

§ 1465. Determination of contributions to the Fund

(a) Not later than six months after the Board of Actuaries is first appointed, the Board shall determine the amount that is the present value (as of October 1, 1984) of future benefits payable from the Fund that are attributable to service in the armed forces performed before October 1, 1984. That amount is the original unfunded liability of the Fund. The Board shall determine the period of time over which the original unfunded liability should be liquidated and shall determine an amortization schedule for the liquidation of such liability over that period. Contributions to the Fund for the liquidation of the original unfunded liability in accordance with such schedule shall be made as provided in section 1466(b) of this title.

(b)(1) The Secretary of Defense shall determine each year, in sufficient time for inclusion in budget requests for the following fiscal year, the total amount of Department of Defense contributions to be made to the Fund during that fiscal year under section 1466(a) of this title. That amount shall be the sum of the following:

(A) The product of—

(i) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1)(A) at the time of the next actuarial valuation under subsection (c); and

(ii) the total amount of basic pay expected to be paid during that fiscal year for active duty (other than the Coast Guard) and for full-time National Guard duty (other than full-time National Guard duty for training only), but excluding the amount expected to be paid for any duty that would be excluded for active-duty end strength purposes by section 115(i) of this title.

(B) The product of—

(i) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) to be determined under subsection (c)(1)(B) at the time of the next actuarial valuation under subsection (c); and

(ii) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37) expected to be paid during that fiscal year to members of the Selected Reserve of the armed forces (other than the Coast Guard) for service not otherwise described in subparagraph (A)(ii).

(2) The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense for that fiscal year for payments to be made to the Fund during that year under section 1466(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.

(3) At the same time that the Secretary of Defense makes the determination required by paragraph (1) for any fiscal year, the Secretary shall determine the amount of the Treasury contribution to be made to the Fund for the next fiscal

year under section 1466(b)(2)(D) of this title. That amount shall be determined in the same manner as the determination under paragraph (1) of the total amount of Department of Defense contributions to be made to the Fund during that fiscal year under section 1466(a) of this title, except that for purposes of this paragraph the Secretary, in making the calculations required by subparagraphs (A) and (B) of that paragraph, shall use the single level percentages determined under subsection (c)(4), rather than those determined under subsection (c)(1).

(c)(1) Not less often than every four years, the Secretary of Defense shall carry out an actuarial valuation of Department of Defense military retirement and survivor benefit programs. Each actuarial valuation of such programs shall include—

(A) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for active duty (other than the Coast Guard) and for full-time National Guard duty (other than full-time National Guard duty for training only), but excluding the amount expected to be paid for any duty that would be excluded for active-duty end strength purposes by section 115(i) of this title, to be determined without regard to section 1413a or 1414 of this title; and

(B) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) for members of the Selected Reserve of the armed forces (other than the Coast Guard) for service not otherwise described by subparagraph (A), to be determined without regard to section 1413a or 1414 of this title.

Such single level percentages shall be used for the purposes of subsection (b)(1) and section 1466(a) of this title.

(2) If at the time of any such valuation (or any valuation carried out in order to comply with chapter 95 of title 31) there has been a change in benefits under a military retirement or survivor benefit program that has been made since the last such valuation and such change in benefits increases or decreases the present value of amounts payable from the Fund, the Secretary of Defense shall determine an amortization methodology and schedule for the amortization of the cumulative unfunded liability (or actuarial gain to the Fund) created by such change and any previous such changes so that the present value of the sum of the amortization payments (or reductions in payments that would otherwise be made) equals the cumulative increase (or decrease) in the present value of such amounts.

(3) If at the time of any such valuation (or any valuation carried out in order to comply with chapter 95 of title 31) the Secretary of Defense determines that, based upon changes in actuarial assumptions since the last valuation, there has been an actuarial gain or loss to the Fund, the Secretary shall determine an amortization methodology and schedule for the amortization of the cumulative gain or loss to the Fund created by such change in assumptions and any previous such changes in assumptions through an increase or decrease in the payments that would otherwise be made to the Fund.

(4) Whenever the Secretary carries out an actuarial valuation under paragraph (1), the Secretary shall include as part of such valuation the following:

(A) A determination of a single level percentage determined in the same manner as applies under subparagraph (A) of paragraph (1), but based only upon the provisions of sections 1413a and 1414 of this title.

(B) A determination of a single level percentage determined in the same manner as applies under subparagraph (B) of paragraph (1), but based only upon the provisions of sections 1413a and 1414 of this title.

Such single level percentages shall be used for the purposes of subsection (b)(3).

(5) Contributions to the Fund in accordance with amortization schedules under paragraphs (2) and (3) shall be made as provided in section 1466(b) of this title.

(d) All determinations under this section shall be made using methods and assumptions approved by the Board of Actuaries (including assumptions of interest rates and inflation) and in accordance with generally accepted actuarial principles and practices.

(e) The Secretary of Defense shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

(Added Pub. L. 98-94, title IX, §925(a)(1), Sept. 24, 1983, 97 Stat. 646; amended Pub. L. 98-525, title XIV, §1405(28), Oct. 19, 1984, 98 Stat. 2623; Pub. L. 99-500, §101(c) [title IX, §9131], Oct. 18, 1986, 100 Stat. 1783-82, 1783-128, and Pub. L. 99-591, §101(c) [title IX, §9131], Oct. 30, 1986, 100 Stat. 3341-82, 3341-128; Pub. L. 99-661, div. A, title VI, §661(a), Nov. 14, 1986, 100 Stat. 3891; Pub. L. 108-136, div. A, title VI, §641(c)(3), (4), Nov. 24, 2003, 117 Stat. 1515; Pub. L. 108-375, div. A, title X, §1084(d)(11), Oct. 28, 2004, 118 Stat. 2062; Pub. L. 109-364, div. A, title V, §591(a), Oct. 17, 2006, 120 Stat. 2232.)

CODIFICATION

Pub. L. 99-591 is a corrected version of Pub. L. 99-500. Amendment of section by Pub. L. 99-500 and Pub. L. 99-591 is based on section 642 of S. 2638, Ninety-ninth Congress, as passed by the Senate on Aug. 9, 1986, which was enacted into permanent law by Pub. L. 99-500 and Pub. L. 99-591. S. 2638 was subsequently enacted as Pub. L. 99-661.

AMENDMENTS

2006—Subsec. (b)(1)(A)(ii). Pub. L. 109-364, §591(a)(1)(A), substituted “for active duty (other than the Coast Guard) and for full-time National Guard duty (other than full-time National Guard duty for training only), but excluding the amount expected to be paid for any duty that would be excluded for active-duty end strength purposes by section 115(i) of this title” for “to members of the armed forces (other than the Coast Guard) on active duty (other than active duty for training) or full-time National Guard duty (other than full-time National Guard duty for training only)”.

Subsec. (b)(1)(B)(ii). Pub. L. 109-364, §591(a)(1)(B), substituted “Selected Reserve” for “Ready Reserve” and “Coast Guard for service” for “Coast Guard and other than members on full-time National Guard duty other than for training) who are”.

Subsec. (c)(1)(A). Pub. L. 109-364, §591(a)(2)(A), substituted “for active duty (other than the Coast Guard) and for full-time National Guard duty (other than full-time National Guard duty for training only), but excluding the amount expected to be paid for any duty

that would be excluded for active-duty end strength purposes by section 115(i) of this title” for “for members of the armed forces (other than the Coast Guard) on active duty (other than active duty for training) or full-time National Guard duty (other than full-time National Guard duty for training only)”.

Subsec. (c)(1)(B). Pub. L. 109-364, §591(a)(2)(B), substituted “Selected Reserve” for “Ready Reserve” and “Coast Guard for service” for “Coast Guard and other than members on full-time National Guard duty other than for training) who are”.

2004—Subsec. (c)(1)(A), (B), (4)(A), (B). Pub. L. 108-375 substituted “1413a” for “1413, 1413a.”.

2003—Subsec. (b)(3). Pub. L. 108-136, §641(c)(3), added par. (3).

Subsec. (c)(1). Pub. L. 108-136, §641(c)(4)(A)(iii), substituted “subsection (b)(1)” for “subsection (b)” in concluding provisions.

Subsec. (c)(1)(A). Pub. L. 108-136, §641(c)(4)(A)(i), inserted before semicolon “, to be determined without regard to section 1413, 1413a, or 1414 of this title”.

Subsec. (c)(1)(B). Pub. L. 108-136, §641(c)(4)(A)(ii), inserted before period at end “, to be determined without regard to section 1413, 1413a, or 1414 of this title”.

Subsec. (c)(4), (5). Pub. L. 108-136, §641(c)(4)(B), (C), added par. (4) and redesignated former par. (4) as (5).

1985—Subsec. (b)(1). Pub. L. 99-500 and Pub. L. 99-591, Pub. L. 99-661, §661(a), amended par. (1) identically, inserting second sentence and striking out the existing second sentence which read as follows: “That amount shall be determined as the product of—

“(A) the current estimate of the value of the single level percentage of basic pay to be determined at the time of the next actuarial valuation under subsection (c); and

“(B) the total amount of basic pay expected to be paid during that fiscal year to members of the armed forces (other than the Coast Guard) on active duty or in the Selected Reserve.”

Subsec. (c)(1). Pub. L. 99-500 and Pub. L. 99-591, Pub. L. 99-661, §661(a)(2), amended par. (1) identically, inserting second and third sentences and striking out existing second sentence which read as follows: “Each actuarial valuation of such programs shall include a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay to be used for the purposes of subsection (b) and section 1466(a) of this title.”

1984—Subsec. (c)(1). Pub. L. 98-525 struck out “(A)” after “(c)(1)”.

EFFECTIVE DATE OF 2006 AMENDMENT

Pub. L. 109-364, div. A, title V, §591(c), Oct. 17, 2006, 120 Stat. 2233, provided that: “The amendments made by this section [amending this section and section 1466 of this title] shall take effect on October 1, 2007.”

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-136 effective Oct. 1, 2003, with Secretary of Defense to provide for certain administrative adjustments, see section 641(c)(6) of Pub. L. 108-136, set out as a note under section 1413a of this title.

EFFECTIVE DATE OF 1986 AMENDMENTS

Section 642(c) of S. 2638, as passed by the Senate on Aug. 9, 1986, and as enacted into law by section 101(c) [title IX, §9131] of Pub. L. 99-500 and Pub. L. 99-591, and section 661(d) of Pub. L. 99-661, provided respectively that: “The amendments made by this section [amending this section and section 1466 of this title] shall take effect on October 1, 1986, or the date of the enactment of this Act [Oct. 18, 1986], whichever is later, and shall apply to payments required to be made under section 1466(a) of title 10, United States Code, as amended by this section, for months beginning on or after that effective date.” and “The amendments made by subsections (a) and (b) [amending this section and section 1466 of this title] shall apply to payments required to be

made under section 1466(a) of title 10, United States Code, as amended by subsection (b), for months beginning on or after the date of the enactment of this Act [Nov. 14, 1986].”

§ 1466. Payments into the Fund

(a) The Secretary of Defense shall pay into the Fund at the end of each month as the Department of Defense contribution to the Fund for that month the amount that is the sum of the following:

(1) The product of—

(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 1465(c)(1)(A) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

(B) the total amount of basic pay accrued for that month for active duty (other than the Coast Guard) and for full-time National Guard duty (other than full-time National Guard duty for training only), but excluding the amount expected to be paid for any duty that would be excluded for active-duty end strength purposes by section 115(i) of this title.

(2) The product of—

(A) the level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 1465(c)(1)(B) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37) accrued for that month by members of the Selected Reserve of the armed forces (other than the Coast Guard) for service not otherwise described in paragraph (1)(B).

Amounts paid into the Fund under this subsection shall be paid from funds available for the pay of members of the armed forces under the jurisdiction of the Secretary of a military department.

(b)(1) At the beginning of each fiscal year the Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount certified to the Secretary by the Secretary of Defense under paragraph (3). Such payment shall be the contribution to the Fund for that fiscal year required by sections 1465(a), 1465(b)(3), 1465(c)(2), and 1465(c)(3) of this title.

(2) At the beginning of each fiscal year the Secretary of Defense shall determine the sum of the following:

(A) The amount of the payment for that year under the amortization schedule determined by the Board of Actuaries under section 1465(a) of this title for the amortization of the original unfunded liability of the Fund.

(B) The amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary of Defense under section 1465(c)(2) of this title for the amortization of any cumulative unfunded liability (or any gain) to the Fund resulting from changes in benefits.

(C) The amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary of Defense under section 1465(c)(3) of this title for the amortization of any cumulative actuarial gain or loss to the Fund.

(D) The amount for that year determined by the Secretary of Defense under section 1465(b)(3) of this title for the cost to the Fund arising from increased amounts payable from the Fund by reason of section 1413a or 1414 of this title.

(3) The Secretary of Defense shall promptly certify the amount determined under paragraph (2) each year to the Secretary of the Treasury.

(c)(1) The Secretary of Defense shall pay into the Fund at the beginning of each fiscal year such amount as may be necessary to pay the cost to the Fund for that fiscal year resulting from the repeal, as of October 1, 1999, of section 5532 of title 5, including any actuarial loss to the Fund resulting from increased benefits paid from the Fund that are not fully covered by the payments made to the Fund for that fiscal year under subsections (a) and (b).

(2) Amounts paid into the Fund under this subsection shall be paid from funds available for the pay of members of the armed forces under the jurisdiction of the Secretary of a military department.

(3) The Department of Defense Board of Actuaries shall determine, for each armed force, the amount required under paragraph (1) to be deposited in the Fund each fiscal year.

(Added Pub. L. 98-94, title IX, §925(a)(1), Sept. 24, 1983, 97 Stat. 647; amended Pub. L. 99-500, §101(c) [title IX, §§9103(3), 9131], Oct. 18, 1986, 100 Stat. 1783-82, 1783-118, 1783-128, and Pub. L. 99-591, §101(c) [title IX, §§9103(3), 9131], Oct. 30, 1986, 100 Stat. 3341-82, 3341-118, 3341-128; Pub. L. 99-661, div. A, title VI, §661(b), Nov. 14, 1986, 100 Stat. 3892; Pub. L. 100-26, §§4(a)(1), 7(a)(3), Apr. 21, 1987, 101 Stat. 274, 275; Pub. L. 106-65, div. A, title VI, §651(b), Oct. 5, 1999, 113 Stat. 664; Pub. L. 108-136, div. A, title VI, §641(c)(5), Nov. 24, 2003, 117 Stat. 1516; Pub. L. 108-375, div. A, title X, §1084(d)(11), Oct. 28, 2004, 118 Stat. 2062; Pub. L. 109-364, div. A, title V, §591(b), Oct. 17, 2006, 120 Stat. 2233; Pub. L. 110-181, div. A, title IX, §906(c)(3), title X, §1063(c)(4), Jan. 28, 2008, 122 Stat. 277, 322.)

REFERENCES IN TEXT

Section 5532 of title 5, referred to in subsec. (c)(1), was repealed by Pub. L. 106-65, div. A, title VI, §651(a)(1), Oct. 5, 1999, 113 Stat. 664.

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