

4 Allowances - Readjustment

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4.1 General Information

The Readjustment Allowance (RA) is a payment authorized by the Peace Corps Act to assist returned Volunteers in their transition from Peace Corps Service to new endeavors. Each Volunteer accrues RA for each month of satisfactory service (pro-rated for partial months of service) from the enter-on-duty (EOD) date as a Trainee to the Volunteer’s Completion/Close of Service (COS) date. The monthly RA rate is established by the agency and any increase to the monthly rate is subject to the approval of the Director, per *Manual Section (MS) 223, Volunteer/Trainee Readjustment Allowance*. The current monthly RA rates are as follows:

- Volunteers and Trainees serving up to 24 months - \$400 per month
- Volunteers serving more than 24 months from oath date) - \$500 per month (applies to additional months of service)
- Peace Corps Response Volunteers (PCRV) - \$500 per month

Note: Historical rates for the monthly readjustment allowance can be found in [Exhibit F](#).

The monthly RA earned by each Volunteer is held in a deposit fund (X60160000) until the Volunteer's service has ended, with payment issued by headquarters (HQ) through Global Accounts Payable, Volunteer and PSC Financial Services in the Office of the Chief Financial Officer (OCFO/GAP/VPS). The Volunteer’s accrued RA, less any withdrawals applied, is paid by Electronic Funds Transfer (EFT) directly to the Volunteer’s U.S. bank account, as follows:

- Volunteers – net RA balance is paid in two installments:
 - One-third payment – this portion of the net RA is paid before the Volunteer’s projected COS date. Note: The one-third payment does not apply to Volunteers who terminate their service early, except in some cases of Medical Separation
 - Final payment – the remaining balance of the Volunteer’s net RA is paid within two to four weeks after termination notification has been received by HQ from Post.
- Peace Corps Response Volunteers (PCRVs) – net RA balance is paid to the Volunteer in lump sum within two to four weeks after COS.

In certain circumstances, the monthly RA earned by the Volunteer may be used for in-country special needs withdrawals, single withdrawals, or monthly withdrawals during service. Any overpayments made to the Volunteer during service may be deducted from the final RA payment to the Volunteer.

The net RA is transmitted via EFT to U.S. bank accounts, with the exception of in-country withdrawals. In exceptional circumstances, payment by check to a U.S. address may also be arranged, in coordination with OCFO/GAP/VPS in advance of the payment being issued.

4.2 Authorities and Guidance

- Section 5 (c) of the [Peace Corps Act](#), as amended
- [Manual Section \(MS\) 223, Volunteer/Trainee Readjustment Allowance](#)
- [MS 221, Volunteer Allowances](#)
- [MS 236, Volunteer Federal Income Tax](#)

4.3 Definitions

Deposit Fund – The RA earned by Volunteers is maintained in a deposit-type fund or in X60160000. The money in the deposit fund does not belong to the agency; Peace Corps is solely acting as an agent for the Volunteers, until they are issued their RA payment.

Early Termination (ET) – The end of Peace Corps Volunteer’s service prior to the completion of service date.

FOR Post – Financial system application used at overseas Post.

Imprest Funds – Cash funds containing both U.S. Dollar and local currency to use for all cash transactions required at Post.

Medical Separation – A type of Early Termination (ET).

Monthly Withdrawal – Recurring payments made from a Volunteer’s RA for qualifying expenses. Monthly withdrawals are requested by and paid to the Volunteer. In extenuating circumstances, the monthly withdrawal may be paid to a third party on behalf of the Volunteer.

Oath Date – The date at which a Volunteer has satisfied the standards of enrollment as a Volunteer and swear or affirm the Volunteer Oath and Pledge. Oath date is used interchangeably with swear-in date.

Readjustment Allowance (RA) – The readjustment allowance (RA) is a payment authorized by the agency to assist Trainees, Volunteers, and PCRVs as they transition from Peace Corps to other endeavors after their volunteer service. The monthly RA rate that is earned by each Volunteer is authorized by the Director. The net RA balance represents the accrued monthly rate earned by the Volunteer, less any withdrawals, allotments, and tax payments applied against the RA.

Special Leave – A 30 day leave granted to Volunteers who extend service for a year or more (by one or more extensions).

Staging – A pre-departure event to orient Trainees to the Peace Corps and the general demands of being a healthy, safe, and effective Volunteer.

Volunteer End-of-Service (VESI) – Volunteer End-of-Service (VESI) is a web-based application used by overseas Posts to enter end-of-service information for Trainees and Volunteers. The entry in VESI initiates the final payment process for each Volunteer.

Volunteer In-Country Allowance (VICA) –Volunteer In-Country Allowance (VICA) is a web-based application used by overseas Posts to enter information and payment data for each Volunteer.

4.4 In-Country Special Needs Withdrawals

Volunteers may have a special needs request to withdraw funds from their RA account to cover extraordinary expenses at Post, as authorized in [MS 223, Volunteer/Trainee Readjustment Allowance](#). Any RA withdrawal must be entered in FOR Post by post staff (refer to [FOR Post Help](#) for instructions). Volunteers may receive cash withdrawals from the imprest funds at Post rather than having OCFO/GAP/VPS issue an EFT or check payment. Receipt of cash payment must be signed by the Volunteer and retained at Post for three years after fiscal year (FY) end. When a Volunteer ends their service, Post must report that end of service in the Volunteer End-of-Service (VESI) application within one-business day and record any RA withdrawals from imprest funds that remain open on an unapproved Bureau Voucher (BV).

4.4.1 Withdrawals equal to or less than \$200

Withdrawals equal to or less than \$200 USD or USDE may be authorized by the Country Director (CD) without approval from OCFO/GAP/VPS.

The monthly RA is intended to help the Volunteer resettle once they have completed their service and returned to the U.S. While the CD has the authority to approve payments up to \$200 USDE, use of this authority should be limited, when no other options are available to the Volunteer. Overspending of a Volunteer's living allowance or paying in-country debts arising during service are not justifiable reasons (in most circumstances) for an RA cash withdrawal at Post. [See MS 221, Volunteer Allowance](#).

4.4.2 Withdrawals exceeding \$200

Cash withdrawal requests over \$200 USD or USDE require the approval of the OCFO/GAP/VPS Supervisory Financial Management Officer (FMO). Withdrawal requests must include the initial approval from the CD and are routed through the OCFO/GAP/VPS Financial Management Specialist (FMS) via email.

After approval from OCFO/GAP/VPS is received via email, Post may disburse the funds from imprest funds. A copy of the approval must be attached to the disbursement coversheet and retained by Post.

Note: CD approval is not required for a withdrawal for medical expenses not covered by Peace Corps. Additionally, OCFO/GAP/VPS approval is not required for transportation funds for a Volunteer who is prevented by emergency financial circumstances from returning to their site. See also [Section 4.11.2](#) for income tax payments.

4.5 Single Early Withdrawal Payments

A Volunteer may request that HQ issue a payment of up to 50% of their net accrued RA (see [MS 223, §5.0 Early Withdrawal Payments from Net Accrued Readjustment Allowance](#)). Single early withdrawal payments are requested using form [PC-10, Application to Allot or Withdraw Readjustment Allowance](#). Form PC-10 is completed and signed by the Volunteer, reviewed and signed by the Director of

Management and Operations (DMO) or CD, and submitted to OCFO/GAP/VPS via the FMS for HQ approval.

Single early withdrawal payments are processed via EFT to the U.S. bank account identified by the Volunteer (as an Invitee in the Database of Volunteer Experience (DOVE) online portal). This bank account is often referred to as the Volunteer Home of Record (HOR) bank account . If this bank account changes during service, the Volunteer must notify post. Post must update the bank account information within VICA.

Payments can only be made to a third party payee or organization upon request and with prior OCFO/GAP/VPS approval. The OCFO/GAP/VPS FMS will notify post regarding status of the request and when payment will be processed, if approved. Single early withdrawal payments are usually processed with the weekly payroll following the receipt of form PC-10.

4.5.1 Extenuating Circumstance Requests

If there are extenuating circumstances for which over 50% of the net accrued RA balance is requested, Post should send the Form PC-10 directly to the OCFO/GAP/VPS FMS. The VPS Supervisory FMO will conduct a review prior to approval. An example of an extenuating circumstances request approved by OCFO/GAP/VPS is when a Volunteer needs money for a plane ticket to attend the funeral of a close friend or extended family member that is not covered under the Emergency Leave policy.

4.5.2 Medically Evacuated Volunteers

Requests from Trainees/Volunteers who have been medically evacuated back to the U.S. are submitted through the Office of Health Services/Medical Services case manager, who completes the [PC-706, Readjustment Allowance HQ Payment Request](#) form and submits it to OCFO/GAP/VPS for approval and payment.

4.6 Monthly Withdrawals

Trainees/Volunteers may request monthly withdrawals from their RA account to cover certain recurring expenses. Expenses may include continuation of payments on obligations incurred prior to Peace Corps training/service (e.g., family support, student loans, monthly insurance premiums, and loan or credit card payments) or voluntary payments to support readjustment after COS (e.g., payments made into an individual retirement account). A Trainee/Volunteer may apply for monthly withdrawal at any time during service, but payments will not commence while the individual is in Trainee status or during the last six months of Volunteer service. The withdrawal request by a Trainee will begin the month following their Volunteer oath date.

Monthly withdrawals must be for a minimum of five consecutive monthly payments of at least \$25 each. Each Volunteer is allowed a maximum of three concurrent withdrawals. The total of all monthly withdrawals may not exceed 75% of the current RA rate earned by a Trainee. The limit is set at \$300 per month for Volunteers, regardless of the monthly readjustment allowance earned.

Monthly withdrawal payments are processed via EFT to the Volunteer HOR bank account, unless OCFO/GAP/VPS grants advance approval for a third party payment and/or check payment. If this bank account changes during service, the Volunteer must notify post. Post must update the bank account information within VICA.

All monthly withdrawals are processed on or around the first day of each month. Withdrawal requests must be received by OCFO/GAP/VPS by the 25th calendar day of the month to begin payments the first week of the following month.

- If the Trainee or Volunteer is the recipient of the funds, they should expect payment to be received to their US bank account within the first 5 business days of the month, depending on the HQ processing date.
- If required to send the withdrawal to a third party (a recipient other than the Volunteer), the payment is also processed via EFT within the first 5 business days of the month. If a check payment method is required or mandated, recipients should expect payment between the 10th and 15th calendar day of the month.

4.6.1 Requests during Onboarding

In the DOVE online portal, invitees may set up and request monthly withdrawals during the onboarding process. After a Trainee/Volunteer's EOD date, the information is sent to OCFO/GAP/VPS for review and approval. For Trainees, the withdrawal begins the month following the Volunteer's oath date. For PCRVs or reinstated volunteers, withdrawals begin after the first *full* month of service.

4.6.2 Requests Made during Service

In order to request a withdrawal during the course of their service, a Trainee/Volunteer is required to complete all applicable sections of Form PC-10. The DMO or CD is responsible for reviewing Form PC-10 for accuracy prior to submission to OCFO/GAP/VPS FMS for necessary review, approval, and processing by HQ.

4.6.3 U.S. Savings Bonds

Trainees/Volunteers can establish a monthly withdrawal to purchase U.S. Savings Bonds, however, they must first create an account with TreasuryDirect prior to leaving the U.S. Once the account is established, withdrawals for the purchase of U.S. Savings Bonds are subject to the same provisions as other monthly withdrawals. For more information on TreasuryDirect accounts, please see www.savingsbonds.gov.

A Trainee/Volunteer may request a monthly withdrawal for savings bonds at any time during service, but payments will not commence while still a Trainee or during the last six months of Volunteer service. A savings bond request by a Trainee will begin the month following their Volunteer oath date. The Volunteer can request a U.S. Savings Bond withdrawal by completing and submitting form [PC-712, Savings Bond Deduction from Readjustment Allowance](#), via email to through the DMO to the OCFO/GAP/VPS FMS. The Volunteer's TreasuryDirect account number must be noted correctly on PC-712 for accurate processing. OCFO/GAP/VPS reviews and approves Form PC-712.

A withdrawal payment toward the Savings Bonds counts toward the maximum number of monthly withdrawals. Additionally, the maximum monthly savings bond withdrawal amount is \$150. Each month, the amount will be deducted from the Volunteer's RA account and sent to the Volunteer's TreasuryDirect account. No physical bonds are mailed to the Volunteer or HQ. The Volunteer is responsible for ensuring that payments are received and the correct bonds are purchased through TreasuryDirect.

4.7 Limit on Total Withdrawal Payments

Per MS 223 Section 5.2, during a Volunteer’s service, all withdrawal requests made and granted may not exceed 75% of the total net accrued Readjustment Allowance.

4.8 One-Third Payments

One-third payments are issued by EFT to the Volunteers’ U.S. bank accounts four (4) to six (6) days prior to the projected COS date in VICA. PCRVs do not receive the one-third payment, but receive the full RA in two to four weeks, as described in paragraph [4.9 Final Payment](#).

If a Volunteer’s U.S. bank account is closed during service, the Volunteer should attempt to open a new account online for the one-third and final RA payments. The Volunteer can reach out to OCFO/GAP/VPS for guidance. Due to system limitations, Peace Corps cannot process RA payments to international bank accounts. Post must enter any updates to a Volunteer’s U.S. banking information through VICA, 45 days prior to the Volunteer’s projected COS date. .

For Volunteers extending their service, the extension information must be entered into VICA in a timely manner to ensure that one-third payments are processed at the appropriate time.

Length of Service Month Extension	One-Third Payment Dates
Service extension up to 12 months	One-third payment is provided 4-6 days before the new extended projected COS date.
Service extension beyond 12 months	One-third payments are provided to the Volunteer’s U.S. bank account prior to the Volunteer’s departure for Special Leave. Note: This one-third payment should not be used to enhance Volunteer’s in-country standard of living. Additional one-third payment will be issued approximately 4-6 days prior to the new extended projected COS date.

4.8.1 Failure to Receive One-Third Payment

If a Volunteer does not receive the one-third RA payment in their U.S. bank account prior to the Volunteer’s projected COS date, Post should contact the OCFO/GAP/VPS FMS immediately with the Volunteer’s name and corresponding Volunteer ID number. OCFO/GAP/VPS will either (1) trace the payment and provide payment details with expected date of deposit, or (2) provide authority to the CD to pay the one-third payment at Post via imprest funds, if payment has not been issued.

4.9 Final Payment

The final net RA payment is processed by EFT, generally within two to four weeks following the Volunteer's end of service date. Post must use VESI to enter and submit the following:

- a) The end of service date and reason within one business day of the official termination date; and
- b) The deduction information within two business days of the official end of service date. Delays in submitting the Trainee or Volunteer's end of service information may result in a delay with the final RA payment.

Deductions recorded in VESI for any whole month overpaid living allowance, overpaid leave allowance, or other indebtedness will not be returned to Post's budget. Post should make every attempt to collect these types of deductions from the Trainee/Volunteer. Any funds collected and applied against the RA is returned to the main agency appropriation account and not the Post budget funds.

Additionally, deductions for Small Program Assistance, Volunteer Activities Support and Training, or Peace Corps Partnership Program cannot be deducted from the RA except in extraordinary circumstances. These deductions should not be recorded in VESI without prior approval from the OCFO/GAP/VPS Supervisory FMO.

4.10 Payment Methods and US Banking

Payments for withdrawals, one-third pay and final RA net pay are processed by EFT to a Volunteers' HOR US bank account. As described in Sections 4.5 and 4.6, if a Volunteer's HOR bank account changes, the Volunteer must notify Post, and Post must update the bank account information in VICA. As noted in Section 4.8, if a Volunteer's HOR bank account closes during service, the Volunteer should open a new account online and provide Post of their new banking details.

For any updates to a Volunteer's banking, Post must enter the new banking details in VICA at least -45 days prior to the Volunteer's projected COS date.

If a Volunteer does not have a valid US bank account at the time of COS (for example, if a Volunteer's bank account is closed shortly before their COS date), Post or the Volunteer should contact OCFO/GAP/VPS immediately for guidance.

RA related payments by USD Treasury check require OCFO/GAP/VPS approval in advance. Due to fraud, lost checks, and other issues, the US Treasury Bureau of Fiscal Service has requested government agencies significantly limit the issuance of checks. Additionally, sending checks in US dollars to Post for Volunteers is strongly discouraged because few banks cash USD checks and fees for check cashing may be significant.

In extenuating circumstances RA may be issued by a USD Treasury check with a written request from the Volunteer 60 days prior to their projected COS date and with OCFO/GAP/VPS approval. In these rare instances, the one-third RA check would be sent to Post 30 days prior to the Volunteer's projected COS date and delivered to the Volunteer during their last week of service. The final RA net pay check would be sent to a U.S. address provided by the Volunteer.

4.11 Taxes

The monthly RA is subject to Federal Income (FIT), Social Security (OASDI), and Medicare taxes.

4.11.1 Federal Income Tax

Federal income taxes are not automatically withheld from the Volunteer's RA, since the yearly taxable income for Volunteers paid by the Peace Corps does not meet the minimum threshold for withholding federal income tax. However, a Volunteer may owe federal or state taxes when Peace Corps income is reported with other income earned in the same year.

Volunteers may request for a single early withdrawal for payment of federal income tax or a monthly withholding for federal income tax withholding. Additional information regarding federal income tax are provided in [MS 236, Volunteer Federal Income Tax](#).

4.11.2 Withdrawal for Payment of Income Taxes

A withdraw for payment of income taxes is processed under [Section 4.5](#). Requests for federal tax payment are made via Form PC-10 and should be submitted by the Volunteer within ample time, so that the request can be processed in a timely manner. Payment will be made directly to the Volunteer's HOR bank account, rather than the IRS.

The CD is authorized to approve requests of up to \$350 for payment from the Post imprest fund. Requests over \$350 should be processed via the Form PC-10 and forwarded to OCFO/GAP/VPS FMS for approval and processing. OCFO/GAP/VPS is not responsible for mailing or filing tax payments to the IRS on behalf of Volunteers.

4.11.3 Withholding of Federal Income Tax

Trainees/Volunteers may request monthly deductions from their RA for federal income tax withholding. A Trainee/Volunteer requesting a recurring monthly tax withholding needs to complete IRS Form W-4, Employees Withholding Allowance Certificate, which can be found at www.irs.gov. The W-4 form must indicate the specific amount, between \$15 and \$100 per month; a percentage withholding will not be accepted or processed. Post must submit the W-4 form via e-mail to the OCFO/GAP/VPS FMS. OCFO/GAP/VPS will withhold the specified amount from the monthly RA earned by the Volunteer.

4.11.4 Withholding for Social Security and Medicare Taxes

Withholdings for Social Security (formal name: Old Age, Survivors, and Disability Insurance or OASDI) and Medicare are withheld from the Volunteer's RA each month. Withholding rates are available at the [IRS website](#).

4.12 Life Insurance

Trainees/Volunteers are automatically insured under a \$32,500 non-convertible death benefit insurance policy effective from their Enter-on-Duty (EOD) date. A Trainee/Volunteer may designate or change a

beneficiary at any time during service by completing form [PC-654, Designation of Beneficiary for Peace Corps Life Insurance](#). A Trainee/Volunteer may choose to waive life insurance coverage during onboarding in the DOVE online portal or at any time during service by completing Form [PC-863, Waiver of Coverage Peace Corps Life Insurance](#). If not waived, the insurance premium is deducted automatically from the monthly RA. If a Trainee/Volunteer wants to initiate the life insurance coverage at a later time in their service, post must reach out to OCFO/GAP/VPS for guidance. Additional steps may be required, such as an independent health assessment.

4.13 Exhibits

4.13.1 Exhibit A- Application to Allot or Withdraw Readjustment Allowance

- [PC-10, Application to Allot or Withdraw Readjustment Allowance – form is being updated to reflect the MS223 changes](#)

4.13.2 Exhibit B – Designation of Beneficiary for Peace Corps Life Insurance

- [PC-654, Designation of Beneficiary for Peace Corps Life Insurance](#)

4.13.3 Exhibit C – Readjustment Allowance HQ Payment Request

- [PC-706, Readjustment Allowance HQ Payment Request](#)

4.13.4 Exhibit D – Savings Bond Deduction from Readjustment Allowance

- [PC-712, Savings Bond Deductions from Readjustment Allowance](#)

4.13.5 Exhibit E – Waiver of Coverage Peace Corps Life Insurance

- [PC-863, Waiver of Coverage Peace Corps Life Insurance](#)

4.13.6 Exhibit F – Monthly Readjustment Allowance Rates

Monthly Historical Readjustment Allowance Rates

Applicable Dates	Monthly Allowance Rate	Volunteer Type and Service Months
03/01/1961 to 03/31/1976	\$ 75.00	All Volunteers
04/01/1976 to 01/31/1982	\$125.00	All Volunteers
02/01/1982 to 12/31/1987	\$175.00	All Volunteers
01/01/1988 to 12/31/1998	\$200.00	All Volunteers
01/01/1999 to 03/31/2010	\$225.00	All Volunteers
04/01/2010 to 09/30/2014	\$275.00	Volunteers serving up to 24 months, except Peace Corps Response Volunteers (PCRV). See MS 223 §3.1.
	\$275.00	Volunteers serving between 24 and 26 months. See MS 223 §3.1.
	\$375.00	Volunteers completing 27 months and more of service. See MS 223 §3.1. Retroactive bonus for 25 to 27 months of extension. All PCRVs. MS 223 §3.1
10/1/2014 to 09/30/2016	\$325.00	Volunteers serving up to 24 months, except PCRV.
	\$425.00	Volunteers serving more than 24 months from oath date: Increased rate applicable to additional months of service.
	\$425.00	All PCRVs.

10/1/2016 to 02/28/2019	\$350.00	Volunteers serving up to 24 months, except PCRV.
	\$450.00	Volunteers serving more than 24 months from oath date; Increased rate applicable to additional months of service.
	\$450.00	All PCRVs.
03/01/2019 to 04/30/2022	\$375.00	Volunteers serving up to 24 months, except PCRV.
	\$475.00	Volunteers serving more than 24 months from oath date; Increased rate applicable to additional months of service.
	\$475.00	All PCRVs.
05/01/2022 to Present	\$400.00	Volunteers serving up to 24 months, except PCRV.
	\$500.00	Volunteers serving more than 24 months from oath date; Increased rate applicable to additional months of service.
	\$500.00	All PCRVs.

4.14 Revision Date

August 16, 2022