

RETIREE ARREARS OF PAY

Arrears of Pay is a one-time payment made to a beneficiary after your death. The arrears of pay payment to your beneficiary will include:

- 1. The pro-rated amount of your final month's pay, and**
- 2. Any other money owed to you at the time of your death.**

In most cases, the Arrears of Pay will include the pro-rated amount of your final month's retirement pay. This is because your entitlement to retirement pay ends on the date of your death. When your death is reported, DFAS will reclaim your final month's pay and audit your account. The amount of the payment actually owed to you will then be computed and given to your AOP Beneficiary.

WHY IT'S IMPORTANT!

Failing to designate an AOP beneficiary could cause stress and financial hardship for your survivors during an already difficult time. If you do not designate an AOP beneficiary, the payment of any money that remains in your retirement account could be greatly delayed. When no beneficiary is named, the payment is made to the highest person in what is known as the "[Order of Precedence](#)." The Order or Precedence is the federally mandated order of inheritance that applies to legacies without a designated beneficiary.

It can take many months to locate your survivors, identify who comes highest in the Order of Precedence, and then make the payment.

That's why having a current, correct and complete beneficiary designation on file is important to prevent delays or errors in your arrears payments.

Designating a sole beneficiary in your will does not automatically make that person your AOP beneficiary. AOP determination is based exclusively on the AOP beneficiary election in your retired pay account.