Savings Deposit Program (SDP)  
(Prepared by DFAS)

- DFAS implemented the Savings Deposit Program in August 1990 for members serving in the Persian Gulf Conflict.
- This program now includes all missions where service members are assigned to a combat zone or in direct support of a combat zone.
- The Savings Deposit Program is not related to the Thrift Savings Plan (TSP).
- The Savings Deposit Program is available only to those serving in designated combat zones.

SDP, a Special Savings Accounts for Combat Zones

- Military members deployed in combat zones, qualified hazardous duty areas, or certain contingency operations may deposit all or part of their pay, after all deductions and allotments, into a DOD savings account.

Eligibility

- Service member must be receiving Hostile Fire Pay/Imminent Danger Pay (HFP/IDP) and serving in a designated combat zone or in direct support of a combat zone for more than 30 consecutive days or for at least one day for each of three consecutive months.

Making a Deposit

- Deposits may be made with a servicing finance unit.
- Deposits may be made after 30 days in the designated area.
- Eligibility to make deposits terminates on the date of departure from theater.
- Active duty members may make deposits by cash, personal check, traveler's check, money order or allotment.
- Reserve component members may make deposits by cash, personal check or money order only.
- Deposits may only be made in $5 increments and cannot exceed monthly net pay after all deductions and allotments, including special pays and reenlistment bonus.
- More than one deposit via cash, personal check, traveler's check, or money order may be made in a month but the cumulative total of the deposits cannot exceed the months unallotted pay and allowances.

Accrual of Interest

- Deposited funds will accrue at an interest rate of 10%, compounded quarterly, based on calendar year.
- Interest only accrues on amounts up to $10,000.
  - Once your account reaches $10,000 (either with deposits or interest earned) it will stop earning interest.
- Deposits made on a cash collection voucher on or before the 10th of the month will accrue interest from the 1st of that month. Deposits made after the 10th of the month will accrue interest from the first day of the following month.
- Deposit date is the date received by the servicing finance unit regardless of date of entry into the financial system or submission to unit financial representative.
- Eligibility for SDP stops on the day of departure; however, interest will continue to accrue up to 90 days after redeployment.
- If the service member requests withdrawal of funds before the 90th day, interest stops on date of request. (NOTE: If the 90th day falls on any day other than the last day of a month, interest will accrue through the last day of the preceding month.)
- The IRS considers SDP interest unearned income, as a result, the interest is taxable even though the soldier is located in a combat zone tax exempt (CZTE) area.

Making Withdrawals

- Deposits may be discontinued at any time.
- Generally, withdrawals may only be made upon termination of eligibility for the program.
- Withdrawals of this type must be for the entire sum of the deposit account.
- DFAS will post the SDP balance of active component members to their Leave and Earnings Statement (LES).
- For accounts over $10,000, the service member may make quarterly requests to withdraw the balance that exceeds $10,000.
- The $10,000 remains in the account until eligibility terminates and the remaining funds are entirely withdrawn.
- Service members may make emergency withdrawal requests of full or partial amounts before eligibility termination.
- Emergency requests must be for the health and welfare of a member or his dependent, and must be substantiated by a written request from the member's unit commander.
- To receive funds, mail or fax a written request to the address below.
- Include the following: name, social security number, branch of service, component (e.g. active or reserve), start and stop date of tour in eligible area, and amount requested.
- Active duty members will automatically receive their payment via electronic funds transfer (EFT) in the same account as their normal monthly pay.
- Reservists and separated members requesting EFTs must include the bank account number, type of account (checking or savings), and the bank's routing transit number or a voided check or deposit slip in their request.
- Reservists and separated members requesting payment via check must provide a current address.