

Planning for Retirement

Retirement may seem distant so it's important to start planning for it now to build financial security during those years. The most powerful factor that you have is time. Starting to invest now for retirement offers two essential tools for accumulating the most assets possible: compound interest and long-term growth potential. Here are a few reasons why now is the perfect time to start saving for retirement:

- The sooner you begin, the more money you may be able to accumulate.
- You don't know how long you will be able to work. Injury, illness or other difficulties could interrupt your future earning and saving ability.
- You do not know how long retirement will last. With longer life expectancy, you may need enough savings to last 30 years or more.

The Legacy "High-3" Retirement System Key Points

- For Soldiers who first entered active duty after September 8, 1980, but before January 1, 2018
- Typically requires 20 years of service to qualify for retirement pay
- National Guard and Reserve members must complete 20 qualifying years of service and attain age 60 (or earlier based on qualifying active service)
- Thrift Savings Plan (TSP) is available and is funded only by Soldiers' contributions

Calculating the Monthly Pension:

2.5%

X



X



Retired Monthly Base Pay

(Average for the highest 36 months of basic pay)

Example: E-7 Retiring Today

2.5%

X

20 Years Served

X

\$4,700 = \$2,350

Example: O-5 Retiring Today

2.5%

X

20 Years Served

X

\$8,900 = \$4,450

**For the Guard and Reserve, divide accumulated retirement points by 360.*

The Blended Retirement System (BRS) Key Points

- For Soldiers who first entered active duty after January 1, 2018, or those who opted into BRS
- Offers automatic and matching contributions to your TSP
- Offers Continuation Pay (CP) which is a direct cash payout, like a bonus, in exchange for additional service.
- Typically requires 20 years of service to qualify for retirement pay
- Offers Lump Sum Option at retirement

Eligibility

Effective January 1, 2018, all new Soldiers fall under the BRS. One exception is individuals who were attending a service academy or signed an ROTC contract as of December 31, 2017. These individuals were grandfathered under the Legacy Retirement System with the opportunity to opt into BRS within 30 days after commissioning (or being placed in pay status).

The Army will automatically contribute 1% of your basic pay to your TSP after 60 days of service. For those who opted into BRS, the automatic 1% began the pay period that followed the election to enroll in the BRS. You become fully vested (the money becomes yours and you can take it with you when you leave the military) when your third year of service begins. Matching contributions for those automatically enrolled will begin at that point while those who opted-in will see matching contribution begin automatically.

Automatic and Matching Contributions

Your Contribution	Service Auto Contributions	Service Matches	Total
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%

For Soldiers who opt into the BRS, matching contributions are immediately vested. However, the 1% automatic contribution requires a minimum of two years of service for vesting to occur.

Continuation Pay

Soldiers enrolled in the BRS may be eligible to receive a midcareer (currently at 12 years of service) cash payment in exchange for an agreement to perform additional obligated service. This one-time payment is in addition to any other career field-specific incentives or retention bonuses.

Calculating the Monthly Pension:

2%

X



X



Retired Monthly Base Pay

(Average for the highest 36 months of basic pay)

Example: E-7 Retiring Today

2%

X

20 Years Served

X

\$4,400 = \$1,760

Example: O-5 Retiring Today

2%

X

20 Years Served

X

\$8,400 = \$3,360

**For the Guard and Reserve, divide accumulated retirement points by 360.*

Lump Sum Option

The lump sum option is a feature of the BRS, which gives Soldiers choices at retirement. Soldiers participating in BRS who qualify for retired pay may be eligible to elect either a 25% or 50% discounted portion of their monthly retired pay in exchange for a lump sum payout. Monthly retired pay returns to the full amount when the Soldier reaches their full Social Security retirement age, which for most is age 67.

Additional Information about Guard and Reserve Retired Pay

- Guard and Reserve duty personnel are generally eligible for retired pay after completing at least 20 qualifying years of service and reaching 60 years of age. The amount of pay is based on a point system geared toward the amount of active and inactive duty performed.
- Guard and Reserve members may be eligible to receive retired pay before 60 years of age based on qualifying active duty service.
- You will receive retired pay for life. The pay amount is periodically adjusted to the cost-of-living index. Upon your death, your spouse and children may receive payments only if you elect the Survivor Benefit Plan (SBP) before you retire.



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