SEC. ___. REINSTATEMENT OF TEMPORARY SPECIAL RETIREMENT QUALIFICATION AUTHORITY FOR MEMBERS OF THE SELECTED RESERVE OF THE RESERVE COMPONENTS OF THE AIR FORCE WITH 15 YEARS OF QUALIFYING SERVICE.

(a) REINSTATEMENT OF AUTHORITY.—Subsection (a)(1) of section 12731a of title 10, United States Code, is amended—

(1) in subparagraph (A), by striking "October 1, 1991," and inserting "the first day of a period described in subsection (b) that is applicable to that member"; and

(2) in subparagraph (B), by striking "after that date and before the end of the period described in subsection (b)" and inserting "during a period described in subsection (b) that is applicable to that member".

(b) PERIOD OF AUTHORITY.—Subsection (b) of such section is amended to read as follows:

"(b) PERIOD OF AUTHORITY.—A period referred to in subsection (a)(1) is any of the following:

"(1) With respect to any member of the Selected Reserve of a reserve component, the period beginning on October 23, 1992, and ending on December 31, 2001.

"(2) With respect to any member of the Selected Reserve of the Air Force Reserve or Air National Guard of the United States, the period beginning on October 1, 2014, and ending on December 31, 2018.".

Section-by-Section Analysis

This proposal affords the Service Secretary a force shaping tool to assist in meeting force reduction requirements associated with budget reductions and looming sequestration. It reinstates the authority established for the Selected Reserve during previous force draw down periods in allowing members of the Selected Reserve to qualify for retirement after a minimum

of 15 years of service. Additionally, it parallels the recently reinstated authority for the active component in the National Defense Authorization Act for Fiscal Year (FY) 2012 enabling them additional tool sets necessary to meet projected end-strength reductions.

Beginning in FY 2014 and for the foreseeable future, the military, both active and reserve components will begin reductions in end strength comparable to those seen in the early 90s. However, with the uncertainty of the proposed force structure, the number of affected personnel remains fluid thereby creating uncertainty and anguish among military personnel. The active component is able to reassign forces to other locations as full-time assets during force structure actions. In contrast, while the reserve components can offer similar opportunities; since the assets are part-time military, these opportunities are rarely accepted due to the reserve component member's full-time employment. There are instances in which individuals are willing/authorized to accept extensive commutes, but these are limited to critical skill requirements.

The tools needed to shape the force during previous force reductions were instrumental in reducing stress/anguish to the population from being affected and will prove just as instrumental with the current force reduction initiatives. Offering early retirement to targeted members of the Air Reserve Component helps incentivize members to leave military service thereby alleviating potential burden and stress associated with military personnel during time of force reductions.

Members of the Reserve component must complete 20 satisfactory years of service under current law to qualify for retirement benefits. This proposal would authorize the Secretary of the military department to offer targeted early retirement to assist with force reduction to those individuals with a minimum of 15 years of satisfactory service. Eligibility for receipt of retirement benefits remain unchanged, currently age 60 or as adjusted by qualifying service per Public Law 110-181; 12 Stat 160, nor would there be any increase in the amount of retirement benefits paid. Retirement pay for Reserve component service members is based on the number of points earned. Individuals who elect to retire with 15 years of service will potentially have fewer points and thus receive a smaller retirement benefit. Thereby actually a cost savings as potentially less money will be paid out of the Retirement Pay Fund.

Reserve component service members, while balancing their civilian careers; have provided tremendous support to the multiple conflicts fought over the past 10 years. These individuals have transitioned from a strategic reserve force to an operational reserve force and have been instrumental in the successes of our contingency efforts. This authority would enable the service to meet expected end strength reductions, without potentially involuntarily separating individuals who have invested more than 15 years of military service, much of it during a time of war, without qualifying for any retirement benefits.

Budget Implications: Discretionary savings are already included in the FY 2014 Budget. . Members of the reserve components are eligible to retire upon completion of 20 years of satisfactory service, but are not able to collect retirement pay until they reach the age of 60 (unless reduced by other Title 10 qualifying service). The passing of this authority allows individuals to opt to retire after 15 years of satisfactory service, which results in a recalculated

and lower retired pay accrual funding for ANG and AF Reserve members. The DoD actuaries believe the net present value of cost over 100 years to be around $100 million based on the usage estimate provided by the Air National Guard. This unfunded liability estimate is qualified by the actuary by stating that it is "unknown how much Services would make use of this authority."

Changes to Existing Law: This proposal would make the following changes to section 12731a of title 10, United States Code:

§ 12731a. Temporary special retirement qualification authority

(a) RETIREMENT WITH AT LEAST 15 YEARS OF SERVICE.— For the purposes of section 12731 of this title, the Secretary concerned may—

(1) during the period described in subsection (b), determine to treat a member of the Selected Reserve of a reserve component of the armed force under the jurisdiction of that Secretary as having met the service requirements of subsection (a)(2) of that section and provide the member with the notification required by subsection (d) of that section if the member—

(A) as of ~~October 1, 1991~~ the first day of a period described in subsection (b) that is applicable to that member, has completed at least 15, and less than 20, years of service computed under section 12732 of this title; or

(B) ~~after that date and before the end of the period described in subsection (b)~~ during a period described in subsection (b) that is applicable to that member, completes 15 years of service computed under that section; and

(2) upon the request of the member submitted to the Secretary, transfer the member to the Retired Reserve.

(b) PERIOD OF AUTHORITY.—A period referred to in subsection (a)(1) is ~~the period beginning on October 23, 1992, and ending on December 31, 2001~~ any of the following:

(1) With respect to any member of the Selected Reserve of a reserve component, ~~t~~he period beginning on October 23, 1992, and ending on December 31, 2001.

(2) With respect to any member of the Selected Reserve of the Air Force Reserve or Air National Guard of the United States, the period beginning on October 1, 2014, and ending on December 31, 2018.

(c) APPLICABILITY SUBJECT TO NEEDS OF THE SERVICE.—(1) The Secretary concerned may limit the applicability of subsection (a) to any category of personnel defined by the Secretary in order to meet a need of the armed force under the jurisdiction of the Secretary to reduce the number of members in certain grades, the number of members who have completed a certain number of years of service, or the number of members who possess certain military skills or are serving in designated competitive categories.

(2) A limitation under paragraph (1) shall be consistent with the purpose set forth in section 4414(a) of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2713).

(3) Notwithstanding the provisions of section 4415(2) of the Defense Conversion, Reinvestment, and Transition Assistance Act of 1992 (division D of Public Law 102–484; 106

Stat. 2714), the Secretary concerned may, consistent with the other provisions of this section, provide the notification required by section 12731(d) of this title to a member who no longer meets the qualifications for membership in the Selected Reserve solely because the member is unfit because of physical disability. Such notification may not be made if the disability is the result of the member's intentional misconduct, willful neglect, or willful failure to comply with standards and qualifications for retention established by the Secretary concerned or was incurred during a period of unauthorized absence.

(d) EXCLUSION.—This section does not apply to persons referred to in section 12731(c) of this title.

(e) REGULATIONS.—The authority provided in this section shall be subject to regulations prescribed by the Secretary of Defense and by the Secretary of Homeland Security with respect to the Coast Guard.