



The Uniformed Services Blended Retirement System



The Blended Retirement System

Financial Literacy Education Commission

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The Military Retirement Benefit

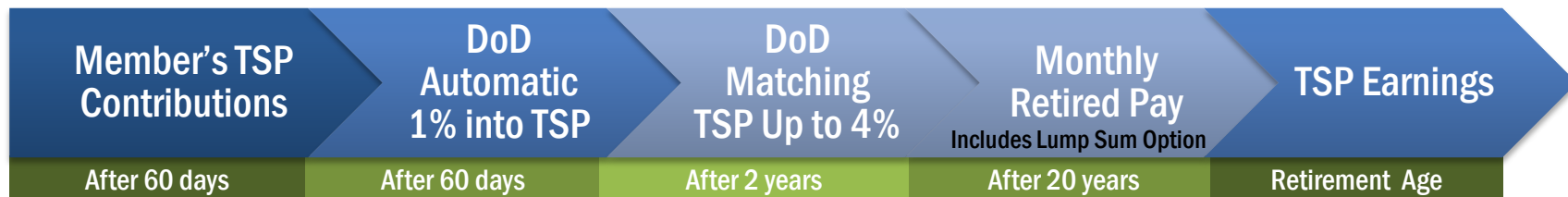
• Legacy Retirement System

- Defined annuity benefit computed as
- Must serve at least 20 years

$$2.5\% \times \text{Years Served} \times \text{Retired Pay Base}$$

Only **19%** Active and **14%** Reserve Qualify

• Blended Retirement System, *blends*:



- Defined annuity becomes **2.0%**

$$2.0\% \times \text{Years Served} \times \text{Retired Pay Base}$$

85%

of all service members will get government-provided retirement benefits

Current members GRANDFATHERED as of Dec. 31, 2017

Option to switch:

- Active: If less than 12 years of service
- Reserve: If fewer than 4,320 points

No one will be automatically switched

All new members after Jan. 1, 2018 covered by BRS



Blended Retirement System Basics

Defined Benefit

For non-regular retirement, at age 60 or earlier with creditable active service

- Basic qualifications for retirement do not change
- The pension is still the primary component of military retirement

$$2.0\% \times \text{Years of Service} \times \text{High-36 Month Average of Base Pay} = \text{Monthly Retired Pay}$$


Defined Contribution



Individual Contribution	Agency Automatic Contribution	Agency Matching Contribution	Total TSP Monthly Contribution
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%

AFTER 60 DAYS

AFTER 2 YEARS

NOTE: Currently serving members who opt-in will see matching contributions immediately

Continuation Pay

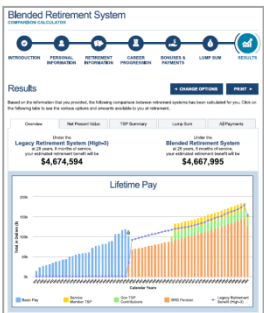
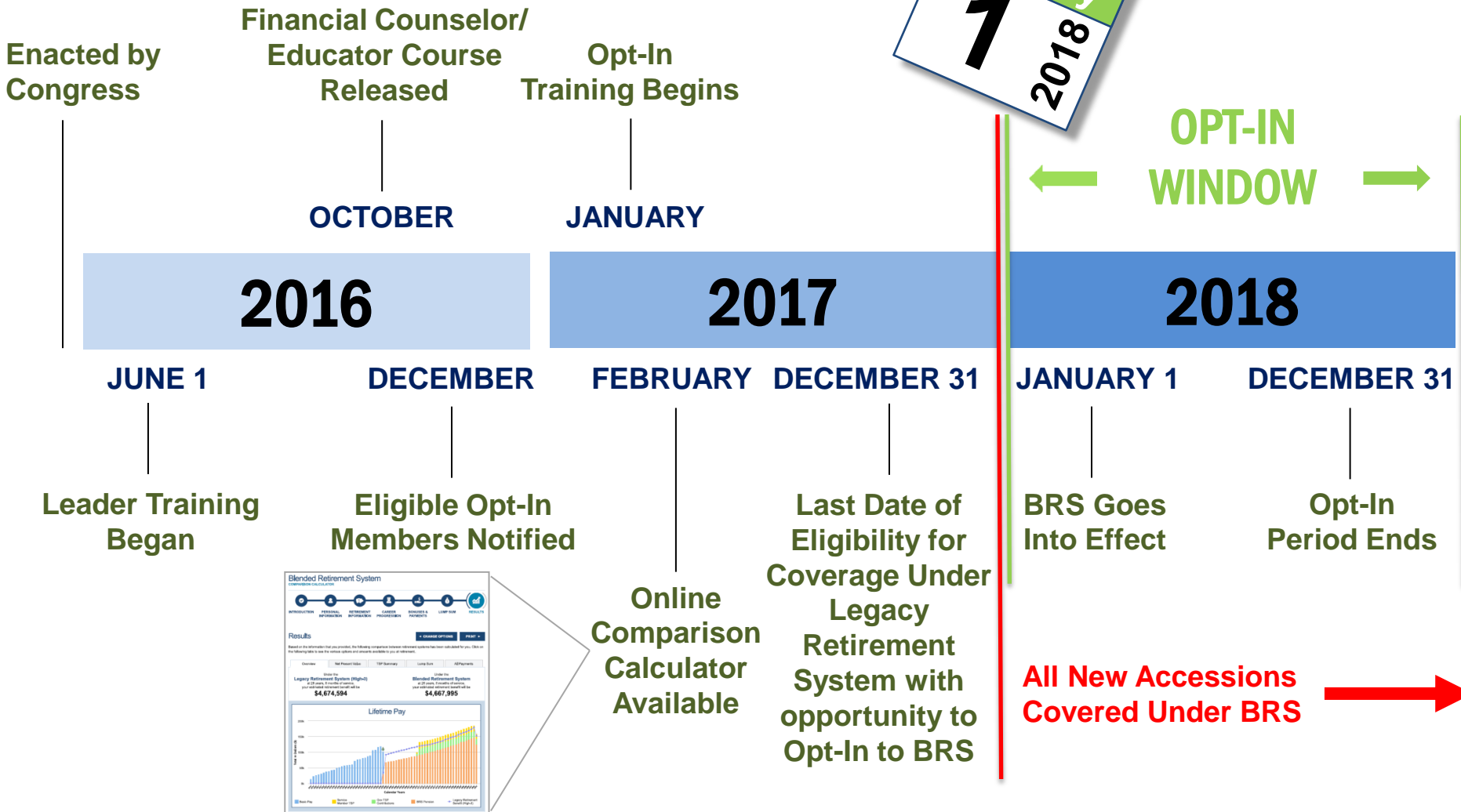
- Mid-career incentive designed to maintain force retention
- Payable between 8 and 12 years of service
- Minimum is 2.5 x monthly basic pay (0.5 x for RC)

Lump Sum

- May elect lump sum of 25% or 50% at retirement
- Discounted present value from retirement to age 67
- At age 67, reverts back to full annuity



Implementation Timeline





Blended Retirement System Benefits

Decision to opt-in is the member's only – DoD has no preference

- ✓ **Greater portability of retirement benefits**
- ✓ **Earlier savings for retirement**
- ✓ **No longer ALL or NOTHING retirement plan**
- ✓ **Covers more people**
- ✓ **Recruiting incentive**
- ✓ **Continuation Pay adds incentive to stay for full career**
- ✓ **Lump Sum option gives choices at retirement**
- ✓ **Encourages saving for retirement**



Questions



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