

RESERVE INCOME REPLACEMENT PROGRAM

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The Reserve Income Replacement Program (RIRP) provides limited payments to activated Reservists and National Guardsmen if they incur a reduction in their civilian earned income. This program is effective August 1, 2006 and expires December 31, 2008. Additional information about RIRP is available on the Office of the Assistant Secretary of Defense for Reserve Affairs web site www.dod.mil/ra and DD Form 2919, Reserve Income Replacement Program (RIRP) Eligibility Verification, which are the sources of information for this article.

All eligible National Guard and Reserve members involuntarily serving on active duty are entitled to monthly payments for the difference between their pre-mobilized average monthly civilian earned income and their current total monthly military compensation. These payments may not exceed \$3000 per month and the program is applicable only if the military compensation is at least \$50 less than the civilian earned income. Service members are eligible for RIRP payments if they are currently serving on active duty in an involuntary status and satisfy one of the following requirements:

- 1) Completed 18 continuous months of involuntary active duty, or
- 2) Completed 24 cumulative months of involuntary active duty during the previous 60 months, with the 60-month period beginning on or after August 1, 2001, or
- 3) Been serving on involuntary active duty for a period of 180 days or more within 6 months or less following the service member's separation from a previous period of involuntary active duty for a period of 180 days or more.

Service members are considered involuntarily serving on active duty if they were issued involuntary mobilization orders under 10 U.S.C. Sections 12301(a), 12301(g), 12302, 12304, issued orders to full-time National Guard duty under 32 U.S.C. Section 502(f)(1), or Coast Guard Reservists were issued orders to active duty under 14 U.S.C. Section 712. An individual does not become ineligible for benefits under RIRP solely by volunteering for positions that are classified as involuntary active duty. The controlling factor is whether the military orders appropriately specify the service member's status as involuntary active duty.

Once eligibility under RIRP is established, the service member's average monthly civilian earned income must be calculated. Earned income is defined generally as wages, salaries, tips, professional fees and other taxable employee pay; net earnings from self-employment; and gross income received as a statutory employee. Employee pay is earned income only if it is taxable. The taxable compensation received for Reserve duties is also considered earned income. Refer to DD Form 2919 and IRS Publication 596 (2006), Chapter 1, pages 9-11. The average monthly civilian earned income is calculated by using either: (1) pay records that indicate total earned income for the 12 full months immediately prior to mobilization, divided by 12 or (2) the earned income

reported on the most recent Federal income tax filing that covers a 12 month period prior to mobilization, divided by 12. The total monthly military compensation must also be calculated. This figure is derived from the service member's monthly regular military compensation plus other special pays, incentive pays, and allowances not included in the regular military compensation that are paid on a monthly basis (i.e. special pay for sea duty, COLA, bonus payments if made on a monthly basis). Note that per diem is not included in the compensation. Regular military compensation includes basic pay, basic allowance for housing, basic allowance for subsistence, and the Federal income tax advantages accruing from allowances not subject to Federal income tax (i.e. housing allowances). However, the tax advantage accruing from the Combat Zone Tax Exclusion is not included. 37 U.S.C. Section 101(25). Service members can use the RIRP Calculator at www.dod.mil/ra to determine if they are eligible for RIRP payments. The Defense Finance and Accounting Service (DFAS) determines the service member's monthly pay and reviews/adjusts pay records on a monthly basis.

Although RIRP is an entitlement, the payments are not automatic. Activated Reservists and National Guardsmen must verify eligibility for RIRP benefits by submitting DD Form 2919, along with the required income documents and documentation verifying the period of involuntary active duty service, to the appropriate military personnel office or other office specified by the Secretary concerned. The service points of contact can be found on www.dod.mil/ra or you can contact your local Finance Office. Only service members can directly verify eligibility for RIRP payments – verification cannot be made by a spouse on behalf of the military member or through the use of a Power of Attorney.