Military retirement income is consistently higher for retirees with larger amounts of school completed. A positive relationship between level of school completed and rank (officer versus enlisted) and, for a given rank, between level of school completed and pay grade, may explain why retirement income is larger for retirees with more schooling completed.[15]

The relation between income of other family members classified by the age and level of school completed of the retiree is roughly similar but less pronounced than the one described for wage and salary income.

The labor force behavior of table 1 and the income components of table 3 indicate that the labor force behavior of retirees is consistent with the economic theory as stated. Lower labor force participation rates for older retirees are generally accompanied by lower weekly wage and salary earnings and higher non-wage-and-salary income. The higher participation rates of retirees who have had more schooling reflects the joint influences of higher weekly wage and salary earnings and higher non-wage-and-salary income.

Further evidence of the effect of military retirement income on labor force participation of retirees may be obtained from a comparison of labor force behavior between military retirees and all civilians. Table 4 contains a comparison between the money incomes of all (white and nonwhite) retirees and males in the experienced civilian labor force. Unfortunately, the only income data available for civilian males classified by age and level of school completed were money incomes of male persons in 1965. This includes both wage and salary income and income from other sources. It does not include income of other family members. The income of military retirees shown in table 4 is all money income of the retiree except his military retirement income.[16] If other incomes were roughly equal between retirees and other civilians then these statistics could be used to provide a rough ranking of wage and salary incomes. Although the correlation between the differences in participation rates of retirees and civilians in table 2 and the differences in money income in 1965 is small, the correlation is in the expected direction.[17] Participation rates of retirees higher than the rates of civilians are associated with higher money incomes of retirees than money incomes of civilians.

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[15] Appropriate data are not available for retirees classified by education. The educational standards for officers have traditionally been higher than the standards for enlisted men.

[16] Wage-and-salary income (col. 1 of table 3) and non-wage-and-salary income (col. 2 of table 3) are the two components of money income.

[17] The coefficient of determination from the simple correlation is 0.01 and the estimating equation is $Y = -2.54 \times 10^{-2} + (3.68 \times 10^{-6})\chi$ where Y equals the difference in labor force participation rates and χ represents the difference in money income.