

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE

STATEMENT BY

ADMIRAL JAMES D. WATKINS, U.S. NAVY

CHIEF OF NAVAL OPERATIONS

BEFORE THE

SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION

OF THE

HOUSE ARMED SERVICES COMMITTEE

ON

MILITARY RETIREMENT

2 APRIL 1985

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ADMIRAL JAMES D. WATKINS
UNITED STATES NAVY
CHIEF OF NAVAL OPERATIONS

James David Watkins was born in California on March 7, 1927. A 1949 graduate of the U.S. Naval Academy, he served in destroyers, then submarines. He received a masters degree in mechanical engineering from the Naval Postgraduate School in 1958 after completing the reactor engineering course at the Oak Ridge National Laboratory.

From 1960-62, he served as executive officer of the nuclear-powered attack submarine USS Snook (SSN 592). Later, from 1964-66, he commanded the same submarine, participating in the first visit of a nuclear-powered ship to Yokosuka, Japan, during that tour. Between these two tours of duty, he was assigned to duty in the office of manager naval reactors, Atomic Energy Commission. By 1967, he had left submarines and served as executive officer of the nuclear-powered guided missile cruiser USS Long Beach (CGN 9) during two Gulf of Tonkin deployments in which Long Beach participated in shooting down five North Vietnamese enemy aircraft, two by long-range missiles.



He was then ordered to duty in the Bureau of Naval Personnel and became director of the nuclear-trained personnel branch. After selection to rear admiral in 1971, he was again assigned to duty in the Bureau of Naval Personnel as director of enlisted personnel, the first flag officer to be so assigned.

In September 1973, he was ordered to duty as Commander, Cruiser-Destroyer Group One, subsequently commanding Cruiser-Destroyer Force, U.S. Seventh Fleet, as well as a surface task group which deployed to the Indian Ocean in 1974. In December 1974, he was nominated for promotion to vice admiral and, in April 1975, was appointed Deputy Chief of Naval Operations for Manpower and Chief of Naval Personnel.

In September 1978, he was ordered to duty as Commander, Sixth Fleet, also assuming NATO duties as Commander, Naval Striking and Support Forces Southern Europe. In April 1979, the President nominated him for appointment to the grade of admiral and as Vice Chief of Naval Operations. He served as Commander in Chief, U.S. Pacific Fleet from July 31, 1981 to May 28, 1982. Admiral Watkins was nominated in March 1982 by President Reagan to succeed Admiral Thomas B. Hayward on June 30, 1982, as the twenty-second Chief of Naval Operations.

Admiral Watkins married Sheila McKinney of San Diego, Calif., in 1950. They have six children: Katherine, Laura Jo, Susan, Charles, James Jr., and Edward. His brother, retired Captain George C. Watkins, USN, was a graduate of the Naval Academy, class of 1944. His son Charles is a 1977 graduate of the Naval Academy. His son Edward is in the NROTC program at the University of California, Berkeley campus, class of 1985.

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE COMMITTEE.

I'M PLEASED TO BE HERE TODAY TO PROVIDE MY PERSPECTIVE ON OUR MILITARY RETIREMENT SYSTEM AND THE POTENTIAL, OR LACK OF IT, FOR USEFUL CHANGE. I LIKE TO THINK I BRING A LITTLE SOMETHING EXTRA IN THE WAY OF EXPERIENCE TO THIS DISCUSSION. I'VE HAD SEVERAL TOURS IN OUR BUREAU OF NAVAL PERSONNEL, THE LAST AS ITS CHIEF. IN ADDITION, AS THE SENIOR UNIFORMED OFFICIAL IN OUR SERVICE, CHARGED WITH THE WELL BEING OF OUR PEOPLE AS WELL AS MAINTENANCE OF COMBAT READY FORCES, I'M VITALLY CONCERNED. THERE SHOULD BE NO DOUBT, THE WAY NAVY MEN AND WOMEN PERCEIVE THIS KEY BENEFIT AND THE COMBAT READINESS OF OUR NAVY ARE INEXORABLY RELATED. BOTH ASPECTS OF THIS ISSUE, THEN, SHOULD BE OF VITAL CONCERN TO ALL WHO SHARE RESPONSIBILITY FOR NATIONAL SECURITY.

AS YOU KNOW, THERE HAS BEEN NO LACK OF DISCUSSION, STUDY OR HEARINGS OVER THE YEARS: MANY OF THESE RESULTED IN INCREASED KNOWLEDGE ABOUT THE SUBJECT, INCLUDING BETTER UNDERSTANDING OF THE INTERRELATIONSHIP OF RETIREMENT TO MANY OTHER PERSONNEL MANAGEMENT TOOLS. EVEN SO, I AM STRUCK BY THE UNBELIEVABLE AMOUNT OF MIS- INFORMATION ON MILITARY RETIREMENT. ANYONE WHO READS ANY OF THE MANY PAPERS CONTAINING ARTICLES ON THIS ISSUE, WELL MEANING ARTICLES I AM SURE, COMES AWAY BELIEVING THAT A NAVYMAN CAN RETIRE AFTER TWENTY YEARS WITH HALF PAY. WELL, THOSE PEOPLE ARE WRONG! READING IT TIME AFTER TIME DOES NOT MAKE IT CORRECT. TOGETHER WE, THE LEADERSHIP OF THE MILITARY AND YOU, THE CONGRESS, HAVE ESTABLISHED A SYSTEM OF PAY AND ALLOWANCES THAT IS SO COMPLEX IT IS NOT WELL UNDERSTOOD, EVEN BY THOSE WHO ARE PAID UNDER THE SYSTEM. BECAUSE OF THE MANY FACETS OF HIS PAY WHICH ARE NOT INCLUDED IN THE

RETIREMENT COMPUTATION, A CHIEF PETTY OFFICER ON A SUBMARINE WITH TWENTY YEARS OF SERVICE WOULD RETIRE AT SLIGHTLY LESS THAN 27% OF HIS PAY. AN ISOLATED CASE? NO. A CHIEF ON A DESTROYER WOULD RECEIVE 31% AND MOST OTHER EXAMPLES ARE SIMILAR. I DON'T EXPECT NEWSPAPERS TO GO INTO ENOUGH DETAIL TO UNDERSTAND WHY IT TURNS OUT THIS WAY BUT WE, AS THE LEADERS OF THE PEOPLE MOST AFFECTED, ARE OBLIGATED TO DO JUST THAT.

THE RECENT GRACE COMMISSION DID A GREAT DEAL OF GOOD WORK. I'M SORRY TO SAY THAT THEIR MILITARY RETIREMENT EFFORT DOES NOT FIT IN THAT CATEGORY. GRACE'S ASSERTIONS THAT THE SYSTEM IS SIX TIMES MORE COSTLY THAN PRIVATE SECTOR PLANS IS SIMPLY INCORRECT. ANALYZED IN TERMS OF PERCENTAGE OF PAY THE MILITARY RETIREMENT SYSTEM PROVIDES ABOUT 1.2 TO 1.5 TIMES MORE THAN THE AVERAGE PRIVATE SECTOR PLAN. NOTE THAT IT IS BETTER THAN THE AVERAGE PLAN. I WOULD HOPE SO. OUR PEOPLE PROVIDE A GOOD DEAL MORE THAN AVERAGE SERVICE IN RETURN FOR THIS BENEFIT AND FOR THE MOST PART RECEIVE A GOOD BIT LESS THAN AVERAGE COMPENSATION WHILE THEY SERVE.

IT IS WORTHWHILE TO EXAMINE, IN SUMMARY FASHION, THE HISTORY AND RATIONALE BEHIND OUR PRESENT SYSTEM. THE OTHER SERVICE CHIEFS ARE HERE TODAY, SO I'LL RELATE MY REMARKS DIRECTLY TO NAVY BUT, I AM SURE, MOST APPLY TO THE OTHERS AS WELL. PRIOR TO THE START OF WORLD WAR II MILITARY CAREERS OF 30 TO 40 YEARS WERE THE NORM. VIGOR AND INITIATIVE WERE STIFLED BECAUSE OF PROMOTION STAGNATION. AS GENERAL MACARTHUR SAID, "WE HAVE SPENT THE FIRST 5 TO 6 MONTHS OF EVERY WAR REORGANIZING AND GETTING SET-UP SO THAT WE COULD START TO ENLIST AND TRAIN FORCES WHO COULD FIGHT THE WAR." GENERAL EISENHOWER ARGUED IN CONGRESSIONAL TESTIMONY DURING 1946

AND 1947 THAT WE MUST TAKE STEPS TO MAINTAIN A YOUTHFUL AND VIGOROUS FORCE AND NOT REGRESS TO THE EXTENDED CAREER POLICIES OF THE PAST. AS A RESULT OF THESE AND OTHER EXPERIENCES, CONGRESS SET UP A SYSTEM THAT SERVES THE NATION WELL. IT IS AN INCENTIVE TO YOUNG MEN AND WOMEN TO GIVE THE MIDDLE 20 OR MORE YEARS OF THEIR LIVES IN SERVICE TO THE COUNTRY KNOWING THAT THEY WILL HAVE A BASE INCOME ON WHICH TO BUILD FOR THE REMAINDER OF THEIR LIVES. IT USES A PRINCIPLE WELL KNOWN IN PRIVATE INDUSTRY -- DEFERRED COMPENSATION. DOLLARS SPENT FOR RETIREMENT ARE NOT SPENT IN ISOLATION FROM OTHER COMPENSATION DOLLARS. LET ME BE MORE SPECIFIC.

NAVY IS THE LARGEST USER OF SELECTIVE REENLISTMENT BONUSES. WE ALSO PAY SEA PAY TO THOSE WHO ARE SERVING IN DEPLOYABLE UNITS. THERE ARE A HOST OF OTHER SPECIAL AND INCENTIVE PAYS NONE OF WHICH INCREASE BY ONE PENNY THE RETIREMENT FOR WHICH A SAILOR BECOMES ELIGIBLE. WHAT IS THE PURPOSE OF THIS ARRANGEMENT? IT IS A WAY TO ENCOURAGE OUR PEOPLE TO DO THE JOBS THAT NEED TO BE DONE. IN THAT REGARD IT IS NOT TOO DIFFERENT FROM DIFFERENTIAL PAY FOR SHIFT WORK THAT IS COMMON IN THE PRIVATE SECTOR THOUGH, I'M SURE YOU KNOW, WE PAY NOTHING EXTRA TO OUR MANY PEOPLE WHO ROUTINELY WORK SIX AND SEVEN DAY WEEKS AND SPEND MONTHS AWAY FROM THEIR FAMILIES. WHEN ENOUGH PEOPLE IN A PARTICULAR CAREER FIELD DECIDE TO STAY IN THE NAVY, WE BEGIN TO REDUCE THE AMOUNT OF THE BONUS FOR THAT SPECIALTY. WE CONTINUE TO ADJUST THE LEVELS UNTIL WE GET THE "RIGHT" AMOUNT OF RETENTION. THIS IS A RESPONSIBLE WAY TO MANAGE THE PROGRAM AND IT

ENSURES THAT TAXPAYERS DON'T PAY TOO MUCH FOR A PARTICULAR SKILL. IF THESE VARIABLE COMPENSATION PACKAGES DO NOT AFFECT RETIREES PAY THEN HOW DO THEY RELATE TO RETIREMENT?

THERE IS NO DOUBT THAT FUTURE RETIREMENT DOLLARS PLAY A LARGE ROLE IN PEOPLES' DECISIONS TO REMAIN WITH US OR TO RETURN TO CIVILIAN LIFE. WE USED TO THINK THAT ANYONE WHO STAYED WITH US PAST SEVEN YEARS WAS A "CAREER" SAILOR. WE FOUND OUT WE WERE WRONG IN THE LATE 1970's WHEN TOUGH OPERATING SCHEDULES COMBINED WITH LOW PAY AND HIGH INFLATION CAUSED MANY MID-CAREER PERSONNEL TO LEAVE US. CONTINUED PRESS REPORTS AND APPREHENSION CONCERNING RETIREMENT STABILITY ARE PRODUCING DATA THAT CLEARLY SHOW THE IMPORTANCE OF THE BENEFIT TO OUR PEOPLE. DURING FY-84, AMONG THOSE WHO DECIDED TO LEAVE THE NAVY WITH BETWEEN 9 AND 14 YEARS OF SERVICE, "FEAR OF LOSING RETIREMENT BENEFITS" WAS THE NUMBER ONE REASON FOR SEPARATING. DOES THE RETIREMENT SYSTEM KEEP PEOPLE IN THE NAVY? IT WON'T DO IT ALONE BUT, AS THE DATA SHOWS, IT IS AN IMPORTANT FACTOR. REDUCING RETIREMENT BENEFITS WILL REDUCE RETENTION. THAT, IN TURN, WILL CAUSE US TO RAISE OTHER LEVELS OF PAY. THERE IS NO FREE LUNCH. WILL IT COST MORE OR LESS TO DO IT WITH DOLLARS IN SOME SCHEME OTHER THAN OUR PRESENT RETIREMENT SYSTEM? I DON'T HAVE PRECISE ANSWERS THAT I TRUST. BUT I DO KNOW THAT BREAKING FAITH WITH OUR PEOPLE WHO JOINED THE NAVY AND SERVE WITH AN EXPECTATION OF THEIR PRESENT RETIREMENT SYSTEM AT THE END OF THEIR CAREERS WILL CAUSE AN EXODUS -- AND RIGHTFULLY SO. IT WILL COST US MONEY AND READINESS TO GET BACK TO WHERE WE ARE TODAY. WHILE WE EXPERIMENT, WE, AND THE NATION'S DEFENSE WILL SUFFER UNTIL WE GET IT RIGHT AGAIN. THAT DOES NOT SOUND LIKE A REASONABLE APPROACH TO ME.

A FEW MOMENTS AGO I MENTIONED THE GRACE COMMISSION. MUCH OF THIS REPORT CENTERED ON COMPARISONS WITH PRIVATE SECTOR PLANS. I'D LIKE TO DO A LITTLE COMPARING MYSELF, FOR, IF WE ARE TO CONSIDER ONE PART OF MY PEOPLES' COMPENSATION, I'D LIKE TO DO A SLIGHTLY MORE COMPREHENSIVE JOB. IF YOU CAN AGREE WITH ME THAT WE MUST LOOK AT AN ENTIRE COMPENSATION PACKAGE AS A MOTIVATING, OR DEMOTIVATING, FORCE THEN WE HAVE TO UNDERSTAND THE WHOLE PICTURE BEFORE MAKING REASONED DECISIONS.

PEOPLE IN THE NAVY ARE NOT OVERPAID. LET ME GIVE YOU EXAMPLES BASED ON BUREAU OF LABOR STATISTICS. A NAVY SECOND CLASS PETTY OFFICER ON SEA DUTY MAKES SLIGHTLY MORE THAN 1/3 AS MUCH AS A MERCHANT MARINE ELECTRICIAN. HE MAKES LESS THAN 1/2 AS MUCH AS A CIVIL SERVICE WORKER IN THE SAME OCCUPATION. WHEN A NAVYMAN OR WOMAN IS TRANSFERRED TO A NEW DUTY STATION MUCH OF THE COST OF THE MOVE IS PAID BY THE INDIVIDUAL, NOT BY THE GOVERNMENT. THOUGH I DON'T THINK SO, THAT MIGHT BE ALRIGHT, IF THAT WERE THE CASE FOR OTHER EMPLOYEES. IT DOES NOT HAPPEN TO BE THE CASE. A CIVILIAN EMPLOYEE (GS-9) WITH A WIFE AND TWO CHILDREN MOVING FROM SAN DIEGO TO WASHINGTON, D.C., WOULD RECEIVE APPROXIMATELY \$19,350 IN CASH AND BENEFITS. A CHIEF PETTY OFFICER, SAME SIZE FAMILY, SAME MOVE, RECEIVES LESS THAN \$2,000. OUR PEOPLE ARE TRANSFERRED MANY TIMES DURING A CAREER. UNLIKE THEIR CIVILIAN COUNTERPARTS, THESE TRANSFERS ARE NOT VOLUNTARY. THEY ARE A CONDITION OF SERVICE. IT TAKES OUR RETIRING CHIEF PETTY OFFICER TWO YEARS OF RETIRED PAY JUST TO MAKE UP WHAT HE LOST ON ONE TRANSFER. IF YOU ADD UP ALL THE DOLLARS RECEIVED DURING, AND AFTER, ACTIVE SERVICE, MUCH OF THE "GOOD DEAL" BEGINS TO LOOK LESS GOOD.

I HAVE PAINTED A STARK PICTURE AND ONE WONDERS WHY AS MANY AS 13% OF ENLISTEES DO REMAIN TO SERVE AT LEAST 20 YEARS. IT IS SIMPLE. THERE IS MUCH MORE TO A NAVAL CAREER THAN MONEY. MOST NAVY PEOPLE COULD EARN MORE SOME OTHER WAY. THAT FACT IS BORNE OUT BY SEVERAL REPUTABLE STUDIES THAT SHOW MILITARY RETIREES' LIFESTREAM EARNING, INCLUDING RETIRED PAY, TO BE LESS THAN THOSE WITH COMPARABLE CIVILIAN CAREERS. OUR PEOPLE STAY FOR SEVERAL REASONS. HARD WORK, FAMILY SEPARATION, YEARS OF LOWER THAN AVERAGE COMPENSATION, ARE OFFSET BY DESIRE FOR MEANINGFUL CONTRIBUTIONS TO JOBS AND ORGANIZATIONS THEY CAN RESPECT, BY THE CAMARADERIE THAT COMES FROM SERVICE WITH LIKE-MINDED INDIVIDUALS IN SHARP UNITS, BY A TRUE SENSE OF PATRIOTISM THAT I SENSE WHEN I VISIT OUR FLEET UNITS AND, YES, BY A FEELING OF SECURITY FOR THEIR FAMILIES THAT WE HAVE LED THEM TO BELIEVE IS AVAILABLE TO THEM WHEN THEIR SERVICE IS DONE. UNDER ANY CIRCUMSTANCES, IT WOULD CERTAINLY NOT BE EQUITABLE, OR EVEN ETHICAL, TO BREAK CONTRACT WITH AND EXPECTATIONS OF THOSE WHO HAVE ALREADY CHOSEN TO SERVE.

MANY MAJOR CHANGES HAVE ALREADY BEEN MADE TO MILITARY RETIREMENT. HIGH THREE YEAR AVERAGING NOW PERTAINS TO THOSE WHO CAME ABOARD AFTER 1980. SEMI-ANNUAL COST OF LIVING ADJUSTMENTS (WE MISTAKENLY REFER TO THEM AS "PAY RAISES") BECAME ANNUAL, THEN EVERY 13 MONTHS. ADJUSTMENTS WERE CAPPED FOR RETIREES DURING THE PAST THREE FISCAL YEARS. THESE ARE NOT TRIVIAL CHANGES. IF WE WERE, FOR EXAMPLE, TO LIMIT A RETIRING CHIEF PETTY OFFICER TO 1/2 INFLATION FOR HIS COST OF LIVING ADJUSTMENT EVERY YEAR FROM TRANSFER TO FLEET RESERVE AT 41 UNTIL HE REACHED AGE 62, AND THE NATION AVERAGED 5% INFLATION DURING THOSE YEARS, HE WOULD LOSE 40% OF HIS RETIRED PAY'S BUYING

POWER. REMEMBER, THIS FELLOW ONLY STARTED WITH 27% OF HIS PAY WHEN HE FINISHED HIS 20 YEARS. THIS TYPE OF ADJUSTMENT CAN BEST BE CATEGORIZED AS CRUEL. PEOPLE WON'T UNDERSTAND IT UNTIL IT IS TOO LATE. THEN THEY WILL FEEL BETRAYED, AND RIGHTFULLY SO IN MY OPINION. IT WON'T TAKE LONG FOR THE WORD TO GET BACK TO THE VERY PEOPLE WE NEED TO RETAIN AND IT WON'T BE ONLY RETIRED PEOPLE WE HAVE HURT.

MANY SEEM TO BE CONCERNED BECAUSE OF MAJOR INCREASES IN RETIRED PAY THAT WERE REALIZED BY SOME DURING THE 1970's. THAT WAS THE DIRECT IMPACT OF RUNAWAY INFLATION COUPLED WITH ACTIVE DUTY PAY BEING HELD AT LOWER LEVELS. COST OF LIVING ADJUSTMENTS FOR RETIREES WERE NOT MATCHED BY SIMILAR ADJUSTMENTS FOR THOSE ON ACTIVE DUTY. THAT IS NOT A FAULT OF THE RETIREMENT SYSTEM. IT IS A RESULT OF OUTRAGEOUS INFLATION AND DECISIONS TO HOLD DOWN ACTIVE DUTY PAY. ACTIVE DUTY PERSONNEL RESPONDED BY LEAVING IN DROVES. CHANGING THE RETIREMENT SYSTEM IS NOT A LOGICAL FIX FOR THE PROBLEMS OF THE 1970's. OUR GOAL SHOULD BE TO AVOID SUCH PROBLEMS IN THE FUTURE.

I HAVE REFERRED TO THE "RETIRED" PAY SYSTEM THROUGHOUT MY STATEMENT TODAY. THAT IS NOT REALLY AN ACCURATE CHARACTERIZATION OF THE SYSTEM. FOR MANY YEARS OF THE INDIVIDUAL'S LIFE AFTER ACTIVE SERVICE, IT IS "RETAINER" PAY. THAT IS THE WAY IT IS STATED IN MUCH OF THE PERTINENT LEGISLATION. COLONEL THEODORE ROOSEVELT, ASSISTANT SECRETARY OF THE NAVY AT THE TIME THE FLEET RESERVE WAS ESTABLISHED, DESCRIBED RETAINER PAY DURING A CONGRESSIONAL HEARING AS, "ADVANCED RETIREMENT PAY...RETIREMENT PAY GIVEN BEFORE THEY GET TO THE AGE OF RETIREMENT IN EXCHANGE FOR WHICH THEY GIVE CERTAIN RIGHTS TO THE

UNITED STATES GOVERNMENT." THIS CATEGORY WAS CREATED BY CONGRESS IN 1916 TO PROVIDE A POOL OF EXPERIENCED PERSONNEL WHO COULD BE RECALLED TO ACTIVE DUTY ON SHORT NOTICE IN TIME OF WAR OR EMERGENCY. THAT AUTHORITY WAS EXERCISED IN 1942 WHEN 67% OF OUR FLEET RESERVE AND ENLISTED RETIREES WERE RECALLED TO JOIN IN THE FIGHT. THE FLEET RESERVE CONCEPT IS AS VALID TODAY AS IT WAS IN 1916 -- A POOL OF DEDICATED, HIGHLY QUALIFIED PERSONNEL WHO ARE READY TO SERVE. IT IS A LOGICAL ADJUNCT TO THE OTHER PORTIONS OF OUR NAVAL RESERVE AND PRECISELY IN LINE WITH THE MANY RESERVE INITIATIVES UNDERWAY IN ALL OUR SERVICES.

MR. CHAIRMAN, I MAY NOT HAVE HELPED YOU MUCH TODAY. I HAVE NOT GIVEN YOU A BLUEPRINT FOR A NEW RETIREMENT SYSTEM. I DON'T THINK WE NEED ONE. I THINK WE NEED TO BETTER UNDERSTAND WHAT OUR SYSTEM DOES FOR US, HOW IT RELATES TO READINESS, WHY IT HAS ABSOLUTELY NOTHING TO DO WITH RETURN-TO-THE DRAFT QUESTIONS, AND HOW IT IS VIEWED BY THE PEOPLE IT AFFECTS MOST -- TODAY'S ACTIVE DUTY NAVY MEN AND WOMEN, BOTH CAREERIST AND THOSE STILL UNDECIDED. I REPRESENT THEM, AND I DO SO PROUDLY FOR THEY GIVE ME EVERY REASON TO BE PROUD OF THEM. WE DON'T PAY THEM TOO MUCH, WHILE THEY SERVE, WHILE THEY REMAIN IN OUR FLEET RESERVE OR, LATER, WHEN THEY ARE TRULY RETIRED. THE COMPLEX SYSTEM WE HAVE TODAY HAS EVOLVED AS A TOTAL, INTEGRATED SUPPLY-AND-DEMAND COMPENSATION SYSTEM AND ATTEMPTS TO REACH IN THE GRAB BAG AND EXCISE INDIVIDUAL PIECES WILL ASSUREDLY STOP THE MACHINERY. THE AVERAGE ENLISTED MAN GIVES US NEARLY 23 YEARS OUT OF THE MOST PRODUCTIVE YEARS OF HIS LIFE. THE AVERAGE OFFICER SERVES FOR 24 YEARS. WE DON'T PROVIDE

ANY VESTING -- THEY'VE GOT TO MAKE IT ALL THE WAY TO THE END TO GET ANYTHING AT ALL. I DON'T THINK WE DO TOO MUCH FOR THEM, AND I CERTAINLY DON'T THINK WE SHOULD DO ANY LESS.

I'D BE PLEASED TO ANSWER ANY QUESTIONS.