

THE BLENDED RETIREMENT SYSTEM – RESERVE COMPONENT



On Jan. 1, 2018, a new military retirement system was introduced. The Blended Retirement System (BRS) will reduce retirement pay in exchange for automatic and matching Thrift Savings Plan (TSP) contributions, a mid-career continuation pay bonus and options to receive a portion of retirement pay in the form of a one-time payment.

What members of the Reserve Component will be affected?

- Any Reserve Component member who has less than 4,320 retirement points as of Dec. 31, 2017 will get to choose between staying in the current system and opting into the BRS.
- New accessions on or after Jan. 1, 2018 will automatically be enrolled in the BRS.

COMPARISON OF PLANS

The traditional pension is not going away, but it will be **reduced by 20%** in the new retirement system.

CURRENT RETIREMENT PLAN

- Pension = 2.5% x YOS x Retired Pay Base (average of highest 36 months of basic pay)*
- Opportunity to contribute to TSP



NEW PLAN

- Pension = 2% x YOS x Retired Pay Base*
- Automatic 1% contribution to TSP by DoD
- Opportunity to make additional contributions to TSP + matching DoD contributions
- Continuation Pay bonus
- Monthly check OR one-time payment + reduced monthly check at retirement

**20%
DROP IN
MONTHLY
PENSION
PAYMENTS**

AUTOMATIC AND MATCHING TSP CONTRIBUTIONS

The government is providing an incentive to contribute to the TSP by offering matching contributions. Both automatic and matching contributions begin immediately for those who opt into the BRS, but there are waiting periods for new accessions on or after Jan. 1, 2018.

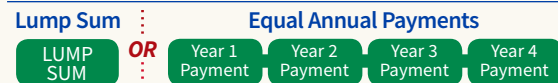
You Contribute	DoD Auto Contribution	DoD Matches	Total
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
>5%	1%	4%	your contribution + 5%



- Automatic Contribution of 1% of basic pay – eligible after 60 days of service
- Matching Contributions up to 4% of basic pay – eligible after 2 YOS
- Matching Contributions will continue until completion of 26 YOS

CONTINUATION PAY

0.5x MONTHLY BASIC PAY



- At 12 YOS, a continuation pay bonus will be offered in exchange for a commitment to serve an additional 48 months.
- The bonus may be received in a lump sum or a series of equal annual payments not to exceed 4 consecutive years.
- The bonus is subject to repayment if the service member does not satisfy the time or skill requirements.

THREE OPTIONS FOR COLLECTING YOUR RETIREMENT PAY

100% Retirement Pay

At retirement, begin receiving full monthly retirement pay

25% One-Time Payment
75% Retirement Pay

Receive 25% one-time payment + 75% of earned retirement pay

50% One-Time Payment
50% Retirement Pay

Receive 50% one-time payment + 50% of earned retirement pay



For both one-time payment options, the reduced retirement pay remains in effect until the retiree reaches full retirement age (FRA), currently 67. At that time, retirement pay will be restored to the full amount earned.

*Retirement pay normally begins at age 60 for those who obtain 20 years of service, but may begin earlier based on qualifying active service.