

Military Pay

1. Direct Deposit

Direct Deposit is the electronic transfer of your pay to a bank account. It is the fastest and safest way to get your money. All military members are required to have Direct Deposit.

2. Types of Pay

There are many categories of pay and this can become complicated. Some are taxable and some are not. Not all of the details on the many types of pay are given below, so if you have a question or need more information, talk to a representative at your finance office.

Basic Pay. The amount of basic pay is determined by the length of time in the service and by pay grade. All service members receive basic pay.

Basic Allowance for Subsistence (BAS). BAS is a non-taxable allowance for food. Officers receive this allowance regardless of grade. Enlisted personnel may receive this allowance based on the availability of government mess (dining facility), or if authorized to mess (eat) separately when government mess is available. Normally, enlisted personnel who live in dorms are required to eat in dining facilities on their bases and therefore would only be entitled to partial BAS.

Basic Allowance for Housing (BAH). BAH is a non-taxable allowance for housing. The amount of BAH is determined by rank and by whether or not there are family members. It is authorized to assist members by defraying housing costs when not assigned government quarters. The BAH rate varies by grade, family status and location. This allowance partially reimburses military personnel for their housing expenses if they live in civilian communities. A service member with a family who lives in government family-type quarters is not entitled to BAH. A service member without a family who lives in the dorms receives partial BAH.

Clothing Allowance. Enlisted personnel are issued clothing (uniforms) when first inducted into the Air Force. They also receive an annual replacement clothing maintenance allowance. (This is always in an End-of-Month paycheck, usually the month of the enlistment anniversary) This allowance enables them to care for and replace their uniforms.

- Officers receive an initial allowance to purchase military clothing and do not receive a replacement clothing allowance.
- For certain duty assignments, officers and enlisted members may receive an allowance for civilian clothing.

Other Pay. Talk to a representative at your finance office about pay for special situations such as deployments, overseas or temporary assignments. Example of other pay include:

- *Family Separation Allowance* is paid during extended periods of family separation. It begins when the active duty member is separated from the family for more than 30 days, and is paid as a monthly allotment. It is prorated at \$3.33 a day.

- *Overseas Housing Allowances* are paid to help with the higher cost of housing in foreign countries.
- *Cost of Living Allowances* are paid to help with the higher cost of living in foreign countries.
- *Enlistment/Reenlistment Bonus* may be paid for critical skills. To find out how much these bonuses are, and when they will be paid, call the Military Pay section of Finance at your base.
- *Voluntary/Involuntary Separation Pay* helps with the transition from active duty.
- *Aviation Career Incentive Pay* may be paid to aeronautical rated officers.
- *Hazardous Duty Incentive Pay* is for certain hazardous assignments, including demolitions work, flight duty, exposure to certain toxic items, and parachuting.
- *Hostile Fire/Imminent Danger Pay* is for service members serving within an officially declared hostile fire/imminent danger zone.
- *Hardship Duty Pay* is payable at \$50, \$100, or \$150 per month depending on location. Contact finance for those locations authorized to receive this.

3. Pay Withholding

Federal Income Tax. Service members pay Federal income taxes on their basic pay, on their proficiency pay, and on other special pay. Generally, allowances (BAS and BAH) are tax exempt. The service automatically withholds the appropriate amount from each paycheck.

State Income Tax. Service members pay state income tax only to the state of their legal residence, regardless of where they are stationed. For most states, the service automatically withholds the appropriate amount from each paycheck. Non-military income is taxable in the state in which it is earned. Because state laws are varied and complicated, you should discuss your situation with the Legal Assistance Officer.

Social Security Tax. Only basic pay is taxable for Social Security. The service automatically withholds the appropriate amount from each paycheck.

Medicare Tax. Only basic pay is taxable for Medicare. The service automatically withholds the appropriate amount from each paycheck.

Thrift Savings Plan (TSP). You can contribute up to 8 percent of your basic pay each pay period to your TSP account. If you contribute to the TSP from your basic pay, you may also contribute from one to 100 percent of any incentive pay or special pay (including bonus pay). For more information about TSP, see the “Thrift Savings Plan” section that follows.

4. Allotments

To help service members take care of their financial responsibilities, the military allows them to make allotments. Allotments are portions of pay specifically set aside to be sent to specific places and to specific people for family support and to pay debts. For instance, allotments can be made to provide support for family members, buy U.S. Savings Bonds,

make charitable contributions, and pay for life insurance. There are other ways an allotment can work for you, so see your Finance Office for assistance.

5. Garnishment of Wages

- The Federal law now allows garnishment of military wages to pay for child support or alimony. In other words, military pay is subject to legal process. Once there is a court order directing a person to pay child support or alimony, the military can withhold part of his/her salary to cover these payments. Local laws will be followed to decide how much money, if any, will be withheld, up to the maximum amount allowed by the Consumer Credit Protection Act (between 50 and 65 percent).
- Some states do not allow garnisheeing the wages of the head of a household except for non-support of family members. However, in those states not allowing pay to be withheld, Federal law allows garnishment for past amounts owed, as well as current amounts owed. So, if a service member has not paid court-ordered support for several years, and is called to active duty, the person owed support can garnishee the service member's pay. The military will withhold part of the military salary until the amount is paid.
- The Legal Assistance Officer can offer advice, but cannot represent military personnel in a pay garnishment situation. If the garnishment appears valid, it will be honored by the finance office.
- Service members can avoid being taken to court and having their wages attached by being sure they have met their moral and legal obligations.
- If the service member is over-paid any pay and/or allowances in error, his/her military wages can also be garnisheed to re-pay the government the amount over-paid.

6. Payment While Away

- The military requires that your pay be sent automatically to your bank account (checking or savings).
- You can arrange to have the bank transfer money to a checking or savings account and make electronic transfers to pay bills such as rent, mortgage, or utilities.
- If you are married, establish a joint checking account so your spouse can pay bills and provide for the household. For the money you need while deployed, you can set up a separate deployment checking account and have the bank transfer funds to take care of incidental expenses while you are deployed.
- If you are deploying, be sure to get a *specific* power of attorney through the legal office, so your spouse can receive LES's and have questions answered about your pay while you are deployed. Finance cannot help spouses without one!

