

# Retiree and Annuitant Services (RAS)

1 866 772-8724





# Our Mission

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- To provide excellent customer service to Coast Guard, NOAA and PHS retirees and annuitants.





# Our Organization

**Retiree & Annuitant Services  
(RAS)**

**Accounting Pay Tech**

**Military Pay Auditors**

**Pay Techs  
A - Z**

**Deceased Claims  
Examiners A - Z**

**DEERS ID Cards**





# Today's Topics

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- Last Months on Active Duty
- Preparing for Retirement
- Things that Affect Your Pay
- Maintaining Your Retired Account
- The Survivor Benefit Plan (SBP)



# Your Last Months on Active Duty

- Submit Retirement Request
- Receive Orders via Direct Access
- Set up Physical
- Complete Career Intentions Worksheet
- SPO issues DD214
  - Active duty or reservist under Title 10 mobilization





# Preparing For Retirement

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- Receive Retirement Package from SPO
- Complete Retirement Form (CG-2656)
- Retired Pay Estimate
  - <https://www.dcms.uscg.mil/ppc/ras/retirementEst/>
- Retirement Checklist 3PM PPCINST  
M1000.2A 3-B-23
- Attend Pre-Retirement 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





# Certificates & Pin

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- Units should order Certificates from RAS 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

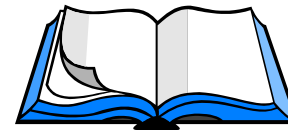




# The Retirement Form

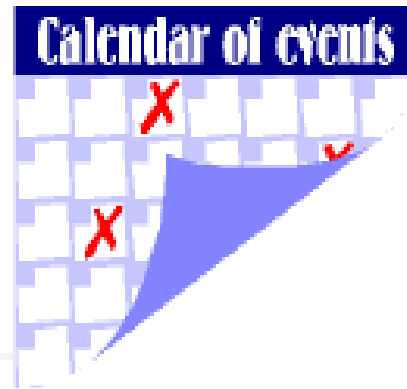
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- Retirement Forms (CG-2656) available from Website - <https://www.dcms.uscg.mil/ppc/pd/forms/>
  - Submit Form to RAS at least 90 days prior to retirement, keeping a copy for yourself.
  - Ensure that your SPO has entered and approved your retirement orders in the Direct Access system.
- RAS accesses your file and verifies data in the Retired Pay System
- List of frequent problems in seminar handout





# Points of Interest about Retired Pay



- Retired pay is due & paid the month following your retirement date.
  - Retire on 1 Jan 23, first payment received on 1 Feb 23.
- Your first retired payment is made the 1st working day of the month following date of retirement, unless it falls on the weekend or a holiday, then it will pay out the 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 & inactive time
- Date Initial Entry Military Service (DIEMS)
  - Designates retirement law used for retirement



# Examples from Jan 2023 ADPS

Ex: (E-8 w/20 yrs)

\$6,130.20

x .5000

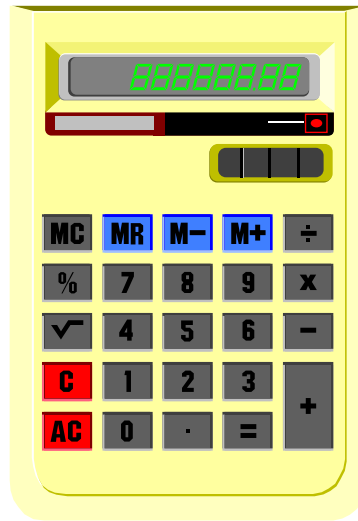
\$3,065.00

Ex: (CWO3 w/24 yrs)

\$7,781.40

x .6000

Gross Retired Pay \$4,668.00



# 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

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- Forfeit \$1 of retired pay for each \$1 of VA Disability Compensation received
- Additional stipend for dependents if VA rates disability at 30% or higher
- VA Disability Compensation is Tax-Free
- 1 Jun 03 Combat Related Special Compensation
- 1 Jan 04 Concurrent Disability & Retirement Payments
  - Affects members with 50% or higher VA disability
  - Phased in over 10 years
  - Full implementation took place in 2014





# VA RATES – Effective Dec 2022

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| <u>VA Disability %</u> | <u>Monthly Amount</u> |
|------------------------|-----------------------|
| 10%                    | \$165.92              |
| 20%                    | \$327.99              |
| 30%                    | \$508.05              |
| 40%                    | \$731.86              |
| 50%                    | \$1,041.82            |
| 60%                    | \$1,319.65            |
| 70%                    | \$1,663.06            |
| 80%                    | \$1,933.15            |
| 90%                    | \$2,172.39            |
| 100%                   | \$3,621.95            |





# Allotments in Retirement

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- How to convert active duty allotments to retirement
  - Annotate, sign, & date LES
  - Allotment Form (CG-7221)
- Changing allotments in retirement
  - Allotment Form (CG-7221)
  - Phone, Write or Fax request to us
- Allotment Tidbits
  - Allotments must be direct deposit
  - SGLI/VGLI started through Servicemembers Group Life Ins.
  - Retired Dental/Vision/Tricare are not allotments
  - No CFC allotments may be carried forward
  - Authorized allotments & form in seminar handout





# Garnishment

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- 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 Legal Office
- Alimony & 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 & State Taxes

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- Federal Income Tax Withholding (FITW)
  - Deduction based on marital status & other info provided on the new W4
  - W4 Form Required (unless the change is made on DA)
  - May elect additional tax
- State Income Tax Withholding (SITW)
  - Each State treats 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

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- 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 to either one



| DEPARTMENT OF HOMELAND SECURITY<br>U.S. COAST GUARD<br>CG-5209-RET (REV 12-07) |                           | U.S. COAST GUARD<br>RETIREE/ANNUITANT<br>STATEMENT OF MONTHLY INCOME |          |                          |                              |                           |                         |                      |        |
|--|---------------------------|--|----------|--------------------------|------------------------------|---------------------------|-------------------------|----------------------|--------|
| Period Covered<br>1-31 DEC 2012  |                           | Pay Grade<br>E8  |          | Employee ID<br>1234567   |                              | Pay Delivery<br>EFT       |                         |                      |        |
| <b>BIRTHDATES FOR SBP PURPOSES</b>   |                           |  |          | <b>SBP INFORMATION</b>   |                              |                           |                         |                      |        |
| Member<br>1960-DEC-01  |                           | Beneficiary/Spouse<br>1960-APR-01                                    |          | Youngest Child<br>N/A    |                              | Coverage Type<br>1-Spouse | Base Amount<br>2,678.13 | Annuity<br>1,473.00  |        |
| <b>ENTITLEMENTS</b>  |                           |  | OLD      | NEW                      | <b>DEDUCTIONS</b>            |                           |                         | OLD                  | NEW    |
| RETIRED PAY  |                           |  | 2,628.00 | 2,672.00                 | SBP-SP PREMIUM               |                           |                         | 171.17               | 174.08 |
| <b>TOTAL ENTITLEMENTS</b>  |                           |  | 2,628.00 | 2,672.00                 | FITW                         |                           |                         | 305.40               | 311.56 |
| <b>ALLOTMENTS</b>  |                           |  | OLD      | NEW                      |                              |                           |                         |                      |        |
| CG ASSOC CPO   |                           |  | 2.00     | 2.00                     |                              |                           |                         |                      |        |
| DENTAL   |                           |  | 71.97    | 71.97                    |                              |                           |                         |                      |        |
| <b>TOTAL ALLOTMENTS</b>  |                           |  | 73.97    | 73.97                    | <b>TOTAL DEDUCTIONS</b>      |                           | 476.57                  | 485.64               |        |
| <b>YOUR NET PAY</b>  | Old Amt<br>2,077.46       | Name<br>BMCS John Guardian USCG RET                                  |          |                          | Bank Name<br>Bank of America |                           | Route Nbr<br>123456789  | Amount<br>2,112.39   |        |
|  | New Amt<br>2,112.39       |  |          |                          |                              |                           |                         |                      |        |
| <b>FEDERAL TAXES</b>   |                           |  |          |                          | <b>STATE TAXES</b>           |                           |                         |                      |        |
| Exemptions<br>S/0  | Mo Tax Income<br>2,497.92 | Income YTD<br>29,521.61  |          | Withheld YTD<br>3,670.72 | State #1                     | Withheld YTD<br>0.00      | State #2                | Withheld YTD<br>0.00 |        |

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

|   |  |
|---|--|
| <b>IF YOU HAVE QUESTIONS, CONTACT:</b><br>COMMANDING OFFICER (RAS)<br>USCG PAY & PERSONNEL CENTER<br>444 SE QUINCY STREET<br>TOPEKA, KS, 66683-3591 PHONE: 1-800-772-8724 | RETIRED PAY RECORDS ARE COMPUTER<br>MATCHED WITH OTHER FEDERAL<br>EMPLOYMENT AND BENEFIT RECORDS<br>FOR DEBT PURPOSES.<br>BE SURE TO VERIFY ALL DATES OF BIRTH<br>LISTED ABOVE FOR DEERS PURPOSES. |
|---|--|

- You will not receive a statement each month
- 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 address is very important
- Opportunity to review dates of birth for SBP & pay information
- Remarks are provided on form to explain change



# Recall to Active Duty

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- Recall Orders Issued
- Retired Pay is waived during recall
- Length of Recall
  - Less than 30 days - retired pay continues & special payment issued for active duty difference
  - More than 30 days - retired pay is suspended
- Even if immediate recall, no break in service – CG-2656 must be completed & 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 & Active Duty

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





# Future of Retired Pay

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Self-Service became available with the new retired pay system beginning 2010.

- We encourage you to use the self-service system for address changes, bank changes, tax changes, etc.
- Future updates on the self service system will be provided in the Retiree Newsletter and on the RAS website.







# Summary

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- Submit request for retirement
- Receive HQ Approval - (Orders)
- Complete Retired Form CG-2656
- Submit Form to RAS 6 months prior to retirement and verify receipt 60-90 days.
- Keep a copy
- Call us for assistance - 1 866 772-8724



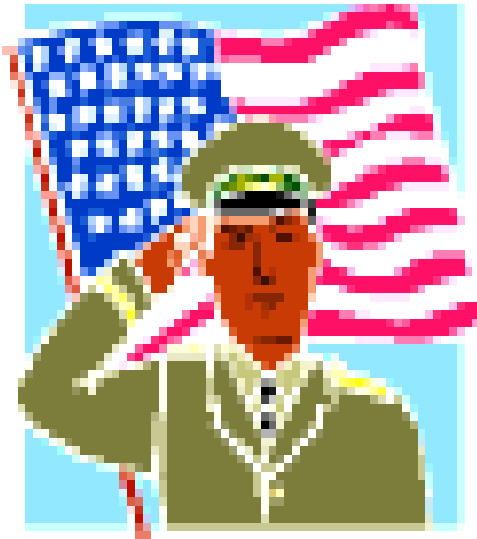
# WHAT HAPPENS WHEN I DIE?

## ALL PAYMENTS STOP!!!

Retired Pay

All allotments

Former Spouse Payments



Payment in the form of an annuity begins only if you have elected SBP



# What is Survivor Benefit Plan (SBP)

- The SBP provides a monthly income in the form of an annuity for your family after your death.
- Electing the SBP is the only way your beneficiary may receive an annuity from the Coast Guard after your death.



# When to make your SBP election

- Election must be made before retirement
- SBP Election Form (CG-2656)
- Spouse must concur with election. If not, coverage is full.
- Effective 1 May 2008, SBP elections must be notarized if less than full or declines election.
- Election is irrevocable; however, effective 17 May 1998, may withdraw from SBP between 2nd and 3rd Anniversary of receiving retired pay.
- Open Season may allow for changes.



# Frequent problems with SBP election

- Form not signed where required
- Form not witnessed or notarized where required
- Not signed & witnessed on same day
- Witnessed by relative





# What are my options with SBP

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Who may be insured under SBP?

How much coverage may I have?

How much will it cost?

What's the annuity?



# When is SBP 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 a year, or your new spouse will automatically be enrolled in SBP at the level previously held. Costs will accumulate at the time of remarriage.





# Who may be insured under SBP

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- Spouse
- Spouse & children
- Child(ren) Only
- Incapacitated Child
  - Prior to age 18
  - Before age 22 if pursuing a full-time course of study
- Former Spouse
- Former Spouse & Child(ren)
- Insurable Interest Person
  - Grandfather, Uncle, Business Partner







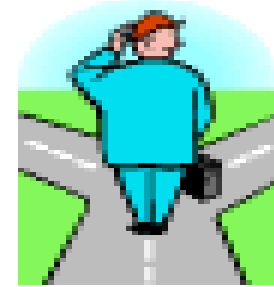
# How much coverage may I have

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- Determined by the SBP Base Amount
  - \$300.00 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



# Things to consider in 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
  - Divorce, Death, Child reaches age 18/22
- Monthly annuity increases with annual COLA





# Elimination of the SSO

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- Effective April 2008, the SSO was eliminated
  - All SBP annuitants will receive 55% of the base amount elected





# SBP Spouse Only

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- 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



# 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





# Examples of Cost Calculation

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- 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 coverage

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- Coverage for child or children only 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 within the 90 days of retirement



# Cost calculation (child coverage only)

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

E-8 age 39/child 9

\$3,065.00

x .0023

\$ 7.15

\$1,685.00

SBP Child Cost  
Annuity

CWO3 age 40/child 5

\$4,668.00

x .0039

\$ 18.21

\$2,567.00







# SBP vs Insurance

**SBP**

**vs**

**Insurance**

No cash value

Cash value to borrow against

Government subsidized

Full cost

SBP annuities rise with inflation

Insurance distributions do not rise with inflation

Premiums exempt from taxes

Insurance premiums not exempt

Annuities paid out are taxable income

Proceeds are generally not taxable

Cannot be denied due to health or age

Coverage can be denied





# SBP vs Insurance

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





# Summary

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- Must complete SBP Election before retirement
- Spouse must concur
- Form must be witnessed
- Opportunity to elect out of SBP 2 years after retirement
- Can insure spouse and children
- Cost reduces taxable retired pay
- Annuity increases with COLAs



CONSIDER YOUR OPTIONS CAREFULLY

