



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

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APR 23 2003

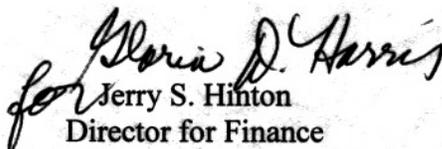
DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS, DEFENSE
FINANCE AND ACCOUNTING SERVICE (PM/CL)

SUBJECT: Interim Change to the DoDFMR, Volume 7B, Death of Survivor Annuitant (DFAS
Item M-12)

The attached is Interim Change R05-03 to the DoDFMR, Volume 7B. It is a complete rewrite of Chapter 31 that incorporates three previously issued interim changes plus it modifies the location where arrears of annuities are paid.

We have evaluated your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR, Volume 7B.


for Jerry S. Hinton
Director for Finance

Attachment:
As stated

cc: OUSD(C)(ODCFO)(FP)
DASD(MPP)(Comp)
ODGC(F)
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-DDM/CL
DFAS-PMA/CL

**SUMMARY OF MAJOR CHANGES TO CHAPTER 31
DOD 7000.14-R, VOLUME 7B
“DEATH OF SURVIVOR ANNUITANT”**

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

Paragraph	Explanation of Change/Revision	Effective Date
3101, 310203, 3103,	Interim change R4-99 updates settlement of arrears for annuitants.	February 24, 1999
3103	Interim change R9-00 updates settlement of arrears for retirees.	February 13, 2000
3104	Interim change R11-00 updates taxability upon death of survivor annuitant.	December 29, 2000
	Interim change R05-03 is a complete rewrite of Chapter 31 which incorporates interim changes R4-99, R9-00 and R11-00.	As stated in the change.

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★3101 Arrears of Annuity

★CHAPTER 31

DEATH OF SURVIVOR ANNUITY3101 ARREARS OF ANNUITY

310101. General Provision. This chapter refers to the settlement of the arrears of annuity where the annuitant is a spouse with no eligible child annuitant, the last remaining child annuitant, or a natural person with an insurable interest. Arrears of annuity may result from checks not having been negotiated before the annuitant's death or failure of Secretary of the Military Department concerned (or designee) to establish and make payment of an annuity to which entitlement exists. Payment of the arrears of the annuity under RSFPP, SBP, and MIW provision of the SBP law is made by the Department of Defense Finance and Accounting Service - Cleveland Center, in accordance with the procedures in section 310103, below.

310102. Documentation. To settle the arrears of annuity, the listed documentation must be on file:

A. Copy of Death Certificate. A notification of death from any source (next of kin, post office, or neighbor) is sufficient to suspend future payment of the annuity.

B. Written Claim. A written claim over the signature and address of the claimant or of the claimant's authorized agent or attorney.

C. Proof of Recoupment of Outstanding Payments. All outstanding checks or direct deposits (not negotiated before the annuitant's death or forwarded past the date of entitlement) or the proceeds thereof must be returned to the DFAS-Cleveland Center before a settlement of arrears of annuity may be made.

310103. Payment of the Arrears. The annuity is not prorated for the month of annuitant's death. Entitlement stops as of the last day of the month before the date of the annuitant's death. **When all documentation is received, payment of the arrears is made to the person living on the date of the annuitant's death who is highest on the order of precedence set forth in paragraph 300104.A.2 through A.6.** For the purpose of payment of the arrears of an annuity under this section, the provisions of subparagraph 300104.C, D and E apply, and all references to a "retiree" in subparagraphs 300104.A.2 through A.6, C, D, and E should be considered as referring to the deceased annuitant rather than a retiree.

310104. Indebtedness Resulting from Annuity Overpayment. Any indebtedness resulting from the overpayment of the annuity (for example, overlap of SBP and DIC, payment made beyond date of entitlement or miscalculations) must be liquidated before arrears of the annuity can be settled. Debts of the member, other than for delinquent costs for RSFPP or SBP, may not be offset against the arrears of the annuity.

310105.. Claim for Arrears. A claim for arrears of annuity must be filed within the 6-year statute of limitation restriction. However, when the person otherwise entitled to payment has not submitted a claim and cannot be located within 3 years after the death of the annuitant, payment may be made on a claim by the person or persons in the same class of entitlement, or in the absence of anyone in the same class, by the person or persons next in the order of precedence.

310106. Taxability. In the case of deceased annuitants, one or more TD Forms 1099-R (Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc.) may be used. If no arrears of annuity are paid, one TD Form 1099-R will be issued in the annuitant's name to cover any payments received by the annuitant before death. If arrears of annuity are paid, an additional TD Form 1099-R is issued to each claimant to whom the arrears were paid.

Chapter 31-Death of Survivor Annuitant

3101—Arrears of Annuity

310103

4 CFR, 34.3 1977 Edition,
section q of the Act of
October 9, 1940,
54 Stat 106
31 U.S.C. 3702(b)