

Blended Retirement System Overview



MyReserveRetirement.com

**not affiliated with DoD*

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(Photo by Robert Couse-Baker)

This class provides an overview of Blended Retirement System

- Blended Retirement System (BRS) went into effect on 01 JAN 2018, replacing the legacy High-3 system
- Compared to legacy High-3, BRS has a smaller retired pay multiplier, but added 3 features: TSP matching, mid-career Continuation Pay, and a Lump Sum option at retired pay start

Which program am I in?

Am I in BRS or the legacy High-3 system?

You're in BRS if **any** of these are true:

- You first joined the military on or after January 1, 2018
- You opted into BRS at any point
- You receive TSP contributions from your service - check your LES for fields with "AGCY-AUTO" (if higher than \$0 there, you're in BRS)

If you are still unsure, ask your pay office.

For an overview of all the retirement plans, including medical/disability retirement, visit:
<https://militarypay.defense.gov/Pay/Retirement/>



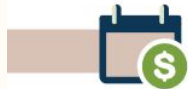
BRS Features



Defined benefit – Monthly retired pay for life after at least 20 years of service



Defined contribution – Government automatic and matching contributions of up to 5 percent of basic pay to your TSP account



Continuation pay – A one-time, midcareer bonus in exchange for an agreement to perform additional obligated service



Lump sum – An option to receive a discounted portion of your monthly retired pay as a lump sum distribution at retirement

DoD Office of Financial Readiness, "A Guide to the Uniformed Services BRS," 2017



(U.S. Navy photo by Mass Communication Specialist 3rd Class Austin Collins)

Retired Pay (Defined Benefit)



Defined benefit – Monthly retired pay for life after at least 20 years of service



Defined contribution – Government automatic and matching contributions of up to 5 percent of basic pay to your TSP account



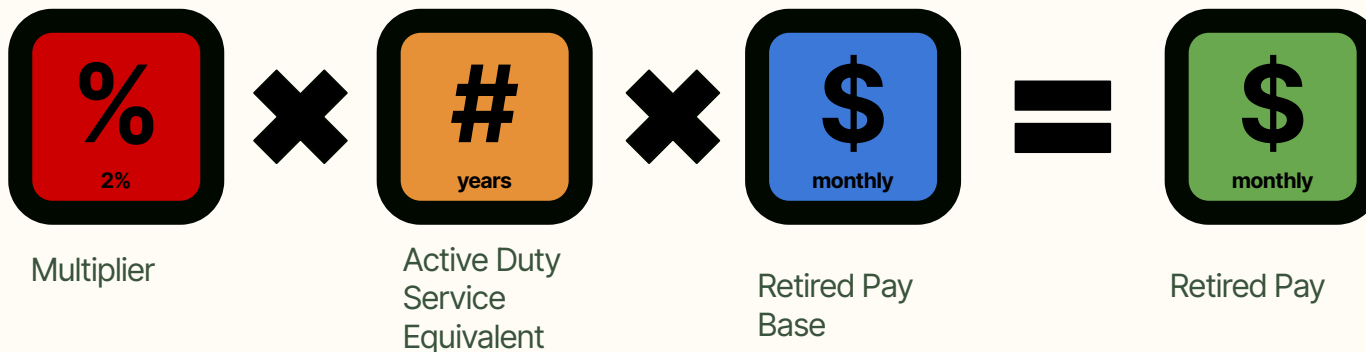
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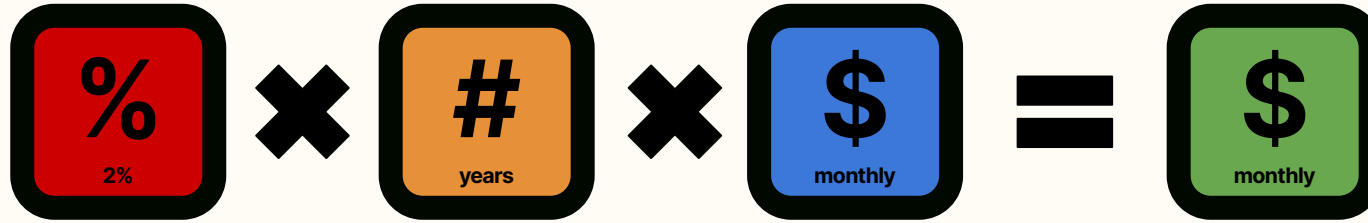
Retired Pay (Defined Benefit)

- The same formula is used for both Active Duty and Reserve Retired Pay
- Some **inputs** to the formula and the **retired pay start date** are different
- For Reservists, Retired Pay starts at age 60, but can start sooner for certain qualifying 90-day periods of Active Duty service ***as a Reservist*** after 28 JAN 2008



- See this presentation for a deep dive on [Reserve Retirement Pay](#)

Where do we get the formula inputs?



Multiplier

Active Duty
Service
Equivalent

Retired Pay
Base

Monthly
Retired Pay

2.0% if in Blended
Retirement
System

2.5% if in legacy
High-3
(aka High-36)

Reserve/NG
retirement: Total
Points divided by
360

Active Duty
Retirement: Actual
Years of Active
Duty

Average of highest
36 months of base
pay, established just
before retired pay
starts

Retired Pay Example

O4 with 34 Years of Service, 1830 total points, Blended Retirement System (BRS)

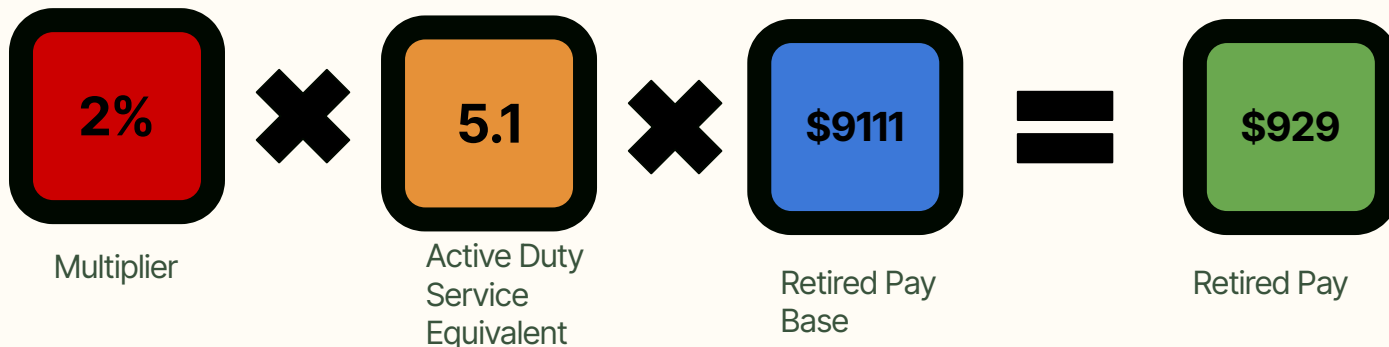






Diagram illustrating the calculation of Retired Pay:

2% (Multiplier) \times **5.1** (Active Duty Service Equivalent) \times **\$9111** (Retired Pay Base) = **\$929** (Retired Pay)

BRS: 2%	1830 Total Points	\$9111
	$1830 / 360 = 5.1$	<i>Based on retired pay starting Sept 2024</i>

- Initial retired pay will be \$929 per month
- After retired pay starts, it adjusts upward annually with the same COLA that Social Security uses
- See this presentation for a deep dive on [Reserve Retirement Pay](#)

TSP Matching (Defined Contribution)

	Defined benefit – Monthly retired pay for life after at least 20 years of service
	Defined contribution – Government automatic and matching contributions of up to 5 percent of basic pay to your TSP account
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TSP Matching (Defined Contribution)



Defined contribution

Defined contribution, DoD contribution rate	1% automatic, plus up to 4% matching (Max=5%)
Defined contribution, DoD contribution rate YOS	1% automatic: Begins at 60 days of service through 26 YOS Matching: Starts after two YOS and continues through 26 YOS*
Enrollment	Automatic for members entering service on or after Jan. 1, 2018; automatic re-enrollment every January if member zeros out contributions
Defined contribution member contribution rate	3% automatic; full DoD match requires 5% contribution; default to Traditional TSP account, Lifecycle (L) Fund
Defined contribution vesting	Always vested in Service member contributions, DoD matching and any earnings. Vested in Service Automatic (1%) Contribution and any earning after two years in service
Defined contribution forfeit of DoD contributions	If you leave service before two years, you forfeit the Service Automatic (1%) Contribution and any of their earnings.

DoD Office of Financial Readiness, "A Guide to the Uniformed Services BRS," 2017

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What is “vesting”?

It means you keep that money even if you leave

What is a “Lifecycle Fund”?

It is a fund that is invested in stocks and bonds and automatically gets less risky as you get older

To get the full match, you need to contribute 5% of your pay to the TSP.

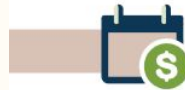
Continuation Pay



Defined benefit – Monthly retired pay for life after at least 20 years of service



Defined contribution – Government automatic and matching contributions of up to 5 percent of basic pay to your TSP account



Continuation pay – A one-time, midcareer bonus in exchange for an agreement to perform additional obligated service




Lump sum – An option to receive a discounted portion of your monthly retired pay as a lump sum distribution at retirement

Continuation Pay

- Continuation Pay is like a bonus that incurs an additional service obligation
- CP amount, eligibility window, and service commitment are managed by each Service Branch
- It does not conflict with other bonuses
- You may transfer between Active Duty, Reserve, and NG during your CP service commitment
- You may NOT transfer between service branches (e.g. from Navy to Army) during your CP service commitment

Continuation pay



Continuation pay multiplier (months of basic pay)	Active duty (including AGR and FTS): Between 2.5 and 13 times monthly basic pay. National Guard/Reserve: Between 0.5 and 6 times monthly basic pay (as if on active duty)
Continuation pay commitment	Any member who elects to receive continuation pay will incur an additional service obligation of not less than three years, as determined by the member's Service.
Continuation pay eligibility	Eligible for continuation pay when complete between eight, but no more than 12 YOS, calculated from Pay Entry Base Date (PEBD)

DoD Office of Financial Readiness, "A Guide to the Uniformed Services BRS," 2017

AC = Active Component

RC = Reserve Component

⚠️ = May be outdated for 2025

💰 = Consider a career in USCG 😊



Continuation Pay - Rates

Service	Payment Multiplier	Timing	Additional Obligation	Reference	Last Updated	Link
Army	2.5x AC 2.5x RC	8-12 YOS	4 years	Memo SAMR-MP (RN 637-1)	31 DEC 2024	https://juniorofficer.army.mil/continuation-pay-planning-for-2025-and-beyond/
Marine Corps	5.0x AC 1.0x RC	At 12 YOS	4 years	MARADMIN 229/24	21 MAY 2024	https://www.marines.mil/News/Messages/Messages-Display/Article/3783014/calendar-year-2025-continuation-pay-program-for-blended-retirement-system-parti/
Navy	2.5x AC / TAR 0.5x RC	At 12 YOS	4 years	Memo Ser NI/114470	23 MAY 2024	https://www.mynavyhr.navy.mil/Portals/55/Reference/PayandBenefits/N130/CY%202025%20CONTINUATION%20PAY%20RATES%20FOR%20AC%20RC%20BRS%20PARTICIPANTS_CNP%20SIGNED.pdf
Air Force	2.5x AC ⚠️ 0.5x RC ⚠️	At 12 YOS	4 years		10 JUN 2024 ⚠️	https://myairforcebenefits.us.af.mil/Benefit-Library/Federal-Benefits/Continuation-Pay-?serv=26
Coast Guard	💰 9.0x Enlisted AC 💰 6.0x Officer AC 2.0x RC	At 8 YOS	4 years	ALCOAST 452/24	13 DEC 2024	https://www.mycg.uscg.mil/News/Article/4000568/coast-guard-increases-blended-retirement-systems-continuation-pay/
NOAA	2.5x AC	At 12 YOS	4 years		CY 2024	militarypay.defense.gov
USPHS	2.5x AC	At 10 YOS	4 years		CY 2024	militarypay.defense.gov

Lump Sum option



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Lump sum – An option to receive a discounted portion of your monthly retired pay as a lump sum distribution at retirement

Lump Sum option

- You may take 25% or 50% of your retired pay payments as a lump sum when retired pay starts
- You make a lump sum decision around the same time you file for retired pay, not when retiring from NG or Reserves
- Full retired pay resumes at age 67
- The discount rate of >6% means taking a lump sum is like borrowing money at >6% - not usually a great idea



Lump sum

Lump sum options	May choose a lump sum of either 25% or 50% of the discounted present value of future retirement payments, in exchange for reduced monthly retired pay, until full Social Security retirement age, which for most is age 67.
Lump sum election	Active duty: Lump sum election must be made no less than 90 days before retirement. National Guard/Reserve: No less than 90 days before receipt of retired pay.
Lump sum eligibility	Active duty: At retirement after 20 or more YOS. National Guard/Reserve: Upon becoming eligible to begin receiving retired pay at age 60 (or earlier with creditable active service).

DoD Office of Financial Readiness, "A Guide to the Uniformed Services BRS," 2017

"Note that a lifetime of equal, non-discounted monthly payments is worth more. For most service members, a guaranteed stream of income for life is likely a better option than a lump sum." DoD FINRED Fact Sheet
<https://militarypay.defense.gov/Portals/3/Documents/BlendedRetirementDocuments/Fact%20Sheet-Lump%20Sum.pdf>



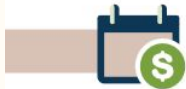
Recap



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(U.S. Army photo by Spc. Orion Magnuson)

Resources

<https://militarypay.defense.gov/BlendedRetirement/>

Army - <https://soldierforlife.army.mil/Retirement>

Air Force - <https://www.retirees.af.mil/>

Navy - <https://www.mynavyhr.navy.mil/Career-Management/Retirement/>

Marine Corps -

<https://www.manpower.marines.mil/Manpower-Management/Separation-and-Retirements-Branch/Retired-Services-and-Pay/>

Coast Guard - <https://www.dcms.uscg.mil/ppc/ras/>

Space Force - <https://www.spaceforce.com/guardian-benefits/military>



Questions or comments?

Email - myreserveretirement@gmail.com

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