IF YOU HAVE QUESTIONS, CONTACT: COMMANDING OFFICER (RAS) USCG PAY & PERSONNEL CENTER 444 SE QUINCY STREET TOPEKA, KS, 66683-3591 PHONE: 1-800-772-8724</p>	<p>RETIRED PAY RECORDS ARE COMPUTER MATCHED WITH OTHER FEDERAL EMPLOYMENT AND BENEFIT RECORDS FOR DEBT PURPOSES. BE SURE TO VERIFY ALL DATES OF BIRTH LISTED ABOVE FOR DEERS PURPOSES.</p>
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- You will not receive a statement each month in the mail
- It is sent when you receive a cost-of-living adjustment (COLA) or when you have made a change to your retired account
- Correct home mailing and e-mail address are very important
- Opportunity to review dates of birth for SBP and pay information
- Remarks are provided on form to explain change

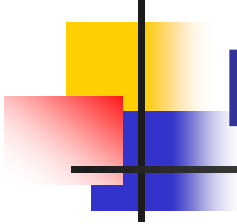


Recall to Active Duty

- Recall Orders Issued
- Retired Pay is waived during recall
- Length of Recall
 - Less than 30 days - retired pay continues and special payment issued for active duty difference
 - More than 30 days - retired pay is suspended
- Even if immediate recall, no break in service – DD-2656 must be completed and submitted to RAS
- Retired pay account is reviewed at end of recall period for possible additional service
- SBP election made at retirement is valid unless change in marital status



Differences in Retired and Active Duty



	<u>RETIRED PAY</u>	vs	<u>ACTIVE DUTY PAY</u>
Pay Day	Once per month First working day of month (defaults back if weekend)		Twice per month First Calendar day of month (defaults backward if weekend)
Pay Slip (RET PAY) Notice of Account (LES)	Issued only when change occurs (Retired Pay Slip)		Issued every month Active (LES)
Pay Change Request	No form required (written request)		Prescribed CG Form
Taxable Income	Form 1099R		Form W-2
SPO Support	PPC (RAS) 1 866 772-8724		SPO
Retiree Newsletter	Issued Quarterly		None
Cost-of-Living Allowance	Partial COLA first year Full COLA thereafter		Full pay raises each year





The Future of Retired Pay is Now

- Use the self-service system for address changes, bank changes, tax changes, etc., with nearly immediate results.

[Retired Direct Access Self-Service](http://uscg.mil)
[\(uscg.mil\)](http://uscg.mil)





The Future of Retired Pay is Now

- Future updates will be provided in the Long Blue Line (retiree newsletter) and on the RAS website.

[Pay and Personnel Center \(PPC\), Retiree and Annuitant Services \(uscg.mil\)](#)



WHAT HAPPENS WHEN A RETIREE DIES?

ALL PAYMENTS STOP!!!

Retired Pay

All Allotments

Former Spouse Payments

Payment in the form of an annuity begins only if you elected SBP prior to your retirement date



What is Survivor Benefit Plan (SBP)

- The SBP provides a monthly income in the form of an annuity for a designated beneficiary after the death of a Retiree.
- Electing SBP upon your retirement is the way a beneficiary can receive an annuity from the Coast Guard after the death of a Retiree.



When to Make Your SBP Election

- Election must be made BEFORE your retirement date on the DD-2656 Form
- Spouse must concur with election. If not, coverage is full.
- SBP elections must be notarized if less than full or declines election.
- Election is irrevocable; however, you may withdraw from SBP between 2nd and 3rd anniversary of receiving retired pay.
- An SBP Open Season may allow for changes.
- **(WHAT IF MY SPOUSE DIES? WHAT THEN)**





Some Great SBP Questions

Who may be insured under SBP?

How much coverage may I have?

How much will it cost?

What's the annuity amount?



When SBP Becomes an Involuntary Election

- If you elect no SBP, or less than full SBP, and your spouse does not concur.
- You may be required to provide SBP for your former spouse as a result of divorce.
- If you remarry after retirement, and have been enrolled in SBP, you must make a new election within one year of the date of your remarriage, or your new spouse will automatically be enrolled in SBP at the previous level. Costs will restart on the date of the remarriage.





Who May be Elected Under SBP

- Spouse
- Spouse and Child/ren
- Child(ren) Only
- Incapacitated Child
 - Prior to age 18
 - Before age 22 if pursuing a full-time course of study in an accredited educational institution
- Former Spouse
- Former Spouse and Child/ren
- Insurable Interest Individual
 - Grandfather, Uncle, Business Partner, etc.





How Much Coverage

- Determined by the SBP Base Amount
 - A minimum of \$300.00 up to full amount of retired pay
- You select SBP Base Amount
- Full SBP Base = Full Retired Pay
- Reduced SBP Base
 - From \$300.00 to less than full retired pay



What to Consider When Making a Decision

- SBP is government subsidized
- Monthly SBP costs increase with annual COLA
- SBP cost reduces taxable retired pay
- SBP cost is suspended when no eligible beneficiary—Notify RAS immediately
 - Divorce, Death, Child reaches age 18/22
- Monthly annuity increases with annual COLA
- After 3.5 years...break-even point (spouse)





SBP Spouse Only

- Annuity is 55% of base amount elected
- Annuity is increased with annual cost-of-living adjustments
- Annuity is suspended if spouse remarries prior to age 55
- Annuity begins again if subsequent marriage ends – PPC (RAS) must be notified



Understanding SBP Cost Calculation

- The calculation for SBP costs is based on a formula set by law
- A threshold amount, which changes each year, is used to keep costs as low as possible and is only available to reservists and disability retirees.





Examples of Cost Calculation

- SBP Spouse only coverage - Full base amount of \$1,500.00
 - SBP Base amount $\$1,500.00 \times 6.5\% = \97.50 per month
 - Annuity @ 55% = \$825.00
- SBP Spouse only coverage - Minimum base amount of \$300.00
 - SBP Base amount $\$300.00 \times 2.5\% = \7.50 per month
 - Annuity @ 55% = \$165.00





SBP Child/Children Coverage

- Coverage for child or children only (not spouse) is inexpensive and covers all children
- Annuity is divided equally and has no offset
- Annuity for child or children continues until child reaches age 18 or 22 if attending school
- Annuity for incapacitated child continues as long as child remains incapacitated – medical documents should be dated prior to 90 days of retirement date



Cost Calculation (Child Coverage Only)

- Cost is based on the the age difference between the member and the member's youngest child
- Actuarial tables are used to compute costs

E-8 age 39/child 9

\$3,224.00

x .0023

\$ 7.42

\$1,773.00

SBP Child Cost
Annuity

CWO3 age 40/child 5

\$4,911.00

x .0039

\$ 19.15

\$2,701.00





SBP vs Insurance

SBP

vs

Insurance

No cash value

Cash value to borrow against

Government subsidized

Full cost

SBP annuity amount rises with inflation

Insurance distributions do not rise with inflation

Premiums exempt from taxes

Insurance premiums are taxed

Annuities paid out are taxable income

Proceeds are generally not taxable—paid in lump sum

Cannot be denied due to health or age

Coverage can be denied





SBP vs Insurance

- Information on the value of SBP, an Actuarial Analysis, and what to consider when comparing SBP and Insurance may be found at the following web site:
 - <https://www.dcms.uscg.mil/ppc/ras/sbp/>

You are encouraged to consult a financial planner before you make this decision.





Summary of SBP

- You must make your SBP Election on the DD-2656 Form **before** your retirement date
- Spouse must concur and sign if less than full is elected
- Form must be witnessed and correctly dated
- Opportunity to elect out of SBP between two and three (2 and 3) years after retirement
- Can insure spouse and/or child/ren
- Cost reduces taxable retired pay

Annuity amount increases with COLAs





A Few Final Thoughts

- Keep your personal data and your beneficiaries updated in DA.
- Use DA Self-Service for nearly immediate results.
- Always find great info on the RAS web site.
- Stay connected with the USCG through the National Retiree Council.





***CONGRATULATIONS on
Your Upcoming Retirement!***

