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POSITION PAPER

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EARLIER RETIREMENT AS AN INCENTIVE AND AS A RESERVE COMPONENT FORCE MANAGEMENT TOOL

Requested Action:

The Reserve Officers Association encourages Congress to continue its strong support of the Reserve Components (RC) by exploring further options on early retirement and by voting on and passing a future bill to provide even better options for RC members to receive earlier military retired pay for non-regular service of less than age 60 whereby Reservists and National Guardsman can qualify down to at least age 55 through added service and longevity.

ROA endorses further adjusting early retirement for the Reserve Components by:

- Correcting existing early retirement provisions to include all Reserve and Guard members who have served since 9/11/2001.
- Fixing the Fiscal Year barrier that prevents a full year's credit for deployment since 1/28/2008.
- Passing further reduced retirement options, coupled with the removal of the artificial barriers of mandatory retirement and separation dates, to increase force management option.
- Re-evaluating the Reserve Officer Personnel Management Act (ROPMA) to identify other ways to increase flexibility in force management.
- Recognizing that a "Gray Area Retired Reserve" zone (individuals who reach their mandatory removal date and do not receive a retirement annuity) does not present a good business case. Technological changes and medical advances have allowed most services to move beyond an age-centric management principle.
- Combining the Pentagon's continuum of service policy, which allows active and reserve component members easier transition between active duty and reserve status, with a compensation and retirement package transformation.

Discussion:

Congress has supported bills to reduce the age for receipt of military Reserve Component non-regular retired pay since 2003. The retirement age reduction is one of ROA's top legislative priorities. Even corrected, the new benefit is not the final solution for earlier retirement for the Reserve Components.

The Reserve forces are no longer just a part-time strategic force but are an integral contributor to our nation's operational ability to defend our soil, assist other countries in maintaining global peace, and fight the global war on terror. ROA believes that if the Pentagon is asking more of the Reserve and Guard, then it needs to give more back in return. Improvements with an earlier retirement option need to be considered.

Reserve and Guard members feel that with the change in the roles and missions of the Reserve Components, the contract has also changed. Informal surveys keep indicating that

earlier retirement is the top issue asked for by Guardsman and Reservists. They ask why, if they are

[over]

facing the same risks as Active Duty, is there a 20 year difference in access to retirement pay.

The high costs of personnel turnover and retaining should also be fully considered when measuring the affordability of benefits and compensation for the Active and Reserve components. Lost experience is one intangible element that is difficult to measure in dollars.

In January, the National Commission on the Structure of the Air Force recommended the elimination of the “Up or Out” career management policy, as it eliminates highly qualified people that are still needed, before these skilled individuals are ready to stop serving.

Background:

The changes passed in the non-regular retirement by the first session of the 110th Congress are the first changes to legislation that was enacted since 1949 when Public Laws 80-460 and 80-810 defined training, pay categories and retirement for the Reserve Components. Sixty years later the Reserve Components are still operating under these early laws with few significant changes, even though Reserve participation has increased dramatically, and DoD policy has changed the Reserves from a strategic to an operational force.

While a Senate provision was included in the Fiscal Year 2008 National Defense Authorization Act allowing a reduction of three months from age 60 (when most Reserve and Guard members receive their retirement benefits) for every 90 days in “support of a contingency operation,” the new benefit is only for service from January 28, 2008 onward. A House amendment intending to include service back to September 11, 2001 was excluded from the NDAA, because it would cost \$2.1 billion over 10 years. A recalculation reduced this to \$1.2 billion over 10 years. Over 600,000 Reserve and Guard members served during this interval. Each year fewer remain in that cadre. A provision in the FY-2010 NDAA to fix this was dropped in conference.

Legislation to correct the Fiscal Year barrier has been introduced for the last two Congresses, but this correction has been excluded from the NDAA. CBO estimates the cost to fix this at \$30 billion over 10 years. (Latham – H.R.690; Tester – S.240)

ROA fears that retention problems will soon be on the increase, as the average number of years served at retirement is already decreasing. Reservists fully understand their duty and are proud to serve. However, many in the Reserve and Guard are currently weighing factors that affect their decision to stay in the military. While in 2003 the statistical average retirement for Guard and Reserve was at 24 years, the average is starting to backslide with more and more Reserve Component members choosing to retire once they qualify at 20 years of service.



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