

10. *Economic classification of program expenditures.* (See table 2.)

Program: Medical care of military personnel and their families.

Department or agency, and office or bureau: Department of Defense.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

Federal Government purchases of goods and services:	
Wages and salaries.....	\$640, 000, 000
Other.....	426, 300, 000
Total, Federal expenditures.....	1, 066, 300, 000

RETIRED PAY

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

The military retirement program is designed to aid in the maintenance of vital effective military forces. The disbursement of retired pay is incidental to the operation of the program.

2. *Operation*

The military retirement program is administered by the military departments under broad general policy guidance of the Department of Defense. Eligibility for retired pay is as prescribed by Federal law. Appropriations to support the program are made annually to the Department of Defense. Disbursement of funds is through agencies of the military departments.

3. *History*

From the earliest colonial days, there have been some provisions for payment of pensions to aged and disabled personnel of the military and naval forces. However, the organized system for retirement of personnel which now exists had its inception approximately 100 years ago as a means of eliminating from the Active Forces a number of officers in key positions, who, because of age or infirmity, were unable to perform their duties. In the intervening years, the system has been subject to evolutionary change as the need for change becomes manifest. As now constituted, the military retirement system insures that the age and physical condition of military personnel are compatible with the demands of military service. It further insures that military personnel will have reasonable opportunity for career progression.

4. *Level of operations.* (See table 1.)

Program: Retired pay.

Department or agency, and office or bureau: Department of Defense.

TABLE 1.—*Level of operations or performance, fiscal years 1964-67*

(a) Magnitude of program:

Average number on retired rolls:

Fiscal year 1964.....	410, 853
Fiscal year 1965.....	462, 463
Fiscal year 1966.....	512, 821
Fiscal year 1967.....	567, 462

- (b) Beneficiaries are the retired military member or his widow or children if the deceased member so elected. Benefit to retired member—widow and children based on actuarial equivalent of retired member's benefit.