

WEBINAR: Aug. 16, 2016, 1 p.m. EDT

Blended Retirement System

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The military retirement benefit

- **Today's Retirement System**

- Defined annuity benefit computed as $2.5\% \times \text{Years Served} \times \text{Retired Pay Base}$
 - Must serve at least 20 years
- Only **19%** Qualify

- **Blended Retirement System, blends:**



- Defined annuity becomes $2.0\% \times \text{Years Served} \times \text{Retired Pay Base}$

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

Why 4,320 points?

can

In CY18

- (1) Choose Blended Retirement System**
- or --
- (2) Do Nothing and Stay Covered Under Current System**

Blended Retirement System training



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.

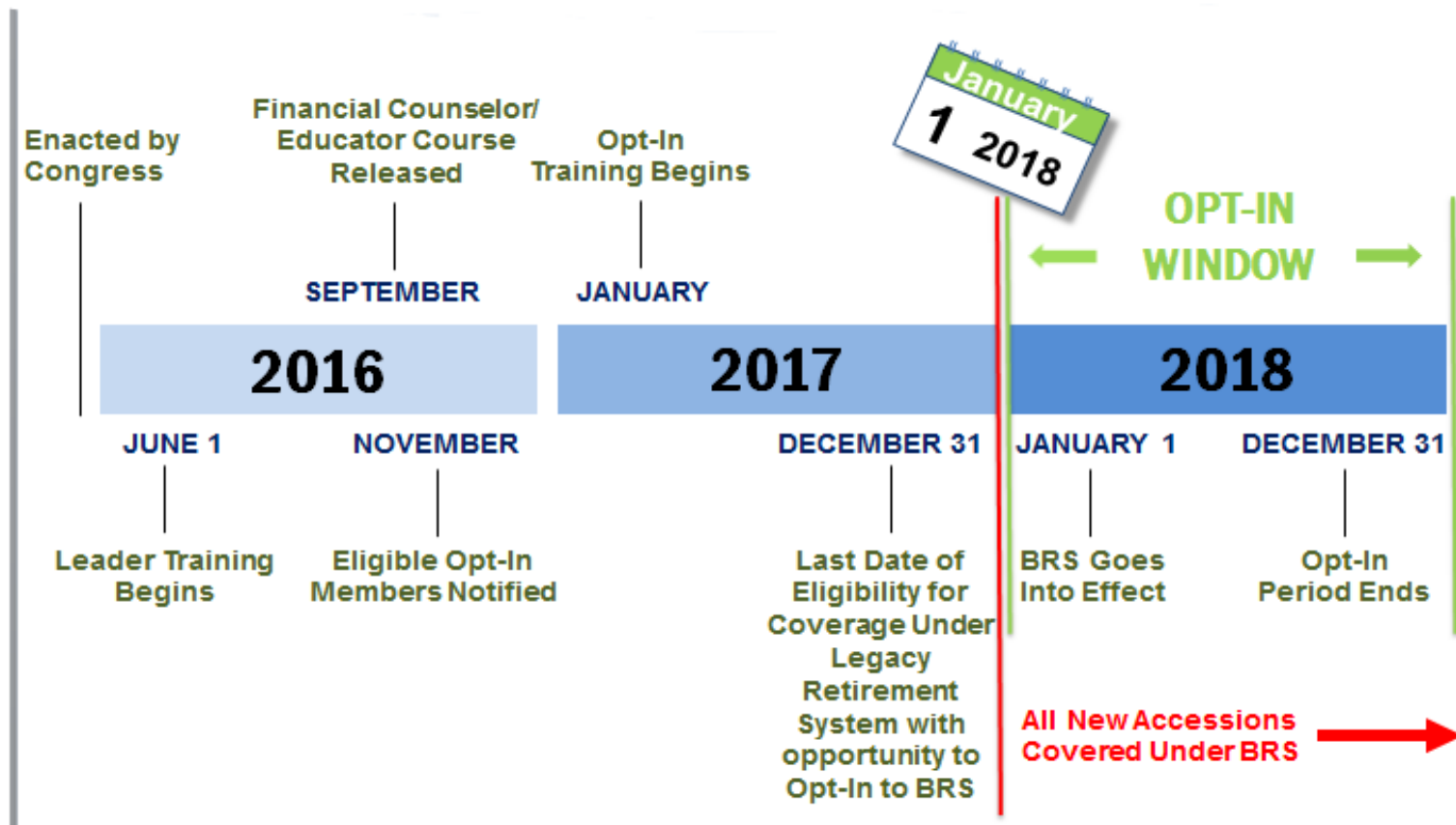


Opt-In Course: Provides “opt in” population a comparison of current and new retirement systems; including scenarios and retirement comparison calculators. Computer-based course will be available in early 2017. Course will be MANDATORY for all identified as “eligible to opt-in”



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

Implementation timeline



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?

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