

MILITARY RETIREMENT PAY

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Before we begin...

- “Military retirees” versus “veterans”
 - *A veteran refers to any person who served any length of time in any military service branch.*
 - May have served in combat, or medically discharged
 - Generally, have completed basic training
 - *A military retiree is a veteran who spent at least 20 years in uniformed service and has left the service*
- Military retirees are always veterans. Veterans are not always military retirees.
- Vermont has over 43,000 veterans but only 3900 military retirees.

Military retirees in Vermont

- Data from the Department of Defense Office of the Actuary
- As of September 2018:

Total Military Retirees				
	Total	Paid by DoD	Annual Payment	Average
Vermont	3,909	3,593	\$80,172,000	\$22,313
Percent of Total Retirees	100%	100%		
USA	2,168,011	2,001,343	\$55,117,908,000	\$27,540
Percent of Total Retirees	100%	100%		

Officers versus enlisted retirees

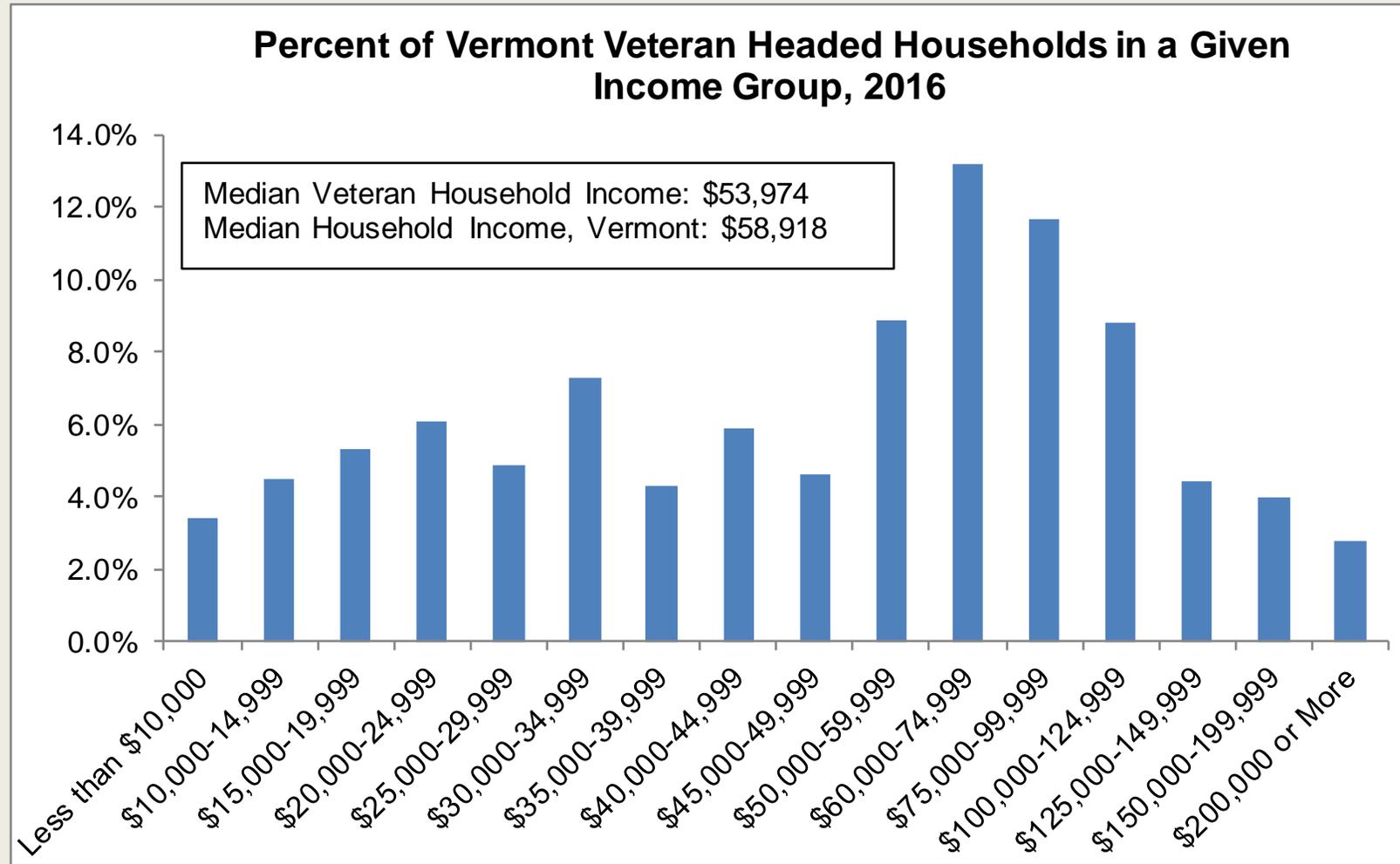
Officers				
	Total	Paid by DoD	Annual Payment	Average
Vermont	955	947	\$35,724,000	\$37,723
Percent of Total Retirees	24%	26%		
USA	548,306	543,121	\$24,184,836,000	\$44,529
Percent of Total Retirees	25%	27%		
Enlisted				
	Total	Paid by DoD	Annual Payment	Average
Vermont	2,954	2,646	\$44,448,000	\$16,798
Percent of Total Retirees	76%	74%		
USA	1,619,705	1,458,222	\$30,933,072,000	\$21,213
Percent of Total Retirees	75%	73%		

VT Military Retirees since 2004

Military Retirees in Vermont										
Year	# of Retirees	Y/Y Growth		Paid by DoD	Y/Y Growth		Annual Pay (000s)	Y/Y Growth		Average Pay
2004	3,402			3,162			52,512			\$16,607
2005	3,456	1.6%		3,218	1.8%		55,500	5.7%		\$17,247
2006	3,522	1.9%		3,284	2.1%		58,860	6.1%		\$17,923
2007	3,603	2.3%		3,363	2.4%		62,232	5.7%		\$18,505
2008	3,641	1.1%		3,406	1.3%		64,548	3.7%		\$18,951
2009	3,746	2.9%		3,514	3.2%		70,092	8.6%		\$19,946
2010	3,787	1.1%		3,561	1.3%		70,320	0.3%		\$19,747
2011	3,785	-0.1%		3,554	-0.2%		70,500	0.3%		\$19,837
2012	3,778	-0.2%		3,537	-0.5%		72,936	3.5%		\$20,621
2013	3,763	-0.4%		3,516	-0.6%		73,272	0.5%		\$20,840
2014	3,810	1.2%		3,551	1.0%		76,284	4.1%		\$21,482
2015	3,851	1.1%		3,550	0.0%		77,652	1.8%		\$21,874
2016	3,902	1.3%		3,583	0.9%		77,916	0.3%		\$21,746
2017	3,904	0.1%		3,583	0.0%		78,144	0.3%		\$21,810
2018	3,909	0.1%		3,593	0.3%		80,160	2.6%		\$22,310

Source: Department of Defense Office of the Actuary, Statistical Report on the Military Retirement System, Fiscal Year 2018

Income distribution

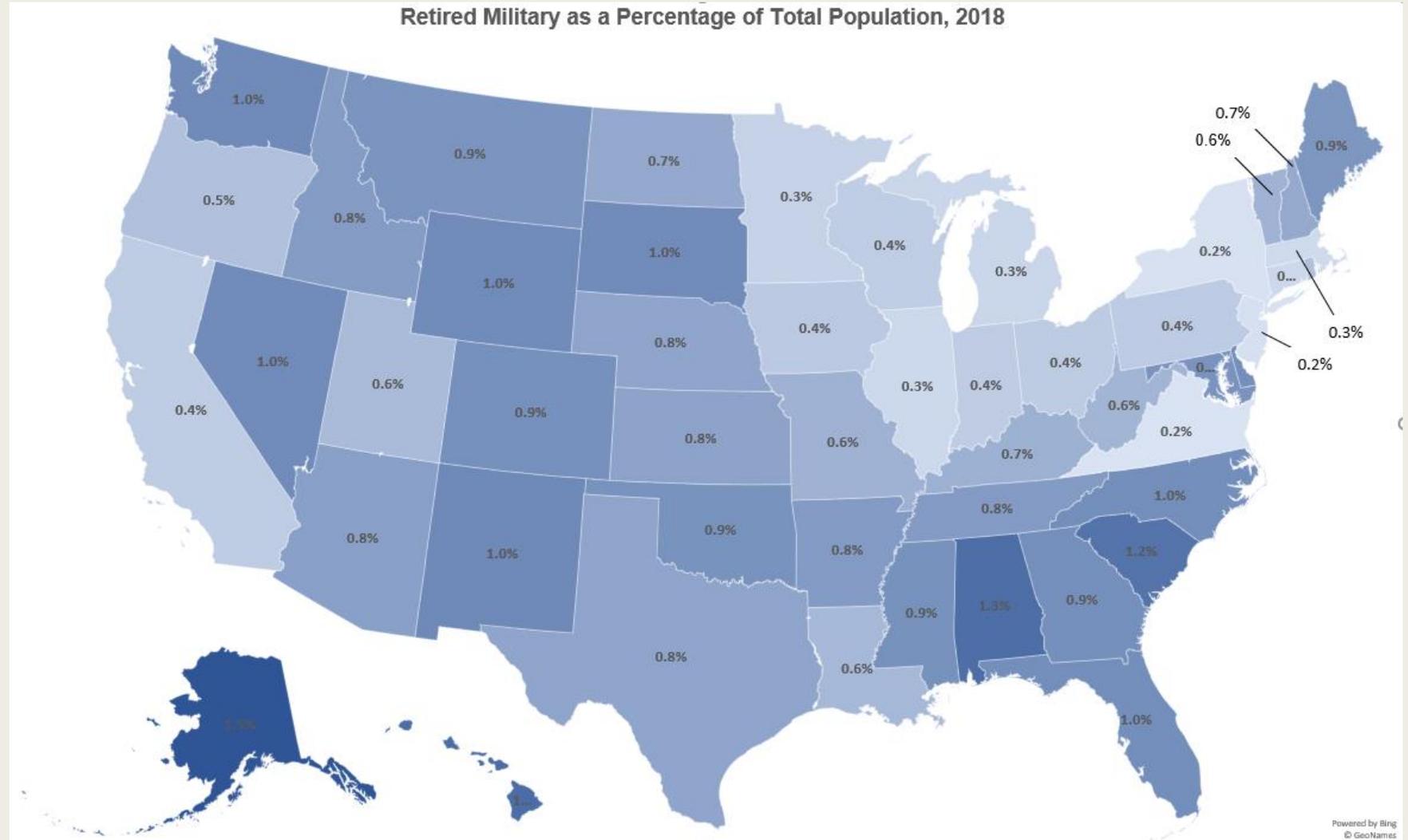


Outstanding income distribution questions

- How many military retirees are still working age?
 - *Nationwide, 38% of total officer and 51% of enlisted retirees are aged 40 to 64*
 - *Only 3% of officers and 7% of enlistees are under the age of 45*
- Do these have other non-military other sources of retirement income?
 - *58% of Vermont retirees are aged 65+ with an average benefit of \$20,633*

Military retirees by state

- Vermont:
0.6% of our population
- New Hampshire:
0.7%
- Maine: 0.9%



Estimated Fiscal Impact of Exemption

- \$2.8 million for a full year implementation
- Average Vermont tax benefit of roughly \$715 per year
- Administration budget included a phase-in over two years
 - *\$1.4 million in FY21*
 - *\$2.8 million in FY22*
- Projected to grow slowly over the next several years