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The Uniformed Services Blended Retirement System

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The Uniformed Services Blended Retirement System

- **Legacy Retirement System**
  - Defined annuity benefit computed as
  - Must serve at least 20 years
  - Defined annuity becomes 2.5% only 19% Qualify

- **Blended Retirement System, blends:**
  - Defined annuity becomes 2.0%
  - Only 19% Qualify

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?

- **Members serving as of Dec. 31, 2017:**
  - Will be grandfathered in to the current retirement system
  - *Won’t be automatically moved to the Blended Retirement System*

- **Currently-serving members who are eligible to opt-in to the Blended Retirement System:**
  - 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 until the end of 2018 to make their decision.**
  - Members who want to stay covered under the current system – do nothing.
  - Members who decide the Blended Retirement System is better – can opt-in.

- **New accessions occurring on or after Jan. 1, 2018 are covered by the Blended Retirement System.**
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

- Choose Blended Retirement System
- Do Nothing and Stay Covered Under Current System

Why 4,320 points?

(1) Choose Blended Retirement System
-- or --

(2) Do Nothing and Stay Covered Under Current System
Leader Course: Provides leaders a basic familiarity of the Blended Retirement System and an understanding of “opt-in” and major milestones for implementation. Available as of June 1, 2016.

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

New Accession Course: Specialized course for members who joint the service after January 1, 2018; highlights the new components of the Blended Retirement System and includes retirement planning calculators.
The Uniformed Services Blended Retirement System

Implementation Timeline

- **2016**
  - June 1: Leader Training Begins
  - November: Eligible Opt-In Members Notified

- **2017**
  - December 31: Last Date of Eligibility for Coverage Under Legacy Retirement System with opportunity to Opt-In to BRS

- **2018**
  - January 1: BRS Goes Into Effect
  - December 31: Opt-In Period Ends
  - August 1: All New Accessions Covered Under BRS

Financial Counselor/Educator Course Released
Opt-In Training Begins

OPT-IN WINDOW
The Uniformed Services Blended Retirement System Benefits

- The decision to opt-in belongs to the member – the Department of Defense has no preference. Benefits include:
  - 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
Questions?
Thank you for joining us today.

For more information, log on to http://www.MilitaryOneSource.mil or call 800-342-9647.

DoD Blended Retirement System http://militarypay.defense.gov/BlendedRetirement