
Defense Report

AUSA



The Proposed Military Retirement System—Most Service People Don't Like It.

A military retirement system should do several things: It should be an incentive to serve; it should act as a goal to encourage more people to remain in the active ranks through a full career; it should provide military personnel managers with an equitable way to release people from service when they are not needed, and; it should provide military retirees an adequate income. The system now in operation accomplishes most of those purposes.

The Department of Defense, in July, 1979, sent a proposed new system to Congress for its scrutiny and translation into law. Nothing has happened to the proposal since, except to gather dust in the files of the Armed Services Committees. This inaction is probably the best thing that could have happened to the DOD bill.

The proposal by the Defense Department has at least two broad weaknesses. Military personnel perceive it as an attempt to save money by reducing the amount of retired pay they will ultimately receive, whether they retire at the 20-year point or stay for a full career. The personnel managers see the proposed availability of cash withdrawal of accrued benefits by those who choose not to complete a 20-year term as an incentive to leave the service at mid-career. That conclusion is given added emphasis by the current difficulty all the services are experiencing in retaining fully trained mid-career people.

A recent survey conducted for the Department polled about 2,000 mid-career people in an attempt to determine the palatability of the new plan. As might be expected, the greatest support for the new system came from those who do not intend to carry their service through to retirement eligibility. Under the present system they would get nothing, so the availability of accrued benefits after passing the ten-year point makes the new system more alluring. Indeed, one of the weakest points of the present system is that there are no vested benefits for those who do not reach the twenty-year point.

The highest level of rejection for the new plan (59 percent of those polled) was found among those who intend to go at least as far as 20 years. They have a strongly negative and accurate perception of what the new system would mean to them in terms of dollars and cents in their eventual retirement checks.

The present retirement system does need some modification, especially in the establishment of vested retirement equity and separation pay for enlisted personnel released involuntarily before becoming eligible to retire, but it has been doing the job for which it was intended. Congress has shown great prescience in letting the Defense Department proposal gather dust.