

Vietnam Veterans' Income in Retirement

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At a Glance

Veterans from the Vietnam War (August 1964–January 1973) constitute the last cohort subject to the draft and represent roughly one-third of veterans. By 2018, most had retired from the workforce. As people leave the workforce, their sources of income change.

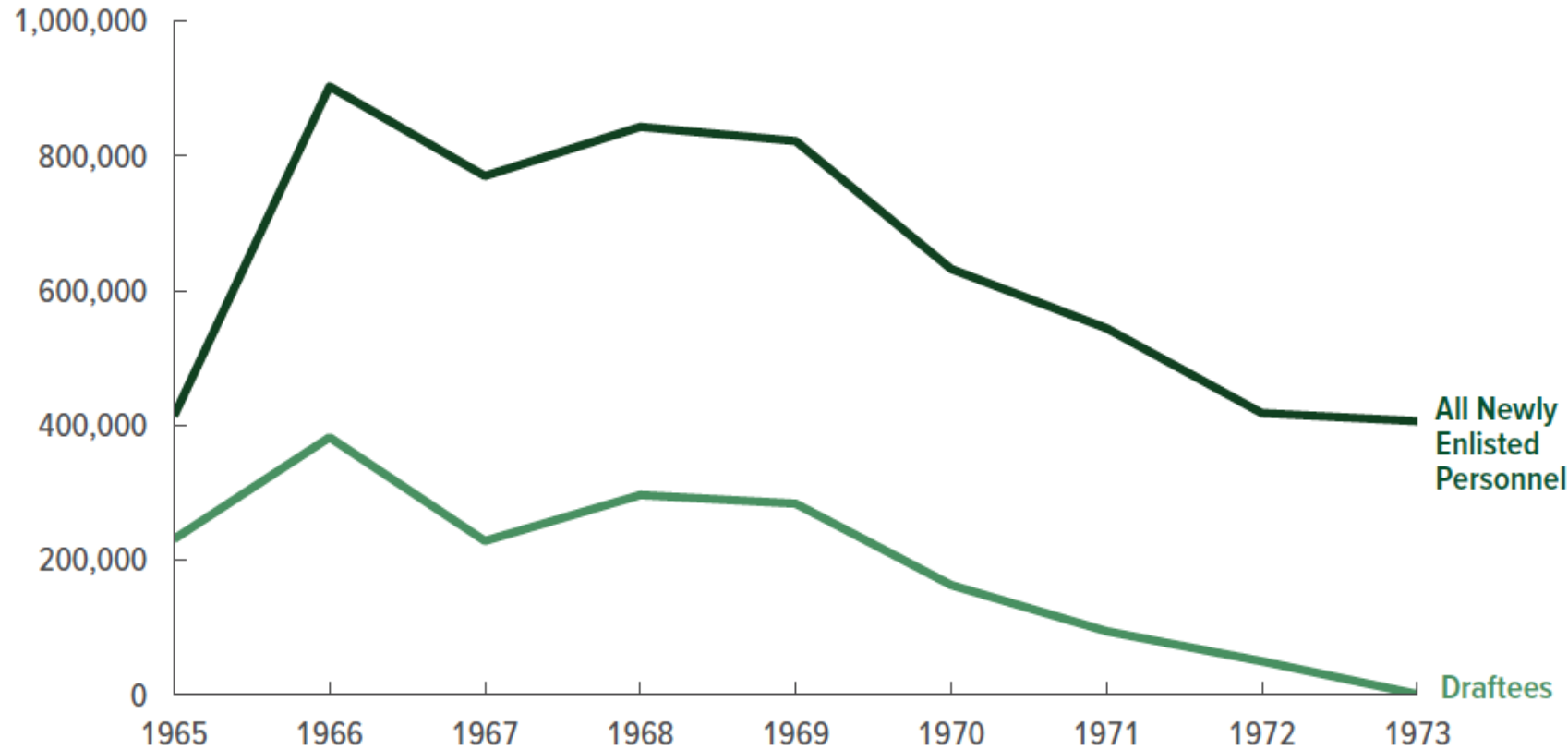
Because little is known about the financial security of Vietnam veterans, CBO compared the income of male Vietnam veterans with the income of male nonveterans of the same ages.

- On average, in 2018, Vietnam veterans and nonveterans had roughly comparable total income, \$63,300 and \$65,000, respectively. Similar results were found for men age 71, the most common age for veterans.
- Disability compensation from the Department of Veterans Affairs (VA) provided a substantial portion of many veterans' income. Excluding those payments, their income was \$59,000, 9 percent lower than nonveterans'.
- In general, Vietnam veterans received more money from Social Security and retirement plans than nonveterans did.



The Vietnam War and the Draft

Number of New Enlisted Personnel



Nearly 9 million people served in the U.S. military during the Vietnam War; more than 2 million of them had entered the military before 1965.

Draftees accounted for fewer than one-quarter of those who served. Local boards determined who was drafted until 1969; that system was largely replaced by a draft lottery. Deferments were common, particularly for those enrolled in college. Those deferments were mostly eliminated in the early 1970s.

Military Personnel During the War

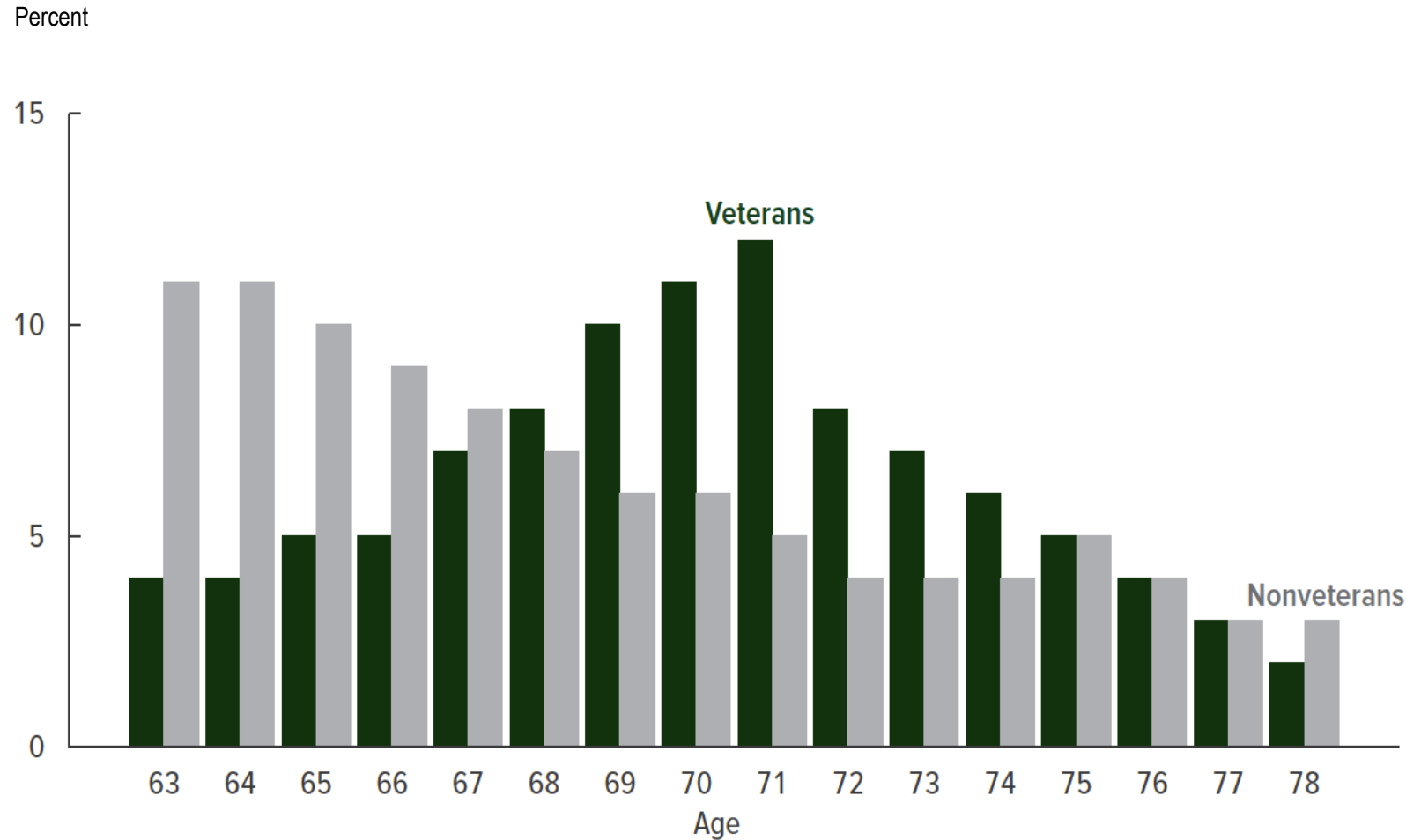
Some men volunteered for military service in part because the pay and benefits were reasonable compared with civilian options. For enlisted careerists (those who completed four years of service), pay was typically about 85 percent of the median pay of comparable civilians. At first, junior enlisted personnel were paid much less than most could have earned elsewhere, but pay raises in the early 1970s brought them into rough parity with civilians. The military also offered occupational training, educational benefits, and other benefits that were not typically found in the private sector.

Enlisted personnel were at neither the top nor the bottom of their generation in terms of ability, as measured by education levels and test scores. For instance, about 70 percent of new enlisted personnel held at least a high school diploma; the share for all men ages 20 to 29 was roughly 75 percent. DoD did not accept men with very low test scores or men who could not meet its physical fitness standards.



Characteristics of Vietnam Veterans

Age Distribution of Vietnam Veterans and Nonveterans, 2018



The bulk of Vietnam veterans were in their late 60s or early 70s in 2018. The reason is that most men entered military service between ages 18 and 23, and a disproportionate number did so when forces were largest, from 1966 to 1969.



Traits of Vietnam Veterans and Nonveterans, 2018

Percent

Characteristic	Veterans	Nonveterans
Educational Attainment		
Did not complete high school	5	15
High school	30	25
Some college	38	24
Bachelor's degree or higher	27	36
U.S. Citizen	100	95
Married	68	69
Racial or Ethnic Group		
White	82	74
Black	10	9
Hispanic	5	10
Other	3	7
Geographic Region		
Northeast	15	19
Midwest	22	21
South	40	37
West	23	23
Functionally Disabled	32	24
Employed	33	41
Memorandum:		
Total Population	5,423,900	14,944,600
Number in Sample	68,400	178,200



CBO's Approach

CBO's primary source of data was the American Community Survey, which is one of the largest surveys conducted by the Census Bureau. Those data were supplemented by administrative data from VA about recipients of and payments for disability compensation.

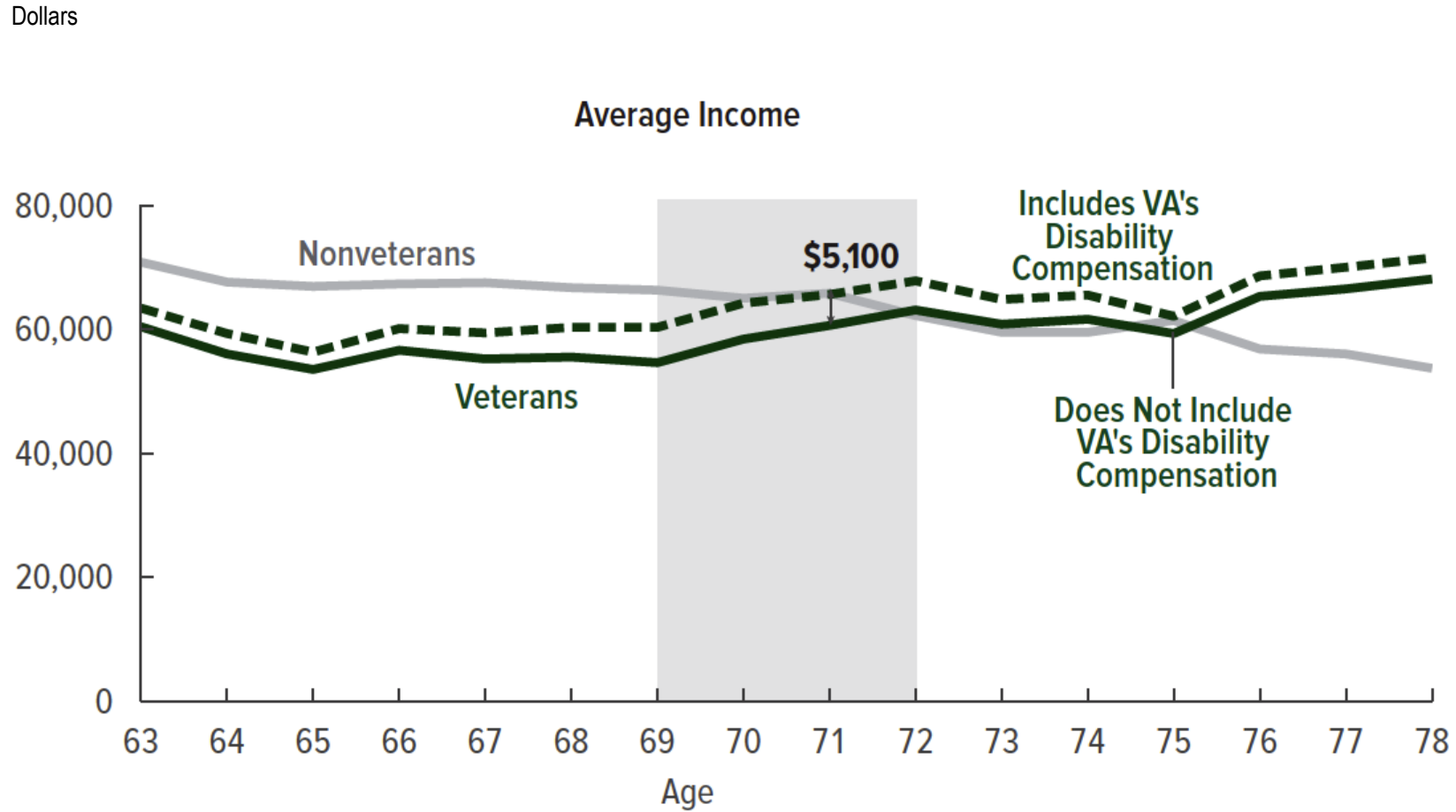
CBO compared Vietnam veterans' and nonveterans' sources of income: earnings (including self-employment income), Social Security (including retirement, disability, and survivor benefits), investments, retirement plans (including defined benefit and defined contribution plans and other sources), and disability compensation from VA. Some residual categories, such as public assistance and VA pensions, were excluded.

CBO's Approach (Continued)

CBO restricted the sample of Vietnam veterans to men ages 63 to 78 who had served on active duty during the war, regardless of location or type of service. Some Vietnam veterans who were older and probably spent a large part of their military careers during other eras, and some younger ones who served in the all-volunteer force (which was composed solely of volunteers rather than a mix of volunteers and draftees), were excluded. In total, about 15 percent of Vietnam veterans were excluded from the analysis.

CBO imputed Social Security income and retirement plan income using various statistical methods. CBO found that about 20 percent of recipients of Social Security underreport such income and that roughly 40 percent of people who receive income from a retirement plan do not report it.

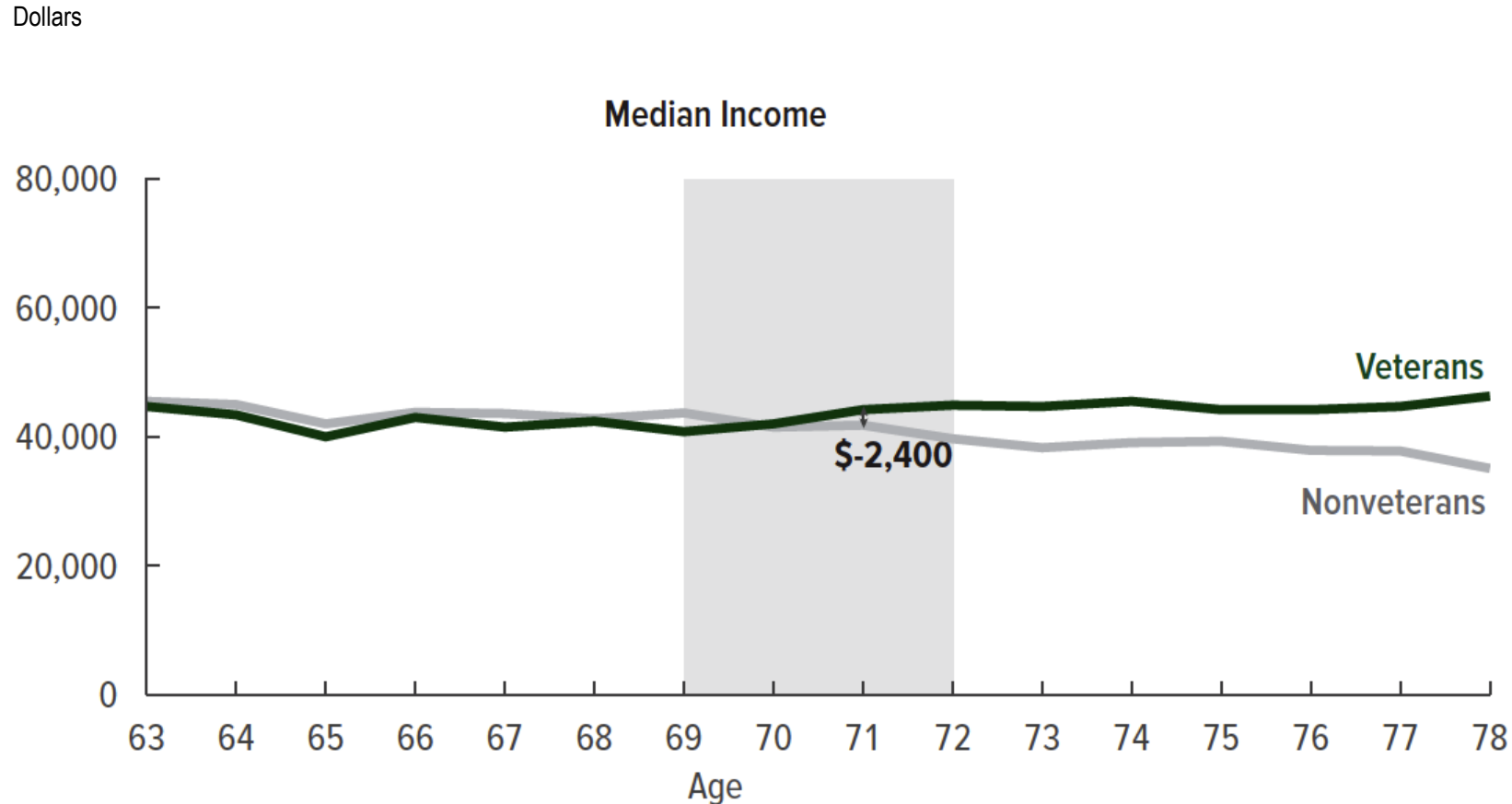
Annual Average Income of Vietnam Veterans and Nonveterans, 2018



On average, Vietnam veterans age 71 or younger had less income than nonveterans; those age 72 or older had more income than nonveterans.

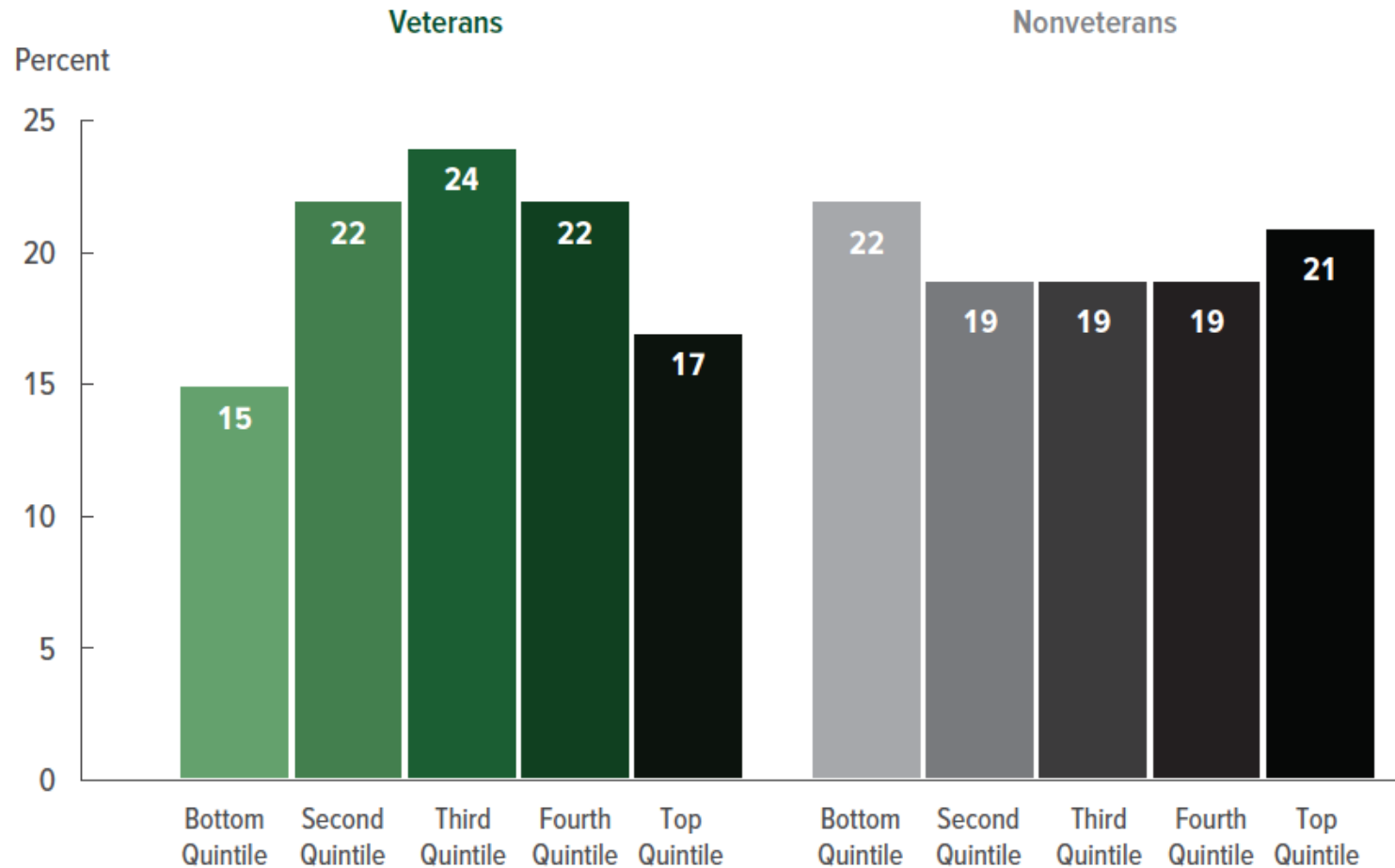
Total average income consists of income from earnings, Social Security, investments, retirement plans, and disability compensation from VA. CBO did not control for demographic or other factors influencing income sources. The most common age for Vietnam veterans in 2018 was 71. The shaded area denotes the largest three-year cluster of Vietnam veterans (one-third of the total).

Annual Median Income of Vietnam Veterans and Nonveterans, 2018



Median income (excluding disability compensation from VA) for Vietnam veterans age 71 or younger is almost the same as for nonveterans; older veterans consistently had somewhat more income than nonveterans did.

Share of Vietnam Veterans and Nonveterans Ages 63 to 78 in Each Income Group, 2018



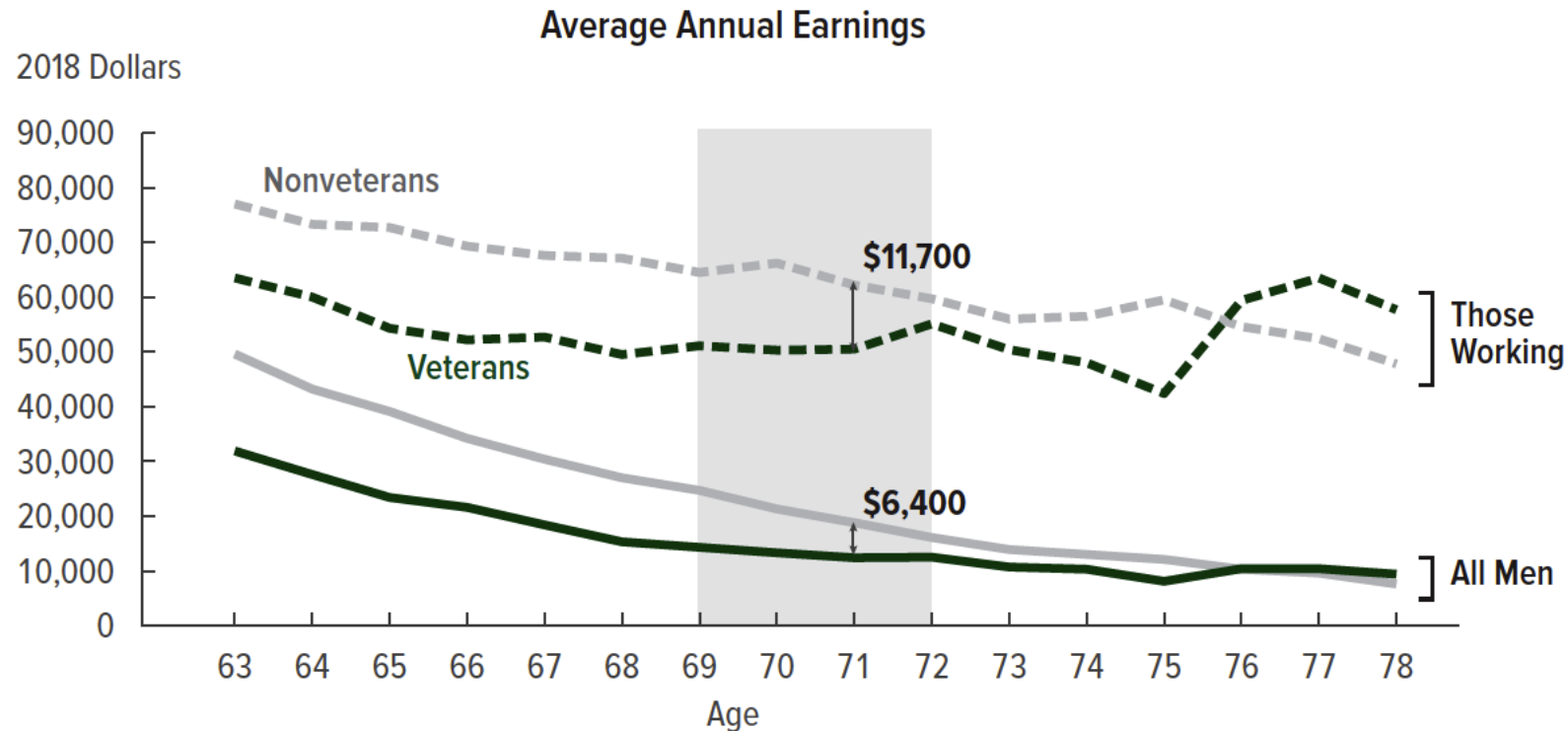
The percentages of Vietnam veterans in the highest and lowest income groups were smaller, and those in the middle income groups were larger, than those of nonveterans.

Average Income for Vietnam Veterans and Nonveterans at Age 71, by Source, 2018

2018 Dollars

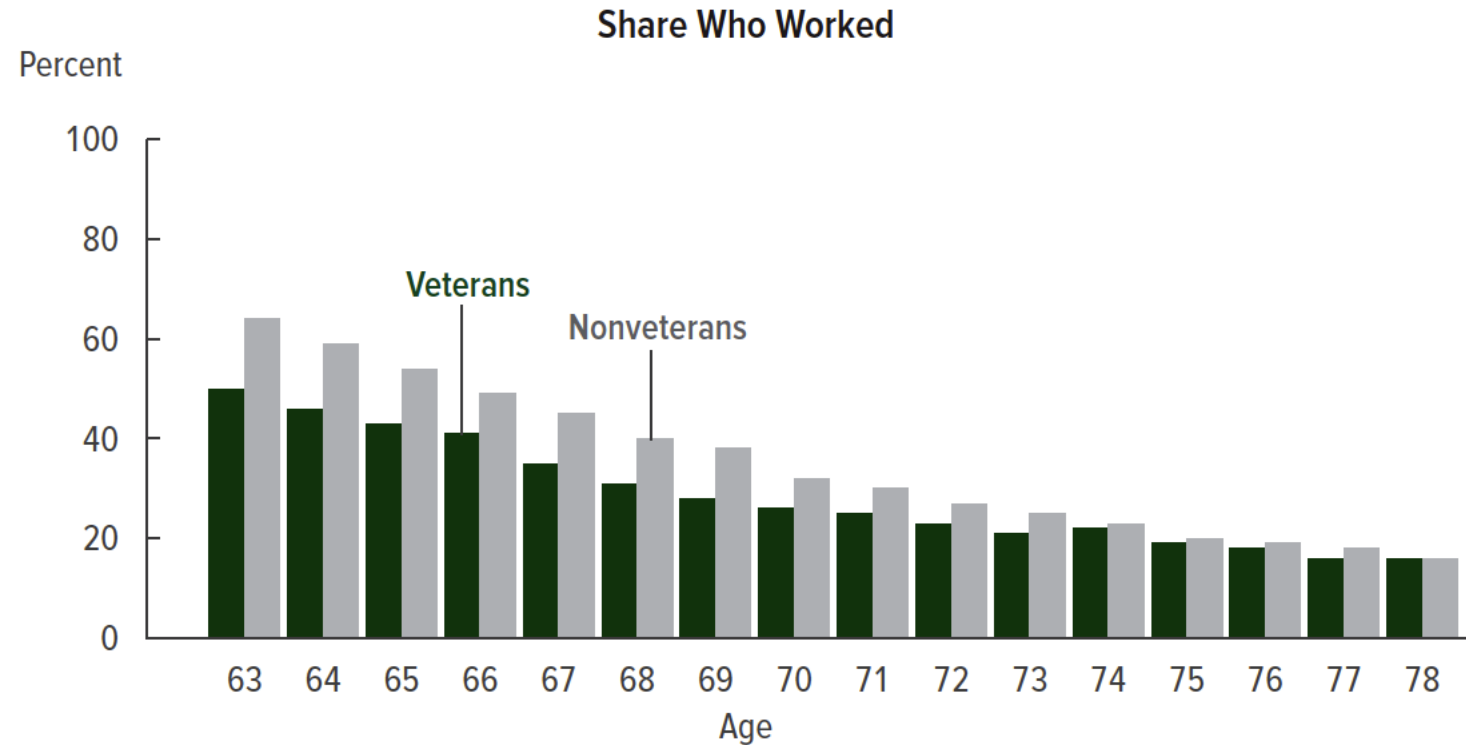
<u>Sources of Income</u>	<u>Veterans</u>	<u>Nonveterans</u>
Earnings	12,400	18,800
Social Security	20,800	19,700
Investments	6,400	9,200
Retirement Plans	<u>21,000</u>	<u>18,000</u>
Subtotal	60,600	65,700
Disability Compensation From VA	<u>4,900</u>	<u>n.a.</u>
Total	65,500	65,700

Earnings of Vietnam Veterans and Nonveterans, 2018



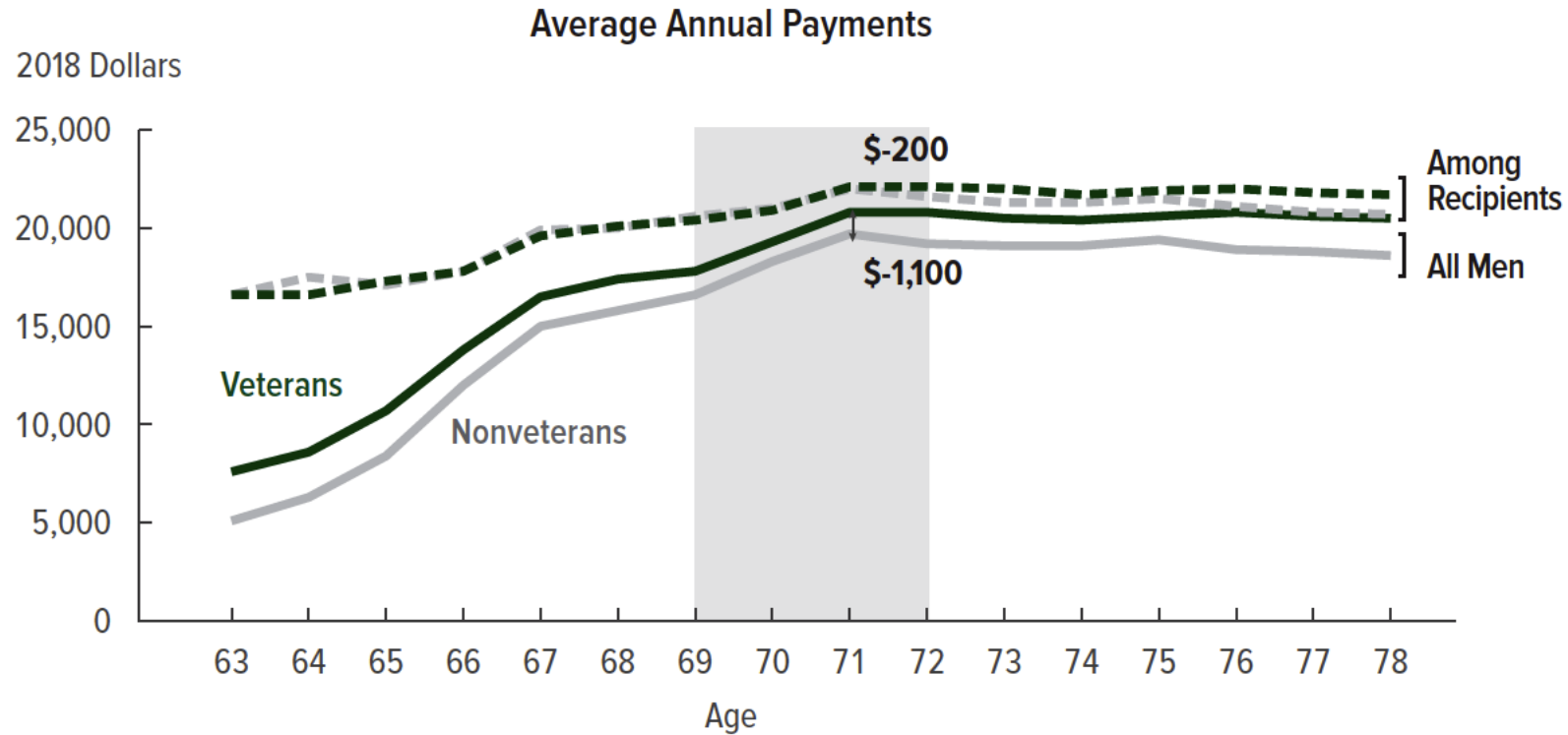
Earnings remained a large component of income for men of retirement age. Among all men and, separately, among all men who worked, Vietnam veterans earned less, on average, than nonveterans did.

The Share of Vietnam Veterans and Nonveterans Who Worked, 2018



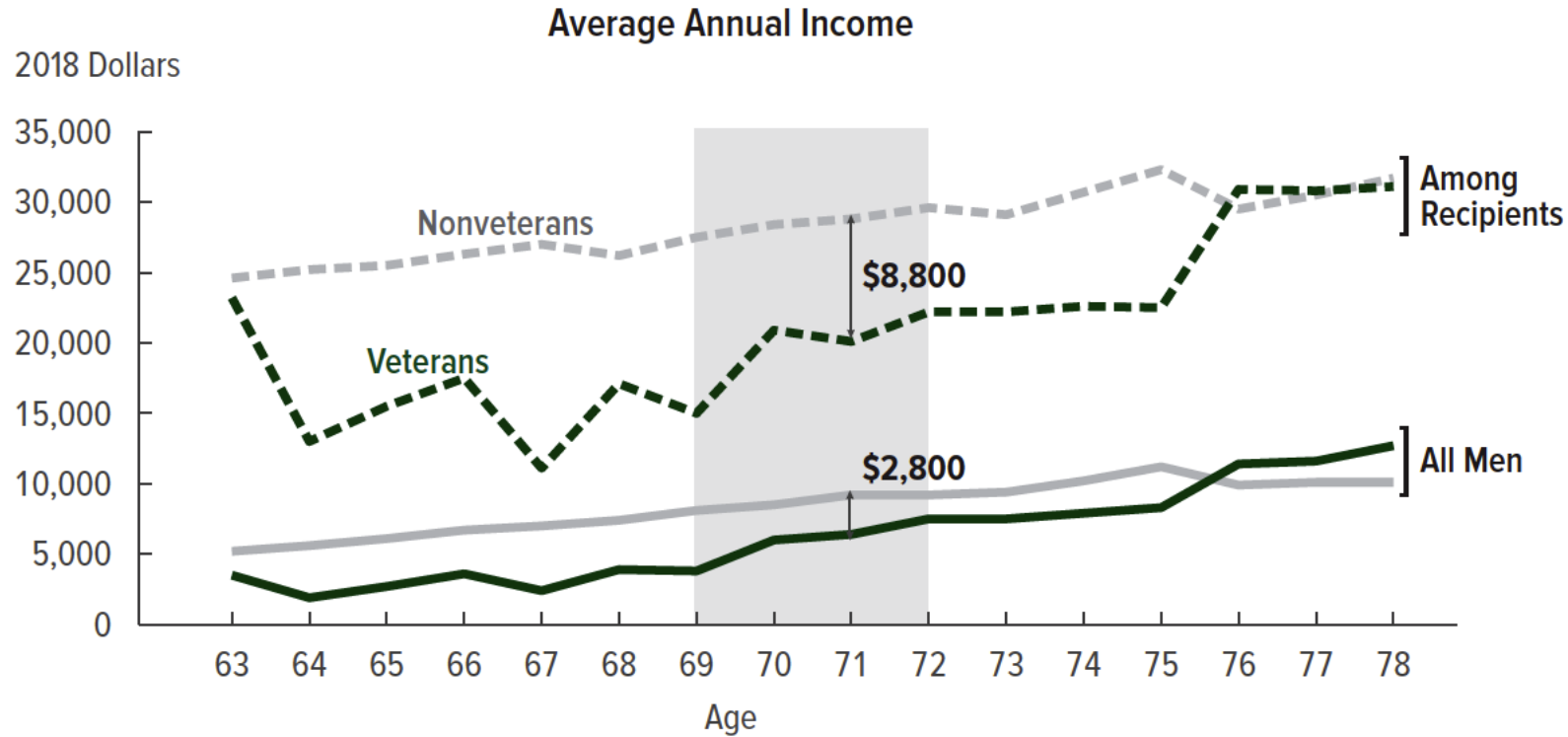
The share of Vietnam veterans who worked was smaller than that of nonveterans, although the difference dissipated for the older men. Most men over age 65 no longer worked.

Social Security Payments to Vietnam Veterans and Nonveterans, 2018



Vietnam veterans claimed Social Security earlier and received about the same amount as nonveterans.

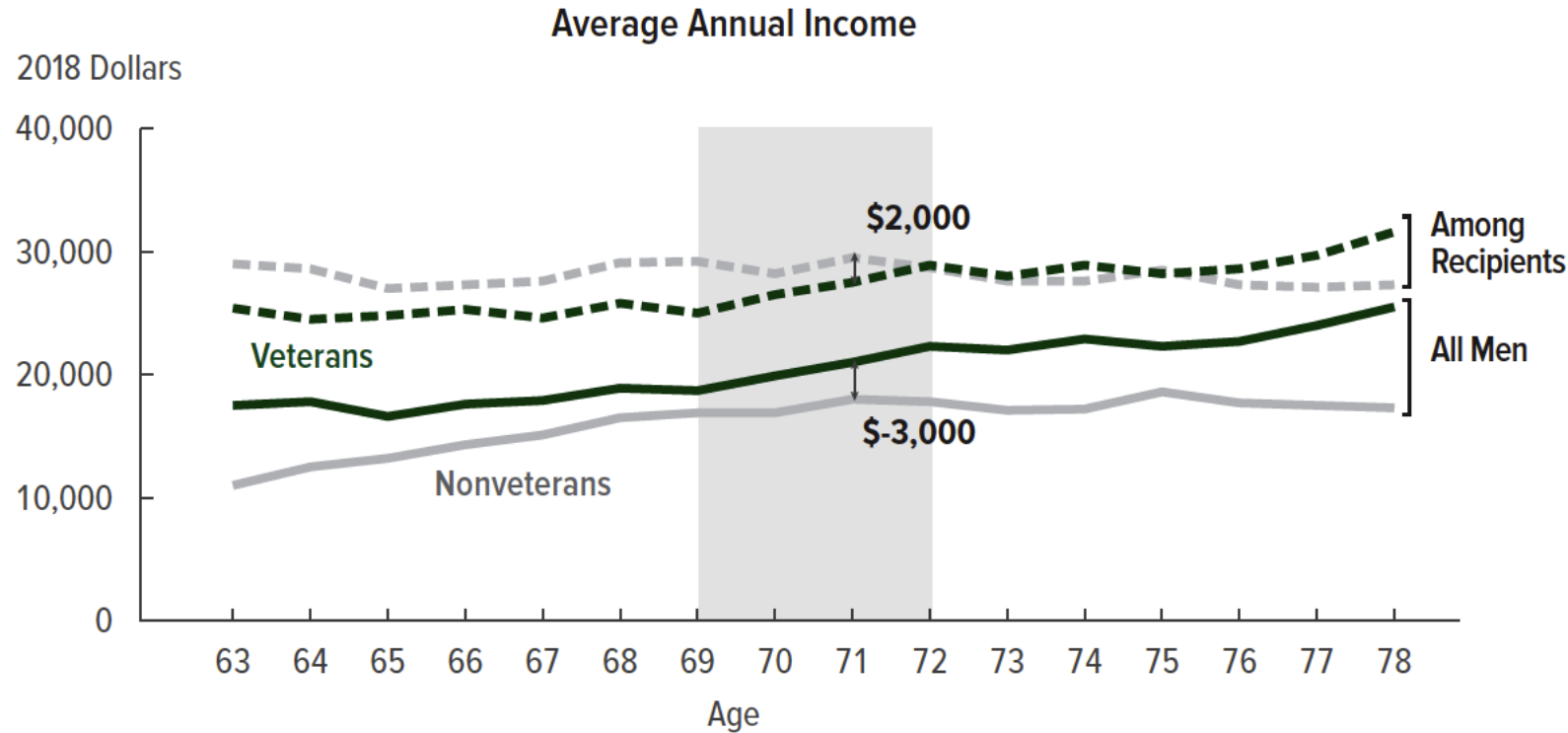
Investment Income of Vietnam Veterans and Nonveterans, 2018



Most men did not receive income from investments. Among those who did, Vietnam veterans received much less than nonveterans.

CBO did not adjust the data to account for characteristics other than age and veteran status. The shaded area denotes the largest three-year cluster of Vietnam veterans (one-third of the total).

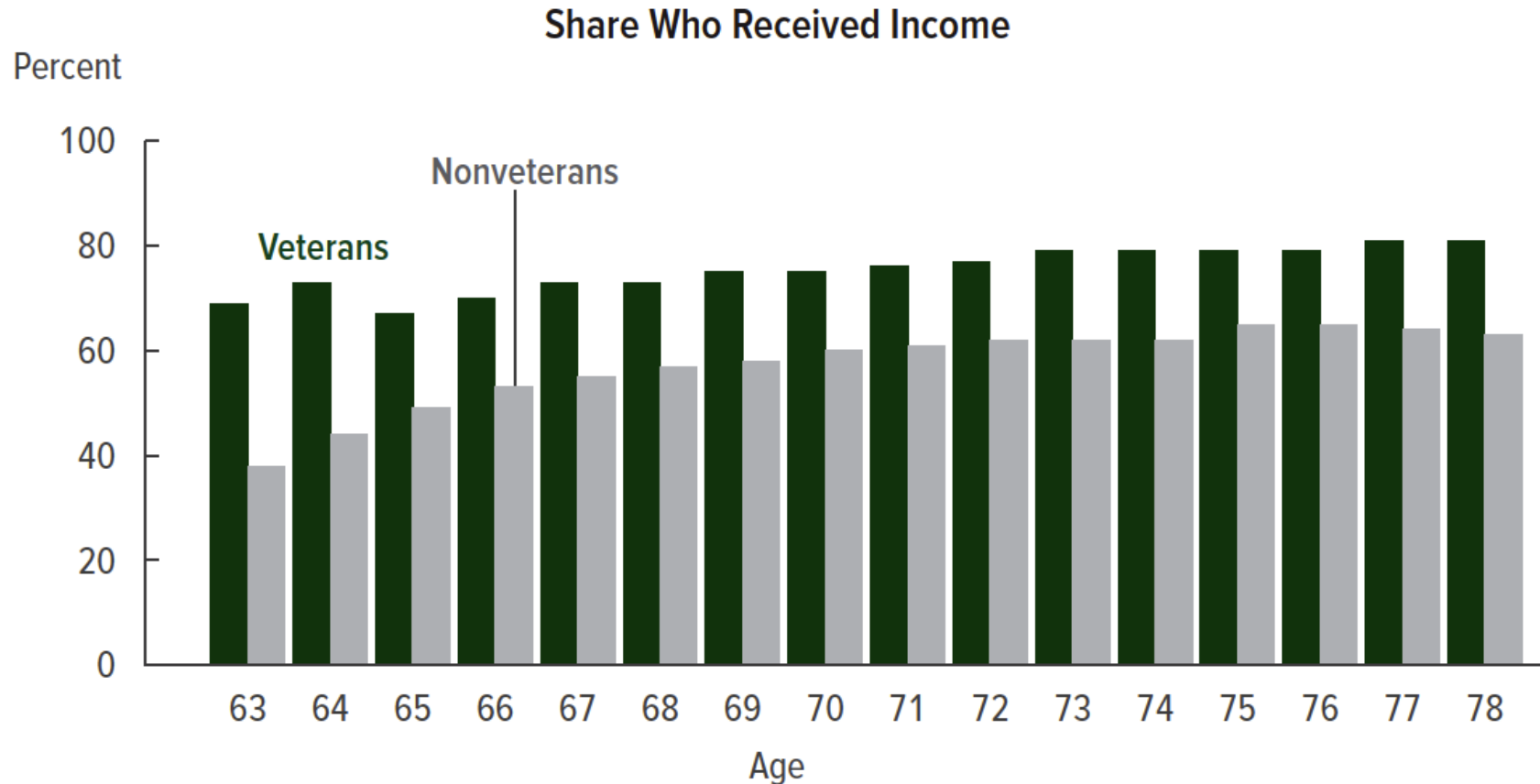
Income From Retirement Plans for Vietnam Veterans and Nonveterans, 2018



Among all men, on average, Vietnam veterans earned more retirement income than nonveterans did.

Among men who received retirement income, that difference was reversed for younger men; for older men, the gap was smaller.

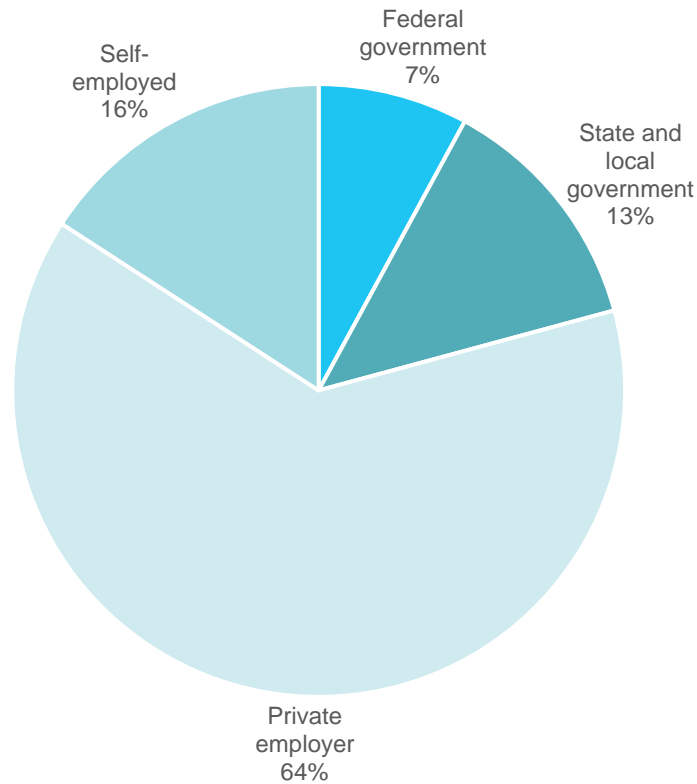
The Share of Vietnam Veterans and Nonveterans Who Received Income From Retirement Plans, 2018



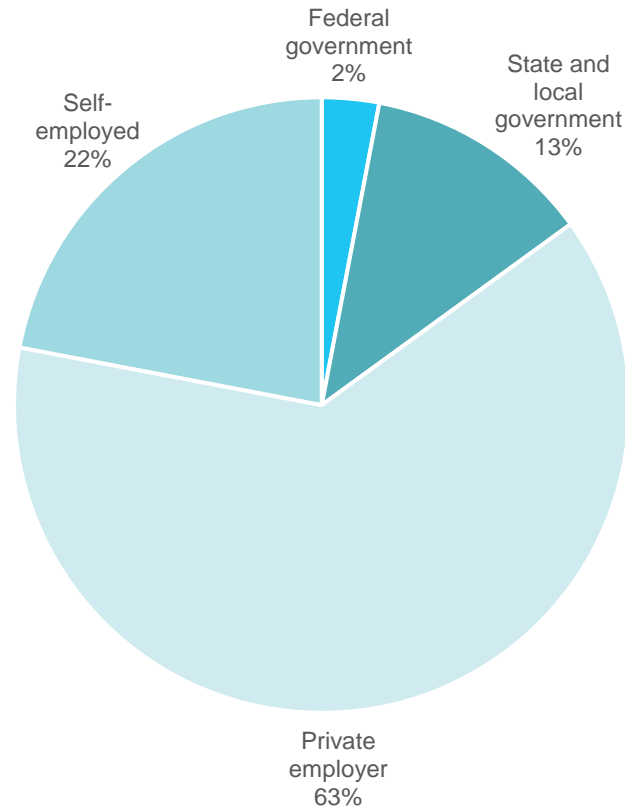
Vietnam veterans were much more likely to receive income from retirement plans. For younger men, the difference amounted to more than 20 percentage points.

Sector of Employment for Vietnam Veterans and Nonveterans, 2008

Veterans



Nonveterans



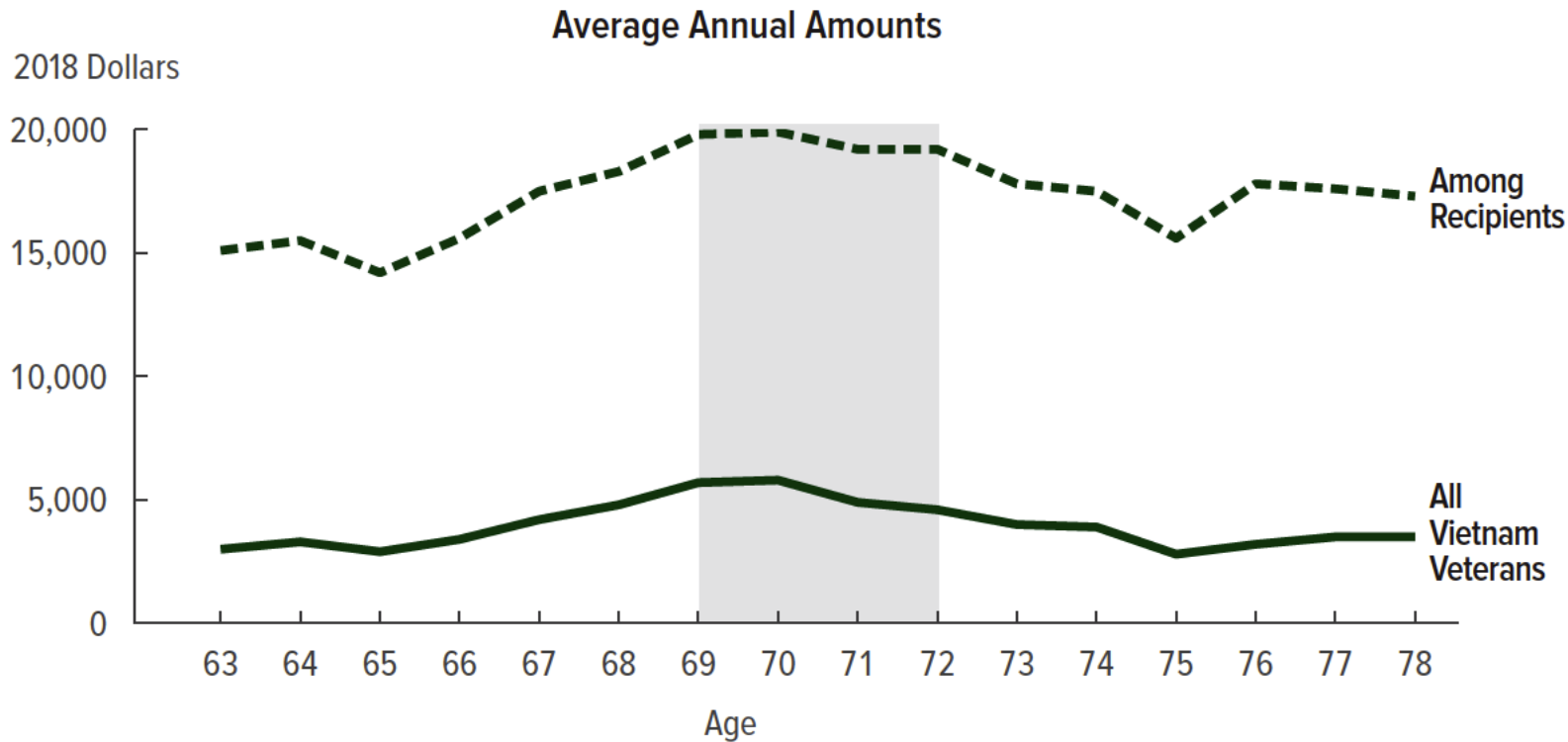
One reason that Vietnam veterans had more income from retirement plans was probably that they had held more jobs with retirement benefits. In 2008, they were more likely to hold jobs in the federal government. They also appeared likelier to hold jobs with a union presence.

Disability Compensation From VA

VA provides monthly tax-free payments to veterans who, in its determination, have disabilities, medical conditions, or injuries that were incurred or aggravated during active-duty military service.

- VA assigns a rating, which ranges from zero to 100 percent in increments of 10, to each veteran with service-connected disabilities.
- In 2018, base payments ranged from roughly \$1,500 to \$36,000 for the year, depending on the rating; some veterans also received supplemental payments.
- About 1.3 million Vietnam veterans (nearly 25 percent) received disability payments from VA in 2018; the average payment per recipient was about \$18,100.
- Veterans who received payments were more likely to be in the lower half of the income distribution.

Disability Compensation From VA Received by Vietnam Veterans, 2018



Most Vietnam veterans did not receive disability compensation from VA. Those who did received an average of \$18,100.

On average, those who received disability payments had less income from other sources than other veterans did. Including VA payments, they received slightly more total income than other veterans did.

Related Publications

Congressional Budget Office, *Vietnam Veterans' Income in Retirement* (October 2020), www.cbo.gov/publication/56679.

Congressional Budget Office, *Options for Reducing the Deficit: 2021 to 2030* (December 2020), www.cbo.gov/publication/56783.

Congressional Budget Office, *Veterans' Disability Compensation: Trends and Policy Options* (August 2014), www.cbo.gov/publication/45615.