

Chapter Overview

Introduction The objective of this chapter is to provide a concise, user friendly job aid for collecting an in-service debt, counseling a member on an overpayment, and requesting a remission or waiver. This chapter provides checklists, guides, and information required to complete these tasks.

In this chapter

Section	Description	See Page
A	Collection	9-A-1
B	Remissions and Waivers	9-B-1

Chapter 9
IN-SERVICE DEBT COLLECTION

Section A: Debt Collections

- A.1. **Introduction** This section discusses debt collections. Statutory authority to collect indebtedness to the United States from a member's pay exists under 37 U.S.C. 1007(c), 5 U.S.C. 5514, and Public Law 97-276, Section 124, 2 Oct 1982. Other statutes authorize collection of specific classes of debts.
-
- A.2. **References** (a) [Coast Guard Pay Manual, COMDTINST M7220.29 \(series\), Chap 11](#)
(b) [Code of Federal Regulations, 4 CFR 101 and 102](#)
(c) [Title 37, United States Code \(U.S.C.\) – Pay and Allowances of the Uniformed Services § 1007 \(c\)](#)
(d) [5 U.S.C. § 5514](#)
(e) [Debt Collection Act \(Publication 97-276 Section 124, 2 Oct 1982\)](#)
-
- A.3. **Lump Sum Repayments** If a member desires to repay part or all of an in-service debt, they have the following options:
To pay by Debit Card (debit cards only, no credit cards):
Contact PPC Customer Care, 866-772-8724 or 785-339-2200 (Do not submit debit card information via e-mail).
To pay by Check:
Make checks payable to US Coast Guard, enter the member's EMPLID in the notes section, attach a copy of the payslip or the Notice of Overpayment (NOO) and mail to:

Commanding Officer
US Coast Guard
Pay & Personnel Center
ATTN: FAR
444 SE Quincy St
Topeka, KS 66683
-
- A.4. **Interest, Administrative Fees and Penalties** Interest will be applied to all overpayments that occur earlier than the current Direct Access processing period, and on all non-payroll debts to the Coast Guard unless waived by CO, PPC or Commandant (CG-1332). No interest will be applied if debt is paid in full prior to the start of collection action. A 30-day notice will be provided to the member with interest being applied from the date of notification. Interest will be charged IAW references (a) and (b). Administrative fees and penalties will be applied on a case by case basis.
-
- A.5. **Direct** An overpayment of pay and allowances is the result of errors in submission

Access or delays in processing pay-related transactions.
Overpayments

A.6. Notification of Overpayment PPC (mas) will provide a Notice of Overpayment (NOO) letter for each member with a debt of \$1000.00 or more via email. Servicing Personnel Offices will be provided a courtesy copy for their awareness. Members with debts of \$999.99 or less will be notified by a message on their Payslip.

See Figure 8-4, on the following page for a sample of the NOO. The NOO breaks down the amount, how the debt will be liquidated and when the deductions will begin. MAS also includes a summary of the overpayment which shows the debits and credits that resulted in the debt. A sample is provided in Figure 8-5.

A.7. Action Required Upon Receipt of NOO

Upon receipt of a Notice of Overpayment (NOO):

- Member provides a copy of the NOO to their Chain of Command and their P&A Office.
 - P&A Office counsels the member regarding the debt and the collection procedure.
-

A.8. Sample Notice of Overpayment

See below.

From: CMD-SMB-CG-PPC
To: Gump, Forrest LTJG
Cc: D17-DG-M-K-Basekodiak-PSD-PERSRU3313
Subject: Notice of Overpayment - LTJG GUMP
Date: Thursday, August 22, 2019 6:55:00 AM
Attachments: PIC GUMP.pdf

*** Please do not reply to this e-mail. Replies will be sent to an unmonitored e-mail and will not be read or responded to. ***

Good Morning LTJG Gump,

Recently processed pay-related transactions have resulted in a \$17,524.35 overpayment. The attachment provides a breakdown of this overpayment.

Coast Guard policy per USCG Pay Manual, COMDTINST M7220.29 (series), permits collection of this debt in installments through deduction from your pay. Under the statutes, the maximum monthly amount collected cannot exceed 15% of disposable pay. If repaid by installment, 31 U.S.C. 3717 requires interest and administrative charges assessed on all debts unless waived. We have waived these charges in your case, per paragraph 11-B-5 of the USCG Pay Manual, COMDTINST M7220.29 (series).

Repayment from your pay will begin at 15% installments of your available pay per month beginning 1 October 2019. The monthly amount could fluctuate based on your disposable income. Please notify your Command if you want to propose a different repayment schedule based upon your financial situation. A revised collection schedule must allow for collection of the debt before your separation. Repayment schedules for less than 10% of disposable pay will only be approved in cases of legitimate financial hardship. For these situations, you must provide a financial statement, Form CG-5489B. For lump sum repayment options, please see Chapter 8.K of the [Personnel and Pay Procedures Manual, PPCINST M1000.2 \(series\)](#). When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

You have the right to inspect and copy government records and review all decisions related to the debt. For copies of government records and/or an explanation of the nature of the debt, contact your servicing SPO. You have the right to ask for a waiver or remission of the debt in accordance with sections 11-F and 11-G of the USCG Pay Manual, COMDTINST M7220.29 (series) and chapter 8 of the [Personnel and Pay Procedures Manual, PPCINST M1000.2 \(series\)](#). If separated early, we will collect any debt remaining at separation in lump sum from your final pay and allowances.

This is notice under 11 U.S.C. 342 should you contemplate relief under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. Should you file litigation, including action under Title 11, U.S. Code, you must include your Employee ID Number (cited on the attached Summary of Overpayment) on such filing. You must also provide notification of such filing to the following address: Commanding Officer (LGL), USCG Pay & Personnel Center, 444 SE Quincy Street, Topeka, KS 66683-3591.

Payment options are as follows:

To pay by Debit Card (debit cards only, not credit cards): Contact PPC Customer Care, 866-772-8724 or 785-339-2200 (Do not submit debit card information via e-mail).

To pay by Check: Make check out to US Coast Guard, enter your EMPLID in the notes section, attach a copy of the payslip or this email and mail to:

Commanding Officer
US Coast Guard
Pay & Personnel Center
ATTN: FAR
444 SE Quincy St
Topeka, KS 66683

Payment options can also be found in the [Personnel and Pay Procedures Manual, PPCINST M1000.2 \(series\)](#) Chapter 8.K.

Tax implications can also be found in the PPC Guides below:

- [How PPC Calculates Taxes on In-Service Debts](#)
- [Understanding Tax Implications for In-Service Debts](#)
- [Repayment of Taxable In-Service Debt - Net repayment versus Gross repayment](#)

Figure 9-1 Sample of Notice of Overpayment (NOO)

A.9. Sample of Summary of Changes

See below.

PAY ITEMS CALCULATOR										USCG PAY & PERSONNEL CENTER MAS WORKSHEET 7220.2				
MEMBER RANK: <u>LTJG</u>		MEMBER NAME: <u>FORREST GUMP</u>								MAS		INITIALS: <u>ABC</u>		
MEMBER EMPID: <u>1234567</u>		BRANCH/COMPONENT: <u>USCGR</u>								DATE: <u>08/19/2019</u>				
PAY ITEM	RATE TYPE	GRADE	STEP	PERIOD START	PERIOD END	YEARS	MONTHS	DAYS	RATE PAID (PAY CALCS)	TOTAL PAID (PAY CALCS)	CORRECT RATE	CORRECT TOTAL	DIFFERENCE	
BAH W/ DEP	M	O2	4	05/15/2019	07/15/2019	0	2	1	2,319.00	4,715.30			-\$4,715.30	
BAH W/ DEP	M	O2	6	07/15/2019	07/15/2019	0	0	1			2,319.00	77.30	\$77.30	
BAS OFF	M	O2	4	05/15/2019	07/15/2019	0	2	1	254.39	517.26			-\$517.26	
BAS OFF	M	O2	6	07/15/2019	07/15/2019	0	0	1			254.39	8.48	\$8.48	
OCONUS COLA W/3 DEP	D	O2	4	05/15/2019	06/15/2019	0	0	32	43.00000	1,376.00			-\$1,376.00	
OCONUS COLA W/3 DEP	D	O2	4	06/16/2019	07/14/2019	0	0	29	35.83333	1,039.17			-\$1,039.17	
OCONUS COLA W/3 DEP	D	O2	6	07/15/2019	07/15/2019	0	0	1	35.83333	35.83			-\$35.83	
OCONUS COLA W/3 DEP	D	O2	6	07/15/2019	07/15/2019	0	0	1			35.83333	35.83	\$35.83	
BASIC PAY	M	O2	4	05/15/2019	07/14/2019	0	2	0	4,981.20	9,962.40			-\$9,962.40	
BASIC PAY	M	O2	6	07/15/2019	07/15/2019	0	0	1	5,083.80	169.46			-\$169.46	
BASIC PAY	M	O2	6	07/15/2019	07/15/2019	0	0	1			5,083.80	169.46	\$169.46	
									TOTALS:	\$17,815.42	\$291.07	-\$17,524.35		
SUMMARY				This debt is due to erroneous receipt of pay and allowances for 05/15/2019-07/15/2019, after EAD Orders ended 05/14/2019.										
												OVERPAYMENT		

Figure 9-2 Sample Summary of Changes

A.10. **Overpayment Collection Process**

Overpayments are collected according to the following rules:

- (a) Personnel indebted to the Coast Guard through no fault of their own will repay their debt at a rate of 15% of their monthly disposable pay, unless:
 - 1) overpayment of pay or allowances was determined to be caused by fault of the member, will be recovered in monthly installments not to exceed two-thirds of the member's disposable monthly pay; or
 - 2) the member consents to collection at a higher rate; or
 - 3) The member is separating from the service.
- (b) The 15% cap shall apply to the sum of all debt when a member has multiple in-service debts.
- (c) All in-service debts to the Coast Guard, including household goods and travel debts are subject to these terms of collection.
- (d) Personnel who are in a retired status are also subject to the 15% maximum withholding of disposable pay.

- (e) Personnel have the option to repay their debt at a rate higher than 15%. Submit requests for higher repayment percentages to PPC by email to ppc-dg-customer@uscg.mil.

NOTE:

The rules do not apply if the time remaining before the member's scheduled date of separation is not sufficient to complete collection.

A.11. Overpayment Liquidation Schedule

- Any changes to the liquidation schedule requires approval from the member's Commanding Officer and must be a minimum of 10% of available pay.
- Every effort will be made to collect debts prior to separation.

If the overpayment is...	Then collection will be...
Less than \$749.99	deducted at 15% of disposable earnings beginning a minimum of 30 days later.
\$750.00 or greater	deducted at 15% of disposable earnings beginning a minimum of 60 days later.

Table 8-20 Overpayment Liquidation Schedule

A.12. Requesting a Different Repayment Schedule

The member's command may request a reduced repayment schedule based upon the member's financial status, as long as repayment is completed prior to separation. The debt will be deducted until it is collected in full.

For requesting a repayment schedule of less than 10% of disposable pay, a legitimate financial hardship must exist. The request must include a Financial Statement ([CG-5489B](#)), and be approved by the member's CO. Forward the completed package to PPC (mas) for review and approval. In all cases, requests for a different repayment schedule shall be submitted to PPC by email to ppc-dg-customer@uscg.mil.

A.13. Collection of Other Types of Debts

There are several types of debts that a member may incur that can be collected directly from their pay. This table lists several types of debts that can be collected from a member's pay. A dunning letter is an important demand for payment.

Type	Who Does It	What Happens
Bad Check/ Defaulted Payment Plan	NAFA/ AAFES	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to PPC (mas).
	PPC (mas)	Initiates collection.
Bad Check to CG	FINCEN	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to PPC (mas).
	PPC (mas)	Initiates collection.

Bankruptcy	Unit	Forwards notice of bankruptcy to PPC – Legal Branch (lgl).
	PPC (lgl)	Initiates collection.
Clothing & Small Store Checkage	Unit	The Uniform Distribution Center (UDC), Woodbine, NJ, will deduct payment for uniforms purchased through UDC Woodbine from members’ pay via Direct Access input. Emergency uniform issuances (e.g., to member’s returned from unauthorized absence) are collected from a member’s pay via submission of a Pay Adjustment Authorization (PAA), DD Form 139 , by the Unit to PPC (mas).
Damage to Government Quarters	Housing Officer	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to PPC (mas).
	PPC (mas)	Initiates collection.
Debts Owed Other Service Relief Society	Other Armed Service	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to PPC (sep).
	PPC (sep)	Initiates deduction from separation pay.
Debts Owed to CGMA	Unit	Notifies SPO of debts owed to CGMA to be collected from member’s available final pay.
	SPO	Notifies PPC (sep) and Mutual Assistance Office in Headquarters. The notification must contain: <ul style="list-style-type: none"> • Name, SSN, EMPLID • Scheduled date of separation, • CGMA office that processed loan, • Loan balance, • Blanket code and • Whether the member has consented in writing to voluntary collection of the debt, • Or if the member has not consented to voluntary checkage, the date on which the member was provided written notice of the debt and planned involuntary collection action.
	PPC (sep)	Initiates deduction from separation pay and forwards payment to CGMA.
Delinquent Government	Travel Charge Card	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to HQ.

Travel Card	Contractor	
	HQ	Reviews and forwards PAA to PPC (mas).
	PPC (mas)	Initiates collection.
Duplicate Payments	PPC (mas)	Forwards a dunning letter to member.
Garnishment – Involuntary Allotment	Unit	Upon receipt of a court order for garnishment returns order to sender with a letter informing them that the order must be sent directly to PPC (lgl) for action.
	PPC (lgl)	Prior to starting an involuntary allotment, PPC (lgl) will forward documentation to both the member and the member’s commanding officer, notifying them that automatic processing will occur if a response is not received within 90 days from the date PPC mailed the documentation. Specific procedures to be followed by the member and the command will be included with the documentation provided by PPC.
Health & Comfort Items	Exchange	Forwards Pay Adjustment Authorization (PAA), DD Form 139 and Request and Receipt for Health and Comfort Supplies, DD Form 504 , to PPC (mas).
	PPC (mas)	Initiates collection.
IRS Tax Levy	Unit	<ul style="list-style-type: none"> • Forwards notice of levy to PPC (mas) • Notifies originating IRS unit that notice of levy has been forwarded.
	PPC (mas)	Initiates collection.
Private Damages	Unit	Submits the report of investigation to PPC (mas).
	PPC (mas)	Initiates collection.
Travel Claims	PPC (tv1)	TPAX will automatically generate an email to the member to go to TPAX to print a Travel Voucher Summary (TVS) and debt letter.
	FINCEN	<ul style="list-style-type: none"> • If Active/Reserve Military member, notifies PPC (mas) to initiate collection. • If Retiree, notifies PPC (ras) to initiate collection. • If CG Civilian, notifies the National Finance Center (NFC) to initiate collection. • If non-CG Civilian or Out of Service Military member,

		notifies the Department of Treasury to initiate collection.
	PPC/NFC/ Treasury	Initiates collection.
Tuition Assistance Recoupment	Navy	Forwards Pay Adjustment Authorization (PAA), DD Form 139 to PPC (mas).
	PPC (mas)	Initiates collection.
Unliquidated Travel Advance	FINCEN	<ul style="list-style-type: none"> • Issues dunning letter to member. • Initiates collection.
Unpaid DOD Hospital Charges	Care Provider	Forwards statement of charges to PPC (mas).
	PPC (mas)	Initiates collection.

Table 9-1 Collection of Other Types of Debts

Section B: Remissions and Waivers

B.1. Introduction This section discusses the procedures for requesting a remission or waiver.

B.2. References (a) [Coast Guard Pay Manual, COMDTINST M7220.29 \(series\), Chap 11](#)
(b) [14 U.S.C. 461](#)

B.3. Remission Definition A remission is a written request from a Coast Guard member to cancel the uncollected amount of indebtedness to the U. S. Government. See Section 11-G of reference (a) for general information, authority, eligibility for remission, limitations, standards for remission of indebtedness, processing requests for remission of indebtedness, and suspension of collection.

B.4. Who Can Apply for a Remission? In accordance with Sections 11-G-3 of reference (a), all Active Duty members and Reservists in an **active status** can apply for a remission. “Active Status” means Reserve component members on Extended Active Duty, on any other kind of Active Duty, or in the Selected Reserve (SELRES), Individual Ready Reserve (IRR), and Standby Reserve – Active Status (STBY-AS). Refer to Section 8.L.6 below and Figures 11-1 through 11-7 of reference (a) for additional remission information.

B.5. Remission Exception for Deploying/ Deployed Units If on a cutter 210’ or larger, preparing to deploy or deployed when a member receives a notice of overpayment, the unit may request suspension of collection action by notifying the SPO and PPC Customer Care, indicating the date the application is to be forwarded (must be submitted within 60 days).

B.6. Process for Requesting a Remission Use this table when completing an application for a remission.

Step	Who Does It	What Happens
1	Member	Within 15 days of receipt of the notice of overpayment: <ul style="list-style-type: none"> • Completes CG-5489-1. • Completes CG-5489B (if a financial hardship exists).
2	CO of Unit	Within 5 working days of receipt of the CG-5489-1 : <ul style="list-style-type: none"> • Completes the Unit Information and Command Endorsement on the CG-5489-1. • Completes Part II of CG-5489B (if a financial hardship exists). • Scans and forwards to PPC (mas) via a PPC Customer Care

		ticket or email to: ppc-dg-customer@uscg.mil
3	PPC (mas)	<p>In the next available pay period following receipt of the CG-5489-1:</p> <ul style="list-style-type: none"> • Suspends collection of indebtedness. • Forwards application and endorsements to COMDT (CG-1332). • Notifies member of action taken.
		<p>NOTE:</p> <p>PPC/CG-1332 cannot process incomplete or inaccurate remission application packages:</p> <ul style="list-style-type: none"> • All packages must be accurately filled out and signed, include all required documentation listed on the application, and be properly endorsed. • Any inaccurate and incomplete application received will be returned without action. • Members/commands needing assistance with the application process or obtaining documentation are encouraged to contact their assigned P&A staff or SPO.

Table 8-22 Process for Requesting a Remission

B.7. Waiver Information

An erroneous payment of pay or pay and allowances to a member is subject to collection when detected. A member may request cancellation of this debt by submitting a request for a waiver. See Section 11-F of reference (a) for general information, authority, eligibility for waiver, limitations, standards for waiver of erroneous payments, claims exceeding \$10,000, processing requests for waiver of erroneous payments and suspension of collection.

NOTE:

Per CG-1332, if a complete Remission package has been submitted, there is no need to submit a waiver package.

B.8. Who Can Apply for a Waiver?

Any present or former member of the U.S. Coast Guard and recipients of pay and/or allowances on behalf of members or former members may apply for a waiver of a debt.

NOTE:

Former members of the U.S. Coast Guard, and recipients of pay and/or allowances on behalf of a member or a former member, should contact [PPC Customer Care](#), for information on waiver

requests.

B.9. Process for Requesting a Waiver

Members on Active Duty or serving in the SELRES must use this procedure when submitting an application for a waiver.

Step	Who Does It	What Happens
1	Member	Within a 5 year period following the date of the discovery of the error, completes the member section of CG-5489-2 .
2	CO of Unit	<p>Within 5 working days of receipt of the CG-5489-2:</p> <ul style="list-style-type: none"> • Completes the Unit Information and Command Endorsement on the CG-5489-2. • Scans and forwards to PPC (mas) via a PPC Customer Care ticket or email to: ppc-dg-customer-care@uscg.mil. • Units can submit an informational copy of the Command-endorsed waiver application to PPC (mas) via a PPC Customer Care ticket or email to: ppc-dg-customer-care@uscg.mil.
3	PPC (mas)	<p>Within 3 working days of receipt of the CG-5489-2:</p> <ul style="list-style-type: none"> • Forwards application and endorsements to COMDT (CG-1332). • Notifies member of action taken.
NOTE:		<p>PPC/CG-1332 cannot process incomplete or inaccurate waiver application packages:</p> <ul style="list-style-type: none"> • All packages must be accurately filled out and signed, include all required documentation listed on the application, and be properly endorsed. • Any inaccurate and incomplete application received will be returned without action. • Members/commands needing assistance with the application process or obtaining documentation are encouraged to contact their assigned P&A staff or SPO.

Table 9-2 Process for Requesting a Waiver