



July 8, 2015

Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Chairman McCain,

The undersigned organizations represent more than three million members who believe there is merit to many of the recommendations made by the Military Compensation and Retirement Modernization Commission. We are pleased that both the House and Senate Armed Services Committees and now the Defense Department, support blending the best of civilian 401(k)-type plans into the current military retirement system. The combined legislative proposals will enhance the retirement benefits for over six million service members – benefiting more veterans than any legislation since the 1966 GI Bill.

As a National Defense Authorization Act conferee, we urge you to create a robust military retirement system that maintains the overall value of the current retirement system. The provision to reduce retiree pay from fifty to forty percent of base pay at the twenty-year mark must be offset by sufficient employer contributions to every service member's Thrift Savings Plan. We strongly support the initial one percent employer contribution to service members' TSP upon entry into service, then increase the matching contribution to five percent beginning in the third year of service, and continue contributions past twenty years to the end of their career. Finally, Reserve Component members should have the choice to receive a portion of their retirement annuity before they reach traditional retirement age similar to active-duty.

We believe that with robust TSP contributions starting early in a service member's career, combined with compounding interest on the plan and the one-time continuation bonus, a service member's overall retirement net worth could be higher. Furthermore, unlike today's retirement system, the blended plan will allow service members to bequeath a portion of their retirement savings to their heirs without paying a monthly premium resulting in a decreased annuity.

The success of any new military retirement proposal, however, hinges upon repealing the one percent cost-of-living adjustment penalty. The COLA penalty saves the government a little money on the front end but erodes the value of military retirement disproportionately by allowing inflation to grow faster than the provided benefit. The world will remain dangerous and unpredictable, and future military retirees may be required to serve just as long and perhaps sacrifice more than their predecessors. We must not balance the budget on the backs of service members who spent a lifetime defending the country.

Congress must ensure that any new military retirement system is robust enough to maintain the all-volunteer force and demonstrate the country's incredible support for our troops. As you resolve differences between the House and Senate versions of the NDAA, we urge you to repeal the COLA penalty, allow Reserve Component members the option to receive their retirement annuity earlier, provide a one percent contribution to service members' TSP accounts upon entry into service, a five percent government matching contribution to TSP accounts starting at the third year of service, and continue contributing to the service members' end of service.

Thank you for your time and consideration.

Respectfully,




Mark Barrett
Executive Vice President
Air Force Association



Chief Master Sergeant John Harris, (Ret.)
President
Enlisted Association of the National Guard



Gus Hargett, Maj Gen, USA (Ret)
President
National Guard Association



Jeffrey E. Phillips
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