



**VALUATION OF THE
EDUCATION BENEFITS FUND**

SEPTEMBER 30, 2023

DoD Office of the Actuary

October 2024

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ACTUARIAL CERTIFICATION

This September 30, 2023, report on the valuation of the Education Benefits Fund, hereafter referred to as the Fund, has been prepared in accordance with generally accepted actuarial principles and practices. In preparing this report, we have relied upon information maintained by the Department of Defense (DoD) and the Department of Veterans Affairs regarding program provisions, assets, eligible members, and benefit usage. The purpose of this report is to document the actuarial status of the Fund and the funding amounts to support the Secretary of Defense and the DoD Board of Actuaries (Board) in meeting the requirements of Section 2006, Title 10, United States Code (USC). Use of these results for other purposes may not be appropriate.

We have performed the valuation using methods and assumptions approved by the Board. In general, the decrement rates used in the valuation are based on actual experience of the Fund. The annual economic assumptions, as set by the Board, include an interest rate of 3.50% and an ultimate Consumer Price Index increase of 2.20%.

In our opinion, the actuarial assumptions are reasonable, and the valuation results present a fair assessment of the financial condition of the Fund given the available data and the limitations as described in Section 3.

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SECTION 1 – INTRODUCTION

The DoD Education Benefits Fund was established by 10 USC 2006 to pay education benefits to members of the Uniformed Services. The Fund, which is administered by the Department of the Treasury, is used for the accumulation of funds in order to finance armed forces education liabilities on an actuarially sound basis. Benefits covered by the Fund have been expanded many times (see Appendix E) and the Fund now pays for the following benefits:

- Title 38, Chapter 30/33 kicker and transferred kicker benefits¹
- Title 10, Chapter 1606 basic and transferred basic benefits²
- Title 10, Chapter 1606 kicker and transferred kicker benefits²
- Title 38, Chapter 30 basic benefits for Post-Vietnam Era and Involuntary Separates (Category III)
- Title 10, Chapter 31, Section 510 National Call to Service³
- Title 38, Chapter 30, Section 3020 transferred benefits³

The Board⁴, whose members are appointed by the Secretary of Defense, approves methods and assumptions used in the Fund valuation, reports to the Secretary of Defense annually on the actuarial status of the Fund, and recommends changes needed to maintain the Fund on a sound actuarial basis.

¹Benefit is in conjunction with the Department of Veterans Affairs funded Chapter 30, also referred to as Montgomery GI Bill–Active Duty (MGIB-AD) benefit, and Chapter 33 (Post 9/11 GI Bill) basic benefit.

²Also referred to as Montgomery GI Bill–Selected Reserve (MGIB-SR) benefit. Transferred benefits are not currently offered under Chapters 1606 directly, but if transferability is achieved through Chapter 33, Chapter 1606 kicker benefits can be transferred.

³Due to the relatively small size of benefits for National Call to Service and Chapter 30, Section 3020 Transferability, liability amounts for those programs have not been estimated.

⁴Assumptions and methods for this valuation were reviewed and approved by DoD Board of Actuaries members Marcia Dush (Chair), John Moore, and Michael Clark at a public meeting (virtual) on July 24, 2024.

How to Use this Report

- An executive summary of the Fund can be found in Section 2.
- In various places in the report, numbers may not add exactly due to rounding.
- An explanation of terms used throughout the report can be found in Appendix G.
- Additional information can be obtained by contacting the Office of the Actuary (OACT) as detailed on page 2.
- Of the kickers, only Chapter 1606 kickers and Chapter 30 kickers are currently being used. There have not been any Chapter 33 kickers offered as of this report. For the purpose of this report, please refer to the following table when referencing kickers:

OACT Report Name	Description
Chapter 30 kickers	Chapter 30 kickers used with Chapter 30 basic or Chapter 33 basic
Chapter 33 kickers	Chapter 33 kickers used with Chapter 33 basic
Chapter 1606 kickers	Chapter 1606 kickers used with Chapter 1606 basic or Chapter 33 basic

SECTION 2 – EXECUTIVE SUMMARY

(\$ in Millions)

The table below summarizes the FY 2023 Fund experience and actuarial valuation results as of September 30, 2023. The majority of liabilities detailed in this report stem from active duty kickers, reserve kickers, and reserve basic benefits. Simplifications were made to the Chapter 30 model and are reflected in the liabilities and the per capita normal costs.

These results depend on the underlying data and assumptions. We relied without audit on the data provided by the Defense Manpower Data Center (DMDC) and the Defense Finance and Accounting Service (DFAS). Current results may be under- or over-stated if data are inaccurate and future results will vary to the extent that experience differs from assumptions.

	<u>Chapter 30</u> <u>Kicker</u>	<u>Chapter 1606</u> <u>Basic & Kicker</u>	<u>Other</u> ²	<u>Total</u>
<u>Sept. 30, 2023 Eligibles</u> ¹	107,995	370,909	N/A	478,904
<u>Sept. 30, 2023 Fund Balance</u>				
Sept. 30, 2022 Fund Balance	\$334.8	\$643.9	\$0.5	\$979.1
FY23 Asset Transfers	\$(0.1)	\$0.0	\$0.1	\$0.0
FY23 Amortization Payments	0.5	0.0	0.0	0.5
FY23 Per Capita Contributions	0.0	17.4	0.0	17.4
FY23 Benefit Payments	(28.8)	(130.3)	0.0	(159.1)
FY23 Interest	<u>7.5</u>	<u>13.8</u>	<u>0.0</u>	<u>21.3</u>
FY23 Total Changes	\$(20.8)	\$(99.1)	\$0.1	\$(119.8)
Sept. 30, 2023 Fund Balance ³	\$314.0	\$544.8	\$0.6	\$859.3
<u>Sept. 30, 2023 Snapshot</u>				
Actuarial Liability (AL)	\$157.3	\$296.0	\$0.0	\$453.4
<u>Fund Balance</u> ³	<u>(314.0)</u>	<u>(544.8)</u>	<u>(0.6)</u>	<u>(859.3)</u>
Unfunded AL (Surplus)	\$(156.7)	\$(248.7)	\$(0.5)	\$(406.0)

¹Members eligible for multiple programs are counted separately for each program.

²Other is Category III, National Call to Service and Chapter 30 Section 3020 Transferability. Due to the relatively small size of benefits and no benefits paid since FY 2008 for National Call to Service and Chapter 30 Section 3020 Transferability, liability amounts for those programs have not been estimated. Liability amounts in this column represent only the Category III liability. Fund balances for National Call to Service and Chapter 30 Section 3020 Transferability are still reflected in this column.

³Officially, there is only one Fund. OACT allocates the Fund into separate accounts for the various programs by component, using reported contributions and benefit payments by program for each component and allocating reported interest earnings by program.

SECTION 3 – VALUATION DATA

The valuation data are taken from files maintained by DMDC along with financial data provided by DFAS. Data used for future projections of the Chapter 30 (active duty), Chapter 33 (active duty and reserve), and Chapter 1606 (reserve), programs are provided by DMDC, DFAS, Office of the Under Secretary of Defense for Personnel and Readiness (Manpower and Reserve Affairs), and Under Secretary of Defense (Comptroller). An overview of the number of members in each program and their status can be found in Appendix B. Data on benefit payments and contributions are from DFAS, in some cases supplemented by Department of Veterans Affairs (VA) reports. In the case of benefit payments, VA makes payments to members and receives reimbursement from the Fund where appropriate; DFAS reports information submitted to them by VA. In the case of Fund contributions, DFAS reports monies and associated information received from the military components.

OACT has unresolved concerns with VA's inability to provide accurate member-level data to DoD. For FY 2023, there continues to be discrepancies between DMDC and DFAS reported total benefit usage. DMDC data for the Chapter 30 kickers and Chapter 1606 basic and kickers were 67% and 84%, respectively, of totals reported by DFAS. We have also been informed that VA determined that certain data items were omitted from the data sent to DMDC for the last two years. While missing and poor data affects the credibility of assumptions and reliability of the valuation results, the DoD Board of Actuaries ultimately gave its approval acknowledging the reasonableness of adjustments OACT made to account for missing data.

The data was reviewed for reasonableness and consistency, including a reasonableness check of eligible counts, modifications for codes that conflict with dates given, adjustments for unreasonable benefit amounts, and adjustments to months used to account for discrepancies between DMDC and DFAS total benefit usage. However, the data has not been audited by OACT and OACT is not responsible for the accuracy of the data. Responsibility for the accuracy of the member data lies with the components who report eligibility and demographic data to DMDC. Responsibility for financial data related to Fund transactions and benefit usage is shared between the components, VA, and DFAS.

SECTION 4 – ASSETS, UNFUNDED LIABILITIES, AND ANNUAL CHANGES

(\$ in Millions)

Using the input data described in the previous section and Appendix B, OACT computed the actuarial liability for the Chapter 30 kicker benefit and the Chapter 1606 basic and kicker benefit. The total value of assets on September 30, 2023, was obtained from the Fund’s investment manager at DFAS. OACT tracks assets and liabilities separately by program and component and may transfer assets between programs (not components) with the Board’s approval. For official accounting, the assets and liabilities are pooled into one Fund. The programs' unfunded liabilities or surpluses are as follows:

Chapter 30 Kicker Benefits as of September 30, 2023

<u>Service</u>	<u>Actuarial Liability</u>	<u>Assets</u>	<u>Unfunded Liability or (Surplus)</u>
Army	\$103.5	\$247.8	(\$144.3)
Navy	\$38.3	\$38.6	(\$0.3)
Marine Corps	\$15.1	\$26.5	(\$11.4)
Coast Guard	\$0.4	\$1.1	(\$0.7)
Total	\$157.3	\$314.0	(\$156.7)

Chapter 1606 Basic and Kicker Benefits as of September 30, 2023

<u>Component</u>	<u>Actuarial Liability</u>	<u>Assets</u>	<u>Unfunded Liability or (Surplus)</u>
Army Natl Guard	\$148.5	\$292.5	(\$144.0)
Army Reserve	\$53.4	\$107.5	(\$54.1)
Navy Reserve	\$3.4	\$17.1	(\$13.7)
Marines Reserve	\$13.1	\$33.6	(\$20.5)
Air Force Natl Guard	\$56.9	\$38.5	\$18.4
Air Force Reserve	\$20.6	\$51.6	(\$31.0)
Coast Guard Reserve	\$0.1	\$4.0	(\$3.9)
Total	\$296.0	\$544.8	(\$248.7)

In addition to the above assets and liabilities, there are 15 items not reflected in this report (some of which are zero), one for each active duty component for Category III, National Call to Service, and Chapter 30 Section 3020 Transferability paid from the Fund. OACT tracks the assets and liabilities that directly impact the accuracy of the allocation by each combination of component and program. In addition to the above assets and liabilities, the Fund allocation is dependent on the accuracy of the reported Fund transactions.

ASSETS, UNFUNDED LIABILITIES, AND ANNUAL CHANGES (Cont.)

(\$ in Millions)

The table below shows the changes in actuarial liability from the 9/30/2022 valuation (projected) to the 9/30/2023 valuation (actual) for Chapter 30 kickers. Assumed rates¹ are updated each year to reflect the most recent experience. Withdrawal Experience and Census Changes were the largest driver of the Chapter 30 kicker gain and this is reflected in, “Withdrawal Experience & Census Changes.”

<u>Chapter 30 Annual Changes²</u>	<u>(Gain)/Loss</u>	<u>% of Projected Actuarial Liability</u>
Projected September 30, 2023 Liability ³	\$165.1	
<u>Projected September 30, 2023 Assets</u>	<u>\$312.5</u>	
Projected September 30, 2023 Unfunded Liability	(\$147.4)	
Actual September 30, 2023 Liability	\$157.3	
<u>Actual September 30, 2023 Assets</u>	<u>\$314.0</u>	
Actual September 30, 2023 Unfunded Liability	(\$156.7)	
September 30, 2023 (Gain)/Loss	(\$9.3)	-5.6%
<u>(Gain)/Loss Due to Liability</u>		
Withdrawal Experience & Census Changes	(\$23.6)	-14.3%
Interest Rate Assumption Change	(\$5.2)	-3.2%
Other Economic Assumption Changes	\$0.0	0.0%
Usage Rate and Other Assumption Changes	\$21.1	12.8%
<u>2023 Population Changes</u>	<u>\$0.0</u>	<u>0.0%</u>
Total Liability (Gain)/Loss	(\$7.8)	-4.7%
<u>(Gain)/Loss Due to Assets</u>		
Benefit Usage Experience	(\$2.9)	-1.7%
Contribution Experience	\$0.0	0.0%
<u>Interest Experience</u>	<u>\$1.3</u>	<u>0.8%</u>
Total Assets (Gain)/Loss	(\$1.5)	-0.9%

¹"Rates" refers to probabilities (e.g. decrements) or averages, for example, the probability of staying in service, probability of using the benefit in a given year, or average months of benefit used in a given year.

²The components of (Gain)/Loss Due to Assets represents the difference between expected and actual amounts for each item.

³Projected 9/30/2023 assets and liabilities are based off 9/30/2022 valuation.

ASSETS, UNFUNDED LIABILITIES, AND ANNUAL CHANGES (Cont.)

(\$ in Millions)

The table below shows the changes in actuarial liability from the 9/30/22 valuation (projected) to the 9/30/23 valuation (actual) for Chapter 1606. Assumed rates¹ are updated each year to reflect the most recent experience. New entrant experience was the largest driver of the Chapter 1606 gain and this is reflected in "2023 New Entrant Experience."

<u>Chapter 1606 Annual Changes²</u>	<u>(Gain)/Loss</u>	<u>% of Projected Actuarial Liability</u>
Projected September 30, 2023 Liability ³	\$276.9	
<u>Projected September 30, 2023 Assets</u>	<u>\$562.7</u>	
Projected September 30, 2023 Unfunded Liability	(\$285.8)	
Actual September 30, 2023 Liability	\$296.0	
<u>Actual September 30, 2023 Assets</u>	<u>\$544.8</u>	
Actual September 30, 2023 Unfunded Liability	(\$248.7)	
September 30, 2023 (Gain)/Loss	\$37.1	13.4%
(Gain)/Loss Due to Liability		
2023 New Entrant Experience	(\$35.4)	-12.8%
Population & Census Changes	\$62.3	22.5%
Usage Rate Assumption Changes	(\$5.6)	-2.0%
Withdrawal & Re-Entrant Rate Assumption Changes	(\$11.1)	-4.0%
CPI Assumption Change	\$12.3	4.4%
<u>Interest Rate Assumption Change</u>	<u>(\$3.2)</u>	<u>-1.2%</u>
Total Liability (Gain)/Loss	\$19.1	6.9%
(Gain)/Loss Due to Assets		
Benefit Usage Experience	\$15.7	5.7%
Contribution Experience	\$0.8	0.3%
<u>Interest Experience</u>	<u>\$1.4</u>	<u>0.5%</u>
Total Assets (Gain)/Loss	\$17.9	6.5%

¹"Rates" refers to probabilities (e.g. decrements) or averages, for example, the probability of staying in service, probability of using the benefit in a given year, or average months of benefit used in a given year.

²The components of (Gain)/Loss Due to Assets represents the difference between expected and actual amounts for each item.

³Projected 9/30/2023 assets and liabilities are based off 9/30/2022 valuation.

SECTION 5 – AMORTIZATION PAYMENTS

When a program is projected to have an unfunded liability, an amortization payment is scheduled to be paid into the Fund. This payment is the first year’s payment of a five-year amortization schedule at the valuation interest rate. The five-year amortization schedule was chosen by the Board and is reset each year, i.e., the schedule is given a “fresh start” every year. While this amortization method asymptotically approaches full funding, technically, the fund will not actually reach full funding without a change in the projected liability. For budgetary reasons, annual amortization payments are determined two years in advance and therefore do not reflect all information available as of the date the amortization payments are made.

The amortization payments for FY 2025 (determined in the September 30, 2022, valuation) and FY 2026 (determined in the September 30, 2023, valuation) are shown in the following tables. The amortization payments for the Chapter 1606 basic program and the Chapter 1606 kicker program are calculated together as a single Chapter 1606 amortization payment.

Note that the payment for Category III is determined differently. The October 1, 2024, payment for the Category III program was determined by estimating FY 2024 benefits and bringing forward any surplus or liability from October 1, 2023. Both items were adjusted for interest and then added together to determine the October 1, 2024, payment.

Chapter 30 Annual Amortization Amounts

<u>Component</u>	<u>FY 2025</u> <u>October 1, 2024</u>	<u>FY 2026</u> <u>October 1, 2025</u>
Army	\$0	\$0
Navy	\$0	\$0
Marine Corps	\$0	\$0
Coast Guard	\$0	\$0

Chapter 1606 Annual Amortization Amounts

<u>Component</u>	<u>FY 2025</u> <u>October 1, 2024</u>	<u>FY 2026</u> <u>October 1, 2025</u>
Army National Guard	\$0	\$0
Army Reserve	\$0	\$0
Navy Reserve	\$0	\$0
Marine Corps Reserve	\$0	\$0
Air National Guard	\$1,852,548	\$4,210,452
Air Force Reserve	\$0	\$0
Coast Guard Reserve	\$0	\$0

AMORTIZATION PAYMENTS (Cont.)

Category III Basic Annual Payment¹

<u>Component</u>	<u>FY 2025</u> <u>October 1, 2024</u>	<u>FY 2026</u> <u>October 1, 2025</u>
Army	\$0	Set Next Year
Navy	\$0	Set Next Year
Marine Corps	\$0	Set Next Year
Air Force	\$0	Set Next Year
Coast Guard	\$0	Set Next Year

¹Payments for Category III are not pre-funded, but are calculated based on actual and projected benefit payments during the previous year.

SECTION 6 – PER CAPITA AMOUNTS

The per capita amounts for the Chapter 30 and 33 kicker and Chapter 1606 basic and kicker programs are given below. For the Chapter 30 and 33 kicker, FY 2025 has separate per capita amounts for each component, program, and benefit amount, whereas FY 2026 has separate per capita amounts for each program and benefit amount. For Chapter 1606 basic and kicker, both FY 2025 and FY 2026 have separate per capita amounts for each component, program, and benefit amount. Per capita amounts are usually determined once per year but may be calculated more often if there are significant changes, such as major legislative changes. The per capita amounts below have corresponding normal costs that are shown in Appendix C. Note that there are not per capita amounts for Category III because the cost for that benefit is determined in aggregate after benefits are paid.

When a program is expected to have a surplus, a portion of the surplus is used to decrease the per capita amount. This portion or “offset” is the first year’s payment of a five-year amortization schedule at the valuation interest rate. The amortization schedule is reset each year, i.e., the schedule is given a “fresh start” every year. The Chapter 30 and 33 kicker per capita amounts were not offset because, per the Comptroller’s office, the active duty components are not expected to offer any kicker benefits to new entrants in either FY 2025 or FY 2026. For budgetary reasons, expected surpluses (and unfunded liabilities) are determined two years in advance and therefore do not reflect all data available as of the date the per capita amounts are paid.

PER CAPITA AMOUNTS (Cont.)

Chapter 30 & 33 Kicker Benefit Per Capita Amounts for FY 2025

<u>Kicker Amount</u>	<u>Army 2 Year¹</u>	<u>Army 3 Year</u>	<u>Army 4 Year</u>	<u>Army 5 Year</u>	<u>Army 6 Year</u>	<u>Navy 4 Year</u>	<u>M.C. 4 Year</u>	<u>M.C. 5 Year</u>	<u>M.C. 6 Year</u>	<u>C.G. 4 Year</u>
\$150	\$1,430	\$1,336	\$1,266	\$1,210	\$1,112	\$1,654	\$1,383	\$1,335	\$1,243	\$1,302
\$250	\$2,403	\$2,247	\$2,127	\$2,033	\$1,863	\$2,778	\$2,327	\$2,245	\$2,082	\$2,189
\$350	\$3,394	\$3,174	\$3,003	\$2,869	\$2,624	\$3,918	\$3,287	\$3,170	\$2,927	\$3,092
\$450	\$4,400	\$4,117	\$3,892	\$3,717	\$3,392	\$5,074	\$4,264	\$4,111	\$3,780	\$4,010
\$550	\$5,421	\$5,075	\$4,794	\$4,576	\$4,169	\$6,245	\$5,258	\$5,067	\$4,640	\$4,943
\$650	\$6,458	\$6,047	\$5,709	\$5,447	\$4,953	\$7,431	\$6,267	\$6,037	\$5,507	\$5,889
\$750	\$7,509	\$7,034	\$6,637	\$6,329	\$5,746	\$8,632	\$7,291	\$7,021	\$6,380	\$6,850
\$850	\$8,575	\$8,035	\$7,578	\$7,223	\$6,545	\$9,846	\$8,331	\$8,019	\$7,259	\$7,824
\$950	\$9,655	\$9,050	\$8,530	\$8,127	\$7,352	\$11,074	\$9,385	\$9,030	\$8,144	\$8,811

Chapter 30 & 33 Kicker Benefit Per Capita Amounts for All Services for FY 2026

<u>Kicker Amount</u>	<u>2 Year¹</u>	<u>3 Year</u>	<u>4 Year</u>	<u>5 Year</u>	<u>6 Year</u>
\$150	\$1,449	\$1,363	\$1,322	\$1,274	\$1,207
\$250	\$2,415	\$2,272	\$2,204	\$2,123	\$2,011
\$350	\$3,381	\$3,181	\$3,085	\$2,972	\$2,816
\$450	\$4,347	\$4,090	\$3,966	\$3,821	\$3,620
\$550	\$5,313	\$4,999	\$4,848	\$4,671	\$4,425
\$650	\$6,279	\$5,908	\$5,729	\$5,520	\$5,229
\$750	\$7,245	\$6,817	\$6,611	\$6,369	\$6,033
\$850	\$8,211	\$7,726	\$7,492	\$7,218	\$6,838
\$950	\$9,177	\$8,635	\$8,374	\$8,067	\$7,642

¹Refers to the number of years a member must serve to earn the benefit (i.e., contract length).

PER CAPITA AMOUNTS (Cont.)

Chapter 1606 Basic and Kicker Benefit Per Capita Amounts for FY 2025

	<u>Army Guard</u>	<u>Army Reserve</u>	<u>Navy Reserve</u>	<u>Marine Reserve</u>	<u>Air Guard</u>	<u>Air Reserve</u>	<u>Coast Guard</u>
Basic	\$712	\$319	\$100	\$526	\$2,432	\$100	\$100
\$100 Kicker	\$646	\$339	\$390	\$424	\$930	\$816	\$689
\$200 Kicker	\$892	\$1,044	\$604	\$596	\$1,787	\$1,275	\$1,341
\$350 Kicker	\$2,128	\$2,038	\$932	\$1,017	\$3,131	\$3,315	\$2,652

Chapter 1606 Basic and Kicker Benefit Per Capita Amounts for FY 2026

	<u>Army Guard</u>	<u>Army Reserve</u>	<u>Navy Reserve</u>	<u>Marine Reserve</u>	<u>Air Guard</u>	<u>Air Reserve</u>	<u>Coast Guard</u>
Basic	\$1,445	\$405	\$421	\$341	\$2,838	\$100	\$100
\$100 Kicker	\$791	\$436	\$729	\$330	\$1,145	\$1,334	\$659
\$200 Kicker	\$1,326	\$1,372	\$1,308	\$530	\$2,153	\$1,978	\$1,703
\$350 Kicker	\$2,745	\$2,783	\$1,607	\$851	\$3,727	\$4,697	\$4,364

SECTION 7 – EDUCATION BENEFITS FUND TRANSACTION PROCESS

The effects of the Fund transaction process on the deficit, the debt, the DoD budget, and benefit security described in this section are applicable under the current practices of the federal government regarding budget accounting and tax policy. These practices do not provide for changes in taxes to pre-fund the education benefits programs but do result in changes in the national debt.

A trust fund was created inside the Unified Budget of the federal government for the monies of the education benefits programs. This fund's three sources of income are monthly per capita payments made by DoD¹, annual amortization payments made by DoD, and interest earnings on investments in government securities made by Treasury and the payment of the par values of these securities at maturity. All three of these items are intra-governmental transfers consisting of debits from one government account and credits to another.

The fund has two types of payouts--payments for members' and dependents' benefits, and purchases of U.S. Treasury securities. The purchase of a Treasury security is also an intra-governmental transfer, while a payment for a member's or dependent's benefit is not.

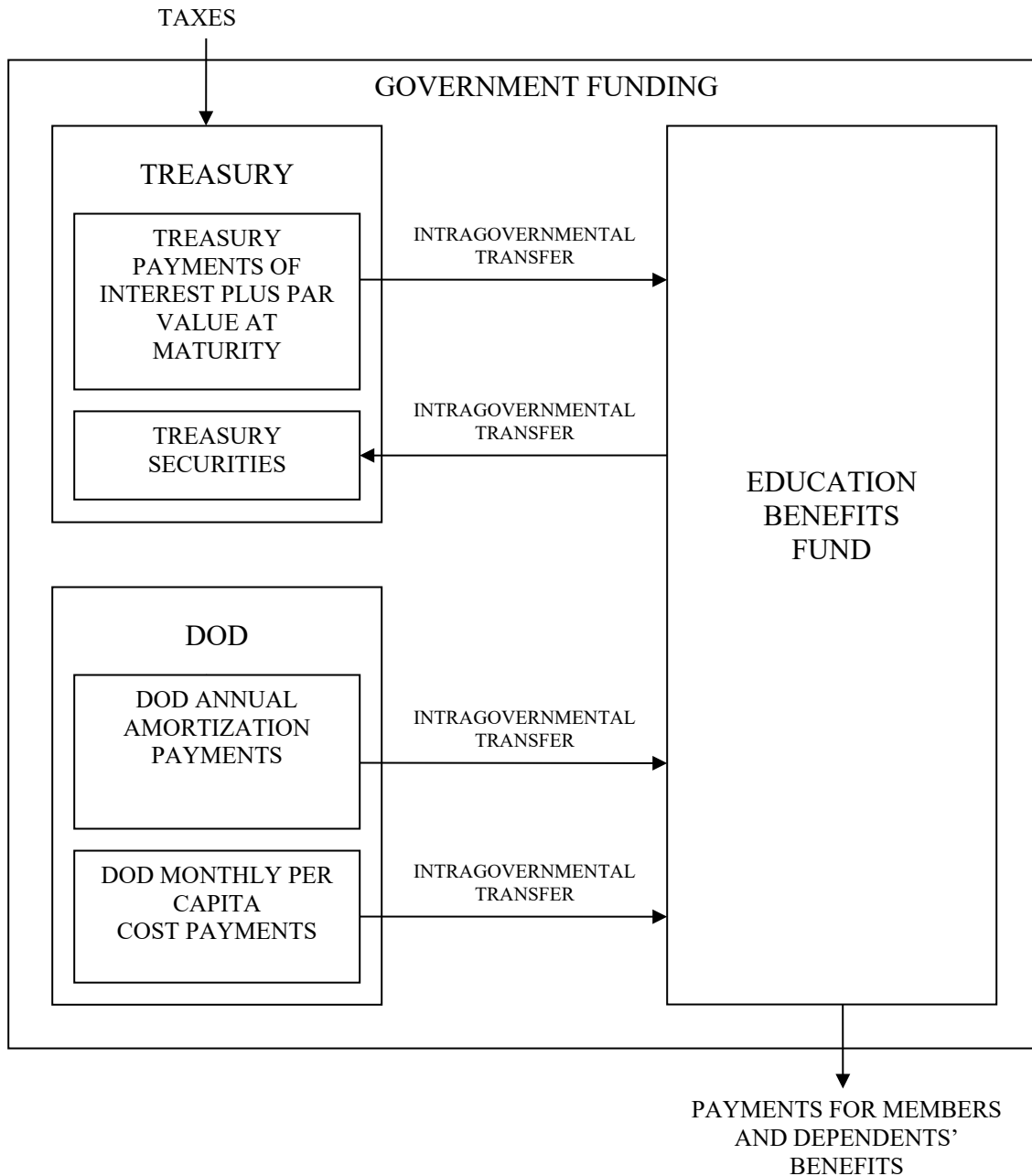
Effect of the Fund Transaction Process on the Deficit

Figure 1 depicts this process. The only transactions in a particular year that directly affect the **deficit** of the Unified Budget are those that pass in or out of the government, such as tax collections (which decrease the deficit) and payments for members' or dependents' benefits (which increase the deficit). The intra-governmental transfers are debits and credits within the federal budget, with no direct effect on the deficit.

¹References to "DoD" in this section also include Coast Guard.

EDUCATION BENEFITS FUND TRANSACTION PROCESS (Cont.)

Figure 1: Unified Budget



All the intra-governmental transfers inside Figure 1 will generate both a credit and an associated equal debit within the Unified Budget. Consequently, under current federal budget accounting practices, contributions to the Fund beyond what are required to pay benefits to members and dependents that year have no impact on the total federal deficit. Just as with the pay-as-you-go method, the only transactions that directly affect the deficit in the education benefits accounting process are payments for benefits.

EDUCATION BENEFITS FUND TRANSACTION PROCESS (Cont.)

Effect of the Fund Transaction Process on the Debt

On the other hand, the purchase of securities by the Fund does increase the national **debt**, specifically the portion of the debt held by the government. The portion held by the public will not change. However, the total debt will increase and this might require an increase in the statutory borrowing authority.

Effect of the Fund Transaction Process on the DoD Budget

The Fund transaction process has an effect on the **DoD budget**. With the per capita amount payments in the DoD budget, policymakers are forced to consider how manpower decisions affect future costs. For example, if a decision were made today to double the number of reserve members given kicker benefits, the DoD budget would have an immediate increase in obligations. Under the pay-as-you-go method, the expenses would not necessarily be considered as much in the initial decision since they would not show up for several years (typically, active duty kickers are used after service members complete their contract or when they are transferred to a child much later).

Effect of the Fund Transaction Process on Benefit Security

The Fund transaction process also provides benefit security that the pay-as-you-go method does not. In the short term, the Fund transaction process provides benefit security because it is not dependent on obtaining the necessary appropriation from Congress each year in order to pay benefits. In the long term, the Fund transaction process provides benefit security because it helps prevent benefits from being over-extended and later reduced.

APPENDIX A – DESCRIPTION OF BENEFITS

The descriptions in this appendix are intended as an overview. For more detailed information, visit the links suggested.

Chapter 30 Kicker Eligibility

Members may be eligible to receive a Chapter 30 kicker benefit if they are eligible to receive the Chapter 30 basic or the Chapter 33 basic benefit. They may be eligible if they have an honorable discharge, a high school diploma or GED or in some cases 12 hours of college credit, and meet the requirements of one of the program categories. Categories I, II, and IV are described below and Category III is described in a separate section. For more detailed information, visit: <https://www.va.gov/education/about-gi-bill-benefits/montgomery-active-duty/>.

Category I includes those who entered active duty for the first time after June 30, 1985, and had military pay reduced by \$100 a month for the first 12 months. Members must have continuously a) served for 3 years, b) served for 2 years if they first enlisted for 2 years, or c) served for 2 years if they entered the Selected Reserve within a year of leaving active duty and served 4 years in the Selected Reserve.

Category II includes those who entered active duty before January 1, 1977, served at least 1 day between October 19, 1984, and June 30, 1985, and stayed on active duty through June 30, 1988 (or stayed on active duty through June 30, 1987, if they entered the Selected Reserve within 1 year of leaving active duty and served 4 years). Members must have had entitlement left from the Vietnam-Era GI Bill on December 31, 1989.

Category IV includes those who were on active duty on October 9, 1996, had money remaining in a Veteran's Educational Assistance Program (VEAP) account on that date, and elected Montgomery GI-Bill (MGIB-AD) by October 9, 1997. Another way to be included in Category IV would have been to enter full-time National Guard duty under Title 32, United States Code between July 1, 1985, and November 28, 1989, and have elected MGIB-AD during the period October 9, 1996 through July 8, 1997. Under either way, the member would have had military pay reduced by \$100 a month for 12 months or have made a \$1,200 lump-sum contribution.

Chapter 30 Kicker Benefit Amount

The Secretary of Defense may increase the basic benefit up to an additional \$950 per month. Kicker amounts do not receive cost-of-living increases.

Chapter 30 Kicker Restrictions

Generally, members are eligible to use the benefit up to 10 years after the date of their last discharge, but the number of years can vary, depending on the situation.

DESCRIPTION OF BENEFITS (Cont.)

Chapter 33 Kicker Member Eligibility

Members may receive a Chapter 33 kicker benefit if they are eligible to receive the Chapter 33 basic benefit. Service members may be eligible if after September 10, 2001, they have served at least 90 days of aggregate active duty service and are still on active duty, or if they were honorably discharged or were discharged with a service-connected disability after 30 days. For more detailed information, visit <https://www.va.gov/education/about-gi-bill-benefits/post-9-11/>.

Chapter 33 Kicker Transferred Benefit Eligibility

Title V of the Supplemental Appropriations Act of 2008, P.L. 110-252 (June 30, 2008), commonly referred to as the Post-9/11 GI Bill, allows service members to transfer all or some unused benefits to their spouse or dependent children. The Harry W. Colmery Veterans Educational Assistance Act, P.L. 115-48 (August 16, 2017), also known as the Forever GI Bill, expands transferability eligibility in certain cases for Purple Heart recipients. The impact of this is expected to be minor and no explicit adjustment has been made to the valuation. The option to transfer is open to any member of the Uniformed Services active duty or Selected Reserve, officer or enlisted who is eligible for the Post-9/11 GI Bill, and meets the following criteria: (1) has at least six years of service in the armed forces (active duty and/or Selected Reserve) on the date of approval and agrees to serve four additional years in the armed forces from the date of election, (2) has at least 10 years of service in the armed forces (active duty and/or Selected Reserve) on the date of approval, is precluded by either standard policy (by component or DoD) or statute from committing to four additional years, and agrees to serve for the maximum amount of time allowed by such policy or statute, or (3) Purple Heart recipient and requests to transfer benefits while still on active duty (there is no service time requirement for Purple Heart recipients).

Spouses (1) may start to use the benefit immediately while the member remains in the armed forces or after separation from active duty, (2) are not eligible for the monthly housing allowance while the member is serving on active duty, (3) if member separated from active duty before January 1, 2013, may use the benefit for up to 15 years after the member's last separation from active duty, and (4) if member separated from active duty on or after January 1, 2013, there is no time limit to use benefits.

Children (1) may start to use the benefit only after the member making the transfer has completed at least 10 years of service in the armed forces, (2) may use the benefit while the member remains in the armed forces or after separation from active duty, (3) may not use the benefit until they have attained a secondary school diploma (or equivalency certificate) or they have reached age 18, (4) may qualify for the monthly housing allowance even when the member is on active duty, and (5) may not use the benefit after reaching 26 years of age.

Chapter 33 Kicker Benefit Amount

The Secretary of Defense may increase the basic benefit up to an additional \$950 per month. Kicker amounts do not receive cost-of-living increases. Chapter 33 kicker benefits are values between and including \$150 and \$950, increasing in \$100 increments.

DESCRIPTION OF BENEFITS (Cont.)

Chapter 33 Kicker Restrictions

For Veterans who left active duty on or after January 1, 2013, the period of eligibility for the Post-9/11 GI Bill does not end. For Veterans who left active duty before January 1, 2013, the period of eligibility ends 15 years from the date of last discharge from active duty.

Chapter 1606 Basic and Kicker Eligibility

Eligible members must have had a six-year obligation to serve in the Selected Reserve signed after June 30, 1985. Officers must have agreed to serve 6 years in addition to their original obligation. Members must have completed their initial active duty for training (IADT) and must meet the requirement to receive a high school diploma or equivalency certificate before completing IADT. Lastly, members must remain in good standing while serving in the Selected Reserve. For more detailed information, visit <https://www.va.gov/education/about-gi-bill-benefits/montgomery-selected-reserve/>.

At the discretion of the Secretary, a member may receive a Chapter 1606 kicker benefit if that member's occupation has been designated as a critical occupational specialty.

Chapter 1606 Basic and Kicker Benefit Amount

The full-time institutional training rate is \$466 per month for FY 2024. This rate became effective October 1, 2023. Fractional amounts may apply for less than full-time education.

The basic benefit may be increased by a kicker benefit of as much as \$350 per month for recruits in critical skills or critical specialties.

Consumer Price Index (CPI) increases are given to the basic benefit, but not to the kicker benefit.

Chapter 1606 Basic and Kicker Restrictions

The maximum number of months of educational assistance that may be provided to any member under this chapter is 36.

Generally, the entitlement period for a member of the Selected Reserve expires at the date the member is separated from the Selected Reserve. For persons involuntarily separated from October 1, 1991, to September 30, 2001, or from October 1, 2007, to September 30, 2014, or for persons separated for disability not the result of willful misconduct, the period of entitlement expires at the end of the 14-year period beginning on the date on which the person became entitled to the benefit. The time period does not run if the member is prevented from pursuing a program of education because of a mental or physical disability incurred in or aggravated by service in the Selected Reserve.

DESCRIPTION OF BENEFITS (Cont.)

Category III Eligibility

To qualify under Category III, all three of the following must be true. First, the member has a high school diploma, GED, or 12 hours of college credit. Second, the member does not qualify under Category I or Category II. Third, the member had their military pay reduced by \$1,200 before separation. In addition to these three requirements, one of the following three must be true. The member was involuntarily separated on or after November 30, 1993. The member was on active duty on September 30, 1990, and involuntarily separated after February 2, 1991. Or, the member chose to voluntarily separate under either the Voluntary Separation Incentive (VSI) program or the Special Separation Benefit (SSB) program. For more detailed information visit: <https://www.va.gov/education/about-gi-bill-benefits/montgomery-active-duty/>.

Category III Benefit Amounts

The full-time institutional training rate is \$2,358 per month for FY 2024. This rate became effective October 1, 2023. Fractional amounts may apply for less than full-time education. Annual increases for Category III are determined by the National Center for Education Statistics' index reflecting the average cost of undergraduate tuition.

Category III Restrictions

Generally, members are eligible to use the benefit up to 10 years after the date of their last discharge.

Restrictions for all Fund Benefits

Members entitled to educational assistance under a program established by the MGIB who are also eligible for assistance under another educational assistance program may not receive assistance under both programs simultaneously; they must choose one or the other.

If a member is eligible for more than one program, they must notify VA in writing which program they intend to use before enrolling in training.

Excluding transferred benefits, a member may only receive a total of 48 months of benefits from all benefit programs combined.

If a member is eligible for the Post-9/11 GI Bill and another benefit program, they must make an irrevocable election in writing before receiving any Post-9/11 GI Bill benefits. This means they cannot change back to the other program while they maintain eligibility to receive Post-9/11 GI Bill benefits.

<https://www.va.gov/resources/compare-va-education-benefits/> offers more detailed information.

<https://www.va.gov/gi-bill-comparison-tool> offers some comparison tools for several types of VA education and training benefits.

APPENDIX B – POPULATION DATA

Chapter 30 “Kicker” Eligibles

	Sept. 30, 2023
Army 2-Year	1,517
Army 3-Year	23,806
Army 4-Year	35,424
Army 5-Year	5,465
Army 6-Year	2,741
Navy 2-Year	156
Navy 3-Year	1,135
Navy 4-Year	24,891
Marine 4-Year	7,817
Marine 5-Year	4,595
Marine 6-Year	49
Coast Guard 4-Year	399
Total	107,995
Army	68,953
Navy	26,182
Marine Corps	12,461
Coast Guard	399
Total	107,995

POPULATION DATA (Cont.)

Chapter 1606 Eligibles

Sept. 30, 2023

1606 Eligibles, Excluding 33 Eligibles

Army National Guard	181,197
Army Reserve	101,589
Navy Reserve	20,807
Marine Corps Reserve	21,868
Air National Guard	26,760
Air Force Reserve	14,017
<u>Coast Guard Reserve</u>	<u>4,671</u>
Total	370,909

Eligible for a \$100 Kicker Benefit

Army National Guard	46
Army Reserve	17,739
Navy Reserve	0
Marine Corps Reserve	3
Air National Guard	15
Air Force Reserve	3
<u>Coast Guard Reserve</u>	<u>0</u>
Total	17,806

Eligible for a \$200 Kicker Benefit

Army National Guard	26,537
Army Reserve	15,697
Navy Reserve	345
Marine Corps Reserve	1
Air National Guard	27
Air Force Reserve	2
<u>Coast Guard Reserve</u>	<u>0</u>
Total	42,609

Eligible for a \$350 Kicker Benefit

Army National Guard	41,590
Army Reserve	8,499
Navy Reserve	0
Marine Corps Reserve	1,750
Air National Guard	22,128
Air Force Reserve	5,876
<u>Coast Guard Reserve</u>	<u>0</u>
Total	79,843

APPENDIX C – ASSUMPTIONS AND METHODS

Board Meeting Minutes Link

Minutes documenting the Board meetings addressing methods and assumptions for the September 30, 2022 valuation and the September 30, 2023 valuation can be found here:

<https://actuary.defense.gov/External-Links/>

Actuarial Assumptions

Actual experience of the programs will most likely not coincide exactly with assumed experience, regardless of the choice of the assumptions and methodologies. Each valuation provides a complete recalculation of assumed future experience and takes into account past differences between assumed and actual experience. The result is a series of adjustments to the computed expense. The assumptions are modified annually to reflect experience trends, legislative, regulatory, and administrative changes, and future expectations.

General Methodology Notes: Rate Determination

The liabilities for programs depend on rates (e.g., decrements) based mainly on the past 10 years of actual experience. Adjustments to the historical experience are sometimes made when results are based on too few cases or data appears to be unreliable in order to better project future outcomes. Recent years' historical experience is weighted more heavily than older years. For active duty rates, each past year's experience is weighted at 80% of the year it precedes. So, when deriving rates from historical experience, FY 2023 is weighted at 100%. FY 2022 is weighted at 80% of FY 2023. FY 2021 is weighted at 80% of FY 2022, which is 64% ($0.80 * 0.80$) and so on. For reserve rates, each past year's experience is weighted at 60% of the year it precedes. Usage may be adjusted if it is expected to deviate from historical averages when different conditions may be forecast than existed during the time period the historical rates were taken. This year, as in previous years, aggregate model expectations have been adjusted to account for data limitations.

General Methodology Notes: Pre-Funding, Per Capita Amounts, and Liability Calculations

All benefits are pre-funded on an accrual basis except for Category III benefits. For all pre-funded benefits, monthly contributions known as per capita amounts go into the Fund. For all pre-funded benefits with a projected deficit, a portion of the unfunded liability is scheduled to be paid on the first day of the projected fiscal year in order to reduce the deficit. The annual amortization payment and the monthly Per Capita Amounts are collectively referred to in this report as contributions to the Fund.

Per capita amounts are the amounts needed to pay the benefits for qualifying individuals entering the various programs. Per capita amounts reflect the time value of money, the fact that not everyone uses the entire benefit for which they could become eligible, differences between components, and differences between programs. Per capita amounts may be reduced when a component has a projected surplus. In such cases, the per capita amount represents the normal cost reduced for surplus.

ASSUMPTIONS AND METHODS (Cont.)

Calculating the actuarial liability is similar to calculating the per capita amounts. For both calculations, we find the expected value of the benefits for those participants eligible to receive benefits in the future, adjusted for the time value of money. However, the per capita amount and the actuarial liability calculations are different in terms of the population involved and the time at which benefits are valued. The per capita amount calculation uses a hypothetical new-entrant cohort of members, whereas the liability calculation uses the actual census population of eligible members as of the valuation date.

Future actuarial measurements may differ significantly from the current measurements due to the following factors: experience differing from that anticipated by the economic and behavior assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in program provisions or applicable law.

General Methodology Notes: Amortization of Unfunded Liability

Unfunded liabilities are amortized over five years. Each year, the amortization calculation is given a fresh start based on that year's unfunded liabilities. While this amortization method asymptotically approaches full funding, technically, the fund will not actually reach full funding until many years into the future (well beyond the original amortization period of five years).

General Methodology Notes: Normal Cost Calculation

In addition to the approach outlined in the "Methodology" notes above, the normal cost can be derived by multiplying the "Average Benefit Amount" by the "Percent of Benefit Used", the "Discount Factor", and 36 months, as detailed in the usage assumptions section. "Average Benefit Amount" is the fixed dollar amount for benefits that are not indexed; for benefits that are indexed, it reflects the effect of future projected increases to the benefit. "Percent of Benefit Used" reflects what portion (of a hypothetical new entrant cohort of members) is projected to become eligible and what percentage of the potential 36-month total entitlement is projected to be used. "Discount Factor" reflects the reduction in the normal cost due to discounting for interest and timing due to when the benefit is used. For example, a discount factor of 0.800 indicates the normal cost is 80% of what it otherwise would be if calculated with a zero interest rate.

Post-9/11 GI Bill Methodology Transferability Note

Transferability has been implemented for Chapter 30 kicker benefits taken with Chapter 33 basic benefits. Members elect transferability at the 6 year-of-service point with some exceptions and can transfer any amount of unused benefits up to the full 36-month entitlement. Members must serve 4 additional years with some exceptions (e.g., if additional years would prolong retirement). The costs for transferability are implicit in the Chapter 30 kicker valuation, as usage rates reflect both member and dependent usage.

ASSUMPTIONS AND METHODS (Cont.)

Chapter 30 & Chapter 1606 Methodology Notes

Adjustments for Data Deficiencies: OACT compensated for known deficiencies in the data received from DFAS spending and the DMDC file extracts. Adjustments (“true-ups”) to the historical data provided by DMDC were made as follows.

	<u>Chapter 30</u>
All Services & Components	13%
	<u>Chapter 1606¹</u>
Army Reserve	1%
Army Guard	-1%
Navy Reserve	-7%
Marine Corps Reserve	2%
Air Force Reserve	24%
Air Force Guard	10%
Coast Guard Reserve	2%

For Chapter 30 calculations, all services are adjusted by the All Services true-up. For Chapter 1606 calculations, each component is adjusted by their unique true-up.

Economic Assumptions

The Board approves the methods and assumptions used to determine the costs of these programs. In September 2024, the Board approved the following economic assumptions for use in the valuation as of September 30, 2023.

Interest Rate

The Board set the Fund interest rate assumption at 3.50% annually. Below are the Fund’s interest earnings over the past ten years:

	<u>Interest Earnings</u>
FY 2014	2.9%
FY 2015	2.4%
FY 2016	2.6%
FY 2017	3.0%
FY 2018	3.4%
FY 2019	2.7%
FY 2020	1.8%
FY 2021	2.9%
FY 2022	5.0%
FY 2023	2.3%

¹There are separate adjustments to the basic and the kicker. Number shown is the average of the the two.

ASSUMPTIONS AND METHODS (Cont.)

Inflation

Annual inflation for the Chapter 1606 basic benefit is calculated, per Section 16131 (b) (2) of Title 10, United States Code, as the percentage increase, rounded to the nearest dollar, of the rate equal to the percentage by which the CPI-W (all items, United States city average) for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made, exceed such CPI for the preceding 12-month period. The ultimate rate of inflation (CPI) is assumed to be 2.20% per year and the select (short-term) rates are given in the table below. These rates are projected using Blue Chip Financial Forecasts. Note that the only benefit covered that is directly adjusted by this CPI index is the Chapter 1606 basic benefit.

			<u>Projected CPI Increase</u>
FY 2024	to	FY 2025	3.2%
FY 2025	to	FY 2026	2.8%
FY 2026	to	FY 2027	2.2%
FY 2027	to	FY 2028	2.2%
FY 2028	to	FY 2029	2.2%
FY 2029	to	FY 2030	2.2%
FY 2030	to	FY 2031	2.2%
FY 2031	to	FY 2032	2.2%

ASSUMPTIONS AND METHODS (Cont.)

Chapter 30/33 Usage Assumptions

	<u>Benefit Amount</u>	<u>Percent of Benefit Used</u>	<u>Discount Factor</u>	<u>FY 2026 Normal Cost</u>
Chapter 30 & 33 Kicker				
Army 2 Year	\$150	36.6%	73.2%	\$1,449
Army 2 Year	\$250	36.6%	73.2%	\$2,415
Army 2 Year	\$350	36.6%	73.2%	\$3,381
Army 2 Year	\$450	36.6%	73.2%	\$4,347
Army 2 Year	\$550	36.6%	73.2%	\$5,313
Army 2 Year	\$650	36.6%	73.2%	\$6,279
Army 2 Year	\$750	36.6%	73.2%	\$7,245
Army 2 Year	\$850	36.6%	73.2%	\$8,211
Army 2 Year	\$950	36.6%	73.2%	\$9,177
Chapter 30 & 33 Kicker				
Army 3 Year	\$150	35.6%	70.9%	\$1,363
Army 3 Year	\$250	35.6%	70.9%	\$2,272
Army 3 Year	\$350	35.6%	70.9%	\$3,181
Army 3 Year	\$450	35.6%	70.9%	\$4,090
Army 3 Year	\$550	35.6%	70.9%	\$4,999
Army 3 Year	\$650	35.6%	70.9%	\$5,908
Army 3 Year	\$750	35.6%	70.9%	\$6,817
Army 3 Year	\$850	35.6%	70.9%	\$7,726
Army 3 Year	\$950	35.6%	70.9%	\$8,635
Chapter 30 & 33 Kicker				
Army 4 Year	\$150	35.4%	69.1%	\$1,322
Army 4 Year	\$250	35.4%	69.1%	\$2,204
Army 4 Year	\$350	35.4%	69.1%	\$3,085
Army 4 Year	\$450	35.4%	69.1%	\$3,966
Army 4 Year	\$550	35.4%	69.1%	\$4,848
Army 4 Year	\$650	35.4%	69.1%	\$5,729
Army 4 Year	\$750	35.4%	69.1%	\$6,611
Army 4 Year	\$850	35.4%	69.1%	\$7,492
Army 4 Year	\$950	35.4%	69.1%	\$8,374
Chapter 30 & 33 Kicker				
Army 5 Year	\$150	34.8%	67.9%	\$1,274
Army 5 Year	\$250	34.8%	67.9%	\$2,123
Army 5 Year	\$350	34.8%	67.9%	\$2,972
Army 5 Year	\$450	34.8%	67.9%	\$3,821
Army 5 Year	\$550	34.8%	67.9%	\$4,671
Army 5 Year	\$650	34.8%	67.9%	\$5,520
Army 5 Year	\$750	34.8%	67.9%	\$6,369
Army 5 Year	\$850	34.8%	67.9%	\$7,218
Army 5 Year	\$950	34.8%	67.9%	\$8,067

ASSUMPTIONS AND METHODS (Cont.)

Chapter 30 & 33 Usage Assumptions (cont.)

	<u>Benefit Amount</u>	<u>Percent of Benefit Used</u>	<u>Discount Factor</u>	<u>FY 2026 Normal Cost</u>
Chapter 30 & 33 Kicker				
Army 6 Year	\$150	33.4%	66.9%	\$1,207
Army 6 Year	\$250	33.4%	66.9%	\$2,011
Army 6 Year	\$350	33.4%	66.9%	\$2,816
Army 6 Year	\$450	33.4%	66.9%	\$3,620
Army 6 Year	\$550	33.4%	66.9%	\$4,425
Army 6 Year	\$650	33.4%	66.9%	\$5,229
Army 6 Year	\$750	33.4%	66.9%	\$6,033
Army 6 Year	\$850	33.4%	66.9%	\$6,838
Army 6 Year	\$950	33.4%	66.9%	\$7,642
Chapter 30 & 33 Kicker				
Navy 4 Year	\$150	35.4%	69.1%	\$1,322
Navy 4 Year	\$250	35.4%	69.1%	\$2,203
Navy 4 Year	\$350	35.4%	69.1%	\$3,085
Navy 4 Year	\$450	35.4%	69.1%	\$3,966
Navy 4 Year	\$550	35.4%	69.1%	\$4,848
Navy 4 Year	\$650	35.4%	69.1%	\$5,729
Navy 4 Year	\$750	35.4%	69.1%	\$6,610
Navy 4 Year	\$850	35.4%	69.1%	\$7,492
Navy 4 Year	\$950	35.4%	69.1%	\$8,373
Chapter 30 & 33 Kicker				
Marine Corps 4 Year	\$150	35.4%	69.1%	\$1,322
Marine Corps 4 Year	\$250	35.4%	69.1%	\$2,204
Marine Corps 4 Year	\$350	35.4%	69.1%	\$3,085
Marine Corps 4 Year	\$450	35.4%	69.1%	\$3,966
Marine Corps 4 Year	\$550	35.4%	69.1%	\$4,848
Marine Corps 4 Year	\$650	35.4%	69.1%	\$5,729
Marine Corps 4 Year	\$750	35.4%	69.1%	\$6,611
Marine Corps 4 Year	\$850	35.4%	69.1%	\$7,492
Marine Corps 4 Year	\$950	35.4%	69.1%	\$8,374
Chapter 30 & 33 Kicker				
Marine Corps 5 Year	\$150	34.8%	67.9%	\$1,274
Marine Corps 5 Year	\$250	34.8%	67.9%	\$2,123
Marine Corps 5 Year	\$350	34.8%	67.9%	\$2,972
Marine Corps 5 Year	\$450	34.8%	67.9%	\$3,821
Marine Corps 5 Year	\$550	34.8%	67.9%	\$4,671
Marine Corps 5 Year	\$650	34.8%	67.9%	\$5,520
Marine Corps 5 Year	\$750	34.8%	67.9%	\$6,369
Marine Corps 5 Year	\$850	34.8%	67.9%	\$7,218
Marine Corps 5 Year	\$950	34.8%	67.9%	\$8,067

ASSUMPTIONS AND METHODS (Cont.)

Chapter 30 & 33 Usage Assumptions (cont.)

	<u>Benefit Amount</u>	<u>Percent of Benefit Used</u>	<u>Discount Factor</u>	<u>FY 2026 Normal Cost</u>
Chapter 30 & 33 Kicker				
Marine Corps 6 Year	\$150	33.4%	66.9%	\$1,207
Marine Corps 6 Year	\$250	33.4%	66.9%	\$2,011
Marine Corps 6 Year	\$350	33.4%	66.9%	\$2,816
Marine Corps 6 Year	\$450	33.4%	66.9%	\$3,620
Marine Corps 6 Year	\$550	33.4%	66.9%	\$4,425
Marine Corps 6 Year	\$650	33.4%	66.9%	\$5,229
Marine Corps 6 Year	\$750	33.4%	66.9%	\$6,033
Marine Corps 6 Year	\$850	33.4%	66.9%	\$6,838
Marine Corps 6 Year	\$950	33.4%	66.9%	\$7,642
Chapter 30 & 33 Kicker				
Coast Guard 4 Year	\$150	35.4%	69.1%	\$1,322
Coast Guard 4 Year	\$250	35.4%	69.1%	\$2,204
Coast Guard 4 Year	\$350	35.4%	69.1%	\$3,085
Coast Guard 4 Year	\$450	35.4%	69.1%	\$3,966
Coast Guard 4 Year	\$550	35.4%	69.1%	\$4,848
Coast Guard 4 Year	\$650	35.4%	69.1%	\$5,729
Coast Guard 4 Year	\$750	35.4%	69.1%	\$6,611
Coast Guard 4 Year	\$850	35.4%	69.1%	\$7,492
Coast Guard 4 Year	\$950	35.4%	69.1%	\$8,374

ASSUMPTIONS AND METHODS (Cont.)

Chapter 1606 Usage Assumptions

	<u>Average Benefit Amt</u>	<u>Percent of Benefit Used</u>	<u>Discount Factor</u>	<u>FY 2026 Normal Cost</u>
Chapter 1606 Basic				
Army National Guard	\$522	10.4%	91.8%	\$1,785
Army Reserve	\$523	6.1%	91.4%	\$1,058
Navy Reserve	\$530	7.6%	89.3%	\$1,301
Marine Corps Reserve	\$525	7.7%	90.7%	\$1,314
Air National Guard	\$522	16.5%	91.7%	\$2,838
Air Force Reserve	\$526	4.5%	90.4%	\$771
Coast Guard Reserve	\$524	11.6%	91.2%	\$1,987
Chapter 1606 Kicker - \$100				
Army National Guard	\$100	24.4%	89.9%	\$791
Army Reserve	\$100	13.6%	88.8%	\$436
Navy Reserve	\$100	22.8%	88.8%	\$729
Marine Corps Reserve	\$100	10.3%	88.5%	\$330
Air National Guard	\$100	36.5%	87.2%	\$1,145
Air Force Reserve	\$100	43.8%	84.6%	\$1,334
Coast Guard Reserve	\$100	21.4%	85.6%	\$659
Chapter 1606 Kicker - \$200				
Army National Guard	\$200	20.3%	90.6%	\$1,326
Army Reserve	\$200	21.6%	88.2%	\$1,372
Navy Reserve	\$200	20.3%	89.7%	\$1,308
Marine Corps Reserve	\$200	8.2%	90.1%	\$530
Air National Guard	\$200	34.1%	87.7%	\$2,153
Air Force Reserve	\$200	32.4%	84.8%	\$1,978
Coast Guard Reserve	\$200	26.5%	89.2%	\$1,703
Chapter 1606 Kicker - \$350				
Army National Guard	\$350	24.5%	89.0%	\$2,745
Army Reserve	\$350	25.1%	88.0%	\$2,783
Navy Reserve	\$350	14.3%	89.0%	\$1,607
Marine Corps Reserve	\$350	7.5%	90.0%	\$851
Air National Guard	\$350	33.6%	87.9%	\$3,727
Air Force Reserve	\$350	44.9%	83.0%	\$4,697
Coast Guard Reserve	\$350	38.4%	90.2%	\$4,364

APPENDIX D – FUND HISTORY¹

(\$ in Millions)

Chapter 30 Kicker

Contributions

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$0.0	\$18.2	\$2.4	\$0.4	\$20.9
2015	\$0.0	\$20.2	\$7.0	\$0.3	\$27.5
2016	\$4.4	\$19.2	\$9.6	\$0.3	\$33.5
2017	\$0.3	\$16.3	\$7.1	\$0.3	\$23.9
2018	\$15.9	\$16.6	\$8.6	\$0.2	\$41.3
2019	\$0.8	\$12.0	\$4.7	\$0.0	\$17.5
2020	\$5.9	\$8.7	\$3.6	\$0.0	\$18.2
2021	\$0.0	\$5.2	\$0.1	\$0.0	\$5.3
2022	\$0.0	\$1.6	\$0.0	\$0.0	\$1.6
2023	\$0.0	\$0.5	\$0.0	\$0.0	\$0.5

Benefit Payments

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$84.9	\$24.8	\$20.5	0.1	\$130.4
2015	\$86.1	\$21.9	\$19.6	0.1	\$127.7
2016	\$82.2	\$18.7	\$17.2	0.1	\$118.1
2017	\$72.2	\$14.7	\$14.0	0.1	\$101.0
2018	\$61.9	\$12.9	\$10.9	0.1	\$85.8
2019	\$50.5	\$11.3	\$8.6	0.1	\$70.5
2020	\$39.6	\$9.4	\$6.2	0.1	\$55.3
2021	\$30.1	\$7.7	\$4.8	0.0	\$42.6
2022	\$22.3	\$6.2	\$3.3	0.0	\$31.9
2023	\$19.6	\$6.0	\$3.1	0.1	\$28.8

¹The breakouts by component and program show OACT's internal allocation of the Fund. There is only one Education Benefits Fund.

FUND HISTORY (Cont.)

(\$ in Millions)

Chapter 30 Kicker

Interest

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$17.9	\$1.2	\$2.1	\$0.0	\$21.2
2015	\$13.0	\$0.9	\$1.4	\$0.0	\$15.4
2016	\$12.5	\$1.0	\$1.4	\$0.0	\$15.0
2017	\$12.4	\$1.2	\$1.4	\$0.0	\$15.0
2018	\$12.7	\$1.5	\$1.5	\$0.0	\$15.7
2019	\$9.2	\$1.2	\$1.1	\$0.0	\$11.5
2020	\$5.6	\$0.9	\$0.7	\$0.0	\$7.3
2021	\$8.2	\$1.4	\$0.9	\$0.0	\$10.5
2022	\$13.0	\$2.2	\$1.5	\$0.1	\$16.7
2023	\$5.9	\$0.9	\$0.6	\$0.0	\$7.5

End of Year Fund Balance

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$589.6	\$29.9	\$62.9	\$0.4	\$682.8
2015	\$516.6	\$29.1	\$51.8	\$0.6	\$598.1
2016	\$451.3	\$30.7	\$45.6	\$0.8	\$528.4
2017	\$391.8	\$33.5	\$40.1	\$1.0	\$466.4
2018	\$358.5	\$38.6	\$39.2	\$1.2	\$437.6
2019	\$317.9	\$40.5	\$36.4	\$1.2	\$396.0
2020	\$293.0	\$46.6	\$34.5	\$1.2	\$375.1
2021	\$271.0	\$45.5	\$30.8	\$1.1	\$348.4
2022	\$261.6	\$43.1	\$28.9	\$1.2	\$334.8
2023	\$247.8	\$38.6	\$26.5	\$1.1	\$314.0

FUND HISTORY (Cont.)

(\$ in Millions)

Chapter 1606 Basic & Kicker

Contributions

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2014	\$14.2	\$6.7	\$0.4	\$1.2	\$16.0	\$3.4	\$0.4	\$42.2
2015	\$13.0	\$9.9	\$0.0	\$0.6	\$21.3	\$3.7	\$0.0	\$48.7
2016	\$13.4	\$8.9	\$0.0	\$0.4	\$11.0	\$2.4	\$0.0	\$36.1
2017	\$1.3	\$5.4	\$0.2	\$0.8	\$10.3	\$1.5	\$0.0	\$19.6
2018	\$66.3	\$32.4	\$0.1	\$3.9	\$20.8	\$2.9	\$0.0	\$126.3
2019	\$113.9	\$25.4	\$0.0	\$6.5	\$22.9	\$1.6	\$0.0	\$170.2
2020	\$83.1	\$23.5	\$0.7	\$2.9	\$11.5	\$2.0	\$0.0	\$123.7
2021	\$39.4	\$11.9	\$0.5	\$1.9	\$9.0	\$1.3	\$0.0	\$64.1
2022	\$24.4	\$9.9	\$0.0	\$3.3	\$13.7	\$0.7	\$0.0	\$52.0
2023	\$4.2	\$2.7	\$0.1	\$5.9	\$3.8	\$0.7	\$0.0	\$17.4

Benefit Payments

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2014	\$77.2	\$45.5	\$4.9	\$8.3	\$24.7	\$9.8	\$0.4	\$170.9
2015	\$75.4	\$40.6	\$5.2	\$9.3	\$24.5	\$9.6	\$0.5	\$165.1
2016	\$72.8	\$34.9	\$5.1	\$9.6	\$25.6	\$8.5	\$0.4	\$156.8
2017	\$67.8	\$32.1	\$4.9	\$9.6	\$25.4	\$7.0	\$0.3	\$147.1
2018	\$59.8	\$27.5	\$4.5	\$9.2	\$24.2	\$6.0	\$0.2	\$131.4
2019	\$57.6	\$26.2	\$4.1	\$8.4	\$24.1	\$5.3	\$0.2	\$125.9
2020	\$58.5	\$26.2	\$3.6	\$7.7	\$23.2	\$5.3	\$0.1	\$124.6
2021	\$54.0	\$23.4	\$2.6	\$6.2	\$21.0	\$4.7	\$0.1	\$112.0
2022	\$62.6	\$22.5	\$1.9	\$5.1	\$21.8	\$4.6	\$0.1	\$118.6
2023	\$72.0	\$23.8	\$1.8	\$5.1	\$22.7	\$4.7	\$0.1	\$130.3

FUND HISTORY (Cont.)

(\$ in Millions)

Chapter 1606 Basic & Kicker

Interest

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2014	\$9.7	\$5.2	\$0.8	\$1.7	\$2.6	\$1.7	\$0.1	\$21.7
2015	\$8.1	\$3.5	\$0.5	\$1.2	\$2.0	\$1.2	\$0.1	\$16.8
2016	\$8.1	\$3.9	\$0.9	\$1.4	\$2.4	\$1.7	\$0.1	\$18.6
2017	\$8.6	\$4.1	\$0.9	\$1.4	\$2.6	\$1.9	\$0.1	\$19.7
2018	\$9.2	\$4.5	\$1.0	\$1.4	\$2.7	\$2.1	\$0.1	\$21.0
2019	\$8.7	\$3.8	\$0.7	\$1.1	\$2.3	\$1.6	\$0.1	\$18.3
2020	\$6.6	\$2.6	\$0.4	\$0.7	\$1.4	\$1.1	\$0.1	\$12.8
2021	\$10.9	\$4.0	\$0.6	\$1.0	\$1.9	\$1.6	\$0.1	\$20.1
2022	\$17.8	\$6.3	\$0.9	\$1.6	\$2.9	\$2.7	\$0.2	\$32.4
2023	\$7.5	\$2.7	\$0.4	\$0.8	\$1.1	\$1.2	\$0.1	\$13.8

End of Year Fund Balance

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2014	\$308.7	\$163.3	\$24.2	\$55.9	\$85.9	\$55.1	\$4.5	\$697.6
2015	\$317.5	\$136.2	\$19.6	\$48.4	\$84.7	\$50.5	\$4.0	\$660.9
2016	\$285.1	\$138.0	\$33.3	\$51.2	\$87.8	\$65.1	\$4.2	\$664.8
2017	\$262.4	\$126.5	\$30.4	\$44.5	\$80.6	\$62.9	\$4.1	\$611.3
2018	\$282.6	\$137.4	\$26.9	\$40.6	\$80.7	\$61.8	\$4.0	\$634.0
2019	\$348.4	\$140.5	\$23.6	\$39.8	\$81.9	\$59.9	\$3.9	\$698.1
2020	\$376.9	\$139.7	\$21.0	\$35.6	\$71.4	\$57.4	\$3.9	\$705.8
2021	\$373.3	\$132.1	\$19.4	\$32.3	\$61.4	\$55.6	\$3.9	\$678.0
2022	\$352.9	\$125.9	\$18.4	\$32.1	\$56.2	\$54.4	\$4.0	\$643.9
2023	\$292.5	\$107.5	\$17.1	\$33.6	\$38.5	\$51.6	\$4.0	\$544.8

FUND HISTORY (Cont.)

(\$ in Millions)

Chapter 1607

Contributions

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2011	\$34.2	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$35.0
2012	\$27.9	\$5.4	\$0.0	\$5.4	\$0.7	\$0.4	\$0.0	\$39.8
2013	\$23.0	\$5.7	\$0.0	\$0.4	\$2.0	\$0.7	\$0.0	\$31.8
2014	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
2015	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2016	\$1.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0
2017	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2018	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2019	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2020	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Benefit Payments

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2011	\$72.0	\$22.9	\$1.4	\$4.4	\$7.2	\$3.5	\$0.2	\$111.6
2012	\$54.0	\$15.8	\$1.0	\$2.8	\$4.4	\$1.9	\$0.1	\$80.0
2013	\$48.7	\$13.3	\$0.8	\$1.9	\$4.0	\$1.5	\$0.1	\$70.2
2014	\$39.5	\$11.0	\$0.7	\$1.3	\$3.5	\$1.1	\$0.1	\$57.2
2015	\$27.0	\$8.5	\$0.6	\$0.8	\$3.0	\$0.8	\$0.1	\$40.8
2016	\$13.2	\$4.4	\$0.4	\$0.3	\$1.9	\$0.5	\$0.0	\$20.8
2017	\$4.8	\$1.6	\$0.1	\$0.1	\$0.7	\$0.2	\$0.0	\$7.5
2018	\$2.1	\$0.6	\$0.1	\$0.1	\$0.4	\$0.1	\$0.0	\$3.3
2019	\$0.8	\$0.2	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$1.2
2020	\$2.9	\$1.0	\$0.1	\$0.2	\$0.3	\$0.2	\$0.0	\$4.8

FUND HISTORY (Cont.)

(\$ in Millions)

Chapter 1607

Interest

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2011	\$10.2	\$2.8	\$1.1	\$0.5	\$1.7	\$1.6	\$0.1	\$18.1
2012	\$6.7	\$1.6	\$0.7	\$0.4	\$0.3	\$0.7	\$0.0	\$10.4
2013	\$6.8	\$1.6	\$0.6	\$0.4	\$0.5	\$0.7	\$0.0	\$10.6
2014	\$5.3	\$1.6	\$0.6	\$0.4	\$0.8	\$0.6	\$0.0	\$9.2
2015	\$2.1	\$1.1	\$0.5	\$0.3	\$0.6	\$0.5	\$0.0	\$5.1
2016	\$1.4	\$0.4	\$0.0	\$0.0	\$0.2	\$0.1	\$0.0	\$2.1
2017	\$0.3	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.5
2018	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
2019	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2020	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

End of Year Fund Balance

<u>FY</u>	<u>ARNG</u>	<u>USAR</u>	<u>USNR</u>	<u>USMCR</u>	<u>ANG</u>	<u>USAFR</u>	<u>USCGR</u>	<u>Total</u>
2011	\$237.6	\$60.6	\$28.0	\$11.2	\$38.7	\$39.7	\$1.9	\$417.7
2012	\$218.2	\$51.8	\$23.0	\$14.2	\$9.5	\$22.1	\$1.2	\$339.9
2013	\$199.3	\$45.8	\$19.6	\$13.1	\$13.5	\$22.0	\$0.7	\$314.0
2014	\$165.0	\$50.2	\$19.5	\$12.2	\$26.7	\$21.6	\$0.6	\$295.9
2015	\$77.2	\$42.8	\$19.3	\$11.8	\$24.2	\$21.3	\$0.6	\$197.3
2016	\$47.9	\$15.5	\$1.1	\$0.9	\$7.3	\$1.9	\$0.1	\$74.6
2017	\$8.2	\$2.9	\$0.2	\$0.2	\$1.4	\$0.3	\$0.0	\$13.2
2018	\$1.7	\$0.8	\$0.1	\$0.1	\$0.4	\$0.1	\$0.0	\$3.3
2019	\$0.1	\$0.3	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.6
2020	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

FUND HISTORY (Cont.)

(\$ in Thousands)

Category III

Contributions

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$448.2	\$299.0	\$23.8	\$230.8	\$13.8	\$1,001.8
2015	\$267.8	\$166.3	\$33.1	\$184.8	\$20.5	\$651.9
2016	\$435.8	\$222.4	\$33.1	\$79.0	\$20.7	\$770.2
2017	\$272.8	\$192.6	\$0.0	\$100.0	\$8.0	\$565.4
2018	\$170.7	\$42.4	\$7.0	\$79.4	\$0.0	\$299.5
2019	\$58.4	\$4.5	\$1.4	\$27.7	\$0.0	\$92.0
2020	\$56.7	\$6.6	\$4.9	\$6.1	\$0.0	\$74.3
2021	\$3.7	\$8.1	\$4.5	\$12.8	\$0.0	\$29.1
2022	\$49.6	\$0.0	\$0.0	\$0.0	\$0.0	\$49.6
2023	\$56.5	\$0.0	\$0.0	\$0.0	\$0.0	\$56.5

Benefit Payments

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Coast Guard</u>	<u>Total</u>
2014	\$304.2	\$192.7	\$16.6	\$153.7	\$20.1	\$667.2
2015	\$409.7	\$203.7	\$24.3	\$103.2	\$20.5	\$740.9
2016	\$256.2	\$171.2	\$7.2	\$86.7	\$5.2	\$521.3
2017	\$161.7	\$55.4	\$8.0	\$76.2	\$0.0	\$301.2
2018	\$69.1	\$12.1	\$6.9	\$28.7	\$0.0	\$116.7
2019	\$51.8	\$4.9	\$0.3	\$13.1	\$0.0	\$70.1
2020	\$17.4	(\$5.5)	\$0.0	\$11.7	\$0.0	\$23.5
2021	\$60.6	\$0.0	\$0.0	\$0.0	\$0.0	\$60.6
2022	\$71.7	\$0.0	\$0.0	\$0.0	\$0.0	\$71.7
2023	(\$0.1)	\$0.0	\$4.5	\$0.0	\$0.0	\$4.5

FUND HISTORY (Cont.)

(\$ in Thousands)

Category III

Interest

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Coast Guard</u>	<u>Total</u>
2014	(\$3.6)	(\$2.2)	(\$0.7)	(\$2.4)	(\$0.3)	(\$8.8)
2015	(\$5.0)	(\$2.6)	(\$0.2)	(\$0.8)	(\$0.3)	(\$8.6)
2016	(\$3.1)	(\$2.0)	\$0.2	(\$1.3)	(\$0.1)	(\$6.3)
2017	(\$1.9)	(\$0.2)	(\$0.0)	(\$1.0)	\$0.0	(\$3.1)
2018	(\$0.5)	\$0.0	(\$0.1)	(\$0.3)	\$0.0	(\$0.8)
2019	(\$0.5)	(\$0.1)	(\$0.1)	(\$0.1)	\$0.0	(\$0.8)
2020	\$0.0	\$0.1	\$0.0	(\$0.2)	\$0.0	(\$0.1)
2021	(\$0.9)	\$0.4	\$0.1	(\$0.1)	\$0.0	(\$0.4)
2022	(\$2.4)	\$0.7	\$0.2	(\$0.2)	\$0.1	(\$1.6)
2023	(\$0.8)	\$0.4	\$0.1	(\$0.1)	\$0.0	(\$0.4)

End of Year Fund Balance

<u>FY</u>	<u>Army</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Air Force</u>	<u>Coast Guard</u>	<u>Total</u>
2014	(\$292.8)	(\$181.8)	(\$32.4)	(\$169.7)	(\$21.7)	(\$676.8)
2015	(\$439.8)	(\$221.8)	(\$23.9)	(\$88.9)	(\$22.0)	(\$774.4)
2016	(\$263.4)	(\$172.7)	\$2.1	(\$97.8)	(\$6.6)	(\$531.7)
2017	(\$154.2)	(\$35.6)	(\$5.9)	(\$74.9)	\$1.4	(\$270.6)
2018	(\$53.1)	(\$5.2)	(\$5.8)	(\$24.5)	\$1.4	(\$88.6)
2019	(\$47.0)	(\$5.6)	(\$4.8)	(\$10.0)	\$1.5	(\$67.5)
2020	(\$7.7)	\$6.5	\$0.1	(\$15.8)	\$1.5	(\$16.8)
2021	(\$65.5)	\$15.1	\$4.7	(\$3.0)	\$1.5	(\$48.8)
2022	(\$90.1)	\$15.8	\$5.0	(\$3.2)	\$1.6	(\$72.5)
2023	(\$34.3)	\$16.2	\$0.5	(\$3.3)	\$1.6	(\$20.9)

APPENDIX E – LEGISLATIVE HISTORY

Background

Chapter 34 of Title 38 covers service back to 1955. The immediate predecessor of the Montgomery GI Bill (MGIB) was the VEAP. It is covered by Chapter 32 of Title 38 and provides education benefits for those who first entered active duty between January 1, 1977, and June 30, 1985.

The MGIB provides education benefits for those entering the armed forces beginning July 1, 1985. It is called the Montgomery GI Bill after Congressman Sonny Montgomery, who was instrumental in passing the legislation. MGIB was codified in Chapter 1606 and Chapter 1607 of Title 10, and in Chapter 30 and Chapter 33 of Title 38. Chapter 1606, as well as Chapter 1607 which has since been sunset, cover reservists. Chapter 30 and Chapter 33 cover active duty (or former active duty) members and reservists called to active service.

Title 38 covers veteran benefits and the MGIB benefits for active duty members are generally used after members become veterans. Title 10, on the other hand, covers the armed forces, and reservists generally use their MGIB benefits while they are still members of the Selected Reserve (i.e., where they attend monthly drills, annual training, etc.).

Beginning in 1991, subsequent legislation required that basic Chapter 30 benefits be paid from the Fund for veterans who entered service in the VEAP era and were permitted to enroll in the MGIB as a consequence of involuntary separation or acceptance of a VSI or SSB benefit. In this case, the basic Chapter 30 benefits are paid by the Fund. These benefits are not pre-funded and are paid by a series of annual contributions. These benefit amounts are referred to in this report as Category III.

Transferability test programs were offered under Section 3020 of Title 38 to approximately 100 Air Force and 400 Army active duty members, where members who have been in the service for six years and agree to stay for four more years can transfer part of their Chapter 30 eligibility for benefits to a dependent. This program is partly paid by the VA and partly by the Fund. The part paid by the Fund is pre-funded by a normal cost mechanism on an accrual basis.

Transferability is currently offered to all Chapter 33 participants who have been in the service for six years and agree to stay for four more years. Such members, who also have Chapter 30 kicker eligibility, can transfer those benefits to a dependent.

Major Amendment History

Public Law 101-510 (November 5, 1990) allows active members involuntarily separated after February 2, 1991 with honorable discharges to enroll in the MGIB. Those who entered the service during the post-Vietnam era (January 1, 1977, through June 30, 1985) have their basic benefits paid from the Fund. Those who entered after June 30, 1985 have their basic benefits paid from other funds by VA. Those who entered prior to January 1, 1977, and who because of discontinuous service are not already enrolled in the MGIB also have their basic benefits paid by VA. The eligible involuntary separatees would receive the basic MGIB benefit, but not the "kicker" benefit.

LEGISLATIVE HISTORY (Cont.)

Major Amendment History (cont.)

Public Law 102-25 (April 6, 1991) temporarily increased the Chapter 30 (active) basic benefit to \$275 per month for 2-year enlistments (formerly \$250) and \$350 per month for 3- and 4-year enlistments (formerly \$300), effective October 1, 1991. The Chapter 1606 (reserve) benefit was increased to \$170 per month (formerly \$140), effective October 1, 1991.

Public Law 102-568 (October 29, 1992) permanently increased the basic Chapter 30 benefit to \$400 per month for 3- and 4-year programs and \$325 per month for 2-year programs, beginning April 1, 1993. In addition, the benefit was automatically increased by the CPI each October, beginning October 1, 1993. Public Law 102-568 also increased the Chapter 1606 benefit to \$190 per month, beginning on April 1, 1993, and provided automatic CPI indexing for the Chapter 1606 benefit. The CPI indexing is to be based on a year ending with the June CPI that precedes the October increase, compared to the previous June. Informally, VA, the Office of Management and Budget, and DoD have decided (1) to use the CPI-W for this purpose, (2) to construct the multiplier by adding twelve months of CPI-W ending in the June prior to the increase and dividing by the sum of twelve months of CPI-W ending with the preceding June, (3) to round the multiplier to the nearest 1/10th of one percent for full cost-of-living adjustments (COLAs) and the nearest 1/100th of one percent for reduced COLAs, and (4) to compute the Chapter 1606 and Chapter 30 basic benefit to the nearest penny. Public Law 102-568 (October 29, 1992) increased the basic Chapter 30 benefits of those who enlisted in 2-year programs, but served three or more years. Their benefits are now identical to those whose initial enlistment was for three or more years. This has no effect on the “kicker” amounts.

The kicker benefit is not directly affected by either Public Law 102-25 nor Public Law 102-568. However, the Army, with DoD approval, modified their kicker amounts, effective April 1, 1993, so that the total of basic and kicker benefits for 36 months would equal \$20,000, \$25,000, and \$30,000, respectively, for the 2-, 3-, and 4-year programs. The effect of this was to increase the 2- and 4-year kicker benefits, effective April 1, 1993, while decreasing the 3-year kicker benefit. Effective August 1, 1993, the Marine Corps, which began a 4-year kicker program January 1, 1993, raised the amount to that of the Army 4-year program. Effective May 1, 1994, the Navy also switched to this procedure for their 4-year program and added a 3-year program that also follows this procedure. For the near future, the kicker benefits would fall whenever the basic benefits increased, since the \$20,000, \$25,000, and \$30,000 totals of basic and kicker would remain constant. The maximum benefit would actually be larger than the \$20,000, \$25,000, and \$30,000, respectively, however. This occurred because the time of enrollment in a kicker program is what determined the benefit, but the time of benefit use (i.e. going to school) is what determined the basic benefit level.

Public Law 102-484 (October 23, 1992) treats separatees in the SSB and VSI programs in the same way that involuntary separatees were treated under Public Law 101-510. That is, they can enroll in the MGIB. If they entered the service in the post-Vietnam era, their basic benefits are paid from the Fund. Persons separating under VSI or SSB prior to enactment are also eligible to enroll.

Public Law 102-484 also waived the continued service requirement for Chapter 1606 eligibility for persons involuntarily separated from the Selected Reserve during the period October 1, 1991 through September 30, 1995.

LEGISLATIVE HISTORY (Cont.)

Major Amendment History (cont.)

Public Law 103-66 (August 10, 1993) eliminated the October 1, 1993, COLA and reduced the October 1, 1994, COLA to one-half the value it would have been.

Public Law 103-160 (November 30, 1993) provided graduate school education under Chapter 1606. The benefit is still limited to 36 full-time months or their equivalent.

Public Law 104-106 (February 10, 1996) permits a supplement beyond the reserve basic MGIB benefit for persons with critical occupational skills or in critical units. It provides up to an additional \$350 per month under Chapter 1606 for persons who meet this criteria, at the discretion of the Secretary of Defense.

Public Law 105-178 (June 9, 1998) increased basic benefits in both the Chapter 30 and Chapter 1606 programs by 20% beginning in FY 1999. This is in lieu of the cost-of-living increase, rather than in addition to it. Normal CPI increases resumed in FY 2000. The 20% increase does not apply to the kicker amounts. However, for Chapter 30, the practice of solving for the kicker amount [using kicker = (advertised amount - 36 * basic monthly amount)/36] means that groups entering in FY 1999 will have lower kickers for a given advertised amount, such as \$40,000. Public Law 105-178 also caused the basic monthly amount to be rounded to the nearest dollar.

Public Law 105-261 (October 17, 1998) increased the kicker limit to \$950 per month, effective October 1, 1998.

Public Law 106-65 (October 5, 1999) made it possible for the Coast Guard to fund their Chapter 30 kicker benefits from the Fund.

Public Law 106-419 (November 1, 2000) increased the Chapter 30 basic MGIB benefits to \$528 per month for 2-year programs and to \$650 per month for programs of 3 or more years of active service. Section 102 of the bill also made eligible those in both the Chapter 30 and Chapter 1606 programs who completed the educational prerequisites (such as being a high-school graduate), but not before completing their obligated service (in the case of Chapter 30) or not before completing initial active duty training (in the case of Chapter 1606). Section 103 reduced the obligated service needed for full benefits for some types of separations from three years to two years.

Public Law 107-103 (December 27, 2001) increased the Chapter 30 basic MGIB benefits to \$650 per month for 2-year programs and \$800 per month for programs of 3 or more years of active service. These increases were effective January 1, 2002. The law also increased the monthly full-time benefits on October 1, 2002 to \$732 (for 2-year programs) and to \$900 (for programs of 3 or more years of active service). The law further increased the monthly full-time benefits on October 1, 2003 to \$800 (for 2-year programs) and to \$985 (for programs of 3 or more years of active service).

LEGISLATIVE HISTORY (Cont.)

Major Amendment History (cont.)

Public Law 107-107 (December 28, 2001) permits transferring entitlement of MGIB benefits to dependents in certain conditions. Under the Secretary of Defense's discretion, those with critical military skills may transfer up to 18 months of benefits to one or more dependents. The military members transferring benefits must have served six years and agree to serve another four. A spouse can use the benefit immediately, but a child has to wait until the member has completed ten years of service. The law requires that the additional present value of the benefit for increased usage be contributed to the Fund on a monthly basis as new takers agree to serve an additional four years for the transferability benefit.

Public Law 107-314 (December 2, 2002) extended the eligibility period for using Chapter 1606 benefits from 10 to 14 years (given that the member is still in the Selected Reserve).

Public Law 108-183 (December 16, 2003) removed the rounding on Chapter 30 benefits so that Chapter 30 benefits are now rounded to the nearest cent.

Public Law 108-375 (October 28, 2004) created Chapter 1607, which provided educational assistance to members of the reserve components called or ordered to active service in response to a war or national emergency. Eligible members received benefits based on their longest continuous length of service. Benefits ranged from 40% to 80% of MGIB-AD.

Public Law 108-454 (December 10, 2004) provided education benefits for the payment of national admissions exams and national exams for credit at institutions of higher learning under Chapter 30.

Public Law 109-163 (January 6, 2006) provided that licensing and certification tests are payable under Chapters 1606 and 1607 of Title 10, United States Code. Entitlement for licensing and certification tests taken under Chapters 1606 and 1607 are charged by dividing the amount paid for the test by the member's full-time rate, less any kicker the member would receive. Section 540 provided that a member could have a break in Selected Reserve service of up to 90 days and still receive Chapter 1607 benefits as long as the member remained in the Ready Reserve during and after the break. DoD and the Department of Homeland Security (for Coast Guard cases) determined eligibility under Chapter 1607 and administered the provision. Section 545 amended Title 10 to explicitly state that VA is to administer the two education incentive benefits provided by the National Call to Service program. (These two incentive programs are an education allowance equal to the chapter 30 3-year rate payable of up to 12 months or equal to one-half the chapter 30 2-year rates payable up to 36 months.)

Public Law 109-461 (December 22, 2006) requires VA and DoD to submit separate biennial reports to Congress on education benefits beginning 180 days after December 22, 2006 (date of enactment of this Act) and ending January 1, 2011.

LEGISLATIVE HISTORY (Cont.)

Major Amendment History (cont.)

Public Law 110-181 (January 28, 2008), commonly referred to as “NDAA 08”, made the following changes: (1) allowed reservists who were otherwise eligible for the MGIB-SR or REAP to receive accelerated payments for a non-degree program lasting 2 years or less, (2) made the REAP 80% rate available to anyone who was mobilized for at least 2 continuous years of active duty OR who served multiple mobilizations totaling 3 years or more, (3) created a \$600 buy-up program for REAP participants, (4) modified ending dates for REAP participants separated from the Selected Reserve and for MGIB-SR participants separated involuntarily, and (5) expanded REAP eligibility to anyone having a break in service (regardless of length) as long as they continued to serve in another component of the Ready Reserve (such as IRR or ING) during the break in service.

Public Law 110-252 (June 30, 2008), commonly referred to as the “Post-9/11 GI Bill”, is the most comprehensive education legislation since the original GI Bill. The Post-9/11 GI Bill created a new benefit structure including benefits for tuition, housing, books, and moving expenses. Any member who served 90 consecutive days on active duty in the Armed Forces (including reserve and guard components) since September 11, 2001 is eligible. Benefit levels are determined by cumulative service with 3 years of cumulative service receiving 100% of benefits. Members with at least 6 years of active duty can transfer benefits to their spouse and/or children if they complete an additional service period of at least 4 years. The legislation also removed the 14-year eligibility period for Chapter 1606 eligibles (except in the case of disability or involuntary separation, in which case the VA interpretation is that the 14-year eligibility period still applies).

Public Law 111-377 (January 4, 2011), commonly referred to as the Post 9/11 Veterans Educational Assistance Improvements Act of 2010 allowed National Guard members to use Title 32 service for Post-9/11 GI Bill benefits, placed a \$17,500 cap on annual tuition and fees for non-public institutions, and created a funding priority structure that makes the Post-9/11 GI bill paid after any federal, state, institutional, or employer-based aid.

Public Law 114-92 (November 25, 2015), commonly referred to as the National Defense Authorization Act of 2016 ended REAP on November 25, 2015. Individuals remained eligible for REAP benefits until November 25, 2019.

Public Law 115-48 (August 16, 2017), known as the Harry W. Colmery Veterans Educational Assistance Act (H.R. 3218) or also as the "Forever GI Bill" made the following changes; (1) reservists who had eligibility under the REAP and lost it due to the program sunset provision will receive credit toward establishing eligibility under the Post-9/11 GI Bill, (2) the 15-year time limitation for using the Post-9/11 GI Bill for Veterans who left active duty on or after January 1, 2013 has been eliminated, and (3) Servicemembers and honorably discharged Veterans who were awarded a Purple Heart on or after September 11, 2001 will be entitled to Post-9/11 GI Bill benefits at the 100-percent benefit level for up to 36 months.

APPENDIX F – FUND PROJECTIONS

(\$ in Millions)

<u>FY</u>	<u>Per Capitas</u>	<u>Amorts</u>	<u>Interest</u>	<u>Benefits</u>	<u>Transfers</u>	<u>BOY Fund</u>	<u>BOY UFL</u>	<u>BOY Liab</u>	<u>Net Cash Flow</u>
<u>All Programs</u>									
2024	\$36.1	\$2.9	\$21.9	\$140.7	\$0.0	\$858.7	(\$405.3)	\$453.4	(\$79.8)
2025	\$68.2	\$1.9	\$26.5	\$131.2	\$0.0	\$778.9	(\$335.2)	\$443.7	(\$34.6)
2026	\$104.6	\$4.2	\$26.0	\$135.7	\$0.0	\$744.3	(\$290.9)	\$453.4	(\$0.9)
2027	\$111.4	\$3.4	\$26.0	\$141.7	\$0.0	\$743.5	(\$279.2)	\$464.3	(\$0.9)
2028	\$117.3	\$2.8	\$26.0	\$147.4	\$0.0	\$742.6	(\$270.9)	\$471.7	(\$1.4)
2029	\$128.5	\$2.3	\$26.0	\$153.7	\$0.0	\$741.2	(\$265.4)	\$475.8	\$3.1
2030	\$133.1	\$1.8	\$26.1	\$160.4	\$0.0	\$744.3	(\$262.1)	\$482.2	\$0.6
2031	\$137.2	\$1.5	\$26.1	\$165.4	\$0.0	\$745.0	(\$260.9)	\$484.1	(\$0.6)
2032	\$141.0	\$1.2	\$26.1	\$169.1	\$0.0	\$744.4	(\$261.2)	\$483.2	(\$0.9)
2033	\$144.6	\$1.0	\$26.0	\$172.1	\$0.0	\$743.5	(\$262.8)	\$480.7	(\$0.5)
2034	\$147.9	\$0.8	\$26.0	\$174.9	\$0.0	\$743.0	(\$265.6)	\$477.4	(\$0.1)
<u>Chapter 30 Kickers</u>									
2024	\$0.0	\$0.0	\$9.2	\$25.3	(\$0.1)	\$314.0	(\$156.7)	\$157.3	(\$16.1)
2025	\$0.0	\$0.0	\$10.1	\$20.7	\$0.0	\$297.9	(\$158.9)	\$139.0	(\$10.6)
2026	\$0.0	\$0.0	\$9.8	\$18.4	(\$0.0)	\$287.3	(\$164.4)	\$122.9	(\$8.6)
2027	\$0.0	\$0.0	\$9.5	\$16.3	(\$0.0)	\$278.7	(\$170.2)	\$108.5	(\$6.8)
2028	\$0.0	\$0.0	\$9.3	\$14.6	(\$0.0)	\$271.9	(\$176.1)	\$95.7	(\$5.4)
2029	\$0.0	\$0.0	\$9.1	\$13.5	(\$0.0)	\$266.5	(\$182.3)	\$84.2	(\$4.4)
2030	\$0.0	\$0.0	\$9.0	\$12.6	(\$0.0)	\$262.1	(\$188.7)	\$73.5	(\$3.7)
2031	\$0.0	\$0.0	\$8.9	\$11.7	\$0.0	\$258.5	(\$195.3)	\$63.2	(\$2.9)
2032	\$0.0	\$0.0	\$8.8	\$10.5	\$0.0	\$255.6	(\$202.1)	\$53.5	(\$1.8)
2033	\$0.0	\$0.0	\$8.7	\$9.3	\$0.0	\$253.8	(\$209.2)	\$44.6	(\$0.5)
2034	\$0.0	\$0.0	\$8.7	\$7.9	\$0.0	\$253.3	(\$216.5)	\$36.8	\$0.8
<u>Chapter 1606 Basic & Kickers</u>									
2024	\$36.1	\$2.9	\$12.7	\$115.4	\$0.0	\$544.8	(\$248.7)	\$296.0	(\$63.7)
2025	\$68.2	\$1.9	\$16.4	\$110.5	\$0.0	\$481.0	(\$176.4)	\$304.7	(\$24.0)
2026	\$104.6	\$4.2	\$16.2	\$117.3	\$0.0	\$457.1	(\$126.5)	\$330.5	\$7.8
2027	\$111.4	\$3.4	\$16.5	\$125.4	\$0.0	\$464.8	(\$109.1)	\$355.8	\$5.9
2028	\$117.3	\$2.8	\$16.7	\$132.7	\$0.0	\$470.8	(\$94.8)	\$376.0	\$4.0
2029	\$128.5	\$2.3	\$16.9	\$140.2	\$0.0	\$474.7	(\$83.1)	\$391.6	\$7.5
2030	\$133.1	\$1.8	\$17.1	\$147.7	\$0.0	\$482.2	(\$73.5)	\$408.7	\$4.3
2031	\$137.2	\$1.5	\$17.2	\$153.6	\$0.0	\$486.5	(\$65.6)	\$420.9	\$2.3
2032	\$141.0	\$1.2	\$17.3	\$158.6	\$0.0	\$488.8	(\$59.1)	\$429.7	\$0.9
2033	\$144.6	\$1.0	\$17.3	\$162.8	\$0.0	\$489.7	(\$53.6)	\$436.0	\$0.0
2034	\$147.9	\$0.8	\$17.3	\$167.0	\$0.0	\$489.7	(\$49.1)	\$440.6	(\$1.0)

FUND PROJECTIONS (Cont.)

(\$ in Thousands)

<u>FY</u>	<u>Per Capitas</u>	<u>Amorts</u>	<u>Interest</u>	<u>Benefits</u>	<u>Transfers</u>	<u>BOY Fund</u>	<u>BOY UFL</u>	<u>BOY Liab</u>	<u>Net Cash Flow</u>
<u>Category III</u>									
2024	N/A	\$0.0	(\$0.4)	\$3.9	\$56.5	(\$70.9)	\$107.1	\$36.2	\$52.2
2025	N/A	\$0.0	\$0.2	\$12.8	(\$0.1)	(\$18.8)	\$51.8	\$33.1	(\$12.7)
2026	N/A	\$4.7	\$0.3	\$8.8	\$10.8	(\$31.4)	\$52.5	\$21.0	\$7.0
2027	N/A	\$0.7	\$0.4	\$6.1	\$7.5	(\$24.4)	\$37.1	\$12.7	\$2.5
2028	N/A	\$0.4	\$0.4	\$4.2	\$5.2	(\$21.9)	\$28.8	\$6.9	\$1.9
2029	N/A	\$0.3	\$0.4	\$2.9	\$3.6	(\$20.1)	\$22.9	\$2.8	\$1.4
2030	N/A	\$0.2	\$0.5	\$0.0	\$2.5	(\$18.6)	\$18.6	\$0.0	\$3.2
2031	N/A	\$0.0	\$0.5	\$0.0	\$0.0	(\$15.5)	\$15.5	\$0.0	\$0.5
2032	N/A	\$0.0	\$0.5	\$0.0	\$0.0	(\$14.9)	\$14.9	\$0.0	\$0.5
2033	N/A	\$0.0	\$0.5	\$0.0	\$0.0	(\$14.4)	\$14.4	\$0.0	\$0.5
2034	N/A	\$0.0	\$0.6	\$0.0	\$0.0	(\$13.9)	\$13.9	\$0.0	\$0.6

Note that Category III payments are for benefits paid during the previous fiscal year and any amount carried over and interest on such amounts.

APPENDIX G – SFFAS ACCOUNTING STATEMENT

(\$ in Thousands)

CFO Statement for 9/30/2024

	<u>Total</u>
Beginning Actuarial Liability 9/30/2023	\$441,989
Plus Expenses	
Normal Cost	\$48,808
Interest Cost	\$11,323
Plan Amendments	\$0
Experience Losses (Gains)	\$53,153
Other factors	\$0
Subtotal: Expenses before Losses (Gains) from Actuarial Assumption Changes	\$113,284
Actuarial Losses (Gains) due to:	
Actuarials (gains)/losses due to changes in trend assumptions	\$0
Changes in assumptions other than trend	\$12,461
Subtotal: Losses (Gains) from Actuarial Assumption Changes	\$12,461
Total Expenses	\$125,745
Less Benefit Outlays	(\$124,050)
Total Change in Actuarial Liability	\$1,695
Ending Actuarial Liability 9/30/2024	\$443,684

For Fund liabilities, OACT performs an annual valuation that is governed by Section 2006 of Title 10, United States Code, and uses methods and assumptions approved by the Board.

A separate financial statement valuation using different assumptions may be necessary to satisfy the Statement of Federal Financial Accounting Standards 33 (SFFAS 33). SFFAS 33 requires the use of a yield curve whereas the Board valuation uses a single average discount rate. (The terms “interest rate” and “discount rate” are often used interchangeably in this context.)

SFFAS 33 requires a minimum of five years of historical rates for the yield curve input and a consistency in the number of historical rates used from period to period. To calculate the accrued liabilities as of September 30, 2024, OACT uses the U.S. Department of the Treasury Office of Economic Policy's 10-Year Average Yield Curve for Treasury Nominal Coupon Issues (TNC yield curve) representing average quarterly rates from April 1, 2013, through March 31, 2024.

SFFAS ACCOUNTING STATEMENT (Cont.)

These rates are equivalent (in terms of producing the same Fund Accrued Liability) to the SFFAS single equivalent rate of 1.91%. As a comparison, the Board valuation single discount rate is 3.50%.

For the September 30, 2024, financial statement purposes, there are no changes needed from the Board valuation to comply with the SFFAS 33 requirement besides the discount rate. Therefore, for September 30, 2024, financial statement purposes, all economic assumptions will be consistent with the Board valuation.

APPENDIX H – GLOSSARY

Actuarial Liability (AL)

The present value of benefits expected to be paid from the Fund to current program participants (i.e., it is a closed group valuation and does not value new entrants after the valuation date)

Amortization Payment

An annual payment of principal and interest on the unfunded liability

Basic Benefit

The amount of basic educational assistance available in each program to members for approved education purposes; this amount may be reduced for education pursued on a less than full-time basis

Benefit Usage Rates

The likelihood that a member will use an offered benefit

Board

Department of Defense Board of Actuaries

Book Value

Treasury bonds, notes, and bills that are valued with amortized premiums/discounts and yields that are set at purchase

Closed Group

The actuarial liability is based only on people already in the system. New entrants after the valuation date are not included. For this reason, the population is called a "closed" group

Component

In the case of active duty benefits, the term “component” refers to the branch of service: Army, Navy, Air Force, Marine Corps, or Coast Guard. In the case of reserve benefits, the term component refers to the separate guard and reserve services: Army National Guard, Army Reserve, Navy Reserve, Marine Corps Reserve, Air National Guard, Air Force Reserve, and the Coast Guard Reserve

Decrement

The likelihood of a change in the status of a member; decrements for this report include disability, withdrawal from and re-entry to service

DoD

Department of Defense

DMDC

Defense Manpower Data Center

DFAS

Defense Finance and Accounting Service

GLOSSARY (Cont.)

Fund (EBF)

Education Benefits Fund

Fund Balance

The amount of monies, tracked separately for each program and each component, available to pay future benefits

IADT

Initial Active Duty for Training is a military term referring to the first period, generally 6 months in length, of active duty training, a factor for eligibility under MGIB-SR. IADT is required for people entering the Selected Reserve

Inflation Rate

The rate of increase in the average price level of goods and services during a specified period

Interest Rate

The rate of investment return used to calculate the present value of a series of future payments

Investment Earnings

The amount of money the Fund earns from securities

Kicker Benefit

An additional education benefit offered to members who have a critical skill or critical occupational specialty; the Secretary of Defense may increase the amount of basic educational assistance by as much as \$950 per month for Chapter 30 and 33, and by as much as \$350 per month for Chapter 1606

Member

A person eligible to participate in a Fund program

MGIB-AD

Montgomery GI Bill benefits for Active Duty members under Chapter 30 of Title 38, United States Code

MGIB-SR

Montgomery GI Bill benefits for Selected Reserve members under Chapter 1606 of Title 10, United States Code

Normal Cost

The present value of benefits for a new entrant cohort of service members

OACT

Department of Defense Office of the Actuary

GLOSSARY (Cont.)

Offset

A reduction applied to the normal cost in order to decrease a surplus

Pay-as-you-go

A method of recognizing the costs of a benefits system only as benefits are paid

Per Capita Amount

The normal cost minus any offset for expected surplus—this is the amount needed to be paid into a fund for future benefits for each new entrant member into service. For the DoD Education Benefits Fund, the Per Capita Amount is paid once for each new entrant

Present Value of Benefits

The accrued liability as of the valuation date

REAP

Reserve Education Assistance Program benefits under Chapter 1607 of Title 10, United States Code

Sunset Provision

Measure within a statute, regulation or other law that provides that the law shall cease to be in effect after a specific date

Surplus

The amount of assets in the Fund greater than the actuarial liability

Time Value of Money

The principle that an amount of money available at an earlier point in time has more value than the same amount of money at a later point in time

Transferability

The ability to transfer an education benefit to a spouse or dependent child

Unfunded Liability

The portion of the actuarial liability not covered by the Fund assets (i.e., the difference between funds available to pay benefits and the amount of benefits owed); if assets exceed the actuarial liability, there is a surplus

VEAP

Veteran's Educational Assistance Program

Withdrawal Rate

The probability that an active military member at the beginning of the year will separate from the service by the end of the year