SEC. 516. REINSTATEMENT OF TEMPORARY SPECIAL RETIREMENT QUALIFICATION AUTHORITY FOR RESERVE COMPONENT MEMBERS OF THE AIR NATIONAL GUARD OF THE UNITED STATES 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 a member of the Selected Reserve of the Air National Guard of the United States, the period beginning on October 1, 2012, and ending on December 31, 2018.".

Section-by-Section Analysis

This proposal would allow Air National Guard members to qualify for retirement after 15 years (minimum) of service. It reinstates the authority established for the Air Guard during previous force draw down between 1992 and 2001 and parallels the same authority recently

reinstated for active component members in the National Defense Authorization Act for Fiscal Year (FY) 2012.

In FY 2013, the Air National Guard will begin reductions in end strength comparable to those seen in the early 90s. The tools needed to shape the force today are the same as used in the early 90s. Offering early retirement to targeted members of the Air National Guard helps incentivize members to leave military service and makes the reduction in end strength easier to achieve.

Members of the Guard need to serve 20 "good" years under current law to qualify for retirement benefits. This proposal would authorize the Secretary of the military department to offer targeted early retirement with as little as 15 "good" years of service. There would be no change in the age retirement benefits would begin to be paid by the government, (currently age 60 or as adjusted by qualifying service) nor any increase in the amount of retirement benefits paid. Guard retirement pay is based on the number of "days" of service performed. Members retiring with only 15 years of service will have fewer days of service and thus receive a smaller retirement benefit. The terms of "early retirement" also impose a financial penalty to the member for fewer than 20 years of service.

Without this authority, in order to meet expected end strength reduction limits, the Guard would be forced to involuntarily separate members who have invested more than 15 years of military service, much of it during a time of war, without qualifying for any retirement benefit at all.

Budget Implications: Discretionary savings are already included in the FY 2013 Budget. Mandatory costs will be realized only after the 10-year PAYGO window since these personnel only collect retirement when they reach the age of 60. The budgetary effects in the first 10 years are negligible and would be scored as PAYGO zero. 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~~ 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.—~~The~~ 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, ~~t~~he period beginning on October 23, 1992, and ending on December 31, 2001.

(2) With respect to a member of the Selected Reserve of the Air National Guard of the United States, the period beginning on October 1, 2012, 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.