



DEPARTMENT OF DEFENSE  
BOARD OF ACTUARIES  
4800 MARK CENTER DRIVE, SUITE 03E25  
ALEXANDRIA, VA 22350

November 10, 2023

MEMORANDUM FOR THE RECORD

SUBJECT: Minutes of the September 29, 2023, Meeting of the DoD Board of Actuaries

These are the minutes of the September 29, 2023, DoD Board of Actuaries meeting, which focused on the Education Benefits Fund.

List of Attachments:

- 1 - Meeting agenda
- 2 - Complete list of attendees
- 3 - Meeting handouts
- 4 - Meeting transcript

We have reviewed and agree with the meeting minutes. Responsibility for the accuracy of each attachment resides with the organization creating it.

A handwritten signature in cursive script, reading "Marcia A. Dush", is positioned above a horizontal line.

Marcia A. Dush, Chairperson  
DoD Board of Actuaries

A handwritten signature in cursive script, reading "Inger M. Pettygrove", is positioned above a horizontal line.

Inger M. Pettygrove  
Designated Federal Officer

# DEPARTMENT OF DEFENSE BOARD OF ACTUARIES MEETING MINUTES

September 29, 2023

*Virtual Meeting*

## EDUCATION BENEFITS FUND

### *HIGHLIGHTS/KEY BOARD DECISIONS*

#### Agenda Item 1: Education Benefits Fund Overview

- Transcript Pages 6-24: Education benefit programs and their usage model were presented. The Board approved the model and methodology for data reconciliation and benefit usage for the September 30, 2022 valuation (unchanged from last year). However, the Board recommends an audit of the Education Benefits Fund due to discrepancies in both current and historical data.

#### Agenda Item 2: September 30, 2022, Valuation Proposed Economic Assumptions

- Transcript Pages 24-25: The Board approved an interest rate assumption of 2.75% (increase from last year's assumption of 2.50%).

#### Agenda Item 3: September 30, 2022, Valuation Proposed Methods and Assumptions

- Transcript Pages 25-27: The Board approved the continued use of Blue Chip financial inflation projections to estimate the CPI for Chapter 1606 basic benefit (unchanged from last year). This leads to a CPI assumption of 6.2% for fiscal year 2024 and an ultimate CPI of 2.1%.
- Transcript Pages 27-38: The Board recommended a simplification of the Chapter 30 Kicker normal cost and liability calculations because the program has had no new entrants for the last 10 years.
- Transcript Pages 38-44: The Board approved the Chapter 1606 five-year amortization of unfunded liabilities and offsets to basic normal cost at the rate of 2.75%. An Air National Guard amortization payment of \$1,852,548 is to be made on October 1, 2024. The Board approved implementing a \$100 minimum Per Capita Amount for Chapter 1606 basic benefit in order to track the number of new entrants more accurately.
- Transcript Pages 51-54: The Board approved continued use of the Cat III methodology to determine October 1, 2023 costs (unchanged from last year). The

Cat III Army \$34,355 payment will be transferred from the Chapter 30 Kicker balance. No contribution is required at this time for the Air Force Cat III \$3,279 payment.



## ATTACHMENT 2

### Department of Defense Board of Actuaries Meeting Attendee List

<u>Name</u>	<u>Position or Office</u>
Marcia Dush	Chairperson
John Moore	Board Member
Mike Clark	Board Member
Pete Zouras	DoD Chief Actuary and Executive Secretary
Inger Pettygrove	OACT, DFO
Richard Allen	OACT
Chelsea Chu	OACT
Qian Magee	OACT
Philip Davis	OACT
Drew May	OACT
Jonathan Wong Lau	OACT
Austin Keib	OACT
Ethan Field	OACT
William Moorhouse	Advisor, Legal
Tom Liuzzo	Advisor, Reserve Affairs
Peter Abraham	DMDC
Talitacumi Acevedo	USAF
Katie Carlson	DFAS JBA
James Fasano	Advisor, Comptroller
Patty Leopard	Advisor, Education Policy
Shantel Carter	USAF
Charlie Bentley	VBA Benefit Budget
Richard Virgile	USCG
Edith Smith	Military Survivor
Cory Titus	MOAA
Naomi Miller	Court Reporter

Dominique Durant	USAF
Colleen Hartman	OUSD (C)
Ronald Garner	OUSD (P-R)
Christina DiTucci	VA
Sabrina Giraldo	Army
Lori Haines	DFAS JJA
Susan Harvey	DFAS JBA
Jeff Goldstein	OMB
Daniel Lee	OUSD (C)
Patricia Hamilton	Army
Alisa Harkins	USCG
Steven Pagoaga	IAC
Kenneth Hardy	NG
Danilo Mendoza	USCG
Michael Rosa	DMDC
Jonathan Poe	DFAS JJA
Horst Spiess	Army
Donald Sutton	NG
Matthew Torres	DMDC
Grady Johnson	USCG
Sadaf Rahmani	Guest
Jessica Taylor	Guest
Court Reporter	Guest

## **ATTACHMENT 3**

### **Meeting Handouts for the Department of Defense Board of Actuaries Meeting (Education Benefits Fund)**



# Education Benefits Fund Board of Actuaries Meeting

*Defense Finance and Accounting Service*

Jonathan Poe  
Enterprise Solutions and Standards (ESS)  
Financial Reporting  
September 29, 2023



# AGENDA

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- Overview
- Financial Data
- Fund Status



# OVERVIEW



- **Short Term Liquidity**

- ✓ Current Year Purchases
  - ✓ Oct 2022 purchased a \$8.0M Notes and \$12.0M TIPS
  - ✓ Anticipate continued ability to invest annually going forward.
  
- ✓ Current Year Maturities / Sales
  - ✓ Jan 2023 maturity \$18.3M
  - ✓ Feb 2023 maturity \$20.4M
  - ✓ Apr 2023 early sale \$60.8M
  - ✓ Aug 2023 maturity \$67.6M
  
- ✓ Outflows exceeding Inflows
  - ✓ FY 2023 disbursements through August \$149.1M
  - ✓ FY 2023 receipts through August \$14.0M (Excl interest of \$10.9M)
  - ✓ FY 2023 overnights/cash as of August 31 \$101.1M

- **Long Term Liquidity**

- ✓ New investing for FY 2024
  - ✓ Will re-invest in FY 28, 29, and 30 to match the future maturities to future liabilities



# FINANCIAL DATA



## Summary Financial Analysis Year Ended September 30 (In Thousands)

	FY 2022	FY 2021	% Change
Service Contributions	\$53,699	\$69,478	-23%
Interest Income	<u>45,614</u>	<u>34,166</u>	34%
Total Revenue	<u>\$99.313</u>	<u>\$103.644</u>	-4%
Benefit Payments	<u>\$150,514</u>	<u>\$154,683</u>	-3%
Total Expense	<u>\$150.669</u>	<u>\$154.731</u>	-3%





## Summary Financial Analysis

### Year Ended September 30

(In Thousands)

#### Interest Income

	FY 2022	FY 2021	\$Change
Interest Revenue--Par	\$12,457	\$17,557	-\$5,100
Interest Revenue--Inflation	38,652	26,509	12,143
Interest Revenue--Discount	543	394	149
Interest Revenue--Premium	<u>-6,038</u>	<u>-10,294</u>	<u>4,256</u>
	<u>\$45,614</u>	<u>\$34,166</u>	<u>\$11,448</u>



# FINANCIAL DATA



## Education Benefits Fund For the Year Ending September 30, 2022

(in thousands)

Assets	
Fund Balance with Treasury	\$100.0
Investments	
Overnight	\$78,090.0
Long term	
Par	\$790,594.5
Inflation purchased	\$39,704.8
Inflation earned	\$58,743.2
Premium outstanding	\$14,126.4
Discount outstanding	-\$3,724.2
Interest receivable	<u>\$1,501.7</u>
Total Long Term Investments	<u>\$900,946.4</u>
Total Investments	\$979,036.4
Accounts Receivable, net	<u>\$739.2</u>
Total Assets	<u>\$979,875.6</u>
Liabilities	
Military Retirement and Other Federal Employment Benefits	
Benefits Payable to Beneficiaries	\$580.9
Actuarial Liability	<u>\$566,976.0</u>
Total Military and Other Federal Employment Benefits	\$567,556.9
Other Liabilities	<u>\$5.5</u>
Total Liabilities	<u>\$567,562.4</u>
Net Position	
Cumulative Results of Operations	<u>\$412,313.2</u>
Total Liabilities and Net Position	<u>\$979,875.6</u>



# FINANCIAL DATA



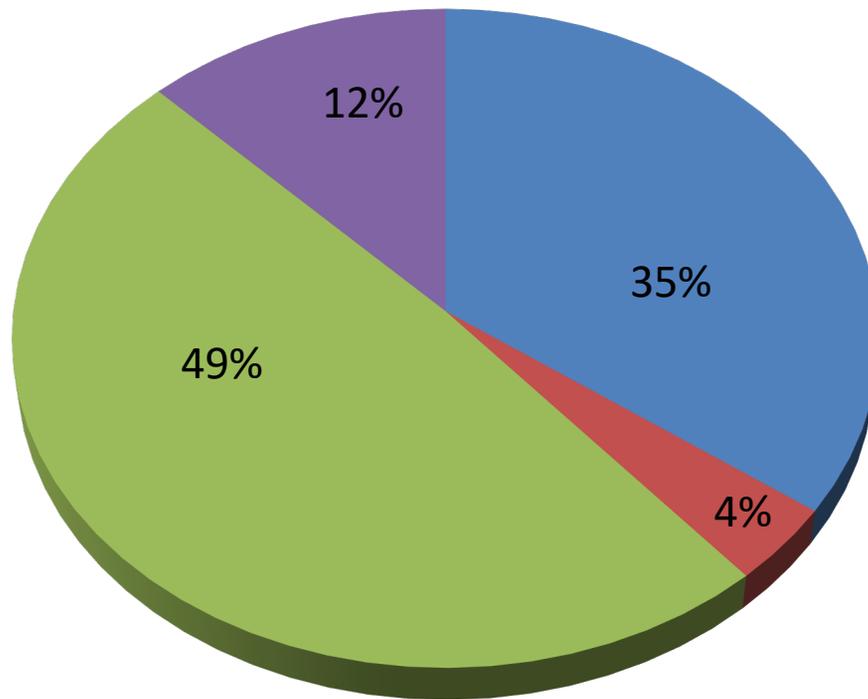
## Effective Fund Yields

FY	Yield
2013	3.10%
2014	3.16%
2015	1.79%
2016	2.34%
2017	2.92%
2018	3.82%
2019	3.01%
2020	3.01%
2021	2.92%
2022	4.97%





## Education Benefits Portfolio As Of 08/31/23



- Notes
- Bonds
- TIPs
- Overnight Securities

Notes	\$283,763,492.46
Bonds	\$31,050,000.00
TIPs	\$397,790,167.69
Overnight Securities	<u>\$100,996,121.34</u>
Total	<u>\$813,599,781.49</u>



# FUND STATUS



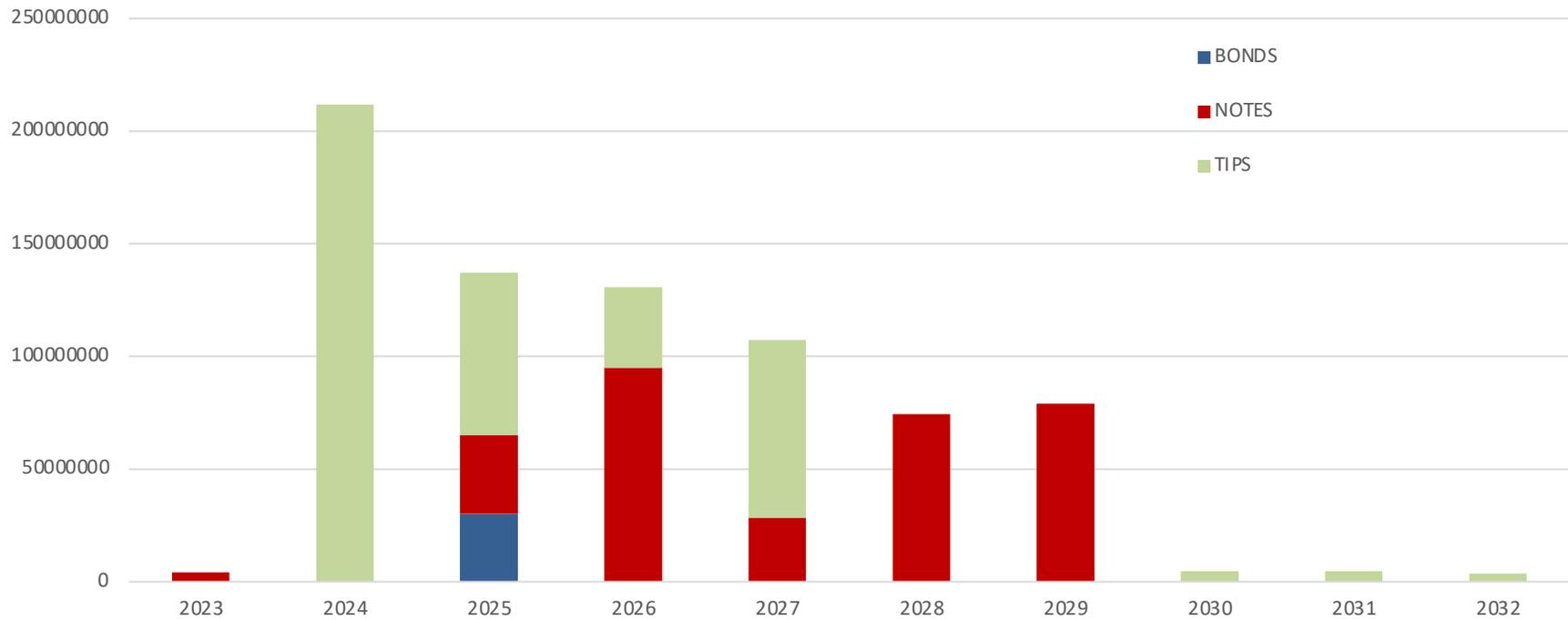
Security Description	Shares Par	Book Value	Market Value
MK BOND 6.875% 08/15/2025	<b>30,000,000.00</b>	<b>31,691,248.18</b>	<b>31,050,000.00</b>
MK NOTE 0.250% 09/30/2023	4,159,131.04	4,150,512.82	4,140,934.84
MK NOTE 0.375% 04/30/2025	25,257,378.17	25,151,082.17	23,394,646.53
MK NOTE 0.750% 03/31/2026	4,471,306.75	4,130,734.02	4,057,710.88
MK NOTE 0.750% 08/31/2026	25,258,185.58	25,090,923.69	22,613,969.28
MK NOTE 1.250% 03/31/2028	74,437,713.07	74,901,197.63	65,039,951.79
MK NOTE 1.625% 02/15/2026	65,292,466.40	67,437,109.33	60,681,185.96
MK NOTE 1.625% 08/15/2029	78,985,623.85	75,680,346.88	68,396,613.65
MK NOTE 2.250% 08/15/2027	28,200,032.62	29,311,644.31	26,032,155.11
MK NOTE 2.750% 02/28/2025	9,738,025.93	9,796,709.78	9,406,324.42
MK NOTE 2.750% 08/31/2023	-	-	-
<b>TOTAL NOTES</b>	<b>315,799,863.41</b>	<b>315,650,260.63</b>	<b>283,763,492.46</b>
MK TIPS 0.125% 01/15/2030	3,871,200.10	4,186,219.95	4,083,945.19
MK TIPS 0.125% 01/15/2031	3,959,596.03	4,185,854.13	4,064,742.92
MK TIPS 0.125% 07/15/2024	84,717,357.00	108,925,900.39	105,922,127.87
MK TIPS 0.250% 01/15/2025	35,503,274.93	46,301,952.46	43,929,033.74
MK TIPS 0.375% 01/15/2027	62,715,061.70	82,770,416.35	74,156,605.49
MK TIPS 0.625% 01/15/2024	78,694,565.08	102,988,708.40	101,509,740.85
MK TIPS 0.625% 01/15/2026	27,772,869.71	35,773,972.10	33,998,075.40
MK TIPS 2.375% 01/15/2025	16,405,437.41	27,287,936.54	26,236,568.86
MK TIPS 3.375% 04/15/2032	2,040,930.22	4,041,710.46	3,889,327.37
<b>TOTAL TIPS</b>	<b>315,680,292.18</b>	<b>416,462,670.78</b>	<b>397,790,167.69</b>
ONE DAY 5.400% 09/01/2023	<b>100,996,121.34</b>	<b>100,996,121.34</b>	<b>100,996,121.34</b>
<b>TOTAL PORTFOLIO</b>	<b>762,476,276.93</b>	<b>864,800,300.93</b>	<b>813,599,781.49</b>



# FUND STATUS



EBF Maturities  
As of August 31, 2023



2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
4.2	211.7	137.3	130.7	107.4	74.4	79	4.6	4.6	3.5	757.4





# QUESTIONS



# **FY 2022 Valuation of DoD Education Benefits Fund**

**Presented before the DoD Board of Actuaries  
by Richard Allen, Richard.S.Allen40.civ@mail.mil  
Philip Davis, Philip.B.Davis15.civ@mail.mil**

## **Meeting Objectives**

1. Review and approve actuarial methods and assumptions needed for September 30, 2022, actuarial valuation of the DoD Education Benefits Fund (EBF). The education benefit programs funded by the EBF are:
  - a. Chapter 30 Kicker Benefits
  - b. Chapter 1606 Basic & Kicker Benefits
  - c. Category III Benefits
2. Review the actuarial liability as of September 30, 2022, for each of the benefit plans by active duty and reserve service component, including the Coast Guard
3. Set FY 2025 Per Capita Contribution Amounts and October 1, 2024, Amortization Payments for each of these benefit plans by active duty and reserve component. These amounts will be sent in letters to the Secretary of Defense, DoD Comptroller and the Secretary of Homeland Security (Coast Guard).

## **Presentation to the DoD Board of Actuaries**

1. Military Educational Benefits
2. Executive Summary of September 30, 2022 Actuarial Valuation Results
3. Education Benefit Usage Model
4. Explanation of Normal Costs
5. Benefit Usage and Withdrawal Rates
6. Data Sources
7. Data Reconciliation and Census Assumptions
8. Economic Assumptions
9. Chapter 30 Results
10. Chapter 1606 Results
11. Cat III Methodology and Results
12. Appendix

# Military Education Benefits

Program	Funded By	Participants	Eligibility	FY 2023 Benefit	Per Capita Amount	Amortization	Transferability	Dates
Post 9/11 Chapter 33 Basic	VA	Active Duty or Reserve	Active – Serve 3 Years (Full) Serve 90+ days (Partial) Reserve – Serve 90+ Days in Active Duty Status	Full In-State Tuition/Fees for Public Universities Plus Housing and Stipend. Maximum tuition of \$27,120.05 for Private or Out-of-State Universities	N/A	None	Serve 10+ Years. Members must apply after 6 years while still in active status	August, 2009 - Present
Montgomery GI Bill Chapter 30 Basic	VA	Active Duty	Enlistment of 3 Years (Full Amount) or Contracted Enlistment Ends 10 Years after Separation	\$2,210 Per Month indexed to NCES	N/A	None	None	July, 1985 - Present
Chapter 30 Kicker	DoD Services Contribute to EBF	Active Duty	Offered by DoD at Time of Recruitment. Contract Period of 2-6 years. Corresponds with Chapter 30 or Chapter 33 Basic	\$150 - \$950 Per month. No indexing	Net Single Premium Paid at Time of Entry. Fund Surplus Offset as Determined by DoD Board of Actuaries	Determined by Board of Actuaries. Unfunded Liability by Service Paid Off in 5 Years	Same as Chapter 33 Basic	July, 1985 – Present (None offered since 2012)

These are not all the education benefits available to military members. These are only the programs funded by the EBF or programs whose use by members impacts the EBF.

# Military Education Benefits

Program	Funded By	Participants	Eligibility	FY 2023 Benefit	Per Capita Amount	Amortization	Transferability	Dates
Category III Post-Vietnam Veterans' Educational Assistance Program (VEAP)	DoD & VA	Active Duty	Entered service between January, 1977 ~ June, 1985 Involuntarily separated for certain reasons or separated under the VSI (Voluntary Separation Incentive) or SSB (Special Separation Benefit) Program	Same as Chapter 30	N/A	Projected amount plus interest used in prior fiscal year	Survivors and dependents may be eligible	January 1977 - Present
Chapter 1606 Basic	DoD Reserve Components Contribute to EBF	Selected Reserves	Agree to Serve 6 Years. Ends After 14 Years of Service or Upon Leaving Reserves	\$439 Per Month Indexed by CPI	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 Off in 5 Years	Not Currently Offered	July, 1985 – Present
Chapter 1606 Kicker	DoD Reserve Components Contribute to EBF	Selected Reserves (Offered to fill special skilled positions)	Offered by DoD 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

These are not all the education benefits available to military members. These are only the programs funded by the EBF or programs whose use by members impacts the EBF.

## Executive Summary

FY 2022 Fund experience and actuarial valuation results as of September 30, 2022

(\$ in Millions)	<u>Chapter 30</u> <u>Kicker</u>	<u>Chapter 1606</u> <u>Basic &amp; Kicker</u>	<u>Other</u> <sup>2</sup>	<u>Total</u>
<b><u>Sept. 30, 2022 Eligible Members</u><sup>1</sup></b>	107,190	412,735	N/A	519,925
<b><u>Sept. 30, 2021 Balance &amp; Liability</u></b>				
Fund Balance <sup>3</sup>	\$348.4	\$678.0	\$0.5	\$1,026.9
Actuarial Liability (AL)	\$241.4	\$364.6	\$0.1	\$606.2
Unfunded Liability (Surplus)	(\$107.0)	(\$313.3)	(\$0.4)	(\$420.6)
<b><u>FY 2022 Fund Activity</u></b>				
Sept. 30, 2021 Fund Balance	\$348.4	\$678.0	\$0.5	\$1,026.9
Asset Transfers	(\$0.0)	\$0.0	\$0.0	\$0.0
Amortization Payments	\$1.6	\$0.0	\$0.0	\$1.6
Per Capita Contributions	\$0.0	\$52.0	\$0.0	\$52.0
Benefit Payments	(\$31.9)	(\$118.6)	(\$0.1)	(\$150.5)
<u>Interest</u> <sup>4</sup>	<u>\$16.7</u>	<u>\$32.4</u>	<u>\$0.0</u>	<u>\$49.1</u>
Total Changes	(\$13.6)	(\$34.1)	\$0.0	(\$47.7)
Sept. 30, 2022 Fund Balance	\$334.8	\$643.9	\$0.5	\$979.1
<b><u>Sept. 30, 2022 Balance &amp; Liability</u></b>				
Fund Balance	\$334.8	\$643.9	\$0.5	\$979.1
Actuarial Liability (AL)	\$191.8	\$325.7	\$0.0	\$517.5
Unfunded Liability (Surplus)	(\$143.0)	(\$318.2)	(\$0.5)	(\$461.6)

<sup>1</sup>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.

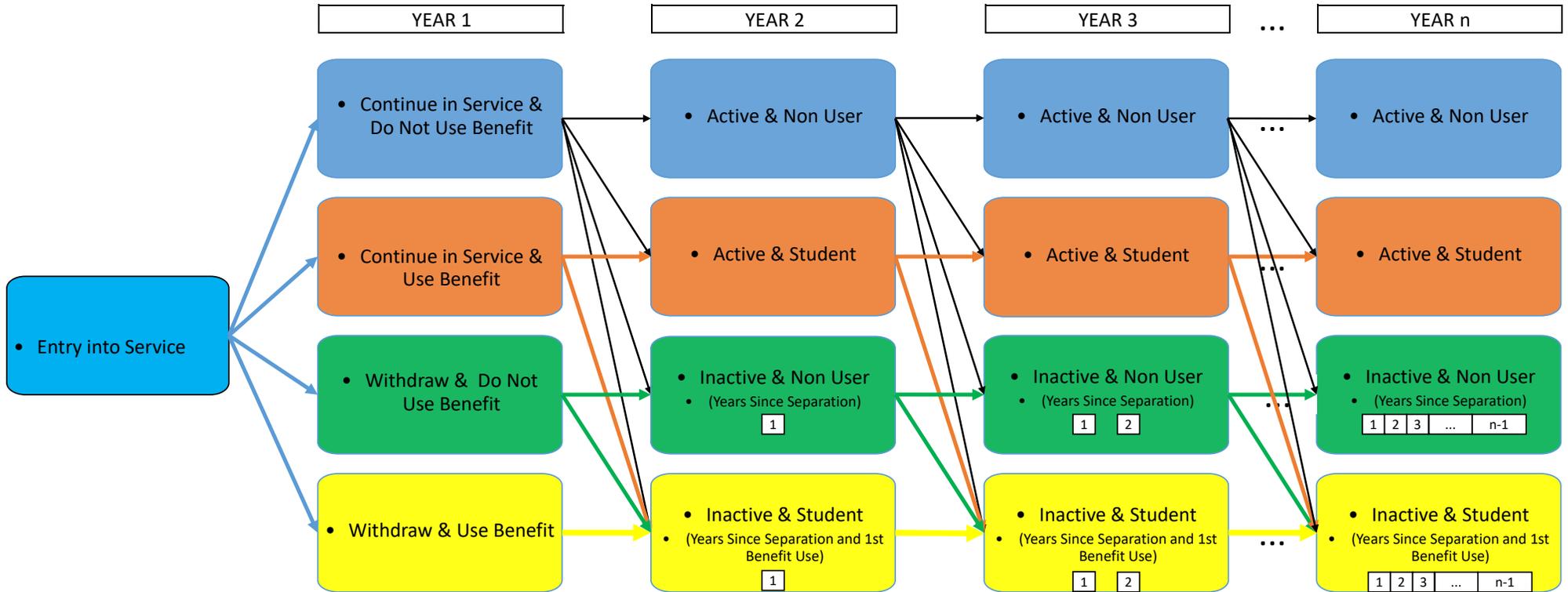
Of the 412,735 Chapter 1606 eligibles, 147,586 are also eligible to receive a Chapter 1606 kicker benefit.

<sup>2</sup>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.

<sup>3</sup>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.

<sup>4</sup>In FY 2022, the Education Benefits Fund earned 4.97% in interest.

# Education Benefit Usage Model



Each box has a probability of benefit usage and a probability of moving into a different box for the following year.  
 Benefits are discounted to the time of entry.  
 Active Duty model continues for 40 years. Reserve model continues for 15 years .

# Explanation of Education Normal Cost Factors

Assume Normal Cost (NC) cohort radix = 100,000

Calculating the NC involves projecting the cohort through the eligibility period for the benefit, projecting the usage (i.e., the benefit payments), and discounting the benefit payment dollars to the present.

Define:

$N_1$  = projected count of users in year 1,  $N_2$  = projected count of users in year 2, etc.

$M_1$  = projected avg months of usage in year 1,  $M_2$  = same for year 2, etc.

$B_1$  = projected monthly benefit amount in year 1,  $B_2$  = same for year 2, etc. For kickers, all B's are equal. For other programs, B's change with future COLAs.

V = discount factor

Thus:

$$\begin{aligned}
 \text{NC} &= \frac{(N_1 M_1 B_1 V^{0.5} + N_2 M_2 B_2 V^{1.5} + \dots)}{100,000} \\
 &= \frac{(N_1 M_1 B_1 V^{0.5} + N_2 M_2 B_2 V^{1.5} + \dots)}{(N_1 M_1 B_1 + N_2 M_2 B_2 + \dots)} \frac{(N_1 M_1 B_1 + N_2 M_2 B_2 + \dots)}{(N_1 M_1 + N_2 M_2 + \dots)} \frac{(N_1 M_1 + N_2 M_2 + \dots)}{36 \times 100,000} \quad (36)
 \end{aligned}$$

Thus the NC is the product of 3 ratios and 36. The first ratio is the “discount factor” and is a reflection of the assumed interest rate and the timing of when payments occur—it gives the ratio of the actual NC to what it would be without discounting. The second ratio is the average monthly benefit amount—it’s a flat (obvious) calculation for kickers; and for CPI-indexed benefits, it gives the average benefit reflecting the effect of future COLAs. The third ratio is the “percent of benefit used” and is a reflection of how many become eligible, usage rates, and how much of the potential total entitlement is ultimately used.

## **Preliminary Benefit Usage & Withdrawal Rates**

The OACT Education Benefits Usage Model calculates usage and withdrawal rates for each cell by taking the weighted average over the most recent 10 years.

1. **Active Model** – The most recent year (FY 2022) is given a weight of 100%. The second most recent year (FY 2021) is given a weight of 80% of the most recent year. Each successive year (2013-2020) is given a weight 80% of the year it precedes.
  - Exceptions – Where there are no or very few cases to measure, model may use other measurements. For example, there have been very few Coast Guard entrants and data is sparse, so the model uses the average of all services.
  - For cells which have not had recent activity because there have not been any new entrants since 2012, the model uses the 10 most recent years in which there were members whose activity could be measured.
  
2. **Reserve Model** – The most recent year (FY 2022) is given a weight of 100%. The second most recent year (FY 2021) is given a weight of 60% of the most recent year. Each successive year (2013-2020) is given a weight 60% of the year it precedes.
  - Exceptions – Where there are no or very few cases to measure, model may use other measurements. For example, if a particular program has not offered a \$100 kicker benefit, the model will use historical weighted average of the \$200 and \$350 kicker benefit and basic benefit and apply utilization adjustments to account for different benefit amounts.

## **Data Sources**

### **Defense Finance Accounting Service (DFAS) Trial Balance**

- Provides Education Benefits Trust Fund activity for each active duty service and reserve component by month
  - Total per capita contributions
  - Amortization payments
  - Total benefit payments
- Provides entire fund starting and end of year balances

### **Defense Manpower Data Center (DMDC) File Extracts**

- Provides individual member data
  - Cumulative lifetime benefits as of file date
  - Code indicating current service or reserve component
  - Code indicating monthly benefit amount
  - Date of entry, first benefit use, and withdrawal (if no longer active)

## ***DMDC and DFAS Reported Activity for Chapter 30 Kicker Benefit Payments***

### ***FY 2019 - 2022***

Service	DMDC Reports	DFAS Reports	\$\$ Difference	DMDC Extracts as % of DFAS Reports
Army	\$26,138,007	\$22,177,906	\$3,960,101	117.9%
Navy	\$6,160,464	\$6,211,146	-\$50,682	99.2%
Marine Corps	\$3,963,256	\$3,314,698	\$648,558	119.6%
Coast Guard	\$10,949	\$43,335	-\$32,386	25.3%
Unknown	\$0	\$121,824	-\$121,824	0.0%
<b>Total</b>	<b>\$36,272,676</b>	<b>\$31,868,910</b>	<b>\$4,403,766</b>	<b>113.8%</b>
FY 2021	\$46,755,128	\$42,625,549	\$4,129,579	109.7%
FY 2020	\$44,772,510	\$55,282,580	-\$10,510,070	81.0%
FY 2019	\$60,958,830	\$70,528,613	-\$9,569,782	86.4%

# **DMDC and DFAS Reported Activity for Chapter 1606 Basic and Kicker New Entrants**

**FY 2019 - 2022**

FY 2022	DMDC Extracts			DFAS Reporting <sup>1</sup>			DMDC Extracts as % of DFAS Reports		
	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined
Army National Guard	11,653	7,115	18,768	19,512	7,627	27,139	59.7%	93.3%	69.2%
Army Reserve	9,180	5,292	14,472	13,323	5,191	18,514	68.9%	101.9%	78.2%
Navy Reserve <sup>2</sup>	106	0	106	0	0	0	N/A	N/A	N/A
Marine Corps Reserve	4,028	10	4,038	4,561	197	4,758	88.3%	5.1%	84.9%
Air National Guard	3,119	1,696	4,815	3,984	2,302	6,286	78.3%	73.7%	76.6%
Air Force Reserve <sup>2</sup>	1,127	681	1,808	2,698	248	2,946	41.8%	274.6%	61.4%
Coast Guard Reserve <sup>2</sup>	1	0	1	N/A	0	N/A	N/A	N/A	N/A
All Components	29,214	14,794	44,008	44,078	15,565	59,643	66.3%	95.0%	73.8%
FY 2021	47,036	16,952	63,988	45,198	18,647	63,845	104.1%	90.9%	100.2%
FY 2020	50,454	15,825	66,279	58,428	14,443	72,871	86.4%	109.6%	91.0%
FY 2019	50,447	10,933	61,380	64,109	9,403	73,512	78.7%	116.3%	83.5%

<sup>1</sup>Contributions divided by specific per capita amount

<sup>2</sup>If Basic Benefit Normal Cost is \$0, estimated DFAS basic benefits new entrants is recruitment target number provided by DoD Program Budget/Military Personnel and Construction

## **DMDC and DFAS Reported Activity for Chapter 1606 Basic and Kicker Benefit Payments FY 2019 - 2022**

	DMDC Reporting			DFAS Reporting			DMDC Extracts as % of DFAS Reports		
	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined	Chapter 1606 Basic Benefits	Chapter 1606 Kicker Benefits	Basic & Kicker Combined
FY 2022									
Army National Guard	\$46,371,545	\$19,241,250	\$65,612,795	\$40,529,490	\$22,113,905	\$62,643,395	114.4%	87.0%	104.7%
Army Reserve	\$17,262,091	\$4,345,200	\$21,607,291	\$15,491,068	\$7,028,001	\$22,519,069	111.4%	61.8%	96.0%
Navy Reserve	\$1,661,781	\$10,400	\$1,672,181	\$1,490,599	\$414,240	\$1,904,838	111.5%	2.5%	87.8%
Marine Corps Reserve	\$5,409,844	\$14,800	\$5,424,644	\$4,887,289	\$228,524	\$5,115,814	110.7%	6.5%	106.0%
Air National Guard	\$13,054,525	\$7,482,100	\$20,536,625	\$11,397,298	\$10,377,731	\$21,775,029	114.5%	72.1%	94.3%
Air Force Reserve	\$1,493,283	\$808,150	\$2,301,433	\$1,460,801	\$3,091,227	\$4,552,028	102.2%	26.1%	50.6%
Coast Guard Reserve	\$68,783	\$0	\$68,783	\$60,465	\$2,236	\$62,701	113.8%	0.0%	109.7%
All Components	\$85,321,852	\$31,901,900	\$117,223,752	\$75,317,010	\$43,255,864	\$118,572,874	113.3%	73.8%	98.9%
FY 2021	\$71,156,692	\$21,947,625	\$93,104,318	\$71,977,703	\$40,019,266	\$111,996,969	98.9%	54.8%	83.1%
FY 2020	\$77,868,403	\$26,833,908	\$104,702,310	\$83,983,567	\$40,646,651	\$124,630,218	92.7%	66.0%	84.0%
FY 2019	\$80,744,845	\$28,324,007	\$109,068,852	\$87,952,195	\$37,973,464	\$125,925,659	91.8%	74.6%	86.6%

## **Data Reconciliation and Census Assumptions**

When summing up the individual usage data on the DMDC extracts over the past 10 years, the total benefit dollars paid and the number of new entrants have usually been less than the amount of dollars paid and the number of new entrants (obtained by dividing dollars by per capita amounts) according to the DFAS Trial Balances.

The model adjusts the preliminary benefit usage rates and starting population to account for the discrepancies between the data sources.

### **Active Duty Model**

- **Rates**

- Record the percent difference in benefit dollars paid between the DFAS Trial Balance and the DMDC file extracts over the past ten years (FY 2013-2022) for each service.
- Use the same weighting method as in the benefit usage rate determination to derive the Total True-Up Factor for each service (see Usage & Withdrawal Rates).
- The Total True-Up Factor for each service is then further split between member benefit usage and months used. The Member Rate True-Up Factor and Months Used True-Up Factor are each the square root of (1+ Total True-Up Factor). The square root is used because there is a compounding effect and multiplying the usage rates in each cell by the Total Usage True-Up Factor will increase the number of members who move from non-usage status to usage status, which has a higher usage rate in subsequent years. This would result in increasing the output by more than the DFAS/DMDC ratio.

- **Census**

The model uses members on the DMDC file. No adjustment is made to the census because the program has not had any contributions since 2012 and DoD Compensation does not expect any new entrants for the foreseeable future.

## **Reserve Model**

- **Rates**

- Record the percent difference in benefit dollars paid between the DFAS Trial Balance and the DMDC file extracts over the past ten years (FY 2013-2022) for each service.
- Use the same weighting method as in the benefit usage rate determination to derive the Total True-Up Factor for each service (see Usage & Withdrawal Rates).
- Record the percent difference in contributions paid between the DFAS Trial Balance and the DMDC file extracts over the past ten years (FY 2013-2022) for each service using the same weighting method as in the benefit usage rate determination. The contributions according to the DMDC file will be the number of new entrants by service and benefit level for a given year times each's respective per capita amount. This will be the Census True-Up Factor.
- The Usage True-Up Factor is derived by dividing  $(1 + \text{Total True-Up Factor})$  by  $(1 + \text{Census True-Up Factor})$ .
- The Usage True-Up Factor for each service is then further split between member benefit usage and months used. The Member Rate True-Up Factor and Months Used True-Up Factor are each the square root of  $(1 + \text{Usage True-Up Factor})$ . The square root is used because there is a compounding effect and multiplying the usage rates in each cell by the Usage True-Up Factor will increase the number of members who move from non-usage status to usage status, which has a higher usage rate in subsequent years. This would result in increasing the output by more than the DFAS/DMDC ratio.

- **Census**

- For the most recent year's entrants (FY 2022), the model uses the DFAS number (contributions divided by specific per capita amounts) and reduces that figure by the number of new entrants who according to DMDC entered and lost their eligibility in their first year.
- For members who entered in prior years, the model uses the number of members on DMDC file and separates them by years since entry and whether they have received benefits as of valuation date (designate members as either "users" or "non-users"). The model then increases the census by the Census True-Up Factor.
- For the current year (FY 2023), the model adds the DFAS report for actual number of entrants (contributions divided by specific per capita amounts) through the most recent reported month (June 2023) and the pro-rated projection for the remainder of the fiscal year as provided to OACT by DoD Program Budget/Military Personnel and Construction (PB/MPC). For components whose per capita amount for the current year is \$0, the model uses the full year PB/MPC number.
- For future years (FY 2024- ), the model uses PB/MPC's projected number of entrants.

## Hypothetical Example to Derive True-Up Factors

Suppose for 10 Year Weighted Average for Service ABC;

Benefits Paid (DFAS Trial Balance)	\$110,000,000
Benefits Paid (DMDC File Extracts)	\$100,000,000
% DFAS / DMDC	110%
PCA Contributions to Fund (DFAS)	\$52,000,000
PCA Contributions to Fund (DMDC)	\$50,000,000
% DFAS / DMDC	104%
Census True-Up Factor	104%
Usage True-Up Factor	$110\% / 104\% = 105.8\%$
Member Rate & Months Used True-Up Factors	$\text{Square Root of } 105.8\% = 102.8\%$

DMDC population except for the most recent year's entrants for Service ABC is increased by 4.0%

All Probabilities for Service ABC are increased by 2.8%

All projected months used for Service ABC are increased by 2.8%

# EBF Fund Yield Projection and Current Interest Assumption

FY	Inflation	Real*	Blue Chip Return on New Invests	
			Fund Yield	(Cumulative)**
2023	3.21%	0.15%	3.36%	4.16%
2024	2.70%	-0.29%	2.41%	3.87%
2025	2.30%	0.38%	2.68%	3.65%
2026	2.20%	0.74%	2.94%	3.56%
2027	2.20%	0.99%	3.19%	3.52%
2028	2.20%	1.16%	3.36%	3.47%
2029	2.15%	1.31%	3.46%	3.46%
2030	2.10%	1.35%	3.45%	3.45%
2031	2.10%	1.34%	3.44%	3.44%
2032	2.10%	1.33%	3.43%	3.43%
<b>10 Yr Avg</b>	2.33%	0.85%	3.17%	3.60%
<b>10 Yr Fund Wgt</b>	2.31%	0.89%	3.19%	3.59%

<u>Sensitivity Analysis Interest Assumption</u>	<u>Sensitivity Analysis Liability Inc / -Dec</u>
2.25%	0.82%
2.75%	-0.82%

<u>Current Interest Assumption</u>	<u>Duration</u>
2.50%	3.27

<u>Proposed Interest Assumption</u>
2.75%

**Notes:**

\* Real = Fund Yield - Inflation. For inflation, fund yield, and Blue Chip return calculations, the "X Yr Avg" calculation is geometric and the "X Yr Fund Wgt Avg" is weighted by expected fund size during FY.

\*\* Assumes an amount equal to 25% of expected annual benefit payments is invested in overnights and new bond purchases are invested in 5-yr bonds.

--- Short Term Strategy: Mix of overnights and bills.

--- Portfolio Allocation: 50% conventional / 50% TIPS.

--- Investment Policy: Match cash flows to cash outflows plus a margin. Minimize risks to the funds--all securities are market based Treasury special issues. Hold to maturity policy.

# ***Economic Assumptions - Projection of the Chapter 1606 Basic Benefit Using Blue Chip Financial Forecast of CPI - W***

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	July - June	<u>July - June CPI Increase</u>	<u>Chapter 1606 Monthly Basic Benefit</u>
2021							<b>267.8</b>	<b>268.4</b>	<b>269.1</b>	<b>271.6</b>	<b>273.0</b>	<b>273.9</b>			
2022	<b>276.3</b>	<b>278.9</b>	<b>283.2</b>	<b>284.6</b>	<b>288.0</b>	<b>292.5</b>	<b>292.2</b>	<b>291.6</b>	<b>291.9</b>	<b>293.0</b>	<b>292.5</b>	<b>291.1</b>	277.3	7.9%	\$407
2023	<b>293.6</b>	<b>295.1</b>	<b>296.0</b>	<b>297.7</b>	<b>298.4</b>	<b>299.4</b>	300.1	300.8	301.5	302.2	302.8	303.4	294.4	6.2%	\$439
2024	304.0	304.6	305.2	305.8	306.4	307.0	307.6	308.2	308.9	309.5	310.1	310.7	303.7	3.2%	\$466
2025														2.4%	\$481
2026														2.2%	\$493
2027														2.2%	\$504
2028														2.2%	\$515
2029														2.2%	\$526
2030														2.1%	\$538
2031														2.1%	\$549

Bold indicates actual CPI. Otherwise, OACT projection.

Annual CPI = July - June 12 Month Average Divided by Previous July - June 12 Month Average rounded to the nearest tenth of percent.

Chapter 1606 monthly benefit is previous year's benefit increased by annual CPI rounded to the nearest dollar.

Source: Bureau of Labor Statistics, Urban Wage Earners and Clerical Workers CPI through June, 2023

Blue Chip Financial Forecasts, December, 2022 Consumer Price Index Estimates

Estimates are Quarterly Through 2024; Annually Thereafter

## **Chapter 30 Results - Determination of October 1, 2024 Amortization Payments (Adjustments) for Chapter 30 Kicker Programs**

	Army	Navy	Marine Corps	Coast Guard	Total - Active
Actual Fund Balance on September 30, 2022	\$261,648,737	\$43,091,328	\$28,897,564	\$1,151,386	\$334,789,016
Actual Present Value of Benefits	\$136,806,751	\$40,294,294	\$14,315,954	\$372,979	\$191,789,978
Actual Unfunded Liability (Surplus)	(\$124,841,986)	(\$2,797,034)	(\$14,581,610)	(\$778,407)	(\$142,999,038)
Amortization Payment on October 1, 2022	\$0	\$542,957	\$0	\$0	\$542,957
Projected Net Receipts (Contributions - Benefits +/- Transfers + Interest)	(\$13,041,301)	(\$4,707,428)	(\$2,205,156)	(\$25,792)	(\$19,979,677)
Projected Amount in Fund on September 30, 2023	\$248,607,437	\$38,926,857	\$26,692,408	\$1,125,595	\$315,352,296
Projected Present Value of Benefits	\$117,296,837	\$35,584,042	\$11,837,920	\$340,294	\$165,059,095
Projected Unfunded Liability (Surplus)	(\$131,310,599)	(\$3,342,815)	(\$14,854,488)	(\$785,300)	(\$150,293,202)
Scheduled Amortization Payment on October 1, 2023	\$0	\$0	\$0	\$0	\$0
Projected Net Receipts (Contributions - Benefits +/- Transfers + Interest)	(\$11,077,539)	(\$4,183,129)	(\$1,263,979)	(\$14,517)	(\$16,539,164)
Projected Fund Balance on September 30, 2024	\$237,495,543	\$34,743,728	\$25,428,428	\$1,111,077	\$298,778,776
Projected Present Value of Benefits	\$102,644,502	\$31,308,986	\$10,165,442	\$304,182	\$144,423,112
Projected Unfunded Liability (Surplus)	(\$134,851,040)	(\$3,434,742)	(\$15,262,986)	(\$806,896)	(\$154,355,664)
<b>Amortization Payment on Oct 1, 2024</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

For additional detail, see Chapter 30 Kicker Projected Fund Activity in Appendix, page 38

## Chapter 30 Kicker Results - Per Capita Amounts for Selected Benefits

Item	Fiscal Year	Army 2 Year \$150	Army 3 Year \$250	Army 4 Year \$350	Army 5 Year \$650	Army 6 Year \$950	Navy 4 Year \$450	Marines 4 Year \$450	Marines 5 Year \$450	Marines 6 Year \$450	Coast 4 Year \$450
Monthly Benefit	2024	\$150	\$250	\$350	\$650	\$950	\$450	\$450	\$450	\$450	\$450
	2025	\$150	\$250	\$350	\$650	\$950	\$450	\$450	\$450	\$450	\$450
% Benefit Used	2024	36.5%	35.8%	35.8%	35.6%	34.9%	46.9%	42.6%	41.5%	40.0%	37.4%
	2025	34.2%	33.1%	32.2%	32.1%	29.6%	45.7%	33.9%	33.3%	30.0%	32.9%
Discount Factor	2024	0.793	0.778	0.767	0.758	0.753	0.738	0.797	0.784	0.760	0.772
	2025	0.774	0.755	0.739	0.726	0.727	0.685	0.777	0.762	0.778	0.753
Normal Cost	2024	\$1,562	\$2,509	\$3,462	\$6,309	\$8,992	\$5,606	\$5,502	\$5,272	\$4,925	\$4,674
	2025	\$1,430	\$2,247	\$3,003	\$5,447	\$7,352	\$5,074	\$4,264	\$4,111	\$3,780	\$4,010
Offset to Normal Cost	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Per Capita Amount</b>	<b>2024</b>	<b>\$1,562</b>	<b>\$2,509</b>	<b>\$3,462</b>	<b>\$6,309</b>	<b>\$8,992</b>	<b>\$5,606</b>	<b>\$5,502</b>	<b>\$5,272</b>	<b>\$4,925</b>	<b>\$4,674</b>
	<b>2025</b>	<b>\$1,430</b>	<b>\$2,247</b>	<b>\$3,003</b>	<b>\$5,447</b>	<b>\$7,352</b>	<b>\$5,074</b>	<b>\$4,264</b>	<b>\$4,111</b>	<b>\$3,780</b>	<b>\$4,010</b>

Normal Cost = Monthly Benefit X % Benefit Used X Discount Factor X 36 Months

Per Capita Amount = Normal Cost - Offset

For all contract year and benefit amounts, see Appendix, page 33

# Chapter 30 Kicker Results - All Per Capita Amounts

## Fiscal Year 2024

Service / Contract	Monthly Kicker Amount								
	\$150	\$250	\$350	\$450	\$550	\$650	\$750	\$850	\$950
Army / 2 Year	\$1,562	\$2,628	\$3,712	\$4,815	\$5,936	\$7,075	\$8,231	\$9,404	\$10,594
Army / 3 Year	\$1,492	\$2,509	\$3,544	\$4,597	\$5,666	\$6,751	\$7,853	\$8,971	\$10,104
Army / 4 Year	\$1,460	\$2,453	\$3,462	\$4,487	\$5,526	\$6,580	\$7,649	\$8,731	\$9,827
Army / 5 Year	\$1,405	\$2,359	\$3,327	\$4,308	\$5,302	\$6,309	\$7,328	\$8,359	\$9,402
Army / 6 Year	\$1,353	\$2,270	\$3,198	\$4,137	\$5,088	\$6,048	\$7,020	\$8,001	\$8,992
Navy / 4 Year	\$1,831	\$3,073	\$4,332	\$5,606	\$6,897	\$8,202	\$9,523	\$10,857	\$12,205
Marine Corps / 4 Year	\$1,788	\$3,006	\$4,244	\$5,502	\$6,780	\$8,076	\$9,390	\$10,722	\$12,071
Marine Corps / 5 Year	\$1,716	\$2,884	\$4,069	\$5,272	\$6,492	\$7,728	\$8,980	\$10,249	\$11,532
Marine Corps / 6 Year	\$1,602	\$2,692	\$3,800	\$4,925	\$6,066	\$7,224	\$8,397	\$9,586	\$10,789
Coast Guard / 4 Year	\$1,520	\$2,555	\$3,606	\$4,674	\$5,758	\$6,857	\$7,972	\$9,101	\$10,245

## Fiscal Year 2025

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

## **Chapter 1606 Results - Determination of October 1, 2024 Amortization Payments (Adjustments) for Chapter 1606 Basic & Kicker Programs**

	Army National Guard	Army Reserve	Navy Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	TOTAL
Actual Fund Balance on September 30, 2022	\$352,851,096	\$125,865,599	\$18,410,586	\$32,055,715	\$56,246,637	\$54,427,846	\$3,997,512	\$643,854,992
Actual Present Value of Benefits	\$165,752,762	\$64,792,359	\$4,880,026	\$14,156,980	\$60,094,422	\$15,861,592	\$151,692	\$325,689,832
Actual Unfunded Liability (Surplus)	(\$187,098,335)	(\$61,073,240)	(\$13,530,560)	(\$17,898,735)	\$3,847,784	(\$38,566,254)	(\$3,845,820)	(\$318,165,160)
Amortization Payment on October 1, 2022	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow (Contributions - Benefit Payments + Interest)	(\$53,202,849)	(\$12,851,084)	(\$906,134)	(\$187,982)	(\$13,332,619)	(\$715,065)	\$50,012	(\$81,145,719)
Projected Fund Balance on September 30, 2023	\$299,648,247	\$113,014,516	\$17,504,453	\$31,867,733	\$42,914,019	\$53,712,781	\$4,047,524	\$562,709,272
Projected Present Value of Benefits	\$137,682,272	\$54,588,908	\$4,137,705	\$14,374,273	\$51,106,913	\$14,873,354	\$133,224	\$276,896,647
Projected Unfunded Liability (Surplus)	(\$161,965,975)	(\$58,425,608)	(\$13,366,748)	(\$17,493,460)	\$8,192,894	(\$38,839,427)	(\$3,914,300)	(\$285,812,625)
Scheduled Amortization Payment on October 1, 2023	\$0	\$0	\$0	\$0	\$2,875,554	\$0	\$0	\$2,875,554
Proj. Net Cash Flow (Contributions - Benefit Payments + Interest)	(\$34,935,725)	(\$1,598,962)	\$1,227,826	\$1,902,275	(\$2,007,317)	\$18,270	\$61,181	(\$35,332,452)
Projected Fund Balance on September 30, 2024	\$264,712,522	\$111,415,554	\$18,732,278	\$33,770,008	\$43,782,256	\$53,731,051	\$4,108,705	\$530,252,375
Projected Present Value of Benefits	\$148,917,266	\$61,594,315	\$4,896,995	\$16,061,822	\$52,562,274	\$17,381,711	\$122,537	\$301,536,920
Projected Unfunded Liability (Surplus)	(\$115,795,256)	(\$49,821,238)	(\$13,835,284)	(\$17,708,186)	\$8,780,018	(\$36,349,340)	(\$3,986,168)	(\$228,715,454)
<b>Amortization Payment on Oct 1, 2024</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,852,548</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,852,548</b>
<b>Adjustment to FY 2025 Basic Benefit Normal Costs</b>	<b>(\$24,738,769)</b>	<b>(\$10,643,926)</b>	<b>(\$2,955,802)</b>	<b>(\$3,783,218)</b>	<b>\$0</b>	<b>(\$7,765,758)</b>	<b>(\$851,614)</b>	<b>(\$50,739,087)</b>

Note: Surpluses and deficits are amortized over 5 years. The interest rate is assumed to be 2.75%

For additional detail, see Chapter 1606 Basic & Kicker Projected Fund Activity in Appendix, page 49

## **Chapter 1606 Offsets to FY 2025 Basic Benefit Normal Costs**

	Army National Guard	Army Reserve	Navy Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve
Projected Basic Normal Cost Contributions Before Offset	\$46,194,396	\$16,569,036	\$2,281,034	\$6,098,400	\$7,670,528	\$2,233,568	\$36,442
Total Amount to be Offset	\$24,738,769	\$10,643,926	\$2,955,802	\$3,783,218	\$0	\$7,765,758	\$851,614
% of Normal Costs Being Offset	53.6%	64.2%	100.0%	62.0%	0.0%	100.0%	100.0%
Projected FY 2025 New Entrants <sup>1</sup>	30,153	18,596	2,671	4,400	3,154	3,568	19
Offset Per New Entrant for FY 2025	\$820	\$572	\$754	\$860	\$0	\$526	\$1,818
Offset to Basic Benefit Normal Costs <sup>2</sup>	Partial Offset	Partial Offset	Full Offset	Partial Offset	No Offset	Full Offset	Full Offset

<sup>1</sup>From DoD Program Budget/Military Personnel and Construction

<sup>2</sup>A "Full Offset" means that the Normal Cost is offset to the minimum \$100 Per Capita Amount

## Chapter 1606 Results - Per Capita Contribution Amounts

Item	Fiscal Year	Army National Guard Basic	Army Reserve Basic	Navy Reserve Basic	Marine Corps Reserve Basic	Air National Guard Basic	Air Force Reserve Basic	Coast Guard Reserve Basic
Projected Monthly Benefit	2024	\$496	\$504	\$512	\$501	\$499	\$508	\$497
	2025	\$513	\$516	\$519	\$515	\$514	\$520	\$515
% Benefit Used	2024	9.2%	6.1%	6.6%	9.5%	13.3%	5.1%	22.0%
	2025	9.0%	5.2%	5.0%	8.1%	14.2%	3.7%	11.2%
Discount Factor	2024	0.928	0.913	0.897	0.919	0.923	0.903	0.927
	2025	0.926	0.918	0.912	0.920	0.924	0.908	0.922
Normal Cost	2024	\$1,523	\$1,013	\$1,087	\$1,566	\$2,210	\$844	\$3,641
	2025	\$1,532	\$891	\$854	\$1,386	\$2,432	\$626	\$1,918
Normal Cost Offset	2024	\$1,454	\$456	\$226	\$341	\$0	\$844	\$3,641
	2025	\$820	\$572	\$754	\$860	\$0	\$526	\$1,818
Per Capita Amount	2024	<b>\$69</b>	<b>\$557</b>	<b>\$861</b>	<b>\$1,225</b>	<b>\$2,210</b>	<b>\$0</b>	<b>\$0</b>
	2025	<b>\$712</b>	<b>\$319</b>	<b>\$100</b>	<b>\$526</b>	<b>\$2,432</b>	<b>\$100</b>	<b>\$100</b>

Normal Cost = Projected Monthly Benefit X % Benefit Used X Discount Factor X 36 Month  
Per Capita Amount = Normal Cost - Offset  
For FY25 a minimum Per Capita Amount of \$100 is applied

## Chapter 1606 Results - Per Capita Contribution Amounts

Item	Fiscal Year	Army National Guard \$100 Kicker	Army Reserve \$100 Kicker	Navy Reserve \$100 Kicker	Marine Corps Reserve \$100 Kicker	Air National Guard \$100 Kicker	Air Force Reserve \$100 Kicker	Coast Guard Reserve \$100 Kicker
Monthly Benefit	2024	\$100	\$100	\$100	\$100	\$100	\$100	\$100
	2025	\$100	\$100	\$100	\$100	\$100	\$100	\$100
% Benefit Used	2024	7.3%	4.9%	22.6%	17.6%	18.8%	38.6%	31.3%
	2025	19.5%	10.3%	12.1%	13.2%	28.7%	25.4%	21.8%
Discount Factor	2024	0.914	0.878	0.832	0.887	0.882	0.821	0.877
	2025	0.922	0.911	0.897	0.890	0.900	0.892	0.878
Normal Cost	2024	\$239	\$153	\$678	\$562	\$597	\$1,142	\$988
	2025	\$646	\$339	\$390	\$424	\$930	\$816	\$689
Normal Cost Offset	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Per Capita Amount</b>	<b>2024</b>	<b>\$239</b>	<b>\$153</b>	<b>\$678</b>	<b>\$562</b>	<b>\$597</b>	<b>\$1,142</b>	<b>\$988</b>
	<b>2025</b>	<b>\$646</b>	<b>\$339</b>	<b>\$390</b>	<b>\$424</b>	<b>\$930</b>	<b>\$816</b>	<b>\$689</b>

Normal Cost = Monthly Benefit X % Benefit Used X Discount Factor X 36 Months

Per Capita Amount = Normal Cost - Offset

A boxed variable means that this kicker amount is currently offered by the component.

## Chapter 1606 Results - Per Capita Contribution Amounts

Item	Fiscal Year	Army National Guard \$200 Kicker	Army Reserve \$200 Kicker	Navy Reserve \$200 Kicker	Marine Corps Reserve \$200 Kicker	Air National Guard \$200 Kicker	Air Force Reserve \$200 Kicker	Coast Guard Reserve \$200 Kicker
Monthly Benefit	2024	\$200	\$200	\$200	\$200	\$200	\$200	\$200
	2025	\$200	\$200	\$200	\$200	\$200	\$200	\$200
% Benefit Used	2024	8.1%	9.1%	9.6%	13.2%	18.2%	15.2%	22.5%
	2025	13.4%	16.0%	9.3%	9.0%	27.5%	19.9%	20.2%
Discount Factor	2024	0.916	0.895	0.885	0.894	0.883	0.882	0.899
	2025	0.921	0.907	0.899	0.915	0.903	0.891	0.920
Normal Cost	2024	\$536	\$587	\$614	\$849	\$1,155	\$962	\$1,457
	2025	\$892	\$1,044	\$604	\$596	\$1,787	\$1,275	\$1,341
Normal Cost Offset	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per Capita Amount	2024	\$536	\$587	\$614	\$849	\$1,155	\$962	\$1,457
	2025	\$892	\$1,044	\$604	\$596	\$1,787	\$1,275	\$1,341

Normal Cost = Monthly Benefit X % Benefit Used X Discount Factor X 36 Months

Per Capita Amount = Normal Cost - Offset

A boxed variable means that this kicker amount is currently offered by the component.

## Chapter 1606 Results - Per Capita Contribution Amounts

Item	Fiscal Year	Army National Guard \$350 Kicker	Army Reserve \$350 Kicker	Navy Reserve \$350 Kicker	Marine Corps Reserve \$350 Kicker	Air National Guard \$350 Kicker	Air Force Reserve \$350 Kicker	Coast Guard Reserve \$350 Kicker
Monthly Benefit	2024	\$350	\$350	\$350	\$350	\$350	\$350	\$350
	2025	\$350	\$350	\$350	\$350	\$350	\$350	\$350
% Benefit Used	2024	8.1%	11.5%	10.7%	15.3%	19.9%	19.6%	30.7%
	2025	18.4%	17.8%	8.3%	8.9%	27.6%	29.8%	23.2%
Discount Factor	2024	0.910	0.898	0.870	0.882	0.873	0.868	0.860
	2025	0.916	0.909	0.888	0.912	0.899	0.882	0.907
Normal Cost	2024	\$930	\$1,303	\$1,176	\$1,697	\$2,193	\$2,146	\$3,323
	2025	\$2,128	\$2,038	\$932	\$1,017	\$3,131	\$3,315	\$2,652
Normal Cost Offset	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Per Capita Amount	2024	\$930	\$1,303	\$1,176	\$1,697	\$2,193	\$2,146	\$3,323
	2025	\$2,128	\$2,038	\$932	\$1,017	\$3,131	\$3,315	\$2,652

Normal Cost = Monthly Benefit X % Benefit Used X Discount Factor X 36 Months

Per Capita Amount = Normal Cost - Offset

A boxed variable means that this kicker amount is currently offered by the component.

## **Chapter 1606 Results - Per Capita Contribution Amounts**

### **Fiscal Year 2024**

<b>Component</b>	<b>Basic Only</b>	<b>Kicker</b>		
		<b>\$100</b>	<b>\$200</b>	<b>\$350</b>
Army National Guard	\$69	\$239	\$536	\$930
Army Reserve	\$557	\$153	\$587	\$1,303
Navy Reserve	\$861	\$678	\$614	\$1,176
Marine Corps Reserve	\$1,225	\$562	\$849	\$1,697
Air National Guard	\$2,210	\$597	\$1,155	\$2,193
Air Force Reserve	\$0	\$1,142	\$962	\$2,146
Coast Guard Reserve	\$0	\$988	\$1,457	\$3,323

### **Fiscal Year 2025**

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

### **Cat III Methodology**

- Determine beginning of year fund balance for each service.
- Subtract Cat III payment due October 1, which was set at previous year's Board of Actuaries meeting.
- Get benefit payments through most recent month (June, 2023) for current fiscal year (from DFAS Trial Balance).
- Project full year spending by using ratio of 10-year average of benefit payments through most recent month to end of fiscal year. Varies by service.
- Add projected full year spending amount.
- Assess interest at combination of year to date interest earnings and Board approved rate.
- Projected end of year balance and payment to charge is the sum of the beginning of year balance, projected full year of benefits, and interest assessed, less October 1 payment.

***Post Vietnam Veterans' Educational Assistance Program (Cat III)***  
***Fund Activity and Annual Payments For Fiscal Year 2023***

<b><u>FY 2023</u></b>	Army	Navy	Marine Corps	Air Force	Coast Guard	Total
Fund Balance as of September 30, 2022	-\$90,120	\$15,828	\$4,976	-\$3,198	\$1,603	-\$70,912
October 1, 2022 Receipts	\$56,516	\$0	\$0	\$0	\$0	\$56,516
Balance as of October 1, 2022	-\$33,604	\$15,828	\$4,976	-\$3,198	\$1,603	-\$14,396
Benefit Payments (Thru June, 2023)	-\$97	\$44	\$3,062	\$0	\$0	\$3,009
Benefit Payments (Projected Full Year)	-\$97	\$53	\$3,988	\$0	\$0	\$3,944
Interest Earned (Owed)	-\$848	\$399	\$71	-\$81	\$41	-\$418
<b>Projected Fund Balance on October 1, 2023</b>	<b>-\$34,355</b>	<b>\$16,174</b>	<b>\$1,059</b>	<b>-\$3,279</b>	<b>\$1,643</b>	<b>-\$18,758</b>
<b>Amount Due on October 1, 2023</b>	<b>\$34,355<sup>1</sup></b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,279<sup>2</sup></b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup>To be internally transferred from Chapter 30 Kicker fund

<sup>2</sup>No Contribution required at this time

## **Appendix - Chapter 30 Kicker**

1. FY 2025 Normal Cost Calculations
2. Eligible Members as of September 30, 2022
3. FY 2022 Fund Activity
4. FY 2023 – 2024 Projected Fund Activity
5. FY 1985 – 2022 Per Capita Amount Contributions
6. FY 1985 – 2022 Amortization Contributions
7. FY 1985 – 2022 Benefit Payments
8. FY 1985 – 2022 Interest Earnings
9. FY 1985 – 2022 Year End Balance
10. FY 2023 – 2028 Projected Per Capita Contributions, Amortization Contributions & Benefit Payments
11. FY 2023 – 2028 Projected Interest Earnings, Year End Fund Balance & Unfunded Liability (Surplus)

## Chapter 30 Fiscal Year 2025 Normal Costs

<b>Active Duty Kicker Program</b>	<u>Monthly Benefit</u>	<u>% Benefit Used</u>	<u>Discount Factor</u>	<u>Normal Cost</u>
Army 2-Year	\$150	34.2%	0.774	\$1,430
Army 2-Year	\$250	34.5%	0.775	\$2,403
Army 2-Year	\$350	34.7%	0.775	\$3,394
Army 2-Year	\$450	35.0%	0.776	\$4,400
Army 2-Year	\$550	35.2%	0.777	\$5,421
Army 2-Year	\$650	35.5%	0.777	\$6,458
Army 2-Year	\$750	35.7%	0.778	\$7,509
Army 2-Year	\$850	36.0%	0.779	\$8,575
Army 2-Year	\$950	36.2%	0.779	\$9,655
Army 3-Year	\$150	32.8%	0.754	\$1,336
Army 3-Year	\$250	33.1%	0.755	\$2,247
Army 3-Year	\$350	33.4%	0.755	\$3,174
Army 3-Year	\$450	33.6%	0.756	\$4,117
Army 3-Year	\$550	33.9%	0.757	\$5,075
Army 3-Year	\$650	34.1%	0.757	\$6,047
Army 3-Year	\$750	34.4%	0.758	\$7,034
Army 3-Year	\$850	34.6%	0.759	\$8,035
Army 3-Year	\$950	34.9%	0.759	\$9,050
Army 4-Year	\$150	31.8%	0.738	\$1,266
Army 4-Year	\$250	32.0%	0.739	\$2,127
Army 4-Year	\$350	32.2%	0.739	\$3,003
Army 4-Year	\$450	32.5%	0.740	\$3,892
Army 4-Year	\$550	32.7%	0.740	\$4,794
Army 4-Year	\$650	32.9%	0.741	\$5,709
Army 4-Year	\$750	33.2%	0.741	\$6,637
Army 4-Year	\$850	33.4%	0.742	\$7,578
Army 4-Year	\$950	33.6%	0.742	\$8,530
Army 5-Year	\$150	31.0%	0.723	\$1,210
Army 5-Year	\$250	31.2%	0.724	\$2,033
Army 5-Year	\$350	31.4%	0.724	\$2,869
Army 5-Year	\$450	31.7%	0.725	\$3,717
Army 5-Year	\$550	31.9%	0.725	\$4,576
Army 5-Year	\$650	32.1%	0.726	\$5,447
Army 5-Year	\$750	32.3%	0.726	\$6,329
Army 5-Year	\$850	32.5%	0.727	\$7,223
Army 5-Year	\$950	32.7%	0.727	\$8,127

Normal Cost = Monthly Benefit X %Benefit Used X Discount Factor X 36 Months

## Chapter 30 Fiscal Year 2025 Normal Costs

<b>Active Duty Kicker Program</b>	<u>Monthly Benefit</u>	<u>% Benefit Used</u>	<u>Discount Factor</u>	<u>Normal Cost</u>
Army 6-Year	\$150	28.4%	0.725	\$1,112
Army 6-Year	\$250	28.6%	0.725	\$1,863
Army 6-Year	\$350	28.7%	0.725	\$2,624
Army 6-Year	\$450	28.9%	0.725	\$3,392
Army 6-Year	\$550	29.0%	0.726	\$4,169
Army 6-Year	\$650	29.2%	0.726	\$4,953
Army 6-Year	\$750	29.3%	0.726	\$5,746
Army 6-Year	\$850	29.4%	0.727	\$6,545
Army 6-Year	\$950	29.6%	0.727	\$7,352
Navy 4-Year	\$150	44.9%	0.683	\$1,654
Navy 4-Year	\$250	45.1%	0.684	\$2,778
Navy 4-Year	\$350	45.4%	0.684	\$3,918
Navy 4-Year	\$450	45.7%	0.685	\$5,074
Navy 4-Year	\$550	46.0%	0.686	\$6,245
Navy 4-Year	\$650	46.2%	0.687	\$7,431
Navy 4-Year	\$750	46.5%	0.688	\$8,632
Navy 4-Year	\$850	46.8%	0.688	\$9,846
Navy 4-Year	\$950	47.0%	0.689	\$11,074
Marine Corps 4-Year	\$150	33.0%	0.775	\$1,383
Marine Corps 4-Year	\$250	33.3%	0.776	\$2,327
Marine Corps 4-Year	\$350	33.6%	0.777	\$3,287
Marine Corps 4-Year	\$450	33.9%	0.777	\$4,264
Marine Corps 4-Year	\$550	34.1%	0.778	\$5,258
Marine Corps 4-Year	\$650	34.4%	0.778	\$6,267
Marine Corps 4-Year	\$750	34.7%	0.779	\$7,291
Marine Corps 4-Year	\$850	34.9%	0.779	\$8,331
Marine Corps 4-Year	\$950	35.2%	0.780	\$9,385

Normal Cost = Monthly Benefit X %Benefit Used X Discount Factor X 36 Months

## Chapter 30 Fiscal Year 2025 Normal Costs

<b>Active Duty Kicker Program</b>	<u>Monthly Benefit</u>	<u>% Benefit Used</u>	<u>Discount Factor</u>	<u>Normal Cost</u>
Marine Corps 5-Year	\$150	32.5%	0.760	\$1,335
Marine Corps 5-Year	\$250	32.8%	0.761	\$2,245
Marine Corps 5-Year	\$350	33.0%	0.761	\$3,170
Marine Corps 5-Year	\$450	33.3%	0.762	\$4,111
Marine Corps 5-Year	\$550	33.6%	0.762	\$5,067
Marine Corps 5-Year	\$650	33.8%	0.763	\$6,037
Marine Corps 5-Year	\$750	34.1%	0.763	\$7,021
Marine Corps 5-Year	\$850	34.3%	0.764	\$8,019
Marine Corps 5-Year	\$950	34.6%	0.764	\$9,030
Marine Corps 6-Year	\$150	29.6%	0.778	\$1,243
Marine Corps 6-Year	\$250	29.7%	0.778	\$2,082
Marine Corps 6-Year	\$350	29.9%	0.778	\$2,927
Marine Corps 6-Year	\$450	30.0%	0.778	\$3,780
Marine Corps 6-Year	\$550	30.1%	0.779	\$4,640
Marine Corps 6-Year	\$650	30.2%	0.779	\$5,507
Marine Corps 6-Year	\$750	30.3%	0.779	\$6,380
Marine Corps 6-Year	\$850	30.5%	0.779	\$7,259
Marine Corps 6-Year	\$950	30.6%	0.779	\$8,144
Coast Guard 4-Year	\$150	32.1%	0.751	\$1,302
Coast Guard 4-Year	\$250	32.4%	0.752	\$2,189
Coast Guard 4-Year	\$350	32.6%	0.753	\$3,092
Coast Guard 4-Year	\$450	32.9%	0.753	\$4,010
Coast Guard 4-Year	\$550	33.1%	0.754	\$4,943
Coast Guard 4-Year	\$650	33.4%	0.755	\$5,889
Coast Guard 4-Year	\$750	33.6%	0.755	\$6,850
Coast Guard 4-Year	\$850	33.8%	0.756	\$7,824
Coast Guard 4-Year	\$950	34.1%	0.757	\$8,811

Normal Cost = Monthly Benefit X %Benefit Used X Discount Factor X 36 Months

## Chapter 30 Kicker Eligible Members As Of September 30, 2022

Army 2-Year	1,785
Army 3-Year	21,574
Army 4-Year	37,509
Army 5-Year	6,944
Army 6-Year	5,212
Navy 2-Year	22
Navy 3-Year	419
Navy 4-Year	21,708
Marine 4-Year	6,464
Marine 5-Year	5,056
Marine 6-Year	79
Coast Guard 4-Year	418
Army	73,024
Navy	22,149
Marine Corps	11,599
Coast Guard	418
<b>Total</b>	<b>107,190</b>

### Active vs Inactive

	<u>Still on Active Duty</u>	<u>Separated From A.D.</u>
Army	12,733	60,291
Navy	6,318	15,831
Marine Corps	1,742	9,857
Coast Guard	139	279
<b>Total</b>	<b>20,932</b>	<b>86,258</b>

### \*Number Who Have Used Benefit

	<u>Has Used Benefit</u>	<u>Has Not Used Benefit</u>
Army	24,967	48,057
Navy	6,154	15,995
Marine Corps	2,048	9,551
Coast Guard	243	175
<b>Total</b>	<b>33,412</b>	<b>73,778</b>

\*Includes Dependents

## ***FY 2022 Chapter 30 Kicker Fund Activity*** ***(Dollars in Millions)***

	Army	Navy	Marine Corps	Coast Guard	Total - Active
Starting Balance (Oct 21)	\$271.0	\$45.5	\$30.8	\$1.14	\$348.4
Present Value of Benefits (Liability)	\$169.9	\$51.3	\$19.3	\$0.90	\$241.4
Unfunded Liability (Surplus)	(\$101.1)	\$5.8	(\$11.5)	(\$0.24)	(\$107.0)
Amortization Payments	\$0.0	\$1.6	\$0.0	\$0.00	\$1.6
Transfer To/From Other Programs	(\$0.0)	\$0.0	\$0.0	\$0.00	(\$0.0)
Per Capita Amount Contributions	\$0.0	\$0.0	\$0.0	\$0.00	\$0.0
Benefit Payments	(\$22.3)	(\$6.2)	(\$3.3)	(\$0.04)	(\$31.9)
Interest	\$13.0	\$2.2	\$1.5	\$0.06	\$16.7
Net Receipts (Excludes Amortization)	(\$9.3)	(\$4.0)	(\$1.9)	\$0.01	(\$15.2)
Ending Balance (Sept 22)	\$261.6	\$43.1	\$28.9	\$1.15	\$334.8

## ***FY 2023 & 2024 Chapter 30 Kicker Projected Fund Activity***

***(Dollars in Millions)***

	Army	Navy	Marine Corps	Coast Guard	Total - Active
<b><u>FY 2023</u></b>					
Starting Balance (Oct 22)	\$261.6	\$43.1	\$28.9	\$1.15	\$334.8
Present Value of Benefits (Liability)	\$136.8	\$40.3	\$14.3	\$0.37	\$191.8
Unfunded Liability (Surplus)	(\$124.8)	(\$2.8)	(\$14.6)	(\$0.78)	(\$143.0)
Amortization Payments	\$0.0	\$0.5	\$0.0	\$0.00	\$0.5
Transfer To/From Other Programs	(\$0.1)	\$0.0	\$0.0	\$0.00	(\$0.1)
Per Capita Amount Contributions	\$0.0	\$0.0	\$0.0	\$0.00	\$0.0
Benefit Payments	(\$20.0)	(\$5.8)	(\$3.0)	(\$0.06)	(\$28.8)
Interest	\$7.0	\$1.1	\$0.8	\$0.03	\$8.9
Net Receipts (Excludes Amortization)	(\$13.0)	(\$4.7)	(\$2.2)	(\$0.03)	(\$19.9)
Ending Balance (Sept 23)	\$248.6	\$38.9	\$26.7	\$1.13	\$315.4
<b><u>FY 2024</u></b>					
Starting Balance (Oct 23)	\$248.6	\$38.9	\$26.7	\$1.13	\$315.4
Present Value of Benefits (Liability)	\$117.3	\$35.6	\$11.8	\$0.34	\$165.1
Unfunded Liability (Surplus)	(\$131.3)	(\$3.3)	(\$14.9)	(\$0.79)	(\$150.3)
Amortization Payments	(\$0.0)	\$0.0	\$0.0	\$0.00	(\$0.0)
Transfer To/From Other Programs	(\$0.0)	\$0.0	\$0.0	\$0.00	(\$0.0)
Per Capita Amount Contributions	\$0.0	\$0.0	\$0.0	\$0.00	\$0.0
Benefit Payments	(\$17.7)	(\$5.2)	(\$2.0)	(\$0.04)	(\$24.9)
Interest	\$6.6	\$1.0	\$0.7	\$0.03	\$8.4
Net Receipts (Excludes Amortization)	(\$11.1)	(\$4.2)	(\$1.3)	(\$0.01)	(\$16.5)
Ending Balance (Sept 24)	\$237.5	\$34.7	\$25.4	\$1.11	\$298.8
<b><u>FY 2025</u></b>					
Starting Balance (Oct 24)	\$237.5	\$34.7	\$25.4	\$1.11	\$298.8
Present Value of Benefits (Liability)	\$102.6	\$31.3	\$10.2	\$0.30	\$144.4
Unfunded Liability (Surplus)	(\$134.9)	(\$3.4)	(\$15.3)	(\$0.81)	(\$154.4)

# Chapter 30 Kicker Per Capita Amount Contributions

(Dollars in Millions)

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total - Active
1985	\$52.0	\$0.0	\$0.0	\$0.000	\$52.0
1986	\$114.8	\$0.0	\$0.0	\$0.000	\$114.8
1987	\$74.3	\$8.3	\$0.0	\$0.000	\$82.6
1988	\$36.3	\$4.9	\$0.0	\$0.000	\$41.2
1989	\$54.4	\$0.1	\$0.0	\$0.000	\$54.5
1990	-\$2.4	\$2.3	\$0.0	\$0.000	-\$0.2
1991	\$0.0	\$1.1	\$0.0	\$0.000	\$1.1
1992	\$0.0	\$2.2	\$0.0	\$0.000	\$2.2
1993	\$7.0	\$2.3	\$0.8	\$0.000	\$10.1
1994	\$25.2	\$5.4	\$1.8	\$0.000	\$32.5
1995	\$31.0	\$19.9	\$2.2	\$0.000	\$53.1
1996	\$39.5	\$12.0	\$2.9	\$0.000	\$54.4
1997	\$35.5	\$17.7	\$4.2	\$0.000	\$57.4
1998	\$41.6	\$24.2	\$4.5	\$0.000	\$70.3
1999	\$51.8	\$31.7	\$17.7	\$0.000	\$101.2
2000	\$74.9	\$20.3	\$17.4	\$0.000	\$112.6
2001	\$76.6	\$32.5	\$19.6	\$0.000	\$128.7
2002	\$55.4	\$23.7	\$12.7	\$0.000	\$91.7
2003	\$20.7	\$5.2	\$7.9	\$0.000	\$33.9
2004	\$10.5	\$5.7	\$5.9	\$0.005	\$22.2
2005	\$46.4	\$6.6	\$6.1	\$0.000	\$59.1
2006	\$35.0	\$1.8	\$8.6	\$0.000	\$45.4
2007	\$44.0	\$4.0	\$17.9	\$0.000	\$65.8
2008	\$80.7	\$6.2	\$10.5	\$0.000	\$97.3
2009	\$84.5	\$5.7	\$10.8	\$0.000	\$101.0
2010	\$127.3	\$5.3	\$0.9	\$0.000	\$133.4
2011	\$6.0	\$0.1	\$7.5	\$0.000	\$13.6
2012	\$1.6	\$0.0	\$0.0	\$0.000	\$1.6
2013	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2014	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2015	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2016	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2017	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2018	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2019	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2020	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2021	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
2022	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
Total	\$1,224.6	\$249.2	\$159.8	\$0.005	\$1,633.5

# Chapter 30 Kicker Amortization Contributions

(Dollars in Millions)

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total - Active
1985	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1986	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1987	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1988	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1989	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1990	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1991	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1992	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1993	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1994	\$1.1	\$0.1	\$0.0	\$0.000	\$1.2
1995	\$19.8	\$1.1	\$0.2	\$0.000	\$21.1
1996	\$18.4	\$0.0	\$0.1	\$0.000	\$18.5
1997	\$23.6	\$2.1	\$0.2	\$0.000	\$25.9
1998	\$16.3	\$0.6	\$0.1	\$0.000	\$17.1
1999	\$15.8	\$3.7	\$0.5	\$0.000	\$20.0
2000	\$16.0	\$8.0	\$0.2	\$0.000	\$24.1
2001	\$16.8	\$5.6	\$0.8	\$0.000	\$23.2
2002	\$20.3	\$6.7	\$2.4	\$0.000	\$29.4
2003	\$15.5	\$5.4	\$1.1	\$0.270	\$22.2
2004	\$0.6	\$0.0	\$2.1	\$0.000	\$2.7
2005	\$0.0	\$0.3	\$0.3	\$0.000	\$0.5
2006	\$0.0	\$0.3	\$0.0	\$0.000	\$0.3
2007	\$0.0	\$3.3	\$0.5	\$0.000	\$3.9
2008	\$0.0	\$6.2	\$0.0	\$0.027	\$6.2
2009	\$1.9	\$5.2	\$0.0	\$0.000	\$7.1
2010	\$44.4	\$22.9	\$3.7	\$0.026	\$71.1
2011	\$29.9	\$19.8	\$4.1	\$0.085	\$53.9
2012	\$12.0	\$19.6	\$4.9	\$0.137	\$36.7
2013	\$0.0	\$22.8	\$3.2	\$0.402	\$26.5
2014	\$0.0	\$18.2	\$2.4	\$0.364	\$20.9
2015	\$0.0	\$20.2	\$7.0	\$0.323	\$27.5
2016	\$4.4	\$19.2	\$9.6	\$0.288	\$33.5
2017	\$0.3	\$16.3	\$7.1	\$0.278	\$23.9
2018	\$15.9	\$16.6	\$8.6	\$0.244	\$41.3
2019	\$0.8	\$12.0	\$4.7	\$0.000	\$17.5
2020	\$5.9	\$8.7	\$3.6	\$0.000	\$18.2
2021	\$0.0	\$5.2	\$0.1	\$0.000	\$5.3
2022	\$0.0	\$1.6	\$0.0	\$0.000	\$1.6
Total	\$279.8	\$251.7	\$67.6	\$2.443	\$601.5

## Chapter 30 Kicker Benefits Paid

(Dollars in Millions)

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total - Active
1985	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1986	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1987	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0
1988	\$3.8	\$0.1	\$0.0	\$0.000	\$3.9
1989	\$16.6	\$0.2	\$0.0	\$0.000	\$16.8
1990	\$40.0	\$2.7	\$0.0	\$0.000	\$42.7
1991	\$53.5	\$4.5	\$0.0	\$0.000	\$57.9
1992	\$67.9	\$4.0	\$0.0	\$0.000	\$71.9
1993	\$77.3	\$3.3	\$0.0	\$0.000	\$80.6
1994	\$77.6	\$2.2	\$0.0	\$0.000	\$79.7
1995	\$73.5	\$2.7	\$0.0	\$0.000	\$76.3
1996	\$69.6	\$3.7	\$0.0	\$0.000	\$73.4
1997	\$69.3	\$5.1	\$0.1	\$0.000	\$74.5
1998	\$65.8	\$9.3	\$0.7	\$0.000	\$75.8
1999	\$60.2	\$13.6	\$1.5	\$0.000	\$75.3
2000	\$54.0	\$15.0	\$2.4	\$0.000	\$71.4
2001	\$49.7	\$16.7	\$3.4	\$0.000	\$69.8
2002	\$47.9	\$20.3	\$4.8	\$0.000	\$73.1
2003	\$47.6	\$25.2	\$6.8	\$0.000	\$79.6
2004	\$48.7	\$29.1	\$8.3	\$0.015	\$86.1
2005	\$51.0	\$32.4	\$9.7	\$0.059	\$93.2
2006	\$51.2	\$34.0	\$12.3	\$0.055	\$97.6
2007	\$49.2	\$34.0	\$13.6	\$0.057	\$96.9
2008	\$44.6	\$33.2	\$14.6	\$0.058	\$92.4
2009	\$36.4	\$31.6	\$15.6	\$0.075	\$83.7
2010	\$45.3	\$37.4	\$17.3	\$0.133	\$100.1
2011	\$39.7	\$28.0	\$13.3	\$0.120	\$81.2
2012	\$56.4	\$30.1	\$16.9	\$0.141	\$103.6
2013	\$71.8	\$27.8	\$19.7	\$0.156	\$119.5
2014	\$84.9	\$24.8	\$20.5	\$0.146	\$130.4
2015	\$86.1	\$21.9	\$19.6	\$0.111	\$127.7
2016	\$82.2	\$18.7	\$17.2	\$0.104	\$118.1
2017	\$72.2	\$14.7	\$14.0	\$0.079	\$101.0
2018	\$61.9	\$12.9	\$10.9	\$0.082	\$85.8
2019	\$50.5	\$11.3	\$8.6	\$0.078	\$70.5
2020	\$39.6	\$9.4	\$6.2	\$0.058	\$55.3
2021	\$30.1	\$7.7	\$4.8	\$0.050	\$42.6
2022	\$22.3	\$6.2	\$3.3	\$0.044	\$31.9
Total	\$1,898.6	\$573.8	\$266.2	\$1.621	\$2,740.1

# Chapter 30 Kicker Interest Earnings

(Dollars in Millions)

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Coast Guard
1985	\$0.5	\$0.0	\$0.0	\$0.000	\$0.5
1986	\$8.2	\$0.0	\$0.0	\$0.000	\$8.2
1987	\$17.3	\$0.4	\$0.0	\$0.000	\$17.6
1988	\$22.6	\$0.9	\$0.0	\$0.000	\$23.5
1989	\$27.8	\$1.2	\$0.0	\$0.000	\$28.9
1990	\$30.5	\$1.3	\$0.0	\$0.000	\$31.7
1991	\$28.7	\$1.2	\$0.0	\$0.000	\$29.9
1992	\$25.8	\$1.1	\$0.0	\$0.000	\$26.9
1993	\$21.5	\$1.0	\$0.0	\$0.000	\$22.5
1994	\$17.8	\$1.1	\$0.1	\$0.000	\$19.1
1995	\$16.8	\$2.0	\$0.3	\$0.000	\$19.1
1996	\$15.3	\$2.9	\$0.5	\$0.000	\$18.7
1997	\$16.3	\$4.1	\$0.8	\$0.000	\$21.1
1998	\$16.1	\$5.2	\$1.1	\$0.000	\$22.4
1999	\$15.6	\$6.3	\$1.7	\$0.000	\$23.7
2000	\$18.4	\$8.2	\$2.9	\$0.000	\$29.5
2001	\$21.2	\$9.3	\$3.9	\$0.000	\$34.4
2002	\$20.8	\$9.1	\$4.2	\$0.000	\$34.1
2003	\$18.9	\$8.1	\$4.1	\$0.012	\$31.1
2004	\$14.6	\$5.9	\$3.4	\$0.010	\$23.9
2005	\$14.3	\$5.3	\$3.4	\$0.009	\$23.1
2006	\$19.0	\$5.9	\$4.5	\$0.009	\$29.4
2007	\$19.9	\$5.0	\$4.9	\$0.007	\$29.8
2008	\$23.7	\$4.6	\$5.6	\$0.007	\$33.9
2009	\$7.5	\$1.0	\$1.6	\$0.001	\$10.1
2010	\$18.1	\$1.9	\$2.9	\$0.000	\$23.0
2011	\$29.2	\$2.4	\$4.1	-\$0.002	\$35.8
2012	\$21.0	\$1.6	\$2.9	-\$0.001	\$25.5
2013	\$21.9	\$1.6	\$2.8	\$0.007	\$26.3
2014	\$17.9	\$1.2	\$2.1	\$0.013	\$21.2
2015	\$13.0	\$0.9	\$1.4	\$0.015	\$15.4
2016	\$12.5	\$1.0	\$1.4	\$0.022	\$15.0
2017	\$12.4	\$1.2	\$1.4	\$0.031	\$15.0
2018	\$12.7	\$1.5	\$1.5	\$0.042	\$15.7
2019	\$9.2	\$1.2	\$1.1	\$0.033	\$11.5
2020	\$5.6	\$0.9	\$0.7	\$0.021	\$7.3
2021	\$8.2	\$1.4	\$0.9	\$0.033	\$10.5
2022	\$13.0	\$2.2	\$1.5	\$0.056	\$16.7
Total	\$653.9	\$110.2	\$67.7	\$0.325	\$832.1

# Chapter 30 Kicker Year End Fund Balance

(Dollars in Millions)

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total - Active
1985	\$52.5	\$0.0	\$0.0	\$0.0	\$52.5
1986	\$175.4	\$0.0	\$0.0	\$0.0	\$175.4
1987	\$266.9	\$8.7	\$0.0	\$0.0	\$275.6
1988	\$322.0	\$14.4	\$0.0	\$0.0	\$336.3
1989	\$387.5	\$15.4	\$0.0	\$0.0	\$403.0
1990	\$375.5	\$16.3	\$0.0	\$0.0	\$391.8
1991	\$350.8	\$14.1	\$0.0	\$0.0	\$364.9
1992	\$308.6	\$13.4	\$0.0	\$0.0	\$322.0
1993	\$259.8	\$13.5	\$0.9	\$0.0	\$274.1
1994	\$226.3	\$18.0	\$2.8	\$0.0	\$247.1
1995	\$220.4	\$38.3	\$5.5	\$0.0	\$264.2
1996	\$223.9	\$49.5	\$9.0	\$0.0	\$282.3
1997	\$230.1	\$68.2	\$14.0	\$0.0	\$312.4
1998	\$238.3	\$88.9	\$19.1	\$0.0	\$346.3
1999	\$261.4	\$117.1	\$37.4	\$0.0	\$415.9
2000	\$316.7	\$138.5	\$55.5	\$0.0	\$510.7
2001	\$381.6	\$169.3	\$76.4	\$0.0	\$627.2
2002	\$430.1	\$188.4	\$90.9	\$0.0	\$709.3
2003	\$437.6	\$181.8	\$97.2	\$0.3	\$716.9
2004	\$414.7	\$164.3	\$100.4	\$0.3	\$679.6
2005	\$424.5	\$144.0	\$100.5	\$0.2	\$669.2
2006	\$427.3	\$118.0	\$101.2	\$0.2	\$646.7
2007	\$442.0	\$96.3	\$111.0	\$0.1	\$649.4
2008	\$501.8	\$80.1	\$112.5	\$0.1	\$694.5
2009	\$559.3	\$60.4	\$109.2	\$0.0	\$729.0
2010	\$703.9	\$53.1	\$99.4	-\$0.1	\$856.4
2011	\$729.4	\$47.4	\$101.8	-\$0.1	\$878.5
2012	\$707.6	\$38.6	\$92.7	-\$0.1	\$838.7
2013	\$657.1	\$35.2	\$79.0	\$0.1	\$771.5
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

# Chapter 30 Kicker Projections

Fiscal Years 2023 - 2028

(Dollars in Millions)

## Per Capita Amount Contributions

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2024	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2025	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2026	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2027	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2028	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

## Amortization Contributions

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	\$0.0	\$0.5	\$0.0	\$0.0	\$0.5
2024	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2025	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2026	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2027	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2028	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

## Benefit Payments

Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	\$20.0	\$5.8	\$3.0	\$0.06	\$28.8
2024	\$17.7	\$5.2	\$2.0	\$0.04	\$24.9
2025	\$14.7	\$4.9	\$1.7	\$0.04	\$21.4
2026	\$12.7	\$4.5	\$1.4	\$0.05	\$18.6
2027	\$11.0	\$4.1	\$1.2	\$0.04	\$16.3
2028	\$10.2	\$3.7	\$1.0	\$0.04	\$14.9

# Chapter 30 Kicker Projections

Fiscal Years 2023 - 2028

(Dollars in Millions)

Interest Earnings					
Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	\$7.0	\$1.1	\$0.8	\$0.0	\$8.9
2024	\$6.6	\$1.0	\$0.7	\$0.0	\$8.4
2025	\$6.3	\$0.9	\$0.7	\$0.0	\$7.9
2026	\$6.1	\$0.8	\$0.7	\$0.0	\$7.6
2027	\$6.0	\$0.7	\$0.6	\$0.0	\$7.3
2028	\$5.9	\$0.6	\$0.6	\$0.0	\$7.1

Year End Fund Balance					
Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	\$248.6	\$38.9	\$26.7	\$1.1	\$315.4
2024	\$237.5	\$34.7	\$25.4	\$1.1	\$298.8
2025	\$229.1	\$30.7	\$24.4	\$1.1	\$285.4
2026	\$222.5	\$27.0	\$23.7	\$1.1	\$274.3
2027	\$217.4	\$23.6	\$23.2	\$1.1	\$265.3
2028	\$213.1	\$20.6	\$22.8	\$1.1	\$257.6

Unfunded Liability (Surplus) at End of Year					
Fiscal Year	Army	Navy	Marine Corps	Coast Guard	Total
2023	(\$131.3)	(\$3.3)	(\$14.9)	(\$0.8)	(\$150.3)
2024	(\$134.9)	(\$3.4)	(\$15.3)	(\$0.8)	(\$154.4)
2025	(\$138.5)	(\$3.5)	(\$15.7)	(\$0.8)	(\$158.6)
2026	(\$142.4)	(\$3.6)	(\$16.1)	(\$0.9)	(\$162.9)
2027	(\$146.3)	(\$3.7)	(\$16.6)	(\$0.9)	(\$167.4)
2028	(\$150.3)	(\$3.8)	(\$17.0)	(\$0.9)	(\$172.0)

## **Appendix - Chapter 1606 Basic & Kicker**

1. Eligible Members as of September 30, 2022
2. FY 2022 Fund Activity
3. FY 2023 – 2024 Projected Fund Activity
4. FY 1985 – 2022 Per Capita Amount Contributions
5. FY 1985 – 2022 Amortization Contributions
6. FY 1985 – 2022 Benefit Payments
7. FY 1985 – 2022 Interest Earnings
8. FY 1985 – 2022 Year End Fund Balance
9. FY 2023 – 2028 Projected Per Capita Contributions, Amortization Contributions & Benefit Payments
10. FY 2023 – 2028 Projected Interest Earnings, Year End Fund Balance & Unfunded Liability (Surplus)

# ***Chapter 1606 Reservists Eligible for Basic & Kicker Benefits As of September 30, 2022***

<b>Eligible for the Basic Benefit</b>	<b>412,735</b>
Army National Guard	213,622
Army Reserve	108,046
Navy Reserve	19,859
Marine Corps Reserve	17,969
Air National Guard	33,848
Air Force Reserve	18,867
Coast Guard Reserve	524
 <b>Eligible for the Kicker Benefit</b>	 <b>147,586</b>
Army National Guard	77,392
Army Reserve	37,528
Navy Reserve	483
Marine Corps Reserve	2,248
Air National Guard	23,956
Air Force Reserve	5,979
Coast Guard Reserve	0

# ***FY 2022 Chapter 1606 Fund Activity for Basic and Kicker Combined (Dollars in Millions)***

	Army National Guard	Army Reserve	Navy Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
Starting Balance (Oct 2021)	\$373.3	\$132.1	\$19.4	\$32.3	\$61.4	\$55.6	\$3.9	\$678.0
Present Value of Benefits (Liability)	\$151.1	\$80.2	\$12.9	\$22.8	\$73.0	\$24.4	\$0.3	\$364.6
Unfunded Liability (Surplus)	(\$222.2)	(\$52.0)	(\$6.4)	(\$9.5)	\$11.5	(\$31.2)	(\$3.6)	(\$313.3)
Amortization Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Asset Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PCA Contributions	\$24.4	\$9.9	\$0.0	\$3.3	\$13.7	\$0.7	\$0.0	\$52.0
Benefit Payments	(\$62.6)	(\$22.5)	(\$1.9)	(\$5.1)	(\$21.8)	(\$4.6)	(\$0.1)	(\$118.6)
Interest Earnings	\$17.8	\$6.3	\$0.9	\$1.6	\$2.9	\$2.7	\$0.2	\$32.4
Net Rec w/ Int	(\$20.4)	(\$6.3)	(\$1.0)	(\$0.3)	(\$5.2)	(\$1.2)	\$0.1	(\$34.1)
Ending Balance (Sept 2022)	\$352.9	\$125.9	\$18.4	\$32.1	\$56.2	\$54.4	\$4.0	\$643.9

# Chapter 1606 Projected Fund Activity

## Basic & Kicker Combined

(Dollars in Millions)

	Army National Guard	Army Reserve	Navy Reserve	Marine Corps Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
<u>FY 2023</u>								
Starting Balance (Oct 22)	\$352.9	\$125.9	\$18.4	\$32.1	\$56.2	\$54.4	\$4.0	\$643.9
Present Value of Benefits	\$165.8	\$64.8	\$4.9	\$14.2	\$60.1	\$15.9	\$0.2	\$325.7
Unfunded Liability (Surplus)	(\$187.1)	(\$61.1)	(\$13.5)	(\$17.9)	\$3.8	(\$38.6)	(\$3.8)	(\$318.2)
Amortization Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Transfer To/From Other Programs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Per Capita Amount Contributions	\$3.9	\$5.0	\$0.1	\$4.0	\$4.6	\$0.7	\$0.0	\$18.2
Benefit Payments	(\$65.4)	(\$20.8)	(\$1.5)	(\$5.0)	(\$19.2)	(\$2.8)	(\$0.1)	(\$114.6)
Interest Earnings	\$8.2	\$3.0	\$0.5	\$0.8	\$1.3	\$1.4	\$0.1	\$15.2
Net Receipts (Excludes Amortization)	(\$53.2)	(\$12.9)	(\$0.9)	(\$0.2)	(\$13.3)	(\$0.7)	\$0.1	(\$81.1)
Ending Balance (Sept 23)	\$299.6	\$113.0	\$17.5	\$31.9	\$42.9	\$53.7	\$4.0	\$562.7
<u>FY 2024</u>								
Starting Balance (Oct 23)	\$299.6	\$113.0	\$17.5	\$31.9	\$42.9	\$53.7	\$4.0	\$562.7
Present Value of Benefits	\$137.7	\$54.6	\$4.1	\$14.4	\$51.1	\$14.9	\$0.1	\$276.9
Unfunded Liability (Surplus)	(\$162.0)	(\$58.4)	(\$13.4)	(\$17.5)	\$8.2	(\$38.8)	(\$3.9)	(\$285.8)
Amortization Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$2.9	\$0.0	\$0.0	\$2.9
Transfer To/From Other Programs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Per Capita Amount Contributions	\$10.3	\$14.7	\$2.3	\$5.8	\$13.3	\$2.4	\$0.0	\$48.8
Benefit Payments	(\$53.0)	(\$19.3)	(\$1.6)	(\$4.8)	(\$16.5)	(\$3.8)	(\$0.0)	(\$99.2)
Interest Earnings	\$7.7	\$3.1	\$0.5	\$0.9	\$1.2	\$1.5	\$0.1	\$15.0
Net Receipts (Excludes Amortization)	(\$34.9)	(\$1.6)	\$1.2	\$1.9	(\$2.0)	\$0.0	\$0.1	(\$35.3)
Ending Balance (Sept 24)	\$264.7	\$111.4	\$18.7	\$33.8	\$43.8	\$53.7	\$4.1	\$530.3
<u>FY 2025</u>								
Starting Balance (Oct 24)	\$264.7	\$111.4	\$18.7	\$33.8	\$43.8	\$53.7	\$4.1	\$530.3
Present Value of Benefits	\$148.9	\$61.6	\$4.9	\$16.1	\$52.6	\$17.4	\$0.1	\$301.5
Unfunded Liability (Surplus)	(\$115.8)	(\$49.8)	(\$13.8)	(\$17.7)	\$8.8	(\$36.3)	(\$4.0)	(\$228.7)

## Chapter 1606 Basic & Kicker Per Capita Contributions

(Dollars in Millions)

Fiscal Year	Army Nat'l Guard	Army Reserve	Navy Reserve	Marines Reserve	Air Nat'l Guard	Air Force Reserve	Coast Guard Reserve	All Components
1985	\$2.7	\$3.4	\$2.5	\$3.3	\$1.1	\$0.5	\$0.0	\$13.6
1986	\$64.4	\$23.2	\$11.0	\$4.4	\$7.9	\$6.5	\$0.0	\$117.4
1987	\$78.0	\$34.5	\$16.7	\$6.2	\$20.1	\$12.5	\$0.0	\$167.8
1988	\$35.5	\$27.1	\$13.8	\$6.2	\$8.9	\$8.7	\$0.0	\$100.3
1989	\$29.5	\$12.3	\$10.0	\$5.5	\$8.6	\$8.9	\$0.0	\$74.8
1990	\$31.4	\$33.0	\$9.6	\$5.1	\$11.6	\$9.9	\$0.0	\$100.6
1991	\$30.8	\$18.7	\$2.2	\$6.5	\$10.3	\$10.6	\$0.0	\$79.2
1992	\$0.0	\$20.2	\$2.6	\$7.9	\$6.6	\$1.7	\$0.0	\$39.1
1993	\$0.0	\$14.2	\$4.8	\$8.3	-\$2.1	\$1.2	\$0.0	\$26.4
1994	\$11.0	\$10.8	\$4.8	\$5.7	\$1.1	\$2.9	\$0.0	\$36.2
1995	\$16.0	\$12.6	\$2.9	\$6.6	\$1.7	\$2.5	\$0.0	\$42.3
1996	\$26.8	\$17.2	\$4.5	\$6.9	\$8.7	\$4.0	\$0.0	\$68.2
1997	\$29.4	\$21.7	\$5.9	\$7.0	\$8.4	\$3.9	\$0.0	\$76.4
1998	\$40.9	\$20.3	\$2.7	\$8.3	\$8.4	\$0.5	\$0.0	\$81.1
1999	\$38.0	\$31.9	\$2.5	\$9.2	\$8.3	\$0.0	\$0.0	\$89.8
2000	\$39.4	\$31.3	\$3.0	\$14.5	\$13.2	\$2.0	\$0.0	\$103.4
2001	\$38.7	\$40.6	\$4.1	\$14.2	\$12.4	\$3.6	\$0.0	\$113.5
2002	\$50.4	\$53.6	\$1.2	\$13.8	\$18.0	\$9.9	\$0.0	\$146.9
2003	\$81.7	\$48.7	\$0.4	\$11.3	\$17.0	\$5.5	\$0.0	\$164.5
2004	\$68.1	\$32.1	\$0.3	\$10.6	\$26.3	\$5.4	\$0.0	\$142.8
2005	\$78.2	\$43.3	\$1.0	\$13.8	\$27.7	\$5.0	\$0.0	\$168.9
2006	\$110.4	\$49.5	\$9.7	\$20.9	\$26.4	\$8.0	\$0.0	\$224.9
2007	\$129.7	\$39.3	\$4.0	\$12.8	\$33.3	\$7.8	\$0.7	\$227.5
2008	\$123.8	\$72.9	\$5.8	\$9.3	\$34.3	\$7.5	\$0.8	\$254.3
2009	\$113.7	\$63.0	\$4.4	\$10.5	\$25.6	\$5.4	\$0.6	\$223.1
2010	\$114.8	\$54.1	\$3.8	\$18.1	\$28.1	\$10.5	\$0.8	\$230.3
2011	\$62.6	\$29.3	\$2.3	\$8.2	\$27.6	\$11.4	\$1.0	\$142.5
2012	\$28.8	\$22.8	\$1.5	\$6.6	\$28.4	\$14.6	\$0.4	\$103.1
2013	\$49.3	\$19.1	\$0.7	\$4.7	\$29.9	\$12.2	\$0.0	\$115.9
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	\$21.2	\$1.6	\$0.0	\$168.5
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
Total	\$1,893.2	\$1,034.6	\$140.6	\$288.0	\$592.6	\$202.4	\$4.6	\$4,155.9

## Chapter 1606 Amortization Contributions

(Dollars in Millions)

Fiscal Year	Army Nat'l Guard	Army Reserve	Navy Reserve	Marines Reserve	Air Nat'l Guard	Air Force Reserve	Coast Guard Reserve	All Components
1985	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1986	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1987	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1988	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1989	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1990	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1991	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1992	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1993	\$0.0	\$0.0	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
1994	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1995	\$0.0	\$0.0	\$0.0	\$1.6	\$0.0	\$0.0	\$0.0	\$1.6
1996	\$1.4	\$4.4	\$0.0	\$2.9	\$1.4	\$0.0	\$0.0	\$10.1
1997	\$6.2	\$4.0	\$0.0	\$2.8	\$1.9	\$0.0	\$0.0	\$14.9
1998	\$3.3	\$0.0	\$0.0	\$2.7	\$1.6	\$0.0	\$0.0	\$7.6
1999	\$1.7	\$0.0	\$0.0	\$3.4	\$1.4	\$0.0	\$0.0	\$6.5
2000	\$3.8	\$1.4	\$0.0	\$2.5	\$0.0	\$0.0	\$0.0	\$7.8
2001	\$3.2	\$0.4	\$0.0	\$1.9	\$1.0	\$0.0	\$0.0	\$6.5
2002	\$0.0	\$0.0	\$0.0	\$1.1	\$1.9	\$0.0	\$0.0	\$3.0
2003	\$2.9	\$0.0	\$0.0	\$2.2	\$10.0	\$0.0	\$0.0	\$15.1
2004	\$15.7	\$0.0	\$0.0	\$2.8	\$8.8	\$0.0	\$0.0	\$27.3
2005	\$15.7	\$0.0	\$0.0	\$2.8	\$8.8	\$0.0	\$0.0	\$27.3
2006	\$27.6	\$0.0	\$0.0	\$0.0	\$17.3	\$0.1	\$0.0	\$45.0
2007	\$0.0	\$0.0	\$0.0	\$0.0	\$12.3	\$0.0	\$0.2	\$12.5
2008	\$0.0	\$0.0	\$0.0	\$0.0	\$12.3	\$0.0	\$0.1	\$12.5
2009	\$0.0	\$0.0	\$0.0	\$0.0	\$17.8	\$0.0	\$0.4	\$18.1
2010	\$0.0	\$0.0	\$0.0	\$0.0	\$10.1	\$3.0	\$0.0	\$13.1
2011	\$0.0	\$0.0	\$0.0	\$0.0	\$3.7	\$0.0	\$0.7	\$4.4
2012	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2013	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2014	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2015	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2016	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
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	\$1.7	\$0.0	\$0.0	\$1.7
2020	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2021	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2022	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$81.6	\$10.2	\$0.0	\$28.0	\$111.9	\$3.2	\$1.4	\$236.2

## Chapter 1606 Basic & Kicker Benefit Payments

(Dollars in Millions)

Fiscal Year	Army Nat'l Guard	Army Reserve	Navy Reserve	Marines Reserve	Air Nat'l Guard	Air Force Reserve	Coast Guard Reserve	All Components
1985	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
1986	\$9.8	\$6.3	\$1.8	\$0.6	\$3.7	\$1.9	\$0.0	\$24.0
1987	\$18.8	\$10.9	\$4.3	\$2.2	\$6.2	\$2.8	\$0.0	\$45.2
1988	\$25.9	\$15.8	\$6.7	\$4.5	\$7.6	\$3.7	\$0.0	\$64.2
1989	\$30.8	\$20.6	\$8.5	\$6.4	\$7.5	\$4.3	\$0.0	\$78.1
1990	\$32.0	\$22.6	\$9.3	\$7.6	\$10.5	\$5.3	\$0.0	\$87.3
1991	\$33.9	\$19.5	\$8.0	\$5.3	\$7.4	\$4.2	\$0.0	\$78.3
1992	\$39.6	\$26.0	\$8.6	\$10.0	\$8.6	\$5.6	\$0.0	\$98.4
1993	\$38.6	\$26.8	\$8.1	\$10.3	\$9.4	\$5.8	\$0.0	\$99.0
1994	\$45.7	\$30.9	\$9.5	\$12.0	\$11.3	\$6.6	\$0.0	\$115.9
1995	\$42.0	\$28.0	\$8.7	\$11.0	\$10.3	\$6.2	\$0.0	\$106.2
1996	\$37.8	\$24.1	\$6.8	\$10.4	\$9.7	\$5.6	\$0.0	\$94.4
1997	\$34.7	\$22.0	\$5.5	\$10.1	\$8.9	\$4.6	\$0.0	\$85.9
1998	\$36.1	\$21.3	\$5.0	\$10.4	\$9.0	\$4.2	\$0.0	\$86.0
1999	\$41.9	\$24.6	\$4.7	\$12.1	\$10.4	\$4.4	\$0.0	\$98.1
2000	\$44.5	\$27.0	\$5.4	\$13.1	\$14.3	\$4.8	\$0.0	\$109.1
2001	\$56.7	\$31.4	\$5.2	\$15.4	\$19.8	\$6.6	\$0.0	\$135.0
2002	\$64.7	\$36.0	\$4.5	\$14.1	\$23.1	\$7.4	\$0.0	\$149.9
2003	\$76.2	\$38.5	\$5.4	\$10.9	\$29.8	\$9.2	\$0.0	\$170.1
2004	\$73.5	\$34.1	\$6.3	\$13.6	\$37.8	\$11.7	\$0.0	\$176.9
2005	\$72.2	\$41.2	\$6.1	\$11.7	\$39.8	\$14.3	\$0.0	\$185.2
2006	\$57.3	\$29.5	\$4.9	\$6.9	\$33.8	\$14.1	\$0.0	\$146.6
2007	\$38.9	\$18.7	\$3.9	\$5.3	\$24.1	\$11.0	\$0.7	\$102.6
2008	\$53.3	\$23.7	\$4.1	\$7.0	\$29.2	\$9.4	\$0.8	\$127.6
2009	\$66.7	\$28.4	\$5.0	\$7.0	\$27.3	\$9.0	\$0.8	\$144.2
2010	\$87.4	\$42.7	\$5.1	\$6.7	\$28.9	\$8.8	\$0.6	\$180.2
2011	\$89.7	\$49.1	\$4.5	\$6.7	\$28.7	\$8.1	\$0.4	\$187.3
2012	\$84.5	\$50.0	\$4.3	\$6.2	\$27.5	\$8.7	\$0.3	\$181.5
2013	\$79.8	\$49.5	\$4.5	\$7.4	\$25.9	\$9.1	\$0.3	\$176.6
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
Total	\$1,998.8	\$1,078.1	\$201.7	\$318.0	\$725.0	\$258.3	\$6.5	\$4,586.3

## Chapter 1606 Basic & Kicker Interest Earnings

(Dollars in Millions)

Fiscal Year	Army Nat'l Guard	Army Reserve	Navy Reserve	Marines Reserve	Air Nat'l Guard	Air Force Reserve	Coast Guard Reserve	All Components
1985	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1
1986	\$2.3	\$0.9	\$0.5	\$0.4	\$0.2	\$0.2	\$0.0	\$4.5
1987	\$7.3	\$2.7	\$1.5	\$0.8	\$1.0	\$0.8	\$0.0	\$14.2
1988	\$10.4	\$4.3	\$2.4	\$1.0	\$1.7	\$1.5	\$0.0	\$21.3
1989	\$11.8	\$4.8	\$3.0	\$1.2	\$2.0	\$2.0	\$0.0	\$24.7
1990	\$13.1	\$5.4	\$3.4	\$1.2	\$2.3	\$2.6	\$0.0	\$27.9
1991	\$13.9	\$6.2	\$3.4	\$1.2	\$2.6	\$3.3	\$0.0	\$30.5
1992	\$13.0	\$6.4	\$3.1	\$1.3	\$2.8	\$3.6	\$0.0	\$30.2
1993	\$10.5	\$5.8	\$2.9	\$1.2	\$2.4	\$3.4	\$0.0	\$26.3
1994	\$8.2	\$4.9	\$2.7	\$1.0	\$1.7	\$3.2	\$0.0	\$21.7
1995	\$6.4	\$3.8	\$2.5	\$0.8	\$1.1	\$3.1	\$0.0	\$17.7
1996	\$5.1	\$3.3	\$2.2	\$0.7	\$0.8	\$2.9	\$0.0	\$14.9
1997	\$5.5	\$3.7	\$2.3	\$0.7	\$1.0	\$3.1	\$0.0	\$16.2
1998	\$5.9	\$3.8	\$2.4	\$0.7	\$1.1	\$3.1	\$0.0	\$17.0
1999	\$5.9	\$3.8	\$2.2	\$0.8	\$1.1	\$2.8	\$0.0	\$16.5
2000	\$6.4	\$4.7	\$2.2	\$0.9	\$1.1	\$2.8	\$0.0	\$18.1
2001	\$6.0	\$5.1	\$2.1	\$1.1	\$0.9	\$2.7	\$0.0	\$17.9
2002	\$4.4	\$5.2	\$1.8	\$1.0	\$0.6	\$2.3	\$0.0	\$15.3
2003	\$3.9	\$5.3	\$1.4	\$1.0	\$0.6	\$2.1	\$0.0	\$14.2
2004	\$3.8	\$4.5	\$1.0	\$0.9	\$0.3	\$1.5	\$0.0	\$12.0
2005	\$4.4	\$4.7	\$0.8	\$1.0	\$0.2	\$1.3	\$0.0	\$12.5
2006	\$9.0	\$7.0	\$1.1	\$1.8	\$0.8	\$1.5	\$0.0	\$21.2
2007	\$10.4	\$6.9	\$1.1	\$1.8	\$0.9	\$1.2	\$0.0	\$22.3
2008	\$16.1	\$9.8	\$1.3	\$2.3	\$2.1	\$1.3	\$0.0	\$32.7
2009	\$5.5	\$3.4	\$0.4	\$0.7	\$0.9	\$0.3	\$0.0	\$11.2
2010	\$12.1	\$7.4	\$0.7	\$1.4	\$2.0	\$0.7	\$0.1	\$24.3
2011	\$17.4	\$10.4	\$1.0	\$2.3	\$3.1	\$1.2	\$0.1	\$35.6
2012	\$11.8	\$7.1	\$0.8	\$1.8	\$3.1	\$1.5	\$0.1	\$26.2
2013	\$12.0	\$7.2	\$0.9	\$2.0	\$3.4	\$1.9	\$0.1	\$27.6
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
Total	\$330.2	\$186.5	\$57.8	\$44.3	\$62.5	\$73.5	\$1.5	\$756.2

## Chapter 1606 Basic & Kicker Year End Fund Balance

(Dollars in Millions)

Fiscal Year	Army Nat'l Guard	Army Reserve	Navy Reserve	Marines Reserve	Air Nat'l Guard	Air Force Reserve	Coast Guard Reserve	All Components
1985	\$2.7	\$3.4	\$2.6	\$3.3	\$1.1	\$0.5	\$0.0	\$13.5
1986	\$59.6	\$21.3	\$12.3	\$7.5	\$5.6	\$5.3	\$0.0	\$111.4
1987	\$126.1	\$47.5	\$26.2	\$12.2	\$20.5	\$15.8	\$0.0	\$248.3
1988	\$146.2	\$63.1	\$35.7	\$15.0	\$23.5	\$22.2	\$0.0	\$305.6
1989	\$156.7	\$59.5	\$40.1	\$15.3	\$26.5	\$28.8	\$0.0	\$327.0
1990	\$169.1	\$75.4	\$43.8	\$14.0	\$29.9	\$35.9	\$0.0	\$368.2
1991	\$179.9	\$80.7	\$41.4	\$16.5	\$35.4	\$45.6	\$0.0	\$399.5
1992	\$153.3	\$81.3	\$38.6	\$15.7	\$36.2	\$45.4	\$0.0	\$370.4
1993	\$125.2	\$74.5	\$38.2	\$16.2	\$27.1	\$44.2	\$0.0	\$325.4
1994	\$98.7	\$59.3	\$36.2	\$10.9	\$18.6	\$43.7	\$0.0	\$267.4
1995	\$79.1	\$47.7	\$32.8	\$9.0	\$11.0	\$43.1	\$0.0	\$222.8
1996	\$74.7	\$48.5	\$32.7	\$9.1	\$12.3	\$44.4	\$0.0	\$221.7
1997	\$81.2	\$55.9	\$35.4	\$9.5	\$14.6	\$46.8	\$0.0	\$243.4
1998	\$95.3	\$58.6	\$35.4	\$10.8	\$16.8	\$46.3	\$0.0	\$263.0
1999	\$99.0	\$69.7	\$35.3	\$12.1	\$18.0	\$44.7	\$0.0	\$278.7
2000	\$104.2	\$80.1	\$35.1	\$16.9	\$18.0	\$44.7	\$0.0	\$299.0
2001	\$95.4	\$94.8	\$36.1	\$18.7	\$12.5	\$44.4	\$0.0	\$301.9
2002	\$85.5	\$117.6	\$34.6	\$20.6	\$9.7	\$49.2	\$0.0	\$317.2
2003	\$97.7	\$133.1	\$31.0	\$24.2	\$7.5	\$47.5	\$0.0	\$340.9
2004	\$111.7	\$135.6	\$26.0	\$24.9	\$5.1	\$42.8	\$0.0	\$346.0
2005	\$137.9	\$142.5	\$21.6	\$30.7	\$2.0	\$34.8	\$0.0	\$369.5
2006	\$227.5	\$169.5	\$27.5	\$46.5	\$12.8	\$30.3	\$0.0	\$514.1
2007	\$273.7	\$163.6	\$23.9	\$42.6	\$22.8	\$24.8	-\$0.2	\$551.2
2008	\$360.3	\$222.6	\$26.9	\$47.1	\$42.3	\$24.1	-\$0.2	\$723.1
2009	\$412.8	\$260.7	\$26.7	\$51.2	\$59.1	\$20.9	-\$0.1	\$831.2
2010	\$452.3	\$273.6	\$26.1	\$55.9	\$70.5	\$26.4	\$1.9	\$906.6
2011	\$424.4	\$254.0	\$25.0	\$59.8	\$76.1	\$30.8	\$3.2	\$873.4
2012	\$380.5	\$234.0	\$27.7	\$62.0	\$106.0	\$55.0	\$4.1	\$869.2
2013	\$362.0	\$210.8	\$28.0	\$61.3	\$107.8	\$59.9	\$4.4	\$834.2
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

# Chapter 1606 Basic & Kicker Projections

## FY 2023 - 2028

(Dollars in Millions)

### Per Capita Amount Contributions

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	\$3.9	\$5.0	\$0.1	\$4.0	\$4.6	\$0.7	\$0.0	\$18.2
2024	\$10.3	\$14.7	\$2.3	\$5.8	\$13.3	\$2.4	\$0.0	\$48.8
2025	\$43.0	\$10.1	\$0.3	\$2.7	\$16.6	\$4.1	\$0.0	\$76.7
2026	\$50.9	\$12.7	\$0.3	\$3.6	\$16.8	\$4.1	\$0.0	\$88.5
2027	\$57.1	\$15.0	\$0.3	\$4.4	\$17.0	\$4.1	\$0.0	\$97.9
2028	\$70.6	\$17.0	\$0.8	\$5.1	\$17.1	\$4.1	\$0.0	\$114.7

### Amortization Contributions

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	\$0.0	\$0.0	\$0.0	\$0.0	\$2.9	\$0.0	\$0.0	\$2.9
2024	\$0.0	\$0.0	\$0.0	\$0.0	\$1.9	\$0.0	\$0.0	\$1.9
2025	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	\$1.5
2026	\$0.0	\$0.0	\$0.0	\$0.0	\$1.2	\$0.0	\$0.0	\$1.2
2027	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$0.0	\$0.0	\$1.0
2028	\$0.0	\$0.0	\$0.0	\$0.0	\$0.8	\$0.0	\$0.0	\$0.8

### Benefit Payments

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	\$65.4	\$20.8	\$1.5	\$5.0	\$19.2	\$2.8	\$0.1	\$114.6
2024	\$53.0	\$19.3	\$1.6	\$4.8	\$16.5	\$3.8	\$0.0	\$99.2
2025	\$54.3	\$20.1	\$1.7	\$5.3	\$16.4	\$4.2	\$0.0	\$101.9
2026	\$57.7	\$20.3	\$1.8	\$5.8	\$16.4	\$4.6	\$0.0	\$106.7
2027	\$62.9	\$21.1	\$2.0	\$6.3	\$16.6	\$5.0	\$0.0	\$113.9
2028	\$69.5	\$22.4	\$2.2	\$6.8	\$17.3	\$5.5	\$0.0	\$123.7

# Chapter 1606 Basic & Kicker Projections

## FY 2023 - 2028

(Dollars in Millions)

### Interest Earnings

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	\$8.2	\$3.0	\$0.5	\$0.8	\$1.3	\$1.4	\$0.1	\$15.2
2024	\$7.7	\$3.1	\$0.5	\$0.9	\$1.2	\$1.5	\$0.1	\$15.0
2025	\$7.2	\$3.0	\$0.5	\$0.9	\$1.3	\$1.5	\$0.1	\$14.5
2026	\$7.2	\$2.8	\$0.5	\$0.9	\$1.4	\$1.5	\$0.1	\$14.4
2027	\$7.2	\$2.7	\$0.4	\$0.8	\$1.5	\$1.5	\$0.1	\$14.3
2028	\$7.4	\$2.6	\$0.4	\$0.8	\$1.5	\$1.6	\$0.1	\$14.4

### Year End Fund Balance

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	\$299.6	\$113.0	\$17.5	\$31.9	\$42.9	\$53.7	\$4.0	\$562.7
2024	\$264.7	\$111.4	\$18.7	\$33.8	\$43.8	\$53.7	\$4.1	\$530.3
2025	\$260.6	\$104.4	\$17.9	\$32.1	\$47.2	\$55.1	\$4.2	\$521.4
2026	\$261.0	\$99.6	\$16.8	\$30.7	\$50.4	\$56.1	\$4.3	\$519.0
2027	\$262.5	\$96.2	\$15.6	\$29.6	\$53.5	\$56.8	\$4.3	\$518.5
2028	\$271.0	\$93.4	\$14.6	\$28.8	\$55.7	\$57.0	\$4.4	\$524.9

### Unfunded Liability (Surplus) at End of Year

Fiscal Year	Army Guard	Army Reserve	Navy Reserve	Marine Reserve	Air National Guard	Air Force Reserve	Coast Guard Reserve	Total
2023	(\$162.0)	(\$58.4)	(\$13.4)	(\$17.5)	\$8.2	(\$38.8)	(\$3.9)	(\$285.8)
2024	(\$115.8)	(\$49.8)	(\$13.8)	(\$17.7)	\$8.8	(\$36.3)	(\$4.0)	(\$228.7)
2025	(\$93.9)	(\$40.4)	(\$12.2)	(\$14.4)	\$7.1	(\$35.4)	(\$4.1)	(\$193.2)
2026	(\$76.1)	(\$32.8)	(\$10.4)	(\$11.6)	\$5.8	(\$34.5)	(\$4.1)	(\$163.7)
2027	(\$61.7)	(\$26.6)	(\$8.4)	(\$9.4)	\$4.7	(\$33.4)	(\$4.2)	(\$139.1)
2028	(\$50.0)	(\$21.5)	(\$6.8)	(\$7.7)	\$3.8	(\$32.4)	(\$4.3)	(\$118.9)

**ATTACHMENT 4**

**Transcript of the Department of Defense Board of Actuaries  
Meeting  
(Education Benefits Fund)**

UNITED STATES DEPARTMENT OF DEFENSE

DEFENSE HUMAN RESOURCE ACTIVITY

BOARD OF ACTUARIES

+ + + + +

MEDICARE-ELIGIBLE RETIREE HEALTH CARE  
BOARD OF ACTUARIES

+ + + + +

FRIDAY  
SEPTEMBER 29TH, 2023

+ + + + +

The Board of Actuaries met via  
Videoconference, at 10:00 a.m. EDT, Marcia A.  
Dush, Chairwoman, presiding.

PARTICIPANTS

MARCIA A. DUSH, Chairwoman, Department of Defense  
Board of Actuaries

JOHN MOORE, Board Member, Department of Defense  
Board of Actuaries

MIKE CLARK, Board Member, Department of Defense  
Board of Actuaries

INGER M. PETTYGROVE, Designated Federal Officer,  
Office of the Actuary

PETER F. ABRAHAM, Actuary, DMDC

RICHARD S. ALLEN, Actuary, Office of the Actuary

PHILIP B. DAVIS, Actuary, Office of the Actuary

KENNETH A. HARDY, Army National Guard

SUSAN HARVEY, DFAS

JONATHAN POE, DFAS

1 P-R-O-C-E-E-D-I-N-G-S

2 10:01 a.m.

3 MS. DUSH: Good morning. This is --  
4 I'm Marcia Dush, and I am here with my colleagues  
5 John Moore and Mike Clark. We are the Department  
6 of Defense Board of Actuaries. We are here today  
7 to discuss the results of the fiscal year 22  
8 evaluation of the DoD Education Benefits Fund.

9 I have a couple of housekeeping items.  
10 One, we are being record. Two, if you are not  
11 speaking, please mute --

12 MS. HARVEY: I can't hear. Can anyone  
13 else?

14 MS. PETTYGROVE: Yeah.

15 MR. CLARK: I can hear.

16 MS. PETTYGROVE: I can hear Marcia  
17 fine. If you want to try to reboot. If that  
18 doesn't work, there is a dial-in number.

19 MS. DUSH: Okay, give it a minute  
20 here.

21 SPEAKER: Maybe put that in the chat  
22 if she didn't hear.

1 MS. DUSH: Okay.

2 SPEAKER: You are on top of things,  
3 Pete. I will.

4 MS. DUSH: All right. We are being  
5 recorded. If you are not speaking, please mute  
6 your microphone. If you ask a question, please  
7 identify yourself before you ask your question.

8 And if you are calling in, please make  
9 sure that you've identified yourself to Inger  
10 Pettygrove. And you can do that by sending her  
11 an email at inger, I-N-G-E-R .M.pettygrove,  
12 P-E-T-T-I-G-R-O-V-E.civ.

13 MS. PETTYGROVE: Marcia, that's a Y,  
14 P-E-T-T-Y-G-R-O-V-E.

15 MS. DUSH: Oh. P-E-T-T-Y-G-R-O-V-E  
16 .civ, C-I-V @mail.mil, M-I-L.

17 All right, with that, I'd like to turn  
18 it over to my colleague John Moore to take us  
19 through this meeting. Thank you.

20 MR. MOORE: Thank you, Chair. Again,  
21 I'm John Moore, a member of the Board of  
22 Actuaries. And at this point I will ask Phil

1 Davis to kick us off with a fund overview.

2 MR. DAVIS: Okay, thank you. And to  
3 say my screen is -- or slides are on the other  
4 screen. So I'm not ignoring anyone if I'm  
5 looking at a different direction.

6 So this is the FY 2022 evaluation of  
7 the DoD Education Benefits Fund, and I'll be  
8 covering the first half, namely a high-level  
9 overview. And then I will be handing it over to  
10 my colleague Rich Allen, who will be taking care  
11 of the second half of this presentation.

12 So to start off, here are the meeting  
13 objectives. So the board will review and approve  
14 the actuarial methods and assumptions needed for  
15 the September 30, 2022 actuarial evaluation of  
16 the DoD Education Benefits Fund, or the EBF.

17 And the Education Benefit programs  
18 funded by the EBF are the Chapter 30 Kicker  
19 Benefits, the Chapter 1606 Basic and Kicker  
20 Benefits, and the Category III Benefits.

21 We'll also review the actuarial  
22 liability as of September 30, 2022, for each of

1 the benefit plans by active duty and reserve  
2 service component, which includes the Coast  
3 Guard.

4 And additionally the board will set  
5 the FY 2025 per capita contribution amounts and  
6 the October 1, 2024 amortization payments for  
7 each of these benefit plans by active duty and  
8 reserve component. Then these amounts will be  
9 sent in letters to the Secretary of Defense, DoD  
10 Comptroller, and the Secretary of Homeland  
11 Security for the Coast Guard.

12 Assuming no questions or comments,  
13 I'll go into the next slide.

14 So here is what we will be covering  
15 during this meeting today in order of slides. I  
16 won't read all these now, but we will be going  
17 through all of them, except for the appendix,  
18 which once this presentation is published on our  
19 website can be viewed to everyone's heart's  
20 content.

21 So here is an overview of the military  
22 education benefits. These are not all of the

1 education benefits available to military members,  
2 but these are the ones that are paid out by the  
3 Education Benefits Trust Fund, or by the VA in  
4 conjunction with one of those benefits.

5 Namely the ones we will be covering  
6 today are the Chapter 30 Kicker, which is only  
7 available to active duty members, as well as  
8 Category III, which is also only available to  
9 active duty, as well as the Chapter 1606 Basic  
10 and 1606 Kicker, available to the selected  
11 reserves.

12 Are there any questions or comments  
13 regarding these last two slides?

14 MS. DUSH: No.

15 MR. DAVIS: Okay. So here we have the  
16 executive summary of where the fund is as of  
17 September 30, 2022. So in total, we have 519,925  
18 eligible members. As of September 30 of 2021, we  
19 had a fund balance of \$1 billion and about 27  
20 million, and actuarial liability of 606.2  
21 million, for a surplus of \$420.6 million.

22 Now, looking at the activity over the

1 past year, starting at the fund balance, we had a  
2 small asset transfer that was internal from the  
3 Chapter 30 Kicker to this Other, which is just  
4 the Category III.

5 Additionally, the Chapter 30 Kicker  
6 had \$1.6 million in amortization payments. And  
7 the Chapter 1606 Basic and Kicker had \$52 million  
8 in per capita contributions.

9 And in total there was \$150.5 million  
10 in benefit payments, as well as interest earned  
11 of \$49.1 million, at a rate of 4.97%, for a total  
12 change of 47.7 million, giving us a September 30,  
13 2022, fund balance of \$979.1 million and  
14 actuarial liability of 517.5 million and a  
15 surplus of \$461.6 million.

16 Are there any questions or comments  
17 for this page?

18 MS. DUSH: So it's noticeable that  
19 there were no per capita contributions for  
20 Chapter 30. Can you remind us when was the last  
21 time that anybody entered the Chapter 30 Kicker  
22 Fund?

1 MR. DAVIS: 2012.

2 MS. DUSH: Okay. So there have been  
3 no new entrants since 2012. Thank you.

4 MR. CLARK: I was --

5 MS. PETTYGROVE: Phil, I -- we've got  
6 a couple people who are following along on their  
7 laptops, and could you make sure you announce  
8 what page of the handout you're on?

9 MR. DAVIS: Okay. Yes, currently I'm  
10 on page 6, that's titled Executive Summary.

11 If there are no further comments or  
12 questions, I will then be now going on to page 7,  
13 called Education Benefit Usage Model. So here  
14 going through a high-level overview of the model  
15 we used to develop the liability and normal  
16 costs.

17 So it is a single-entry pay system.  
18 So whenever a new member enters the program and  
19 becomes eligible for the benefit, a per capita  
20 contribution is made into the fund on their  
21 behalf. So we take a hypothetical cohort  
22 starting at entry into service. And at the end

1 of the each year, we put them into any one of  
2 four categories.

3 A member can either continue in  
4 service or withdraw. And additionally they can  
5 either use the benefit or not, given thus these  
6 four different categories. And each year we  
7 continue to move these members into possibly  
8 different categories according to an associated  
9 probability.

10 And we follow this cohort until their  
11 eligibility runs out throughout the model. So  
12 for active that is 40 years and for reserve that  
13 is 15. And we have different probabilities for  
14 different active and reserve components, as well  
15 as for different benefits for Kicker or basic and  
16 such.

17 Any questions or comments for this  
18 page? Okay.

19 So now onto page, it says page 8 at  
20 the bottom. It is titled Explanation of  
21 Education Normal Cost Factors. And Explanation  
22 of How We Calculation the Normal Cost Factors.

1           So we assume a normal cost rate cohort  
2 radix of 100,000 people. And calculating the  
3 normal cost involves projecting this cohort  
4 through their eligibility period, as well as  
5 projecting their usage and discounting the  
6 benefit payment dollars to the present.

7           So in terms of the formulas down  
8 below, here we define the variables where  
9 subscripted N is the projected count of users in  
10 the subscripted year. M is the projected average  
11 months of usage for that year. B is the  
12 projected monthly benefit for that year.

13           And for Kickers, this is a constant  
14 amount. And for other programs, namely the  
15 Chapter 1606 Basic, this does change with future  
16 COLAs. And then B is just the discount factor.

17           So the normal cost factor is a product  
18 of three ratios and the number 36. So this first  
19 ratio is the discount factor and reflects the  
20 assumed interest rate and the timing of when a  
21 payment occurs.

22           The second ratio is the average

1 monthly benefit amount. So for Kickers, it is a  
2 flat amount, but for 1606 Basic, namely, it gives  
3 the average benefit reflecting the effect of  
4 future COLAs. And this third ratio is the  
5 percent of benefit yields.

6 And then we have 36 for four years of  
7 nine months of use of college. And you can see  
8 the product of all of these. The denominator and  
9 the proceeding numerator cancels out to give us  
10 this formula at the top.

11 Are there any questions or comments  
12 for this page? Okay.

13 So now onto page 9, titled Preliminary  
14 Benefit Usage and Withdrawal Rates. So our  
15 benefit usage model calculates the usage and  
16 withdrawal rates for each cell by taking a  
17 ten-year weighted average. So for the active  
18 model, we get the most recent year, in this case  
19 FY 2022, a weight of 100%.

20 Then the second most recent year, FY  
21 21, is given 80%. And then the next year is  
22 given an additional 80% weight, and so on for ten

1 years.

2           There are some exceptions. So for  
3 cases where there are no or very few actual  
4 activity to measure, we will use some other  
5 measurements. So for instance, the Coast Guard  
6 falls into that category. And we will use the  
7 average of all other services.

8           And additionally, for cells where  
9 there has been no recent activity in the most  
10 recent ten years, we will use the most recent ten  
11 years where there has been activity.

12           Now, for the reserve model is the same  
13 concept, but now we are using a weight of 60%.  
14 And additionally, as there are the multiple  
15 Kickers for the reserve model, we can use some of  
16 the other Kickers as an ability with a  
17 utilization adjustment factor to get the weighted  
18 averages for other Kickers.

19           For example, here we do not have data  
20 for the \$100 Kickers, so we use the \$200 and \$350  
21 Kickers to produce the averages.

22           Are there any questions or comments

1 for this page?

2 MS. DUSH: Nope.

3 MR. CLARK: Phil, this Mike Clark,  
4 member of the board. Just real quick, could you  
5 explain the reasons for the difference between  
6 the 80% for active and 60 for reserve, please?

7 MR. DAVIS: Yes, so it's due to the  
8 eligibility periods. The active has a much  
9 longer eligibility period and the reserve has  
10 much shorter, 40 versus 15. So the reserve  
11 having a lower weighting gives more weighting to  
12 these I guess most recent years.

13 MR. CLARK: Thank you.

14 MR. DAVIS: Any other questions or  
15 comments for this page? Okay.

16 So now onto page 10, titled Data  
17 Sources. So we have two main data sources, these  
18 being the DFAS Trial Balance and the DMDC File  
19 Extracts.

20 The DFAS Trial Balance provides us  
21 with the trust fund activity for each active duty  
22 service and reserve component by month. This

1 includes the total per capita contributions, the  
2 amortization payments, if there is one, as well  
3 as the total benefit payments. Additionally this  
4 also includes the entire fund starting and  
5 end-of-year balances.

6 Now, the DMDC File Extracts provides  
7 us with the individual member data, so this  
8 includes the cumulative lifetime benefits as of  
9 the file date, a code indicating members current  
10 service or reserve component, a code indicating  
11 their monthly benefit amount, as well as their  
12 date of entry, first benefit use, and withdrawal  
13 if the member is no longer active.

14 And while you would think that these  
15 two data sources should closely align, they do  
16 not always do. And a lot of our work does come  
17 with trying to reconcile these.

18 Are there --

19 MS. DUSH: Phil? Phil, this is  
20 Marcia. So it is my understanding that VA does  
21 administer these programs, is that correct?

22 MR. DAVIS: Yes, ma'am.

1 MS. DUSH: All right. So the data that  
2 DFAS and DMDC are getting originates somewhere  
3 within VA. Is that correct?

4 MR. DAVIS: Yes, ma'am.

5 MS. DUSH: All right, thank you.

6 MR. DAVIS: Okay. So now I am on page  
7 11, titled DMDC and DFAS Reported Activity for  
8 the Chapter 30 Kicker Benefit Payments.

9 So here we have what DMDC reports,  
10 what DFAS reports, as well as the monetary  
11 difference. And then the percent that DMDC is of  
12 the -- what DFAS reports.

13 So you can see that there was a \$4.4  
14 million difference, with most of that being  
15 accounted for in the Army. Additionally, that  
16 comes down to about 113.8% that DFAS is -- or  
17 DMDC is of DFAS.

18 Are there any questions or comments  
19 for this page?

20 MS. DUSH: And you have tried to  
21 resolve these differences, and have not really  
22 come up with anything?

1 MR. DAVIS: Yes, ma'am. We have tried.  
2 We currently are processes of the truing up of  
3 DMDC to DFAS numbers. And we have reached out to  
4 both DMDC and DFAS regarding the differences, and  
5 the answer we received is that it's just the data  
6 that they get from VA.

7 MS. PETTYGROVE: Phil, we have a  
8 question.

9 MR. ABRAHAM: Hi, this is Pete Abraham  
10 from DMDC. And I am the Program Manager for the  
11 data share between DMDC and the VA, which  
12 includes the share of this education program  
13 usage data.

14 And we are currently working with the  
15 VA to try to reconcile how the numbers are pulled  
16 and consolidated and sent to DFAS and how the  
17 numbers are pulled and provided to DMDC.

18 That's an ongoing effort that has been  
19 underway for at least the last year since last  
20 year's actuary meeting. We're making some  
21 progress, but there's still some ways to go to  
22 possibly identify how the data is pulled for DFAS

1 and DMDC so that we can identify where the  
2 divergence may be.

3 Over.

4 MS. PETTYGROVE: We also have Jonathan  
5 Poe, I think, who wants to weigh in from DFAS.

6 MR. POE: Turn the volume up.

7 MS. HARVEY: Yes, ma'am, thank you for  
8 giving me the floor. I would like to add that we  
9 received a letter from the VA informing us of how  
10 much money they need from the fund. And we  
11 processed that payment.

12 So we follow exactly what the VA sends  
13 to us on a monthly basis for the specific chapter  
14 benefits. And that letter typically does not  
15 have any details, so we are not able to provide  
16 those details of how they calculated those  
17 numbers and documented, you know, what they could  
18 give to us. We just simply follow what the  
19 letter says.

20 MS. DUSH: And I think you've  
21 highlighted one of the reasons that we've had a  
22 recommendation in our quadrennial report to the

1 President and Congress that the Educational  
2 Benefit Fund really needs to be audited. That  
3 there just seems to be -- there have been data  
4 problems. I've been on this board for 14 years,  
5 and there have been data problems every year that  
6 I have served.

7 MR. DAVIS: Are there any other  
8 questions or comments regarding this page or the  
9 data issues in general? Okay.

10 Now onto page 12, titled DMDC and DFAS  
11 Reported Activity for the Chapter 1606 Basic and  
12 Kicker New Entrants. So I'll zoom in some. It's  
13 a little too much, sorry.

14 So here we have the DMDC extracts  
15 broken down by the basic and Kicker, as well as  
16 what DFAS reports for the basic and Kicker as  
17 well for the number of new entrants. We  
18 calculate the DFAS new entrants by dividing the  
19 contributions by the appropriate per capita  
20 amount.

21 And additionally if a basic benefit  
22 normal cost is zero, we estimate the number of

1 DFAS new entrants by using the recruiting number  
2 -- recruiting target number provided to us by the  
3 DoD Program Budget Office.

4 You can see here in the percentiles  
5 that the Kicker is much closer for DMDC and DFAS  
6 than the basic benefit. Additionally, however,  
7 you can see within the Kicker that looking at the  
8 individual reserve components, there are some  
9 large differences, namely the Marine Corps  
10 Reserve, where DMDC's only 5.1% of what DFAS  
11 reports.

12 Additionally, the Air Force Reserve,  
13 they're reporting 275% of what DFAS reports.

14 Are there any questions or comments  
15 for this page?

16 Okay. Now onto the next page, titled  
17 DMDC and DFAS Reported Activity for the 1606  
18 Basic and Kicker Benefit Payments. So the same  
19 setup as the page we just saw previously, but now  
20 reporting the actual benefit payments that DMDC  
21 and DFAS reported to us.

22 And you can see that DMDC reports

1 higher basic benefit payments than DFAS does.  
2 However, they also report lower Kicker than what  
3 the DFAS does. However, looking at the total  
4 percentile, you can see this is the closest that  
5 we've had in years for 1606, at 98.9%.

6 So we suspect there might be some  
7 misallocation or misreporting of what is a basic  
8 and what is a Kicker, and that could explain why  
9 looking at those individually, there's large  
10 differences, but in total the numbers seem to  
11 compare favorably.

12 Any questions or comments for this  
13 page?

14 MS. DUSH: No.

15 MR. DAVIS: Okay, now onto the next  
16 page, titled Data Reconciliation and Census  
17 Assumptions. So I will not go through this  
18 entire page or the next page as well. I will go  
19 through a hypothetical example that will  
20 hopefully explain how we reconcile these two data  
21 sources.

22 So we do the same process as we do for

1 developing the benefit usage and withdrawal rates  
2 by taking a ten-year weighted average for each  
3 service. And this example is a hypothetical  
4 service, ABC.

5 So you can see here taking the  
6 ten-year weighted average, we have benefits paid  
7 about, four to five, DFAS Trial Balance, that's  
8 110 million. DMDC reports benefits paid as 100  
9 million, giving us a total true-up factor of  
10 110%.

11 And additionally for the reserves, we  
12 do the same process for the per capital  
13 contributions. For the actives, we do not do  
14 this as there have been no new entrants and thus  
15 no new per capita contributions since 2012. We  
16 do the same process to give us a census true-up  
17 factor, in this example, 104%.

18 We then divide the total true-up  
19 factor by the census true-up factor to give us a  
20 usage true-up factor that we then will split by  
21 taking the square root into a member rate and a  
22 months used true-up factor, in this case 102.8%.

1           So looking at how these are actually  
2 applied, so the DMDC population except for the  
3 most recent years' entrants for this service is  
4 increased by 4% coming from the census true-up  
5 factor.

6           Additionally, all probabilities for  
7 this service are increased by 2.8%. These  
8 probabilities being the ones that dictate in the  
9 earlier diagram how people move from box to box.  
10 And additionally all projected months used for  
11 this service are increased by 2.8%.

12           Are there any questions about this or  
13 how we reconcile these two data sources or truing  
14 up process?

15           MS. DUSH: No. If not. Phil, I guess  
16 I would ask our leader here, John, if he would  
17 like a motion to approve the model and the  
18 methodology for the September 20 -- September 30,  
19 2022 valuation.

20           MR. MOORE: Yes, I think a motion at  
21 this point is appropriate. And I'll count that  
22 as -- Mike, would you like to second?

1 MR. CLARK: I will second it.

2 And I will also say to OACT that I  
3 appreciate their efforts working through the data  
4 issues. Thank you.

5 MR. MOORE: Any further discussion on  
6 the model and methodology? All right. All in  
7 favor -- all in favor of accepting the model and  
8 methodology presented?

9 (Chorus of aye.)

10 PARTICIPANT: -- yeah --

11 MR. MOORE: Marcia, I believe you said  
12 aye?

13 MS. DUSH: Yes.

14 MR. MOORE: Sorry, can we --

15 PARTICIPANT: Pepperoni.

16 MR. MOORE: Sorry, can we get --

17 MR. CLARK: I believe we have a hot  
18 mic.

19 MS. DUSH: Somebody's talking about  
20 pepperoni.

21 MR. MOORE: Can we get everyone muted  
22 except for the board members at this moment? All

1 right.

2 All right, motion, I believe the  
3 motion carried. And so Phil, back to you.

4 MR. DAVIS: Okay. So now onto page  
5 18, titled EBF Fund Yield Projection and the  
6 Current Interest Assumption. As far as reading  
7 this page, we list the fiscal years from 2023  
8 through 2032. We have the inflation rate, which  
9 is based off the Blue Chip assumptions.

10 We have a real fund yield, the nominal  
11 fund yield, as well as the Blue Chip return on  
12 new investments on a cumulative basis.  
13 Additionally we have a ten-year geometric  
14 average, as well as a ten-year fund-weighted  
15 average below. And additionally we also list the  
16 current interest assumption that was set by the  
17 board last year of 2-1/2 percent.

18 And we also did a sensitivity analysis  
19 of plus or minus 25 basis points, which you can  
20 see resulted in a 0.82% plus or minus change in  
21 the liability. So this is not a very sensitive  
22 program. This is reflected in the short

1 duration. And we are proposing an interest  
2 assumption of 2-3/4%.

3 MS. DUSH: Mike, were you going to say  
4 something? Otherwise I will.

5 MR. CLARK: Sure, yeah, I would just  
6 say that looking at the yield data, that I think  
7 it's appropriate to increase interest rate  
8 assumption.

9 I think we wanted to be cognizant not  
10 to overshoot, especially with the shape of the  
11 yield curve here and the volatility of short-term  
12 rates. So I think that all is consistent with  
13 this recommendation.

14 MS. DUSH: Together with the lack of  
15 sensitivity to the interest rate because of the  
16 short duration.

17 MR. DAVIS: Okay, if there are no more  
18 questions or comments for this page I will go on  
19 to page 19, titled Economic Assumptions --  
20 Projection of the Chapter 1606 Basic Benefit  
21 Using Blue Chip Financial Forecast of CPI - W,  
22 which is a mouthful.

1           So by law, the 1606 basic benefit  
2 increases with CPI. And so you can see here the  
3 bold numbers are actual CPIs from the Bureau of  
4 Labor Statistics and the non-bolded numbers are  
5 projections based off Blue Chip.

6           We are looking for approval to  
7 continue using Blue Chip to project these CPIs.  
8 And additionally just want to point out that this  
9 \$439 for the 2023 1606 basic benefit is actual.  
10 In years past we haven't had all of the CPI  
11 numbers up to this point. But due to the later  
12 meeting, we do. And so this 439 is the actual  
13 benefit.

14           MR. MOORE: This is a good opportunity  
15 to get a motion for the interest rate and the  
16 inflation approach.

17           MR. CLARK: I will move to adopt an  
18 interest rate of 2.75% for this valuation. And  
19 also to approve the use of the Blue Chip  
20 financial inflation projections for use in the  
21 valuation.

22           MS. DUSH: I second.

1 MR. MOORE: Any further discussion?

2 All right, let's vote. All in favor, say aye.

3 (Chorus of aye.)

4 MR. MOORE: All right, motion carries.

5 Continue.

6 MR. DAVIS: So now I'm handing it over

7 to my colleague Rich Allen, who will be taking

8 care of the rest of the presentation.

9 MR. ALLEN: Thank you very much, Phil.

10 Great job, appreciate that.

11 And now what I'm going to do is go

12 over the results using what are now the approved

13 methods and assumptions, which will get us to the

14 amortization payments, if any, and the per capita

15 amounts that will be charged to the services for

16 fiscal year 2025.

17 This first page that we're looking at

18 is -- shows the Chapter 30 results and some

19 projections and will lead us towards what the

20 amortization payment should be. October 1, 2024,

21 or the first day of fiscal 25.

22 We begin with the end of the year in

1 2022, and we have the actual fund balance. And  
2 this is just the Chapter 30 portion. The actual  
3 fund balance of about 335 million. The present  
4 value of benefits for Chapter 30 Kicker eligible  
5 members at that time was 192 million, leading to  
6 a surplus of about 143 million.

7           There was one amortization payment  
8 that was made on October 2022 by the Navy of  
9 about 543 million. So total net proceeds,  
10 contributions, benefits transfers, and interest  
11 reduced the fund by about 20 million. Primarily  
12 benefits exceeded interest earned by that amount  
13 since there were no contributions.

14           That gives us a fund projected to be  
15 in September 30, is tomorrow, of about 315  
16 million. Present value of benefit will be  
17 calculate at that time to be 165 million, giving  
18 us a surplus for the Chapter 30 program of 150  
19 million.

20           In fiscal 23, the net, again,  
21 primarily benefits and interest, took 16 million  
22 out of the fund, leaving the Chapter 30 portion

1 on September 30, 2024, projected to be about 299  
2 million, with present value of benefits to be  
3 about 144 million and a surplus of about 154  
4 million.

5 Looking at it individually by service,  
6 each service is in a surplus position. And  
7 because each is in a surplus position, we do not  
8 feel an amortization payment is required by any  
9 of the services.

10 One more thing to add, and that is  
11 last year at this time, we had projected the Navy  
12 to be in an unfunded position. But after some  
13 additional calculations and some information that  
14 came in throughout the year, having projected  
15 them to be in a surplus position, the payment  
16 that we had scheduled at last year's meeting we  
17 recommend not be paid, and the Budget Office  
18 agreed. So that's why there are no payments  
19 October 1, 2023.

20 But the important thing for today's  
21 meeting is to see that we're not -- we're  
22 recommending no payments be made on October 1,

1 2024.

2 Okay, any questions or comments on the  
3 numbers you see here? Additional information  
4 available in the appendix, more detail.

5 MS. DUSH: Rich, this program is still  
6 open, so that the services could offer Kickers,  
7 but they've chosen not to in the last 12 years.  
8 Can you explain what's going on here or?

9 MR. ALLEN: Yeah, right, that is  
10 correct. When the -- I'll go back a little bit  
11 in history. When the Chapter 30 program was  
12 first introduced, the benefit at that time was  
13 significantly less than what it is right now.  
14 And you might say it didn't pay for a full four  
15 years of college. That was the Chapter 30 basic  
16 benefit, which is paid by the VA.

17 So at that time, there was an  
18 additional program offered which is called the  
19 Chapter 30 Kicker, where the services could  
20 provide additional money to their new recruits to  
21 cover the amount of college costs that were not  
22 being paid by the VA.

1           In 2009, we had the one GI Bill, which  
2           came in, which raised the VA-paid Chapter 30  
3           basic benefits significantly, really to the point  
4           where it pays full college tuition for somebody  
5           going to in-state college.

6           At that point or maybe a year or two  
7           later, the services recognized that the Kicker  
8           was not really necessary since the VA was paying  
9           such a large amount. However, people that  
10          enrolled before the one GI Bill came in who were  
11          offered the Chapter 30 Kicker, they are still  
12          entitled to it.

13          So that's why there are still quite a  
14          few people, over 100,000, still eligible and why  
15          we have a projected present value of benefits of  
16          about 144 million.

17          Additionally, when the one GI Bill  
18          came in, that offered benefits to be transferred  
19          to dependents, which is another reason why  
20          there's still a high present value of benefits.  
21          So anybody who came in before 2012 and was  
22          offered the Kicker, even though at that time

1 transferability didn't exist, it immediately  
2 became available to anybody that was offered the  
3 Chapter 30 Kicker.

4 So that kind of is the reason why  
5 there are no more Kickers being offered but why  
6 there's still a high present value of benefits  
7 for this program.

8 MS. DUSH: And I think I just want to  
9 make a note here that we are seeing that the  
10 projected surplus, you know, both on this page  
11 and in the appendix, that you're expecting the  
12 surplus to kind of continuously increase because  
13 we have no new entrants and the way things move.

14 So that at some point as this program  
15 kind of dies down, something needs to be done to  
16 the surplus. And it is my understanding that  
17 there is the need for a congressional action, a  
18 law change in order for the services to be able  
19 to recoup some of this surplus.

20 MR. ALLEN: That is correct. The law  
21 does not really allow for any money to come out  
22 of the fund other than paying benefits.

1 MS. DUSH: Okay, thank you.

2 MR. ALLEN: I think we can move on.

3 Although there have not been any --

4 MS. PETTYGROVE: Rich? Rich, just for  
5 people who are following along, could you state  
6 what page number you're on? There are some  
7 people that are just looking in on their own  
8 laptops.

9 MR. ALLEN: Okay, page -- I'm sorry,  
10 page 21, which is titled Chapter 30 Kicker  
11 Results Per Capita Amounts for Selected Benefits.  
12 So these are not all the benefits.

13 But what I was going to say is that  
14 although we don't expect any new entrants to come  
15 in, that could change at any time with very  
16 little notice, so we do have to set per capita  
17 amounts for each benefit.

18 And the way the benefits are set up  
19 for the Army, they offer -- they could offer a  
20 contract to any new recruit of two, three, four,  
21 five, or six years at a monthly benefit amount of  
22 anywhere between a low of 150 and a high of 950

1 in \$100 increments. I've only shown on this page  
2 some selected combinations of years contract and  
3 benefit amounts.

4 The Navy has only -- has only been  
5 offering a four-year contract. The Marine Corps  
6 has offered a four-, five-, and six-year  
7 contract. The Air Force has not participated and  
8 the Coast Guard has offered a four-year contract.

9 To get to the per capita amount and  
10 the normal cost, this goes back to the earlier  
11 page that Phil Davis described. It's a  
12 combination of what the monthly benefit amount  
13 is, which is the top line. And I'm showing what  
14 it is for fiscal year 24 and fiscal year 25.

15 The fiscal year 24 normal costs were  
16 set at last year's meeting, but I'm just showing  
17 them for comparison's sake. It also relies on  
18 the percent of benefit used, so for the most part  
19 we're expecting the average new recruit to use  
20 between 30-40% of the benefit they're entitled  
21 to.

22 There's a discount factor because the

1 normal cost is paid at entry but the benefit is  
2 used years after the members come in. So for  
3 example, the Army two-year 150 in the first  
4 column has a discount factor of about 77%.

5 So to get the normal cost it would  
6 simply be the monthly benefit amount times the  
7 percent benefit used times the discount factor,  
8 and then times 36 because the program allows the  
9 member to use 36 months of benefits.

10 So you can see what the normal costs  
11 are. That's the 2025 line. For example, the  
12 Army 2150, the normal cost is 1,430. There are  
13 -- we're not proposing any offsets to the normal  
14 cost, primarily because we don't expect any new  
15 entrants. So the per capita amount in each case  
16 is the same as the normal cost.

17 MS. DUSH: So the only comment that I  
18 would make here is that the percent benefit used  
19 is in many cases is using data that is very old  
20 because we haven't had new entrants. So if you  
21 think back to that model page, the first 12 years  
22 where there's been no new entrants, all that data

1 is based on, you know, 20 -- ten to 20 years ago.

2 And you know, later years are based on  
3 more current data, but it's getting to the point  
4 where a significant portion of the normal cost  
5 calculation is being based on some very old data,  
6 so.

7 MR. ALLEN: That is correct. That is  
8 -- but that's all we have available to us.

9 MS. DUSH: Right, yup.

10 MR. CLARK: I would add that if these  
11 -- the Chapter 30 Kicker is not going to reopen,  
12 then these are essentially hypothetical normal  
13 costs. So you know, any opportunity to consider  
14 simplification of this, you know, if we don't  
15 think that program's going to open back up seems  
16 like it would be reasonable.

17 MR. ALLEN: I would agree, and that's  
18 probably something we'll look at, you know, in  
19 the very near future.

20 MR. CLARK: Thank you.

21 MR. ALLEN: If no more questions or  
22 comments we can move on. This page, page 22,

1 where it says Chapter 30 Kicker Results, this is  
2 just a summary showing all the kicker per capita  
3 amounts for fiscal year 24 and fiscal year 25.  
4 You recall on the previous page I said I wasn't  
5 showing all the individual calculations.

6 Well, here are all the possible  
7 contract and monthly kicker amount combinations  
8 and their costs. And these will go in the letters  
9 that Phil described at the beginning of his  
10 presentation.

11 MS. DUSH: You know, to follow on with  
12 what Mike has said, you know, I really would like  
13 the OACT staff to think about because we are --  
14 have essentially no new entrants for ten years,  
15 and I would think that the normal cost does, you  
16 know, heavily, you know, the calculation is based  
17 on behavior very often within the first, you  
18 know, ten to 15 years, even though the  
19 calculation goes out 40 years for each  
20 individual.

21 I would really appreciate it if there  
22 were some thoughts about how we might simplify

1 approaching the normal cost calculation. And if  
2 possible, the liability calculation.

3 I'm just really wondering if it makes  
4 sense to have costs, normal costs, which  
5 technically are not being used at this point in  
6 time but could be, you know, at this point does  
7 it really make sense to base it on such very old  
8 data. Or does it make sense to really  
9 discriminate between the services in this  
10 calculation at this point in time?

11 MR. ALLEN: Thank you. And again, as  
12 I said, that is something we will be looking at  
13 very closely and probably have some recommended  
14 change by next year's meeting.

15 MS. DUSH: Thank you.

16 MR. ALLEN: I think we can continue.

17 MR. CLARK: Yes.

18 MR. ALLEN: Now I'm going to present  
19 more or less the same information except this is  
20 for the Chapter 1606. And again, it is designed  
21 to show what the recommended amortization payment  
22 on October 1, 24 would be.

1                   And if there need to be any  
2 adjustments or offsets to the basic benefit  
3 normal cost, which in this, for this program,  
4 there are normal -- there are people coming into  
5 the program each year and have been, you know,  
6 for as long as we can remember.

7                   Again, the numbers you see here is  
8 just the Chapter 1606 portion of the fund.  
9 Again, I'll start with where we were at the end  
10 of fiscal year 22. The total column on the far  
11 right, the 1606 program had about 644 million,  
12 with present value of benefits at about 326  
13 million. So a surplus of 318 million.

14                   All but one of the reserve components  
15 were in a surplus position, meaning their balance  
16 is more than what their present value of benefits  
17 are for the people in the program. The one  
18 exception is the Air National Guard, where the  
19 present value of benefits of 60 million is a  
20 little bit more than their portion of the fund  
21 balance of 56 million. So they're in a unfunded  
22 position of about 4 million.

1                   During the course of the year, the  
2 difference between contribution benefits payments  
3 and interest led to the fund decreasing by about  
4 81 million. That's because benefits exceeded  
5 contributions. And the reason that they did  
6 contributions were low because a lot of the per  
7 capitas were offset to try to reduce the surplus.

8                   That leaves us to a projected fund  
9 balance on September 30 23 of 563 million.  
10 Lower present value of benefits to 277 million.  
11 A big reason for that is the reserves are missing  
12 their recruitment targets, so fewer people are  
13 coming in, meaning that the present value of  
14 benefits is going to be lower.

15                   The surplus is -- surplus is down to  
16 286 million. Again, one of the reasons it's down  
17 is because we've offset the normal cost, which  
18 means that the value of the benefits for new  
19 people is greater than what is being contributed,  
20 and that's intentional to bring the surplus down.

21                   There is one scheduled amortization  
22 payment to be made October 1, 23. That's by the

1 Air National Guard. Again, because they have  
2 less money in the fund than the value of their  
3 benefits.

4 We're projecting a net cash flow of  
5 -35 million, or in other words, reducing the fund  
6 by that amount. We project the fund on September  
7 30, 24 to have 530 million. Project present  
8 value benefits to be 301 million. So again, the  
9 fund projected to be in a surplus position. And  
10 individually in a surplus position for all but  
11 the Air National Guard.

12 So since the Air National Guard is  
13 projected to have an unfunded liability, I'll  
14 just talk about them for the moment, we're  
15 scheduling amortization payment, which is based  
16 on five-year amortization schedule and the  
17 interest rate, which we discussed earlier in the  
18 meeting, of 2.75%.

19 So using that calculation we get to an  
20 amortization payment of 1,852,548. As far as the  
21 adjustment to the FY 25 basic benefit normal  
22 cost, also used the five-year schedule, also used

1 the interest rate of 2.75 and applied that  
2 individually to each reserve component's surplus  
3 and get adjustment to basic benefit normal costs  
4 of the amount you see on the bottom line.

5 So that our intention is that the  
6 basic benefit normal cost will be reduced by the  
7 amount that you see on the bottom line through  
8 charging less with the per capita amounts.

9 Okay, any questions or comments? And  
10 I think the board, I don't know if it's right now  
11 or at some point, has to approve the amortization  
12 schedule that we're showing here.

13 MR. MOORE: Thanks, Rich. Let's do  
14 that now. If I could get a motion to continue  
15 the current amortization methodology.

16 MR. CLARK: I move to adopt five-year  
17 amortization at the interest rate of 2.75% for  
18 the amortization of unfunded liabilities and for  
19 calculation of the offsets to basic normal cost  
20 for fiscal 2025 for the surpluses.

21 MS. DUSH: I second.

22 MR. MOORE: Any further discussion?

1 All right, all in favor, say aye.

2 (Chorus of aye.)

3 MR. MOORE: All right, motion carries.

4 Thanks, Rich, you can continue.

5 MR. ALLEN: We're now on page 24,  
6 Chapter 1601 Offsets to the FY 25 Basic Benefit  
7 Normal Costs.

8 So I mentioned offsetting the normal  
9 costs. We propose that all the offsets be  
10 applied to the basic benefit for Chapter 1606 and  
11 none to the Kicker benefits.

12 So start with the second line. That's  
13 just simply the amounts that we saw on the  
14 previous page, the total amount to be offset.  
15 And what -- and now going to the first line,  
16 those are what the normal costs contributions are  
17 expected to be before there is any offset, which  
18 is the normal cost amount times the expected  
19 number of new entrants.

20 We obtained this expected number of  
21 new entrants from the DoD Program Budget Office,  
22 who tells us how many people each of the reserve

1 components is expecting to have in FY 25. So  
2 the percent of normal cost to be offset is just  
3 simply the top line, or I should say the second  
4 line divided by the top line.

5 For example, the Army National Guard,  
6 it's the 24 million divided by the 46 million  
7 gets us to 53.6% offset. So we will take  
8 whatever the normal cost is and offset that by  
9 53.6% for that particular component. And then  
10 you can see what the offsets are for the others.

11 Three of them have an offset of over  
12 a -- it would be over 100%. The total amounts  
13 would be offset greater than the projected normal  
14 costs before the offset. So the most we could  
15 offset is what the normal cost is.

16 However, this year we're proposing  
17 that in that case, the normal cost for the per  
18 capita amount be set at \$100 instead of \$0. So  
19 each component has to make some contribution for  
20 their new members, and this would also help us --  
21 we would be able to see how many new entrants  
22 come in when there are contributions being made.

1           So that's the one change we're making  
2 as far as developing the per capita amounts.

3           MS. DUSH: Rich, I would like to make  
4 a comment here. You know, if I add across on the  
5 projected number of new entrants, it is I think  
6 adding up close to something like 60,000. And  
7 yet the last two years DFAS is reporting new  
8 entrants of about 45,000 per year.

9           So the comment I would make is if  
10 we're projecting too many new entrants here,  
11 we've projected too much on the top line basic  
12 normal cost. But the amount to be offset stays  
13 the same. And so if the projected number of new  
14 entrants was lower, there'd be a bigger offset  
15 for Army Guard Reserve and the Marine Corps  
16 Reserve.

17           So I guess I just want to be sure  
18 that, you know, I mean you're getting these  
19 numbers, I presume, from the people who think  
20 that this is what they're going to be able to  
21 recruit. But if it is a hopeful projection  
22 rather than an actual projection, there could be

1 some significant differences here.

2 So I guess I would just put that on  
3 the table as something to be kind of -- to double  
4 check as we go forward next year.

5 MR. ALLEN: That's a good point, and  
6 you're right. If -- we have a targeted amount to  
7 be offset and it's based on what the actual  
8 number of entrants turns out to be. And you're  
9 right, some years recruiting goes well and some  
10 years it doesn't. That's about all I can add.

11 MS. DUSH: Okay.

12 MR. ALLEN: Okay, and now here I'm  
13 showing what the per capita amounts are. By the  
14 way, this is page 25, Chapter 1606 Results Per  
15 Capita Amounts. This page just has what the per  
16 capita amounts will be for the basic benefit for  
17 each of the reserve components.

18 Again, we start with the projected  
19 monthly benefit amount. And the reason it's a  
20 little bit different for each of the service, the  
21 basic benefit amount increases each year by a  
22 CPI.

1           So what we're showing is the average  
2 amount that we think each member will use in the  
3 course of his lifetime. It'll be one amount in  
4 his first year, a different amount in his second  
5 year.

6           So depending on exactly when people  
7 use the benefit, it'll vary a little bit, but not  
8 by much. You can see projected monthly benefit  
9 amount in 25, they're all fairly close around  
10 515.

11           Percent benefit used, that's what we  
12 project using the model that we discussed. And  
13 we do individual calculations for each reserve  
14 component. The discount factor has to do with  
15 the timing of when the benefits are paid, because  
16 they're paid and received a few years from now.  
17 And the contribution is made at the start of  
18 one's career.

19           They can contribute a little bit less  
20 than what the total benefit will be because the  
21 fund will earn a little bit of interest for that.  
22 Again, the normal cost is the product of the

1 monthly benefit amount, the percent used, the  
2 discount factor and then 36, the 36 months. That  
3 gets us the normal cost, and then the offsets are  
4 the amounts from the previous page.

5 So for example, the Army National  
6 Guard basic, its normal cost is 1,532 for 2025.  
7 We believe that's the value of the benefit for an  
8 incoming reservist in 2025. We offset it by the  
9 amount from the calculation on the previous page.

10  
11 In their case, \$820, which was that  
12 53%. So the per capita amount for a Army National  
13 Guard person in 2025 will be \$712. And then you  
14 can see what they are for each of the other  
15 reserve components.

16 Okay, no questions here, we can move  
17 on and I'll show -- I'm now on page 26. And  
18 there'll be three pages coming up, one for the  
19 \$100 Kicker, one for the \$200 Kicker, and one for  
20 the \$350 Kicker.

21 If there's a box around a particular  
22 component, that's because that component has been

1 using that value of the Kicker. So for example,  
2 the \$100 Kicker, while it's available to every  
3 reserve component, only the Army Reserve has been  
4 offering it. But again, we have to set a per  
5 capita amount for each component and each dollar  
6 amount.

7 The Army Reserve \$100 Kicker, again,  
8 using the methods already discussed and the  
9 formulas already discussed, will be \$339 in  
10 fiscal year 25. You can see what they are for  
11 the other components.

12 Moving on, same thing, three of the  
13 components are -- have been offering a \$200  
14 Kicker. And you can see what their per capita  
15 amounts are again using the same methodologies  
16 and formulas. And then the next page, same thing  
17 for the \$350, where five of the reserve  
18 components have been regularly offering that  
19 Kicker amount.

20 I'll again open up the -- for  
21 questions or comments on any of the per capita  
22 calculations.

1                   If not, then I'm now on page 29, and  
2 this just shows all of the per capita amounts for  
3 fiscal year 24 and for fiscal year 25. Again,  
4 24 amounts were set and announced at last year's  
5 board meeting. The fiscal year 25 we're all  
6 really seeing now for the first time.

7                   MS. DUSH: And Rich, correct me if  
8 I'm, my memory's not right, but unlike Chapter  
9 30, where there haven't been any new entrants in  
10 the last 12 years, you know, we are getting  
11 something around 45,000 new entrants into the  
12 basic program and 15,000 new entrants into the  
13 Kicker programs each year.

14                   There's a total of something like  
15 400,000 people eligible members of 1606. So this  
16 is a pretty robust data set.

17                   MR. ALLEN: That is correct.

18                   MR. CLARK: I'll just note that the  
19 increase in the per capitās looks like it's  
20 pretty well correlated with an increase in  
21 percent of benefit used in the detail pages.

22                   MS. DUSH: Yeah.

1                   MR. ALLEN: Yes. Unless there were  
2 offset changes, but yes. The percent --  
3 projected benefit percent used is probably the  
4 most important factor in determining the normal  
5 costs.

6                   MR. CLARK: Thank you.

7                   MR. ALLEN: I think we can move on.  
8 I'm now on page 30, where we're going to talk  
9 about the one remaining program, which is Cat  
10 III. This page shows what the Cat III  
11 methodology is, I'm not going to read each bullet  
12 point. But that's what it is.

13                   And the next page, page 31, this is  
14 the Cat III fund activity and annual payments for  
15 fiscal year 23. Unlike Chapter 1606 and Chapter  
16 30, the Cat III payment schedule, they make a  
17 payment on the first day of the fiscal year  
18 basically to cover benefits that were paid to  
19 members for the year that had just ended.

20                   So I'll just kind of take you through  
21 this. It's only a one-year show of activity, and  
22 it's for fiscal year 23. The fund started with

1 the fund balance of what you see on the top line.  
2 And I should point out these are the actual  
3 numbers, these are not in millions or thousands  
4 like we might show in some of the others.

5 Some of the programs were at a  
6 negative balance, some had a positive. At last  
7 year's meeting, we set a payment for each  
8 service, or in that case only the Army, of what  
9 we projected their balance would be at the end of  
10 the year. In the case of the Army we projected  
11 it would be 56,000, it turned out to be 90,000.  
12 So that's why they were going to be charged a  
13 payment of 56,000.

14 The payment was actually not paid by  
15 the Army but was just transferred from the  
16 Chapter 30 program into the Cat III program.  
17 After that 56,000 internal transfer was made,  
18 their balance was -33,604. The other services  
19 had their balance just stay the same because it  
20 was -- there was no receipts.

21 We looked at the benefit payments in  
22 23 through June of 23. Very little activity.

1 There was actually a recruitment made by the  
2 Army, the Navy, a very small payment of \$44 in  
3 the Marine Corps, a slightly larger payment of  
4 3062.

5 Projecting benefits over for a full  
6 year is what you see on the next line. And then  
7 whether they had a positive or a negative balance  
8 were charged or received interest in the amount  
9 you see in the next line, leading to what their  
10 projected fund balance is expected to be on  
11 October 1, 23.

12 Again, the Army and the Air Force  
13 expected to have a negative balance; the other  
14 three a positive balance. The ones with a  
15 negative balance we would say amount due is that  
16 amount. So for the Army, 34,000, which again,  
17 we'll just do an internal transfer with Chapter  
18 30, so you know, no payment has to be made by  
19 DFAS or anybody else.

20 The Air Force, I think it's so small,  
21 I think it's just best to kind of leave it where  
22 it's at, and maybe at some point if this program

1 is sunset then, you know, take care of whatever  
2 amount is there.

3 And that's all I have for Cat III.  
4 And I think approvals would have to be made on  
5 what I've just said.

6 MR. MOORE: Good time for a motion to  
7 continue to use the Cat III methodology.

8 MS. DUSH: John, let me propose a  
9 motion to continue to use the Cat III methodology  
10 to determine the October 1, 2023 costs to  
11 transfer the amount between Cat III and the  
12 Chapter 30 Kicker to cover the Army and to allow  
13 the Air Force balance just to roll forward.

14 MR. CLARK: I second.

15 MR. MOORE: Any further discussion?  
16 All right, all in favor, say aye.

17 (Chorus of aye.)

18 MR. MOORE: Motion carries.

19 All right, I believe that, Rich, I  
20 believe that's it for presentation, is that  
21 correct?

22 MR. ALLEN: That is correct. The

1 remainder of the handout is an appendix, which  
2 maybe show what's in the -- which just has the  
3 items listed there, some historical information,  
4 some projections. But we won't go over it, but  
5 we will attach it to the entire presentation.

6 And yes, and that is -- that is it for  
7 me.

8 MR. MOORE: Great. Maybe at this  
9 point I'll ask to see if there's any other  
10 questions. All right, any other housekeeping or  
11 anything before we adjourn the meeting? It looks  
12 like one person raised their hand.

13 MR. HARDY: Hey, just one question.  
14 Ken Hardy from the Army National Guard. So we  
15 did notice that our rate in FY 24 for the basic  
16 benefit of \$69, but you guys mentioned that for  
17 those under zero, you were going to set a minimum  
18 of \$100.

19 I was just curious, will that also  
20 apply to those of us that are under \$100, so  
21 there'll be -- to make it equitable across? Or  
22 will we continue at the \$69 rate?

1 MR. ALLEN: Continue at the \$69 rate  
2 because this will be implemented starting in FY  
3 25.

4 MR. HARDY: Okay, roger, thank you.

5 MR. ALLEN: But had we implemented it  
6 last year, we probably would have set a minimum  
7 of 100 instead of the 69.

8 MR. HARDY: Okay, thank you.

9 MR. MOORE: Any other questions? All  
10 right. Inger, anything before we adjourn the  
11 meeting?

12 MS. PETTYGROVE: No, I think I've  
13 heard from most of the people who called in.  
14 There were one or two people who signed in late,  
15 I don't know if that was signing on again.

16 Let me just give everyone my email  
17 address again, if I haven't heard from and you're  
18 on by phone. Please email me at Inger, I-N-G\_E-R  
19 .M, as in Marie, .Pettygrove, P-E-T-T-Y-G-R-O-V-E  
20 .civ, C-I-V, @mail.mil, so we have an accurate  
21 record of who attended the meeting.

22 And that's it for me.

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MR. MOORE: Great. All right, thank  
you. Thanks, everybody, we are adjourned.

(Whereupon, the above-entitled matter  
went off the record at 11:06 a.m.)

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In the matter of: Board Meeting

Before: US DOD Board of Actuaries

Date: 09-29-23

Place: teleconference

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