



Blended Retirement System



- **Today's Retirement System**

- Defined annuity benefit computed as
- Must serve at least 20 years

$$2.5\% \times \text{Years Served} \times \text{Retired Pay Base}$$

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



- ✓ **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**



Blended Retirement System



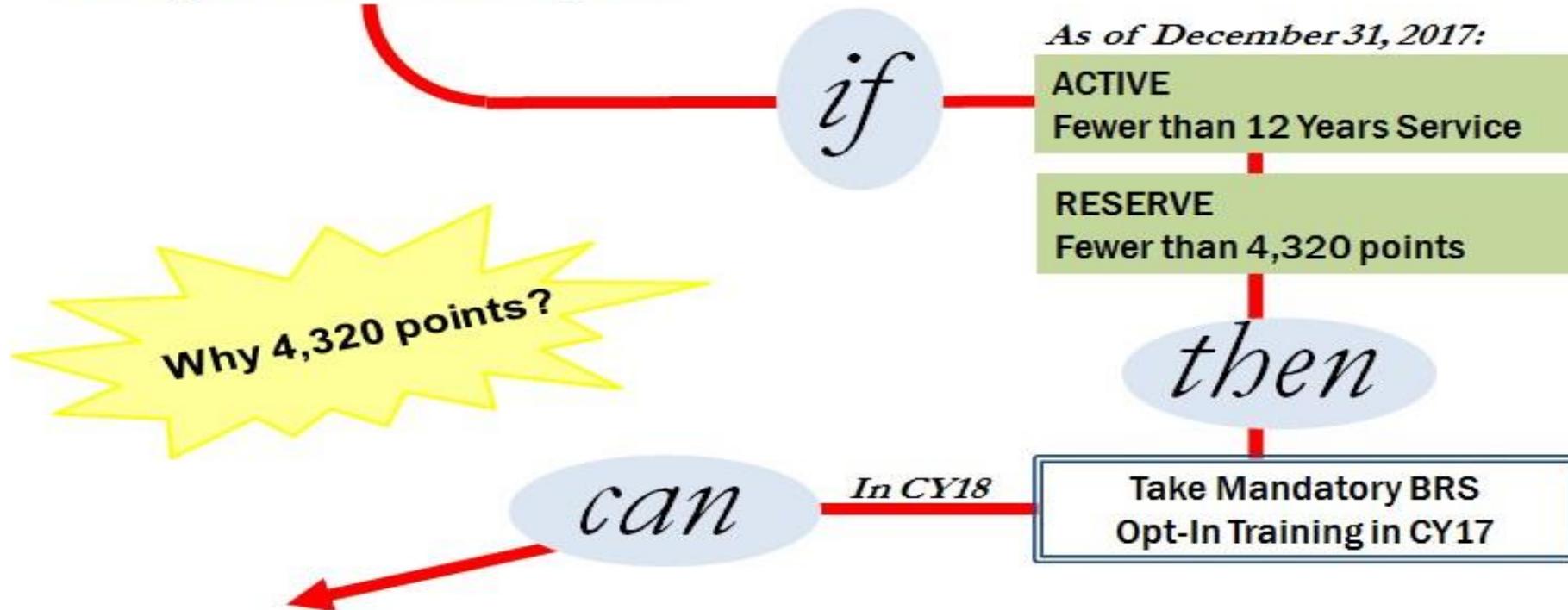
- Members serving as of Dec. 31, 2017:
 - Will be grandfathered in to the current retirement system
 - Won't be automatically moved to the Blended Retirement System
- Currently-serving members who may opt-in to the Blended Retirement System
 - Active: fewer than 12 years of total service as of Dec. 31, 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.
- All New accessions occurring on or after Jan. 1, 2018 are covered by the Blended Retirement System.



Blended Retirement System



Serving as of December 31, 2017



Why 4,320 points?

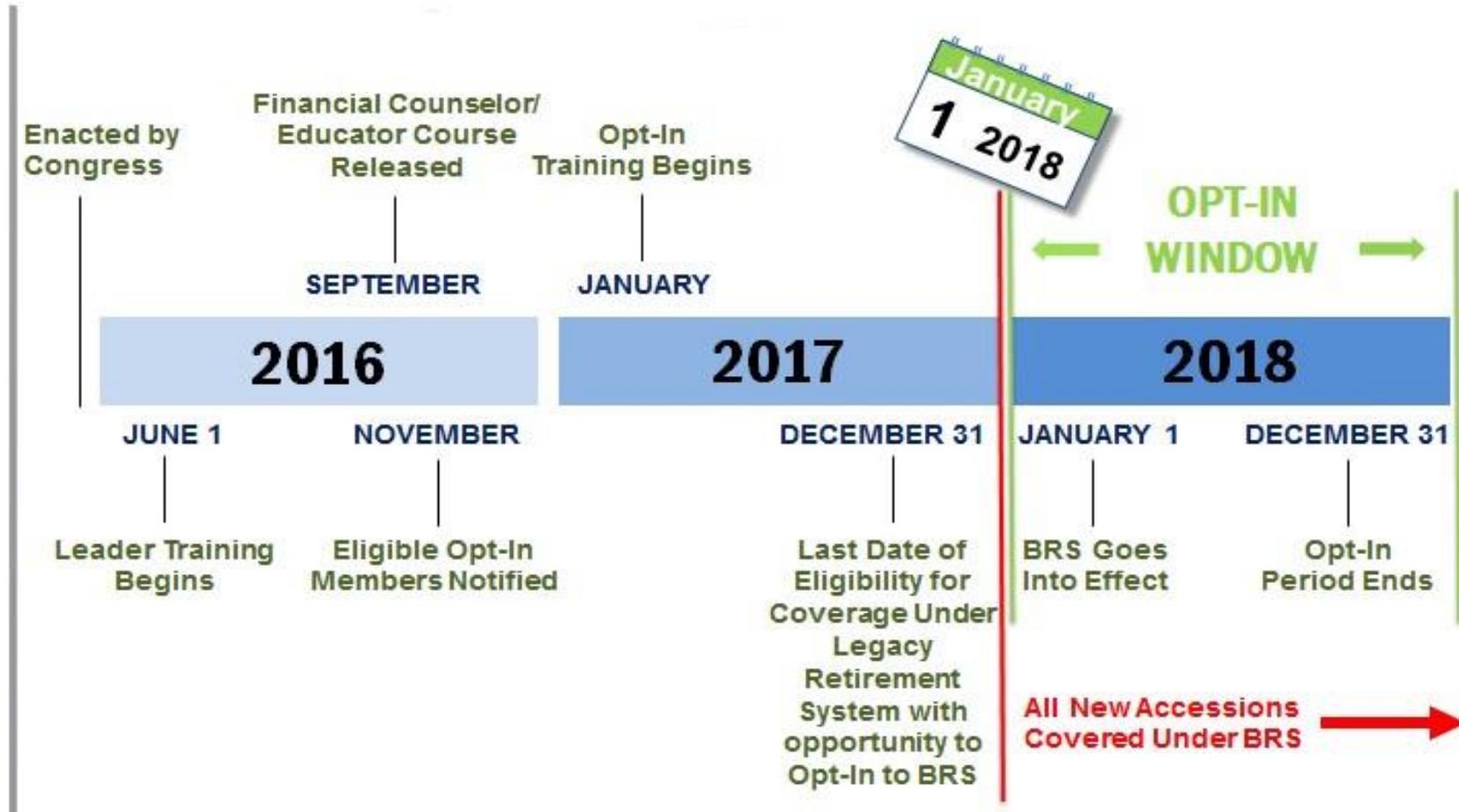
(1) Choose Blended Retirement System

-- or --

(2) Do Nothing and Stay Covered Under Current System



Blended Retirement System





Blended Retirement System



- 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.