



PERSONAL FINANCE

Military Families Learning Network

The Blended Retirement System Launch: Questions & Answers

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U.S. DEPARTMENT
OF DEFENSE



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Today's Presenter

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Retired and Annuitant Pay Project Lead for the
implementation of the Uniformed Services'
Blended Retirement System





The Uniformed Services Blended Retirement System



Blended Retirement System

Military Families Learning Network

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January 16, 2018





Learning Objectives

1 – Blended Retirement System (BRS) Basics

- Understand basic components of the BRS
- Compare BRS to the Legacy Retirement Systems

2 – Enrollment and Training Requirements

- Understand who is affected
- Identify the process for opting in
- Identify the factors determining if a member is opt-in eligible or automatically enrolled in the BRS
- Identify how enrollment status impacts benefits under the BRS
- Determine which training course(s) a member must complete
- Understand hardship extensions, ROTC/Academy rules, and Delayed Entry Program enlistee rules

3 – Vesting and Account Options

- Understand basic rules for starting and stopping TSP contributions
- Understand matching and automatic TSP contributions
- Understand when a member is vested in retirement savings and retirement benefits
- Understand how breaks in service, re-entry, and change of component each impact benefits

4 – Continuation Pay and Lump Sum

- Understand the requirements for receiving Continuation Pay
- Understand the policies and procedures for requesting a lump sum of retired pay
- Understand how a discount rate affects the amount of a lump sum
- Identify tools to analyze lump sum options
- Recognizes the advantages and disadvantages of a lump sum



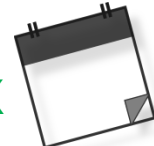

Topic 1

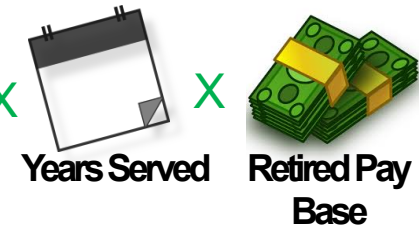
BRS Basics



The Military Retirement Benefit

• Legacy Retirement System

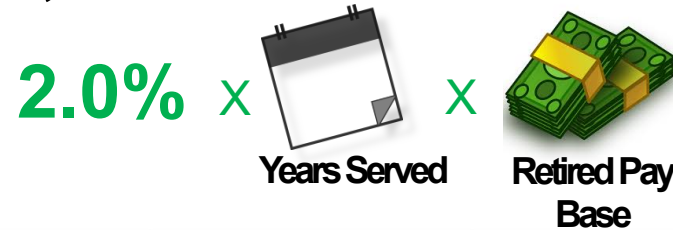
- Defined annuity benefit computed as **2.5%** ×  × 
- Must serve at least 20 years



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

• Blended Retirement System, *blends*:

- Defined annuity becomes
- Automatic & matching TSP



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

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% x

Years of Service

High-36
Month
Average
of Base
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 at 8, but not more than 12 years of service
- AC*: 2.5x to 13x monthly basic pay (RC: 0.5x to 6x)

* Active Guard Reserve (AGR)/Full Time Support (FTS) receive AC continuation pay rates

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



Topic 2

Enrollment and Training Requirement



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 CY18 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 Jan. 1, 2018 covered by BRS**



Opt-In Eligibility Choice

Serving as of December 31, 2017

if

As of December 31, 2017:

ACTIVE COMPONENT
Fewer than 12 Years
Service
RESERVE COMPONENT
Fewer than 4,320 points

then

Take Mandatory BRS
Opt-In Training in CY17

can

In CY18

Why 4,320 points?

Do Nothing and
Stayed Covered by
Legacy System

or

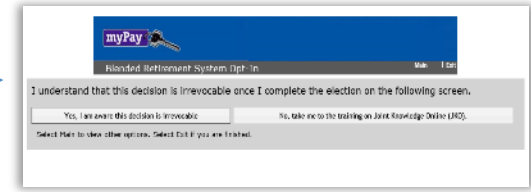
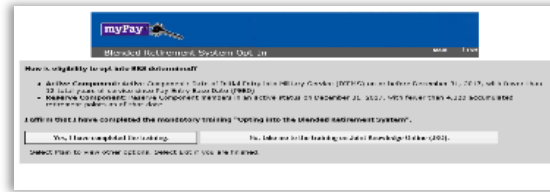
Choose Blended
Retirement System





myPay Opt-In Process

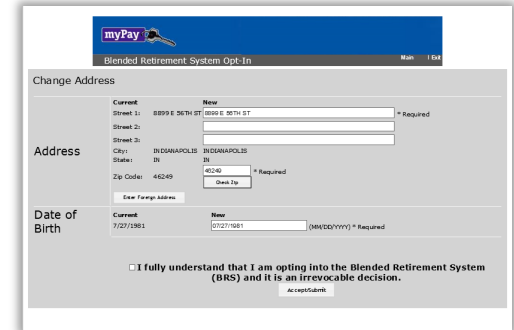
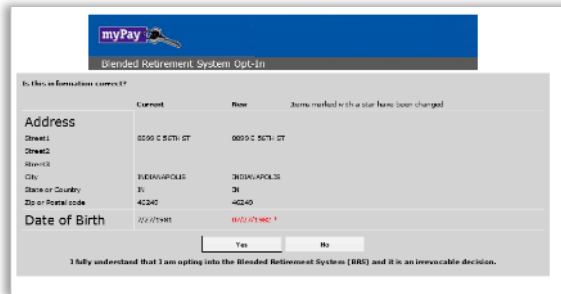
Note: Marine Online and Coast Guard's Direct Access have similar processes, but the screens will look different



1 Visit myPay.dfas.mil, Click **"Blended Retirement System Opt In"** at top of Pay Account

2 Affirm that you have completed the mandatory BRS Opt-In Training

3 Confirm you understand the decision to opt-in is irrevocable



6 A SmartDoc email will be sent verifying your opt-in decision; update your TSP contributions on myPay

5 Double-check that information is correct and click "Yes" to opt-in or "No" to cancel transaction

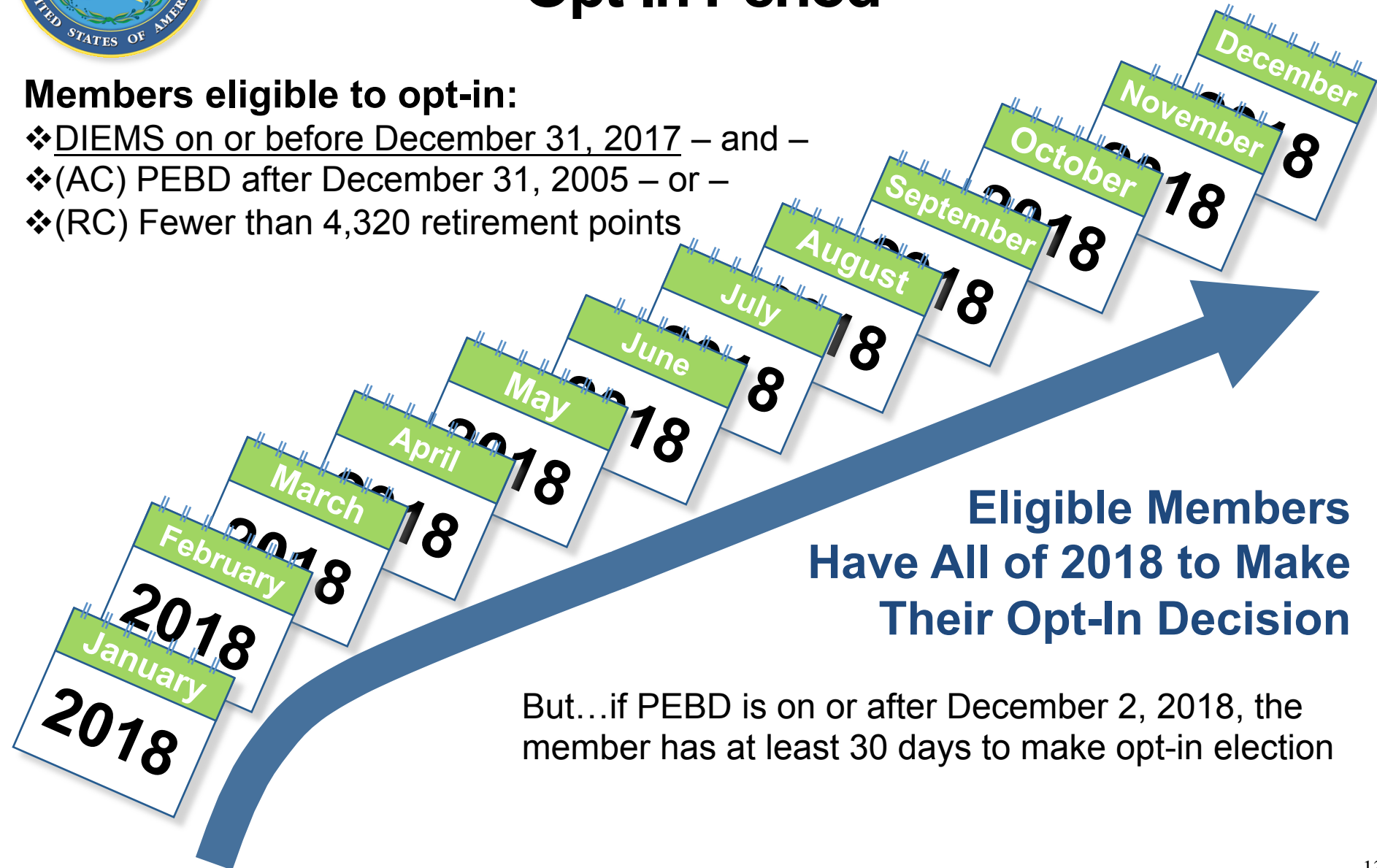
4 Review address on file, DOB, and check the box indicating you "Fully understand that I am opting into the Blended Retirement System and it is an irrevocable decision"



Opt-In Period

Members eligible to opt-in:

- ❖ DIEMS on or before December 31, 2017 – and –
- ❖ (AC) PEBD after December 31, 2005 – or –
- ❖ (RC) Fewer than 4,320 retirement points



**Eligible Members
Have All of 2018 to Make
Their Opt-In Decision**

But...if PEBD is on or after December 2, 2018, the member has at least 30 days to make opt-in election



Special Opt-In Categories

- **If “serving” as of December 31, 2017:**
 - GRANDFATHERED in current retirement system
- **What does it mean to be “serving” as of Dec. 31, 2017?**
 - Cadets / Midshipmen?
 - Delayed Entry Program?
 - Individual Ready Reserve / Standby Reserve?
- **What about members with DIEMS prior to December 31, 2017 who are not serving in any capacity on that date but who return to service late in 2018 or beyond?**



Hardship Extensions

- **Automatic Extension:**

- May be granted by local command (O-6 or above); 30 day opt-in period
- IRR/Standby Reserve who comes into pay status for first time after opt-in period
- Academy and Senior ROTC with DIEMS on or prior to December 31, 2017 who is not commissioned until on or after December 1, 2018
 - Within 30 days of first day performing actual duty
- Career Intermission Pilot Program

- **Discretionary Hardship Extensions:**

- May be granted by Secretary concerned if (examples only):
 - Deployed during final 30 days of opt-in period
 - Court proceedings/court orders prevented from opting in
 - Illness or injury prevented from opting in
 - Services' failure to properly notify of eligibility
 - Extraordinary/exceptional circumstances beyond member's control
- No set length of extension; but normally 30 days



Automatic Enrollment in BRS

**Date of Initial Entry
Into Military Service**

=



...or later

- **Automatically covered by BRS**
- **Auto-Enrolled in TSP at 3% Individual Contribution at 60 Days**
 - Can Contribute Voluntarily Sooner than 60 days
 - Can Increase/Decrease Individual Contribution AT ANY TIME
- **Government's Automatic 1% Contribution Begins at 60 Days**
- **Government's Matching Contributions (up to additional 4%) Begins After Completing 2 Years (measured from PEBD)**
- **Automatically Re-Enrolled Every Year if Not Contributing to TSP**



RC Eligible for BRS?

- Army National Guard
- Army Reserve
- Air National Guard
- Air Force Reserve
- Navy Reserve
- Marine Corps Reserve
- Coast Guard Reserve
- Ready Reserve Corps of the Public Health Service Commissioned Corps

- Follow RC rules for Opt-In Eligibility
- Follow AC rules for Continuation Pay

Active Guard / Reserve Full-Time Support (AGR/FTS)*



- Drilling Unit Reservists
- Individual Mobilization Augmentees (IMA)
- “drilling reservists”
- “traditional Guardsmen”
- “M-days”

Selected Reserve



Individual Ready Reserve (IRR)

- Can only opt-in if return to “paid status,” see previous slide




Active Status List of the Standby Reserve



- Can only opt-in if return to “paid status,” see previous slide

* NOTE: AGR/FTS are actually part of the Selected Reserve, but some conditions for AGR/FTS differ under BRS, so they are listed separately.

Determining BRS Opt-In Eligible or BRS Automatic

-  DIEMS – Date of Initial Entry Into Military Service
-  PEBD – Pay Entry Base Date
-  BRS Opt-In Period

2017

2018

2019

DIEMS and PEBD Prior to January 1, 2018

- 1
 - Signs contract August 31, 2017 (DIEMS)
 - Reports for basic training December 1, 2017 (PEBD)
 - Member is grandfathered, BRS Opt-In Eligible
 - Has all of 2018 to make Opt-In Election

Opt-In Period

Opt-In Eligible
Takes BRS Opt-In Course

Delayed Entry Program Crossing into 2018

- 2
 - Signs contract August 31, 2017 (DIEMS)
 - Reports for basic training February 14, 2018 (PEBD)
 - Member is grandfathered, BRS Opt-In Eligible
 - Has remainder of 2018 to make Opt-In Election

On or Before Dec. 31, 2017

DEP

Opt-In Period

Opt-In Eligible
Takes BRS Opt-In Course

These two members report to basic training on same day, one is BRS Opt-In, other is BRS Auto (because of DIEMS date)

New Accession After December 31, 2017

- 3
 - Signs contract January 31, 2018 (DIEMS)
 - Reports for basic training February 14, 2018 (PEBD)
 - Member is automatically enrolled in BRS

After Dec. 31, 2017

BRS Automatic
Takes BRS New Accessions Course

Cadet/Midshipman With Contract Before Dec. 31, 2017

- 4
 - Signs contract December 20, 2017 (DIEMS)
 - Commissioned on May 23, 2019
 - First duty day is June 1, 2019 (PEBD)
 - Member is grandfathered, BRS Opt-In Eligible
 - Has 30 days after PEBD to make Opt-In Election

On or Before Dec. 31, 2017

The date the member "contracts" to serve determines whether he/she is BRS Opt-In or BRS Automatic

Opt-In Eligible
Takes BRS Opt-In Course

Cadet/Midshipman With Contract After Dec. 31, 2017

- 5
 - Signs contract January 5, 2018 (DIEMS)
 - Commissioned on May 23, 2019
 - First duty day is June 1, 2019 (PEBD)
 - Member is automatically enrolled in BRS

After Dec. 31, 2017

These officers commission on same day, but the one who contracted before Dec. 31, 2017 is BRS Opt-In Eligible

BRS Automatic
Takes BRS New Accessions Course

Notes: (1) Cadets/Midshipmen with a DIEMS on or prior to December 31, 2017, whose first duty day following commissioning (PEBD) is on or after December 1, 2018, may be granted a 30 day extension of the opt-in election period to ensure the member has no less than 30 days following PEBD to make the opt-in election.

(2) Members of the Delayed Entry Program with a DIEMS on or prior to December 31, 2017, but a PEBD on or after September 1, 2018, may be granted an extension of up to 30 days beyond December 31, 2018, to ensure the member has at least 30 days AFTER completing basic training to make the opt-in election.



BRS Training



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.



Financial Educator Course : Counseling scenarios to equip financial professionals and retirement experts. Available as of October 2016.



Opt-In Course: Provides “opt in” population a comparison of current and new retirement systems as well as training on the importance of lifelong saving for retirement. Computer-based course was released January 31, 2017. Course is MANDATORY for all identified as “eligible to opt-in”



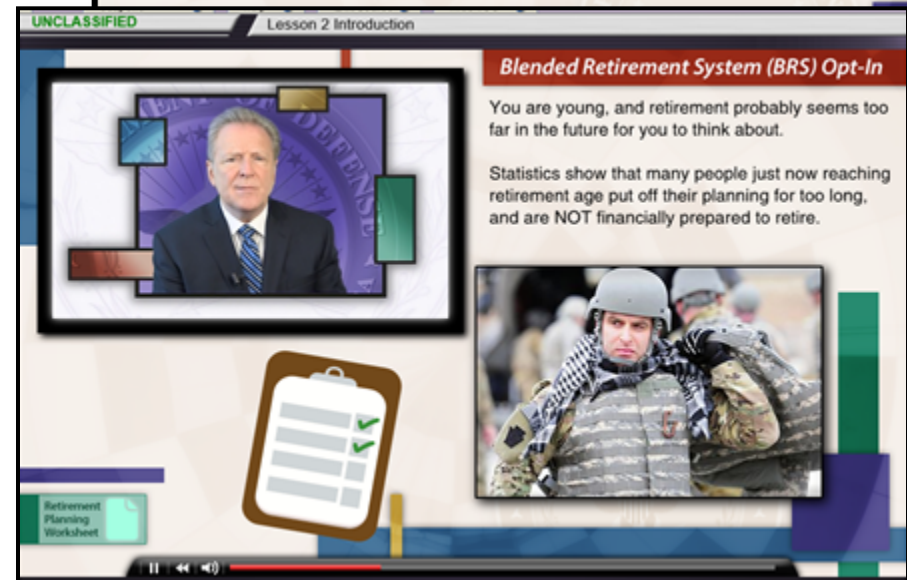
New Accession Course: Facilitated course for members who join the service on or after January 1, 2018; highlights the new components BRS with an emphasis on TSP. Available as of November 20, 2017

AVAILABLE NOW



Mandatory Opt-In Training

- **Can be completed via:**
 - Joint Knowledge Online (CAC required)
 - Military One Source (non-CAC enabled)
 - Service's learning management systems
 - In groups via DVD and Facilitator's Guide
- **Developed with accredited financial professionals and Service training leads**
- **Pre and Post Test**
- **Checks on learning ensures knowledge transfer**
- **Takes approximately 2 hours to complete online**





New Accessions Training

- **Can be completed via:**
 - Classroom Facilitation
- **Course packet includes:**
 - Facilitator Guide
 - 3 videos
 - Supplemental Material
 - TSP Information and Forms
- **Developed with accredited financial professionals and Service training leads**
- **Designed to take 30 minutes**
- **Must be completed within first year of service**

FINANCIAL READINESS

Introduction to Your Retirement System

Designed to give you the tools to help you make decisions that will help you in retirement

The video thumbnail shows a man in a military uniform standing in front of an aircraft.

FINANCIAL READINESS

Thrift Savings Plan (TSP)

You may decide to:

- Increase your contribution
- Leave it at 3%
- Reduce your percentage

You will be automatically re-enrolled each calendar year

THRIFT SAVINGS PLAN

BRS

The video thumbnail shows a man in a military uniform standing in front of a building.

Available for download here – <http://militarypay.defense.gov/BlendedRetirement/>



Topic 3

Vesting and Account Options



Starting TSP

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%

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

- **Members who choose to opt into BRS:**

- No default contribution percentage, must allocate a percentage of their own pay through myPay or Marine Online
- Government's Automatic 1% and up to 4% Matching begins the next pay period

Not subject to annual auto re-enrollment

- **Members who are automatically enrolled in BRS:**

- Default contribution percentage is 3%, begins 60 days after PEBD
- May voluntarily contribute sooner online or using TSP-U1 form; may adjust contribution percentage ANYTIME
- Government's Automatic 1% begins 60 days after PEBD
- Up to 4% Matching begins after 2 years from PEBD

Will be re-enrolled annually at 3% if not contributing to TSP



Contribution Allocation Defaults

- **Members who choose to opt into BRS, and:**
 - Have not previously made a TSP contribution allocation will be enrolled in their age-appropriate L Fund; or,
 - Have previously made a TSP contribution allocation will continue with their existing contribution allocation
- **New accessions with DIEMS on or after Jan. 1, 2018:**
 - Will be defaulted to their age-appropriate L Fund
- **Members who remain in legacy plan, regardless of when they made (or make) a TSP election:**
 - Contribution allocation default will be to G Fund

All participants may change their contribution allocation at any time



TSP Vesting

1% Automatic

begins

immediately

next pay
period after
opt-in

vested

2 years

beginning of
25th month of
service

Matching

begins

immediately

next pay
period after
opt-in

vested

immediately

vested upon
receipt

***Opt-In Members
Serving as of
December 31, 2017***

1% Automatic

begins

60 days

60 days after
entering
service

vested

2 years

beginning of
25th month of
service

Matching

begins

2 years

beginning of
25th month of
service

vested

2 years

beginning of
25th month of
service

***New Accessions Who
Join on or after
January 1, 2018***

...can contribute immediately although automatic deductions begin at 60 days

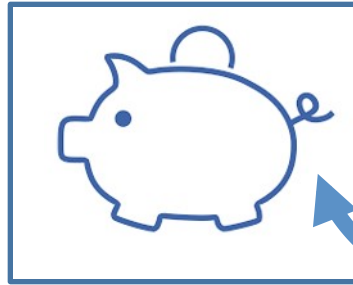


TSP Considerations

To maximize the advantage of government and civilian employer contributions, National Guard and Reserve members will have to be aware of IRS contribution limits.

Contribution Limits

BRS allows National Guard and Reserve members to save for retirement + receive government automatic and matching contributions

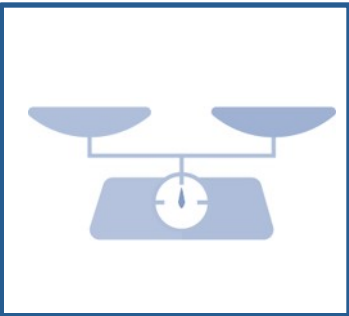


1% Automatic

+

Up to 4% Match

But... National Guard and Reserve members with civilian retirement plans need to track their own contributions (“elective deferrals”) to their 401(k), Uniformed Service TSP, and Individual Retirement Accounts (IRA)



+



Elective deferrals from all sources of income are subject to a combined annual limit set by the IRS

\$18,500 for 2018





Topic 4

Continuation Pay and Lump Sum



Continuation Pay

Eligibility/Obligation:

- Payable between 8 years of service, but no more than 12 years of service
- In exchange for obligated service

Continuation Pay Key Aspects

- Mid-career incentive designed to maintain force retention
- Payable at 8, but not more than 12 years of service
- AC*: 2.5x to 13x monthly basic pay (RC: 0.5x to 6x)

* Active Guard Reserve (AGR)/Full Time Support (FTS) receive AC continuation pay rates

Amount:

- Active-duty (including AGR/FTS/AR)
 - 2.5 to 13 times the service member's monthly basic pay
- National Guard/Reserve
 - 0.5 to 6 times the service member's basic pay as if on active-duty



Determining Pay Rate:

- Each Service publishes Service-specific CP rates, timing, and obligation requirements

Investing/Taxes

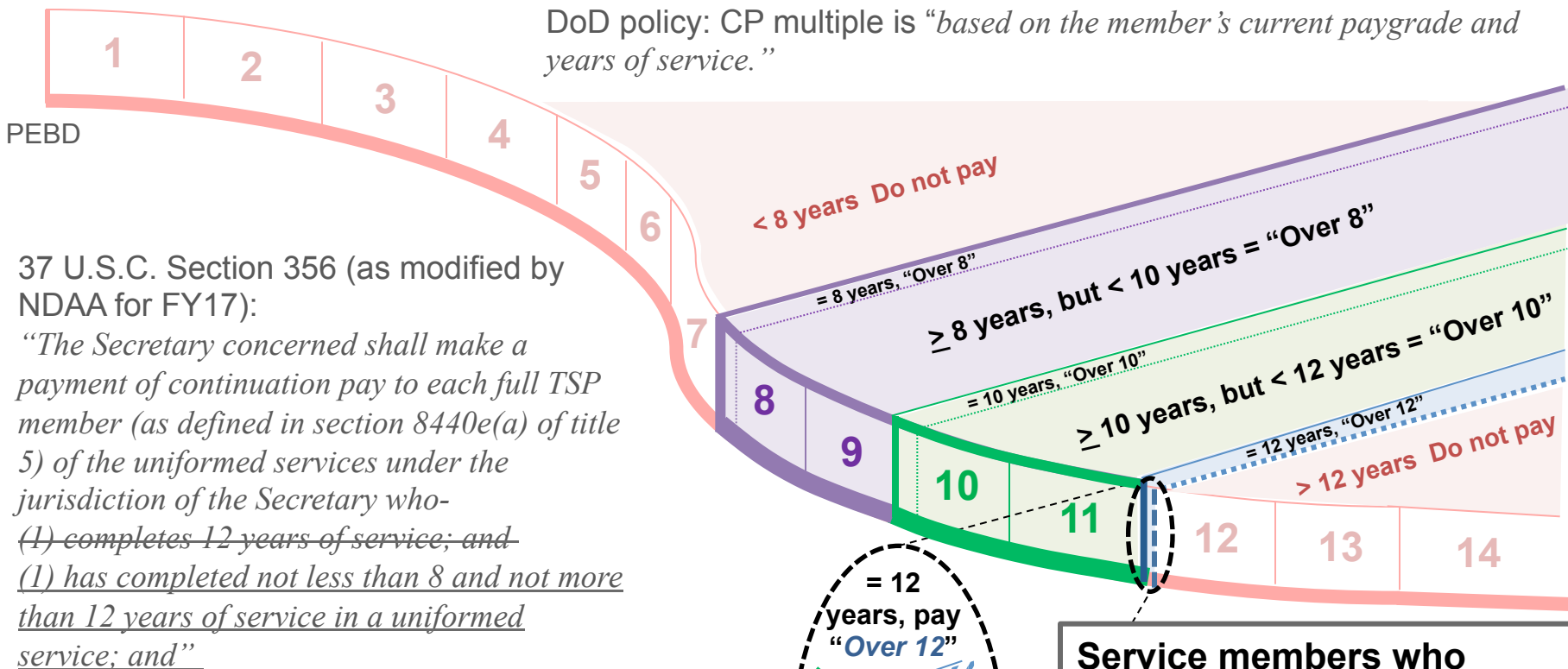
- CP is in addition to any other Service bonuses or incentives
- You can receive CP payment in four equal installments over four years
- CP can be invested in the TSP.
- **CAUTION:** Annual IRS elective deferral limit





Continuation Pay Timeline

DoD policy: CP multiple is "based on the member's current paygrade and years of service."



37 U.S.C. Section 356 (as modified by NDAA for FY17):
 "The Secretary concerned shall make a payment of continuation pay to each full TSP member (as defined in section 8440e(a) of title 5) of the uniformed services under the jurisdiction of the Secretary who-
 (1) completes 12 years of service; and
 (1) has completed not less than 8 and not more than 12 years of service in a uniformed service; and"

Continuation Pay

- Mid-career incentive designed to maintain force retention
- Payable at 8, but not more than 12 years of service
- AC*: 2.5x to 13x monthly basic pay (RC: 0.5x to 6x)

* Active Guard Reserve (AGR)/Full Time Support (FTS) receive AC continuation pay rates



Continuation Pay Example

BASIC PAY—EFFECTIVE JANUARY 1, 2017													
Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22
O-10 ¹												15,583.20	15,583.20
O-9 ¹												14,352.00	14,559.30
O-8 ¹	10,155.00	10,487.70	10,708.50	10,770.00	11,045.70	11,505.90	11,612.70	12,049.80	12,175.20	12,551.70	13,096.50	13,598.70	13,933.80
O-7 ¹	8,438.10	8,829.90	9,011.40	9,155.70	9,416.70	9,674.70	9,972.90	10,270.20	10,568.70	11,505.90	12,296.70	12,296.70	12,296.70
O-6 ²	6,308.70	7,020.00	7,401.20	7,401.20	7,510.80	7,842.20	7,884.60	7,884.60	8,232.50	9,124.80	9,580.80	10,054.50	10,218.80
O-5													
O-4													
O-3													
O-2													
O-1													
O-3													
O-2													
O-1													
W-5													
W-4													
W-3													
W-2	3,379.50	3,699.00	3,797.40	3,864.90	4,084.20	4,424.70	4,593.60	4,759.50	4,962.90	5,121.60	5,265.60	5,437.80	5,550.90
W-1	2,966.40	3,285.60	3,371.40	3,552.90	3,767.40	4,083.60	4,231.20	4,437.30	4,640.40	4,800.30	4,947.00	5,125.80	5,125.80
E-9 ⁴							5,052.60	5,166.90	5,311.50	5,481.00	5,652.60	5,926.50	6,158.70
E-8						4,136.10	4,318.80	4,472.20	4,567.80	4,715.10	4,980.30	5,114.70	5,343.60
E-7	2,875.20	3,138.00	3,258.30	3,417.30	3,541.80	3,755.10	3,875.40	4,088.70	4,266.60	4,387.80	4,516.80	4,566.60	4,734.60
E-6	2,486.70	2,736.60	2,857.20	2,974.80	3,097.20	3,372.60	3,480.30	3,698.90	3,751.50	3,797.70	3,851.70	3,851.70	3,851.70
E-5	2,278.20	2,431.50	2,549.10	2,669.10	2,856.60	3,052.50	3,213.60	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80
E-4	2,088.90	2,195.70	2,314.80	2,432.10	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60
E-3	1,885.80	2,004.30	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80
E-2	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40
E-1	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90
> 4 mos													
E-1	1,479.30												
< 4 mos													

Under 2017 pay rates at 2.5 x (AC) and 0.5 x (RC) at 12 YOS

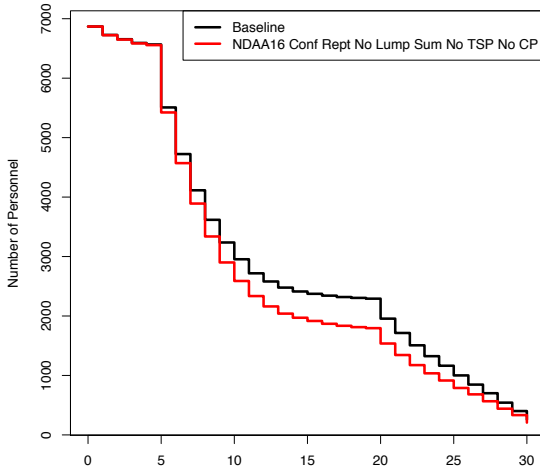
An AC E-7 service member would get \$4,088.70 x 2.5 = \$10,222 CP

An RC E-7 service member, would get \$4,088.70 x 0.5 = \$2,044 CP



Purpose of CP, *example*

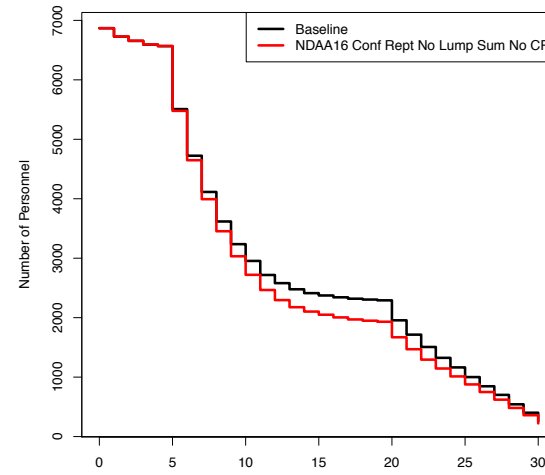
Army Officer NDAA16 Conf Rept No Lump Sum No TSP No CP



AC Years of Service
% Ch in Force -8.7, # Ch Bef 20 -5553, # Ch Aft 20 -2390

Predicted Retention of Army Officers Based on Reduced Multiplier

Army Officer NDAA16 Conf Rept No Lump Sum No CP

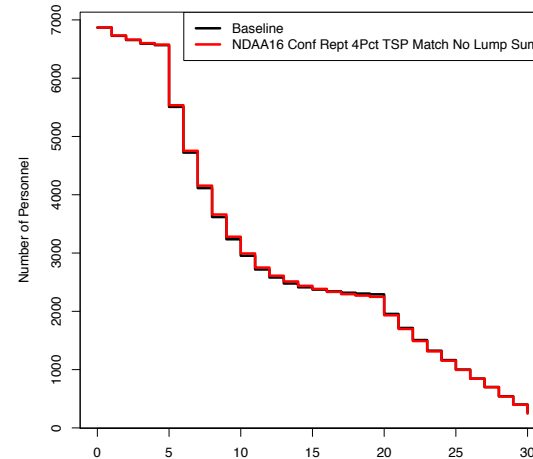


AC Years of Service
% Ch in Force -5.7, # Ch Bef 20 -3695, # Ch Aft 20 -1513

Predicted Retention of Army Officers Based on Reduced Multiplier + TSP

- Like other mid-career bonuses and incentives, **Continuation Pay is a retention tool**
- Continuation Pay is not retired pay nor is it a restoration in the reduction of retired pay because of the decreased multiplier

Army Officer NDAA16 Conf Rept 4Pct TSP Match No Lump Sum



AC Years of Service
% Ch in Force 0.2, # Ch Bef 20 280, # Ch Aft 20 -109

Predicted Retention of Army Officers Based on Reduced Multiplier + TSP + Continuation Pay



Lump Sum



Choices at Retirement

- 25% or 50% of the discounted present value of future retirement payments

Lump Sum Key Aspects

- 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



Calculating the Lump Sum

- Calculated from the date of retirement (or receipt of retired pay for National Guard/ Reserve service members) until full Social Security Retirement age



Lump Sum Timeline

- Must request to your **Service** no later than 90-days prior to retirement (or receipt of retired pay for National Guard and Reserve service members)
- Paid no later than 60 days after retirement



Discount Rate

- Determined annually and announced in June each year for the following year
- Calendar Year 2018 rate:

2018 Discount
Rate is: **6.99%**



Installments/Tax Implications

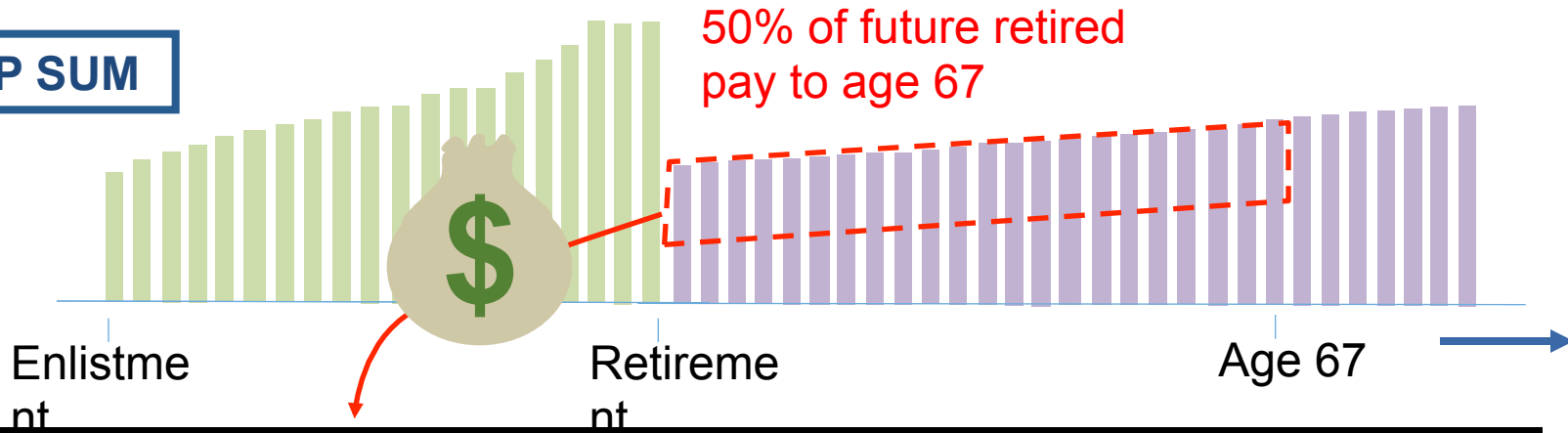
- You can receive the lump sum payment in four equal installments over four years



Lump Sum Option

Regular Retirement

NO LUMP SUM



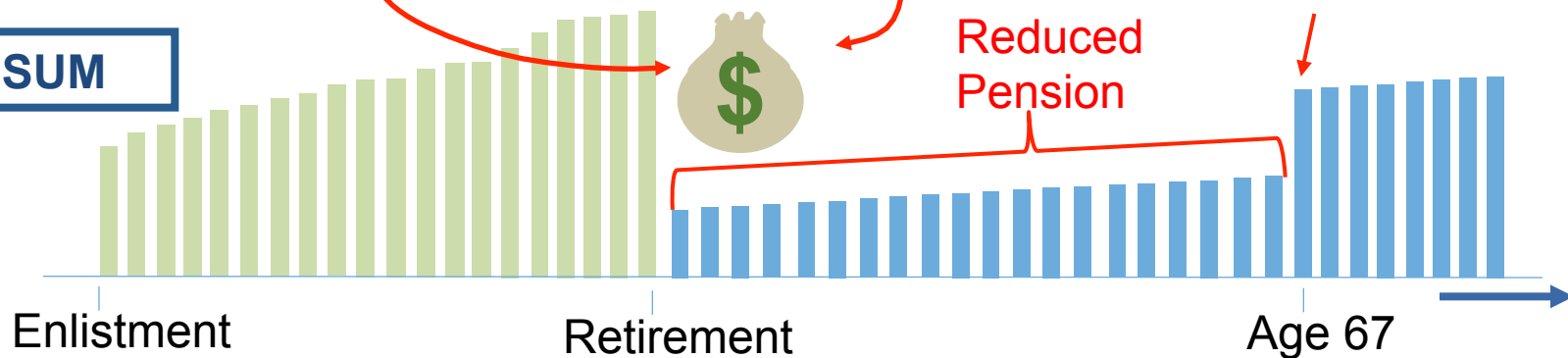
2018 Discount Rate is: **6.99%**

discounted present value

50% Lump Sum

Reverts to Full Pension

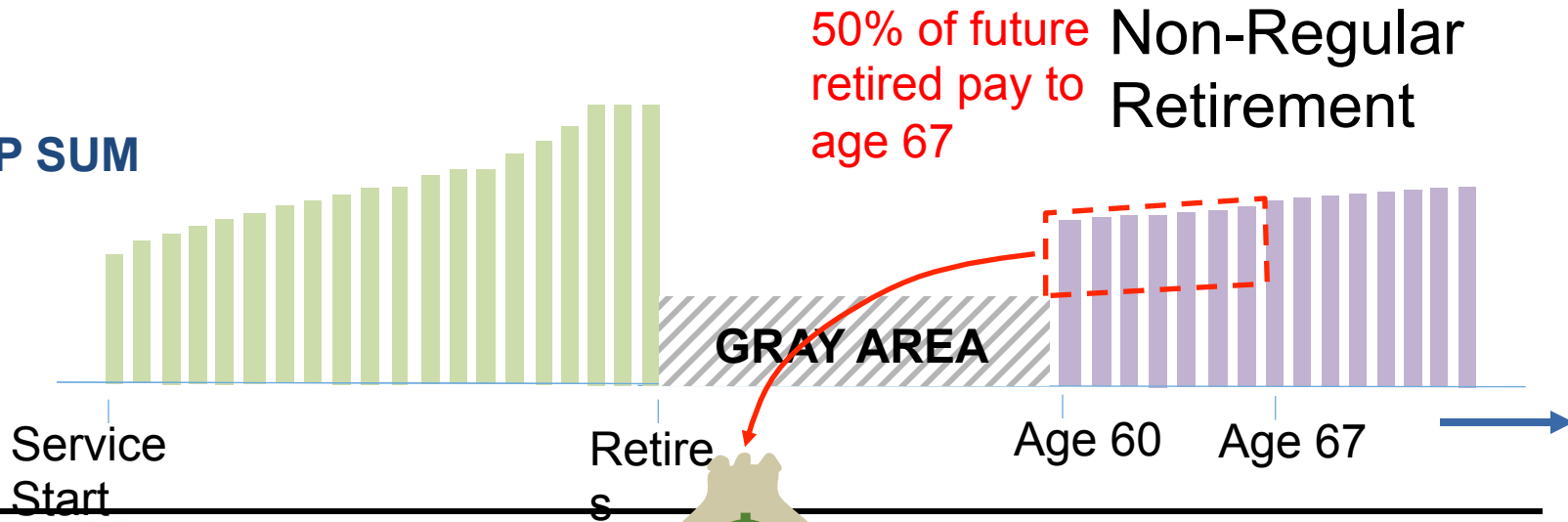
LUMP SUM





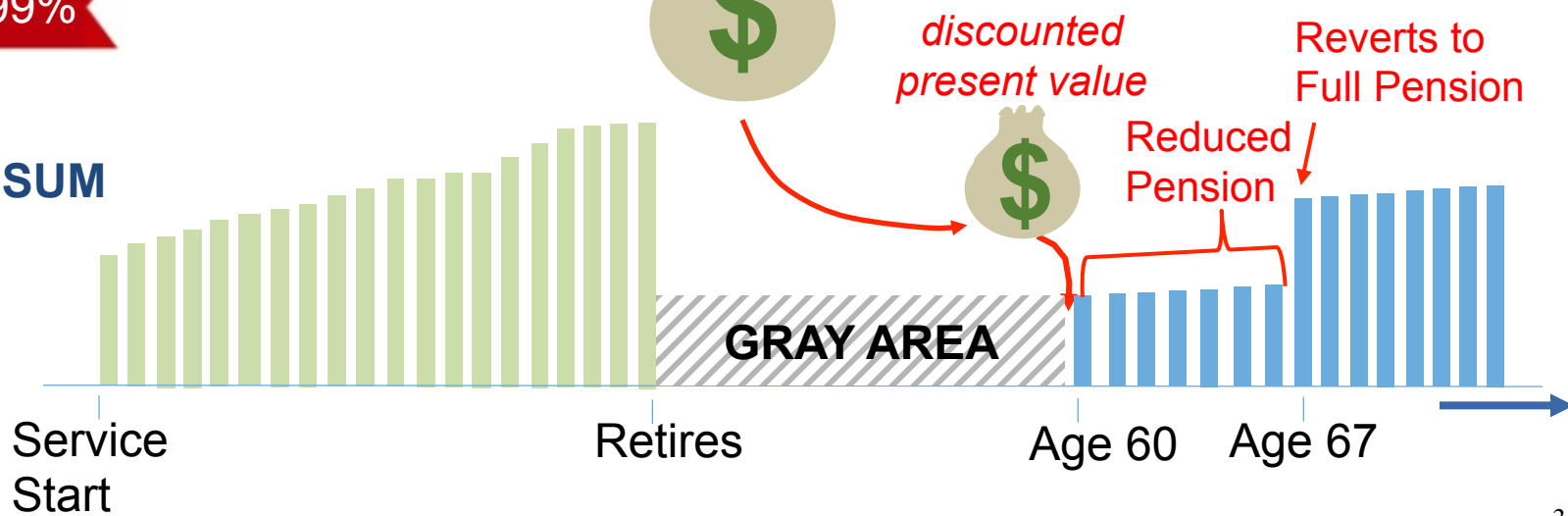
Lump Sum Option

NO LUMP SUM



2018 Discount Rate is: **6.99%**

LUMP SUM

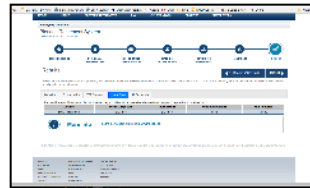




Requesting a Lump Sum

**MUST BE COMPLETED 90 DAYS
PRIOR TO RETIREMENT**

Retirement
Orders
Indicate
Member Is
Covered by
BRS



Member Uses BRS
Calculator to Get
Estimate of Lump
Sum Amount



Member Elects
Lump Sum on DD
Form 2656



Service Finance/Pay
Office Transacts
Lump Sum Decision
to DFAS at Least 30
Days Prior to
Retirement



Copy of DD Form 2656
Submitted to DFAS

Retirement Date



DFAS Pays Lump Sum
within 60 Days of
Retirement or Date of
Eligibility to Receive
Retired Pay

- What does “discounted present value” mean?
“Would you choose to take \$200,000 today or 30 years worth of payments that add up to \$700,000?”
- In this example, the member is due \$1,400,040 in retired pay between military retirement (age 38) and reaching full retirement age (age 67), but:
 - Could elect a lump sum of \$204,721 up front and receive only half of retired pay each month until age 67 – receiving \$700,020 vice \$1,400,040
 - Discount would cost the member \$495,299 in lifetime earnings
 - Retired pay after age 67 remains the same

	\$700,020
-	\$204,721
=	\$495,299

Active Component E-4

Born: January 1995
 Entered Service: February 2013 (age 18)
 Retires as E-7: February 2033 (age 38)
 Reaches Full Retirement Age: January 2062 (age 67)
 Life Expectancy: January 2080 (age 85)

Retired pay is reduced by 50% between retirement and reaching full Social Security retirement age

NO LUMP SUM	
No Lump Sum	\$0
2033- 2062	\$1,400,040
2063- 2080	\$1,618,278
Total Retired Pay (Defined Benefit Only)	\$3,018,318

LUMP SUM	
Lump Sum	\$204,721
2033- 2062	\$700,020
2063- 2080	\$1,618,278
Total Retired Pay (Defined Benefit Only)	\$2,523,019





Questions



**VISIT OUR
WEBSITE**



<http://militarypay.defense.gov/blendedretirement>
<http://www.militaryonesource.com>



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PERSONAL FINANCE

Military Families Learning Network

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Evaluation and Continuing Education Credits/Certificate

MFLN Personal Finance grants 1.5 credit hours for today's webinar for AFC-credentialed participants through AFCPE and CPFC-credentialed participants through FinCert.

Please complete the evaluation and post-test at:

[https://vte.co1.qualtrics.com/jfe/form/
SV_5axEBa9Lew1ecV7](https://vte.co1.qualtrics.com/jfe/form/SV_5axEBa9Lew1ecV7)

Must pass post-test with an 80% or higher to receive certificate.

MFLN Personal Finance Upcoming Event

Income Tax Tips for PFMs Working with Military Families

- Tuesday, February 13, 2018
- 11:00 am – 12:30 pm Eastern
- Location: learn.extension.org/events/3191

For more information on MFLN Personal Finance go to:
militaryfamilies.extension.org/personal-finance



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Network Literacy
Nutrition & Wellness

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OF DEFENSE



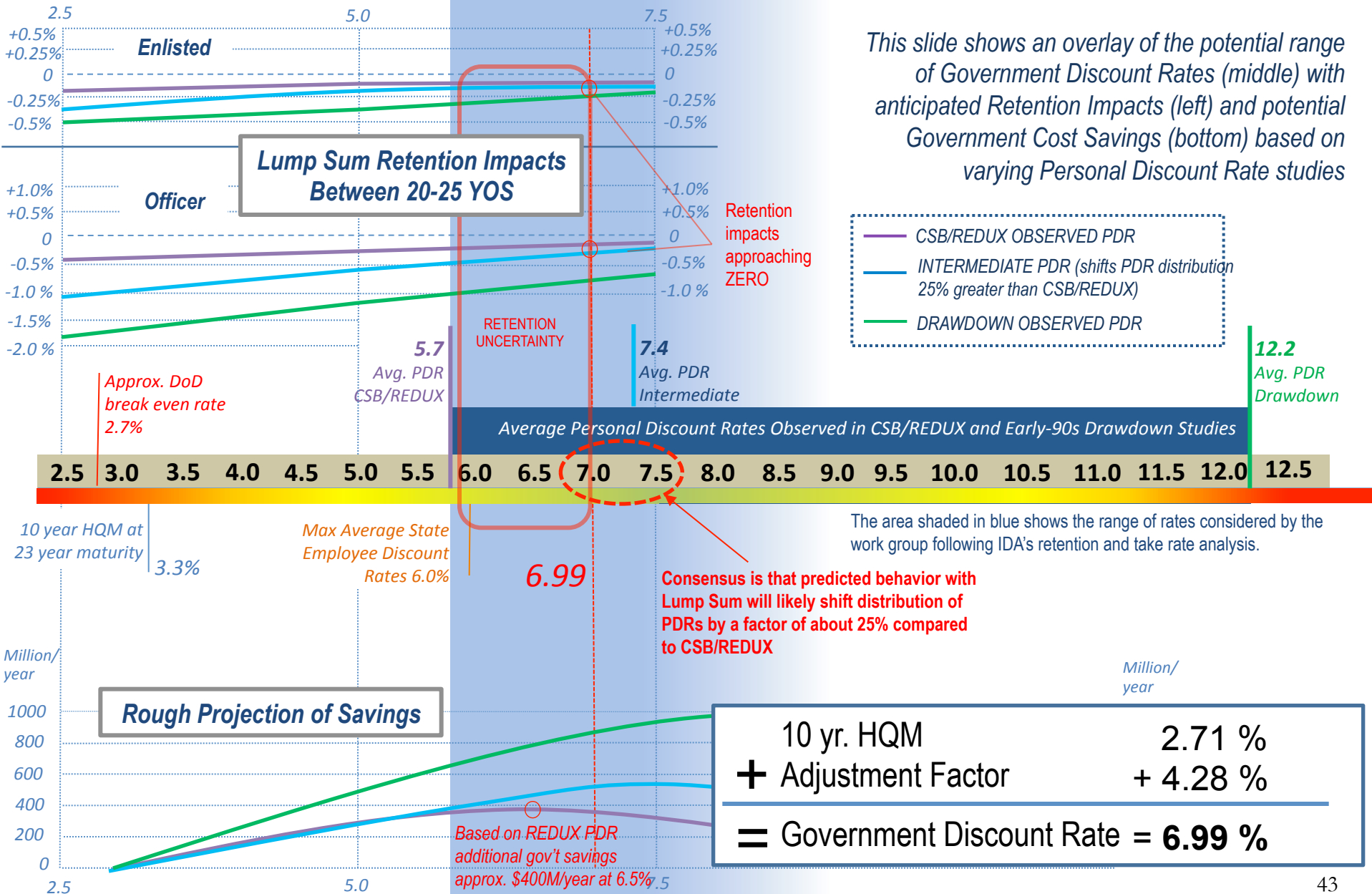


The Uniformed Services Blended Retirement System



BACKUP

Lump Sum Discount Rate



This slide shows an overlay of the potential range of Government Discount Rates (middle) with anticipated Retention Impacts (left) and potential Government Cost Savings (bottom) based on varying Personal Discount Rate studies

- CSB/REDUX OBSERVED PDR
- INTERMEDIATE PDR (shifts PDR distribution 25% greater than CSB/REDUX)
- DRAWDOWN OBSERVED PDR

10 yr. HQM	2.71 %
+ Adjustment Factor	+ 4.28 %
<hr/>	
= Government Discount Rate	= 6.99 %



2017 Basic Pay

GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22	24	26
COMMISSIONED OFFICERS															
O-10	-	-	-	-	-	-	-	-	-	-	-	15,583.20	15,583.20	15,583.20	15,583.20
O-9	-	-	-	-	-	-	-	-	-	-	-	14,352.00	14,559.30	14,857.80	15,378.60
O-8	10,155.00	10,487.70	10,708.50	10,770.00	11,045.70	11,505.90	11,612.70	12,049.80	12,175.20	12,551.70	13,096.50	13,598.70	13,933.80	13,933.80	13,933.80
O-7	8,438.10	8,829.90	9,011.40	9,155.70	9,416.70	9,674.70	9,972.90	10,270.20	10,568.70	11,505.90	12,296.70	12,296.70	12,296.70	12,296.70	12,359.70
O-6	6,398.70	7,029.90	7,491.30	7,491.30	7,519.80	7,842.30	7,884.60	7,884.60	8,332.50	9,124.80	9,589.80	10,054.50	10,318.80	10,587.00	11,106.00
O-5	5,334.30	6,009.30	6,424.80	6,503.40	6,763.20	6,918.30	7,259.70	7,510.50	7,834.20	8,329.80	8,565.00	8,798.10	9,062.70	9,062.70	9,062.70
O-4	4,602.60	5,327.70	5,683.50	5,762.40	6,092.40	6,446.40	6,887.40	7,230.30	7,468.50	7,605.60	7,684.80	7,684.80	7,684.80	7,684.80	7,684.80
O-3	4,046.70	4,587.00	4,950.90	5,398.20	5,657.10	5,940.90	6,124.20	6,426.00	6,583.50	6,583.50	6,583.50	6,583.50	6,583.50	6,583.50	6,583.50
O-2	3,496.50	3,982.20	4,586.10	4,741.20	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00	4,839.00
O-1	3,034.80	3,159.00	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70	3,818.70
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER															
O-3E	-	-	-	5,398.20	5,657.10	5,940.90	6,124.20	6,426.00	6,680.70	6,827.10	7,026.00	7,026.00	7,026.00	7,026.00	7,026.00
O-2E	-	-	-	4,741.20	4,839.00	4,992.90	5,253.00	5,454.00	5,603.70	5,603.70	5,603.70	5,603.70	5,603.70	5,603.70	5,603.70
O-1E	-	-	-	3,818.70	4,077.60	4,228.50	4,382.40	4,533.90	4,741.20	4,741.20	4,741.20	4,741.20	4,741.20	4,741.20	4,741.20
WARRANT OFFICERS															
W-5	-	-	-	-	-	-	-	-	-	-	-	7,436.10	7,813.20	8,094.00	8,405.10
W-4	4,182.00	4,498.50	4,627.50	4,754.70	4,973.40	5,190.00	5,409.30	5,738.70	6,027.90	6,303.00	6,528.30	6,747.60	7,070.10	7,335.00	7,637.40
W-3	3,819.00	3,978.30	4,141.50	4,195.20	4,365.90	4,702.50	5,052.90	5,218.20	5,409.00	5,605.50	5,959.20	6,198.00	6,340.80	6,492.60	6,699.30
W-2	3,379.50	3,699.00	3,797.40	3,864.90	4,084.20	4,424.70	4,593.60	4,759.50	4,962.90	5,121.60	5,265.60	5,437.80	5,550.90	5,640.60	5,640.60
W-1	2,966.40	3,285.60	3,371.40	3,552.90	3,767.40	4,083.60	4,231.20	4,437.30	4,640.40	4,800.30	4,947.00	5,125.80	5,125.80	5,125.80	5,125.80
ENLISTED MEMBERS															
E-9	-	-	-	-	-	-	5,052.60	5,166.90	5,311.50	5,481.00	5,652.60	5,926.50	6,158.70	6,402.60	6,776.40
E-8	-	-	-	-	-	4,136.10	4,318.80	4,432.20	4,567.80	4,715.10	4,980.30	5,114.70	5,343.60	5,470.50	5,782.80
E-7	2,875.20	3,138.00	3,258.30	3,417.30	3,541.80	3,755.10	3,875.40	4,088.70	4,266.60	4,387.80	4,516.80	4,566.60	4,734.60	4,824.60	5,167.50
E-6	2,486.70	2,736.60	2,857.20	2,974.80	3,097.20	3,372.60	3,480.30	3,688.20	3,751.50	3,797.70	3,851.70	3,851.70	3,851.70	3,851.70	3,851.70
E-5	2,278.20	2,431.50	2,549.10	2,669.10	2,856.60	3,052.50	3,213.60	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80	3,232.80
E-4	2,088.90	2,195.70	2,314.80	2,432.10	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60	2,535.60
E-3	1,885.80	2,004.30	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80	2,125.80
E-2	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40	1,793.40
E-1 >4 Mon	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90	1,599.90



3% Contribution to TSP

GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22	24	26
COMMISSIONED OFFICERS															
O-10	-	-	-	-	-	-	-	-	-	-	-	467.50	467.50	467.50	467.50
O-9	-	-	-	-	-	-	-	-	-	-	-	430.56	436.78	445.73	461.36
O-8	304.65	314.63	321.26	323.10	331.37	345.18	348.38	361.49	365.26	376.55	392.90	407.96	418.01	418.01	418.01
O-7	253.14	264.90	270.34	274.67	282.50	290.24	299.19	308.11	317.06	345.18	368.90	368.90	368.90	368.90	370.79
O-6	191.96	210.90	224.74	224.74	225.59	235.27	236.54	236.54	249.98	273.74	287.69	301.64	309.56	317.61	333.18
O-5	160.03	180.28	192.74	195.10	202.90	207.55	217.79	225.32	235.03	249.89	256.95	263.94	271.88	271.88	271.88
O-4	138.08	159.83	170.51	172.87	182.77	193.39	206.62	216.91	224.06	228.17	230.54	230.54	230.54	230.54	230.54
O-3	121.40	137.61	148.53	161.95	169.71	178.23	183.73	192.78	197.51	197.51	197.51	197.51	197.51	197.51	197.51
O-2	104.90	119.47	137.58	142.24	145.17	145.17	145.17	145.17	145.17	145.17	145.17	145.17	145.17	145.17	145.17
O-1	91.04	94.77	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56	114.56
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER															
O-3E	-	-	-	161.95	169.71	178.23	183.73	192.78	200.42	204.81	210.78	210.78	210.78	210.78	210.78
O-2E	-	-	-	142.24	145.17	149.79	157.59	163.62	168.11	168.11	168.11	168.11	168.11	168.11	168.11
O-1E	-	-	-	114.56	122.33	126.86	131.47	136.02	142.24	142.24	142.24	142.24	142.24	142.24	142.24
WARRANT OFFICERS															
W-5	-	-	-	-	-	-	-	-	-	-	-	223.08	234.40	242.82	252.15
W-4	125.46	134.96	138.83	142.64	149.20	155.70	162.28	172.16	180.84	189.09	195.85	202.43	212.10	220.05	229.12
W-3	114.57	119.35	124.25	125.86	130.98	141.08	151.59	156.55	162.27	168.17	178.78	185.94	190.22	194.78	200.98
W-2	101.39	110.97	113.92	115.95	122.53	132.74	137.81	142.79	148.89	153.65	157.97	163.13	166.53	169.22	169.22
W-1	88.99	98.57	101.14	106.59	113.02	122.51	126.94	133.12	139.21	144.01	148.41	153.77	153.77	153.77	153.77
ENLISTED MEMBERS															
E-9	-	-	-	-	-	-	151.58	155.01	159.35	164.43	169.58	177.80	184.76	192.08	203.29
E-8	-	-	-	-	-	124.08	129.56	132.97	137.03	141.45	149.41	153.44	160.31	164.12	173.48
E-7	86.26	94.14	97.75	102.52	106.25	112.65	116.26	122.66	128.00	131.63	135.50	137.00	142.04	144.74	155.03
E-6	74.60	82.10	85.72	89.24	92.92	101.18	104.41	110.65	112.55	113.93	115.55	115.55	115.55	115.55	115.55
E-5	68.35	72.95	76.47	80.07	85.70	91.58	96.41	96.98	96.98	96.98	96.98	96.98	96.98	96.98	96.98
E-4	62.67	65.87	69.44	72.96	76.07	76.07	76.07	76.07	76.07	76.07	76.07	76.07	76.07	76.07	76.07
E-3	56.57	60.13	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77	63.77
E-2	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80	53.80
E-1 >4 Mon	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00



5% Contribution to TSP

GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22	24	26
COMMISSIONED OFFICERS															
O-10	-	-	-	-	-	-	-	-	-	-	-	779.16	779.16	779.16	779.16
O-9	-	-	-	-	-	-	-	-	-	-	-	717.60	727.97	742.89	768.93
O-8	507.75	524.39	535.43	538.50	552.29	575.30	580.64	602.49	608.76	627.59	654.83	679.94	696.69	696.69	696.69
O-7	421.91	441.50	450.57	457.79	470.84	483.74	498.65	513.51	528.44	575.30	614.84	614.84	614.84	614.84	617.99
O-6	319.94	351.50	374.57	374.57	375.99	392.12	394.23	394.23	416.63	456.24	479.49	502.73	515.94	529.35	555.30
O-5	266.72	300.47	321.24	325.17	338.16	345.92	362.99	375.53	391.71	416.49	428.25	439.91	453.14	453.14	453.14
O-4	230.13	266.39	284.18	288.12	304.62	322.32	344.37	361.52	373.43	380.28	384.24	384.24	384.24	384.24	384.24
O-3	202.34	229.35	247.55	269.91	282.86	297.05	306.21	321.30	329.18	329.18	329.18	329.18	329.18	329.18	329.18
O-2	174.83	199.11	229.31	237.06	241.95	241.95	241.95	241.95	241.95	241.95	241.95	241.95	241.95	241.95	241.95
O-1	151.74	157.95	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94	190.94
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER															
O-3E	-	-	-	269.91	282.86	297.05	306.21	321.30	334.04	341.36	351.30	351.30	351.30	351.30	351.30
O-2E	-	-	-	237.06	241.95	249.65	262.65	272.70	280.19	280.19	280.19	280.19	280.19	280.19	280.19
O-1E	-	-	-	190.94	203.88	211.43	219.12	226.70	237.06	237.06	237.06	237.06	237.06	237.06	237.06
WARRANT OFFICERS															
W-5	-	-	-	-	-	-	-	-	-	-	-	371.81	390.66	404.70	420.26
W-4	209.10	224.93	231.38	237.74	248.67	259.50	270.47	286.94	301.40	315.15	326.42	337.38	353.51	366.75	381.87
W-3	190.95	198.92	207.08	209.76	218.30	235.13	252.65	260.91	270.45	280.28	297.96	309.90	317.04	324.63	334.97
W-2	168.98	184.95	189.87	193.25	204.21	221.24	229.68	237.98	248.15	256.08	263.28	271.89	277.55	282.03	282.03
W-1	148.32	164.28	168.57	177.65	188.37	204.18	211.56	221.87	232.02	240.02	247.35	256.29	256.29	256.29	256.29
ENLISTED MEMBERS															
E-9	-	-	-	-	-	-	252.63	258.35	265.58	274.05	282.63	296.33	307.94	320.13	338.82
E-8	-	-	-	-	-	206.81	215.94	221.61	228.39	235.76	249.02	255.74	267.18	273.53	289.14
E-7	143.76	156.90	162.92	170.87	177.09	187.76	193.77	204.44	213.33	219.39	225.84	228.33	236.73	241.23	258.38
E-6	124.34	136.83	142.86	148.74	154.86	168.63	174.02	184.41	187.58	189.89	192.59	192.59	192.59	192.59	192.59
E-5	113.91	121.58	127.46	133.46	142.83	152.63	160.68	161.64	161.64	161.64	161.64	161.64	161.64	161.64	161.64
E-4	104.45	109.79	115.74	121.61	126.78	126.78	126.78	126.78	126.78	126.78	126.78	126.78	126.78	126.78	126.78
E-3	94.29	100.22	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29	106.29
E-2	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67	89.67
E-1 >4 Mon	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00

Comparison Calculator

<http://militarypay.defense.gov/calculators/brs>

- Can be used by active, National Guard and reserve
- Allows opt-in eligible members opportunity to compare their potential benefits under both systems
- Member can adjust 12 different fields to tailor output
- Allows active members to project benefits of reserve service if they are considering switching in the future

Personal Information

When were you born? February 1992

What is your Pay Entry Base Date? February 2010

What is your current grade? E-6

What is your estimate of service at separation or retirement? 20 year(s) 0 month(s)

When would you opt into the BRS? January 2018

What is your number of Active Service days served during your career? 1034

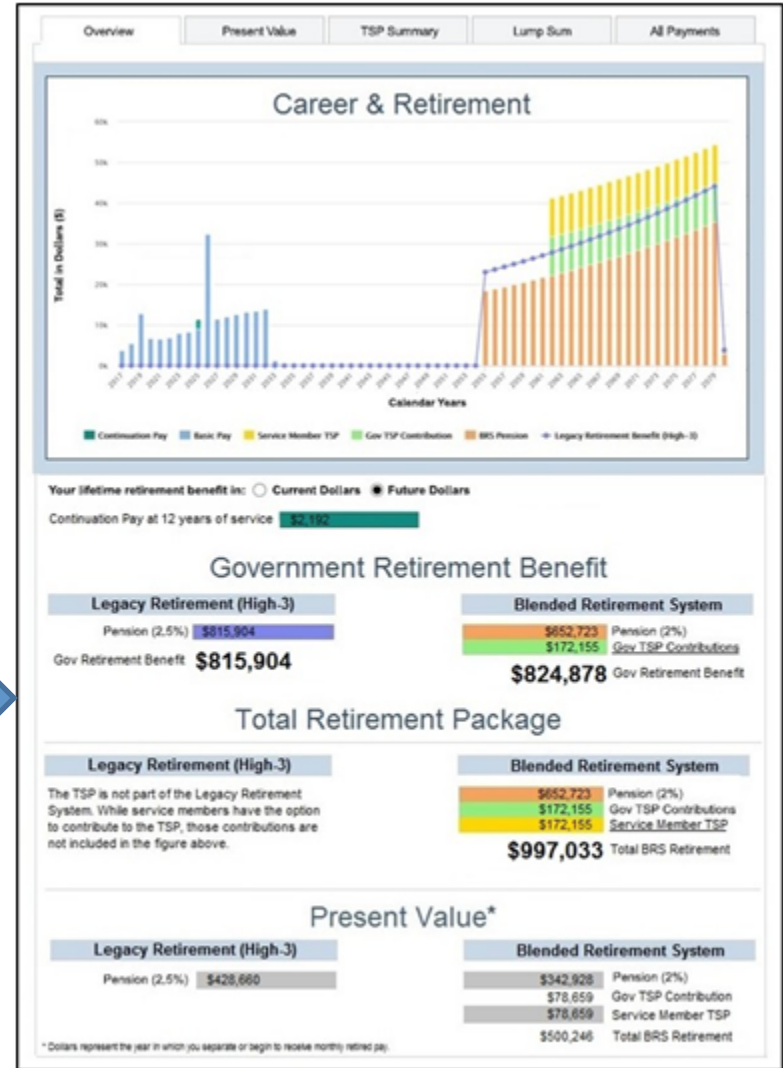
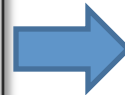
How many qualifying years towards retirement have you earned? 7

How many retirement points do you have? 1956

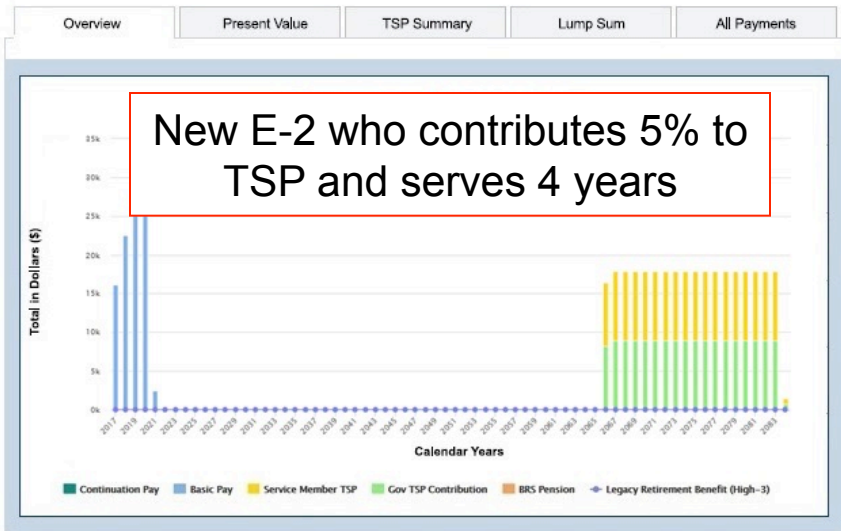
◀ PREVIOUS CONTINUE ▶

[More Info](#)

Learn more about Blended Retirement System opt-in window
Learn more about opt-in opportunities for the Individual Ready Reserve, Standby Reserve and ROTC students and Academy cadets/rottcadets
Learn more about opt-in eligibility for the Blended Retirement System



Comparison Calculator, examples



Your lifetime retirement benefit in: Current Dollars Future Dollars

Continuation Pay at 12 years of service **\$0**

Government Retirement Benefit

Legacy Retirement (High-3)	Blended Retirement System
Pension (2.5%) \$0	\$0 Pension (2%)
Gov Retirement Benefit \$0	\$161,111 Gov TSP Contributions
	\$161,111 Gov Retirement Benefit

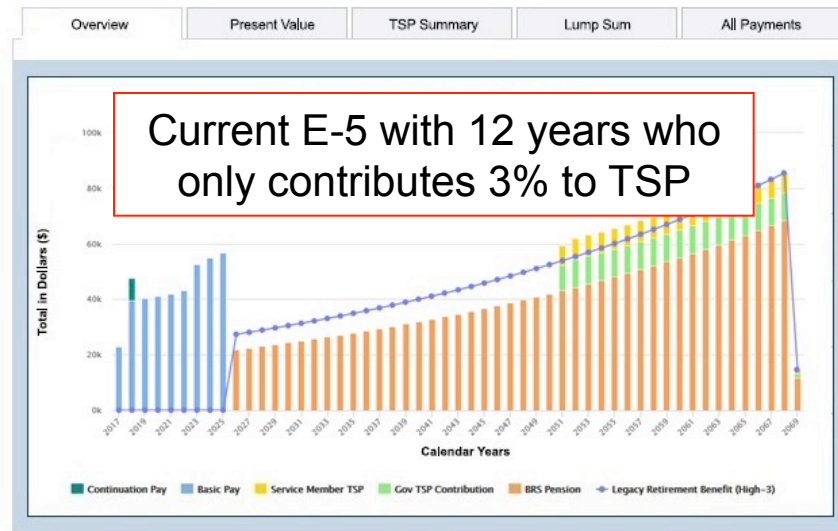
Total Retirement Package

Legacy Retirement (High-3)	Blended Retirement System
The TSP is not part of the Legacy Retirement System. While service members have the option to contribute to the TSP, those contributions are not included in the figure above.	\$0 Pension (2%)
	\$161,111 Gov TSP Contributions
	\$161,111 Service Member TSP
	\$322,222 Total BRS Retirement

Present Value*

Legacy Retirement (High-3)	Blended Retirement System
Pension (2.5%) \$0	\$0 Pension (2%)
	\$10,551 Gov TSP Contribution
	\$10,551 Service Member TSP
	\$21,210 Total BRS Retirement

* Dollars represent the year in which you separate or begin to receive monthly retired pay.



Your lifetime retirement benefit in: Current Dollars Future Dollars

Continuation Pay at 12 years of service **\$8,235**

Government Retirement Benefit

Legacy Retirement (High-3)	Blended Retirement System
Pension (2.5%) \$2,214,655	\$1,771,724 Pension (2%)
Gov Retirement Benefit \$2,214,665	\$182,109 Gov TSP Contributions
	\$1,953,833 Gov Retirement Benefit

Total Retirement Package

Legacy Retirement (High-3)	Blended Retirement System
The TSP is not part of the Legacy Retirement System. While service members have the option to contribute to the TSP, those contributions are not included in the figure above.	\$1,771,724 Pension (2%)
	\$182,109 Gov TSP Contributions
	\$136,109 Service Member TSP
	\$2,089,942 Total BRS Retirement

Present Value*

Legacy Retirement (High-3)	Blended Retirement System
Pension (2.5%) \$734,334	\$587,467 Pension (2%)
	\$36,359 Gov TSP Contribution
	\$27,269 Service Member TSP
	\$651,095 Total BRS Retirement

* Dollars represent the year in which you separate or begin to receive monthly retired pay.



Opt-In Eligibility Choice

Serving as of December 31, 2017

if

As of December 31, 2017:

ACTIVE COMPONENT
Fewer than 12 Years
Service
RESERVE
COMPONENT
Fewer than 4,320 points

then

Take Mandatory BRS
Opt-In Training in CY17

can

In CY18

Why 4,320 points?

or

Do Nothing and
Stayed Covered by
Legacy System

Choose Blended
Retirement System





Why 4,320 Points?



“(2) ELECTION TO PARTICIPATE IN MODERNIZED RETIREMENT SYSTEM.—
“(A) IN GENERAL.—Pursuant to subparagraph (B), a person performing reserve component service on December 31, 2017, who has performed fewer than 12 years of service (as computed in accordance with section 12733 of this title), may elect...

How do we interpret the statutory requirement to calculate YOS for reserve members?

10 U.S.C. §12733 mandates use of retirement points to determine the number of “years of service” for determining eligibility to opt into BRS

- 10 U.S.C. §12733 governs how YOS calculated for non-regular retirement
- YOS derived by dividing total retirement points by 360
 - 12 YOS = 4,320 points under this provision
- Many RC members will be eligible based on points but have many more actual years of service for seniority



Retirement Types

- National Guard and Reserve members may qualify for a Regular or a Non-Regular Retirement



- Requires 20 active service years
- Retired pay begins on the 1st day of the 1st month following retirement



- Requires 20 “qualifying years” of service
- Qualifying year means 50 or more points of any type (active duty, AT, ADT, IDT, Funeral Honors, membership points, etc.)
- Retired pay does not begin until age 60, although some members may qualify for reduced age retirement*





Non-Regular Retirement

Example: O-5 retires after 22 years of service in the Reserve Component

1

Total Retirement Points

4,860 points

2

Divide by 360 to get equivalent Years of Service

$$\begin{array}{r} 4,860 \text{ points} \\ \div 360 \\ \hline = 13.5 \text{ YOS} \end{array}$$

3

Multiply Equivalent YOS by Retirement Multiplier

$$\begin{array}{r} 13.5 \text{ YOS} \\ \times 2.0\% \\ \hline = 27\% \end{array}$$

4

Multiply Percentage by Retired Pay Base

$$\begin{array}{r} 27\% \\ \times \$8,900.50 \\ \hline = \$2,403.14 \\ \text{monthly retired pay} \end{array}$$

- Non-Regular Retired Pay begins at age 60, although this may be reduced as low as age 50 with certain creditable active service performed after the beginning of 2008
- Retired Pay Base is the average of the highest 36 months of basic pay a member with equivalent grade and years of service (based on PEBD) would receive on active duty

Notes:

- Assumes the member serves until YOS 30 in the Retired Reserve
- Based on pay charts in place when member becomes eligible for retired pay

2015 – O-5 over 28
2016 – O-5 over 28
2017 – O-5 over 30