

**Guard and Reserve Pensions on the Day of Divorce:  
Unraveling the Riddles**  
by Mark E. Sullivan\*

\*Mr. Sullivan is a retired Army Reserve JAG colonel. He practices family law in Raleigh, North Carolina and is the author of THE MILITARY DIVORCE HANDBOOK (Am. Bar Assn., 2<sup>nd</sup> Ed. 2011) and many internet resources on military family law issues. A Fellow of the American Academy of Matrimonial Lawyers, Mr. Sullivan has been a board-certified specialist in family law since 1989. He works with attorneys and judges nationwide as an expert witness, as a consultant on military divorce issues and in drafting military pension division orders. He can be reached at 919-832-8507 and [mark.sullivan@ncfamilylaw.com](mailto:mark.sullivan@ncfamilylaw.com).

**Introduction – An Office Visit**

“I need some help – I’m lost in the woods,” exclaimed Sam Green when he sat down in his lawyer’s office. “My soon-to-be-ex just told me she’s putting in for retirement next year from the East Virginia Army National Guard. I don’t know what the benefits are, when they arrive, what’s my share – anything! Whenever I try to look it up on the internet, I get completely confused.”

“Slow down, Sam,” replied Amanda Allen, his divorce lawyer. “What is it you want to find out?”

“Well, for starters, I want to find out how much Janet is going to get for the Guard pension,” answered Sam. “She’s been drilling for over 24 years, and 20 years of that was during our marriage. Shouldn’t I be entitled to some share of that pension benefit?”

“Yes,” answered Amanda. “Since she has 24 years of service, my calculations show that the court should grant you half of 20/24 of the pension.”

“But when will I begin to get payments? How much will I receive? If Janet dies first, will I get anything? How can we find out this information?”

“Not to worry,” responded Amanda. “All Guardsmen begin drawing retired pay at age 60, so that’s when you’ll start to receive your share. As for her death, there’s no way of telling whether she signed up for the Survivor Benefit Plan or not; if she did, she could have elected an option which cut you out entirely. To get the amount that she’ll be receiving – and all the other information, for that matter – we’ll have to serve a subpoena on the Army to require the release of that to us.”

“Wow – you really know your stuff, Amanda! I feel better already,” exclaimed Sam.

## **Riddles and Reality**

Unfortunately, Sam didn't get the right advice. Virtually nothing which Amanda told him was correct. While he asked the right questions, the answers from Amanda were bogus. The purpose of this article is to set out the correct answers to the main concerns of the spouse of an RC member. "RC" stands for *Reserve Component*, meaning Reserves and National Guard. These issues, as expressed by the client, are usually the following:

- When do the payments begin?
- How much will I receive?
- What if my former spouse dies before me – will I be cut out of payments entirely?
- Does my ex pay me, or can the government send me a check?
- What options did my former spouse have for Survivor Benefit Plan Coverage, and how can we find out what choice she made?
- Are the future payments a flat amount? Do they go up with inflation? Can they ever go down?

The answers will be found in this two-part article.

## **RC Retired Pay – the Nuts and Bolts**

Members of the Reserve Component (RC) have a defined benefit retirement system.<sup>1</sup> An RC member must meet all of the following minimum requirements to be eligible for what's known as "non-regular" retired pay:

- be at least 60 years of age;<sup>2</sup>
- have performed at least 20 years of qualifying service computed under Section 10 U.S.C. §12732;
- have performed the last six years (formerly eight years) of qualifying service while a member of the Active Reserve;
- not be entitled, under any other provision of law, to retired pay from an armed force or retainer pay as a member of the Fleet Reserve or the Fleet Marine Corps Reserve;
- must apply for retired pay by submitting an application to the Guard or Reserve.

When an RC member is under 60 and has applied for retired pay and stopped drilling, he or she is waiting for pension payments to begin. Avoid using the verb "retire" when referring to RC personnel, since it can have two meanings. One meaning is when Janet Green begins to

receive retired pay. This is “pay status” for her and, as explained herein, it’s usually (but not always) at age 60. Another meaning is the point in time when Janet stops drilling and applies for retirement. These RC personnel are sometimes known as “gray-area retirees,” since the color of the ID card for them used to be gray. With two different meanings of retirement, there can only be problems when using “retire” in a pension division document.<sup>3</sup>

### **Retirement Points**

When determining the retired pay of RC members, it is important to know how many points are involved and when the servicemember (SM) entered military service. The amount of retired pay depends on the number of points acquired during the minimum 20 years of service and also on one of two formulas.

RC members are awarded retirement points for weekend drills and various forms of active duty training. In general, an RC member may currently obtain up to 90 inactive duty points for each year of reserve service, plus an unlimited number of active-duty points. A weekend drill counts as four points (two mornings, two afternoons), while a two-week period of annual training counts as 14 points (Reserves) or 15 points (Guard) since the RC member is *servicing on active duty*. RC SMs also receive points for on-line courses, serving at military funerals, and other special duties.

Twenty years of creditable service must be acquired for retirement application from the Guard or Reserves. To obtain a “good year” for retirement purposes – one that qualifies toward the minimum of 20 necessary – an RC SM must acquire 50 points in that year. The points acquired in each year, regardless of whether it is a “good year,” count toward calculation of retired pay.

It’s a different story when a mobilization occurs. If an RC member is “called up” or mobilized for a 12-month tour of duty, either individually or as part of a unit, the retirement points accounting statement, or RPAS, would show 365 points at the end of a full twelve months of duty – one point per day. No more than 365 points per year (366 for leap years) may be acquired.

When working one of these cases, counsel needs to obtain a current RPAS (or “points statement”) in order to determine how many points have been acquired, both during the marriage and since the start of military service. The Guard and Reserves issue RC member an RPAS once

a year, usually within two or three months after the RYE (Retirement Year End date) of the member.<sup>4</sup> Don't let the attorney for the member try to claim that there is no points statement, it cannot be located, or "it must have floated away in the big flood in Smallville last year." One is available to each Reserve Component SM on-line. All she or he has to do is log in to the RC website involved, insert his or her log-in name and enter his or her password. Here is an example of what an Air Force Reserve points statement might look like for Sergeant John T. Doe:

**ANG/USAFR POINT CREDIT SUMMARY for Sgt DOE, JOHN T., 123-45-6789**

Service History

From Date	Through Date	AD	IDT	ECI	IDS	MBR	RETIRE	SATSVC yr mo dy
1985 Jul 23	1985 Oct 07	Delayed Enlistment Program						
1985 Oct 08	1986 Oct 07	365	0	0	0	0	365	01 00 00
1986 Oct 08	1987 Oct 07	365	0	0	0	0	365	01 00 00
1987 Oct 08	1988 Oct 07	366	0	0	0	0	366	01 00 00
1988 Oct 08	1989 Oct 07	315	00	0	0	0	315	00 10 11
1989 Aug 19	1990 Aug 18	15	44	29	0	15	75	01 00 00
1990 Aug 19	1991 Aug 18	57	48	24	0	15	117	01 00 00
1991 Aug 19	1992 Aug 18	13	48	0	0	15	73	01 00 00
1992 Aug 19	1993 Aug 18	68	40	0	0	15	123	01 00 00
1993 Aug 19	1994 Aug 18	365	0	0	0	15	365	01 00 00
1994 Aug 19	1995 Aug 18	365	0	0	0	15	365	01 00 00
1995 Aug 19	1996 Aug 18	365	0	0	0	15	365	01 00 00
1996 Aug 19	1997 Aug 18	365	0	0	0	15	365	01 00 00
1997 Aug 19	1998 Aug 18	365	0	0	0	15	365	01 00 00
1998 Aug 19	1999 Aug 18	365	0	0	0	15	365	01 00 00
1999 Aug 19	2000 Aug 18	365	0	0	0	15	365	01 00 00
2000 Aug 19	2001 Aug 18	365	0	43	0	15	365	01 00 00
Points Summary		4486	180	96	0	180	4721	15 10 11

## Calculating Retired Pay

RC points earned are computed based on an equivalent year of service with a standard of 360 days in a year. Thus, for instance, if an RC SM receives 3600 points, this equates to 10 years of equivalent service. From this example we can determine the RC SM's percentage share of retired pay. If a 20-year active-duty SM receives at retirement 50% of his or her base pay, then a 10-year RC SM would receive retired pay equal to 25% of base pay. The formula is:

$\text{Points} \div 360 \times 2.5\% \times \text{final base pay according to rank and years of service at pay status.}$

At present there are two different computations for RC SMs. For those whose Date of Initial Entry into Military Service (DIEMS) is before September 8, 1980, years of creditable service are multiplied by 2.5% up. The resulting percentage is applied to the base pay in effect for the RC SM on the date retired pay starts to determine monthly retired pay. In the above example, the 25% figure would be multiplied by the base pay of the RC SM at the time of receipt of retired pay. If the active duty pay of a SM at retirement were \$4,000 a month, then in this example he or she would begin receiving 25% of that, or \$1,000 a month. This retirement plan is known as the Final Basic Pay plan.<sup>5</sup>

Those RC SMs whose DIEMS is on or after September 8, 1980 but before 1988, have the same retired pay multiplier, namely, 2.5% per year times years of creditable service. The difference lies in how the actual retired pay is calculated. The retirement percentage is applied to the average of the highest 36 months of basic pay of the SM, effective at age 60, to determine monthly retired pay. Thus, this retirement plan is known as "High-3." For one who transfers to the Retired Reserve, this is usually the rates of pay to which the RC member would have been entitled if serving on active duty immediately before the date when retired pay is to begin.<sup>6</sup> Members who request a discharge from the Retired Reserve before 60, however, can only use the basic pay for the 36 months prior to their discharge.

The Guard and Reserve are required to notify RC members when they have completed sufficient years for retired pay purposes. A letter with the subject "Notification of Eligibility for Retired Pay at Age 60," commonly referred to as the "20-year letter", accomplishes this.<sup>7</sup> The RC SM should receive this letter within one year of completing 20 qualifying years of service for retired pay purposes.<sup>8</sup> The member is required to acknowledge receipt and to decline or accept

the Survivor Benefit Plan (SBP). If the member is married or divorced from a spouse with an interest in military retired pay, the member cannot lawfully decline SBP without the written and notarized consent of the other party. Since the acknowledgement can take place before any notary public, it is not unheard of for a spouse or former spouse to find out that an impersonator has executed a waiver of SBP.

Janet's RC pension begins about one month after her 60<sup>th</sup> birthday. The payments to Sam, if all his papers are in order according to Defense Finance and Accounting Services (DFAS), will begin about two months later, or about 60-90 days after Janet turns 60. The pension payments will include an annual cost-of-living adjustment, or COLA, whenever that occurs. The only exception is when Sam's pension award is phrased as a "set dollar amount," as will be explained in Part 2 of this article.

At the beginning of this article, Sam Green asked about what the retired pay of Janet Green would be. Estimating this is difficult, but not impossible. Since she is still drilling, there is no way of telling how many points she will have accumulated at retirement, and those points determine what she will be paid. There is, however, a retired pay calculator at the Army's Human Resources Command website, and it works equally well for all Reserve Component (RC) branches of service. Go to [www.hrc.army.mil](http://www.hrc.army.mil) and type "how to estimate your retired pay" into the SEARCH window. You'll find that there is chart which asks for Year Born, Grade at Retirement, Total Years of Service at Retirement, and Total Points at Retirement. Once these are filled in, the form will generate a retired pay estimate.

Part Two of this article will cover pension division, indemnification, disability, the Survivor Benefit Plan, the marital fraction (points vs. months of service) and the drafting of a dual-option clause to cover Sam if his wife goes on to earn an active-duty retirement.

\* \* \*

---

<sup>1</sup> The DoD Financial Management Regulation (referred to herein as DoDFMR), DoD 7000.14-R, Volume 7B, "Military Pay Policies and Procedures—Retired Pay" contains full details about retired pay for the Army, Navy Air Force and Marine Corps. You can access it at <http://comptroller.defense.gov/fmr>. For a summary of military retirement, go to Chapter 1 of Volume 7B, "Initial Entitlements – Retirements," and review Section 0101, "Military Retirement Overview." This can be found at [http://comptroller.defense.gov/fmr/07b/07b\\_01.pdf](http://comptroller.defense.gov/fmr/07b/07b_01.pdf).

<sup>2</sup> The FY 2009 National Defense Authorization Act made it possible for certain RC members to start receipt of retired pay as early as age 50, depending on additional time spent on active duty after January 28, 2008. 10 U.S.C. § 12731(F). Generally speaking RC members can drop three months from their mandatory retirement age of 60, at which they begin to draw retired pay, for each period of 90 days served on active duty in any fiscal year. Qualifying time does not include weekend drill time or annual training. The reduced age for pay doesn't change the age-60 requirement for medical benefits. For the rest of this article, references to retired pay will state that it

---

starts at age 60, even though there are exceptions for those members who have served on active duty as above since 2008.

<sup>3</sup> Assume, for example, that a pension division order involves an Army Reservist who has stopped drilling at age 40 with 20 years of creditable Army Reserve service, 16 of which were during the marriage. He has applied for transfer to the Retired Reserve, and the order states that the ex-spouse will receive 50% of the final retired pay of the member times a fraction, the numerator of which is 16 and the denominator of which is the number of years of service at retirement. The ex-spouse's interpretation of "retirement" would be "20 years," and thus the marital fraction would be 16/20. The Reservist, however, might take the position that "retirement" means when he begins to draw retired pay, and at age 60 his years of service would be 40, since he transferred to the Retired Reserve (thus permitting the military to recall him in the future) instead of requesting a discharge. The difference for the ex-spouse is that she might receive half of 40% of the pension (under the Reservist's analysis) instead of half of 80%. The faulty wording could lead to an expensive battle in court or negotiations, and might result in her loss of half of the expected pension share benefit.

<sup>4</sup> The document for the Army Reserve is AHRC Form 249-2E, DARC Form 249 or AGUZ Form 115. For National Guard points, see NGB Forms 22 and 23. The Air Force Reserve document is AF Form 526, and the Navy Reserve document is NAVPERS Form 1070-161. For the Coast Guard Reserve, obtain CG HQ Form 4973.

<sup>5</sup> On some Leave and Earnings Statements (LESs), there are "RETPLAN" and "DIEMS" blocks, while on others these blocks don't appear. If the blocks appear on the LES, it is up to the member and member's servicing personnel office to ensure that the blocks are complete and the information is accurate. Since Active Guard/Reserve (AGR) personnel get Active Duty pay and benefits but are members of their RC paid using the RC pay system, there can be discrepancies.

<sup>6</sup> DODFMR, Vol. 7B, ch. 1, § 010102.

<sup>7</sup> This is also referred to as the NOE, or Notice of Eligibility.

<sup>8</sup> A wealth of information about RC retirement, applicable to all RC branches of service, is found at the following Army Reserve web page: <https://www.hrc.army.mil/site/reserve/soldierservices/retirement/index.htm>