The Blended Retirement System
Lump Sum Option

Receive **25% or 50%** of your future retired pay **upfront** in exchange for **reduced monthly retirement payments** until age 67.

HOW IT WORKS

1. **Eligible for retirement.** You are eligible for the lump sum option.
2. **Choose your amount.** Elect 25% or 50% of your estimated retired pay. This election is optional.
3. **Get paid upfront.** Receive your lump sum option (all at once or up to four annual installments).
4. **Receive reduced monthly pay.** Your monthly retired pay is reduced by 25% or 50% until age 67.

HOW IT IMPACTS YOUR PAY

At Retirement	Until Age 67	At Age 67
LUMP SUM PAID TODAY	**REDUCED MONTHLY PAY UNTIL AGE 67**	**FULL MONTHLY PAY RESUMES**
You receive 25% or 50% of your estimated retired pay upfront.	**Your monthly retired pay is reduced by 25% or 50%.**	**Your monthly retired pay returns to 100% for life.**

REMEMBER:

This is an exchange of money now for less money later.
Full monthly pay is restored at age 67.

LUMP SUM OPTION CONSIDERATIONS

- **Value of Lifetime Income**: Full monthly retired pay for life may be worth more than the discounted lump sum.
- **Tax Impact**: The lump sum option is earned income and may increase your tax bracket in the year or years you receive it.
- **Survivor Benefit Plan (SBP) Premiums**: SBP premiums reduce your monthly pay. Include them in your calculations.
- **VA Disability Offset**: VA disability compensation may be reduced if you elect the lump sum option.
- **Run the Numbers**: Use the BRS calculator to see the estimated impact on your retired pay.

WHAT DO YOU NEED TO DO?

1. **Notify your personnel office.**
2. **Submit DD Form 2656** with your lump sum election:
   - **Active Duty**: no later than 90 days before retirement.
   - **National Guard & Reserves**: no less than 90 days before receipt of monthly retired pay, which is typically at age 60, but may be earlier based on creditable active service.

GRAY AREA RETIREES

Guard or Reserve members who have completed the service required to qualify for retired pay and have stopped drilling but are not yet at the age to start receiving retired pay.

The time between their retirement from the service and the date when they are eligible to begin receiving retired pay (typically age 60 or earlier with qualifying active service) is the "gray area".

LEARN MORE & GET HELP

Learn more about the BRS:
https://militarypay.defense.gov/BlendedRetirement

Use the BRS calculator to estimate your lump sum option payment and see the impact on your retired pay:
https://militarypay.defense.gov/Calculators/Blended-Retirement-System-Standalone-Calculator

Locate a personal financial manager or counselor at your installation's Military and Family Support Center, or search at:
https://installations.militaryonesource.mil

Connect with free, personal financial counselor services:
https://finred.usalearning.gov/pfcMap

FINANCIAL READINESS
Financially Secure, Mission Ready