



# The Uniformed Services Blended Retirement System



As of August 8, 2016

## Frequently Asked Questions Regarding the New Blended Retirement System

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### 1. Blended Retirement System (General)



#### Q1.1. How is the military retirement system going to change?

A1.1. The National Defense Authorization Act for Fiscal Year 2016 created a new military retirement system that blends elements of the legacy retirement system with government automatic and matching contributions to the [Thrift Savings Plan](#). Service members should have a familiarity with the new Blended Retirement System, as many of the elements of the legacy retirement system remain in some form. The Blended Retirement System retains the traditional defined-benefit annuity, but adjusts the years of service multiplier from 2.5 percent to 2.0 percent for calculating monthly retired pay. In addition, the Blended Retirement System contains the Thrift

Savings Plan (TSP), which includes government automatic 1% and up to an additional 4% matching contributions to a service member's TSP account. The law also included a continuation pay provision as a way to encourage service members to continue serving in the Uniformed Services at the mid-career point. Continuation Pay is a direct cash payout, like a bonus, in return for a commitment of four more years of service. DoD is currently working the implementation policy for the new Blended Retirement System. Changes will go into effect January 1, 2018. Always check with your Human Resource/Workforce Management/Personnel servicing office for the latest information. To learn more about the Blended Retirement System visit <http://militarypay.defense.gov/BlendedRetirement>.

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**Q1.2. Who is affected by the Blended Retirement System?**

A1.2. New accessions on or after January 1, 2018, will automatically be enrolled in the new Blended Retirement System. For those Active Component service members who joined after 2006, but before Jan. 1, 2018, and Reserve Component service members with less than 4,320 retirement points as of December 31, 2017, will have the choice of whether to stay with the legacy retirement system or opt into the new Blended Retirement System. No service member will be automatically moved to the Blended Retirement System. [Additional Reserve Component specific information can be found in Section 7.](#)

**Q1.3. I am a member of the United States Public Health Service Commissioned Corps (USPHS) or the National Oceanic and Atmospheric Administration Commissioned (NOAA) Officer Corps, does the Blended Retirement System pertain to me?**

A1.3. Yes, the National Defense Authorization Act of Fiscal Year 2016 created the Uniformed Services Blended Retirement System, which includes all seven of the uniformed services of the United States. While many of the questions and answers in this document specifically address the military services, many of the same answers are applicable to USPHS and NOAA. Before making any decision related to the Blended Retirement System, check with your Human Resource/Workforce Management/Personnel servicing office for the latest information.

**Q1.4. How will service members be notified if they are eligible for opting in to the blended retirement system?**

A1.4. Eligible service members will be notified beginning in November 2016 by their Uniformed Service about opting into the Blended Retirement System. Additional notifications throughout calendar year 2017 will remind eligible service members that they will be able to opt-in beginning in January 2018.

**Q1.5. Why is this a good thing for service members?**

A1.5. Blended retirement will benefit a large majority of the force. Currently, approximately 81 percent of those members who join the military leave with no retirement benefit. Under the blended retirement system, about 85 percent of service members will receive a retirement benefit, even if they don't qualify for monthly retired pay.

**Q1.6. If a service member is eligible for the Blended Retirement System do they need to do anything?**

A1.6. If a service member is eligible to opt into the Blended Retirement System they will be required to complete the opt-in training course. After completing the opt-in course, service members in the Army, Air Force and Navy that wish to remain under the legacy retirement system do not need to take any action. Additional guidance will be provided for the Marine Corps, United States Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps at a later date. However, no one will be automatically moved to the Blended Retirement System. For service members that utilize the Defense Finance and Accounting Service (DFAS), they will utilize [MyPay](#) to opt into the new Blended Retirement System anytime between January 1, 2018, through December 31, 2018. Service members joining on or after January 1, 2018, will be automatically enrolled in the Blended Retirement System.

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**Q1.7. What should service members be most aware of when deciding whether to opt into the Blended Retirement System?**

A1.7. Because many of our service members do not make it to a 20-year retirement, they should be aware that the Blended Retirement System would provide benefits toward retirement through a defined contribution plan called the Thrift Savings Plan, as long as they serve a minimum of two years. This is a new benefit worthy of careful consideration. Early retirement savings and the [power of compounding interest](#) are important life-long concepts that they will want to pay attention to and learn more about. Conversely, service members who opt into the Blended Retirement System will receive a reduced multiplier at 20 years of service. The multiplier will be 2.0 percent rather than 2.5 percent in calculating monthly military retired pay. Eligible service members need to carefully review each retirement system to understand how their decision to remain in the legacy retirement system or opt into the new Blended Retirement System will impact them and their family.

**Q1.8. Does it make a difference if I opt into the new system at the beginning of 2018 or at the end of 2018?**

A1.8. Eligible service members may opt into the new Blended Retirement System anytime between January 1, 2018 and December 31, 2018. It is important to note, service members opting into the new retirement system will begin receiving automatic and matching applicable government contributions effective the first pay period after opt-in. However, it is important for service members to fully understand the new Blended Retirement System and to take their time to make an informed decision.

**Q1.9. If I elect to opt into the new Blended Retirement System can I change my mind later?**

A1.9. The decision to opt-in is irrevocable. It cannot be changed at a later date.

**Q1.10. Do you think that DoD will see a large number of service members leave because of the new Blended Retirement System?**

A1.10. DoD's analysis and experience suggests that the reduction in monthly retired pay might result in fewer members staying for a full career. However, Congress provided DoD the tools necessary to maintain the force profiles. This includes DoD automatic and matching contributions to the service member's Thrift Savings Plan and Continuation Pay; an incentive/retention bonus targeted at the mid-career-level.

**Q1.11. What reaction have you received from current service members on the new plan?**

A1.11. Many service members want to hear more details about how the new retirement system will work and how it will impact them and their families. That's why increased financial education and training is essential to help service members make wise financial decisions. The DoD has initiated an 18 month long multi-stage financial education training curriculum to fully prepare Active and Reserve component members and their families. These focused training courses will be launched between June 2016 and January 2018. These courses will be available on [Joint Knowledge Online](#) (JKO), with some courses being available on [MilitaryOneSource.mil](#). An official DoD Blended Retirement System calculator for comparing benefits under the legacy retirement system and the new Blended Retirement System will be available to service members by January 2017.

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## Q1.12. What if I have a break in service—can I still opt into the Blended Retirement System?

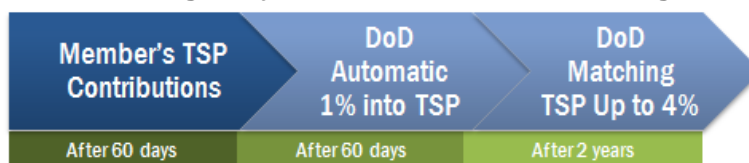
A1.12. If you have left or leave the military and rejoin after the opt-in decision year (2018), you will have 30 days to decide whether to stay in the legacy retirement system or elect the new Blended Retirement System upon returning to military service, so long as you are either in the Active Component and meet the less than 12-year service criterion or in the Reserve Component and have less than 4,320 retirement points. [Additional Reserve Component specific information can be found in Section 7.](#)

## 2. Thrift Savings Plan (TSP)

### Q2.1. How does the Thrift Savings Plan figure into the new system?

A2.1. The Blended Retirement System includes a Thrift Savings Plan component. All service members joining on or after January 2018 will be automatically enrolled into TSP at 3% of their basic pay (or Inactive Duty Pay, or sometimes called Drill Pay for the Reserve Component), with automatic 1% DoD contributions starting after 60 days, and DoD matching up to 4% after two year of service. The maximum match is 5% if the service member is also contributing 5% of their basic pay (see [Chart 2-2](#)). Both the DoD automatic 1% and the matching contributions continue through the end of the pay period during which the service member attains 26 years of service.

**Chart 2-1: Eligibility for Automatic and Matching Contribution**



**NOTE:** Current service members opting into the new Blended Retirement System between January 1, 2018 and December 31, 2018, will receive DoD automatic 1% contribution and up to 4% additional DoD matching beginning the first pay period after opting in – there is no 60 day/2-year waiting period as there is for new accessions starting January 1, 2018.

### Q2.2. How much with the DoD contribute to my TSP?

A2.2. The following chart identifies the TSP matching component of the Blended Retirement System.

**Chart 2-2: Automatic and Matching Contribution**

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

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**Q2.3. Does the money in the TSP belong to the service member?**

A2.3. For decades, service members have had to serve 20 years before becoming eligible for monthly retired pay. Because approximately 81 percent of military personnel exit the service before 20 years, most service members leave without any retirement benefit. However, under the Blended Retirement System service members are vested after two years of service – the money in the TSP belongs to them, including all DoD automatic and matching contributions. If services member leave, the TSP goes with them. However, service members will have the option to leave those contributions in the TSP or to roll them into another company or government 401(k)-type retirement plan, upon separation.

**NOTE:** Current service members opting into the new Blended Retirement System between January 1, 2018 and December 31, 2018, will receive DoD automatic 1% contributions and up to 4% additional DoD matching beginning the first pay period after opting in. All DoD [automatic and matching contributions](#) are governed by the existing Federal Retirement Thrift Investment Board regulations as it pertains to vesting.

**Q2.4. Can I contribute other forms of pay to my TSP?**

A2.4. You can also contribute from 1% to 100% of any incentive pay, special pay, or bonus pay — as long as you also elect to contribute from your basic pay up to established IRS limits. You can elect to contribute from incentive pay, special pay, or bonus pay, even if you are not currently receiving them. These contributions will be deducted when you do receive any of these types of pay. However, only basic pay will be used in the calculation for DoD automatic and matching contributions. For more information on other forms of contributions visit [TSP.gov](#).

**Q2.5. Is there a limit to how much I can contribute to my TSP?**

A2.5. The Internal Revenue Code places limits annually on the dollar amount of contributions you can make to the TSP, among other investments. The Internal Revenue Service calculates them every year and they can change annually. The TSP announces their limits on the [TSP Contribution Limits webpage](#), as well as through its various publications when the limits become available. Consult with an installation financial counselor/educator, Military OneSource or other financial planner if you feel you need additional assistance. **NOTE:** If you are a member of the Reserve Component and you are contributing to both a Uniformed Services and a civilian government TSP account as a FERS employee, the contribution limits apply to the total amount of employee contributions you make in a calendar year to both accounts.

**Q2.6. If I am a new accession into one of the Uniformed Services after January 1, 2018, how and when do I elect my TSP contributions?**

A2.6. New accessions after January 1, 2018, are automatically enrolled under the Blended Retirement System. All new accessions by default will have 3% of their basic pay contributed to the TSP in the [Lifecycle Fund](#). Additionally, DoD will contribute 1% of a service member's basic pay to the service member's TSP after 60 days of entering service and will begin to match the service member's contributions (up to an additional 4% when a service member contributes at least 5%), after completing two years of service. A service member can change their TSP contribution at any time.

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### **Q2.7. How do I make changes to my TSP contribution amounts?**

A2.7. For the Army, Air Force and Navy, changes can be made to the service member's TSP contribution by visiting [MyPay](#). For the Marine Corps, United States Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps will utilize their service's personnel pay system. Additionally, all uniformed services can log on to [TSP.gov](#) to review account performance, make inter-fund transfers, among other TSP/fund-management activities. [Additional Reserve Component specific information can be found in Section 7.](#)

### **Q2.8. What if I do not have a MyPay account with the Defense Finance and Accounting Service (DFAS)?**

A2.8. If you've never opened a MyPay account, need help changing your MyPay password, or changing your email address in [MyPay](#). For additional assistance, service members should consult their chain-of-command or their personnel pay office.

## **3. Retirement Annuity**

### **Q3.1. If a service member is in the new Blended Retirement System and retires after 20 years, will they still get an annuity?**

A3.1. Yes, for those who retire after at least 20 years of service, the retirement remains predominantly a defined benefit in which the service member will get monthly retired pay. Instead of being calculated at 2.5 percent times the average of the service member's highest 3 years of basic pay, the service member's monthly retired pay will be calculated with a 2.0 percent multiplier. [Additional Reserve Component specific information can be found in Section 7.](#)

## **4. Lump-Sum Payment**

### **Q4.1. What is the lump-sum payment option?**

A4.1 The lump-sum option gives service members choices at retirement. The lump-sum option allows service members to choose to receive a 50% or 25% lump-sum payment at the time of retirement in exchange for reduced monthly retired pay until the service member reaches full retirement age. The monthly retired pay returns to the full amount when the service member reaches full Social Security retirement age, which for most is 67 years old. No such lump-sum option exists under the legacy military retirement system. The DoD continues to work on guidance related to this provision of the Blended Retirement System. [Also see Reserve Component Specific FAQs in Section 7.](#)

## **5. Continuation Pay**

### **Q5.1. What is continuation pay?**

A5.1. The National Defense Authorization Act of Fiscal Year 2016 included a continuation pay provision as a way to encourage service members to continue serving in the Uniformed Services. Continuation Pay is a direct cash payout, like a bonus. When a service member reaches 12 years of service, Active Component members will be eligible for a cash incentive of 2.5 to 13 times their regular monthly of basic pay and Reserve Component members will be eligible for .5 to 6 times their monthly basic pay (as if serving on active duty), in return for a commitment of four more years of service. The DoD continues to work on guidance related to this provision.

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**Q5.2. How is 12 years of service for continuation pay calculated?**

A5.2. Active Component and members of the Reserve Component in pay status are eligible for continuation pay when they complete their 12th year of service calculated from the service member's Pay Entry Base Date (PEBD).

**Q5.3. Is continuation pay part of the service member's retirement package?**

A5.3. Continuation pay is technically not part of a service member's retirement benefit, but it is essential to maintain DoD's existing rates of retention of experienced personnel for the All-Volunteer Force (AVF). DoD analysis and experience suggests that the reduction in the legacy retirement plan (monthly retired pay) may result in fewer members staying for a full career, and that providing continuation pay will help encourage these members to stay.

**6. Training/Education****Q6.1. What is DoD doing to educate service members?**

A6.1 The character and substance of the changes to the retirement benefit requires a focus on the education of service members to ensure informed decision making about benefit options. DoD is working with Joint Knowledge Online (JKO) to develop four targeted education courses for leaders, financial and retirement counselors, service members and their families. The first course, Blended Retirement System-Leaders Course (BRS-LC), course number J3OP-1330, was released June 1, 2016. The course provides leaders with a working knowledge of the Blended Retirement System and DoD's plan to educate the force prior to BRS implementation.

**Q6.2. Can other service members take the Blended Retirement System-Leaders Course (BRS-LC)?**

A6.2. Although geared towards leaders, the BRS-LC is available to all service members on JKO and MilitaryOneSource.mil. It is encouraged that anyone looking for additional information take the course.

**Q6.3. What is the rest of the blended retirement system education strategy?**

A6.3. After training leaders, the DoD plan is to focus our education efforts on the opt-in population who will have a decision to make regarding their retirement system, as well as those experts who will be providing these service members personalized information. DoD will offer two courses to support this effort. The opt-in course will provide eligible Active and Reserve component members an understanding of both the legacy retirement system and the new Blended Retirement System. The training will include a retirement calculator to assist service members with making comparisons. The opt-in course and the official DoD Blended Retirement System Calculator will be available in early 2017. The financial counselor educator's course is targeted at those experts who serve in a counseling capacity to commanders, service members and their families. We intend for this course to be ready in the Fall of 2016, so experts will be trained and ready, before eligible service members receive the opt-in training. A fourth course will be developed and provided to all new service members who join the military on or after January 1, 2018. The focus of this course is to ensure our newest service members have a comprehensive understanding of their retirement benefits.

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**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 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 BRS and includes retirement planning calculators.

#### **Q6.4. How can service members or their families take training?**

A6.4. Training will be available on Joint Knowledge Online (JKO), which is accessible to all members of the military. Additionally, courses will be made available on [MilitaryOneSource.mil](http://MilitaryOneSource.mil), for access by families and community organizations, including Military Service Organizations and Veterans Service Organizations. When courses are publicly released, deployed and afloat commands will be able to order the courses as DVDs to deliver the training.

#### **Q6.5. How can members of the United States Public Health Service Commissioned Corps (USPHS) or the National Oceanic and Atmospheric Administration Commissioned (NOAA) Officer Corps take training?**

A6.5. The Leader Course and the Financial Counsel/Educator Course are available publically at [MilitaryOneSource.mil](http://MilitaryOneSource.mil). For the Opt-In Course and New Accession Course, refer to your Human Resource/Workforce Management/Personnel servicing office for guidance.

### **7. Reserve Component Specific**

#### **Q7.1. How is the retirement system changing for the Reserve Component?**

A7.1. The new military retirement system blends elements of the legacy retirement system with government automatic and matching contributions to the Thrift Savings Plan--a more modern, 401(k)-style portable defined contribution plan that many civilian government employees enjoy today. Many of the elements of the legacy retirement system remain and Reserve Component members should have a familiarity with how it works. The Blended Retirement System does not change when a Reserve Component member is eligible to retire and Reserve Component members covered by the Blended Retirement System are still eligible for reduced age retirement if they perform qualifying active service.

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**Q7.2. How is eligibility for the Blended Retirement System different for members of the Reserve Component?**

A7.2. Reserve Component members with fewer than 4,320 retirement points as of December 31, 2017, will have a choice to opt into the new Blended Retirement System or remain in the legacy retirement system. All new accessions to the Active Component, National Guard or Reserve on or after January 1, 2018, will be covered under the Blended Retirement System.

**Q7.3. Why is DoD using retirement points for the Reserve Component calculation?**

A7.3. Unlike the Active Component, where eligibility to opt-in is based on having served for less than 12 years, any Reserve Component member with fewer than 4,320 retirement points as of December 31, 2017, will be eligible to opt-in during 2018, regardless of how many years they have actually been in the service. This different eligibility criteria is based on language in the Fiscal Year 2016 National Defense Authorization Act that mandated use of 10 U.S.C. §12733 to compute eligibility for Reserve Component members; 10 U.S.C. §12733 governs how years of service is calculated for a non-regular retirement.

**Q7.4. What's the significance of 4,320 retirement points?**

A7.4. For retirement, reserve service is converted to active service by dividing retirement points by 360. Remember, the military considers a month as 30 days for pay purposes, so each day is worth 1/30<sup>th</sup> of a month; 12 months would then equal 360 days. Thus, a Reserve with 4,320 retirement points equates to 12 years of active service.

**Q7.5. Are members of the Individual Ready Reserve (IRR) or Standby Reserve eligible to participate in the Blended Retirement System?**

A7.5. Members of the IRR and Standby Reserve are eligible to participate in the Blended Retirement System. However, to enroll in the Blended Retirement System they must be receiving pay (because of the TSP component). Therefore, members of the IRR and Standby Reserve who are eligible to enroll in the new system (because they were in the IRR or Standby Reserve as of December 31, 2017), but who do not drill in a paid status or are not on orders at all during calendar year 2018, will be allowed a one-time extension of the enrollment window beyond 2018 if and when they enter a paid status.

**Q7.6. How long does a member of the IRR or Standby Reserve have to opt-in once in pay status?**

A7.6. Members of the IRR and Standby Reserve will have 30 days to opt into the Blended Retirement System once on pay status.

**Q7.7. How will it work when a Reserve Component member retires under Blended Retirement System?**

A7.7. The Blended Retirement System does not affect when a member (either active duty, National Guard or Reserve) is eligible to retire. It still remains the same; qualified Reserve Component members are eligible to receive their retirement pay starting at age 60 or earlier based on qualifying credited active service.

**Q7.8. Does a Reserve Component service member's Thrift Savings Plan (TSP) election percentage carry-over when activating or deactivating?**

A7.8. Reserve Component members will not have to re-elect TSP percentages every time their pay status changes – TSP elections carry-over.

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**Q7.9. How does the lump-sum payment work for Reserve Component members?**

A7.9. Like their active duty counterparts, eligible Reserve Component service members have the option of electing a lump-sum payment upon becoming eligible to begin receiving retired pay in exchange for a reduced level of retired pay until reaching full [Social Security retirement age](#) (which is age 67 for most). Upon reaching full Social Security retirement age, the service member reverts to receiving full (not reduced) retired pay even if they elected the lump-sum. Whether the service member selects a lump-sum payment or not, the service member will begin receiving an annuity (monthly retired pay) at age 60, or earlier if they have qualifying creditable service toward a reduced age retirement. This is in addition to any earnings they may get from their TSP investments, which they will begin receiving when they reach full Social Security retirement age.

**Q7.10. Must Reserve Component member's obligated service be performed in the Select Reserves (SELRES) if they receive Continuation Pay or can they be part of the Individual Ready Reserve (IRR) or Standby Reserve?**

A7.10. Reserve Component members must be able to serve for four years in the Select Reserve if they receive Continuation Pay.

**Q7.11. How will the training program be shared with the Reserve Components? For example, will Unit Training Assemblies/drill time be used for financial readiness training? Will installation and financial counselors/educators be available to reservists?**

A7.11. We continue to work closely with Reserve Affairs leaders who are focused on leveraging curriculum and materials to educate their force and family. We specifically designed the Blended Retirement System Leader Course to provide it via Common Access Card (CAC) and non-CAC enabled websites and to provide it on DVDs for use during commanders calls and other unit formations, musters or calls. Reserve Component members will have access to a wide array of financial counselors when and where they need them.

**Q7.12. Will Reserve Component members completing training for points only get retirement credit for those points, as they do today, under the Blended Retirement System?**

A7.12. The Blended Retirement System does not change the manner in which members of the Reserve Component may earn retirement points.

**Q7.13. How will those points be calculated (today's dollars/future dollars at discount rate)?**

A7.13 The Blended Retirement System does not change how retirement points are calculated for members of the Reserve Component. Upon eligibility for retired pay, the member's retirement points are divided by 360 to arrive at an equivalent years of creditable service, just as under the legacy retirement system. For the Blended Retirement System, the retired pay multiplier is determined by multiplying 2% times the years of creditable service, as opposed to 2.5%, which is used under the legacy system. The Blended Retirement System does not change when a member is eligible to retire. Furthermore, Reserve Component members covered by the Blended Retirement System are still eligible for reduced age retirement if they perform qualifying active service.

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## 8. Other Resources

- Blended Retirement System Leader Course: (CAC required): <https://jkodirect.jten.mil>
- Blended Retirement System Leader Course: (Non-CAC): [http://jko.jten.mil/courses/brs/leader\\_training/Launch\\_Course.html](http://jko.jten.mil/courses/brs/leader_training/Launch_Course.html)
- DoD Blended Retirement System Resource Webpage: <http://militarypay.defense.gov/BlendedRetirement>
- Military OneSource Website: [www.militaryonesource.mil](http://www.militaryonesource.mil)
- A MyPay account is required to make BRS and TSP elections: <https://mypay.dfas.mil>
- Information on TSP can be found at [www.tsp.gov](http://www.tsp.gov)
- Learn more about saving money, reducing debt, and building wealth: [www.militarysaves.org](http://www.militarysaves.org)
- Social Security Retirement Planner: <https://www.ssa.gov/planners/retire/agereduction.html>

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- + Q7.9. How does the lump-sum payment work for Reserve Component members?
- + Q7.10. Must Reserve Component member's obligated service be performed in the Select Reserves (SELRES) if they receive Continuation Pay or can they be part of the Individual Ready Reserve (IRR)?
- + Q7.11. How will the training program be shared with the Reserve Components? For example, will Unit Training Assemblies/drill time be used for financial readiness training? Will installation and financial counselors/educators be available to reservists?
- + Q7.12. Will Reserve Component members completing training for points only get retirement credit for those points, as they do today, under the Blended Retirement System?
- + Q7.13. How will those points be calculated (today's dollars/future dollars at discount rate)?

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**DISCLAIMER:** Each question and answer is NOT intended to provide advice or guidance to uniquely specific issues or circumstances. The questions and answers in each section are provided for general information purposes only and may not cover every circumstance or individual case. Always check with your Uniformed Service's Human Resource/Workforce Management/Personnel servicing office for the latest information before making any financial decision related to the Blended Retirement System.

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