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## **Military Technicians: Proposals to Improve Their Retirement Options**

**March 19, 2001**

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# Military Technicians: Proposals To Improve Their Retirement Options

## Summary

Military technicians are federal civilian employees who provide support primarily to wartime deployable units of the Selected Reserve. Unlike regular civilian employees, however, military technicians are generally required to maintain membership in the Selected Reserve as a condition of their employment. As members of the federal civil service, technicians can earn an entitlement to an annuity under either the Civil Service Retirement System (CSRS) or under the Federal Employee Retirement System (FERS) in the same manner as most other civil servants.

The civil service retirement options for military technicians are nearly identical to those available to most other civil servants. However, there are certain categories of civil servants – federal law enforcement officers, firefighters, air traffic controllers and nuclear materials couriers – who have been granted more generous retirement options in recognition of the exceptionally rigorous demands of their professions. Compared to most other federal employees, these “special category” federal employees are allowed to retire voluntarily with a lower combination of age and years of service, and their pensions are computed using a more generous formula. “Special category” employees are also subject to mandatory retirement and usually contribute a higher percentage of their pay to CSRS or FERS than do other federal employees.

Representatives of various military technician associations argue that the military technicians should have the same retirement options as those enjoyed by the “special category” federal employees. The work conditions of military technicians, they argue, are exceptionally demanding and similar in rigor to those of law enforcement officers, firefighters, air traffic controllers, and nuclear materials couriers. Opponents of this proposal argue that the *civilian* duties performed by military technicians are not as arduous as those performed by “special category” employees and are commensurate with those performed by federal employees generally. While conceding that most military technicians must meet strict physical fitness requirements in order to retain their reserve membership and are occasionally deployed in the event of war or national emergency, opponents argue that technicians are compensated for these *military* duties through the military retirement system. Therefore, opponents argue, military technicians do not deserve the more generous retirement options enjoyed by “special category” federal civilian employees.

In the 106<sup>th</sup> Congress, two bills were introduced to improve the civil service retirement options of military technicians. So far in the 107<sup>th</sup> Congress, one such bill has been introduced. This report provides background information on the military technician program and the retirement options for various categories of federal employees, including military technicians. It also compares the retirement benefits available to military technicians with those available to other federal employees, and presents arguments for and against modifying the retirement benefits for military technicians. Finally, it outlines and analyzes several bills introduced during the 106<sup>th</sup> and 107<sup>th</sup> Congresses which seek to provide military technicians with more generous retirement options.

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# Military Technicians: Proposals To Improve Their Retirement Options

This report is divided into five parts. The first part provides background information on the military technician program. This is followed by a brief description of the three retirement systems which military technicians are potentially eligible to participate in. The next section discusses the civil service retirement options currently available to military technicians and presents the arguments for and against modifying those options. The fourth section provides a comparison of the retirement benefits available to military technicians with those available to other federal employees. Finally, the last section analyses several bills that have been introduced in the 106<sup>th</sup> and 107<sup>th</sup> Congresses to provide more generous civil service retirement options to military technicians.

## What is a Military Technician?

The reserve component<sup>1</sup> (RC) of the United States armed forces employs a small core group of full time employees to administer RC units, train RC personnel, and maintain RC equipment. These employees are known as Full-Time Support (FTS) personnel. There are four distinct types of FTS personnel: civilian employees, active duty military personnel, Active Guard and Reserve (AGR) personnel, and military technicians.<sup>2</sup>

Military technicians are federal civilian employees, hired under statutes contained in titles 5 and 32, U.S. Code, who provide support primarily to wartime deployable units of the Selected Reserve.<sup>3</sup> Unlike regular civilian employees, however, military technicians are usually required to maintain membership in the Selected Reserve as

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<sup>1</sup>The reserve component of the United States military include the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, Coast Guard Reserve, Army National Guard, and the Air National Guard.

<sup>2</sup>Military technicians have also been referred to as “reserve technicians,” “civilian technicians,” “dual status technicians,” “technicians” and “caretakers and clerks” in the past. Military technicians serving in the Army or Air National Guard have also been referred to as “Guard technicians.” The term used in the most recent federal legislation has been “military technicians” and is the terminology generally used throughout this paper. The term “technicians,” however, is sometimes used as an abbreviation. It should be considered synonymous with the term “military technicians” unless stated otherwise.

<sup>3</sup>The Selected Reserve, a sub-element of the Ready Reserve, contains those units and individuals most essential to wartime missions. Members of the Selected Reserve generally perform, at a minimum, one weekend of training each month, and two weeks of training each year, for which they receive pay and benefits.

a condition of their employment. They may also be required to fulfill their reserve obligation (i.e., drilling one weekend a month and attending two weeks of annual training) in the same unit they work for in their civilian capacity.<sup>4</sup>

Military technicians who hold membership in the Selected Reserve are referred to as “dual status technicians” because of their status as both civilian employees and reservists. However, not all military technicians belong to the Selected Reserve, either because they were never required to do so when hired, or because they lost their reserve membership at some point in their technician career.<sup>5</sup> These technicians are referred to as “non-dual-status technicians.”<sup>6</sup>

## **Retirement Systems for Military Technician**

As members of the federal civil service, technicians can earn an entitlement to an annuity under either the Civil Service Retirement System (CSRS) or under the Federal Employee Retirement System (FERS) in the same manner as most other civil servants.<sup>7</sup> Additionally, as members of the Selected Reserve, technicians can earn entitlement to military retired pay in the same manner as other reservists.<sup>8</sup> Thus, technicians are potentially eligible to receive retirement pay from two different federal retirement systems – civilian and military – simultaneously. However, it is important to point out here that the issue of early retirement for military technicians relates only

<sup>4</sup>A “unit membership requirement” for certain military technicians was enacted November 18, 1997, as part of P. L. 105-85, and is codified in Title 10, U.S. Code, section 10216 (d). Similar unit membership requirements have existed for many years within the administrative agreements which govern the military technician programs in the Army Reserve and the Air Force Reserve. In the case of the Army Reserve, the annual Department of Defense Appropriations Acts from FY 1984 through FY 1996 also contained language barring funds to certain technicians who did not hold reserve membership in the same unit which they worked for in their civilian capacity.

<sup>5</sup>See footnote 28 for a more detailed discussion of why some military technicians are not required to maintain their membership in the Selected Reserve.

<sup>6</sup>They are also sometimes referred to as “status quo” technicians.

<sup>7</sup> CSRS applies to those workers who entered federal service before 1984. FERS applies to those workers who entered federal service in 1984 or later; those hired before 1984 who opted to switch to FERS from CSRS during a designated “open season;” and workers who were eligible for CSRS when first hired, but who had a break in federal employment and switched to FERS upon reemployment. There are a number of major differences between CSRS and FERS, including (1) the requirements for retirement with an immediate annuity (or pension); (2) the requirements for retirement with a deferred annuity; (3) required payments into the retirement system while working; and (4) the formula by which the annuity is calculated. Some, but not all, of these differences will be discussed below. For more detailed information on these differences, see the CRS Report 98-810, “Federal Retirement Programs: Benefit Structure and Financing Concepts” September 21, 1998, by (name redacted).

<sup>8</sup> To qualify for military retired pay, reservists normally must have 20 years of qualifying *military service*, the last eight of which must have been in the reserves, and be at least 60 years of age. Since the end of the Cold War, however, these requirements have been temporarily lowered to facilitate reserve force reductions.

to their retirement options under CSRS and FERS, not to their retirement options under the military retirement system. Therefore, this report will focus primarily on describing current retirement options for military technicians under CSRS and FERS and analyzing how various legislative proposals would modify those options.

## **Civil Service Retirement Options for Military Technicians**

The civil service retirement options for military technicians are nearly identical to those available to most other civil servants.<sup>9</sup> However, there are certain categories of civil servants – federal law enforcement officers, firefighters, air traffic controllers and nuclear materials couriers – who have been granted more generous retirement options in recognition of the exceptionally rigorous demands of their professions. Compared to most other federal employees, these “special category” federal employees are allowed to retire voluntarily with a lower combination of age and years of service and their pensions are computed using a more generous formula. “Special category” employees are also subject to mandatory retirement<sup>10</sup> and usually contribute a higher percentage of their pay to CSRS or FERS than do other federal employees. (A comparative summary of the various retirement options for military technicians, federal employees in general, and “special category” federal employees is contained later in this report).

Representatives of various military technician associations argue that military technicians deserve to be placed in a category similar to that enjoyed by “special category” federal employees. As members of the Selected Reserve, dual-status military technicians are required to meet the same physical fitness requirements that other members of the military, active and reserve, are required to meet. They may also be called to active duty and deployed in the event of war or national emergency and, in the case of National Guard technicians, may be mobilized to respond to domestic disasters and civil disturbances. These work conditions, technicians argue, are exceptionally demanding and similar in rigor to those of law enforcement officers, firefighters, air traffic controllers, and nuclear materials couriers. Thus, in their opinion, military technicians should be allowed to retire with the same combinations of age and years of service as these “special category” federal employees. Additionally, some argue, their pensions should be calculated using the higher accrual rate that “special category” federal employees enjoy. (A more detailed examination of various proposals to improve the retirement options for military technicians is contained later in this report).

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<sup>9</sup>There are two exceptions; however, they are both advantageous to military technicians. See the sections of this report entitled “Involuntary Retirement Requirements: Discontinued Service” and “Involuntary Retirement Requirements: Disability.”

<sup>10</sup>The ages at which “special category” federal employees are required to retire are as follows: 57 for law enforcement officers, 56 for air traffic controllers, 55 for firefighters. Dual status military technicians do not have a mandatory retirement age. Non-dual-status technicians do not have a mandatory retirement age per se, but are required to retire once they become eligible for an unreduced annuity provided they are at least 60 years of age.

Opponents of this proposal argue that military technician duty is not as arduous as that performed by federal law enforcement officers, fire fighters, nuclear materials couriers, and air traffic controllers. The civilian duties of most military technicians, they contend, are about as arduous as those performed by federal civilian employees generally. Typical civilian duties of military technicians consist of administration, maintenance, training, and management, and range from sedentary to moderately active. While conceding that due to their reserve membership, dual-status technicians must meet strict physical fitness requirements and are occasionally deployed in the event of war or national emergency, opponents argue that they are compensated for this through the military retirement system.<sup>11</sup> Additionally, as the more arduous aspects of their jobs result from their reserve membership, they contend that the situation of military technicians is little different from that of other federal civilian employees who are members of the reserves. Finally, opponents point out that there are substantial costs associated with early retirement proposals, including the cost of replacing and training technicians who retire early.

## **Comparison of Retirement Options for Different Types of Federal Employees**

Federal employees are covered by one of two retirement plans: The Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). The former covers most federal employees who were initially hired before January 1, 1984. The latter covers all federal employees who were initially hired on or after that date, along with some federal employees who switched from CSRS to FERS. A key element of both of these systems is the provision of an “annuity,” also called a pension, to federal employees who leave federal service after meeting certain retirement criteria. There are several different types of annuities.

An immediate annuity is one which the employee is eligible to receive immediately upon separation from federal service. In order to receive an immediate annuity, a federal employee must meet certain combinations of age and years of federal service. Usually, federal employees need to meet the age and years of service combinations classified as “voluntary retirement requirements.” These requirements can vary depending on the type of work the federal employee does. (See the section on voluntary retirement requirements below, especially tables 1 and 2). Under certain circumstances, however, a federal employee may be eligible for an immediate annuity with a lower combination of age and years of federal service than is required for voluntary retirement. These are called “involuntary retirement requirements.” (See the sections on discontinued service retirement and disability retirement below, including tables 3 and 4). Finally, if a federal employee does not meet the criteria for an *immediate* annuity, he or she may still be eligible for a deferred annuity. (See the section on deferred annuities below, especially tables 5 and 6). A description of the various retirement options and how they compare follows.

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<sup>11</sup>See footnote 8 for more information on military retirement for reservists.

## Immediate Annuity

### Voluntary Retirement Requirements.

Under CSRS, federal employees can voluntarily choose to retire and receive an immediate annuity after becoming 55 years of age with 30 years of federal service, after becoming 60 years of age with 20 years of service, or after becoming 62 years of age with five years of service. Under FERS, federal employees can voluntarily retire and receive an immediate annuity after reaching the minimum retirement age (between 55 and 57, depending on the employee's year of birth) with 30 years of service, after reaching 60 years of age with 20 years of service, or after reaching 62 years of age with five years of service. Additionally, FERS eligible employees may voluntarily retire and receive an immediate annuity if they have at least 10 years of service and have reached the minimum retirement age (55/57). However, this annuity is reduced by five percent for each year below the age of 62 the employee is at the time of separation.<sup>12</sup>

Certain categories of federal employees may voluntarily retire and receive an immediate annuity with a lower combination of age and years of service than normally required, in recognition of the exceptionally rigorous demands of their professions. Under CSRS, a federal employee who chooses to retire after reaching 50 years of age and completing 20 years of service as a law enforcement officer, firefighter, nuclear materials courier, or air traffic controller is eligible to receive an immediate annuity.<sup>13</sup> Air traffic controllers are also eligible to receive an immediate annuity with 25 years of service, regardless of age.<sup>14</sup> Under FERS, a federal employee who chooses to retire after reaching 50 years of age and completing 20 years of service as a law enforcement officer, member of the Capitol Police, firefighter, nuclear materials courier, or air traffic controller is eligible to receive an immediate annuity. Additionally, federal employees with 25 years of service in these professions, regardless of age, may voluntarily retire and receive an immediate annuity.<sup>15</sup>

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<sup>12</sup>Also, under both CSRS and FERS, agencies may offer voluntary retirement at age 50 with 20 years of service and at any age with 25 years of service if the agency is undergoing a reorganization or downsizing.

<sup>13</sup>5 USC 8336(c) and (e)

<sup>14</sup>5 USC 8336 (e)

<sup>15</sup>5 USC 8412 (d) and (e)



**Table 1: Voluntary Retirement Under CSRS**

	Federal Employees - Generally (Includes Military Technicians)	“Special Category” Federal Employees	
		Law Enforcement, Fire Fighter, Nuclear Material Courier	Air Traffic Controller
<b>Age &amp; Years of Service</b>	<b>55 &amp; 30</b>  OR <b>60 &amp; 20</b>  OR <b>62 &amp; 5</b>	<b>50 &amp; 20</b>  OR <b>62 &amp; 5</b>	<b>Any Age &amp; 25</b>  OR <b>50 &amp; 20</b>  OR <b>62 &amp; 5</b>
<b>Required Payments Towards Retirement<sup>16</sup></b>	<b>7.0% of salary</b> (No Social Security tax)	<b>7.5% of salary</b> (No Social Security tax)	<b>7.0% of salary</b> (No Social Security Tax)
<b>Accrual Rate for<sup>17</sup> Annuity (RATE)</b>	<b>1.5% for first five years</b> <b>1.75% for second five years</b> <b>2.0% for all subsequent years</b>	<b>2.5% for first 20 years</b> <b>2.0% for subsequent years</b>	<b>1.5% for first five years</b> <b>1.75% for second five years</b> <b>2.0% for all subsequent years</b>  <b>But annuity may not be less than 50 percent</b>
<b>Annuity Based On (BASE)</b>	<b>High-3 Salary</b>	<b>High-3 Salary</b>	<b>High-3 Salary</b>
<b>Annuity Formula</b>	<b>RATE x BASE</b>	<b>RATE x BASE</b>	<b>RATE x BASE</b>

<sup>16</sup>As of January 1, 2001. Effective until December 31, 2002. 5 USC 8334 (c).

<sup>17</sup>5 USC 8339 (a), 5 USC 8339 (d)(1), and 5 USC 8339(e).

**Table 2: Voluntary Retirement Under FERS**

	Federal Employees-Generally (Includes Military Technicians)	“Special Category” Federal Employees	
		Law Enforcement, Fire Fighter, Nuclear Materials Courier, Capitol Police	Air Traffic Controller
<b>Age &amp; Years of Service</b>	<b>MRA<sup>18</sup> &amp; 30</b> OR <b>60 &amp; 20</b> OR <b>62 &amp; 5</b> OR <b>MRA<sup>19</sup> &amp; 10</b> (reduced benefits if under age 62)	<b>Any Age &amp; 25</b> OR <b>50 &amp; 20</b> OR <b>62 &amp; 5</b> OR <b>MRA &amp; 10</b> (reduced benefits if under age 62)	<b>Any Age &amp; 25</b> OR <b>50 &amp; 20</b> OR <b>62 &amp; 5</b> OR <b>MRA &amp; 10</b> (reduced benefits if under age 62)
<b>Required Payments Towards Retirement</b>	<b>0.8% of salary</b> (plus Social Security tax)	<b>1.3% of salary</b> (plus Social Security tax)	<b>1.3% of salary</b> (plus Social Security tax)
<b>Accrual Rate for Annuity (RATE)</b>	<b>1.0 % per year if employee retires before age 62</b>  <b>1.1% per year if employee retires at age 62 or later with at least 20 years of service</b>	<b>1.7% per year for first 20 years</b> <b>1.0% for subsequent years<sup>20</sup></b>	<b>1.7% per year for first 20 years</b> <b>1.0% for subsequent years<sup>21</sup></b>
<b>Annuity Based On (BASE)</b>	<b>High-3 Salary</b>	<b>High-3 Salary</b>	<b>High-3 Salary</b>
<b>Annuity Formula</b>	<b>RATE x BASE</b>	<b>RATE x BASE</b>	<b>RATE x BASE</b>

<sup>18</sup>MRA stands for minimum retirement age and varies from 55 to 57 depending on the employees year of birth.

<sup>19</sup>See footnote 18.

<sup>20</sup>Does not apply if employee retires with the “62 & 5” or “MRA & 10” options. In those cases, the annuity accrual is the same as it is for federal employees generally. 5 USC 8415 (d).

<sup>21</sup>Does not apply if employee retires with the “62 & 5” or “MRA & 10” options. In those cases, the annuity accrual is the same as it is for federal employees generally. 5 USC 8415 (d).

## Involuntary Retirement Requirements: Discontinued Service.

In certain circumstances, federal employees become eligible for an immediate annuity with a lower combination of age and years of service than required for voluntary retirement. One set of circumstances is referred to as “discontinued service.” This refers to an employee who is *involuntarily* separated from federal service, except by removal for cause on charges of misconduct or delinquency.<sup>22</sup> Typical causes of involuntary separation include reductions in force (RIF), abolishment of positions, and unacceptable performance not related to misconduct.<sup>23</sup> With respect to military technicians, this would include separations from their civil service position due to the involuntary loss of their military membership or the loss of the rank required to hold their military position.<sup>24</sup> Involuntary separation could also occur if the technician were promoted to a military rank in excess of that specified for the technician position.

Under CSRS, a federal employee who meets the conditions of “discontinued service” is entitled to an immediate annuity if he or she has 20 years of service and is at least 50 years of age, or if he or she has 25 years of service regardless of age. However, if the employee is under the age of 55 at the time of separation, the annuity rate is reduced by two percent for each year the employee is below the age of 55. This provision applies to nearly all federal employees,<sup>25</sup> including military technicians and “special category” federal employees.<sup>26</sup>

Under FERS, a federal employee may qualify for a discontinued service retirement with the same combinations of age and years of service as under CSRS, but there is no reduction in annuity if he or she is under the age of 55 at the time of

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<sup>22</sup>5 USC 8336 (d)(1) and 5 USC 8414(b).

<sup>23</sup>CSRS and FERS Handbook, Ch 44 Section 44A, p. 3

<sup>24</sup>Involuntary loss of reserve membership can include the following: loss of military status due to non-selection by a retention board, failure to get promoted within the prescribed period of time, failure to meet certain medical requirements, and failure to meet physical fitness standards *due to a medical condition*. A failure to meet physical fitness standards that is not the result of a medical condition is considered a voluntary action, and does not entitle the technician to retirement under this section.

<sup>25</sup>In some circumstances, senior executives of the federal government may be exempted from the two percent reduction.

<sup>26</sup>Note, however, that “special category” employees can often retire under the voluntary retirement provision rather than under the discontinued service retirement provision due to the lower age and years of service requirements they have for voluntary retirement. In this way, they can avoid the two percent reduction. However, this is not always the case. For example, under CSRS, an air traffic controller who was 45 years of age with 25 years of service and who was involuntarily separated from his job would be eligible for a discontinued service retirement; however, he could choose to retire under the voluntary retirement provisions instead. A similarly situated federal law enforcement officer, though, would have to accept retirement under the discontinued service provisions as he or she would not yet be eligible for voluntary retirement.

separation. This provision (5 USC 8414(b)) applies to all federal employees, including military technicians and “special category” federal employees.

However, under FERS, there is an additional provision written specifically for military technicians (5 USC 8414 (c)) . This provision appears to be redundant with the general discontinued service provision mentioned in the previous paragraph, but in one important way the military technician provision is more generous. Under this special provision, military technicians who are involuntarily separated<sup>27</sup> from their positions “by reason of being separated from the Selected Reserve...or ceasing to hold the military rank specified” may qualify for an immediate annuity with the following combinations of age and years of service: 50 years of age and 25 years of service as a military technician if hired on or before February 10, 1996; 50 years of age and 20 years of service as a *dual status* technician or at any age with 25 years of service as a *dual status* technician if hired after February 10, 1996.<sup>28</sup> ( Note that for those hired on or before February 10,1996, the age and years of service combinations are *higher*

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<sup>27</sup>5 USC 8414(c) does not actually use the word “involuntary” to describe the type of separation. It says “An employee who was hired as a military reserve technician...and who is separated from technician service...by reason of being separated from the Selected Reserve of the employee’s reserve component or ceasing to hold the military grade specified by the Secretary concerned for the position held by the employee is entitled to an annuity.” However, in describing the intent of this legislative provision, the conference report which accompanied it stated “Finally, the conference agreement provides that military reserve technicians separated from the civil service because of losing military status *through no fault of their own* [emphasis added] may retire at age 50 with 25 years of service.” House Conference Report No. 99-606, May 16, 1986, 133. Thus, the Office of Personnel Management has interpreted 5 USC 8414(c) to apply only to military technicians whose loss of military membership is involuntary. See footnote 24 for a discussion of what constitutes involuntary loss of military membership. This provision was amended in 1999 by P.L. 106-65, the National Defense Authorization Act for Fiscal Year 2000. This act lowered the age and years of service requirement for retirement under 5 USC 8414(c) for military technicians hired after February 10, 1996. See footnote 28 for a more detailed discussion of that date’s significance.

<sup>28</sup>The rationale for the date – February 10, 1996 – deserves mention. As mentioned earlier, military technicians are generally required to maintain membership in the Selected Reserve as a condition of their federal civilian employment. This is referred to as the “dual status” requirement. Up until February 10, 1996, the strictness of the “dual status” requirement varied widely among the various reserve components which employ technicians. In the Air Force Reserve, for example, technicians who lost their reserve membership almost always lost their civil service jobs as well. In the Army Reserve, on the other hand, technicians who lost their reserve membership were often allowed to continue working in their technician positions. February 10, 1996, was the date of enactment for the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106, 110 Stat. 306). This act contained a provision establishing a strict dual-status requirement for all newly hired technicians. Under it, technicians who were hired after February 10, 1996, had to be promptly separated from their technician positions upon losing reserve membership. Technicians who were hired on or before this date were not affected by this law in the same way. (For more information on this topic, see the CRS Report RL30487, “Military Technicians: The Issue of Mandatory Retirement,” March 28, 2000, by (name redacted)). Thus, the date of February 10, 1996 serves as a demarcation line between those technicians hired under the strict, congressionally mandated, dual status requirement, and those hired under the more diverse standards employed by the individual services.

than under the general discontinued service provision. The combinations are not higher for those hired after February 10, 1996, but at least 25 years of their service must be as a *dual status* technician if under age 50, or at least 20 years as a *dual status* technician if over that age). The benefit of retiring under this provision, rather than the general discontinued service provision, is that it entitles the military technician to an “annuity supplement”<sup>29</sup> regardless of his or her age. Under the general discontinued service provision available to all federal employees, an annuity supplement is payable, but only if the retiree has reached the minimum retirement age.<sup>30</sup>

**Table 3: Discontinued Service Retirement Under CSRS**

	All Federal Employees, Including Military Technicians and “Special Category” Employees <sup>31</sup>
<b>Age &amp; Years of Service</b>	<p style="text-align: center;"><b>Any Age &amp; 25</b> (reduced benefits if under age 55)</p> <p style="text-align: center;">OR</p> <p style="text-align: center;"><b>50 &amp; 20</b> (reduced benefits if under age 55)</p>

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<sup>29</sup>An annuity supplement is, as its name indicates, an additional payment to the retiree. The function of the FERS annuity supplement is to approximate the Social Security benefit earned during federal employment until the retiree actually becomes eligible for Social Security at age 62; it ceases at that time. The formula for calculating the supplement is complex and varies from individual to individual, but it can be a significant financial benefit.

<sup>30</sup>The minimum retirement age varies from 55 to 57 depending on the employees year of birth.

<sup>31</sup>See footnote 26 for a discussion of how “special category” employees who are eligible for discontinued service retirement often choose to retire under the voluntary retirement provisions, thereby avoiding the two percent reduction.

**Table 4: Discontinued Service Retirement Under FERS**

	All Federal Employees, Including Military Technicians and “Special Category” Employees	Additional Provisions for Military Technicians Only
<b>Age &amp; Years of Service</b>	<p><b>Any Age &amp; 25</b> (no reduction in benefits if under age 55; eligible for annuity supplement if minimum retirement age has been reached)</p> <p>OR</p> <p><b>50 &amp; 20</b> (no reduction in benefits if under age 55; eligible for annuity supplement if minimum retirement age has been reached)</p>	<p><i>IF HIRED AFTER FEB 10, 1996</i></p> <p><b>Any Age &amp; 25</b> (no reduction in benefits if under age 55; eligible for annuity supplement regardless of age; years of service must be as “dual status” technician)</p> <p>OR</p> <p><b>50 &amp; 20</b> (no reduction in benefits if under age 55; eligible for annuity supplement regardless of age; years of service must be as “dual status” technician)</p> <p><i>IF HIRED ON OR BEFORE FEB 10, 1996</i></p> <p><b>50 &amp; 25</b> (no reduction in benefits if under age 55; eligible for annuity supplement regardless of age; service can be as “dual-status” or “non-dual-status”)</p>

**Involuntary Retirement Requirements: Disability.**

Under both CSRS and FERS, federal employees who are unable “to render useful and efficient service” in their positions “due to a disease or injury” are eligible for disability retirement if (1) they meet the minimum civilian service requirement and (2) they cannot be reassigned to a position, of the same grade or level, where they would be able to perform useful and efficient service.<sup>32</sup> With respect to the minimum service requirement, an employee needs five years of federal civilian service to be eligible for disability retirement under CSRS. Under FERS, an employee needs 18 months of service.<sup>33</sup> All federal employees, including military technicians and “special

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<sup>32</sup>See 5 USC 8337(a) and 5 USC 8451(a).

<sup>33</sup>FERS was designed to be integrated with the Social Security system. The 18 month service requirement for disability retirement parallels the service requirement under Social Security disability rules.

category” employees, are treated the same with respect to these time in service requirements.

Military technicians, however, do have a special provision in both CSRS and FERS which provides them with a more generous standard for determining disability. Specifically, they are eligible for disability retirement if they are separated from employment as a military technician by reason of a disability that disqualifies the individual from membership in the Selected Reserve, even if they would not be considered disabled under the disability standard mentioned in the previous paragraph.<sup>34</sup> Thus, a disability which renders a technician unfit for his or her military duties, but not for his or her civilian duties, would be able to retire under these provisions.<sup>35</sup> The utility of these provisions for technicians appears to be considerable, as a sizable percentage of military technician retirements occur under them.<sup>36</sup>

## Deferred Annuity

Those federal employees who are separated from federal service with more than 5 years of service, but without the required combinations of age and years of service to be eligible for an immediate annuity, are eligible for a deferred annuity. As the name implies, the employee does not receive an annuity immediately upon separation from federal service, but at a later date. Under CSRS, someone who is separated from federal service with at least five years of service begins receiving an annuity upon reaching the age of 62. Under FERS, deferred annuities may begin on an unreduced basis at the minimum retirement age (55/57) with 30 years of service, at age 60 with 20 years of service, and at age 62 with 5 years of service. Additionally, under FERS, deferred annuities may begin on a substantially reduced basis at the minimum retirement age (55/57) if the employee had at least 10 years of service. As indicated below, all federal employees have the same age and years of service requirements for a deferred annuity.

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<sup>34</sup>5 USC 8337(h) and 5 USC 8456.

<sup>35</sup>Remember that most military technicians are required to hold membership in the Selected Reserve as a condition of their employment. These technicians are referred to as “dual-status technicians.” (See the section entitled “What is a Military Technician” for more information on this). Thus, in the absence of these special disability provisions, dual-status technicians who suffered a disability that rendered them unfit for military duty, but not for civilian duty, would be promptly separated from technician service without any disability retirement benefits.

<sup>36</sup>For example, in 1999, a total of 993 military technicians in the National Guard retired. Of these, 235 (23.6%) retired under the special disability provision for military technicians, while only 78 (8%) retired under the regular disability provisions applicable to all federal employees. Source: U.S. Office of Personnel Management, Retirement Policy Division.

**Table 5: Deferred Annuity Under CSRS**

	All Federal Employees, Including Military Technicians and "Special Category" Employees
<b>Years of Service</b>	5 or more
<b>Age at Which Annuity Begins</b>	62

**Table 6: Deferred Annuity Under FERS**

<b>FERS</b>	All Federal Employees, Including Military Technicians and "Special Category" Employees			
<b>Years of Service</b>	5-19	20-29	30 or more	10-29
<b>Age at Which Annuity Begins</b>	62	60	MRA	MRA (reduced annuity)

## **Bills Introduced in the 106<sup>th</sup> and 107<sup>th</sup> Congress to Improve Retirement Options for Military Technicians**

Two bills – H.R. 1079 and S. 1883 – were introduced in the 106<sup>th</sup> Congress which, if enacted, would have modified the retirement options available to military technicians. Both of these bills are analyzed below. The Senate version of the National Defense Authorization Act for Fiscal Year 2001 (S. 2549/H.R. 4205), a bill in the 106<sup>th</sup> Congress, contained a provision nearly identical to S. 1883. It is mentioned briefly below, but the reader should refer to the section on S. 1883 for analysis of this provision. One bill – S. 155 – has been introduced in the 107<sup>th</sup> Congress. It is virtually identical to S. 1883. It is mentioned briefly below, but refer to the section on S. 1883 for analysis of its provisions.

### **Analysis of H.R. 1079 (106<sup>th</sup> Congress)**

This bill, sponsored by Representative Abercrombie, would have modified both CSRS and FERS to allow military technicians to retire *voluntarily* after 25 years of technician service, or after becoming 50 years of age and completing 20 years of service. Such a change would have been beneficial to technicians in two ways. First, it would have allowed technicians to retire voluntarily with a lower combination of



age and years of service than is currently required of them. Under this legislation, FERS-eligible military technicians would have been allowed to retire with the same combinations of age and years of service as are currently enjoyed by “special category” employees. Additionally, CSRS-eligible military technicians would have enjoyed *more* generous retirement eligibility criteria than most “special category” employees. Specifically, federal law enforcement officers, firefighters, and nuclear materials couriers who participate in CSRS can voluntarily retire at age 50 with 20 years of service, but they are not allowed to voluntarily retire at any age with 25 years of service.<sup>37</sup> Second, it would have enhanced the financial benefits for retiring military technicians, although not to the level enjoyed by “special category” employees. Specifically, under this legislation, CSRS-eligible military technicians would have been able to avoid the two percent annuity reduction which sometimes comes with retiring under the discontinued service retirement (DSR) provisions of CSRS, and FERS-eligible military technicians would be entitled to the payment of the annuity supplement described in footnote 29 regardless of age.

In the 106<sup>th</sup> Congress, H.R. 1079 bill was referred to House Committee on Government Reform, Subcommittee on Civil Service. The bill was not reported out of the subcommittee.

### **Analysis of S. 1883 (106<sup>th</sup> Congress)**

This bill, sponsored by Senator Bingaman, would have modified both CSRS and FERS to allow military technicians to retire earlier than they are currently allowed to do. When Senator Bingaman introduced the bill, he specifically stated that it was a companion bill to the one introduced by Representative Abercrombie (H.R. 1079) and that “This bill would permit Dual Status Technicians to retire at any age with 25 years of service or at 50 with 20 years of service. Those benefits are similar to benefits provided to Federal police and fire employees.”<sup>38</sup> Thus, it appears that the intent of H.R. 1079 and S. 1883 are the same: to allow military technicians to retire voluntarily with 25 years of service, or at age 50 with 20 years of service, just like H.R. 1079.

However, despite their similar intent, H.R. 1079 and S. 1883 were written differently. Unlike H.R. 1079, which would have added new provisions to both CSRS and FERS, S. 1883 would have amended an existing provision of FERS – 5 USC 8414(c) – and then added a new provision to CSRS which applies the newly modified FERS provision to CSRS as well. As mentioned earlier, 5 USC 8414(c) allows certain military technicians to qualify for an immediate annuity with the following combinations of age and years of service: 50 years of age and 25 years of service as a military technician if hired on or before February 10, 1996; 50 years of age and 20 years of service as a *dual status* technician or at any age with 25 years of service as a *dual status* technician if hired after February 10, 1996. S. 1883 would modify this

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<sup>37</sup>These federal employees would undoubtedly feel that they were being treated unfairly if they did not enjoy retirement options equal to or superior to those enjoyed by military technicians. Hence, passage of this type of bill would likely inspire CSRS-eligible law enforcement officers, firefighters, and nuclear materials couriers to demand improvement of their retirement options.

<sup>38</sup>Congressional Record, Senate, November 9, 1999, S14297.

by permitting all those hired on or before February 10, 1996, to qualify for an immediate annuity at age 50 with 20 years of service or at any age with 25 years of service. The legislation would not require that the years of service for technicians hired on or before February 10, 1996, be service as a dual-status technician as is required for those hired after February 10, 1996.

Additionally, it is important to point out that 5 USC 8414(c) has historically been interpreted to apply only to those military technicians who have been *involuntarily* separated from their civil service positions “by reason of being separated from the Selected Reserve...or ceasing to hold the military rank specified.” As such, there is some uncertainty as to whether amending this provision of the law would allow military technicians to retire under its provisions *voluntarily*.

S. 1883 was referred to the Committee on Governmental Affairs, Subcommittee on International Security, Proliferation and Federal Services. It was not reported out of the subcommittee. (However, Senator Bingaman did offer S. 1883 in amendment form to S. 2549, the Department of Defense Authorization Act for Fiscal Year 2001. See below).

### **Comment on Section 651 of S. 2549/H.R. 4205 (106<sup>th</sup> Congress)**

On the floor of the Senate, Senator Bingaman offered an amendment to S. 2549, the National Defense Authorization Act for Fiscal Year 2001. The amendment (#3244) was essentially S. 1883 in amendment form, and it was approved on a voice vote. See the section on S. 1883 above for analysis. S. 2549 was later amended into the House version of the Defense Authorization bill, and the bill was thereafter known as H.R. 4205. A similar provision was not included in the House version of H.R. 4205 and during the House-Senate conference the provision was dropped.

### **Comment on S. 155 (107<sup>th</sup> Congress)**

S. 155, introduced by Senator Bingaman, is virtually identical to S. 1883, the bill he introduced in the 106<sup>th</sup> Congress. See the section on S. 1883 above for analysis. The bill has been referred to the Committee on Government Affairs.



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