



DoD INSTRUCTION 1332.29

INVOLUNTARY SEPARATION PAY (NON-DISABILITY)

Originating Component: Office of the Under Secretary of Defense for Personnel and Readiness

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Approved by: Anthony M. Kurta, Performing the Duties of the Under Secretary of Defense for Personnel and Readiness

Purpose: In accordance with the authority in DoD Directive 5124.02, this issuance establishes policy, assigns responsibilities, and prescribes procedures concerning eligibility and requirements for receipt of separation pay for Active and Reserve Component Service members who are involuntarily separated from active duty or active service (AD/AS) in accordance with Section 1174 of Title 10, United States Code (U.S.C.).

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SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY. This issuance applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD.

1.2. POLICY.

a. Involuntary Separation Pay (ISP) is authorized for Service members who are involuntarily separated from AD/AS and who meet the eligibility requirements of this issuance.

b. In accordance with Section 12602 of Title 10, U.S.C., full-time National Guard duty authorizes ISP to members of the Army National Guard of the United States and Air National Guard of the United States who are otherwise eligible.

c. Qualified Service members receiving ISP are required to agree to serve in the Ready Reserve (Selected Reserve or Individual Ready Reserve) of a Reserve Component for a period of not less than 3 years following the Service member's discharge or release from AD/AS. This obligation is in addition to any other service obligation of the Service member.

c. A Service member who receives ISP and later qualifies for retired pay, retainer pay, or disability compensation will have their retired pay, retainer pay, or disability compensation reduced until the total amount deducted is equal to the total amount of ISP received. Waivers are not authorized under this provision.

d. A Service member who receives a sole survivorship discharge (voluntary or involuntary) is eligible for ISP.

SECTION 2: RESPONSIBILITIES

2.1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS. Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, the Assistant Secretary of Defense for Manpower and Reserve Affairs monitors and evaluates implementation of this issuance and authorizes exceptions to policy.

2.2. SECRETARIES OF THE MILITARY DEPARTMENTS. The Secretaries of Military Departments:

- a. Implement the procedures in Section 3 of this issuance.
- b. Develop ISP policies for Service-specific programs, as provided for in Section 1174 of Title 10, U.S.C., DoD Instructions (DoDIs) 1332.14 and 1332.30, and DoD Directive 1304.20.
- c. Prescribe implementing guidance within 180 days of the effective date of this issuance that is consistent with this issuance.

SECTION 3: PROCEDURES

3.1. ELIGIBILITY.

a. Full Separation Pay (Non-disability). Full payment of non-disability ISP, computed as provided in Paragraph 3.2.a., is authorized to Service members of the Active and Reserve Components who are involuntarily separated from AD/AS and who meet each of following five conditions:

(1) The Service member has completed at least 6 years, but fewer than 20 years, of AD/AS. For Reserve Service members, 6 years of continuous AD/AS must have preceded immediately before separation. A period of AD/AS is continuous if any break in military service does not exceed 30 days.

(2) The Service member's separation is characterized as "honorable" and none of the conditions in Paragraph 3.4. apply.

(3) The Service member is being involuntarily separated by the Military Service concerned through either the denial of reenlistment or the denial of continuation on active duty or in an active service status, under one of the following specific conditions:

(a) The Service member is fully qualified for retention, but is denied reenlistment or continuation by the Military Service concerned. This includes a Service member who is eligible for promotion as established by the Secretary of the Military Department concerned, but is denied reenlistment or continuation on AD/AS by the Military Service concerned under established promotion or high year of tenure policies. An officer who declines continuation is eligible to receive full separation pay if the period of time offered for continuation on AD/AS is less than the amount of service required to qualify for retirement.

(b) The Service member is fully qualified for retention and is being involuntarily separated under a reduction in force by authority designated by the Military Service concerned as authorized pursuant to Title 10, U.S.C.

(c) The Service member is a:

1. Regular officer, commissioned or warrant, who is being separated in accordance with Chapter 36 (except under Section 630(1)(A)) of Title 10, U.S.C., or Section 580, Section 1165, or Section 6383 of Title 10, U.S.C.; or

2. Reserve commissioned officer separated or transferred to the Retired Reserve in accordance with Chapters 573 or 861 of Title 10, U.S.C. or a Reserve warrant officer who is separated for similar reasons under Service policies.

(d) The Service member, having been denied reenlistment or continuation on AD/AS by the Military Service concerned in accordance with Paragraphs 3.1.a.(3)(a) through 3.1.a.(3)(c), accepts an earlier separation from AD/AS.

(4) The Service member has entered into a written agreement with the Military Service concerned to serve in the Ready Reserve of a Reserve Component of the Military Services for a period of not less than 3 years following the separation from AD/AS.

(a) If the Service member has a service obligation pursuant to Section 651 of Title 10, U.S.C., or any other provision of law that is not completed at the time the Service member is separated from AD/AS, the 3-year obligation will begin on the day after the day on which the Service member completes his or her obligation pursuant to such section of law.

(b) A Service member who enters into this written agreement and who is not qualified for appointment or enlistment in the Ready Reserves need not be enlisted or appointed by the Military Service concerned to be considered to have met this condition of eligibility for separation pay.

(5) The Service member has signed the following mandatory disclosure statement: “If I qualify for military retired or retainer pay in accordance with Title 10 or Title 14, United States Code, and/or the Department of Veterans Affairs disability compensation pursuant to the laws administered by the Secretary of Veterans Affairs after receiving Involuntary Separation Pay (known as “ISP”), I will be subject to a deduction from such retired or retainer pay, or from disability compensation in the total amount of any ISP paid, as prescribed under Section 1174 of Title 10, United States Code.”

b. Half Separation Pay (Non-disability). Half payment of non-disability ISP, computed as provided in Paragraph 3.2.b., is authorized to Service members of the Active and Reserve Components who are involuntarily separated from AD/AS and who meet each of the five conditions in the following paragraphs. In extraordinary instances, the Military Service concerned may award full ISP to Service members who are otherwise eligible for half ISP when the specific reasons for separation and the overall quality of the member’s service have been such that denial of such pay would be clearly unjust.

(1) The Service member meets the criteria for active service specified in Paragraph 3.1.a.(1).

(2) The Service member’s separation is characterized as “honorable” or “general (under honorable conditions)”, and none of the conditions in Paragraph 3.4. apply.

(3) The Service member is being involuntarily separated by the Military Service concerned through either the denial of reenlistment or the denial of continuation on AD/AS, or the Service member is being separated instead of board action as provided in DoDI 1332.30, under one of the following specific conditions:

(a) The Service member is not fully qualified for retention and is denied reenlistment or continuation by the Military Service concerned, as provided for in DoDI 1332.14 or DoDI 1332.30, under any of the following conditions:

1. Weight control failure.
2. Parent or custody of minor child.

3. Military personnel security program.
4. Disability that existed before service.
5. Mental or physical conditions and circumstances not constituting a disability.
6. Alcohol or drug abuse rehabilitation failure.
7. Failure to meet minimum retention standards.

(b) The Service member is being separated under a Service-specific program established as a half-payment level by the Secretary of the Military Department concerned within the authority of Section 1174 of Title 10, U.S.C.

(c) The Service member, having been denied reenlistment, extension, or continuation on AD/AS by the Military Service concerned in accordance with Paragraphs 3.1.b.(3)(a) and 3.1.b.(3)(b), accepts an earlier separation from AD/AS.

(4) The Service member has entered into a written agreement with the Military Service concerned to serve in the Ready Reserve, as provided for in Paragraph 3.1.a.(4).

(5) The Service member has signed the disclosure statement in Paragraph 3.1.a.(5), acknowledging that if the Service member later becomes eligible for retired or retainer pay and/or disability compensation from the Department of Veterans Affairs, the full amount of ISP received will be deducted from such pay.

3.2. COMPUTATION OF SEPARATION PAY.

a. Full Separation Pay.

(1) Full separation pay is 10 percent of the product of the number of years of active service and 12 times the monthly basic pay to which the Service member was entitled at the time of discharge or release from AD/AS.

(2) For example, the formula for an E5 Service member who qualifies for ISP and is separated after 8 years of active service may look like: $0.1((12 \times \$2,989.80 \text{ monthly base pay})(8)) = \$28,702.08$ full separation pay.

b. Half Separation Pay. One-half of the amount computed in Paragraph 3.2.a.

3.3. COMPUTATION OF YEARS OF SERVICE.

a. Qualifying Years. Qualifying years, except as noted in Paragraph 3.1.a.(1), do not have to be continuous; however, the last phase of the qualifying term must end immediately before the separation from AD/AS. Periods of active service in an Active or Reserve Component will be counted, as well as AD/AS for training performed. For example, if a Service member served

4 years active duty, had 2 years' break in service, then returned and served 6 additional years of active duty, then the member would have 10 qualifying years of active service.

b. Counting Fractional Years of Service. For the purpose of computing ISP, each full month of service that is in addition to the number of full years of service creditable to the Service member is counted as 1/12 of a year; any remaining fractional part of a month is disregarded.

c. Previously Received Separation Pays. Periods for which a Service member previously received separation pay, severance pay, or readjustment pay may be counted for eligibility purposes (to ensure the Service member meets the minimum required years of active service), but may not be used in the multiplier to determine the amount of ISP for a subsequent separation.

d. Ineligible Service.

(1) Periods of absence without leave, confinement time awaiting trial that results in conviction, confinement time while serving a court-martial sentence, and time lost while not in the line of duty will not be included in the ISP calculation. Time served to make good lost time will be counted.

(2) Time as a cadet or midshipman while attending a Service academy or in a Reserve Officer Training Program will not be included in the ISP calculation.

3.4. LIMITATIONS ON ELIGIBILITY FOR SEPARATION PAY. Service members separated under the following circumstances are not eligible for ISP:

a. Separation at Service Member's Own Request. The following examples will be considered to be a separation at the Service member's own request:

(1) A Service member who declines training that the Military Service offers to qualify for a new skill or rating as a precondition to reenlistment or continuation on AD/AS.

(2) A Service member who requests separation as provided for in DoDI 1332.14 or under regulations established by the Secretary of the Military Department concerned.

(3) An officer is separated for twice failing to promote and either (or both) of those failures to promote was the result of the officer submitting a request in writing not to be selected for promotion or who otherwise directly caused the non-selection through written communication to the selection board in accordance with Section 614(b) of Title 10, U.S.C.

(4) An officer who is separated for twice failing to promote when he or she was offered and declined continuation on AD/AS for a period that is equal to or more than the amount of service required to qualify the officer for retirement.

b. Declines Reserve Service at Separation. A Service member who declines to enter into a written agreement in accordance with Paragraph 3.1.a(4) to serve in the Ready Reserve of a Reserve Component of the Military Services for a period of not less than 3 years following the separation from active service.

c. Initial Term of Enlistment or Initial Period of Obligated Service. The initial term of enlistment or initial period of obligated service is the active service obligation that the Service member incurred upon initial enlistment or upon enrollment in a commissioning program. This limitation also applies to a Service member who wants to reenlist or continue at the conclusion of the initial term of enlistment or an initial period of obligation and is denied by the Service concerned. This does not include prior enlisted officers at the completion of their commissioning program obligation. In these cases, the entire period of active service, including time as an enlisted Service member, will be considered and ISP will be paid in accordance with Paragraph 3.1.a. or 3.1.b., as appropriate.

d. Released for Training. A Service member released from AD/AS for training is ineligible for ISP.

e. Eligible for Retired or Retainer Pay. The Service member is immediately eligible upon separation for retired or retainer pay based upon his or her military service.

f. Performance, Misconduct, or Other Disciplinary Reasons.

(1) As specified in DoDI 1332.14, an enlisted Service member who is separated for unsatisfactory performance, except when half ISP is specifically allowed in accordance with Paragraph 3.1.b., or an enlisted Service member who is separated for misconduct.

(2) Pursuant to Section 1166 or 1186 of Title 10, U.S.C., or as specified in DoDI 1332.30, an officer who is separated for substandard performance, except when half ISP is allowed in accordance with Paragraph 3.1.b., or an officer who is separated for acts of misconduct or moral or professional dereliction.

(3) A Service member who is separated as a result of execution of a court-martial sentence.

(4) A Service member who is dropped from the rolls of the Military Service concerned.

(5) A Service member who is separated under other than honorable conditions.

g. Warrant Officer Elects to Enlist. The Service member is a warrant officer whose appointment is terminated and who then elects to enlist.

h. Secretarial Authority. The Secretary of the Military Department concerned denies separation payment within the authority of Section 1174 of Title 10, U.S.C., as follows:

(1) The Service member is separated under a Service-specific program established at a no payment level by the Secretary of the Military Department concerned.

(2) The Secretary of the Military Department concerned determines in extraordinary cases that the conditions under which the Service member is separated do not warrant separation payment. It is intended that this discretionary authority to deny payment be used sparingly. This authority may not be delegated.

3.5. REPAYMENT OF SEPARATION PAY.

a. Eligibility for Retired or Retainer Pay. Service members who receive ISP in accordance with this issuance, and who subsequently qualify for retired or retainer pay in accordance with Title 10, U.S.C., or Title 14, U.S.C., will have an amount equal to the total amount of ISP received deducted from their retired or retainer pay.

(1) This amount will be recouped from each payment of retired or retainer pay until the total amount deducted is equal to the total amount of ISP received.

(2) Example: An individual separated with 10 years, 2 months of active service is paid \$38,289.33 in ISP; the Service member subsequently retires with 20 years of active service:

(a) # years of service at separation / # years of service at retirement = (multiplier)

(b) 10.167 (years at separation) / 20 year retirement = .508 multiplier

(c) Gross monthly retired pay \$1,800.00 x .508 = monthly recoupment \$914.40

(d) The monthly recoupment rate is recomputed when gross retired pay is increased for cost-of-living adjustments. Only the difference between the recoupment and gross retired pay (\$885.60) is taxable.

b. Eligibility for Disability Compensation. Service members who receive ISP in accordance with this issuance and become eligible for disability compensation administered by the Department of Veterans Affairs under Title 38, U.S.C., will have deducted from such disability compensation an amount equal to the total amount of ISP received, minus the amount of federal income tax withheld from such pay. However, such reduction will not apply to disability compensation if the entitlement to that disability compensation is based on a later period of AD/AS than the period of AD/AS for which ISP was received.

3.6. SPECIAL RULE FOR SERVICE MEMBERS RECEIVING SOLE SURVIVORSHIP DISCHARGE. A Service member who receives a sole survivorship discharge, whether Service-initiated or at the request of the Service member, is entitled to full ISP.

a. The Service member is eligible under this paragraph, even if the Service member has not completed 6 years of active service, or an initial term of enlistment of initial period of obligated service immediately before the discharge.

b. The requirement for service in the Ready Reserve in accordance with Paragraph 3.1.a.(4) does not apply to Service members discharged for sole survivorship.

c. The amount of ISP is based on the years of active service the Service member actually completed before the sole survivorship discharge.

GLOSSARY

G.1. ACRONYMS.

AD/AS	active duty or active service
DoDI	DoD instruction
ISP	Involuntary Separation Pay
U.S.C.	United States Code

G.2. DEFINITIONS. These terms and their definitions are for the purposes of this issuance.

AD/AS. Full-time duty/service, including active duty or full-time National Guard duty as enlisted or officer, or a combination thereof as defined by Sections 101 and 12602 of Title 10, U.S.C., for members authorized benefits under Title 10, U.S.C.

general (under honorable conditions). Characterization of service at discharge when the quality of the Service member's service has been honest and faithful, and is warranted when the positive aspects of the Service member's conduct or performance of duty outweigh negative aspects of the Service member's conduct or performance of duty as documented in their service record.

honorable service. Characterization of service at discharge when the quality of the Service member's service generally has met the standards of acceptable conduct and performance of duty for military personnel, or is otherwise so meritorious that any other characterization would be clearly inappropriate.

involuntary separation. When a Service member who was on AD/AS is involuntarily discharged/separated or denied reenlistment under other than adverse conditions, as characterized by the Secretary of the Military Department concerned, or if offered, the Service member declines continuation if the period of time offered for continuation on AD/AS is less than the amount of service required to qualify for retirement.

separation. A general term that includes discharge, release from AD/AS, release from custody and control of the Military Services, transfer to the Individual Ready Reserve, and similar changes in Active or Reserve status.

sole survivorship discharge. The separation of a Service member, whether Service-initiated or at the request of the Service member, pursuant to DoDI 1315.15, that permits the early separation of a Service member who is the only surviving child in a family that:

The father, mother, or one or more siblings served in the Military Services and was killed, died as a result of wounds, accident, or disease, is in a captured or missing in action status, is

permanently 100 percent disabled, or is hospitalized on a continuing basis (and is not employed gainfully because of the disability or hospitalization).

The death, status, or disability did not result from the intentional misconduct or willful neglect of the parent or sibling and was not incurred during a period of unauthorized absence.

REFERENCES

DoD Directive 1304.20, “Enlisted Personnel Management System (EPMS),” July 28, 2005

DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008

DoD Instruction 1315.15, “Special Separation Policies for Survivorship,” January 5, 2007, as amended

DoD Instruction 1332.14, “Enlisted Administrative Separations,” January 27, 2014, as amended

DoD Instruction 1332.30, “Separation of Regular and Reserve Commissioned Officers,” November 25, 2013

United States Code, Title 10

United States Code, Title 14

United States Code, Title 38