



The Uniformed Services Blended Retirement System



Introduction to the Blended Retirement System

8 August 2016



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% Qualify

• Blended Retirement System, *blends*:



- Defined annuity becomes

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

85%

of all service members will get retirement benefits

Service members who leave after just 2 years will keep TSP savings + DoD Contributions + Any Earnings



Blended Retirement System Basics

✓ Thrift Savings Plan

✓ Automatic DoD Contribution of 1% of Basic Pay

– Begins after 60 days (immediate for opt-in Service members)

✓ Matching DoD Contribution up to 4% of Basic Pay

– Begins after 2 years of service (immediate for opt-in Service members)

✓ Full Monthly Retired pay at 20 years of Service

$$2\% \times \text{Years of Service} \times \text{High-36 Month Average of Base Pay} = \text{Monthly Retired Pay}$$

✓ Can Elect 25% or 50% Lump Sum at Retirement

✓ Mid-Career Continuation Incentive



Who is Affected?

- **If serving as of December 31, 2017:**
 - GRANDFATHERED in current retirement system
 - **NO ONE will be automatically moved to BRS**
- **Many currently-serving members eligible to opt into BRS**
 - Active: Fewer than 12 years of total service as of Dec. 31, 2017
 - Reserve: Fewer than 4,320 retirement points as of Dec. 31, 2017
- **Eligible members have all of CY 2018 to make their decision**
 - Member wants to stay covered under current system – do nothing
 - Member decides BRS is better – can opt in
- **New accessions on or after January 1, 2018 covered by BRS**



Opt-In Eligibility Choice

Serving as of December 31, 2017

if

As of December 31, 2017:

ACTIVE
Fewer than 12 Years Service

RESERVE
Fewer than 4,320 points

then

Take Mandatory BRS
Opt-In Training in CY17

can

In CY18

Why 4,320 points?

(1) Choose Blended Retirement System

-- or --

(2) Do Nothing and Stay Covered Under Current System



BRS Training

A calendar icon for June 2016, tilted to the right. The month "June" is written in white on a green background, and the year "2016" is written in black on a white background.

June

2016

Leader Course: Provides leaders a basic familiarity of BRS and an understanding of “opt-in” and major milestones for implementation. Available as of June 1, 2016.

A calendar icon for September 2016, tilted to the right. The month "September" is written in white on a green background, and the year "2016" is written in black on a white background.

September

2016

Financial Counselor / Educator Course : Counseling scenarios to equip financial professionals and retirement experts. Available in Fall 2017.

A calendar icon for January 2017, tilted to the right. The month "January" is written in white on a green background, and the year "2017" is written in black on a white background.

January

2017

Opt-In Course: Provides “opt in” population a comparison of current and new retirement systems; including scenarios and retirement comparison calculators. Computer-based course will be available in early 2017. Course will be MANDATORY for all identified as “eligible to opt-in”

A calendar icon for January 2018, tilted to the right. The month "January" is written in white on a green background, and the year "2018" is written in black on a white background.

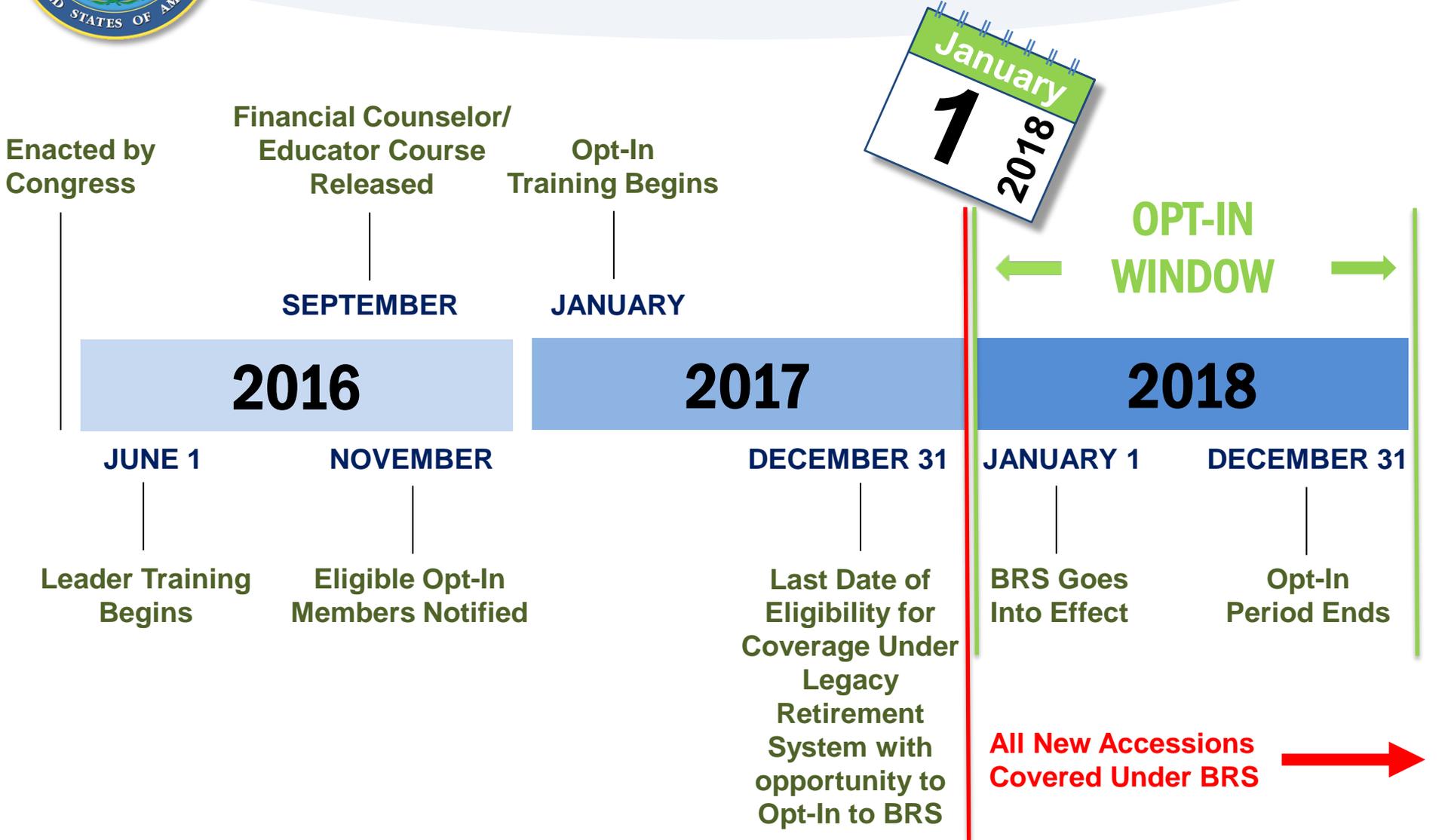
January

2018

New Accession Course: Specialized course for members who join the service after January 1, 2018; highlights the new components BRS and includes retirement planning calculators.



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**



Blended Retirement System

Questions?