
Defense Report

AUSA



Once again, It's Game-Playing Time with Military Retired Pay

It is very odd that two colonels or two sergeants major who have served full 30-year careers but retired at intervals of several years do not get the same retired pay. But, as odd as it may seem, the answer is very simple: the mechanism for adjusting retired pay for changes in the cost of living has worked better than the system for adjusting active-duty pay. This has caused active-duty pay, upon which initial retired pay is based, to lag behind the true cost of living. As a result, new retirees draw less retired pay than those who retired seven to ten years ago. To eliminate this inequity the Reagan Administration plans, in fiscal year 1983, to limit retired pay cost-of-living adjustments until the pay of current retirees is reduced to the same level as those who will retire later.

The goal of equalizing the two is commendable, but it is also important to know why the imbalance occurred in the first place. Since 1968 a variety of mechanisms have brought about automatic cost-of-living adjustments to retired pay while a far less precise law permitted three successive Presidents to ignore the advice of those charged with recommending federal pay scales. The Presidents chose to let military active-duty pay fall behind reality. Comparability with pay in the civilian sector was only regained with a substantial military raise in October, 1981.

So, what the Administration is forcing retired people to do now is to sacrifice their ability to cope with the cost of living in order to make up for mismanagement under Presidents Nixon, Ford and Carter. While touted as a matter of equity, it is clearly a budget-cutting action since no mention is made of the plight of those who retired prior to 1968. Receiving far less retired pay than those who left the service later, for a variety of reasons too complicated to describe here, these World War II and Korean veterans deserve consideration if equity among all retirees is the real goal.

One thing emerges clearly from all this: if our leaders want to avoid this kind of inequity in the future they must build an ironclad mechanism for keeping active-duty military pay at a constant level of comparability with the civilian sector.