

ALARACT 281/2012

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THIS MESSAGE HAS BEEN SENT BY THE PENTAGON TELECOMMUNICATIONS CENTER ON BEHALF OF DA WASHINGTON DC//DAPE-MSO//

SUBJECT: TEMPORARY EARLY RETIREMENT AUTHORITY (TERA)

A. PUBLIC LAW 112-81, SECTION 504, FY12 NDAA, 31 DEC 11

B. PUBLIC LAW 102-484, SECTION 4403, FY93 NDAA, 23 OCT 92

C. MEMORANDUM, OFFICE OF THE UNDER SECRETARY OF DEFENSE, SUBJECT: TEMPORARY EARLY RETIREMENT AUTHORITY PROCEDURAL GUIDANCE, 12 APR 12

D. ARMY DIRECTIVE 2012-25, TEMPORARY EARLY RETIREMENT AUTHORITY

1. THIS ANNOUNCES ARMY IMPLEMENTATION OF TEMPORARY EARLY RETIREMENT AUTHORITY (TERA).

2. REF A REINSTATES AUTHORIZATION (ORIGINATED IN REF B) THAT ALLOWS THE ARMY TO OFFER EARLY RETIREMENT TO SERVICE MEMBERS WHO HAVE COMPLETED AT LEAST 15 YEARS OF ACTIVE SERVICE. TERA OFFERS VOLUNTARY EARLY RETIREMENT, AT A REDUCED MONTHLY RETIREMENT PAY, TO ELIGIBLE MEMBERS PRIOR TO COMPLETING 20 YEARS OF ACTIVE SERVICE.

3. THIS IS A DISCRETIONARY AUTHORITY AND IS NOT AN ENTITLEMENT. RETIREMENT WITH AT LEAST 20 YEARS OF SERVICE IS THE BASIC RETIREMENT ENTITLEMENT FOR THOSE WHO COMPLETE A CAREER IN THE ARMY. THIS IS A VERY LIMITED PROGRAM THE ARMY ELECTS TO USE AS PART OF A COMPREHENSIVE FORCE MANAGEMENT STRATEGY TO SHAPE THE FORCE.

4. ARMY APPLICATION OF THIS AUTHORITY, AS APPROVED BY THE SECRETARY OF THE ARMY, IS LIMITED TO THE SPECIFIC ELIGIBILITY CRITERIA ESTABLISHED BELOW. SINCE TERA IS NOT AN ENTITLEMENT, ELIGIBLE MEMBERS WHO DESIRE EARLY RETIREMENT MUST APPLY FOR CONSIDERATION, AND APPROVAL IS NOT ASSURED.

5. THE APPROVAL AUTHORITY FOR EARLY RETIREMENT UNDER THE PROVISIONS OF TERA IS THE CG, US ARMY HUMAN RESOURCES COMMAND.

6. APPLICATION OF TERA IS LIMITED TO SOLDIERS WHO ARE DENIED CONTINUED ACTIVE DUTY SERVICE WITH AN ESTABLISHED INVOLUNTARY SEPARATION DATE OF 30 SEPTEMBER 2018 OR EARLIER WHO MEET THE CRITERIA BELOW:

A. NONCOMMISSIONED OFFICERS (NCOS) DENIED CONTINUED SERVICE AS A RESULT OF AN APPROVED

QUALITATIVE SERVICE PROGRAM (QSP) CENTRALIZED SELECTION BOARD WHO ARE SERVING ON ACTIVE DUTY AND HAVE COMPLETED 15 BUT LESS THAN 20 YEARS OF ACTIVE SERVICE AS OF THE ESTABLISHED INVOLUNTARY SEPARATION DATE.

B. OFFICERS/WARRANT OFFICERS WHO HAVE TWICE FAILED SELECTION FOR PROMOTION TO THE NEXT GRADE, INCLUDING THOSE WHO HAVE BEEN SELECTED FOR, BUT NOT YET ACCEPTED, SELECTIVE CONTINUATION, WHO ARE SERVING ON ACTIVE DUTY AND HAVE 15 BUT LESS THAN 20 YEARS OF ACTIVE SERVICE AS OF THEIR ESTABLISHED INVOLUNTARY SEPARATION DATE.

C. ALL SOLDIERS MUST MEET ALL ELIGIBILITY REQUIREMENTS FOR RETIREMENT FOR LENGTH OF SERVICE FOR A 20-YEAR RETIREMENT, EXCEPT AS PROVIDED FOR IN THIS MESSAGE. EXCEPTIONS TO OTHER ELIGIBILITY REQUIREMENTS WILL NOT BE CONSIDERED. IN ALL CASES, EARLY RETIREMENT WILL NOT OCCUR PRIOR TO ATTAINMENT OF 15 YEARS OF SERVICE ON THE ESTABLISHED SEPARATION DATE.

7. APPLICATION FOR EARLY RETIREMENT. QUALIFYING MEMBERS DESIRING CONSIDERATION FOR EARLY RETIREMENT UNDER TERA MUST APPLY FOLLOWING THE PROCEDURES AS OUTLINED BY SEPARATE MILPER MESSAGE PUBLISHED BY THE US ARMY HUMAN RESOURCES COMMAND (AHRC). THE AHRC WILL CONTACT EVERY ELIGIBLE SOLDIER IN CONJUNCTION WITH THEIR QSP NOTIFICATION THROUGH THEIR CHAIN OF COMMAND, OR WITH THEIR TWO-TIME NON-SELECT NOTIFICATION TO ENSURE ELIGIBLE SOLDIERS ARE AWARE OF THIS BENEFIT.

8. GUIDANCE.

A. THIS EARLY RETIREMENT BENEFIT WILL NOT BE EXTENDED TO SOLDIERS WHO:

1) WERE PREVIOUSLY SEPARATED UNDER VOLUNTARY SEPARATION INCENTIVE (VSI), SPECIAL SEPARATION BENEFIT (SSB), OR VOLUNTARY SEPARATION PAY (VSP) PROGRAMS.

2) ARE UNDER EVALUATION FOR DISABILITY RETIREMENT UNDER TITLE 10, CHAPTER 61.

B. ELIGIBLE SOLDIERS WHO PREVIOUSLY REQUESTED TRANSFER OF POST 9-11 GI BILL BENEFITS TO DEPENDENTS (PRIOR TO MEETING THE ELIGIBILITY REQUIREMENTS AS PROVIDED FOR IN PARAGRAPH 6 ABOVE), ARE ENTITLED TO MAINTAIN TRANSFERRED BENEFITS WITHOUT FURTHER SERVICE OBLIGATION. IF THE SOLDIER HAD NOT PREVIOUSLY TRANSFERRED POST 9-11 GI BILL BENEFITS, THEY ARE NO LONGER ELIGIBLE TO TRANSFER THEM. SOLDIERS ARE ENCOURAGED TO CONTACT THE APPROPRIATE APPROVING OFFICIAL LOCATED ON THE TRANSFER OF EDUCATION BENEFITS (TEB) WEB-PAGE.

C. SOLDIERS APPROVED FOR EARLY RETIREMENT RECEIVE THE SAME BENEFITS AS THOSE WHO RETIRE WITH 20 OR MORE YEARS OF SERVICE, EXCEPT THEIR RETIREMENT PAY WILL BE REDUCED. THE BASIC TERA RETIRED PAY ENTITLEMENT WILL BE COMPUTED AS DESCRIBED BELOW.

(1) THE AMOUNT OF RETIRED PAY OTHERWISE PRESCRIBED UNDER THE APPLICABLE SECTION OF TITLE 10, UNITED STATES CODE (U.S.C.) (SECTION 3991(A), 63331(A), 8991(A) OR 1401) WILL BE MULTIPLIED BY THE APPLICABLE REDUCTION FACTOR FROM THE TABLE BELOW.

(2) THE RESULTING REDUCED AMOUNT OF RETIRED PAY, IF NOT A MULTIPLE OF \$1, WILL BE ROUNDED TO THE NEXT LOWER MULTIPLE OF \$1 ACCORDING TO PROVISIONS OF THE APPLICABLE SECTION OF TITLE 10, U.S.C. (SECTION 3991(B)(2), 63331(B)(1), 8991(B)(2), OR 1412). SUCH ROUNDED AMOUNT IS THE GROSS MONTHLY RETIRED PAY ENTITLEMENT.

D. TO DETERMINE THE APPROPRIATE REDUCTION FACTOR FROM THE TABLE BELOW, TAKE THE DIFFERENCE BETWEEN THE NUMBER OF MONTHS OF ACTIVE SERVICE AS OF THE DATE OF THE MEMBER'S RETIREMENT UNDER TERA AND 240 (A 20 YEAR CAREER).

(1) FOR PURPOSE OF THIS COMPUTATION, ANY PORTION OF A MONTH OF ACTIVE SERVICE IN EXCESS OF A WHOLE MONTH SHOULD BE ROUNDED UP TO THE NEXT WHOLE MONTH. FOR EXAMPLE, SUPPOSE A MEMBER HAS A TOTAL ACTIVE SERVICE OF 15 YEARS, 7 MONTHS, AND 12 DAYS. THE 12 DAYS WILL BE ROUNDED UP SO THAT THE REDUCTION FACTOR CORRESPONDS TO THE TABLE ENTRY FOR 240 - 188 = 52 MONTHS. THUS, .95667 IS THE APPLICABLE REDUCTION FACTOR.

(2) NOTE THAT IN COMPLETING THE RETIRED PAY BEFORE REDUCTION, THE 12 DAYS IN EXCESS OF 187 MONTHS OF SERVICE ARE DISREGARDED AND THE RETIRED PAY ITSELF IS BASED ON 187 MONTHS. THE ABOVE IS ONLY FOR DETERMINING THE REDUCTION FACTOR.

(3) AS AN EXAMPLE, THE RETIRED PAY FOR A MEMBER RETIRED UNDER TERA AS A SFC, WITH 15 YEARS, 7 MONTHS AND 12 DAYS OF CREDITABLE SERVICE AND A HIGH 36 MONTHLY AVERAGE BASIC PAY OF \$3,783.50 WOULD BE COMPUTED AS FOLLOWS, ASSUMING THE MEMBER'S ACTIVE SERVICE IS ALSO THE MEMBER'S SERVICE FOR PURPOSES OF DETERMINING THE APPLICABLE RATE OF BASIC PAY:

$$\$3783.50 * ((188 * 12) * .025) * .95667 =$$

$$\$3783.50 * (15.58 * .025) * .95667 =$$

$$\$3783.50 * .3895 * .95667 =$$

\$1409.82

SINCE THIS IS NOT A MULTIPLE OF \$1, ROUND DOWN TO \$1409

TABLE

REDUCTION FACTORS APPLICABLE TO

TEMPORARY EARLY RETIREMENT AUTHORITY

MONTHS LESS THAN 240 REDUCTION FACTOR MONTHS LESS THAN 240 REDUCTION FACTOR MONTHS

LESS THAN 240 REDUCTION FACTOR

1	.99917	2	.99833	3	.99750
4	.99667	5	.99583	6	.99500
7	.99417	8	.99333	9	.99250
10	.99167	11	.99083	12	.99000
13	.98917	14	.98833	15	.98750
16	.98667	17	.98583	18	.98500
19	.98417	20	.98333	21	.98250
22	.98167	23	.98083	24	.98000
25	.97917	26	.97833	27	.97750
28	.97667	29	.97583	30	.97500
31	.97417	32	.97333	33	.97250
34	.97167	35	.97083	36	.97000
37	.96917	38	.96833	39	.96750
40	.96667	41	.96583	42	.96500
43	.96417	44	.96333	45	.96250
46	.96167	47	.96083	48	.96000
49	.95917	50	.95833	51	.95750
52	.95667	53	.95583	54	.95500
55	.95417	56	.95333	57	.95250
58	.95167	59	.95083	60	.95000

MATHEMATICALLY, THE REDUCTION FACTOR (RF) APPLICABLE IS ONE MINUS ONE TWELVE HUNDREDTH OF THE DIFFERENCE BETWEEN 240 AND THE NUMBER OF MONTHS OR REMAINING PORTION OF A MONTH OF ACTIVE SERVICE OF SUCH MEMBER. THUS, FOR 188 MONTHS, THE REDUCTION FACTOR IS COMPUTED AS:

$$1.0 - [(240 - 188) / 1200] = 1.0 - .04333 = .95667$$

E. THE BASIC RETIRED PAY ENTITLEMENT MUST BE MODIFIED IF THE MEMBER ELECTED TO RECEIVE A CAREER STATUS BONUS (CSB) UNDER TITLE 37, U.S.C., SECTIONS 322 OR 354 AND THE CONCOMITANT REDUCED RETIREMENT (REDUX) PLAN AS PROVIDED FOR IN TITLE 10, U.S.C., SECTION 1409. IN SUCH CASE, THE NORMAL RETIRED PAY MULTIPLIER SHALL BE REDUCED BY ONE TWELFTH OF A PERCENTAGE POINT FOR EACH MONTH THE MEMBER'S CREDITABLE SERVICE IS LESS THAN 30 YEARS (360 MONTHS) BEFORE THE APPLICATION OF THE REDUCTION-N FACTOR FROM THE TABLE ABOVE. ADDITIONALLY, THE ANNUAL COST OF LIVING ADJUSTMENT (COLA) COMPUTED UNDER TITLE 10, U.S.C. SECTION 1401A FOR SUCH MEMBERS WILL BE REDUCED BY 1 PERCENTAGE POINT, IF THE STANDARD COLA FOR MILITARY MEMBERS IS GREATER THAN 1 PERCENT.

(1) USING THE EXAMPLE FROM PARAGRAPH 8D(3) ABOVE, THE TERA RETIRED PAY FOR A MEMBER WHO ELECTED TO RECEIVE A CSB WOULD BE COMPUTED AS FOLLOWS:

$$\$3783.50 * (((188 / 12) * .025) - (((360 - 187) / 12) * .01)) * .95667 =$$

$$\$3783.50 * ((15.58 * .025) - 14.42 * .01)) * .95667 =$$

$$\$3783.50 * (.3895 - .1442) * .95667 =$$

$$\$3783.50 * .2453 * .95667 =$$

\$887.88

SINCE THIS IS NOT A MULTIPLE OF \$1, ROUND DOWN TO \$887

(2) THE AMOUNT DETERMINED IN 8E(1) ABOVE WILL THEN BE INCREASED BY ANNUAL COLAS AS DETERMINED FOR OTHER MEMBERS WHO ELECTED THE CSB AND REDUX RETIREMENT. THIS WILL RESULT IN A COLA THAT IS REDUCED BY ONE PERCENTAGE POINT WHENEVER THE STANDARD MILITARY RETIREMENT COLA IS GREATER THAN 1 PERCENT AND THE SAME COLA WHENEVER THE STANDARD IS 1 PERCENT OR LESS.

(3) ON THE FIRST DAY OF THE FIRST MONTH FOLLOWING THE MEMBER'S 62D BIRTHDAY, THE RETIRED PAY WILL BE RECOMPUTED SO AS TO BE THE AMOUNT EQUAL TO THE AMOUNT OF RETIRED PAY TO WHICH THE MEMBER WOULD BE ENTITLED ON THAT DATE IF THEY HAD NOT TAKEN THE CSB AND REDUX RETIREMENT AND HAD NO REDUCTION IN THEIR MULTIPLIER OR COLA. HOWEVER, THE REDUCTION FACTOR FROM THE TABLE ABOVE WILL CONTINUE TO APPLY AND THE ANNUAL COLA REDUCTION WILL AGAIN BE APPLIED FOR EACH YEAR FOLLOWING THE RESTORATION DISCUSSED IN THE PRECEDING SENTENCE THROUGHOUT THE MEMBER'S RETIREMENT.

F. UNLIKE THE PRIOR TERA ELIGIBILITY FROM 1992 THROUGH 2001, MEMBERS WILL NOT BE ABLE TO EARN CREDIT FOR CERTAIN PUBLIC SERVICE EMPLOYMENT AND THERE SHALL BE NO RE-COMPUTATION OF RETIRED PAY BASED ON SUBSEQUENT CIVILIAN EMPLOYMENT.

G. PERSONS RETIRED UNDER THE TERA PROVISIONS DESCRIBED IN THESE PROCEDURES HAVE ALL THE SAME ENTITLEMENT RIGHTS, PRIVILEGES AND RESPONSIBILITIES OF PARTICIPATION IN THE SURVIVOR BENEFIT PLAN (SBP) BECAUSE THEY ARE RETIRED MEMBERS OF THE ARMY.

(1) FULL COVERAGE UNDER SBP MEANS COVERAGE ON THE AMOUNT OF RETIRED PAY COMPUTED IN PARAGRAPH 8D(3) ABOVE WHICH IS THE INITIAL COMPUTATION OF TERA RETIRED PAY REDUCED BY THE APPLICABLE REDUCTION FACTOR FROM THE TABLE ABOVE.

(2) FOR A CSB/REDUX MEMBER, THE BASE AMOUNT FOR FULL COVERAGE IS THE AMOUNT COMPUTED USING THE TERA FORMULA IN 8D(3) INCLUDING THE REDUCTION FROM THE TABLE ABOVE. THE SBP FULL BASE AMOUNT, WITH SPOUSE CONCURRENCE, AT THE TIME OF RETIREMENT, EVEN IF BASED ON THE REDUX COMPUTATION IN PARAGRAPH 8E1, NO INCREASE WILL BE MADE IN THAT BASE AMOUNT AS A RESULT OF THE RE-COMPUTATION AT AGE 62 OTHER THAN AN INCREASE TO RESTORE THE

ELECTED BASE AMOUNT TO WHAT IT WOULD HAVE BEEN HAD FULL COLAS BEEN IN EFFECT. NO INCREASE WILL BE MADE IN THAT BASE AMOUNT AS A RESULT OF THE RE-COMPUTATION AT AGE 62 FOR THE RESTORATION OF THE RETIRED PAY MULTIPLIER.

H. A MEMBER OFFERED THE OPPORTUNITY TO RETIRE UNDER THE PROVISIONS OF TERA WHO ACCEPTS SUCH OFFER AND IS LATER FOUND UNFIT FOR DUTY AS A RESULT OF A DISABILITY OF LESS THAN 30 PERCENT WILL NOT BE FORCED TO SEPARATE WITH THE DISABILITY SEVERANCE PAY, BUT WILL BE ALLOWED TO RETIRE UNDER TERA IN ACCORDANCE WITH THE OFFER TENDERED.

I. GENERALLY, THE UNEARNED PORTION OF BONUSES SHALL BE PROCESSED WITH THE GUIDANCE IN DOD FINANCIAL MANAGEMENT REGULATION, VOLUME 7, PART A, CHAPTER 2, MARCH 2011. HOWEVER, THE SECRETARY OF THE ARMY SHALL WAIVE THE REQUIRED REFUND OF A CSB FOR MEMBERS WHO ARE SEPARATED UNDER A SERVICE OFFER FOR EARLY RETIREMENT (SUCH AS TERA) OR OTHER ANY OTHER SEPARATION PROGRAM, IN ACCORDANCE WITH DOD FINANCIAL MANAGEMENT REGULATION, VOLUME 7, PART A, CHAPTER 66, PARAGRAPH 660302, JANUARY 2011.

J. DOD GUIDANCE (REF C) REQUIRES SEPARATION PROGRAM DESIGNATOR (SPD) CODE "RBE" FOR USE WITH EARLY RETIREMENTS OF SOLDIERS WITH MORE THAN 15 BUT LESS THAN 20 YEARS OF SERVICE. A CAREER STATUS BONUS (CSB) WILL NOT BE RECOUPED FOR SOLDIERS WITH AN APPROVED EARLY RETIREMENT UNDER THIS AUTHORITY.

K. A REENTRY CODE OF "RE-4R" WILL BE USED FOR NCOS RETIRED UNDER TERA.

9. SOLDIERS APPROVED FOR EARLY RETIREMENT ARE NOT ELIGIBLE FOR INVOLUNTARY SEPARATION PAY.

10. THE PROVISIONS OF THIS DIRECTIVE ARE EFFECTIVE IMMEDIATELY. THE DEPUTY CHIEF OF STAFF, G-1 IS THE PROPONENT FOR THIS TEMPORARY POLICY. THE POINT OF CONTACT AT THE US ARMY HUMAN RESOURCES COMMAND IS MR. SCOTT KUCHAR AT COMMERCIAL: (502) 613-5461.

11. THIS TEMPORARY POLICY EXPIRES ON 30 SEP 18.