

WHITE PAPER

Etiology of Military Retirement Pay Systems

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The **attached** document, DoD vs. Guard/Reserve Retirees and Survivors (Military Retirement Data 2018-2021), provides information relevant to the following discussion. The "total" number of Vermont military retirees (Active Duty as well as Guard and Reserves) in 2021 was 3,927. This number includes 318 Guard/Reserve retirees (not yet 60 years old hence not yet eligible to receive retirement pay and therefore are NOT included in the "total being paid" category). The resulting 3,609 "paid military retirees" number is the number of Vermont military retirees the GVAC has referenced in previous public documents. The 741 military survivors identified by the data is also the number referenced by the Council. A significant number referenced in the data is that **50.3% (1,815) of Vermont's 3,609 "paid" military retirees came from Guard or Reserve rather than the Active Duty military.**

Highlighting the differences between the Active Duty (AD) and the Guard/Reserve military retiree pay systems will provide a better understanding of the differences between them. While much more complicated, **Military retirement eligibility and pay are primarily based on two key factors, military rank and the number of "retirement points" (for Guard/Reserve members) and days of military service (for Active Duty personnel) accumulated throughout 20 or more years of a military career.** One retirement point is credited to a member for each day of military service. Since AD members are "on duty 24/7" they earn one retirement point for each day of service or 365 retirement points for a year of service. In contrast, other than earning 15 points per year for either Guard or Reserve "participation", these members basically only earn "military retirement points" while performing military duties -- while on military orders, during "drill" training weekends, administrative duty or two or three weeks of annual training. Guard/Reserve personnel must accumulate a minimum of 50 retirement points each year to have one "good retirement year" toward the twenty (or more) years of service needed to qualify for a military pension.

AD personnel are eligible to receive retirement pay immediately upon completing their 20 years of honorable service while Guard/Reserve soldiers are not eligible to receive their retirement pay until they reach the age of 60. Hence, while AD and Guard/Reserve members of the same rank and with the same "years of service", AD retirees

receive a much larger pension than their Guard/Reserve counterparts primarily due to a significantly greater number of days they served. Since fully one half of Vermont's military retirees (50.3%) served in the Guard/Reserve they are not eligible for military retirement pay until they reach the age of 60!

When they retire from a military career, whether AD or Guard/Reserve, military retirees become private citizens of the state in which they retire. **Many AD retirees, and just about every Vermont Guard/Reserve retiree, seek civilian employment. Since they are not eligible to receive retirement pay until they reach the age of 60, nearly all National Guard/Reserve retirees work a civilian job just to earn a living.** In order to enhance retirement benefits and/or to gain access to or increase their Social Security or other civilian retirement benefits some continue to work their civilian jobs well past the military retirement age of 60.

As noted, Military retirees, whether AD and Guard/Reserve, who retire in Vermont generally will work a civilian job. They are valued citizens, pay Vermont local, state and federal taxes, raise their families here and contribute to both their local communities and to the state.