



# MILITARY PAY ISSUES

## TRAINING TECHNIQUES

### MODULE DESCRIPTION

Military Pay Issues is a sixty-minute interactive program designed to inform participants of military compensation, focusing on the components of the Leave and Earnings Statement (LES), the use of myPay, and how to correct pay problems. It also discusses the value of the complete military compensation package. If possible, ask participants to bring their most current LES to this class. Be sure to review the module content and update any changes in dollar amounts. Be prepared to provide the name and phone number for Disbursing/Personnel Support Detachment (PDS)/Customer Service Desk (CSD).

### LEARNING OBJECTIVES

At the conclusion of this program, participants will be able to:

- Demonstrate awareness of the importance of understanding pay, and of monitoring the Leave and Earnings Statement.
- Identify the components of the Leave and Earnings Statement.
- Demonstrate the ability to read, understand and identify errors on the LES.
- Describe how Navy members are paid.
- Explain military pay, military allowances, allotments, and deductions.
- Recognize common pay problems and describe options to correct them.
- Identify repayment options available for government debts.

### REFERENCES

- OPNAV Instruction 1740.5B, Personal Financial Management Education, Training and Counseling Program.
- SECNAVINST 1754.1, Family Service Center Program.
- SECNAVINST 7200.17D and SECNAVINST 7220.38E.

- DFAS-DEM 7073.1.
- Command Financial Specialist Training Manual, NAVPERS 15608D (or later).
- Gordon, S., and L.E. Sharff. Updated annually. *Uniformed Services Almanac*. Washington, D.C.: Uniform Services Almanac, Inc.
- *Navy-Marine Corps Relief Society Handbook*, updated annually. Arlington, Virginia: Navy-Marine Corps Relief Society.
- Doolittle, A. 2004. Navy Sails The Seas On Plastic. *The Washington Times*.
- [www.dod.mil/militarypay](http://www.dod.mil/militarypay) (OSD Military Compensation Page)
- [www.dfas.mil](http://www.dfas.mil) (Defense Finance and Accounting Service)
- [www.dtic.mil/perdiem](http://www.dtic.mil/perdiem) (Current per diem, housing and travel rates)
- [www.ffsp.navy.mil](http://www.ffsp.navy.mil) (Navy Fleet and Family Support Program)
- [www.mypay.gov](http://www.mypay.gov) (Personal Pay Account)
- [www.lifelines.navy.mil](http://www.lifelines.navy.mil) (Lifelines Services Network)
- [www.irs.gov](http://www.irs.gov) (Internal Revenue Service, Publications 3, 17 and 596)
- [www.navytimes.com](http://www.navytimes.com) (Navy Times Newspaper)
- [www.militaryonesource.com](http://www.militaryonesource.com) (Militaryonesource Website)
- [www.nko.navy.mil](http://www.nko.navy.mil) (Navy Knowledge Online)
- [www.tsp.gov](http://www.tsp.gov) (Thrift Savings Plan of the Uniformed Services)

## ■ MODULE PREPARATION

### **Handouts:**

- Understanding Your LES Sample Leave and Earnings Statement (LES)
- Pay and Compensation Calculator Example (if no Internet connection is available)
- The Military Pay Check (if not using Powerpoint game review)

### **Materials (varies depending on activities chosen):**

- Newsprint Paper
- Markers and Tape
- Federal W-4 Tax Form
- Pay and Allowances Tables – Available from [www.dfas.mil](http://www.dfas.mil)
- Tax Tables – Available from [www.irs.gov](http://www.irs.gov)
- Classroom Internet Connection
- Military Pay by the Letter Cards

## **SUMMARY OF OPTIONAL PARTICIPANT ACTIVITIES**

- **Military Pay by the Letter:** A familiarization and categorization exercise with commonly used compensation acronyms.
- **Pay and Compensation Calculator Example – John Dough:**  
The value of the military compensation package is explained to the class using the pay and compensation calculation from the [www.npc.navy.mil](http://www.npc.navy.mil) website under Career Info and Pay and Benefits. If classroom internet is unavailable, the activity can be done manually using a hard-copy printout of the calculator.
- **Pay Check Review:** A review of all session content using a PowerPoint game package, or done verbally with handout.

## **CURRICULUM OUTLINE**

1. Welcome and Introduction (2 minutes)
2. The Importance of Military Compensation (2 minutes)
3. How Navy Members are Paid (4 minutes)
  - a. When you are paid
  - b. DDS
  - c. Changes in pay
  - d. Split Pay and Navy Cash Option

4. myPay (2 minutes)
  - a. What is it?
  - b. What can I do on myPay?
5. Understanding your Leave and Earnings Statement (LES) (10 minutes)
  - a. What is the LES?
  - b. Who is responsible for the information?
  - c. How do I contact DFAS?
  - d. What is included on the LES?
6. Cash Compensation: Pay, Allowances, Allotments and Deductions (15 minutes)
  - a. Optional Participant Activity: Military Pay by the Letter
  - b. Pay
  - c. Allowances
  - d. Allotments
  - e. Deductions
7. Non-Cash Compensation (8 minutes)
  - a. SGLI/FSGLI
  - b. TSP
  - c. SBP
  - d. Survivor Benefits
  - e. Medical and Dental Care
  - f. Education and VA Programs
  - g. Leave
  - h. Retirement
8. Military Tax Issues (5 minutes)
  - a. FICA
  - b. Federal Taxes

- c. State Income Tax Withholding
  - d. Taxes on Military Pay
  - e. VITA
9. Common Pay Problems and Options to Correct Them (3 minutes)
10. Pay and Compensation Calculator (10 minutes)
- a. Optional Participant Activity: Pay and Compensation Calculator  
Example - John Dough
11. Sources of Help (1 minute)
12. Summary and conclusion
- a. Optional Participant Activity: The Military Pay Check

## ■ INSTRUCTOR TECHNIQUES BY SLIDE NUMBER

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Ask participants to look at their own LES now. Review the sections as described in the handout.

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### **Optional Participant Activity: Military Pay by the Letter**

Time: 10 minutes

Preparation: Print out the Military Pay by the Letter cards at the end of this document and cut into 30 cards. Provide each participant with a piece of tape. On the class board or on three separate sheets of newsprint, list “Compensation”, “Benefit”, and “Neither”. Choose the method of presentation.

Procedure:

Individual Method: Pass out one or more cards to each participant, and have them tape the card under the appropriate category.

Group Method: Divide the class into three groups and provide each group with 10 cards. Allow the groups to tape the cards to the appropriate category paper.

Instructor Assisted Method: Call out each item and ask the participants which category the item belongs in. Write each item on the appropriate newsprint page.

Once all cards have been posted, review the correct categories and move the cards as necessary. Ask the class for the correct name for each acronym. Specific information on compensation benefits follows this activity, and can be reviewed after the activity, or explained during the activity itself. Reinforce that the military member receives an excellent compensation package of both cash (pays and allowances) and non-cash (benefits).

<b>Cash</b>	<b>Non-Cash Compensation (Benefits)</b>	<b>Neither Compensation</b>
BAS	NEX	FICA (Taxes)
BAH Mass	MWR	WMD (Weapons of Destruction)
CSP	MGIB	CFC (Combined Federal Campaign)
FSA	SBP	IRS
CRA	SGLI	FAA (Federal Aviation Administration)
TLE/TLA	30 Days Paid Vacation	DOD (Department of Defense)
COLA	10 Paid Holidays	MCPON
Base Pay	VITA	CNO
OHA	TSP	DHS (Department of Homeland Security)
DLA	AFRH	NCO

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For current rates refer to <http://www.dtic.mil/perdiem/pdrates>.

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Questions regarding SGLI and FSGLI can be directed to the Office of Serviceman's Group Life Insurance (OSGLI), 213 Washington Street, Newark, NJ 07102. Refer to [www.insurance.va.gov](http://www.insurance.va.gov) for further information.

For additional TSP information refer to [www.tsp.gov](http://www.tsp.gov).

For further information on SBP and other benefits refer to the OSD Military Compensation Website, [www.defenselink.mil/militarypay](http://www.defenselink.mil/militarypay).

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The Department of Veterans Affairs handles DIC and education benefits and other survivor programs: 1-800-827-1000, [www.va.gov](http://www.va.gov).

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If W-4 forms are available, encourage participants to fill in the correct data on the W-4 form now or advise them to go to PSD or change online via myPay.

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### **Optional Participant Activity: Pay and Compensation Calculator**

Time: 10 minutes

Preparation: Varies with method chosen. Each participant should have a copy of the handout "Pay and Compensation Calculator: Example – John Dough".

Procedure:

Website Method: Go online to [www.npc.navy.mil](http://www.npc.navy.mil) go to Career Info and click on Pay and Benefits, then click on Pay and Compensation Calculator.

Below “Career Tools” you will click on Pay and Compensation Calculator. Use John Dough from the handout and have the class provide the inputs. Click on Special Pays, and input the Sea Pay information then click “Calculate”. Review the information with the class.

Once you have completed the example online, if time allows, ask the class for inputs and run through another example.

Handout Method: If no Internet connection is available, provide the “Pay and Compensation Calculator Example” handout to the class. Review the information provided. Explain to the class that the inputs came from the LES handout and that they can run this on themselves at home or visit their CFS.

Discussion: The Pay and Compensation calculator helps military members understand the monetary value connected with both their pay and benefits. It is factual and unbiased. With data provided by the user, the Calculator gives a monthly and annual breakdown of earnings, computes the tax advantage military members enjoy through the pay and allowance system, and calculates civilian equivalent pay, annual indirect compensation, and retirement projections.

Use the John Dough example from the handout for the inputs to this Calculator. Assume all dates are January 1. He is an E-6, PEBD (PAY DATE) of January 1, 1989, and he is a male. He came into service at age 20, so his birthday is January 1, 1969. The LES shows that he is claiming married with no dependents. Since he is receiving BAH he is living in civilian quarters and for purposes of this example use the zip 23511. The example assumes he is going to retire at his present rank at exactly 20 years of service.

After inputting all the basic data, the next screen of the Calculator allows you to enter special pays. The LES shows that Dough receives CSP, and the remarks section shows 12 years. Enter those numbers and calculate.

The next screen displays the results of the data entered: monthly and annual pay information for taxable pay and allowances, tax information, take-home pay, the tax advantage provided by the non-taxed compensation, etc. These amounts are estimates based on the data provided, and will not necessarily reflect the exact amounts.

Note the Civilian Equivalent Pay information. This shows what this member would have to earn in the civilian world to stay even with his military compensation. It does not take into account the value of the Indirect Compensation shown next.

The next section shows the retirement payout he would receive under his retirement plan and how much he would need to save and invest if he were to reach this figure on his own, without the benefit of a retirement plan.

The Calculator clearly lays out the full range and value of the military compensation package, but cash and non-cash benefits.

### **Optional Participant Activity: Pay Check Review**

See “Introduction to the Modules: PowerPoint Games”.

### **Pay Check Questions and Answers**

1. What are the seven summary sections of the LES?
  - Personal Information
  - Entitlements/Deductions/Allotments/Summary
  - Leave Summary
  - Tax Information Summary
  - Pay Data Summary
  - Thrift Savings Plan Summary
  - Remarks
  
2. What are four types of allowances for housing?
  - BAH
  - COLA
  - MIHA
  - OHA
  
3. What are two types of pay which are taxable?
  - Base Pay
  - Special and Incentive Pays

4. What are seven things you can do on the myPay website?
  - Review the LES
  - Change tax withholdings
  - Update DDS information
  - Manage allotments
  - Buy Saving Bonds
  - Enroll in the TSP
  - Change TSP contribution percentages
5. Who is responsible for the accuracy of pay information?
  - You are.
6. What are three non-taxable allowances for living expenses?
  - BAS
  - FSA
  - CRA
7. What are two types of pay and/or allowances which may be received in advance?
  - Base – 3 months
  - BAH – 3 months CONUS, 12 months OCONUS
8. What are four types of taxes shown on the LES?
  - Social Security
  - Medicare
  - Federal
  - State
9. What are three repayment options for debts owed to the government?
  - Extend repayment period

- Make payment arrangements
- Waiver of Indebtedness

## ■ SHORT PROGRAM

If time is limited for a pay presentation, the following outline can be used as a short, 30-40 minute program on Military Pay Issues. Provide each participant with a copy of the handout “Understanding Your LES”, and if conducting the “Military Pay by the Letter” activity, follow the directions under “Slide 7” above.

1. Welcome and Agenda (2 minutes, Slide 1)
  - a. Welcome
  - b. Purpose and Agenda
2. The Importance of Military Compensation (Slide 2)
3. How Navy Members are Paid (4 minutes, Slides 3)
  - a. When you are paid
  - b. DDS
  - c. Changes in pay
  - d. Split Pay and Navy Cash Option
4. myPay (2 minutes, Slide 4)
  - a. What is it?
  - b. What can I do on myPay?
5. Understanding your Leave and Earnings Statement (LES) (10 minutes, Slides 5 and 6)
  - a. What is the LES?
  - b. Who is responsible for the information?
  - c. How do I contact DFAS?
  - d. What It Says
6. Optional Participant Activity: Military Pay by the Letter (15 minutes)

7. Common Pay Problems and Options to Correct Them  
(3 minutes, Slides 24, 25, 26)

8. Sources of Help (1 minute, Slide 27)

**Military Pay by the Letter Cards**

## ■ MILITARY PAY BY THE LETTER

**BAS**

**MWR**

**NEX**

**WMD**

**FICA**

**CSP**

**BAH**

**MGIB**

## ■ MILITARY PAY BY THE LETTER

**CFC**

**CRA**

**FSA**

**SGLI**

**SBP**

**FAA**

**IRS**

**TLE/TLA**

## ■ MILITARY PAY BY THE LETTER

**30 DAYS  
PAID VACATION**

**MCPON**

**DOD**

**VSI/SSB**

**COLA**

**VITA**

**10 PAID  
HOLIDAYS**

**CNO**

## ■ MILITARY PAY BY THE LETTER

**OHA**

**AFRH**

**TSP**

**NCO**

**DHS**

**DLA**