The Blended Retirement System

Financial Literacy Education Commission

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Office of the Deputy Assistant Secretary of Defense (Military Personnel Policy)
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The Military Retirement Benefit

- **Legacy Retirement System**
  - Defined annuity benefit computed as 2.5% \( \times \) \( \times \) Years Served \( \times \) Retired Pay Base
  - Must serve at least 20 years

- **Blended Retirement System, **blends:
  - Defined annuity becomes 2.0% \( \times \) \( \times \) Years Served \( \times \) Retired Pay Base

  - Defined annuity becomes 2.0% \( \times \) \( \times \) Years Served \( \times \) 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

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**

<table>
<thead>
<tr>
<th>Individual Contribution</th>
<th>Agency Automatic Contribution</th>
<th>Agency Matching Contribution</th>
<th>Total TSP Monthly Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>2%</td>
<td>1%</td>
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<td>5%</td>
</tr>
<tr>
<td>3%</td>
<td>1%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>4%</td>
<td>1%</td>
<td>3.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>5%</td>
<td>1%</td>
<td>4%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**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

**NOTE:** Currently serving members who opt-in will see matching contributions immediately
The Uniformed Services
Blended Retirement System

Implementation Timeline

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>JUNE 1</td>
<td>DECEMBER</td>
<td>FEBRUARY</td>
</tr>
<tr>
<td>Leader Training Began</td>
<td>Eligible Opt-In Members Notified</td>
<td>Last Date of Eligibility for Coverage Under Legacy Retirement System with opportunity to Opt-In to BRS</td>
</tr>
</tbody>
</table>

- **Enacted by Congress**
- **Financial Counselor/Educator Course Released**
- **Opt-In Training Begins**
- **Leader Training Began**
- **Eligible Opt-In Members Notified**
- **Last Date of Eligibility for Coverage Under Legacy Retirement System with opportunity to Opt-In to BRS**
- **BRS Goes Into Effect**
- **Opt-In Period Ends**
- **All New Accessions Covered Under BRS**

Online Comparison Calculator Available
Blended Retirement System Benefits

- 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

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

http://militarypay.defense.gov/blendedretirement

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