

**SUMMARY OF MAJOR CHANGES TO CHAPTER 51  
DOD 7000.14-R, VOLUME 7A  
MILITARY PAY POLICY AND PROCEDURES - ACTIVE DUTY AND RESERVE PAY**

**New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.**

<b>Page</b>	<b>Paragraph</b>	<b>Explanation of Change/Revision</b>	<b>Effective Date</b>
Deleted 51-2 51-8 51-9	510107 510204 Table 51-1 Table 51-2	IC 14-97 – Savings Deposit Program for Operation Joint Guard	Jan 1, 1997
	Complete chapter rewrite	IC 15-99 is a complete rewrite of the Savings Deposit Program	May 12, 1999

*Interim changes 14-97 and 15-99 are incorporated in this change and also affect other chapters. Consequently, they will not be deleted from the interim changes cited in the OUSD(C) web site until all such chapters are updated.*

**★CHAPTER 51 (IC 15-99)**

**SAVINGS DEPOSIT PROGRAM**

**5101 DEFINITIONS**

*For the purpose of this chapter, the following definitions apply:*

**510101. Geographic Areas**

**A. Persian Gulf Area.** *Arabian Gulf area as designated in Figure 10-1.*

**B. Operation Joint Endeavor Area.** *The area of operations is the total land area of Bosnia-Herzegovina, Croatia, Serbia, Montenegro, Slovenia, Macedonia, Hungary and the air space thereover, or the waters of the Adriatic Sea north of 40N; plus forces operational control/tactical control (OPCON/TACON) to Supreme Allied Commander, Europe (SACEUR) for the purpose of executing Operation Joint Endeavor (e.g., SOCIFOR, DECISIVE EDGE, and DETERMINED EFFORT).*

**C. Operation Joint Guard and Operating Joint Forge Area.** *The area of eligibility consists of the total land area of Bosnia-Herzegovina, Croatia, Serbia, Montenegro, Slovenia, Macedonia, Hungary, and the airspace thereover, or the waters of the Adriatic Sea north of 40 degrees N.*

**510102. Permanent Duty Assignment.** *For the purposes of this chapter only, effective July 1, 1991, any active duty assignment that contemplates duty in the designated area as a PCS or for more than 30 days on TAD, TDY, or with a deployed ship or unit.*

**510103. Unallotted Current Pay and Allowances.** *The amount of money a member is entitled to receive on the payday immediately before the date of deposit, less authorized deductions and allotments (e.g., for dependents or insurance). Pay and allowances include special continuation pay, reenlistment bonus, travel allowance on discharge, and pay and allowances for unused accrued leave. Advance pay and travel allowance on PCS and temporary duty may not be deposited.*

**510104. Vietnam Conflict.** *The period beginning February 28, 1961, and ending on May 7, 1975.*

**510105. Persian Gulf Conflict.** *The period beginning on January 16, 1991, and ending on the date thereafter prescribed by presidential proclamation or by law.*

*5102 AUTHORITY AND ELIGIBILITY*

*510201. The Act of August 14, 1966 (reference (cy)), authorized members of the Uniformed Services who were serving on a permanent duty assignment outside the United States, or its possessions, to deposit their “unallotted current pay and allowances” for savings purposes. Amounts up to \$10,000 could be deposited with interest accrual at the rate of 10 percent per annum. This program was phased out effective June 30, 1974, with the exception of accounts of members continued in a missing status resulting from service during the Vietnam Conflict.*

*510202. Members of the Armed Forces (a) serving outside the United States or its possessions under arduous conditions (as determined by the Secretary of Defense) in connection with the Persian Gulf Conflict (e.g., Operation Desert Shield, including Desert Storm) or (b) on permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in the Definitions) are authorized to make deposits of unallotted current pay and allowances and earn interest. For specific eligibility to make deposits see Table 51-1.*

*510203. Effective January 1, 1996, members serving outside the United States or its possessions on Operation Joint Endeavor became authorized to participate in the Savings Deposit Program (SDP) by making deposits of unallotted pay and allowances payable after January 1, 1996. This includes units reassigned to the area of operations from outside the United States such as ships or mobile units.*

*510204. Effective January 1, 1997, members of the Armed Forces serving on Operation Joint Guard outside the United States or its possessions became authorized to make deposits of unallotted current pay and allowances payable after January 1, 1997.*

*510205. Effective June 20, 1998, any member assigned to Operation Joint Forge became authorized to participate in the SDP, provided that he or she had served for at least 30 consecutive days or at least 1 day in each of 3 consecutive months in the Operation Joint Forge area of eligibility.*

*510206. The Secretary of the Military Department concerned (or designee) may, in the interest of a member who is in a missing status (as defined in the definitions) or his dependents, initiate, stop, modify, and change allotments for deposit of unpaid pay and allowances accruing in a missing member’s pay account, and authorize withdrawal of deposits made under this chapter, even though the member had an opportunity to make deposits and elected not to do so. Compute interest as prescribed by this chapter, from January 1, 1991, or the day the member enters a missing status, whichever is later. The \$10,000 limitation on the amount that interest is payable does not apply to deposit accounts of members in a missing status.*

Examples:

A. A member entered a missing status on February 1, 1991. Unpaid pay and allowances have been accruing in his pay account at the rate of \$100 per month since that date. An account was opened for the member on May 1, 1991, with an initial deposit of \$300 (February, March, and April). His account was credited with \$10 per month on June 1, 1991, and the first day of each month thereafter while he remains in a missing status, or until modified, stopped, or repaid at the direction of the Secretary of the Military Department concerned (or designee). Interest accrued from February 1, 1991.

B. A member entered a missing status on February 18, 1991. The amount of unpaid pay and allowance due the member on the payday following February 18, 1991, determined the amount of the initial deposit. The member's account was opened on March 1, 1991, with the initial deposit and his account was credited with his unallotted pay and allowances monthly on the first day of each month thereafter as prescribed in example A, above. Interest accrued from February 18, 1991.

5103 LIMITATIONS ON AMOUNTS OF DEPOSITS

Deposits may not be more than the amount defined as unallotted current pay and allowances in paragraph 510103, above. When, however, the member can establish to the satisfaction of his commanding officer that he or she was unable to make a deposit in the normal manner, unallotted pay in excess of current pay and allowances, may be deposited. Members may not accumulate back pay prior to departure to a covered geographic area or on permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in the definitions) for deposit after arrival in the area. When members arrive in a covered geographic area, or on permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in the definitions), they may deposit the amount they could have, or did, accrue during the month of arrival, less authorized deductions. Members who are paid twice monthly may combine pay accrued at midmonth and pay accrued at end of month, or combine end-of-month pay with pay accrued on the following midmonth payday for a single deposit, provided the total amount deposited in a one month period does not exceed the amount they are entitled to be paid for one month. The maximum amount on which 10 percent interest is computed is \$10,000 (principal and accrued interest combined). The \$10,000 limitation on the amount that interest is payable does not apply to deposit accounts of members in a missing status.

5104 INTEREST ON DEPOSITS

510401. Accrual of Interest. See Table 51-2.

510402. Computation of Interest. Deposits made on or before the 10th of the month accrue interest from the 1st of the month. Deposits made after the 10th of the month

accrue interest from the first day of the following month. The effective date of deposit is the date the deposit is made to the disbursing officer, finance officer, or any other designated officer of the Uniformed Service. Compute interest at the rate of 10 percent per annum, compounded quarterly, according to calendar quarter. Compute quarterly interest on the average quarterly balance on deposit. Ten percent is compounded quarterly on amounts less than \$10,000. Once \$10,000 is on deposit, simple interest will be computed on the \$10,000. No interest is paid on amounts exceeding \$10,000, except on amounts in the case of a member who is in a missing status.

510403. Computing Average Quarterly Balance

A. If there were no emergency withdrawals during the quarter, determine the average quarterly balance by adding amounts on deposit on the 10th day of each month of the quarter, and divide the total by three.

Example 1

<u>Date</u>	<u>Deposits</u>	<u>Amount On Deposit</u>	<u>On 10th Day of</u>
Jan 5	\$20.00	\$ 20.00	Jan
Feb 3	20.00	40.00	Feb
Feb 20	20.00		
Mar 10	20.00	<u>80.00</u>	Mar
		\$140.00	

\$140.00 divided by 3 = \$46.67 average quarterly balance.

Example 2

<u>Date</u>	<u>Deposits</u>	<u>Amounts On Deposit</u>	<u>On 10th Day of</u>
Jan	\$ 0.00	\$ 0.00	Jan
Feb 3	20.00	20.00	Feb
Feb 20	20.00		
Mar 3	20.00	<u>60.00</u>	Mar
		\$80.00	

\$80.00 divided by 3 = \$26.67 average quarterly balance.

B. Emergency withdrawals at any time during a quarter reduce the average quarterly balance on which interest accrues.

Example 3

<u>Date</u>	<u>Deposits</u>	<u>With- drawals</u>	<u>Amount On Deposit</u>	<u>On 10th Day of</u>
Apr 1	\$147.12	\$ 0.00		
	(Bal Fwd)			
Apr 3	20.00		\$167.12	Apr
			167.12	May
May 15	10.00		--	
Jun 4	30.00		--	Jun
Jun 15		\$80.00	<u>127.12</u>	Jun
			\$461.36	

\$461 divided by 3 = \$153.79 average quarterly balance.

C. Except for amounts on deposit in the case of a member who is in a missing status, the maximum amount upon which 10 percent interest is payable is \$10,000 (principal and accrued interest combined).

Example 4

<u>Date</u>	<u>Quarterly Interest</u>	<u>Amount on Deposit</u>
Jan 10	-0-	\$10,000.00
Apr 1	250.00	10,250.00
July	250.00	10,500.00

510404. Special Determinations. See Table 51-1.

5105 CONDITIONS UNDER WHICH DEPOSITS, PLUS INTEREST, ARE REPAYED

See Table 51-3.

5106 PAYMENT OF INTEREST UPON FINAL SETTLEMENT OF DEPOSIT ACCOUNT

510601. General. Except when the 90-day limitation applies, interest will stop at the end of the month in which full repayment is made to the member or member's heirs.

510602. Ninety-Day Limitation Period After Eligibility to Make Deposits Terminates. In no case shall interest accrue for a period longer than 90 days (computed on a day-for-day basis of actual elapsed time) after the member's eligibility to make deposits terminates. For the Persian Gulf Conflict, the 90-day limitation period begins on the day after

*the member's entitlement terminates for Imminent Danger Pay (IDP) in the Persian Gulf area. Should the 90-day limitation period end on any day other than the last day of a month, interest will accrue through the last day of the preceding month. If the 90-day limitation period ends on the last day of a month, interest accrues for that month. In determining when the 90-day limitation period terminates, the last day of the month is February 28 (February 29 in leap year), the 30th of a 30-day month, or the 31st day of a 31-day month.*

510603. Computation of Interest at 10 Percent Rate. *Repay deposits, plus interest, under the conditions shown in Table 51-2. Compute interest at the rate of:*

*1 Month-1/12 of 10 percent or .00833  
2 Months-2/12 of 10 percent or .01667  
3 Months-(Full Quarter)-.025*

Example 1: Member's Request

*A member has \$355 (principal plus compounded interest as of June 30, 1991) on deposit when IDP terminates on July 30, 1991. He requested repayment on August 12, 1991. The member was repaid \$355 plus interest of \$5.92 for the months of July and August (.01667 x \$355) or \$360.92.*

Example 2: Ninety-Day Rule

*Same example as 1, above, except the member requested repayment on October 15, 1991. The member was repaid \$355 plus interest of \$8.88 for the months of July, August, and September (.025 x \$355) or \$363.88. Interest for October 1-15, 1991, was not allowed since the 90-day limitation period ended on October 12, 1991 (a day other than the last day of the month).*

Example 3: Member Discharged

*Same example as 1, above, except the member was discharged overseas for his or her own convenience on July 15, 1991. The member was repaid \$355 plus interest of \$2.96 for the month of July (.00833 x \$355) or \$357.96, assuming full repayment was in effect in the month of July.*

Example 4: Member Dies

*On March 8, 1991, the member had on deposit the maximum amount of \$10,000 (principal plus simple interest) and made no new deposits. While in the Persian Gulf area, the member died on November 15, 1991, and settlement of unpaid pay and allowances was made to member's heir(s) on December 15, 1991. The amount repaid was \$10,000 plus simple interest of \$833.33 for period March 1 through December 31, 1991 (.00833 x 10), or \$10,833.33.*

### 5107 WITHDRAWAL OF DEPOSITS

510701. Emergency Withdrawals. Withdrawals may be made in an emergency only when the health or welfare of a member or his dependent(s) would be jeopardized if the withdrawal were not granted. Emergency withdrawals may be authorized by the member's commanding officer.

510702. Members in a Missing Status. Withdrawals may be made when directed by the Secretary of the Military Department concerned (or designee) when deemed in the best interest of the member, the member's dependent(s), or the U.S. Government.

510703. Discharge While Eligible to Make Deposits. Members eligible to make deposits who are discharged and immediately reenlist, extend their enlistments, or who are discharged to accept a commission may not withdraw their deposits.

510704. Accounts Which Have Reached \$10,000. In situations where the member's principal and interest on deposit reaches \$10,000, any amounts representing interest accruing in the account subsequent to that time which causes the \$10,000 total to be exceeded, may be withdrawn quarterly at the member's request.

### 5108 APPLICATION TO INDEBTEDNESS OR FORFEITURE

Savings deposits and interest thereon are exempt from liability for member's debts except for levies issued by the Internal Revenue Service in problem cases. This includes any indebtedness to the U.S. Government or its agencies. Deposits are not subject to forfeiture by sentence of court-martial, and are not forfeited by desertion.

### 5109 LIABILITY OF DISBURSING OFFICERS

A disbursing officer who fails to properly process a deposit into his account is liable for the amount of the deposit, plus interest, from the effective date of the deposit to date of withdrawal or repayment.

<b>ELIGIBILITY FOR MAKING DEPOSITS IN THE SAVINGS DEPOSIT PROGRAM (SDP) (Note 1)</b>			
<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>
	<i>If</i>	<i>and</i>	<i>then</i>
<b>1</b>	<i>the member is serving outside the United States or its possessions under arduous conditions in connection with the Persian Gulf conflict (notes 2 and 3)</i>	<i>the member is serving on an active duty assignment for more than 90 days and is entitled to hostile fire/imminent danger pay (HF/IDP) for the Persian Gulf area</i>	<i>the member is eligible to may make deposits in the SDP (note 4).</i>
<b>2</b>		<i>the member is entitled to hostile fire/imminent danger pay for duty in the Persian Gulf area for 3 consecutive months (note 7)</i>	<i>the member is eligible to make deposits in the SDP for subsequent periods the member is also entitled to hostile fire/ imminent danger pay for duty in the Persian Gulf area (notes 5 and 8).</i>
<b>3</b>		<i>the member is assigned to duty contemplating presence in the Persian Gulf area for a period of at least 30 days</i>	<i>the member is eligible to make deposits in the SDP for subsequent periods the member is entitled to hostile fire/ imminent danger pay for duty in the Persian Gulf area (note 5).</i>
<b>4</b>	<i>the member is serving on permanent duty assignment (see paragraph 510102) outside the United States or its possessions in support of a contingency operation (as defined in Definitions) (notes 9, 10, and 11)</i>	<i>the member has served on an active duty assignment in the designated area for more than 30 days. This includes units reassigned to the area of operations from outside the United States, such as ships or mobile units.</i>	<i>the member is eligible to make deposits in the SDP for subsequent periods of service outside the United States or its possessions in support of a contingency operation (note 6).</i>
<b>5</b>		<i>the member is entitled to hostile fire/imminent danger pay for duty in the designated area of the contingency operation for 3 consecutive months</i>	<i>the member is eligible to make deposits in the SDP for subsequent periods the member is also entitled to hostile fire/ imminent danger pay for duty in the designated area of the contingency operation (note 6).</i>
<b>6</b>	<i>the member is in a missing status resulting from service during the Vietnam Conflict (note 2)</i>		<i>the member continues to be eligible for the SDP until the status ends.</i>

**NOTES:**

1. Amounts deposited shall be accounted for in the same manner as public funds. The amount of the deposits is limited to "unallotted" current pay and allowances and will be in multiples of \$5.
2. The period concerned is contained in section 5101.
3. Members eligible to make deposits may continue to do so when on TAD or TDY, provided the account was started while the member was in the Persian Gulf area.
4. Applicable to deposits made before July 1, 1991. The amount of the deposits will be in multiples of \$5.
5. Applicable to deposits made on or after July 1, 1991.
6. Eligibility to make deposits will be determined on a month-by-month basis in accordance with guidelines issued by the Secretary of Defense.
7. See section 5101 regarding areas in the Persian Gulf Area that are no longer designated areas.
8. The amount of money that may be deposited will not be greater than the unallotted pay and allowances the member accrued on the paydays, during the month in which member qualified for hostile fire pay.
9. See subparagraph 510101.B and paragraph 510203 for Operation Joint Endeavor effective date and eligibility criteria.
10. See subparagraph 510101.C and paragraph 510204 for Operation Joint Guard eligibility criteria and effective date.
11. See subparagraph 510101.C and paragraph 510205 for Operating Joint Forge effective date and eligibility criteria.

**Table 51-1. Eligibility for Making Deposits in the Savings Deposit Program (SDP)**

<b>SAVINGS DEPOSITS, SPECIAL DETERMINATIONS ON ACCRUAL OF INTEREST</b>			
<b>R U L E</b>	<b>A</b>	<b>B</b>	<b>C</b>
	<i>When an eligible member has a savings deposit account in effect and member</i>	<i>and</i>	<i>then interest</i>
<b>1</b>	<i>was in a deserter status</i>	<i>is returned to military control</i>	<i>accrues to the end of the month before the month the member entered a deserter status and resumes the first of the month after the month the member returns to military control (note 1).</i>
<b>2</b>	<i>returns to military control after desertion</i>	<i>has personnel records corrected to remove a mark of desertion</i>	<i>accrues during the period the member was originally considered to be a deserter (note 2).</i>
<b>3</b>	<i>is separated or discharged</i>	<i>repayment of deposits is delayed for any reason (note 3)</i>	<i>accrues to the end of the month in which repayment is made, not to exceed 90 days after eligibility to make deposits terminates.</i>
<b>4</b>	<i>does not request repayment after termination of eligibility to make deposits</i>	<i>within 90 days is again entitled to make deposits</i>	<i>continuously accrues.</i>
<b>5</b>	<i>is in a missing status</i>	<i>the Secretary of the Military Department concerned (or designee) directs repayment of total amount of deposit</i>	<i>accrues to the end of the month in which repayment is directed.</i>
<b>6</b>		<i>a finding of death is made</i>	<i>accrues to the end of the month in which repayment is made not to exceed 90 days after the date pay and allowances terminate.</i>
<b>7</b>	<i>is assigned to duty in the Persian Gulf area or on permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in Definitions) (notes 5, 6, and 7)</i>	<i>is on TDY or TAD away from (a) the Persian Gulf area or (b) permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in Definitions) for a period of 90 days (notes 5, 6, and 7)</i>	<i>accrues for the first 90 days of TDY or TAD, but not after 90 days (note 4).</i>

**NOTES:**

1. Interest does not accrue on deposits during the period a member is in a desertion status.
2. Interest will be computed and retroactively credited.
3. Delays in repayment of deposits include withholding of issued discharge certificates pending release from confinement when sentenced to dishonorable discharge.
4. Interest would again accrue upon return to the Persian Gulf area or permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in the definitions).
5. See subparagraph 510101.B and paragraph 510203 for Operation Joint Endeavor contingency operation designation, effective date, and eligibility criteria.
6. See paragraph 510101.C and paragraph 510204 for Operation Joint Guard contingency operation designation, effective date, and eligibility criteria.
7. See subparagraph 510101.C and paragraph 510205 for Operation Joint Forge contingency operation designation, effective date, and eligibility criteria.

**Table 51-2. Savings Deposits, Special Determinations on Accrual of Interest**

<i>SAVINGS DEPOSITS, CONDITIONS UNDER WHICH DEPOSITS, PLUS INTEREST ARE REPAID</i>		
<i>R U L E</i>	<i>A</i>	<i>B</i>
	<i>When an eligible member has a savings account and member</i>	<i>then all deposits, plus interest will be repaid upon</i>
<i>1</i>	<i>departs the Persian Gulf area or is no longer on permanent duty assignment outside the United States or its possessions in support of a contingency operation (as defined in the definitions)</i>	<i>the member's request upon departure from the permanent duty assignment outside the United States or its possessions or 90 days after the permanent duty assignment in the area of operations terminates (see note). For the Persian Gulf area, all deposits, plus interest, will be repaid upon the member's request, 90 days after IDP for the Persian Gulf area terminates, or 90 days after permanent duty assignment in the Persian Gulf area terminates. For contingency operations, all deposits, plus interest, will be repaid upon the member's request for 90 days after the permanent duty assignment outside the United States or its possessions terminates.</i>
<i>2</i>	<i>is discharged or separated overseas (not for reentry into the Military Service)</i>	<i>discharge or separation from the Military Service or not to exceed 90 days thereafter.</i>
<i>3</i>	<i>is in a missing status</i>	<i>direction of the Secretary concerned or designee.</i>
<i>4</i>	<i>dies</i>	<i>settlement of member's unpaid pay and allowances as provided in chapter 36, of this Regulation (note).</i>

**NOTE:**

*Interest on deposits stops at the end of the month in which full repayment is made. Do not continue interest beyond 90 days after: the date of the member's death, when hostile fire/imminent danger pay for the Persian Gulf area terminates, or when a member's permanent duty assignment outside the United States or its possessions in support of contingency operation (as defined in definitions) terminates, whichever is earlier. See Table 51-2, Rule 6, for death cases where a missing status is involved.*

**Table 51-3. Savings Deposits, Conditions Under Which Deposits, Plus Interest Are Repaid.**

*Chapter 51—Savings Deposit Program*

<i>5101—Definitions</i>	<i>510101</i>	<i>OASD Ltr, Feb 7, 1974 10 U.S.C. 1035</i>
	<i>510101.B</i>	<i>OASD(FM&amp;P) Memo, Feb 23, 1996</i>
	<i>510101.C</i>	<i>OASD(FM&amp;P) Memo, Mar 20, 1997 OASD(FM&amp;P) Memo, Aug 14, 1998</i>
	<i>510102</i>	<i>Public Law 101-510, Nov 5, 1990 SECDEF Memo, Jan 29, 1991 OASD(FM&amp;P) Memo, Jul 30, 1991 Public Law 102-190, Section 639, Dec 5, 1991</i>
	<i>510103</i>	<i>Public Law 102-25, Section 310, Apr 6, 1991</i>
	<i>510105</i>	<i>Public Law 102-190, Section 639, Dec 5, 1991</i>
<i>5102—Authority and Eligibility</i>		<i>OASD(FM&amp;P) Memo, Jan 29, 1991</i>
	<i>510202</i>	<i>10 U.S.C. 1035 Public Law 102-190 Section 639, Dec 5, 1991 OASD(FM&amp;P) Memo, Jan 29, 1991 OASD(FM&amp;P) Memo, Jul 30, 1991 Public Law 102-190, Section 639, Dec 5, 1991</i>
	<i>510203</i>	<i>OASD(FM&amp;P) Memo, Jan 8, 1996</i>
	<i>510204</i>	<i>OASD(FM&amp;P) Memo, Mar 20, 1997</i>

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	<i>510205</i>	<i>OASD(FM&amp;P) Memo, Aug 14, 1998</i>
	<i>510206</i>	<i>10 U.S.C. 1035(e)</i>
<i>5103—Limitations on Amounts of Deposits</i>		<i>Public Law 102-25, Section 310, Apr 6, 1991</i>
<i>5104—Interest on Deposits</i>	<i>510402</i>	<i>Public Law 102-25, Section 310, Apr 6, 1991</i>
<i>5108—Application of Indebtedness of Forfeiture</i>		<i>10 USC 1035(d)</i>