

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.