

Military Retirement—CBO's January 2020 Baseline

The Department of Defense's military retirement program pays monthly benefits to service members who qualify for retirement based on years of service or a disability resulting from sustaining an injury or incurring or aggravating a medical condition while on active military duty. In some cases, the program also pays benefits to surviving spouses and dependents of deceased service members. Benefit amounts are based on final salary, years of service or disability rating, and a multiplier; the formula differs depending on the retirement law under which a member retired. Military retirement is not means-tested, but receipt of veterans' disability compensation can offset military retirement payments dollar for dollar. In certain circumstances, those offsets are restored by supplemental payments.

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By Fiscal Year

January 28, 2020

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Retirees											
Number (Thousands)	2,178	2,185	2,192	2,199	2,205	2,210	2,213	2,215	2,216	2,215	2,213
Average Annual Benefit (Dollars)	26,699	27,548	28,444	29,268	30,031	30,789	31,542	32,337	33,152	34,034	34,937
Total Payments for Retirees (Millions of dollars)	58,155	60,205	62,364	64,368	66,225	68,038	69,807	71,631	73,456	75,384	77,311
Adjustment for Payday Shift (Millions of dollars) ^a	0	0	5,100	200	-5,300	0	0	0	6,000	-6,000	0
Total Outlays for Retirees (Millions of dollars)	58,155	60,205	67,464	64,568	60,925	68,038	69,807	71,631	79,456	69,384	77,311
Survivors^b											
Number (Thousands)	275	278	280	282	283	284	285	286	286	286	287
Average Annual Benefit (Dollars)	13,418	13,468	13,691	13,951	14,213	14,468	14,712	14,946	15,183	15,415	15,652
Total Outlays for Survivors (Millions of dollars)	3,695	3,745	3,836	3,932	4,025	4,112	4,193	4,269	4,344	4,416	4,489
Military Retirement Trust Fund^b											
Total Outlays (Millions of dollars)	61,850	63,950	71,300	68,500	64,950	72,150	74,000	75,900	83,800	73,800	81,800

Components may not sum to totals because of rounding.

a. Section 632 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111-383) requires the Department of Defense (DoD) to make retirement payments on the first day of each month. If the first day of the month occurs on a holiday or a weekend, DoD will instead make the payments on the preceding business day. That will result in one additional paycheck in fiscal years 2022 and 2028 and one fewer paycheck in fiscal years 2024 and 2029. Section 632 does not affect the timing of survivor benefit payments.

b. Total outlays from the Military Retirement Trust Fund include CBO's estimate of the effects of the National Defense Authorization Act for Fiscal Year 2020 (NDAA). Among other changes, the NDAA changes the benefit rules for surviving spouses who also receive compensation from the Department of Veterans Affairs. The estimated average annual benefits and outlays for survivors shown above do not reflect the NDAA change. CBO will incorporate that change into the Survivors section above when CBO releases its next baseline later in 2020.