

EFFECTIVE DATE

Pub. L. 106-398, §1 [[div. A], title VII, §713(b)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-184, provided that: "Sections 1113 and 1116 of title 10, United States Code (as added by subsection (a)), shall take effect on October 1, 2002."

§ 1114. Board of Actuaries

(a)(1) There is established in the Department of Defense a Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries (hereinafter in this chapter referred to as the "Board"). The Board shall consist of three members who shall be appointed by the Secretary of Defense from among qualified professional actuaries who are members of the Society of Actuaries.

(2)(A) Except as provided in subparagraph (B), the members of the Board shall serve for a term of 15 years, except that a member of the Board appointed to fill a vacancy occurring before the end of the term for which his predecessor was appointed shall only serve until the end of such term. A member may serve after the end of his term until his successor has taken office. A member of the Board may be removed by the Secretary of Defense for misconduct or failure to perform functions vested in the Board, and for no other reason.

(B) Of the members of the Board who are first appointed under this paragraph, one each shall be appointed for terms ending five, ten, and 15 years, respectively, after the date of appointment, as designated by the Secretary of Defense at the time of appointment.

(3) A member of the Board who is not otherwise an employee of the United States is entitled to receive pay at the daily equivalent of the annual rate of basic pay of the highest rate of basic pay under the General Schedule of subchapter III of chapter 53 of title 5, for each day the member is engaged in the performance of duties vested in the Board, and is entitled to travel expenses, including a per diem allowance, in accordance with section 5703 of title 5.

(b) The Board shall report to the Secretary of Defense annually on the actuarial status of the Fund and shall furnish its advice and opinion on matters referred to it by the Secretary.

(c) The Board shall review valuations of the Fund under section 1115(c) of this title and shall report periodically, not less than once every four years, to the President and Congress on the status of the Fund. The Board shall include in such reports recommendations for such changes as in the Board's judgment are necessary to protect the public interest and maintain the Fund on a sound actuarial basis.

(Added Pub. L. 106-398, §1 [[div. A], title VII, §713(a)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-180; amended Pub. L. 107-107, div. A, title X, §1048(a)(12), Dec. 28, 2001, 115 Stat. 1223.)

Editorial Notes

AMENDMENTS

2001—Subsec. (a)(1). Pub. L. 107-107 substituted "hereinafter" for "hereafter".

§ 1115. Determination of contributions to the Fund

(a) The Board shall determine the amount that is the present value (as of October 1, 2002) of future benefits payable from the Fund that are attributable to service in the participating uniformed services performed before October 1, 2002. That amount is the original unfunded liability of the Fund. The Board shall determine the period of time over which the original unfunded liability should be liquidated and shall determine an amortization schedule for the liquidation of such liability over that period. Contributions to the Fund for the liquidation of the original unfunded liability in accordance with such schedule shall be made as provided in section 1116 of this title.

(b) The Secretary of Defense shall determine, before the beginning of each fiscal year after September 30, 2005, the total amount of the Department of Defense contribution to be made to the Fund for that fiscal year for purposes of section 1116(b)(2). That amount shall be the sum of the following:

(1) The product of—

(A) the current estimate of the value of the single level dollar amount to be determined under subsection (c)(1)(A) at the time of the next actuarial valuation under subsection (c); and

(B) the expected average force strength during that fiscal year for members of the uniformed services under the jurisdiction of the Secretary of Defense on active duty and full-time National Guard duty, but excluding any member who would be excluded for active-duty end strength purposes by section 115(i) of this title.

(2) The product of—

(A) the current estimate of the value of the single level dollar amount to be determined under subsection (c)(1)(B) at the time of the next actuarial valuation under subsection (c); and

(B) the expected average force strength during that fiscal year for members of the Selected Reserve of the uniformed services under the jurisdiction of the Secretary of Defense who are not otherwise described in paragraph (1)(B).

(c)(1) Not less often than every four years, the Secretary of Defense shall carry out an actuarial valuation of the Fund. Each such actuarial valuation shall include—

(A) a determination (using the aggregate entry-age normal cost method) of a single level dollar amount for members of the participating uniformed services on active duty and full-time National Guard duty, but excluding any member who would be excluded for active-duty end strength purposes by section 115(i) of this title; and

(B) a determination (using the aggregate entry-age normal cost method) of a single level dollar amount for members of the Selected Reserve of the participating uniformed services who are not otherwise described by subparagraph (A).

Such single level dollar amounts shall be used for the purposes of subsection (b). The Secretary

of Defense may determine a separate single level dollar amount under subparagraph (A) or (B) for any participating uniformed service, if, in the judgment of the Secretary, such a determination would produce a more accurate and appropriate actuarial valuation for that uniformed service.

(2) If at the time of any such valuation there has been a change in benefits under the uniformed services retiree health care programs for medicare-eligible beneficiaries that has been made since the last such valuation and such change in benefits increases or decreases the present value of amounts payable from the Fund, the Secretary of Defense shall determine an amortization methodology and schedule for the amortization of the cumulative unfunded liability (or actuarial gain to the Fund) created by such change and any previous such changes so that the present value of the sum of the amortization payments (or reductions in payments that would otherwise be made) equals the cumulative increase (or decrease) in the present value of such amounts.

(3) If at the time of any such valuation the Secretary of Defense determines that, based upon changes in actuarial assumptions since the last valuation, there has been an actuarial gain or loss to the Fund, the Secretary shall determine an amortization methodology and schedule for the amortization of the cumulative gain or loss to the Fund created by such change in assumptions and any previous such changes in assumptions through an increase or decrease in the payments that would otherwise be made to the Fund.

(4) If at the time of any such valuation the Secretary of Defense determines that, based upon the Fund's actuarial experience (other than resulting from changes in benefits or actuarial assumptions) since the last valuation, there has been an actuarial gain or loss to the Fund, the Secretary shall determine an amortization methodology and schedule for the amortization of the cumulative gain or loss to the Fund created by such actuarial experience and any previous actuarial experience through an increase or decrease in the payments that would otherwise be made to the Fund.

(5) Contributions to the Fund in accordance with amortization schedules under paragraphs (2), (3), and (4) shall be made as provided in section 1116 of this title.

(d) All determinations under this section shall be made using methods and assumptions approved by the Board of Actuaries (including assumptions of interest rates and medical inflation) and in accordance with generally accepted actuarial principles and practices.

(e) The Secretary of Defense shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

(Added Pub. L. 106-398, § 1 [[div. A], title VII, § 713(a)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-181; amended Pub. L. 107-107, div. A, title VII, § 711(b)(3), (e)(1), Dec. 28, 2001, 115 Stat. 1165, 1166; Pub. L. 108-136, div. A, title VII, § 722(a), (c), title X, § 1045(a)(3), Nov. 24, 2003, 117 Stat. 1532, 1612; Pub. L. 108-375, div. A, title VII, § 725(c)(2)-(5), Oct. 28, 2004, 118 Stat. 1992; Pub. L. 109-364, div. A, title V, § 592(b), Oct. 17, 2006, 120 Stat. 2233.)

Editorial Notes

AMENDMENTS

2006—Subsec. (b)(1)(B). Pub. L. 109-364, § 592(b)(1)(A), substituted “on active duty and full-time National Guard duty, but excluding any member who would be excluded for active-duty end strength purposes by section 115(i) of this title” for “on active duty (other than active duty for training) and full-time National Guard duty (other than full-time National Guard duty for training only)”.

Subsec. (b)(2)(B). Pub. L. 109-364, § 592(b)(1)(B), substituted “Selected Reserve” for “Ready Reserve” and struck out “(other than members on full-time National Guard duty other than for training)” after “Secretary of Defense”.

Subsec. (c)(1)(A). Pub. L. 109-364, § 592(b)(2)(A), substituted “on active duty and full-time National Guard duty, but excluding any member who would be excluded for active-duty end strength purposes by section 115(i) of this title” for “on active duty (other than active duty for training) or full-time National Guard duty (other than full-time National Guard duty for training only)”.

Subsec. (c)(1)(B). Pub. L. 109-364, § 592(b)(2)(B), substituted “Selected Reserve” for “Ready Reserve” and struck out “(other than members on full-time National Guard duty other than for training)” after “uniformed services”.

2004—Subsec. (a). Pub. L. 108-375, § 725(c)(2), substituted “1116” for “1116(c)”.

Subsec. (b). Pub. L. 108-375, § 725(c)(3), substituted “The Secretary of Defense shall determine, before the beginning of each fiscal year after September 30, 2005, the total amount of the Department of Defense contribution to be made to the Fund for that fiscal year for purposes of section 1116(b)(2).” for “(1) The Secretary of Defense shall determine each year, in sufficient time for inclusion in budget requests for the following fiscal year, the total amount of Department of Defense contributions to be made to the Fund during that fiscal year under section 1116(a) of this title.”, redesignated subpar. (A) as par. (1) and cls. (i) and (ii) as subpars. (A) and (B), respectively, of par. (1), redesignated subpar. (B) as par. (2) and cls. (i) and (ii) as subpars. (A) and (B), respectively, of par. (2), substituted “paragraph (1)(B)” for “subparagraph (A)(ii)” in par. (2)(B), and struck out former par. (2) which read as follows: “The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense (or to the other executive department having jurisdiction over the participating uniformed service) for that fiscal year for payments to be made to the Fund during that year under section 1116(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.”

Subsec. (c)(1). Pub. L. 108-375, § 725(c)(4), struck out “and section 1116(a) of this title” after “subsection (b)” in concluding provisions.

Subsec. (c)(5). Pub. L. 108-375, § 725(c)(5), substituted “1116” for “1116(c)”.

2003—Subsec. (a). Pub. L. 108-136, § 722(c), substituted “section 1116(c) of this title” for “section 1116(b) of this title”.

Subsec. (c)(1). Pub. L. 108-136, § 722(a), inserted at end of concluding provisions “The Secretary of Defense may determine a separate single level dollar amount under subparagraph (A) or (B) for any participating uniformed service, if, in the judgment of the Secretary, such a determination would produce a more accurate and appropriate actuarial valuation for that uniformed service.”

Subsec. (c)(1)(B). Pub. L. 108-136, § 1045(a)(3), substituted “(other than members)” for “and other than members”.

Subsec. (c)(5). Pub. L. 108-136, § 722(c), substituted “section 1116(c) of this title” for “section 1116(b) of this title”.

2001—Subsec. (a). Pub. L. 107–107, §711(b)(3)(A), inserted “participating” before “uniformed services”.

Subsec. (b)(1)(A)(ii), (B)(ii). Pub. L. 107–107, §711(b)(3)(B), inserted “under the jurisdiction of the Secretary of Defense” after “uniformed services”.

Subsec. (b)(2). Pub. L. 107–107, §711(b)(3)(C), inserted “(or to the other executive department having jurisdiction over the participating uniformed service)” after “Department of Defense”.

Subsec. (c)(1)(A), (B). Pub. L. 107–107, §711(b)(3)(D), inserted “participating” before “uniformed services”.

Subsec. (c)(2). Pub. L. 107–107, §711(e)(1), substituted “uniformed services retiree health care programs” for “Department of Defense retiree health care programs”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109–364 effective with respect to payments under this chapter beginning with fiscal year 2008, see section 592(c) of Pub. L. 109–364, set out as a note under section 1111 of this title.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108–375 effective Oct. 1, 2005, see section 725(d) of Pub. L. 108–375, set out as a note under section 1111 of this title.

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107–107 effective as if included in the enactment of this chapter by Pub. L. 106–398, see section 711(f) of Pub. L. 107–107, set out as a note under section 1111 of this title.

EFFECTIVE DATE

Pub. L. 106–398, §1 [[div. A], title VII, §713(b)(2)], Oct. 30, 2000, 114 Stat. 1654, 1654A–184, provided that: “Section 1115 of such title (as added by such subsection) shall take effect on October 1, 2001.”

§ 1116. Payments into the Fund

(a) At the beginning of each fiscal year after September 30, 2005, the Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury—

(1) the amount certified to the Secretary by the Secretary of Defense under subsection (c), which shall be the contribution to the Fund for that fiscal year required by section 1115; and

(2) the amount determined by each administering Secretary under section 1111(c) as the contribution to the Fund on behalf of the members of the uniformed services under the jurisdiction of that Secretary.

(b) At the beginning of each fiscal year, the Secretary of Defense shall determine the sum of the following:

(1) The amount of the payment for that year under the amortization schedule determined by the Board of Actuaries under section 1115(a) of this title for the amortization of the original unfunded liability of the Fund.

(2) The amount (including any negative amount) of the Department of Defense contribution for that year as determined by the Secretary of Defense under section 1115(b) of this title.

(3) The amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary of Defense under section 1115(c)(2) of this title for the amortization of any cumu-

lative unfunded liability (or any gain) to the Fund resulting from changes in benefits.

(4) The amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary of Defense under section 1115(c)(3) of this title for the amortization of any cumulative actuarial gain or loss to the Fund resulting from actuarial assumption changes.

(5) The amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary of Defense under section 1115(c)(4) of this title for the amortization of any cumulative actuarial gain or loss to the Fund resulting from actuarial experience.

(c) The Secretary of Defense shall promptly certify the amount determined under subsection (b) each year to the Secretary of the Treasury.

(d) At the same time as the Secretary of Defense makes the certification under subsection (c), the Secretary shall submit to the Committees on Armed Services of the Senate and the House of Representatives the information provided to the Secretary of the Treasury under that subsection.

(Added Pub. L. 106–398, §1 [[div. A], title VII, §713(a)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A–182; amended Pub. L. 107–107, div. A, title VII, §711(b)(4), (d), (e)(1), title X, §1048(a)(13), Dec. 28, 2001, 115 Stat. 1165, 1166, 1223; Pub. L. 107–314, div. A, title VII, §704(a), Dec. 2, 2002, 116 Stat. 2584; Pub. L. 108–136, div. A, title VII, §722(b), Nov. 24, 2003, 117 Stat. 1532; Pub. L. 108–375, div. A, title VII, §725(a), Oct. 28, 2004, 118 Stat. 1991.)

Editorial Notes

AMENDMENTS

2004—Pub. L. 108–375 reenacted section catchline without change and amended text generally. Prior to amendment, section related to, in subsec. (a), calculation of the Department of Defense monthly contribution to the Fund, in subsec. (b), separate calculation by a participating uniformed service, in subsec. (c), payments to the Fund at the beginning of each fiscal year by the Secretary of the Treasury, and, in subsec. (d), amounts paid into the Fund under subsec. (a) from the pay of members of the participating uniformed services.

2003—Subsec. (a). Pub. L. 108–136, §722(b)(1), substituted “the amount that, subject to subsection (b),” for “the amount that” in introductory provisions.

Subsecs. (b) to (d). Pub. L. 108–136, §722(b)(2), (3), added subsec. (b) and redesignated former subsecs. (b) and (c) as (c) and (d), respectively.

2002—Subsec. (c). Pub. L. 107–314 substituted “pay of members” for “health care programs”.

2001—Subsec. (a)(1)(A). Pub. L. 107–107, §711(e)(1), substituted “uniformed services retiree health care programs” for “Department of Defense retiree health care programs”.

Subsec. (a)(1)(B). Pub. L. 107–107, §711(b)(4), inserted “under the jurisdiction of the Secretary of Defense” after “uniformed services”.

Subsec. (a)(2)(A). Pub. L. 107–107, §711(e)(1), substituted “uniformed services retiree health care programs” for “Department of Defense retiree health care programs”.

Subsec. (a)(2)(B). Pub. L. 107–107, §1048(a)(13)(A), inserted an opening parenthesis before “other than for training”.

Pub. L. 107–107, §711(b)(4), (d)(1), inserted “under the jurisdiction of the Secretary of Defense” after “uni-