

## **Military Retirement—CBO's Baseline as of March 6, 2020**

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.

These budget projections reflect legislation, administrative actions, and regulatory changes through March 6, 2020. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation's economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

**Military Retirement—CBO's Baseline as of March 6, 2020**  
By Fiscal Year

March 19, 2020

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Retirees</b>											
Number (Thousands)	2,180	2,190	2,200	2,209	2,217	2,225	2,230	2,235	2,238	2,240	2,240
Average Annual Benefit (Dollars)	26,796	27,748	28,665	29,387	30,049	30,768	31,504	32,258	33,053	33,890	34,769
Total Payments for Retirees (Millions of dollars)	58,405	60,761	63,048	64,915	66,632	68,449	70,268	72,092	73,968	75,897	77,876
Adjustment for Payday Shift (Millions of dollars) <sup>a</sup>	0	0	5,100	200	-5,300	0	0	0	6,000	-6,000	0
Total Outlays for Retirees (Millions of dollars)	58,405	60,761	68,148	65,115	61,332	68,449	70,268	72,092	79,968	69,897	77,876
<b>Survivors</b>											
Number (Thousands)	275	276	277	278	279	279	279	279	279	278	278
Average Annual Benefit (Dollars)	13,447	13,527	14,241	15,402	16,213	16,678	16,969	17,248	17,528	17,802	18,080
Total Outlays for Survivors (Millions of dollars)	3,695	3,739	3,952	4,285	4,518	4,651	4,732	4,808	4,882	4,953	5,024
<b>Military Retirement Trust Fund</b>											
Total Outlays (Millions of dollars)	62,100	64,500	72,100	69,400	65,850	73,100	75,000	76,900	84,850	74,850	82,900

These budget projections reflect legislation, administrative actions, and regulatory changes through March 6, 2020. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation's economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

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.