



**VALUATION OF THE
EDUCATION BENEFITS FUND**

SEPTEMBER 30, 2024

DoW Office of the Actuary

March 2026

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ACTUARIAL CERTIFICATION

This September 30, 2024, 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 War (DoW) and the Department of Veterans Affairs (VA) 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 War and the Department of Defense (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 methods and 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.

For additional information related to the Education Benefits Fund, please contact the DoW Office of the Actuary.

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SECTION 1 – INTRODUCTION

The Education Benefits Fund was established by 10 USC 2006 to finance and deliver education benefits payments to members of the Uniformed Services. The Fund, which is administered by the Department of the Treasury, is used for the accumulation of funds to finance armed forces education liabilities on an actuarially sound basis. Education benefits have a long and extensive legislative history, dating back to January, 1977 (see Appendix A). 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 War, approves methods and assumptions used in the Fund valuation, reports to the Secretary of War annually on the actuarial status of the Fund, and recommends changes needed to maintain the Fund on a sound actuarial basis.

¹ Benefit 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.

² Also 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.

³ Due 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.

⁴ Assumptions and methods for this valuation were reviewed and approved by DoD Board of Actuaries members John Moore (Chair), Michael Clark, and Margaret Berger at a public meeting (virtual) on September 15, 2025.

[INTRODUCTION \(Cont.\)](#)

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 the Glossary.
- Additional information can be obtained by contacting the Office of the Actuary (OACT) as detailed on page 3.
- Of the kickers, only Chapter 1606 kickers and Chapter 30 kickers are currently being used. There have not been any new Chapter 33 kickers offered since 2012. For this report, please refer to the following table when referencing kickers:

OACT Naming Convention	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 2024 Fund experience and actuarial valuation results as of September 30, 2024. Most liabilities detailed in this report stem from active duty kickers, reserve kickers, and reserve basic benefits. Simplifications were made to the Chapter 30 valuation model and are reflected in the liabilities as well as the per capita normal costs.

These results rely 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.

	Chapter 30 <u>Kicker</u>	Chapter 1606 <u>Basic & Kicker</u>	<u>Other</u>²	<u>Total</u>
<u>Sept. 30, 2024 Eligibles</u>¹	118,785	478,511	N/A	597,296
<u>Sept. 30, 2024 Fund Balance</u>³				
Sept. 30, 2023 Fund Balance	\$314.0	\$544.8	\$0.6	\$859.3
- Asset Transfers	\$0.0	\$0.0	\$0.0	\$0.0
- Amortization Payments	0.0	2.9	0.0	2.9
- Per Capita Contributions	0.0	32.8	0.0	32.8
- Benefit Payments	(27.1)	(132.4)	0.0	(159.5)
- Interest ⁴	8.5	14.2	0.0	22.8
Total Changes	\$(18.7)	\$(82.5)	\$0.1	\$(101.1)
Sept. 30, 2024 Fund Balance	\$295.3	\$462.3	\$0.6	\$758.2
<u>Sept. 30, 2024 Balance and Liability</u>				
Actuarial Liability (AL)	\$125.2	\$424.7	\$0.0	\$549.9
<u>Fund Balance</u>	<u>(295.3)</u>	<u>(462.3)</u>	<u>(0.6)</u>	<u>(758.2)</u>
Unfunded AL (Surplus)	\$(170.2)	\$(37.6)	\$(0.6)	\$(208.4)

¹ Members eligible for multiple programs are counted separately for each program. There have not been any new entrants into the Chapter 30 Kicker program since 2012. Of the 478,511 Chapter 1606 eligibles, 174,909 are also eligible to receive a Chapter 1606 kicker benefit.

² Other 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.

³ Officially, 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.

⁴ In FY 2024, the Education Benefits Fund earned 2.82% in interest.

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 War for Personnel and Readiness (Manpower and Reserve Affairs), and Under Secretary of War (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.

Despite significant data gaps and inconsistencies between VA, DMDC, and DFAS reporting, the DoD Board of Actuaries approved the valuation based on OACT's reasonable adjustments for the missing data.

OACT scaled inconsistent usage data, imputed missing months, and smoothed values that conflicted with benefit provisions. These adjustments produced data suitable for valuation without changing the underlying experience. Because results are highly sensitive to usage and withdrawal assumptions, even small shifts can materially affect liabilities and create year-to-year volatility.

The data was reviewed for reasonableness and consistency, including checks on eligible counts, corrections to data codes and elements that conflicted with reported dates, adjustments to unreasonable benefit amounts, and revisions to months of usage to reconcile DMDC and DFAS totals. However, OACT did not audit the data and is not responsible for its accuracy. Responsibility for accurate member-level eligibility and demographic data rests with the reporting components and DMDC, while responsibility for financial data related to Fund transactions and benefit usage is shared among the components, VA, and DFAS.

SECTION 4 – ASSETS, UNFUNDED LIABILITIES, AND ANNUAL CHANGES

(\$ in Millions)

Using the input data described above and the Population Data (shown in Appendix B), OACT calculated the actuarial liability for the Chapter 30 kicker and the Chapter 1606 basic and kicker benefits. The total value of assets on September 30, 2024, was provided by 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 Board 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, 2024

<u>Service</u>	<u>Actuarial Liability</u>	<u>Assets</u>	<u>Unfunded Liability or (Surplus)</u>
Army	\$82.8	\$236.4	(\$153.6)
Navy	\$29.4	\$33.6	(\$4.1)
Marine Corps	\$12.3	\$24.3	(\$11.9)
Coast Guard	\$0.6	\$1.1	(\$0.5)
Total	\$125.2	\$295.3	(\$170.2)

Chapter 1606 Basic and Kicker Benefits as of September 30, 2024

<u>Component</u>	<u>Actuarial Liability</u>	<u>Assets</u>	<u>Unfunded Liability or (Surplus)</u>
Army National Guard	\$244.9	\$232.9	\$12.0
Army Reserve	\$86.1	\$94.9	(\$8.8)
Navy Reserve	\$7.5	\$16.9	(\$9.4)
Marine Corps Reserve	\$12.0	\$33.4	(\$21.4)
Air Force National Guard	\$61.6	\$31.6	\$29.9
Air Force Reserve	\$12.4	\$48.6	(\$36.2)
Coast Guard Reserve	\$0.2	\$4.1	(\$3.9)
Total	\$424.7	\$462.3	(\$37.6)

In addition to the above assets and liabilities, the Fund includes 15 items--one for each active duty component--for Category III, National Call to Service, and Chapter 30 Section 3020 Transferability paid from the Fund. Many of these items are zero or immaterial. OACT tracks only those assets and liabilities that directly affect the accuracy of allocations by component and program. Beyond these items, the Fund’s allocation also depends on the accuracy of the reported Fund transactions.

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

(\$ in Millions)

The table below summarizes the changes in actuarial liability for Chapter 30 kickers from the 9/30/2023 projected valuation to the 9/30/2024 actual valuation. Assumed rates and other key assumptions¹ are updated annually to reflect the most recent experience. As shown, the largest source of change was the Usage Rate and Other Assumption Changes, which produced a net gain, or reduction to the actuarial liability, in the valuation.

<u>Chapter 30 Annual Changes</u> ²	<u>(Gain)/Loss</u>	<u>% of Projected Actuarial Liability</u>
Projected September 30, 2024 Liability ³	\$139.0	
<u>Projected September 30, 2024 Assets</u>	<u>\$301.8</u>	
Projected September 30, 2024 Unfunded Liability	(\$162.8)	
Actual September 30, 2024 Liability	\$125.2	
<u>Actual September 30, 2024 Assets</u>	<u>\$295.3</u>	
Actual September 30, 2024 Unfunded Liability	(\$170.2)	
September 30, 2024 (Gain)/Loss	(\$7.4)	-5.3%
<u>(Gain)/Loss Due to Liability</u>		
- Withdrawal Experience & Census Changes	\$4.8	3.4%
- Interest Rate Assumption Change	\$0.0	0.0%
- Other Economic Assumption Changes	\$0.0	0.0%
- Usage Rate and Other Assumption Changes	<u>(\$18.6)</u>	<u>-13.4%</u>
Total Liability (Gain)/Loss	(\$13.8)	-0.6%
<u>(Gain)/Loss Due to Assets</u>		
- Benefit Usage Experience	\$4.3	3.1%
- Contribution Experience	\$0.0	0.0%
- <u>Interest Experience</u>	<u>\$2.1</u>	<u>1.5%</u>
Total Assets (Gain)/Loss	\$6.4	4.6%

¹ Refers to probabilities or averages, for example, the probability of staying in service, probability of using the benefit each year, or average months of benefit used each year.

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

³ Projected 9/30/2024 assets and liabilities are projected from the 9/30/2023 valuation.

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

(\$ in Millions)

The table below shows the changes in actuarial liability for Chapter 1606 from the 9/30/23 projected valuation to the 9/30/24 actual valuation. Assumed rates and other key assumptions¹ are updated each year to reflect the most recent experience. As shown, the largest source of change was the Population & Census Changes and Withdrawal, Reentrant Assumption Changes, which produced a net loss, or increase in the actuarial liability, in the valuation.

<u>Chapter 1606 Annual Changes²</u>	<u>(Gain)/Loss</u>	<u>% of Projected Actuarial Liability</u>
Projected September 30, 2024 Liability ³	\$304.7	
<u>Projected September 30, 2024 Assets</u>	<u>\$481.0</u>	
Projected September 30, 2024 Unfunded Liability	(\$176.4)	
Actual September 30, 2024 Liability	\$424.7	
<u>Actual September 30, 2024 Assets</u>	<u>\$462.3</u>	
Actual September 30, 2024 Unfunded Liability	(\$37.6)	
September 30, 2024 (Gain)/Loss	\$138.8	45.6%
<u>(Gain)/Loss Due to Liability</u>		
- 2024 New Entrant Experience	\$2.1	0.7%
- Population & Census Changes	\$48.5	15.9%
- Usage Rate Assumption Changes	\$2.8	0.9%
- Withdrawal, Reentrant Assumption Changes	\$59.4	19.5%
- CPI Assumption Change	\$12.2	4.0%
- <u>Interest Rate Assumption Change</u>	<u>(\$5.0)</u>	<u>-1.6%</u>
Total Liability (Gain)/Loss	\$120.0	34.9%
<u>(Gain)/Loss Due to Assets</u>		
- Benefit Usage Experience	\$17.0	5.6%
- Contribution Experience	\$3.3	1.1%
- <u>Interest Experience</u>	<u>(\$1.5)</u>	<u>-0.5%</u>
Total Assets (Gain)/Loss	\$18.8	6.2%

¹ "Rates" refers to probabilities or averages, for example, the probability of staying in service, probability of using the benefit each year, or average months of benefit used each year.

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

³ Projected 9/30/2024 assets and liabilities are projected from the 9/30/2023 valuation.

SECTION 5 – AMORTIZATION PAYMENTS

(\$ Actual)

When a program is projected to have an unfunded liability, an amortization payment is scheduled to be deposited into the Fund. This payment is the first year of a five-year amortization schedule using the valuation interest rate. The Board selected the five-year schedule, and it is reset each year, giving the schedule a “fresh start.” In practice, these payments are selected to achieve full funding – where Fund assets equal the actuarial liability. Due to budget timelines, the annual amounts are determined two years in advance and therefore do not incorporate all information available at the time the payments are made.

The amortization payments for FY 2026 (based on the September 30, 2023 valuation) and FY 2027 (based on the September 30, 2024 valuation) are shown in the following tables. The payments for the Chapter 1606 basic and kicker programs are combined into a single Chapter 1606 amortization payment.

The Category III payment is determined using a different approach. The October 1, 2025 payment was determined by estimating FY 2025 benefits and carrying forward any surplus or shortfall from October 1, 2024. Both items were adjusted with interest and then combined to determine required payment.

Chapter 30 Annual Amortization Amounts

<u>Component</u>	<u>FY 2026</u> <u>October 1, 2025</u>	<u>FY 2027</u> <u>October 1, 2026</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 2026</u> <u>October 1, 2025</u>	<u>FY 2027</u> <u>October 1, 2026</u>
Army National Guard	\$0	\$26,520,111
Army Reserve	\$0	\$7,947,924
Navy Reserve	\$0	\$0
Marine Corps Reserve	\$0	\$0
Air National Guard	\$4,210,452	\$6,325,446
Air Force Reserve	\$0	\$0
Coast Guard Reserve	\$0	\$0

AMORTIZATION PAYMENTS (Cont.)

(\$ Actual)

Category III Basic Annual Payment¹

<u>Component</u>	<u>FY 2026</u> <u>October 1, 2025</u>	<u>FY 2027</u> <u>October 1, 2026</u>
Army	\$0	Set Next Year
Navy	\$0	Set Next Year
Marine Corps	\$0	Set Next Year
Air Force ²	\$0	Set Next Year
Coast Guard	\$0	Set Next Year

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

² No contribution required at this time due to the de minimis amount.

SECTION 6 – PER CAPITA AMOUNTS

(\$ Actual)

Per Capita Amounts for Chapter 30 and Chapter 1606 Programs

The tables below show the per capita amounts for the Chapter 30 kicker and the Chapter 1606 basic and kicker programs. For the Chapter 30 kicker, FY 2026 and FY 2027 each have separate per capita amounts by program and monthly benefit level. Before FY 2026, these amounts were further broken out by service component. For the Chapter 1606 basic and kicker programs, both FY 2026 and FY 2027 continue to include separate per capita amounts by component, program, and monthly benefit level.

Per capita amounts are typically calculated once each year, although they may be updated more frequently if significant changes occur, such as major legislative updates. The methodology used to determine these amounts is described in Appendix C. Category III does not have per capita amounts because its costs are determined in aggregate after benefits are paid.

Treatment of Surpluses and Offsets

When a program is expected to have a surplus, a portion of that surplus is used to reduce the per capita amount. This reduction—referred to as the offset—is equal to the first year of a five-year amortization schedule calculated at the valuation interest rate. The schedule is reset annually, giving it a “fresh start” each year.

For the Chapter 30 kicker, no offsets were applied. According to the DoW Comptroller’s office, the active duty components are not expected to offer kicker benefits to new entrants in FY 2026 or FY 2027, so no surplus is available to offset the per capita amounts.

Because of budget timelines, expected surpluses and unfunded liabilities are determined two years in advance. As a result, the per capita amounts in any given year do not reflect all information available at the time the payments are made.

PER CAPITA AMOUNTS (Cont.)

(\$ Actual)

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

Monthly Kicker <u>Amount</u>	<u>2 Year</u> ¹	<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

Chapter 30 Kicker Monthly Benefit Per Capita Amounts for All Services for FY 2027

Monthly Kicker <u>Amount</u>	<u>2 Year</u> ¹	<u>3 Year</u>	<u>4 Year</u>	<u>5 Year</u>	<u>6 Year</u>
\$150	\$1,236	\$1,142	\$1,051	\$957	\$867
\$250	\$2,060	\$1,903	\$1,752	\$1,596	\$1,444
\$350	\$2,884	\$2,664	\$2,453	\$2,234	\$2,022
\$450	\$3,708	\$3,425	\$3,154	\$2,872	\$2,600
\$550	\$4,532	\$4,186	\$3,855	\$3,510	\$3,178
\$650	\$5,355	\$4,947	\$4,556	\$4,149	\$3,755
\$750	\$6,179	\$5,709	\$5,257	\$4,787	\$4,333
\$850	\$7,003	\$6,470	\$5,958	\$5,425	\$4,911
\$950	\$7,827	\$7,231	\$6,659	\$6,063	\$5,489

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

PER CAPITA AMOUNTS (Cont.)

(\$ Actual)

Chapter 1606 Basic and Kicker Monthly 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	\$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 Monthly Benefit Per Capita Amounts for FY 2027

	<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	\$3,364	\$2,684	\$100	\$551	\$4,429	\$100	\$100
\$100 Kicker	\$814	\$525	\$477	\$275	\$1,040	\$2,074	\$787
\$200 Kicker	\$2,068	\$1,349	\$1,218	\$488	\$1,625	\$1,454	\$2,060
\$350 Kicker	\$2,237	\$1,967	\$1,143	\$718	\$2,678	\$2,361	\$2,948

APPENDIX A – SUMMARY OF BENEFITS

This appendix provides a high-level overview of the education benefit provisions covered by the Department of War. These programs have a long legislative history dating back to January 1977. Additional background and detail can be found in earlier editions of this report and in the referenced materials.

Benefit Provision Summary

Program	Participants	Eligibility	FY 2025 Benefit	Per Capita Amount	Amortization	Transferability	Dates
Chapter 30 Kicker	Active Duty	- Offered by DoW at time of recruitment. - Contract period of 2 - 6 years. - Corresponds with Chapter 30 or Chapter 33 Basic.	\$150 - \$950 per month, not indexed	- Net single premium paid at time of entry. - Fund surplus offset as determined by DoD Board of Actuaries.	- Determined by DoD Board of Actuaries. - Unfunded Liability by service paid down over 5 years.	- Currently serving, completed 6+ years of service, and agree to add 4 more years of service. - Purple Heart.	July, 1985 – Present <i>(None offered since 2012)</i>
Category III Post-Vietnam Veterans' Educational Assistance Program (VEAP)	Active Duty	- Entered service between January, 1977 ~ June, 1985. - Involuntarily separated for certain reasons or separated under the various separation incentive programs.	Up to \$2,438 for each full month of enrollment, indexed.	N/A	Projected amount plus interest used in prior fiscal year.	Survivors and dependents may be eligible.	January 1977 - Present
Chapter 1606 Basic	Selected Reserves	- Agree to serve 6 years. - Ends after 14 years of service or upon leaving reserves.	Up to \$481 per month for each full month of enrollment, indexed.	- Net single premium paid at time of entry. - Fund surplus offset as determined by DoD Board of Actuaries.	- Determined by DoD Board of Actuaries. - Unfunded Liability by reserve component paid down over 5 years.	Not currently offered.	July, 1985 – Present
Chapter 1606 Kicker	Selected Reserves (offered to fill special skilled positions)	- Offered by DoW at time of recruitment. - Same as Chapter 1606 Basic.	\$100, \$200 & \$350 per month, not indexed.	Net single premium paid at time of entry.	None.	Not currently offered.	July, 1985 – Present

SUMMARY OF BENEFITS (Cont.)

Restrictions for All Fund Benefits

Members entitled to educational assistance under a program established by the Montgomery GI Bill (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; however, there are exceptions depending on the eligible periods of service.

For additional program information, please refer to: <https://www.va.gov/education/about-gi-bill-benefits>

APPENDIX B – POPULATION DATA

Chapter 30 “Kicker” Eligibles

	<u>Sept. 30, 2024</u>												
Army 2-Year	1,325												
Army 3-Year	26,183												
Army 4-Year	39,522												
Army 5-Year	7,448												
Army 6-Year	4,620												
Navy 2-Year	145												
Navy 3-Year	1,083												
Navy 4-Year	23,212												
Marine 4-Year	9,050												
Marine 5-Year	5,737												
Marine 6-Year	85												
Coast Guard 4-Year	<u>375</u>												
Total	118,785												
<table> <tbody> <tr> <td>Army</td> <td style="text-align: right;">79,098</td> </tr> <tr> <td>Navy</td> <td style="text-align: right;">24,440</td> </tr> <tr> <td>Marine Corps</td> <td style="text-align: right;">14,872</td> </tr> <tr> <td>Coast Guard</td> <td style="text-align: right;"><u>375</u></td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">118,785</td> </tr> </tbody> </table>		Army	79,098	Navy	24,440	Marine Corps	14,872	Coast Guard	<u>375</u>	 		Total	118,785
Army	79,098												
Navy	24,440												
Marine Corps	14,872												
Coast Guard	<u>375</u>												
Total	118,785												

POPULATION DATA (Cont.)

Chapter 1606 Eligibles

Sept. 30, 2024

1606 Eligibles, Excluding 33 Eligibles

Army National Guard	200,546
Army Reserve	128,240
Navy Reserve	81,382
Marine Corps Reserve	17,537
Air National Guard	35,980
Air Force Reserve	14,413
<u>Coast Guard Reserve</u>	<u>413</u>
Total	478,511

Eligible for a \$100 Kicker Benefit

Army National Guard	41
Army Reserve	28,101
Navy Reserve	0
Marine Corps Reserve	2
Air National Guard	13
Air Force Reserve	2
<u>Coast Guard Reserve</u>	<u>0</u>
Total	28,159

Eligible for a \$200 Kicker Benefit

Army National Guard	14,157
Army Reserve	18,472
Navy Reserve	215
Marine Corps Reserve	1
Air National Guard	33
Air Force Reserve	2
<u>Coast Guard Reserve</u>	<u>0</u>
Total	32,880

Eligible for a \$350 Kicker Benefit

Army National Guard	65,265
Army Reserve	18,624
Navy Reserve	0
Marine Corps Reserve	1,097
Air National Guard	22,929
Air Force Reserve	5,953
<u>Coast Guard Reserve</u>	<u>0</u>
Total	113,870

APPENDIX C – ASSUMPTIONS AND METHODS

Board Meeting Minutes Link

Meeting minutes documenting the Board meeting addressing methods and assumptions for the September 30, 2024 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 considers 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 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 2024 is weighted at 100%. FY 2023 is weighted at 80% of FY 2024. FY 2022 is weighted at 80% of FY 2023, 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 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 like 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 behavioral 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 – where Fund assets equal the actuarial liability -- technically, there are practical limitations that will result in attaining full funding beyond the amortization schedule.

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 sixth year of service with some exceptions and can transfer any portion of unused benefits up to the full 36 month entitlement. Members must serve four 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

OACT adjusted for known discrepancies between DFAS spending data and the DMDC file extracts. These corrections (“true-ups”) were applied to the historical data provided by DMDC as follows:

- **Chapter 30:** All service branches are adjusted using a single All-Services true-up factor. The true-up factor is 112%, or a 12% adjustment.
- **Chapter 1606:** Each component is adjusted using its own component-specific true-up factor. In the aggregate, the combined true-up factor is 93%, or a -7% adjustment.

Economic Assumptions

The Board approves the methods and assumptions used to determine the costs of these programs. In September 2025, the Board approved the following economic assumptions for use in the valuation as of September 30, 2024.

Interest Rate

The Board set the Fund interest rate assumption at 3.50% annually.

Inflation/Consumer Price Index (CPI)

Annual inflation for the Chapter 1606 basic benefit is determined under Section 16131(b)(2) of Title 10, United States Code. The increase is based on the percentage change in the CPI-W (all items, U.S. city average) over the 12-month period ending on the June 30 before the start of the fiscal year, with the resulting dollar amount rounded to the nearest whole dollar. The long-term assumed CPI/inflation rate is 2.20% per year, and the short-term (select) rates used in the valuation are shown in the table below. These short-term rates are developed using a range of macroeconomic inflation forecasts. The Chapter 1606 basic benefit is the only benefit in this report that is directly adjusted using this CPI index.

			<u>Projected CPI Increase</u>
FY 2025	to	FY 2026	2.5%
FY 2026	to	FY 2027	2.8%
FY 2027	to	FY 2028	2.4%
FY 2028	to	FY 2029	2.3%
FY 2029	to	FY 2030+	2.2%

ASSUMPTIONS AND METHODS (Cont.)

Chapter 30/33 Usage Assumptions for FY 2027 Normal Cost Amounts

Benefit-usage and discount-factor assumptions are organized by contract length, meaning the number of years a member must serve to earn the benefit. These assumptions are the same across all Military Services, including the Coast Guard, and they do not vary by monthly benefit or kicker amount (e.g., \$150, \$250, \$350 ... \$950).

Contract Length	Benefit Usage Percentage	Discount Factor
2 Year	37.2%	61.5%
3 Year	35.1%	60.2%
4 Year	33.1%	58.8%
5 Year	30.9%	57.4%
6 Year	28.6%	56.0%

Illustrative Example: To calculate the FY 2027 Normal Cost for a \$350 monthly kicker for an Army member with a 4-year contract, multiply the following:

- **Monthly kicker:** \$350
- **Assumed months of use:** 36 (three years)
- **Benefit-usage rate:** 33.1%
- **Discount factor:** 58.8%

The resulting FY 2027 Normal Cost is:

→ $\$350 \times 36 \times 0.331 \times 0.588 = \underline{\underline{\$2,452}}$.

(Values may differ slightly due to rounding.)

ASSUMPTIONS AND METHODS (Cont.)

Chapter 1606 Usage Assumptions for FY2027 Normal Cost Amounts

Individual benefit usage and discount factor assumptions are developed for each Military Service Component, including Coast Guard, and for the Basic and Kicker benefits.

	<u>Average</u>	<u>Benefit</u>	<u>Discount</u>	<u>FY 2027</u>
<u>Chapter 1606 Basic</u>	<u>Benefit Amount</u>	<u>Usage Percentage</u>	<u>Factor</u>	<u>Normal Cost</u>
Army National Guard	\$546	19.0%	90.0%	\$3,364
Army Reserve	\$546	15.2%	90.0%	\$2,684
Navy Reserve	\$545	3.6%	89.9%	\$636
Marine Corps Reserve	\$542	7.2%	90.9%	\$1,282
Air National Guard	\$549	25.1%	89.1%	\$4,429
Air Force Reserve	\$549	7.1%	89.1%	\$1,241
Coast Guard Reserve	\$545	19.8%	90.3%	\$3,507
<u>Chapter 1606 Kicker - \$100</u>				
Army National Guard	\$100	25.2%	89.7%	\$814
Army Reserve	\$100	16.2%	89.9%	\$525
Navy Reserve	\$100	14.9%	89.0%	\$477
Marine Corps Reserve	\$100	8.5%	90.4%	\$275
Air National Guard	\$100	33.2%	86.9%	\$1,040
Air Force Reserve	\$100	73.1%	78.8%	\$2,074
Coast Guard Reserve	\$100	24.8%	88.0%	\$787
<u>Chapter 1606 Kicker - \$200</u>				
Army National Guard	\$200	31.3%	91.7%	\$2,068
Army Reserve	\$200	20.7%	90.5%	\$1,349
Navy Reserve	\$200	18.8%	90.0%	\$1,218
Marine Corps Reserve	\$200	7.5%	90.8%	\$488
Air National Guard	\$200	25.6%	88.2%	\$1,625
Air Force Reserve	\$200	23.7%	85.3%	\$1,454
Coast Guard Reserve	\$200	31.7%	90.3%	\$2,060
<u>Chapter 1606 Kicker - \$350</u>				
Army National Guard	\$350	19.9%	89.0%	\$2,237
Army Reserve	\$350	17.3%	90.2%	\$1,967
Navy Reserve	\$350	10.1%	89.9%	\$1,143
Marine Corps Reserve	\$350	6.3%	90.9%	\$718
Air National Guard	\$350	23.9%	89.0%	\$2,678
Air Force Reserve	\$350	22.1%	84.7%	\$2,361
Coast Guard Reserve	\$350	26.3%	88.9%	\$2,948

Illustrative Example: To calculate the FY 2027 Normal Cost amount of a \$350 monthly kicker for a member of the Army National Guard, multiply: **Monthly kicker** (\$350), **Number of assumed months used** (36, or three years), **Benefit-usage rate** (19.9%), and **Discount factor** (89.0%).

The resulting FY 2027 Normal Cost is: $\$350 \times 36 \times 0.199 \times 0.89 = \underline{\$2,232}$.
(Values may differ slightly due to rounding.)

APPENDIX D – 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

DoW

Department of War

DMDC

Defense Manpower Data Center

GLOSSARY (Cont.)

DFAS

Defense Finance and Accounting Service

Fund (EBF)

Education Benefits Fund

Fund Balance

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

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 War may increase the amount of basic educational assistance by as much as \$950 per month for Chapters 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 – that is, a net single premium paid at the time of entry into the Military

OACT

Department of War Office of the Actuary

Offset

A reduction applied to the normal cost to decrease a surplus

GLOSSARY (Cont.)

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 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

Reentrant Rate

The probability that a former Selected Reservist at the beginning of the year will re-enter reserve service by the end of the year

Surplus

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

Time Value of Money

The financial 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