

September 26, 2011

Mr. James Mcnamee  
455 Kehoe Suite 106  
Carol Stream, IL 60188-5203

Dear Mr. Mcnamee:

Thank you for contacting me about military retirement benefits. I appreciate hearing from you.

In the summer of 2011, the Defense Business Board (DBB) reported the findings of a task group called, "Modernizing the Military Retirement System." The task group was created to evaluate the current and future cost of the military retirement system. The DBB indicated that there are distinct benefits achieved by shifting to a 401k-type retirement plan.

Proponents of changing to a plan similar to a 401k argue that benefits could be extended to 83 percent of service members who do not currently receive retirement benefits because they did not serve for twenty years. Supporters also assert that eliminating the rigidity of the plan will enable service members to take their contributions with them if they leave the service before the twenty year minimum. Opponents are concerned that those who are close to retirement will not be able to retire after twenty years or will be forced to switch to a 401k in a period of increased stock market volatility.

Concern also has been raised based on a 2008 report. The President conducts a comprehensive review of the military compensation system every four years. The most recent review commission was convened by President Bush in August 2005 and submitted its final report in July 2008. The reviewers proposed a plan for the collection and disbursement of military retirement pay. The plan would, among other things, delay the age that a retired service member could collect his or her retirement. Currently, a military retiree can collect immediately upon retirement after twenty years of service. The proposed change would delay the retirement payment until the retiree is 57 years old or older. There is no measure or executive order pending that would delay payments to retirees.

Ensuring proper compensation for service members and veterans is an important hallmark of American society. I support cost of living adjustments for retired servicemembers and increased accessibility to education through the GI Bill. I will keep your thoughts in mind as the Senate debates this issue.

Thank you again for contacting me. Please feel free to keep in touch.

Sincerely,  
Richard J. Durbin  
United States Senator

RJD/c