

# NAVY RETIREMENT OVERPAYMENT FAQs

## Summary of Changes

Version #	Date Updated	Nature of Change	Individual that Updated Document
1.0	5 APR 2023	Initial Document	Cliff Christy
1.1	20 APR 2023	Added FAQ #19	Cliff Christy
1.2	24 APR 2023	Changed FAQ #17 “service % multiple” to “creditable service”	Cliff Christy
1.3	18 MAY 2023	Added FAQs #20-28	Cliff Christy

# NAVY RETIREMENT OVERPAYMENT FAQs

## 1. What caused the overpayment issue for Navy retirees?

During a review of records sent from the Navy Standard Integrated Personnel System (NSIPS) to the Defense Retiree and Annuitant Pay System (DRAS) from 13 August 2019, to 2 February 2023, Navy Personnel Command (NPC) and Defense Finance and Accounting Services (DFAS) found that Total Active-duty Creditable Service time was being incorrectly calculated by NSIPS, as stipulated in Title 10 U.S.C. § 1405, and transmitted to DFAS via DRAS. Individuals who had a combination of Active Duty, SELRES, and IRR time were incorrectly awarded credit for Inactive Reserve Service time for a regular active-duty retirement.

## 2. Has the issue been corrected?

Yes, effective 2 February 2023, Navy Standard Integrated Personnel System (NSIPS) was modified to ensure correct creditable service data is provided to the Defense Retiree and Annuitant Pay System (DRAS).

## 3. How will I know if I am personally affected?

Those affected were Retired Officers and Enlisted who had a combination of Active Duty, SELRES, and IRR Time. If you were active duty your full Navy career, then you were not affected. All personnel affected by this correction will receive a debt advisory letter from Commander, MyNavy Career Center informing them that their active duty creditable service in their official record is being corrected, as applicable. Retirees will be able to view their pay changes on their RAS statement.

## 4. How much credit is being taken away from my retired pay calculation?

This will vary by individual as we remove Reserve inactive service time from your total active duty creditable service for regular retirement.

## 5. Why did I incur this debt?

This debt was incurred as a result of NSIPS generating incorrect Total Active-duty Creditable Service for retirement pay purposes and transmitting that error to DFAS by including Inactive Reserve Service time within the Total Active-duty Creditable Service time.

## 6. When can I expect to receive an official debt letter?

You can expect to receive the official debt letter from DFAS through the U.S. Postal Service approximately 30-60 days after your pay adjustment.

## 7. When will debt collection begin?

You will be provided with a debt letter that will be sent through the U.S. Postal Service that will provide you with the exact amount and reason for the debt, information about requesting a review or waiver of the debt, information about paying your debt by installment, points of contact, and other pertinent information. Debt collection will not commence until 60 days after the debt is established which will provide you with an opportunity to apply for a debt waiver and/or exercise the other rights explained in the debt letter.

## 8. Is a mass waiver being submitted by the government on behalf of affected individuals?

No, individuals will have the opportunity to apply for their own waiver. The official debt letter from DFAS will contain information about requesting a waiver, and you can visit <https://www.dfas.mil/waiversandremissions/> for more information.

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Waiver requests will require several pertinent documents. Submit all documentation supporting your request and reasoning for waiver. This could include many different items that vary based on the type of debt you have incurred. These documents could be the forms you submitted which authorized the payments that caused the debts, Retiree Account Statements (RASs) for the entire debt period, etc.

Documentation DFAS request includes:

VA Form 21-526	Medical Evaluation Board Findings	Divorce decree
VA Form 21-651	PDRL / TDRL documents	Separation orders
DD Form 214	CRSC /CRDP documents	Disability rating

Please visit <https://www.dfas.mil/waiversandremissions/retireewaivers/> for more details.

## 9. Will I have to pay back the overpayment or will the government waive it?

All affected individuals have the opportunity to apply for a debt waiver. You can expect to receive an official debt letter directly from DFAS. The debt letter will be sent through the U.S. Postal Service and will provide you with the exact amount and reason for the debt, [information about requesting a review or waiver of the debt](#), information about paying your debt by installment, points of contact, and other pertinent information.

## 10. Under what authority does the Navy have to change my retired pay calculation?

By law, the U.S. government is obligated to correct known errors in personnel and pay records, such as this credit for Reserve inactive service time for regular retirement. To meet requirements of the law, the Navy is correcting an error to your creditable service calculation for retirement.

## 11. How can I appeal my Reserve inactive service time credit being removed as active duty creditable service for retirement purposes?

You could petition the Board for Correction of Naval Records concerning this erroneous time credited; however, the Navy is obligated by U.S. law to correct known errors in a person's record. Our review of your record shows that your creditable time was incorrect, by law, as you had been awarded creditable service for Reserve inactive service time for regular retirement. Such credit is expressly prohibited by Title 10 U.S. Code, 1405. Your record was corrected and updated in accordance with this U.S. law.

## 12. What is the reference in U.S. law that prohibits being credited for Reserve inactive service time for regular retirement?

Title 10 U.S.C. § 1405, Years of Service.

## 13. How can I obtain a copy of my Statement of Service?

You can request your Statement of Service by contacting MyNavy Career Center by calling 1-833-330-MNCC (1-833-330-6622/DSN: 882-6622). MNCC customer service agents will be able to look up your statement of service within NSIPS Retirements and Separations (RnS) and provide you with a copy. Additionally, your DD-214 contains your Total Active-duty Creditable Service time as well.

## 14. How much exactly will my pay be reduced?

The change will appear on your RAS statement. For more information, visit the DFAS website via the following link:

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<http://www.dfas.mil/waiversandremissions/retireewaivers.html>.

Or you may contact DFAS at 1-800-321-1080 (option 1).

### **15. The Air Force just forgave a significant debt. Why isn't this debt being forgiven like theirs?**

U.S. Law (Title 10, U.S. Code) doesn't allow the Navy to forgive this debt as the Air Force did. The Air Force incident involved active-duty Airmen who were overpaid Hardship Duty Pay-Location (HDP-L), and Title 10 affords the Secretary of the Air Force to waive that debt. This authority only extends to active duty pay. Since your debt is a retired pay debt it is not eligible for remission.

You are still able to apply for a waiver individually. Please visit <https://www.dfas.mil/waiversandremissions/> for more information.

### **16. I received two preliminary notice letters regarding a calculation error in my retirement pay, which one reflects the correct creditable service adjustment?**

Retirees identified as receiving overpayments may have been sent two preliminary notice letters informing them of a calculation error with their creditable service resulting in overpayment. The letter which reflects the correctly adjusted creditable service will be dated on or about 4 April 2023 and the subject line will be "Corrected' Preliminary Notice of a Creditable Service Error Impacting Retired Pay".

### **17. My disability rating is higher than my creditable service, why am I receiving a preliminary notice letter?**

Retirees identified as receiving overpayments may have been sent a preliminary notice letter informing them of a calculation error with their creditable service resulting in overpayment. Upon further review of retirees' records by DFAS it was identified that some retirees should not have been sent a letter due to their disability rating is higher than their creditable service. A second letter is being sent to disregard initial preliminary notice overpayment.

### **18. My corrected creditable service adjustment went up. Why did I receive a preliminary notice letters informing them of a calculation error with their creditable service resulting in overpayment?**

Retirees identified as receiving overpayments may have been sent a preliminary notice letters informing them of a calculation error with their creditable service resulting in overpayment. Upon further review of retirees' records by DFAS it was identified that some retirees' creditable service adjustment went up thus resulting in an underpayment. A second letter is being sent to correct the preliminary notice overpayment to a preliminary notice underpayment.

DFAS will take the necessary steps to generate credits to your pay record.

### **19. Why is my retirement pay being adjusted when the preliminary notice letter has the same 'to' and 'from' creditable service?**

All records sent from the Navy Standard Integrated Personnel System (NSIPS) to the Defense Retiree and Annuitant Pay System (DRAS) from 13 August 2019, to 2 February 2023 were evaluated to determine if Total Active-duty Creditable Service time was being incorrectly calculated by NSIPS, as stipulated in Title 10 U.S.C. § 1405. Individuals who had a combination of Active Duty, SELRES, and IRR time were incorrectly awarded credit for Inactive Reserve Service time for a regular active-duty retirement. In some cases the original creditable service in NSIPS matches the corrected creditable

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service as shown in the preliminary notice letter. Due to a software problem the original creditable service reported to DRAS was incorrect from that in NSIPS which may result in overpayment. The preliminary notice is being provided because your record was identified as a potential affected record. The debt letter from DFAS will reflect the actual creditable service that was original used to determine your retirement pay. The original creditable service used to determine your retirement pay will be the same as you should have received in your welcome letter from DFAS when your retirement pay record was established.

### **20. Has there been an approved suspension on debt collections?**

YES. DFAS has approved Navy's request for a three month pause in debt collection from the date DFAS issued the debt letter to the retiree to allow sufficient time for filing waiver application.

### **21. If I do not submit my waiver within the three month period will I still be able to submit a waiver?**

YES. Your waiver request must be submitted within five years of the date of discovery of the debt.

### **22. How soon will retirees be expected to begin repaying the debt?**

Payment or a voluntary payment agreement is generally due within 30 days from the date DFAS issued your debt letter. However, given the unique circumstances, DFAS has approved a pause in debt collection for all impacted retirees for three months from the date the debt letter was issued by DFAS to allow for filing of waiver application. The pause of debt collection will be extended beyond the initial three-month period for all retirees that file a waiver application within three months from the date DFAS issued their debt letter. For these retirees, the debt collection pause is extended until a final determination is made on their waiver application. If you fail to file a waiver application within the 3-month timeframe, the normal repayment process will apply and you will be required to begin making payments on your debt when the 3-month pause is over. DFAS will initiate collection by offset if you have not made arrangements to repay your debt in full or by installment.

### **23. If my debt collection is paused, why does my debt letter say that I have to begin making payments within 30 days? Do I need to fill out the voluntary repayment agreement?**

NO. If you intend to file a waiver within three months from the date DFAS issued your debt letter and you wish to remain under the debt collection pause, then **do not file a voluntary repayment agreement**. All DFAS debt letters contain the same standard information with regard to debt repayment based on Department of Treasury guidelines. Some members may wish to pay their debt in full within 30 days or enter into a voluntary repayment agreement in order begin repaying the debt by installment. Others retirees may want to file an application requesting the debt be waived. If you choose to file a waiver application, you do not need to fill out the voluntary repayment agreement at this time. As stated in FAQ 22 above, if you file a waiver within 3 months from the date DFAS issued your debt letter, the pause on collection will be extended until you receive a final determination on your waiver application. However, if you do not file a waiver application before the expiration of the three month timeframe, DFAS will initiate collection by offset if you have not made arrangements to repay your debt in full or by installment.

Again, if you intend to file a waiver and want to remain under the debt collection pause, **do not** fill out the voluntary repayment agreement – all you need to do is file a waiver application within three months from the date DFAS issued your debt letter.

### **24. What if I don't receive my debt letter until four months from now? After three months, will I have to start paying on my debt?**

No, the three month pause to file a waiver application begins on the date DFAS issues your debt letter. If DFAS issues your debt letter on 1 August 2023, then your 3-month debt collection pause will

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begin on 1 August 2023. Refer to the date on your debt letter to determine when the three month period will begin and end. See response to FAQ 22 above.

### **25. Will filing a waiver stop the debt collection process?**

No. Filing a request for waiver generally does not stop the debt collection process. By submitting an application for a waiver, the retiree acknowledges that he/she does not intend to dispute the validity of the debt. However, as stated in FAQ 22 above, given the unique circumstances, DFAS has approved a pause in debt collection for all impacted retirees for three months from the date DFAS issued their debt letter to allow retirees to file their waiver application. The pause of debt collection will be extended beyond the initial 3-month period for all retirees that file a waiver application within three months from the date DFAS issued their debt letter. For these retirees, the debt collection pause is extended until a final determination is made on their waiver application. Retirees who fail to file a waiver application within the 3-month timeframe, will be required to begin making payments on their debt when the 3-month pause is over.

### **26. Do I need to ask DFAS to pause debt collection while I apply for a waiver?**

No. DFAS has approved Navy's request for a three month pause in debt collection for all impacted retirees from the date DFAS issued their debt letter to allow sufficient time for filing waiver application.

### **27. When does the pause in debt collection begin?**

The 3-month pause in debt collection is effective immediately from the date DFAS issued your debt letter.