



Department of Defense **INSTRUCTION**

NUMBER 1332.44

June 24, 2014

USD(P&R)

SUBJECT: Officer Voluntary Retirement Incentive (VRI) Program

References: See Enclosure 1

1. **PURPOSE.** In accordance with the authority in DoD Directive 5124.02 (Reference (a)), this instruction establishes guidance, assigns responsibilities, and prescribes procedures for use of VRIs for officers who have served on active duty for more than 20 years and no more than 29 years on their approved date of retirement, in accordance with section 638b of Title 10, United States Code (Reference (b)).

2. **APPLICABILITY.** This instruction applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the DoD.

3. **POLICY.** It is DoD policy that the VRI is not an entitlement but is a temporary additional management tool available for use at the discretion of the Secretaries of the Military Departments to draw down the Military Services through December 31, 2018. Use of this authority by the DoD is limited pursuant to Reference (b).

a. VRI quotas will be distributed to the Military Services on formal request to the Assistant Secretary of Defense for Readiness and Force Management (ASD(R&FM)).

b. Distribution of quotas to the Services will be reassessed each fiscal year.

4. **RESPONSIBILITIES.** See Enclosure 2.

5. **PROCEDURES.** See Enclosure 3.

6. RELEASABILITY. **Cleared for public release**. This instruction is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This instruction:

a. Is effective June 24, 2014.

b. Will expire effective December 31, 2018, if it hasn't been reissued or cancelled before this date in accordance with DoD Instruction 5025.01 (Reference (c)).


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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- (b) Title 10, United States Code
- (c) DoD Instruction 5025.01, "DoD Issuances Program," June 6, 2014
- (d) DoD 7000.14-R, Volume 7A, "Department of Defense Financial Management Regulations (FMRs): Military Pay Policy - Active Duty and Reserve Pay," dates vary
- (e) Joint Publication 1-02, "Department of Defense Dictionary of Military and Associated Terms," current edition

ENCLOSURE 2

RESPONSIBILITIES

1. ASD(R&FM). Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), the ASD(R&FM):

- a. Provides overall guidance for the administration of the VRI program and will modify or supplement this instruction, as appropriate.
- b. On formal request from the Secretaries of the Military Departments, distributes VRI quotas to the Services based on the limit on VRIs specified in section 638b of Reference (b).
- c. Annually reassesses the distribution of VRI quotas.
- d. Coordinates governing pay procedures, separation codes, reenlistment codes, and administrative procedures to ensure eligibility, uniform payment mechanisms, and data tracking in program execution.
- e. Provides support to the DoD Board of Actuaries, as necessary for the performance of the Board's functions, and ensures that required information and assistance to support Board deliberations are provided by other offices within the OSD, the Military Departments, and the Defense Agencies.

2. UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER, DEPARTMENT OF DEFENSE (USD(C)/CFO). The USD(C)/CFO:

- a. Prescribes implementing instructions in Volume 7A of DoD Financial Management Regulation 7000.14-R (Reference (d)) that are consistent with Reference (b) and the guidance in this instruction.
- b. Establishes the necessary fiscal structure and procedures, and financial management policy and procedures, to comply with Reference (d).

3. SECRETARIES OF THE MILITARY DEPARTMENTS. The Secretaries of the Military Departments:

- a. Prescribe regulations, as appropriate, to implement this instruction.
- b. Address recommendations for changes to this instruction to the USD(P&R).
- c. Forward requests for waivers of the minimum service-in-grade requirement that require Presidential approval pursuant to section 1370 of Reference (b) to the USD(P&R).

- d. Request VRI quotas at least 6 months before implementation of the program by a Service.
- e. Notify the USD(P&R) of the intent to use the VRI authority no later than 90 days before implementation. Notification will include, at a minimum, the expected number of eligible officers, the number of officers expected to accept VRI, the amount of pay offered (e.g., 6 months of basic pay), and date of separation.
- f. May transfer unused VRI quotas to another Service. On transfer, the Secretary of the gaining Military Department will notify the USD(P&R). The notification should indicate coordination between the Departments concerned and the number of quotas transferred.
- g. Notify the Defense Finance and Accounting Service of the intent to use the VRI authority no later than 90 days before implementation.

ENCLOSURE 3

VOLUNTARY RETIREMENT INCENTIVE PROGRAM GUIDANCE

1. GENERAL

a. The Secretaries of the Military Departments will prescribe regulations and policies regarding the criteria for eligibility for the VRI in accordance with section 638b of Reference (b) and this instruction. Such criteria may include factors such as grade, years of service, skill, and viability for advancement.

b. The VRI authority may be used to encourage the retirement of officers who meet the minimum length of commissioned service for voluntary retirement as a commissioned officer and are excess to a Service's short-term and long-term needs.

2. ELIGIBILITY. To be eligible for the VRI program, on the approved date of retirement an officer must:

a. Be currently serving on active duty in the grade of O-5 or O-6.

b. Have completed more than 20 years of active duty service and no more than 29 years of active duty service.

c. Have the minimum length of active service as a commissioned officer required for voluntary retirement in accordance with:

(1) For the Army, section 3911 of Reference (b).

(2) For the Navy and Marine Corps, section 6323 of Reference (b).

(3) For the Air Force, section 8911 of Reference (b).

d. Have at least 12 months or more of active duty service eligibility remaining before reaching the maximum years of active commissioned service for the officer's grade (i.e., 28 years for O-5s and 30 years for O-6s).

e. Have 12 months or more of active duty service eligibility before reaching the age of 62 or other applicable mandatory retirement age.

f. Meet grade, skill, years of service, or other eligibility criteria as established by the Secretary of the Military Department concerned and as provided in this instruction or section 638b or 1370 of Reference (b).

3. INELIGIBILITY. The Secretaries of the Military Departments will not offer an officer the opportunity to apply for VRI if the officer:

- a. Is being evaluated for disability retirement pursuant to chapter 61 of Reference (b).
- b. Is projected to be retired pursuant to section 1201 or 1204 of Reference (b).
- c. Is projected to be discharged with disability severance pay pursuant to section 1212 of Reference (b).
- d. Has been transferred to the temporary disability retired list pursuant to section 1202 or 1205 of Reference (b).
- e. Is subject to pending disciplinary action or is subject to administrative separation or mandatory discharge pursuant to any other provision of law or regulation.
- f. Is serving an active duty service commitment due to receipt of a retention bonus or other incentive, such as the transfer of Post-9/11 GI Bill educational benefits.

4. PAYMENT. The amount of the VRI payment paid to an officer may not exceed an amount equal to 12 times the amount of the officer's monthly basic pay at the time of the officer's retirement. The amount may be paid in a lump sum at the time of retirement.

5. REPAYMENT. Officers receiving a VRI who voluntarily return to active duty are subject to the repayment provision of section 638b of Reference (b).

6. SEPARATION PROGRAM DESIGNATOR CODES AND REENTRY CODES

a. Separation program designator code "IBD" has been authorized for use in association with a Service member-initiated voluntary retirement with payment of a VRI.

b. The reentry codes used for Service members separated under this authority will be the same as those used for members who have attained sufficient service for voluntary retirement but are not paid a VRI.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ASD(R&FM)	Assistant Secretary of Defense for Readiness and Force Management
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense
USD(P&R)	Under Secretary of Defense for Personnel and Readiness
VRI	voluntary retirement incentive

PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this instruction.

Active Duty. Defined in Joint Publication 1-02 (Reference (e)).

DoD Board of Actuaries. A board supported by the DoD Office of the Actuary that provides actuarial expertise on all matters relating to military compensation and benefits.

Military Departments. Defined in Reference (e).