# Blended Retirement System Opt-In Course

- **Being a part of the legacy "High-3" retirement system**

- **You're choice to remain in the legacy "High-3" retirement system or elect to participate in BRS**
  - *BRS = reduced-rate defined-benefit pension + TSP contributions*

- **Goal: inform, educate, and empower you to make the best decision for your future**

**Blended Retirement System Opt-In lessons:**

1. Opt-In Basics
2. The Importance of Lifelong Financial Security
3. Financial Planning Concepts and the TSP
4. Differences in the "High-3" System and the BRS
5. Important Factors to Consider
6. Tools and Resources

# Opt-In Basics

## Lesson 1

**Covered in this lesson:**

- **Eligibility requirements for opting into the BRS**

- **The Opt-In time period**

- **Similarities and differences between the legacy "High-3" Uniformed Services retirement system and the BRS**

**After completing this lesson you will be able to:**

- **Identify the requirements for eligibility to opt into the BRS**

- **Recognize the Opt-In period**

- **Recognize similarities and differences between the legacy "High-3" Uniformed Services retirement system and the BRS**

You are eligible to opt into the BRS **IF** as of December 31, 2017 you are either:

- **AC member who has served fewer than 12 full years from PEBD**

- **RC member with fewer than 4,320 points**

This is *your* decision to make!

- **Any eligible Service member wishing to opt in must do so during calendar year 2018**

- **Otherwise you're covered by the "High-3" retirement system**

- **If you decide to switch to the BRS, you will have to record that decision and:**

  - **The decision is irrevocable. In other words it cannot be changed at a later date**

# Opt-In Period Important Notes

- **NOTE:** Service members who have already retired or who have transferred to the Retired Reserve are not eligible to opt into the BRS

- **NOTE:** Stay alert for Service-specific instructions for opt-in procedures

- **ROTC/Service Academy/Reentrants**

# Differences Between the "High-3" and the BRS

## "High-3" Military Retirement System

20 Years of Service = Full Pension

2.5% X Years Served X Retired Pay Base

2.5% X 20 = 50%

## Blended Retirement System

20 Years of Service = Full Pension

2.0% X Years Served X Retired Pay Base

- Automatic 1% Government contribution to TSP
- Up to an additional 4% Government-matching contributions of basic pay to TSP

**All Service members who enter service, or who sign a contract to serve, on or before December 31, 2017 are automatically enrolled in the Blended Retirement System.**

- o **True**
- o **False**

**The Opt-In Election Period is _____ to _____.**

- ○ **January 1, 2017, December 31, 2017**
- ○ **January 1, 2017, December 31, 2018**
- ○ **January 1, 2018, December 31, 2018**
- ○ **January 1, 2019, December 31, 2019**

**Out of these options which do you think is the best description of how the legacy "High-3" retirement system and the Blended Retirement System (BRS) are similar?**

- o **They each provide an automatic Government TSP contribution of 1% of a Service member's basic pay**
- o **Service members are eligible for Government-matching TSP contributions in both systems**
- o **Both require 20 Years of Service to qualify for a pension**
- o **There are no similarities between the "High-3" and the BRS**

**You should now be able to:**

- **Identify the requirements for eligibility to opt into the BRS**

- **Recognize the opt-in period**

- **Recognize similarities and differences between the legacy "High-3" uniformed services retirement system and the BRS**

# The Importance of Lifelong Financial Security
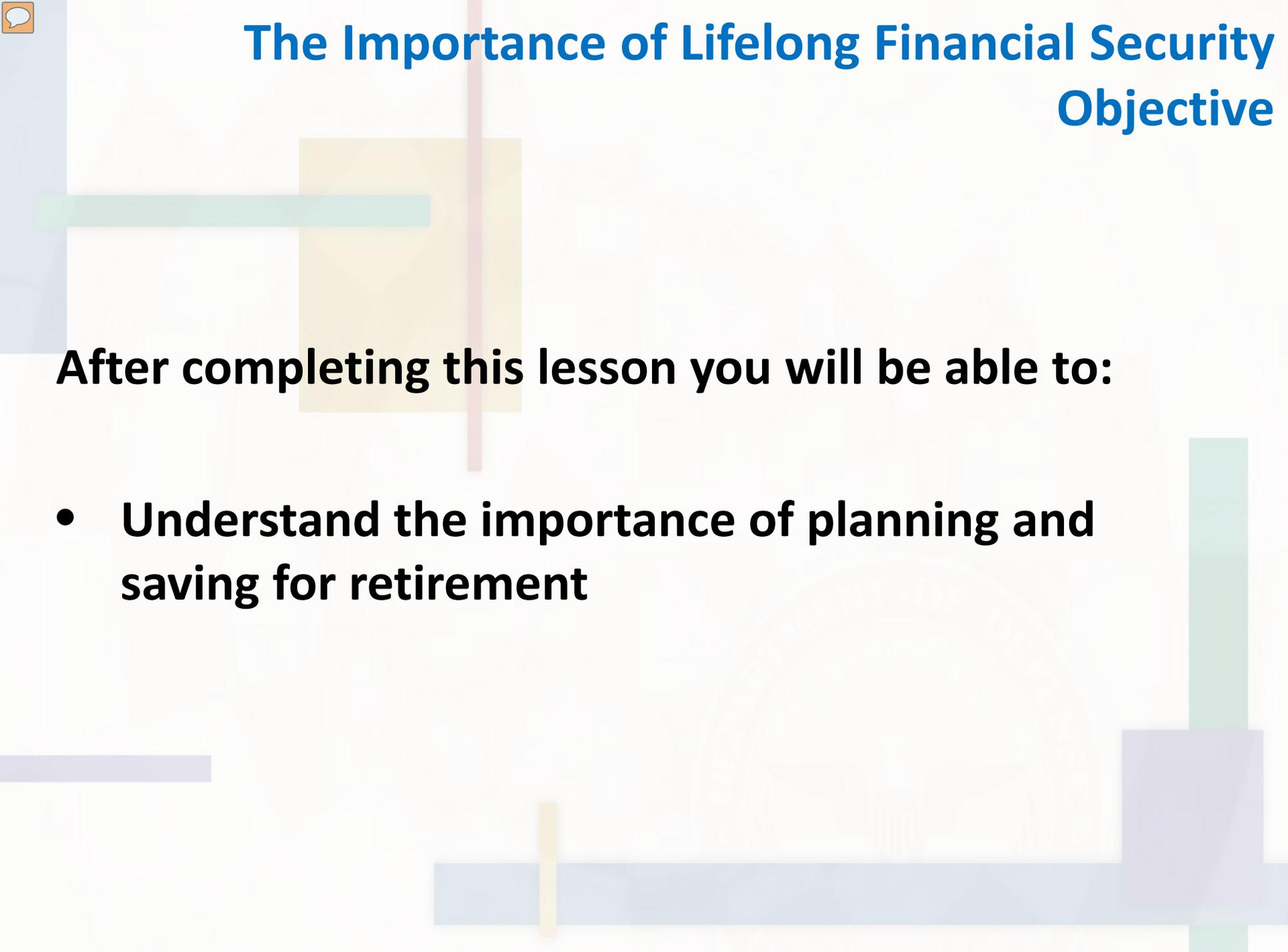
**Lesson 2**

# The Importance of Lifelong Financial Security
## Introduction

**Covered in this lesson:**

- **Costs and uncertainties of retirement**
- **Simple steps you can take to make your own future a little less uncertain**

**You need to plan and begin saving for your retirement NOW!**

# The Importance of Lifelong Financial Security Objective

**After completing this lesson you will be able to:**

- **Understand the importance of planning and saving for retirement**

# Why is Lifelong Financial Security Important?

Can you imagine what **YOUR** needs might be 50 years into the future?

According to the U.S. GAO and the BLS:

- Life Expectancy = mid-80's

- Only HALF of those approaching retirement age have savings at all

- Living expenses could be well over $50,000/yr. between age 55 and 80

- 80% of your pre-retirement may be needed to maintain your current quality of life

# **Uncertainties of Retirement**

**Your retirement future is uncertain:**

- **Life expectancy continues to grow**
- **Budgets and living expenses continue to change**
- **Social security was never intended to be a primary source of retirement income**
- **Investment returns may be unpredictable**

**NOW is the time to actively plan and invest in your future!**

# Costs of Retirement

- **Remember: Living expenses could be well over $50,000/yr. between age 55 and 80: BLS survey**

- **People over age 55 are likely to reduce spending as a result of their reduced income**

- **What will the cost of living be when you retire?**

- **Essential retirement costs:**
  - **Housing**
  - **Transportation**
  - **Food**
  - **Healthcare**

- **What Does It Mean?**

- **Service Retirees Benefits**

- **Maintaining Your Standard of Living**

- **"Standard of Living" Definition**

# Retirement Income Streams

**Needed Income?**

**Years to Reach Goal?**

**Standard of Living?**

**Retirement Age?**

**Potential "income streams"**

- **Personal savings and investments**
- **Employer-provided pensions**
- **Social Security retirement benefits**
- **Earned income if you choose (or need) to continue working**

**Mike Smith**

- **E-6 w/10 YOS**

- **Entered Military at 24 yrs. old, plans to retire with 26 YOS hitting E-8 or higher before retirement.**

**Likely needs $70,000 a year at the retirement age of 65**

**Current income streams:**

- **$33,000 from his military pension plan**

- **$21,000 from Social Security**

<p align="center">**GAP = $16,000 /yr.**</p>

# Retirement Income Streams (Cont.)

- **Plan ahead for your retirement**

- **Ensure you have adequate savings for retirement**

- **Plan for the standard of living you want to maintain at retirement**

- **Take full advantage of financial literacy training, education, Personal Financial Managers (PFMs), and Counselors**

**You need to be an active participant in your own future!**

**Most people approaching retirement age today have adequate savings and investments to fund their retirement for the rest of their lives.**

- o **True**
- o **False**

**For most people, the essential costs of living in retirement include (Select all that apply):**

- ○ **Travel and Leisure**
- ○ **Transportation**
- ○ **Healthcare**
- ○ **Housing**
- ○ **Food**

You should now be able to:

- **Understand the importance of planning and saving for retirement**

# Financial Planning Concepts and the TSP

**Lesson 3**
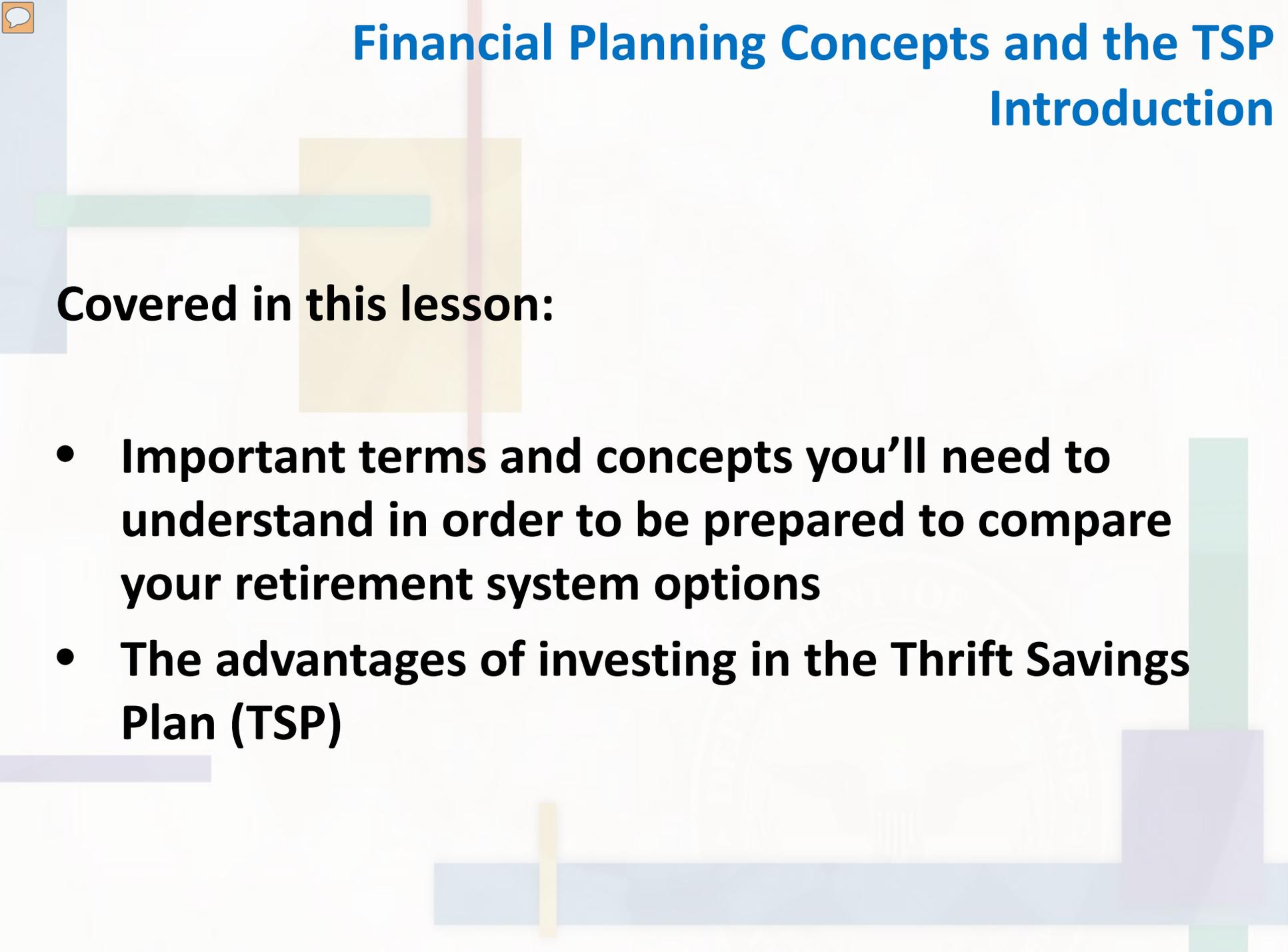
**Covered in this lesson:**

- **Important terms and concepts you'll need to understand in order to be prepared to compare your retirement system options**

- **The advantages of investing in the Thrift Savings Plan (TSP)**

After completing this lesson you will be able to:

- **Understand the concept of a pension for Uniformed Services retirement pay**

- **Define vesting and understand the requirements of the "vesting period"**

- **Recognize the value of compound interest**

- **Recognize the advantages of investing in the Thrift Savings Plan**

# Financial Planning Concepts

- **Pension**

- **Defined Contribution Plan**

- **Employer Matching**

- **Portability**

- **Vesting**

- **Compound Interest**

# The Thrift Savings Plan (TSP)

- **Retirement savings plan similar to 401(k)**

- **Long-term retirement savings and investment plan**

- **Advantages:**

  - **Automatic payroll deduction**

  - **Diverse investment options with pre-tax and after-tax treatments**

  - **Contributions from your service**

  - **Beneficiary participant account**

  - **Variety of withdrawal options**
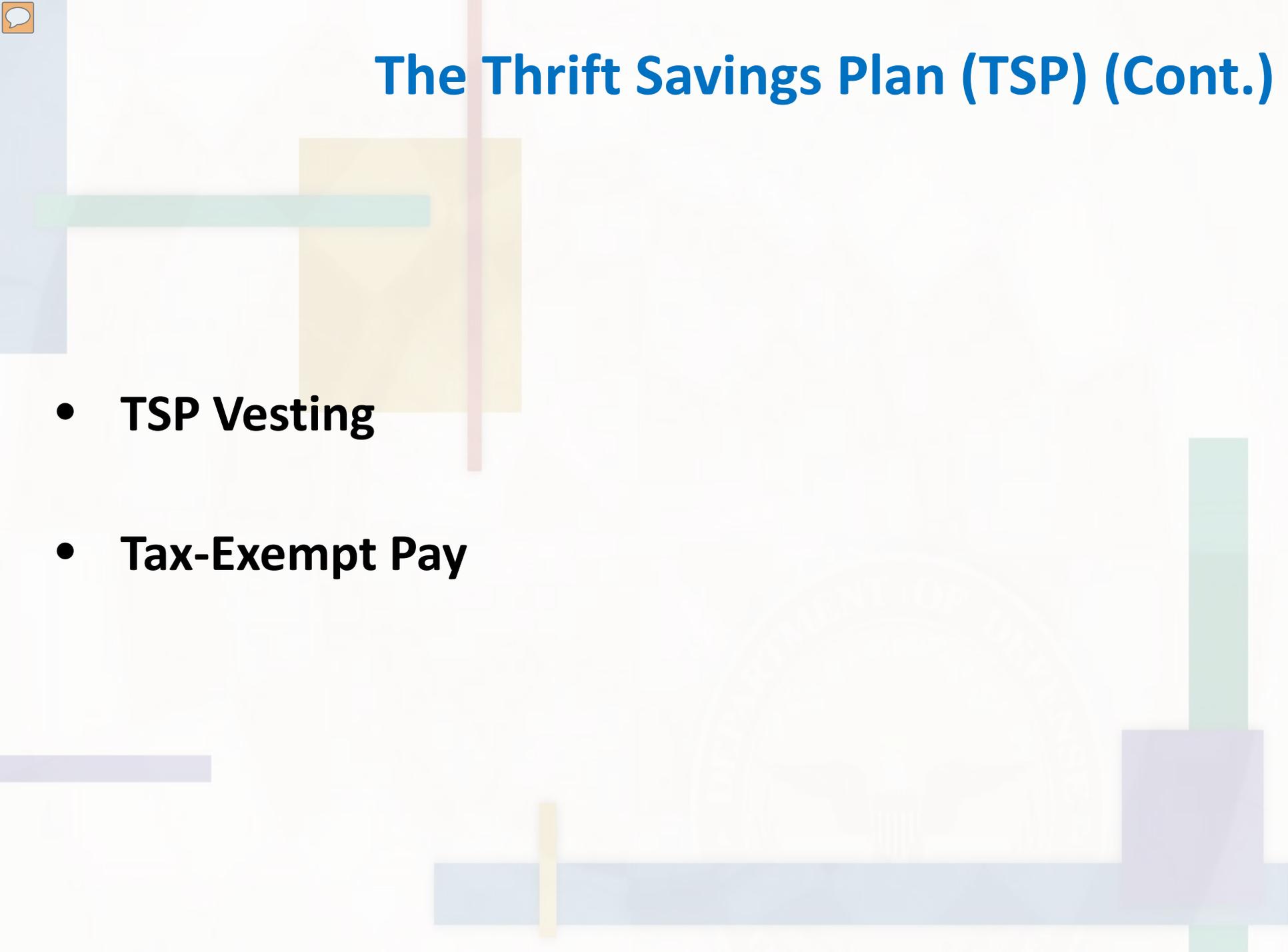
# The Thrift Savings Plan (TSP) (Cont.)

- **TSP Vesting**

- **Tax-Exempt Pay**

A pension is a type of _____; a retirement system in which an employee is promised that they will continue receiving a regular income even after they retire.

- ○ **defined-benefit plan**
- ○ **defined contribution**
- ○ **tax-exempt plan**
- ○ **401(k) plan**

**Once "vested" in your retirement account, _____.**

- o **the money contributed to your account by your employer, and the interest earned on that money, is yours to keep**

- o **your employer will begin making contributions to your defined contribution plan, such as the TSP**

- o **your employer may contribute to your account, but has the right to take that money back**

- o **you can re-invest that account in a new employer's program**

**Compound interest is when your employer contributes a certain amount of money to your defined contribution plan, such as the TSP, based on how much you contribute.**

- o **True**
- o **False**

**Advantages of the Thrift Savings Account include (Select all that apply):**

- o **Automatic payroll deductions**
- o **Contributions from the Government if you are enrolled in the BRS**
- o **A diversified choice of investment options, including professionally designed lifecycle funds**

**You should now be able to:**

- **Understand the concept of a pension for Uniformed Services retirement pay**

- **Define vesting and understand the requirements of the "vesting period"**

- **Recognize the value of compound interest**

- **Recognize the advantages of investing in the Thrift Savings Plan**

# Differences in the "High-3" and BRS

## Lesson 4

**Covered in this lesson:**

- **The differences between the components of the Uniformed Services' legacy "High-3" retirement system and the BRS**

# Differences in the "High-3" and BRS Objectives

**After completing this lesson you will be able to:**

- **Understand the basic components of the "High-3" Uniformed Services retirement system**

- **Understand the basic components of the Blended Retirement System**

- **Understand the concepts of, and eligibility requirements for, Continuation Pay and the Lump Sum Option**

# Differences in the "High-3" and the BRS

## "High-3"

2.5% X [Years Served calendar] X [Retired Pay Base]

2.5% X [20 Years Served] = 50%

3,240 points
÷ 360
─────────
9 YOS

## BRS

2.0% X [Years Served calendar] X [Retired Pay Base]

2.0% X [20 Years Served] = 40%

5,220 points
÷ 360
─────────
14.5 YOS

# Differences in the "High-3" and the BRS (Cont.)

- **Defined Contributions**

- **Continuation Pay**

- **Basis for CP Amounts**

- **Important CP Information for RC Members**

| You Contribute | Government Auto Contribution | Government 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% |

# Differences in the "High-3" and the BRS (Cont.)

- **Lump Sum**

- **How the Lump Sum Option Works**

- **Important Lump Sum Information for RC Members**

- **Other Important Considerations**

**Lump Sum Option Regular Retirement**
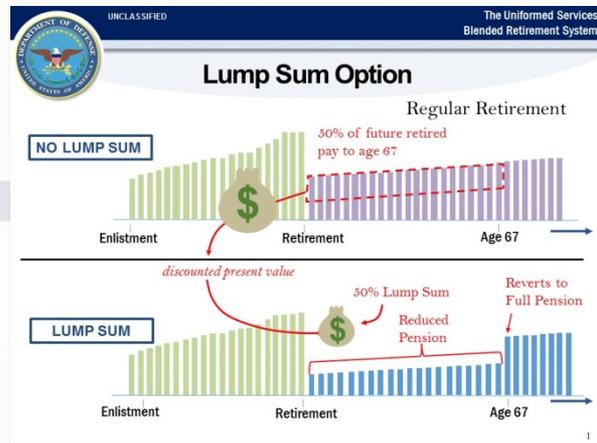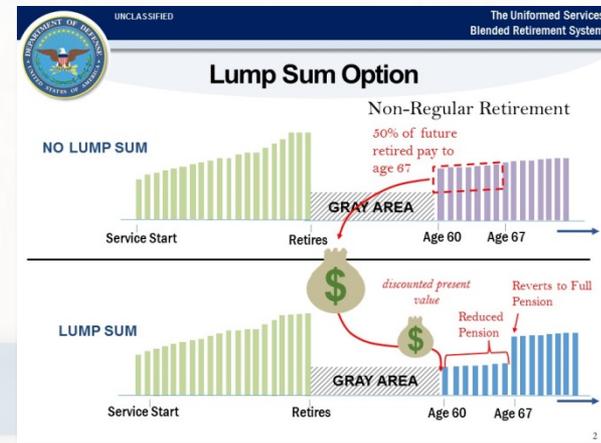


**Lump Sum Option Non-Regular Retirement**
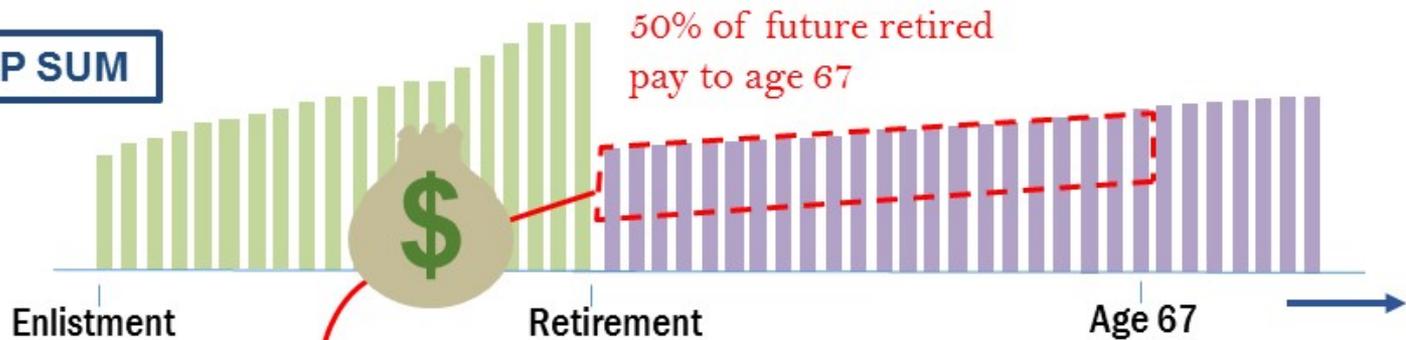
# Lump Sum Option: Regular Retirement

# Lump Sum Option: Non-Regular Retirement
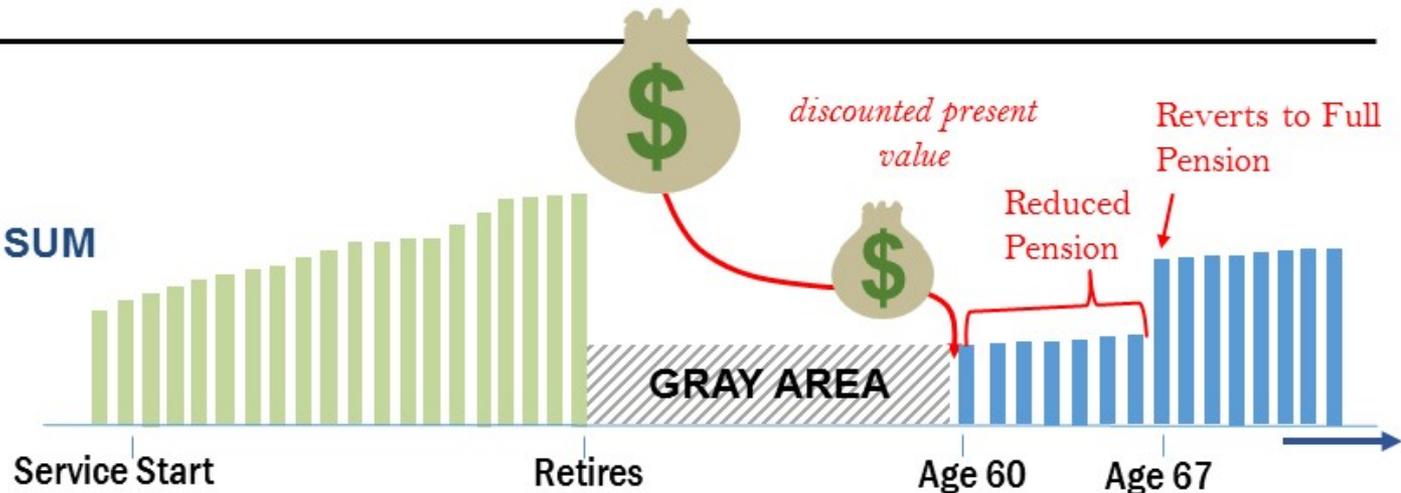
**The formula for retired pay under the "High-3" retirement system is \_\_\_\_\_ x Years of Service x the average of the highest 36 months of the Service member's basic pay, while under the BRS the formula is \_\_\_\_\_ x Years of Service x the average of the highest 36 months of the Service member's basic pay.**

- ○ **2.0%, 2.0%**
- ○ **2.0%, 2.5%**
- ○ **2.5%, 2.0%**
- ○ **2.5%, 2.5%**

**Under the BRS, Service members who elect to opt in are eligible for _____.**

- o **up to an additional 4% Government-matching contributions to a TSP account**

- o **automatic 1% Government contributions to a TSP account**

- o **neither of these**

- o **both of these**

**The _____ allows Service members to take 25% or 50% of their retired pay up front as an advance upon retirement.**

o **Continuation Pay**

o **Lump Sum Option**

o **Thrift Savings Plan**

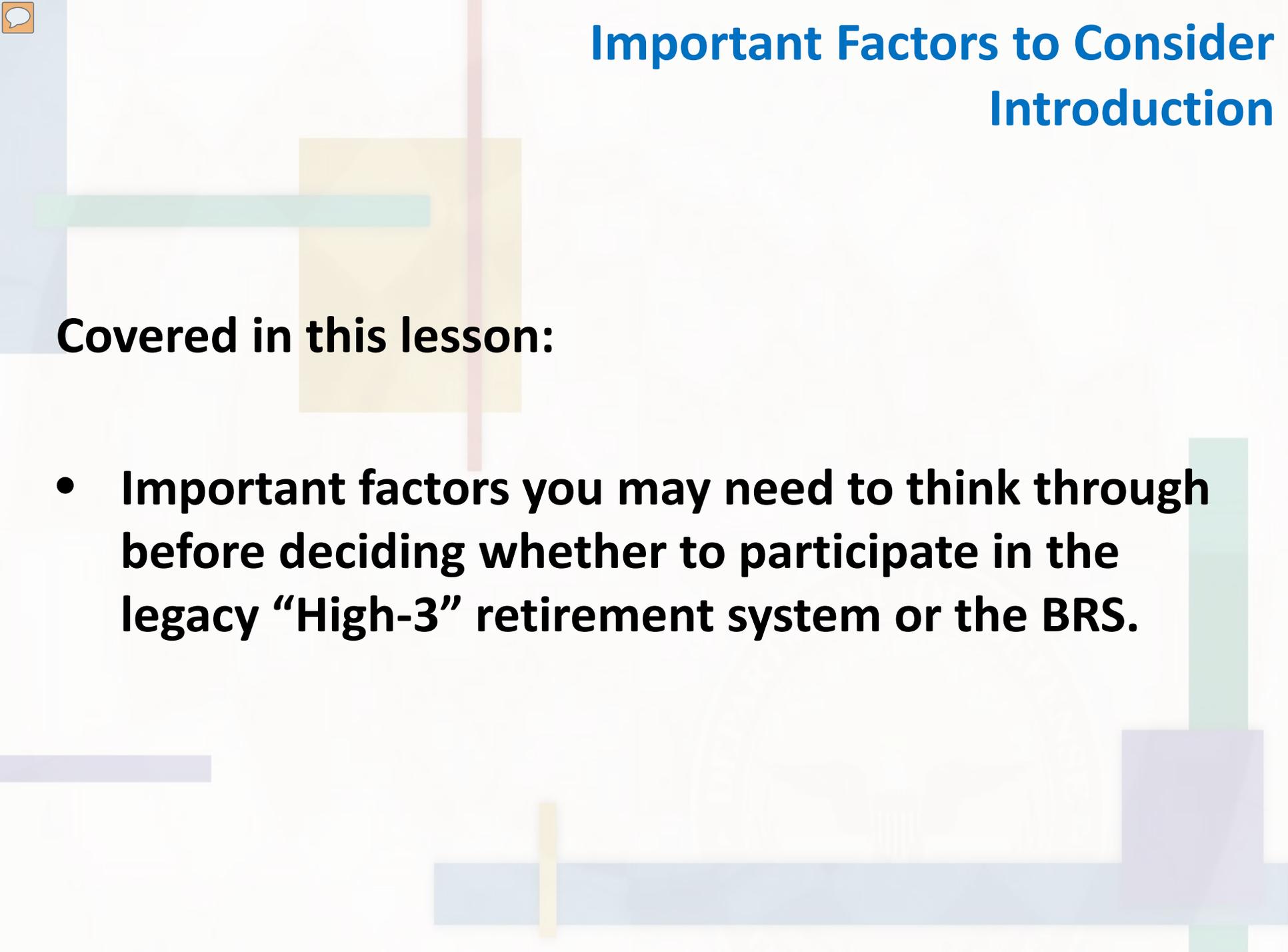o **"High-3" Retirement System**

**You should now be able to:**

- **Understand the basic components of the current Uniformed Services retirement system**

- **Understand the basic components of the Blended Retirement System**

- **Understand the concepts of, and eligibility requirements for, Continuation Pay and Lump Sum**

# Important Factors to Consider

**Lesson 5**

**Covered in this lesson:**

- **Important factors you may need to think through before deciding whether to participate in the legacy "High-3" retirement system or the BRS.**

**After completing this lesson you will be able to:**

- **Understand important factors necessary in order to make an informed retirement system selection (whether to opt into the Blended Retirement System or remain in the legacy "High-3" system) by December 31, 2018**

# Personal Goals and Other Considerations

- **Short-Mid-Long Term Goals (1-2 yrs., 2-5 yrs., and 5 yrs. on)**

- **Your Service Career Goals**

- **Personal and Family Considerations**

# The "Working-Age Retiree"

- **Retired Service member that continues to work after leaving the Service**

- **Example - An 18 yr. old entering the Service and putting in 20 YOS qualifies for military retirement at age 38**
  - **Work will likely need to continue for 20 or 25 years**

**Working age retiree advantages:**

- **Additional income provided by military retirement pay**

- **Access to health care benefits and installation services**

- **Programs that provide cost savings to the beneficiary**

**Members leaving the Service lose
non-taxable allowances and inexpensive healthcare**

**Which of the following are important considerations when you are thinking about and planning which retirement system you will participate in?**

**(Select all that apply)**

- o **Long-term goals**

- o **How long you plan to serve**

- o **Personal and family considerations**

- o **Whether you'll be a "working age retiree"**

### Active Component, planned 20 years of service

**Name:** Mike Smith

**Status:** Married

**Pay Grade:** E-6

**Job:** Personnel

The important factors Mike is considering include:

- **Military Career Goals:** Retire as an E-8 or higher
- **Planned YOS:** 26 years
- **Retirement Plans:** Return to hometown
- **Personal/Family:** Stay in the Uniformed Service until children have completed college

This is Mike Smith. He is an E-6 with 8 years of active service. He's married with two young children. He anticipates they will attend college when they are older and he and his wife are planning for their future now. This includes saving money to pay for college. Mike is exploring the new Blended Retirement System. He is specifically interested in the lump-sum option at retirement. It could be an option to assist his children paying off any outstanding college debt and to pay off his home mortgage too. He also realizes that under the legacy retirement system, he will earn 2.5% per year after 20. He knows he will likely need to stay in longer to pay for the kids' college.

*Fictional Scenario. Actor Portrayal.

### Active Component, planned one contract term

**Name:** John Wright

**Status:** Single

**Pay Grade:** O-1

**Job:** Aerospace Maintenance

The important factors John is considering include:

- **Military Career Goals:** Advance to O-3
- **Planned YOS:** 6 years
- **Personal/Family:** Obtain private-sector job based on skills acquired in the military

John has always wanted to travel. After finishing ROTC he went into the Active Component and was stationed in Germany. He has learned specialized skills in aerospace mechanics and leadership as an officer. He wanted to serve his country, but he isn't sure he wants to remain in the military beyond his first six years. He knows if he opts into BRS, he will be able to start contributing to the TSP, a 401(k)-type savings plan, for at least four more years and he will then be able to take his contributions and the Government's matching contributions with him.

*Fictional Scenario. Actor Portrayal.

*Active Component, transition to Reserve Component, planned 20 years of service*

**Name:** Jason Rice

**Status:** Partnered

**Pay Grade:** E-4

**Job:** Construction

The important factors Jason is considering include:

- **Military Career Goals:** Retire as E-9, but not less than E-8 Continue to develop leadership skills
- **Planned YOS:** 20 years
- **Retirement Plans:** Qualify for Non-Regular Retirement as E-8/9
- **Personal/Family:** Use Post-9/11 GI Bill to get college degree

Jason has been in the active component for almost 8 years. He and his partner have been together now for 2 years and Jason has decided he'd like to settle down and leave active duty at the end of his current enlistment. However, he loves serving in uniform and has decided that the Reserve Component is a viable option. Also, he and his partner discussed Jason going back to school to obtain his degree. Jason would like to use both his active duty and Reserve benefits for school and continue to serve to 20 years to be eligible for Non-Regular retirement.

*Fictional Scenario. Actor Portrayal.

*Active Component, transition to Reserve Component, planned one enlistment term*

**Name:** Erika Harris

**Status:** Single

**Pay Grade:** E-3

**Job:** Infantry Rifleman

The important factors Erika is considering include:

- **Military Career Goals:** Develop leadership skills
- **Planned YOS:** One or two enlistment terms (a total of 4 or 8 years max).
- **Personal/Family:** Joined for education benefits. Will seek a private-sector employer.

When Erika joined the military; her primary goals were to serve her country and get an education. Since joining, she has deployed twice to Afghanistan. At the end of 4 years of active service she will transition to the Reserve. Erika isn't sure what she wants to do as a career and is currently attending school at a local community college. She wants to continue to serve, but she doesn't think she will stay for 20 years and she will likely find a private-sector job after fine-tuning her college direction.

*Fictional Scenario. Actor Portrayal.

### Reserve Component, planned 20 years of service

**Name:** Ryan McCormick

**Status:** Married, wife is in the military

**Pay Grade:** W-2

**Job:** Helicopter pilot

The important factors Ryan is considering include:

- **Military Career Goals:** Continue to develop skills as a pilot and log flight hrs. Develop leadership skills. Advance in rank/pay grade as high as possible.
- **Planned YOS:** 20 years
- **Retirement Plans:** Start own business
- **Personal/Family:** Assist children paying off any outstanding college debt. Pay off mortgage.

Ryan is a helicopter pilot in the Reserve Component. He is also a civilian pilot at a regional hospital. His wife is also in the Reserve Component as a traditional Reservist and they have two children. He and his wife have been putting money into their Uniformed Services non-matching TSP account. He has saved $26,000 and she has $28,000. Both he and his wife enjoy serving in the Reserve and both are planning to stay 20 years—at least until the kids are out of college. He is very interested in exploring the option of a Lump Sum at retirement to open his own business down the road, something he and his wife can enjoy and work at while in retirement.

*Fictional Scenario. Actor Portrayal.

*Reserve Component, planned one enlistment term*

**Name:** Samantha Baker

**Status:** Single

**Pay Grade:** E-2

**Job:** Mass Communications

**The important factors Samantha is considering include:**

- **Military Career Goals:** Develop leadership skills. Advance in rank to the extent possible.
- **Planned YOS:** 8 years
- **Personal/Family:** Raising her son

Samantha recently joined the military. She joined the National Guard to prove to herself she could do it and to learn life and leadership skills. It was never her plan to stay past her first-term enlistment. She has her eyes set on other life experiences.

*Fictional Scenario. Actor Portrayal.

**Active Component, completed enlistment/discharged, later decides to re-affiliate with Reserve Component, transitions to Reserve Component, planned 22 years of service**

**Name:** Derek Roberts

**Status:** Divorced/Re-married

**Pay Grade:** O-3

**Job:** Commercial Airline Pilot

**The important factors Derek is considering include:**

- **Military Career Goals:** Retire from the military at the rank of Lieutenant Colonel or higher. Fully trained military pilot.
- **Planned YOS:** 22 years
- **Retirement Plans:** Buy vacation home in Florida.
- **Personal/Family:** Focus on family and civilian airline career

Derek entered the military in 2006 as a pilot. In 2012, he ended his 10-year marriage. Shortly, thereafter, in 2014, he decided to leave active duty and accepted a job with a commercial airline, where he met his new wife and married. After 2 years flying for the airline, he missed the camaraderie and adventure of being in the military. So after a 2-year break, he decided to enter the Reserves as a pilot. This allows him to serve 1 weekend a month, 2 weeks a year, and still balance his civilian career and his time with his wife. Derek is planning to stay a total of 22 years (8 years active duty and 14 years in the Reserves). He and his wife are really planning ahead to what their retirement will look like, perhaps Florida, with warm weather and a high concentration of retired military. They are exploring the BRS and are interested in the Lump Sum option, while also being able to receive monthly retired pay. Their main retirement income will be from his airline career and her civilian career. He must also consider his prior marriage and any effect the divorce decree may have on his retirement benefit.

*Fictional Scenario. Actor Portrayal.

**Active Component, completed enlistment/discharged, later decides to re-affiliate with Reserve Component, planned just one enlistment term**

**Name:** Andrea Knowing

**Status:** Married

**Pay Grade:** O-2

**Job:** Logistics Officer

**The important factors Andrea is considering include:**

- **Military Career Goals:** Serve AC for 8 yrs. then join the Reserves
- **Planned YOS:** 8 YOS AC and 4 RC
- **Retirement Plans:** Work for a logistics/shipping company
- **Personal/Family:** Ailing dependent father. Separates from RC after 4 years.

Andrea is an O-2 on active duty. She joined out of ROTC and commissioned into the active component. Since joining the military, she got married. Also, during this time her father's health began deteriorating and she and her husband took care of the majority of the expenses. Andrea decided to leave the active duty and is hired as a federal civilian employee, where she also has access to the TSP through FERS. A couple of years later, Andrea decides to join the local National Guard unit to network and supplement her income.

*Fictional Scenario. Actor Portrayal.

**You should now be able to:**

- **Understand important factors necessary in order to make an informed retirement system selection (whether to opt into the Blended Retirement System) by December 31, 2018.**

# Tools and Resources

**Lesson 6**

**Covered in this lesson:**

- **Tools and resources available to you to help you with retirement planning and decision making**

- **Informed decision making**

**Remember: Only YOU can decide whether to**

**remain in the legacy "High-3" retirement system**

**or**

**opt into BRS.**

**After completing this lesson you will be able to:**

- **Identify (and access) tools and resources available to provide you with information and education for making financial decisions**

- **Understand how to use the BRS calculator to perform a financial comparison of your retirement planning options**

- **You are the person who will decide which retirement plan to choose.**

- **No one else should make this decision for you.**

- **But that doesn't mean you have to make this decision in a vacuum.**

- **Where to Go for Guidance**

## BRS-related Websites:

**Thrift Savings Plan:**
https://www.tsp.gov/index.html

**Military Pay:**
http://militarypay.defense.gov/BlendedRetirement/

**Military OneSource:**
http://www.militaryonesource.mil/financial-and-legal/personal-financial-management-and-taxes

**My Army Benefits (includes National Guard):**
http://myarmybenefits.us.army.mil/

**Navy:**
http://www.public.navy.mil/bupers-npc/support/21st_Century_Sailor/readiness/Pages/Personal-Financial-Management.aspx

**Air Force (NOTE: Requires CAC access):**
https://mypers.af.mil/app/answers/detail/a_id/32562/kw/blended%20retirement/p/8%2C9

**Marines:**
https://www.manpower.usmc.mil/CommandersSmartPack
https://www.manpower.usmc.mil/

**USCG/NOAA:**
https://www.uscg.mil/hq/cg1/docs/Blended_Retirement_System.pdf
https://www.uscg.mil/hr/blended_retirement.asp

**USPHS:**
https://dcp.psc.gov/ccmis/bulletin/Blended_Retirement_System.aspx

# BRS Calculator

- **Online comparison calculator to estimate your potential retirement savings and income**

- **Use this tool while consulting with one of your Service's financial counselors or educators**

- **You can compare the results of different TSP contribution rates over time**

- **Active Component Information Required**

- **Reserve Component Information Required**

- **Complete the BRS Opt-In Course, have your plans in place and your financial literacy education in check**

  - **Army, Navy, and Air Force members who elect to opt-in, will be able to do so by logging onto MyPay on or after January 1, 2018.**

  - **Marine Corps members will make their elections through Marine Online.**

  - **Coast Guard, Public Health Service, and NOAA members will be advised by their Service on the procedures for opting in, if they choose to do so.**

**Which of the resources listed are available to inform and educate you about financial planning for your future? (Select all that apply)**

- o **Personal financial counselors and educators**
- o **Retirement Service Officers (RSOs)**
- o **Classes and seminars on financial planning**
- o **Websites**
- o **BRS calculator**

**Which of the items listed is information Service members must enter into the BRS calculator?**

- o **Current pay grade**

- o **Date entered the service**

- o **Current creditable years (RC only)**

- o **Average future active duty days (RC only)**

- o **All of the above**

- o **None of the above**

# AC, E-6, 20 YOS



**Active Component, planned 20 years of service**

| Name | Current Component | Plans to separate/retire from the |
|---|---|---|
| Mike Smith | Active | AC |

**Personal Information**

**Date of Birth:** December 20, 1984
**PEBD:** October 1, 2008
**Current Pay Grade:** E-6

**Estimate YOS at separation/retirement:** 20 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance to E-8 or higher

**TSP Starting Balance:**
$12,000

*Calculator Results and Service Member decision on following slides.*

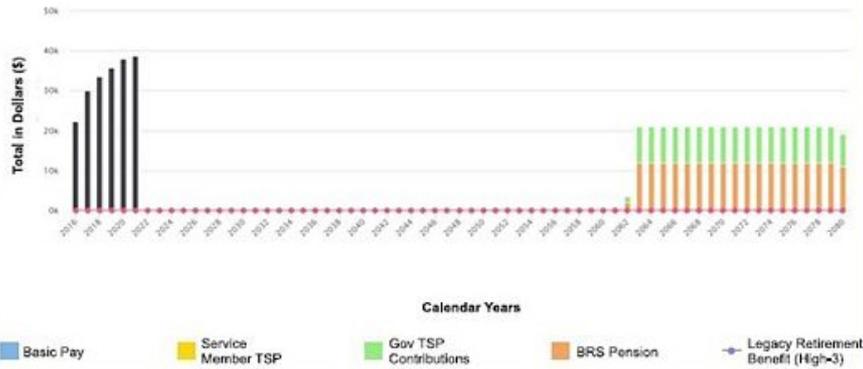| 3% Contribution Rate | 5% Contribution Rate | Mike's Decision |

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



- **Mike's Decision**

### Active Component, planned one contract term

| Name | Current Component | Plans to separate/retire from the |
|------|-------------------|-----------------------------------|
| John Wright | Active | AC |

### Personal Information

**Date of Birth:** August 1, 1994
**PEBD:** October 1, 2016
**Current Pay Grade:** O-1

**Estimate YOS at separation/retirement:** 6 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance to O-3

**TSP Starting Balance:** $0

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | John's Decision |
|----------------------|----------------------|-----------------|

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



- **John's Decision**

## AC to RC, E-4, 20 YOS

### Active Component, transition to Reserve Component, planned 20 years of service

| Name | Current Component | Plans to separate/retire from the |
|---|---|---|
| Jason Rice | Active | RC |

#### Personal Information

**Date of Birth:** October 10, 1990
**PEBD:** October 1, 2010
**Current Pay Grade:** E-4

**Estimate YOS at separation/retirement:** 20 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance to E-8/9

**Points Earned to Date:** 2,190 points (365 x 6 YOS)
**Current Creditable Years:** 6 YOS
**Anticipated Future Active Duty Days:** 530 days (365 x 2)

**Future RC Points:** 1,300 points
**Anticipated Creditable Years at Retirement:** 20 YOS

**TSP Starting Balance:** $0

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Jason's Decision |
|---|---|---|

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision

## 3% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$1,151,971**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$1,145,204**


Career and Retirement

### Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,151,971 | 0.58% | $1,145,204 | Total Retirement Benefit |
| Pension (2,5%) | $1,151,971 | | $921,577 | Pension (2%) |
| | | | $95,840 | Service Member TSP |
| | | | $127,787 | Gov TSP Contributions |

## 5% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$1,151,971**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$1,241,045**


Career and Retirement

### Summary of Payments

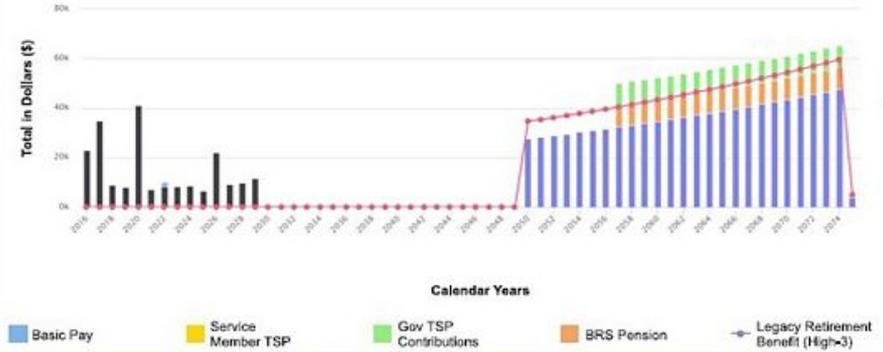Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,151,971 | 7.44% | $1,241,045 | Total Retirement Benefit |
| Pension (2,5%) | $1,151,971 | | $921,577 | Pension (2%) |
| | | | $159,734 | Service Member TSP |
| | | | $159,734 | Gov TSP Contributions |

- **Jason's Decision**

*Active Component, transition to Reserve Component, planned one enlistment term*

| Name | Current Component | Plans to separate/retire from the |
|------|-------------------|-----------------------------------|
| Erika Harris | Reserve | RC |

### Personal Information

**Date of Birth:** January 25, 1992
**PEBD:** October 1, 2014
**Current Pay Grade:** E-3

**Estimate YOS at separation/retirement:** 8 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Develop leadership skills

**Points Earned to Date:** AD:1,460
(365 x 4 YOS)
**Current Creditable Years:** 4 YOS
**Anticipated Future
Active Duty Days:** NA

**Future RC Points:** 340 points
**Anticipated Creditable Years at Retirement:** 8 YOS

**TSP Starting Balance:**
Service: $2,000

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Erika's Decision |
|----------------------|----------------------|------------------|

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



**3% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
$0

Under the
**Blended Retirement System**
your estimated retirement benefit will be
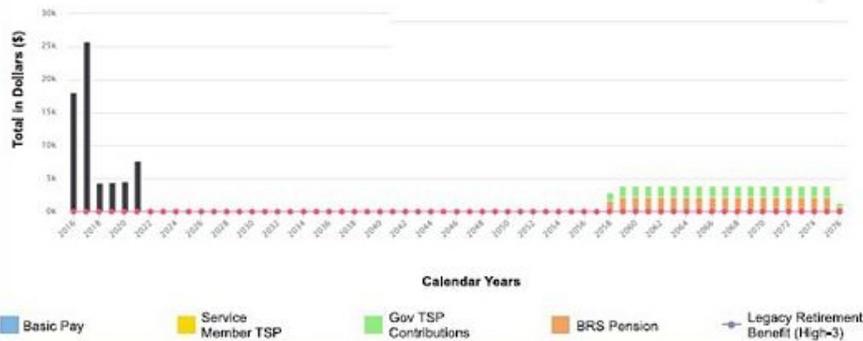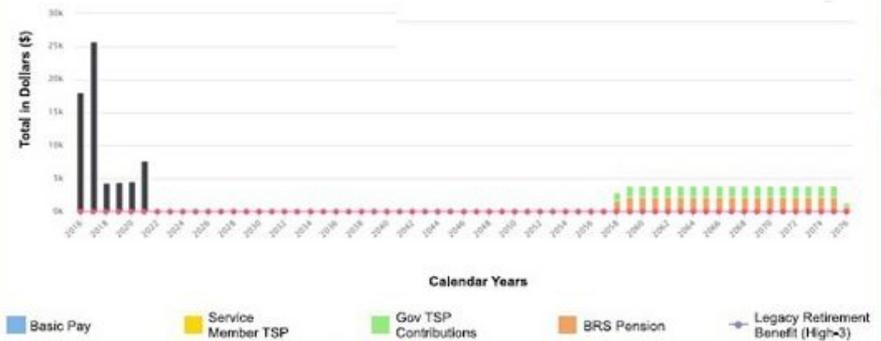$70,385

**5% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
$0

Under the
**Blended Retirement System**
your estimated retirement benefit will be
$100,550

- **Erika's Decision**

### Reserve Component, planned 20 years of service

| Name | Current Component | Plans to separate/retire from the |
|------|-------------------|-----------------------------------|
| Ryan McCormick | Reserve | RC |

### Personal Information

**Date of Birth:** November 11, 1986
**PEBD:** 2007
**Current Pay Grade:** W-2

**Estimate YOS at separation/retirement:** 20 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance as high as possible

**Points Earned to Date:** AD: (365 x 8 YOS) = 2,920 RC: 100 points
**Current Creditable Years:** 9 YOS
**Anticipated Future Active Duty Days:** NA

**Future RC Points:** 1,200 points
**Anticipated Creditable Years at Retirement:** 20 YOS

**TSP Starting Balance:** $26,000

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Ryan's Decision |
|----------------------|----------------------|-----------------|

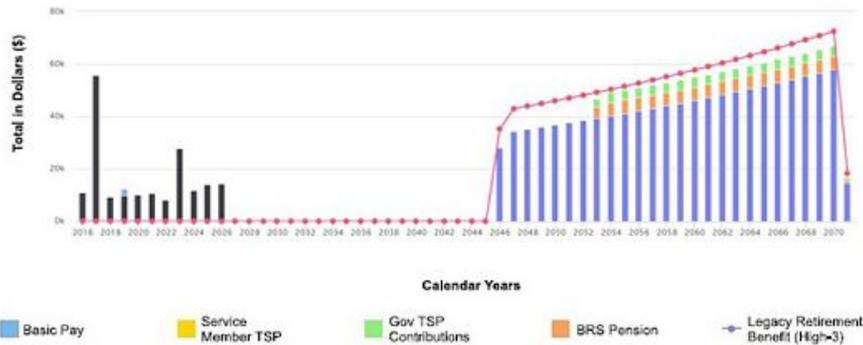*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



**3% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
$1,410,241

Under the
**Blended Retirement System**
your estimated retirement benefit will be
$1,289,232

Career and Retirement

Summary of Payments
Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,410,241 | 8.96% | $1,289,232 | Total Retirement Benefit |
| Pension (2,5%) | $1,410,241 | | $1,128,193 | Pension (2%) |
| | | | $69,017 | Service Member TSP |
| | | | $92,022 | Gov TSP Contributions |

**5% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
$1,410,241

Under the
**Blended Retirement System**
your estimated retirement benefit will be
$1,358,249

Career and Retirement
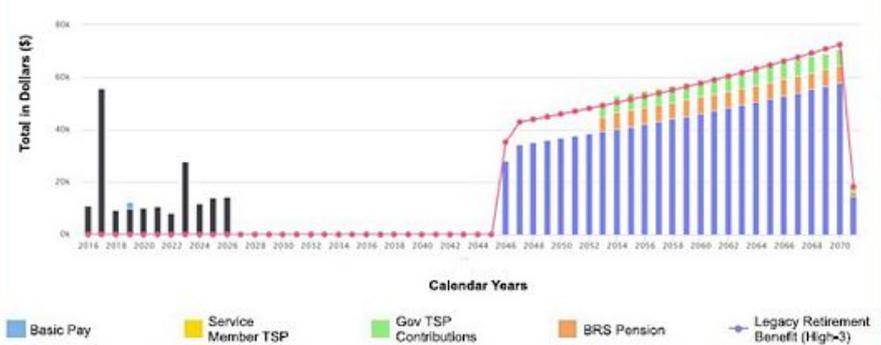
Summary of Payments
Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,410,241 | 3.75% | $1,358,249 | Total Retirement Benefit |
| Pension (2,5%) | $1,410,241 | | $1,128,193 | Pension (2%) |
| | | | $115,028 | Service Member TSP |
| | | | $115,028 | Gov TSP Contributions |

- **Ryan's Decision**

**Reserve Component, planned one enlistment term**

| Name | Current Component | Plans to separate/retire from the |
|------|-------------------|-----------------------------------|
| Samantha Baker | Reserve | RC |

### Personal Information

**Date of Birth:** August 1, 1990
**PEBD:** October 1, 2016
**Current Pay Grade:** E-2

**Estimate YOS at separation/retirement:** 8 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance as high as possible

**Points Earned to Date:** RC: 305 points
**Current Creditable Years:** 2 YOS
**Anticipated Future Active Duty Days:** NA

**Future RC Points:** 795 points
**Anticipated Creditable Years at Retirement:** NA

**TSP Starting Balance:** $0

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Samantha's Decision |
|----------------------|----------------------|---------------------|

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



## 3% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
### $0

Under the
**Blended Retirement System**
your estimated retirement benefit will be
### $54,090

### Career and Retirement

Basic Pay | Service Member TSP | Gov TSP Contributions | BRS Pension | Legacy Retirement Benefit (High-3)

### Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

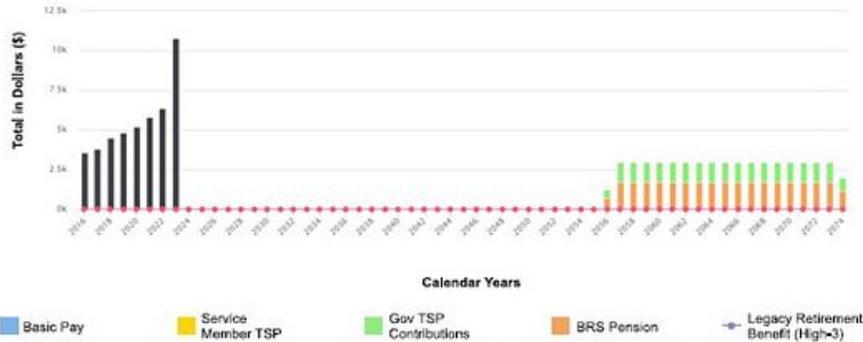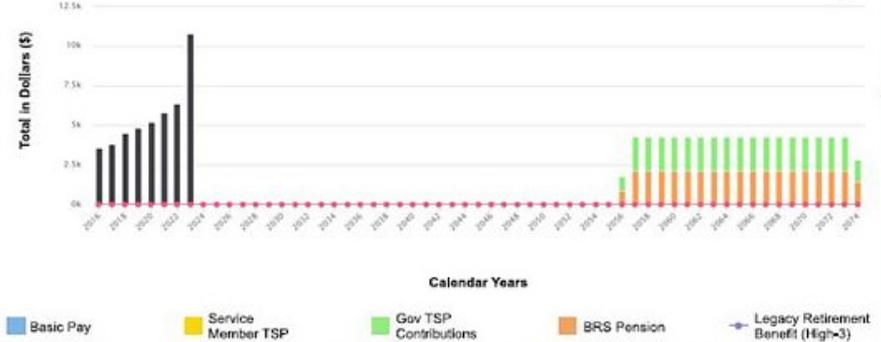| Legacy Retirement (High-3) | % Diff | Blended Retirement System | |
|---|---|---|---|
| Total Retirement Benefit $0 | 100% | $54,090 | Total Retirement Benefit |
| Pension (2.5%) $0 | | $0 | Pension (2%) |
| | | $23,181 | Service Member TSP |
| | | $30,909 | Gov TSP Contributions |

## 5% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
### $0

Under the
**Blended Retirement System**
your estimated retirement benefit will be
### $77,272

### Career and Retirement

Basic Pay | Service Member TSP | Gov TSP Contributions | BRS Pension | Legacy Retirement Benefit (High-3)

### Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | % Diff | Blended Retirement System | |
|---|---|---|---|
| Total Retirement Benefit $0 | 100% | $77,272 | Total Retirement Benefit |
| Pension (2.5%) $0 | | $0 | Pension (2%) |
| | | $38,636 | Service Member TSP |
| | | $38,636 | Gov TSP Contributions |

- **Samantha's Decision**

**Civilian Government employee TSP:** $25,200

*Active Component, completed enlistment/discharged, later decides to re-affiliate with Reserve Component, transitions to Reserve Component, planned 22 years of service*

| Name | Current Component | Plans to separate/retire from the |
|---|---|---|
| Derek Roberts | Active | RC |

**Personal Information**

**Date of Birth:** April 9, 1985
**PEBD:** October 1, 2006
**Current Pay Grade:** O-3

**Estimate YOS at separation/retirement:** 22 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Advance to Lieutenant Colonel

**Points Earned to Date:** AD: 2,920 (365 x 8 YOS) RC: 190 points
**Current Creditable Years:** 10 YOS
**Anticipated Future Active Duty Days:** NA

**Future RC Points:** 1,260 points
**Anticipated Creditable Years at Retirement:** 22 YOS

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Derek's Decision |
|---|---|---|

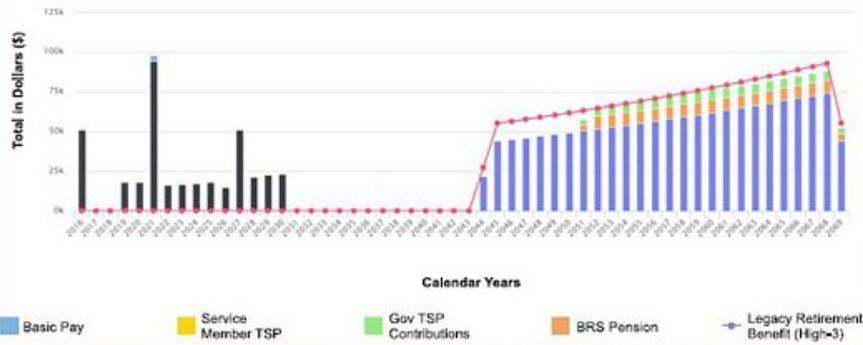*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



**3% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$1,821,989**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$1,712,772**

Career and Retirement

Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,821,989 | 6.17% | $1,712,772 | Total Retirement Benefit |
| Pension (2,5%) | $1,821,989 | | $1,457,591 | Pension (2%) |
| | | | $109,363 | Service Member TSP |
| | | | $145,818 | Gov TSP Contributions |

**5% Contribution Rate**

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$1,821,989**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$1,822,137**

Career and Retirement

Summary of Payments

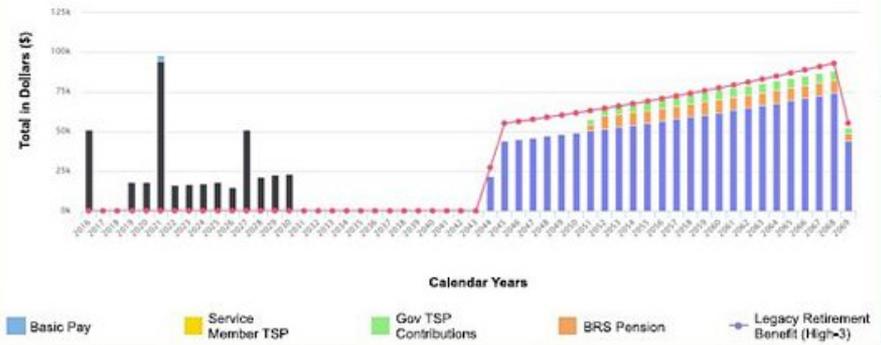Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | | % Diff | Blended Retirement System | |
|---|---|---|---|---|
| Total Retirement Benefit | $1,821,989 | 0.01% | $1,822,137 | Total Retirement Benefit |
| Pension (2,5%) | $1,821,989 | | $1,457,591 | Pension (2%) |
| | | | $182,273 | Service Member TSP |
| | | | $182,273 | Gov TSP Contributions |

- **Derek's Decision**

*Active Component, completed enlistment/discharged, later decides to re-affiliate with Reserve Component, planned just one enlistment term*

| Name | Current Component | Plans to separate/retire from the |
|------|-------------------|-----------------------------------|
| Andrea Knowing | Active | RC |

**Personal Information**

**Date of Birth:** July 11, 1990
**PEBD:** October 1, 2012
**Current Pay Grade:** O-2

**Estimate YOS at separation/retirement:** 8 years
**Planned Opt-In Date (if applicable):** January 1, 2018
**Career Progression (Goal):** Serve AC for 8 yrs. then join the Reserves

**Points Earned to Date:** AD: 2,160 points (360 x 6 YOS)
**Current Creditable Years:** 6 YOS
**Anticipated Future Active Duty Days:** 730 days (365 x 2)

**Future RC Points:** 190 points
**Anticipated Creditable Years at Retirement:** 8 YOS

**TSP Starting Balance:** $4,000

*Calculator Results and Service Member decision on following slides.*

| 3% Contribution Rate | 5% Contribution Rate | Andrea's Decision |
|----------------------|----------------------|-------------------|

*Fictional Scenario. Actor Portrayal.

# Contribution Rates (3% and 5%) and Decision



## 3% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$0**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$374,382**

### Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

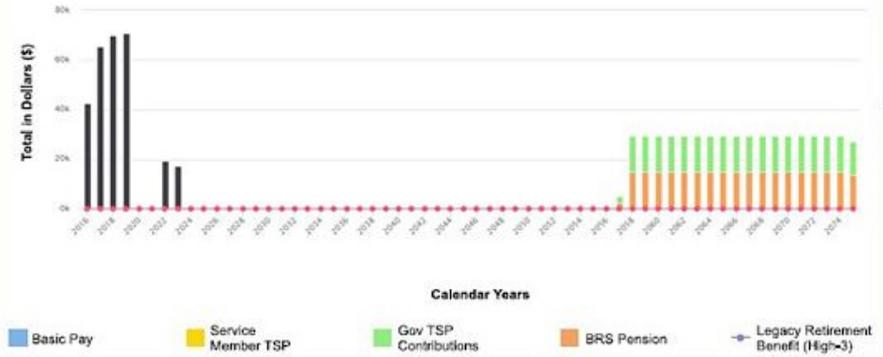| Legacy Retirement (High-3) | % Diff | Blended Retirement System |
| --- | --- | --- |
| Total Retirement Benefit $0 | 100% | $374,382 Total Retirement Benefit |
| Pension (2.5%) $0 | | $0 Pension (2%) |
| | | $160,449 Service Member TSP |
| | | $213,933 Gov TSP Contributions |

## 5% Contribution Rate

Under the
**Legacy Retirement System (High-3)**
your estimated retirement benefit will be
**$0**

Under the
**Blended Retirement System**
your estimated retirement benefit will be
**$534,832**

### Summary of Payments

Your lifetime retirement benefit in: ○ Current Dollars ● Future Dollars

| Legacy Retirement (High-3) | % Diff | Blended Retirement System |
| --- | --- | --- |
| Total Retirement Benefit $0 | 100% | $534,832 Total Retirement Benefit |
| Pension (2.5%) $0 | | $0 Pension (2%) |
| | | $267,416 Service Member TSP |
| | | $267,416 Gov TSP Contributions |

- **Andrea's Decision**

**You should now be able to:**

- **Identify (and access) tools and resources available to assist (provide information, assistance, and education) in making financial decisions**

- **Understand how to use the BRS calculator to compare your retirement planning options**

# BRS Opt-In

## Course Summary

# Course Summary

- **The Blended Retirement System takes effect on January 1, 2018**

- **You are eligible to opt into the BRS if, as of December 31, 2017 you are either an Active Component (AC) member who has served fewer than 12 full years from your Pay Entry Base Date, or a Reserve Component (RC) member with fewer than 4,320 points**

- **Most Service members will have the entire 2018 calendar year to decide whether to remain in the legacy "High-3" retirement system or opt into the BRS**

- **Your decision whether or not to opt into the BRS is an individual decision. No one else can make it for you**

- **If you choose to opt into the BRS, your decision is final. It cannot be changed at a later date**

- **There are significant differences between the legacy "High-3" retirement system and the BRS - take full advantage of the financial literacy information and education available to you through your Service**
  - **Members of the Army, Navy, and Air Force who elect to opt into the BRS, will be able to do so by logging onto MyPay on or after January 1, 2018 to make their election**
  - **Members of the Marine Corps will make their elections through Marine Online.**
  - **Members of the Coast Guard, Public Health Service, and NOAA will be advised by their Service on the procedures for opting in, if they choose to do so.**

# Questions?