

subparagraph (A)(ii), 75 percent of the amount of monthly covered retired pay the eligible person is otherwise entitled to receive during such period¹

(2) DISCOUNTED PRESENT VALUE.—The Secretary of Defense shall compute the discounted present value of amounts of covered retired pay that an eligible person is otherwise entitled to receive for a period for purposes of paragraph (1)(A) by—

(A) estimating the aggregate amount of retired pay the person would receive for the period, taking into account cost-of-living adjustments under section 1401a of this title projected by the Secretary at the time the person separates from service and would otherwise begin receiving covered retired pay; and

(B) reducing the aggregate amount estimated pursuant to subparagraph (A) by an appropriate percentage determined by the Secretary—

(i) using average personal discount rates (as defined and calculated by the Secretary taking into consideration applicable and reputable studies of personal discount rates for military personnel and past actuarial experience in the calculation of personal discount rates under this paragraph); and

(ii) in accordance with generally accepted actuarial principles and practices.

(3) TIMING OF ELECTION.—An eligible person shall make the election under this subsection not later than 90 days before the date of the retirement of the eligible person from the uniformed services.

(4) SINGLE PAYMENT OR COMBINATION OF PAYMENTS.—An eligible person may elect to receive a lump sum payment under this subsection in a single payment or in a combination of payments.

(5) COMMENCEMENT OF PAYMENT.—An eligible person who makes an election under this subsection shall receive the lump sum payment, or the first installment of a combination of payments of the lump sum payment if elected under paragraph (4), as follows:

(A) Not later than 60 days after the date of the retirement of the eligible person from the uniformed services.

(B) In the case of an eligible person who is a member of a reserve component, not later than 60 days after the earlier of—

(i) the date on which the eligible person attains 60 years of age; or

(ii) the date on which the eligible person first becomes entitled to covered retired pay.

(6) NO SUBSEQUENT ADJUSTMENT.—An eligible person who accepts payment of a lump sum under this subsection may not seek the review of or otherwise challenge the amount of the lump sum in light of any variation in cost-of-living adjustments under section 1401a of this title, actuarial assumptions, or other factors used by the Secretary in calculating the amount of the lump sum that occur after the Secretary pays the lump sum.

(c) RESUMPTION OF MONTHLY ANNUITY.—

(1) GENERAL RULE.—Subject to paragraph (2), an eligible person who makes an election described in subsection (b)(1) shall be entitled to receive the eligible person's monthly covered retired pay calculated in accordance with paragraph (2) after the eligible person attains the eligible person's retirement age.

(2) RESTORATION OF FULL RETIREMENT AMOUNT AT RETIREMENT AGE.—The retired pay of an eligible person who makes an election described in subsection (a) shall be recomputed, effective on the first day of the first month beginning after the person attains the eligible person's retirement age, so as to be an amount equal to the amount of covered retired pay to which the eligible person would otherwise be entitled on that date if the annual increases, in the retired pay of the eligible person made to reflect changes in the Consumer Price Index, had been made in accordance with section 1401a of this title.

(d) PAYMENT OF RETIRED PAY TO PERSONS NOT MAKING ELECTION.—An eligible person who does not make the election described in subsection (b)(1) shall be paid the retired pay to which the eligible person is otherwise entitled under the applicable provisions of law referred to in subsection (a)(1).

(e) REGULATIONS.—The Secretary of Defense concerned² shall prescribe regulations to carry out the provisions of this section.

(Added Pub. L. 114-92, div. A, title VI, §633(a)(1), Nov. 25, 2015, 129 Stat. 847.)

REFERENCES IN TEXT

The National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002, referred to in subsec. (a)(1)(C), is title II of Pub. L. 107-372, Dec. 19, 2002, 116 Stat. 3082, which is classified principally to chapter 43 (§3001 et seq.) of Title 33, Navigation and Navigable Waters. For complete classification of this Act to the Code, see Short Title note set out under section 3001 of Title 33 and Tables.

The Public Health Service Act, referred to in subsec. (a)(1)(D), is act July 1, 1944, ch. 373, 58 Stat. 682, which is classified generally to chapter 6A (§201 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 201 of Title 42 and Tables.

EFFECTIVE DATE; IMPLEMENTATION

Section effective Jan. 1, 2018, with certain implementation requirements, see section 635 of Pub. L. 114-92, set out as an Effective Date of 2015 Amendment; Implementation note under section 8432 of Title 5, Government Organization and Employees.

CHAPTER 73—ANNUITIES BASED ON RETIRED OR RETAINER PAY

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AMENDMENTS

2004—Pub. L. 108-375, div. A, title VI, §644(b)(2), Oct. 28, 2004, 118 Stat. 1961, struck out item for subchapter III "Supplemental Survivor Benefit Plan", effective Apr. 1, 2008.

¹ So in original. Probably should be followed by a period.

² So in original.