

SUPPORTING STATEMENT - PART A

(Data for Payment of Retired Personnel – OMB Control Number 0704-0569)

1. Need for the Information Collection

DD Form 2656, "Data for Payment of Retired Pay" is used by the Department of Defense to collect information regarding a Uniformed Service member's military retired pay and his or her election to participate in and designate beneficiaries under the Survivor Benefit Plan (SBP).

Section 1415 of Title 10, United States Code (U.S.C.), went into effect on January 1, 2018, allowing an eligible person (meaning a currently-serving member of the Uniformed Services) who is covered by the Blended Retirement System (BRS) to elect to receive a lump sum of retired pay upon his or her retirement. In addition, statutory changes contained in Section 622 of Public Law 115-91, the National Defense Authorization Act (NDAA) for Fiscal Year 2018 (FY18), modified the method of determining coverage under SBP for those members who elect a lump sum of retired pay, effective as of January 1, 2018.

This change to DD Form 2656 is essential for the full and effective implementation of the BRS System, as mandated by Congress. In order to implement both statutes, the Department of Defense received Emergency Approval of a modification to DD Form 2656, "Data for Payment of Retired Pay" effective January 2, 2018.

The authorities for this collection are Title 10, U.S.C., Chapters 71 and 73, DoD Instruction 1332.42, Survivor Annuity Program, and DoD Financial Management Regulation, Volume 7B, Chapter 42.

2. Use of the Information

Every uniformed service member of the Department of Defense and U.S. Coast Guard who retires or reaches the age of eligibility to begin receiving retired pay, in the case of members of the Reserves and National Guard, should voluntarily complete this form to request retired pay, designate beneficiaries, and make a SBP election. The information requested allows the Defense Finance and Accounting Service (DFAS) and Coast Guard Pay and Personnel Center to establish a retired pay account for that individual, provides a record of that retiree's designation of beneficiaries, allows the retiree (if eligible) to make an election of a lump sum of retired pay, and allows the Service member to make an election to participate in the SBP.

Completion of this form is voluntary. A member who does not complete the form remains eligible to receive retired pay and will be covered under the Survivor Benefit Plan at the default maximum coverage level.

In the most recent calendar year, approximately 65,000 members of the Uniformed Service completed this form. The spouses of retiring members of the Uniformed Services are only

required to complete Part V of this form if the Service member declines or reduces his or her level of under the Survivor Benefit Plan.

Individuals routinely complete this form prior to retiring from the military. While not required, the form is usually completed during or subsequent to the member receiving retirement counseling.

In certain situations, a retiring member's spouse may be required to sign the form. This is only required if the Service member is declining coverage under the SBP or electing reduced coverage. Written concurrence by the spouse is required by Section 1448(a)(3) of Title 10, U.S.C.

This form is collected by the Service member's service (agency) and submitted to DFAS (or in the case of the Coast Guard, Public Health Service, or National Oceanic Atmospheric Administration (NOAA), to their applicable pay center) for establishment of a Service member's retired pay account.

Once submitted, DFAS, or the applicable pay center, enters the necessary information in the retired pay system, the member will begin receiving retired pay, his or her beneficiary information will be stored, and his election for SBP will be recorded.

3. Use of Information Technology

This form is always submitted in hard copy, although it may be completed and signed electronically. DFAS is in the process of upgrading its retired and annuitant pay system and will continue seeking avenues to accept and process electronic election forms. Because of the statutory requirement for spouses to sign this form, an electronic signature is not always feasible.

4. Non-duplication

This form requests information that is statutorily required to be recorded at or prior to the date of retirement and which is not resident in any other system.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

This form is not used for reporting purposes; it is generally completed just one time by Uniformed Services members upon the occasion of their retirement.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Monday, May 21, 2018. The 60-Day FRN citation is 83 FRN 23440.

3 comments were received during the 60-Day Comment Period. They are included below in the order they were received, as well as our Agency's response to the comment.

(1) A check block is needed for full retired pay in lieu of veterans [sic] administration compensation. Veterans Administration has only a form for selective reserves drill pay in lieu of veterans [sic] administration compensation.

(2) This form has a forced quasi component for veterans [sic] compensation due to budgetary constraints. This form should have a voluntary check block for suspension of veteran compensation for veterans under 40% and under. The check block is needed for a reduced turnover for retirement and federal deficit reduction benefits. The veterans administration hasnt [sic] a form for supporting or rejecting the quasiparticles in its internal affairs with the treasury department and with the department of defense. The volunteer suspend block is needed for va compensation for the separation of quasi treasury acts under the federal reductions act.

(3) Retired reserves need a check block to receive retired reserve pay in lieu of veterans [sic] compensation

Response: All three comments relate generally to the same concept, which is a waiver of taxable military retired pay, dollar-for-dollar, in order to receive an equivalent amount of tax-free disability compensation from the Department of Veterans Affairs (VA). The comments, though, are the reverse – that a retiree would want to waive tax-free VA disability compensation in order to receive taxable military retired pay. The suggested change is unnecessary, would cause confusion, and is redundant to processes already managed by the VA. This commenter, or these commenters, appears to be suggesting that a retiree would want to refuse VA disability compensation by checking a box to elect “full retired pay.” VA disability compensation is tax-free while military retired pay is taxable, making it far more attractive to waive, dollar-for-dollar, military retired pay in order to receive an equal amount of VA disability compensation. Nevertheless, there may be very rare situations in which a retiree would want to refuse the tax-free VA disability compensation to, instead, continue receiving the full amount of taxable military retired pay. In those situations, they can already do so via a process established by the Department of VA. Such an option is already included on the Department of VA “Veteran’s Application for Compensation and/or Pension” (VA Form 21-256). A member applying for VA disability can elect on that form, in block 25, to forego VA disability compensation in order to receive military retired pay. It should not be included as an option on DD Form 2656 due to the

confusion such an unusual situation would create, leading to numerous erroneous submissions.

A 30-Day Federal Register Notice for the collection published on Friday, July 27, 2018. The 30-Day FRN citation is 83 FRN 35625.

Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register Noticed was conducted for this submission.

9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

10. Confidentiality

A Privacy Act Statement is required and will be included in the instructions to the form.

The *System of Record Notice (SORN) T7347b* is published at:

<https://www.federalregister.gov/documents/2009/01/07/E9-41/privacy-act-of-1974-systems-of-records>

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

11. Sensitive Questions

Social Security Numbers of Service members and their dependents are included on this form. This is required for the following reasons:

- DFAS systems historically track Service members via use of their Geneva Convention's Serial Number
- For interactions with Financial Institutions
- As the Federal Taxpayer Identification Number
- For legacy system interface for Service members who may have served before the establishment of the DoD Identification Number or any other methodology of identifying individuals

A Social Security Number Justification Memo is included in this package.

12. Respondent Burden and its Labor Costs

a. Estimation of Respondent Burden

1. Data for Payment of Retired Personnel

a. Number of Respondents: 66,800

b. Number of Responses per Respondent: 1

- c. Number of Total Annual Responses: 66,800
- d. Response: Approximately 15 minutes
- e. Respondent Burden Hours: 16,700 hours

b. Labor Cost of Respondent Burden

- 1. Data for Payment of Retired Personnel
 - a. Number of Total Annual Responses: 66,800
 - b. Response Time: 15 minutes
 - c. Respondent Hourly Wage: \$26.34
 - d. Labor Burden per Response: \$6.59
 - e. Total Labor Burden: \$440,212

The Respondent hourly wage was determined by dividing the average military retiree's annual basic pay (\$54,799) (the average military retiree is an E-7 with 20 years of experience) by 52 weeks and then by 40 hours.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

14. Cost to the Federal Government

a. Labor Cost to the Federal Government

- 1. Data for Payment of Retired Personnel
 - a. Number of Total Annual Responses: 66,800
 - b. Processing Time per Response: 15 minutes
 - c. Hourly Wage of Worker(s) Processing Responses: \$20.35
 - d. Cost to Process Each Response: \$5.09
 - e. Total Cost to Process Responses: \$340,012

2. Overall Labor Burden to Federal Government

- a. Total Number of Annual Responses: 66,800
- b. Total Labor Burden: \$340,012

b. Operational and Maintenance Costs

- a. Equipment: N/A
- b. Printing: N/A
- c. Postage: N/A
- d. Software Purchases: N/A
- e. Licensing Costs: N/A
- f. Other: N/A
- g. Total: N/A

- 1. Total Operational and Maintenance Costs: \$0

2. Total Labor Cost to the Federal Government: \$340,012

3. Total Cost to the Federal Government: \$340,012

15. Reasons for Change in Burden

OMB Control Number 0704-0569 was approved on January 2, 2018, for emergency use. Since approval, the Coast Guard asked to use the same form for its retiring members. Approximately 1,800 Coast Guard members retire each year, which increased the annual, approximate burden from 65,000 applicants to 66,800.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

DoD is not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

DoD is not requesting any exemptions to the provisions stated in 5 CFR 1320.9.