

## Take Note! Military Retiree Pay Date Changes Will Affect Earnings/Tax Liability

Sept. 6, 2011 – Defense Finance and Accounting Service issued a message that paydays for military retirees and those who receive portions of retired pay are changing for the months of September and December, to comply with the 2011 National Defense Authorization Act.

The 2011 NDAA requires military retiree pay to be processed on the first day of the month. When that day falls on a weekend or national holiday, the pay date is moved to the previous business day.

This year payments normally scheduled for Oct. 3, 2011 will be issued on Sept. 30, 2011 and payments normally scheduled for Jan. 3, 2012, will be issued on Dec. 30, 2011. For the calendar year 2011, this means military retirees will receive 13 rather than the normal 12 payments.

The 13th payday on Dec. 30 falls within the 2011 tax year, which could affect the tax liability of some retirees and those who receive portions of their retired pay. Customers should speak with a tax advisor, the Internal Revenue Service or their state tax authority to determine if their tax withholding will satisfy federal and state income taxes when they file returns next year. DFAS cannot provide tax advice.

For tax year 2012 and beyond, retirees will receive their normal 12 payments.

This change affects regular retired pay, Concurrent retirement and disability pay and combat related special compensation. The new rule also applies to retiree allotments, garnishments and court-ordered former spouse and child support payments. It does not affect annuity payments.

Reference: <http://www.defense.gov/news/newsarticle.aspx?id=65247>



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