

Leader Training to Introduce the Blended Retirement System for the Uniformed Services Course Transcript

Introduction

The new retirement system for the uniformed services, commonly referred to as the Blended Retirement System (BRS), was enacted in the Fiscal Year two thousand sixteen by the National Defense Authorization Act and goes into effect on January one, two thousand eighteen. The training you are about to receive will provide an overview of the BRS and the plan for educating the members of the uniformed services prior to the date of implementation.

Members who have completed fewer than twelve years of service by the end of two thousand seventeen will have an important decision to make: whether to stay under the current retirement system or to opt into the new system. There is no, single, "right" answer. Each member's decision will depend entirely upon his or her own circumstances. For some, staying under the current system will make sense. For others, the BRS will be a better decision.

Our job is to ensure that members have access to the educational materials, calculators, training, and other resources we will provide. We need your support, not in advising members and their families, but rather in ensuring they take advantage of this education.

Our mission is to ensure a smooth transition into the new military retirement system and improve the financial readiness of our Soldiers, Marines, Sailors, Airmen, Coast Guard, National Guard and Reserve, Public Health Service, and National Oceanic and Atmospheric Administration. This course is an important first step in carrying out that mission. The next step lies with you, as you put your time and attention into expanding your knowledge of the new Blended Retirement System.

Learning Objectives

Upon completion of this course, you will be familiar with the:

- Blended Retirement System and its components
- Current defined-benefit (High-Three) Military retirement system
- Populations impacted
- Opt-in decision
- Blended Retirement System education program
- Blended Retirement System implementation timeline and key takeaways
- Basic terms associated with the current retirement system for the uniformed services and Blended Retirement

Topic One: Blended Retirement System and Its Components

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The new Blended Retirement System goes into effect January one, two thousand eighteen. It combines a twenty-year cliff-vested defined-benefit annuity or monthly retired pay with a defined-contribution plan that allows Service members to contribute to a portable Thrift Savings Plan (TSP) account that also receives Government contributions.

This plan includes the opportunity for Service members who complete at least sixty days of service to receive automatic contributions and members who complete at least two years of service to receive matching contributions to their TSP account from the Government.

Under this new system, approximately eighty-five percent of Service members who enter the force will now receive some form of portable retirement benefit, as opposed to only nineteen percent today who leave with a retirement benefit. The uniformed services will be in a better position to compete with the private sector to recruit and retain our superb All-Volunteer Force (AVF) in the Twenty First Century.

Page Two: Impact on the Reserve Force

In general, the essential elements of the new Blended Retirement System are the same for both the Active and the Reserve Component (RC) member. Moreover, the reserve member's "retirement points" and retirement eligibility for the defined benefit are the same under the blended system as under the current reserve retirement system.

Page Three: Defined Contribution

A major difference between the current retirement system and the new BRS is that the new blended system includes a TSP account for Service members where the Government will contribute to the account along with the member. In many ways, the Government contributions to the member's TSP account mirrors the system currently enjoyed by our civilian employees. For each Service member participating in the new system, the Government will set up a TSP account for the member. New members will be automatically enrolled to contribute three percent of their basic pay.

The Government will begin automatically contributing an amount equal to one percent of the member's basic pay once the member completes sixty days service and will continue these contributions until the member separates, retires, or completes twenty-six years of service, whichever occurs first.

In addition, once a Service member completes two full years of service, the Government will begin matching member contributions up to four percent of basic pay (in addition to the one percent automatic contribution). This is also when a member becomes vested in the Government's contribution to his or her TSP account plus any earnings on the contributions. Government matching contributions will continue until the member separates, retires, or completes twenty-six years of service, whichever occurs first.

To help members understand more about the TSP, including the risks and rewards associated with investment funds, financial education will also be provided at a number of points in a career to include during initial entry training.

Page Four: Defined Benefit

Like the current retirement system, the new blended system provides a defined benefit of monthly retired pay, though the formula changes.

The new formula is two percent times your years of service times the average of your highest thirty-six months of basic pay. For RC members, years of service is computed by dividing the number of accumulated retirement points by three hundred sixty.

The defined benefit annuity is reduced when the multiplier decreases from two-point-five percent to two percent under the new BRS. However, depending upon the member's own contribution rate to the

TSP and investment returns, the addition of Government automatic and matching contributions could allow Service members to achieve nearly the same or better total retirement benefit when compared to the current retirement system.

The vesting point in the defined benefit, or to receive the monthly retired pay in the BRS, is still twenty years of service, the same as for the current system. For the RC, the vesting point remains twenty years of qualifying service, and the start date for receiving retired pay remains at approximately sixty years of age.

In your role as a leader, you should have a working knowledge of the:

- Full annuity versus a partial annuity with a lump sum
- Personal Discount Rate
- Retirement age (Military – Reserve Component)
- Disability retired pay

Full annuity versus a partial annuity with a lump sum

A member may elect either full monthly retired pay or partial monthly retired pay with a fifty percent or twenty-five percent lump-sum option

A partial lump sum is calculated as fifty percent or twenty-five percent of the discounted retired pay that will be due a member from the date of retirement to reaching full Social Security retirement age (generally age sixty-seven) and will be offered to members upon receiving retired pay. For a Reserve Component Service member, that payment will be calculated from the earlier of the date a member first becomes entitled to retired pay (approximately age sixty), as opposed to actual date of retirement. The lump sum will be calculated using a personal discount rate determined by the DoD based on applicable studies of personal discount rates.

Personal discount rate

The personal discount rate is the rate at which an individual trades current for future dollars. A decision from DoD on personal discount rates is forthcoming.

Retirement age

For monthly retired pay, not applicable for the Active Component (AC) and approximately sixty years of age for the Reserve Component (RC).

Disability retired pay

The Blended Retirement System reduces the retired pay multiplier for the disability retired pay calculation from two-point-five percent to two percent, making it consistent with the changes in the non-disability retirement calculation. For disability retirement, with a minimum thirty percent disability rating required, Service members may choose between their disability rating (capped at seventy-five percent) or the two percent multiplier multiplied by the member's years of service.

Page Five: Continuation Pay

With the introduction of the new BRS, Congress authorized Continuation pay which is provided to Service members at the completion of twelve years of service for those who commit to an additional four years.

Here's how it works.

When a Service member reaches twelve years of service, he or she will be eligible for a cash incentive of a minimum of two-point-five months of basic pay for an Active Component (AC) member, and a minimum of point-five months of basic pay (as if you were serving on active duty) for a member of the RC in return for a commitment of four more years of service.

This is a cash payout, like a bonus.

DoD analysis and experience suggests that reducing monthly retired pay could result in fewer members staying for a full career and that providing Continuation pay can help encourage these members to stay.

While Continuation Pay is not part of a Service member's retirement benefit, it is essential to maintain our existing rates of retention of experienced personnel for the AVF.

Topic Two: Current Defined-Benefit (High-Three) Military Retirement System

Page One

Although members who joined before September eighth, nineteen eighty or members who elected the career status bonus after completing fifteen years of service may have slightly different retirement calculations, most members today are under the current retirement system, commonly referred to as the High-Three system. Active Component (AC) members today who serve for twenty years are vested in the current retirement system and will receive monthly retired pay upon retirement. Reserve Component (RC) members under the current system can start receiving retired pay after twenty years of qualifying service and reaching approximately age sixty.

Page Two: Current Defined Benefit

Under the current system, monthly retired pay is calculated as two-point-five percent times the number of years the member served times the average of the highest thirty-six months of basic pay the member received. For example, a member who served twenty years would receive fifty percent of the average of the highest thirty-six months of basic pay. For members of the RC, years of service is computed by dividing the number of accumulated retirement points by three hundred sixty.

Service members who leave prior to twenty years of service receive no defined-benefit annuity, unless their retirement is based on disability or an early retirement initiative, also known as Temporary Early Retirement Authority (TERA).

Page Three: High-Three Members

All members who enter service, or who sign a contract to serve, on or before December thirty-one, two thousand seventeen are grandfathered into the current system. A member who, as of December thirty-one, two thousand seventeen, is either an AC member who has served fewer than twelve years or an RC member with fewer than four thousand three hundred twenty points, will have the option to remain under the current retirement system or choose to change to the new, Blended Retirement System.

All Service members are currently eligible to participate in the U.S. Government's Thrift Savings Plan (TSP). However, under the current retirement system individual Service members are responsible for setting up their own TSP accounts, and the Government does not contribute to those TSP accounts.

Topic Three: Populations Impacted

Page One

When the Blended Retirement System (BRS) takes effect on January one, two thousand eighteen, there will be three populations of Service members who may be asking you questions about their retirement options.

Active Component (AC) members who have served twelve years or more or Reserve Component (RC) members who have at least four thousand three hundred twenty retirement points on December thirty-one, two thousand seventeen.

Members who have served fewer than twelve years or have fewer than four thousand three hundred twenty points on December thirty-one, two thousand seventeen.

And those who join the service on or after January one, two thousand eighteen.

Additional Information about Populations Impacted

Colonel Miller – Twelve plus years of service

Colonel Miller has been part of the Active Component of the U.S. Army since nineteen ninety-five.

Because Colonel Miller will have greater than 12 years of service in 2018, she will remain covered by the current retirement system. Key information for Colonel Miller includes:

- Defined-benefit vesting at twenty years of service
- Current retired pay formula: two-point-five percent times years of service times high thirty-six month average
- Opportunity to contribute to TSP (without matching)

While she is not eligible to opt into BRS, Colonel Miller will need to be knowledgeable about the new system in order to respond to questions from Service members who are eligible to opt in. By taking the BRS Leader Course, she will gain an understanding of the new retirement system, the educational opportunities that will be made available to members, and the available resources to answer questions.

Corporal Taylor – Less than twelve years of service

Corporal Taylor joined the Active Component of the Marine Corps in two thousand ten and falls into the group who will have to decide whether to stay in the current retirement system or opt into the Blended Retirement System.

He will want to compare the benefits of the two systems to determine the right choice for his future. Key information for Corporal Taylor includes:

- Defined benefit vesting for both systems is at twenty years of service
- Blended Retirement System Defined contribution vesting is at two years of service
- Current system retired pay formula: two-point-five percent times years of service times high thirty-six month average
- Blended Retirement System retired pay formula: two percent times years of service time high thirty-six month average
- Defined contributions to TSP under Blended Retirement System

- Continuation Pay equals minimum two-point-five times monthly basic pay at twelve years of service

Considerations for Corporal Taylor include:

- How long does he plan to stay in the Marine Corps? For this enlistment or a full career until at least twenty years of service?
- Does he intend to join the Reserves and stay until completing at least twenty qualifying years?
- How much will the Thrift Savings Plan contributions grow until retirement?
- How long will he have to invest and receive the benefit of Government contributions?
- Though he is not currently married, he may be in a few years. How would his spouse and children factor into his retirement decisions?

Corporal Taylor will want to invest some time and give careful consideration to training provided and additional information in the brochures, pamphlets, and mobile apps. After doing so he should be encouraged to seek individual financial advice from a personal financial expert at his installation before making a final decision.

[Technical Sergeant Figueroa – Reserve Component](#)

Technical Sergeant Figueroa joined the Air National Guard in two thousand seven and has more than one thousand four hundred retirement points. She falls within the group who has the option to stay with the current system, or opt into the new system. So, in addition to having some of the same questions as Corporal Taylor, Sergeant Figueroa will also have questions about how the two retirement systems impact a Reserve Component member.

Considerations for Technical Sergeant Figueroa include:

- How long does she plan to stay in the Air National Guard? For this enlistment or a full career until at least twenty qualifying years of service?
- How much will the Thrift Savings Plan contributions grow until retirement?
- How long will she have to invest and receive the benefit of Government contributions?
- The difference in the Continuation pay rate for the Reserve Component.

Technical Sergeant Figueroa will also need to consider:

- How will this decision be impacted by her current civilian employer's retirement plan?
- What's best for her and her spouse in making this family decision?

Technical Sergeant Figueroa will want to invest some time and give careful consideration to training provided and additional information in the brochures, pamphlets, and mobile apps. After doing so she should be encouraged to seek individual financial advice from a personal financial expert at her installation before making a final decision.

[Constructionman Recruit Tanner – Joins after January one, two thousand eighteen](#)

Constructionman Recruit Tanner is one of the new Service members who will enter the Navy in early two thousand eighteen and is automatically enrolled in the BRS. He is likely to have questions about the benefits he can receive from the BRS. Key information for CR Tanner includes:

- Defined benefit of two percent times years of service times high thirty-six month average after twenty years of service
- Thrift Savings Plan automatic enrollment at three percent of basic pay after sixty days of service; may contribute more
- Thrift Savings Plan automatic Government contributions at one percent
- Government-matching contributions of up to four percent after two years of service
- Continuation pay at twelve years of service

CR Tanner, like all new entrants after January one, two thousand eighteen, will receive training early in his military career that will provide him information on the benefits of BRS as well as other key financial readiness topics. He will also learn where to obtain further financial counseling as well as additional resources. Throughout his career, CR Tanner will have multiple educational opportunities to stay current on his retirement planning goals to include his TSP contributions.

Topic Four: Opt-In Decision

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All members who are serving, or who have contracted to serve, as of December thirty-one, two thousand seventeen will remain in the current system and be “grandfathered.” Active Component (AC) members who have completed fewer than twelve years of service and Reserve Component (RC) members who have fewer than four thousand three hundred, twenty retirement points as of December thirty-one, two thousand seventeen, will have the opportunity to opt into the new, Blended Retirement System (BRS). The earliest an election to opt in can be made is January one, two thousand eighteen. Any eligible Service member wishing to opt in must do so during calendar year two thousand eighteen after receiving financial education. Reentrants will have the remainder of two thousand eighteen, or depending upon when they return to service, a limited period of time after two thousand eighteen, to opt in. A decision to opt in is irrevocable, or final. It cannot be changed at a later date.

- An on-line course tailored to those who are eligible to opt in will be available to educate the force on the impacts of this retirement system decision
- Personal Financial Managers (PFM) and Retirement Service Officers (RSO) will be trained and available to assist commanders, members and spouses on the financial aspects of High-3 and the BRS.
- Personal Financial Counselors (PFC) and Command Finance Financial Specialists (CFS) will be knowledgeable about High-3 and the Blended Retirement System, and will be able to assist commanders, members, and spouses on accessing information and contacting PFMs for more detailed advice.
- On-line calculators and courses will be available to educate members.

Topic Five: Blended Retirement System Education Program

Page One

Quality education and training are key to a Service member’s ability to make informed decisions about his or her retirement plan.

DoD's detailed education strategy includes training on the new retirement system tailored to both Active and Reserve forces.

This course is the initial training for leaders. Additional courses will also be developed for:

- Members eligible to opt into the Blended Retirement System
- New Accessions coming into the service on or after January one, two thousand eighteen
- Personal Financial Managers and Retirement Service Officers located at installations who are a resource for commanders, Service members and family members

DoD will provide this training on-line and "in-person," to those assigned to field units and headquarters, and as a part of other military education courses. Communication about the upcoming changes to the retirement system will be provided through DoD websites, brochures, pocket cards, posters, social media, and mobile apps.

This course and future courses will also be available at the Military OneSource website to facilitate access by Service members and their families.

[Page Two: Opt-In Eligible Course](#)

The Opt-In course will be available to the total force by January two thousand seventeen. Those eligible to opt into the new system can expect to receive training on the time value of money, the potential impacts of where they are in their career on their TSP account, how long they will need to stay invested in the Thrift Savings Plan, and how much they will need to contribute to the Thrift Savings Plan to make changing to the new system a viable choice for them.

The training will make retirement calculators available to assist both Active and Reserve Component Service members with making these comparisons and well-informed decisions. Reserve Component members will learn the importance of taking their civilian retirement plan into account when making the opt-in decision. Married members will be encouraged to share this retirement planning education with their spouses as they make this family decision.

[Topic Six: Blended Retirement System Implementation Timeline and Key Takeaways](#)

[Page One](#)

The key dates to know about the implementation of the Blended Retirement System are:

November twenty-five, two thousand fifteen – Fiscal Year two thousand sixteen National Defense Authorization Act, which includes the Blended Retirement System, became law.

March one, two thousand sixteen – DoD submitted Blended Retirement System implementation plans to Congress.

June one, two thousand sixteen – DoD initiated financial education of the force, beginning with the Leader Training Course.

January two thousand seventeen – Financial education on the Blended Retirement System becomes available to members eligible to opt in.

December thirty-one, two thousand seventeen – Members serving on or before this date are automatically grandfathered into the current retirement system. Active Component (AC) members with

fewer than twelve years of service and Reserve Component (RC) members with fewer than four thousand three hundred twenty retirement points as of this date will be able to choose to remain in the current system or opt into the Blended Retirement System.

January one, two thousand eighteen – The effective date for the new Blended Retirement System. The opt-in period begins. Financial education for new accessions begins.

December thirty-one, two thousand eighteen – Last day to opt into the Blended Retirement System. Decision is irrevocable.

Page Two: Key Takeaways

The key points to take away from this course are:

The new Blended Retirement System (BRS) comes into effect January one, two thousand eighteen.

All members of the Uniformed Services serving as of December thirty-one, two thousand seventeen, are grandfathered into the current retirement system.

Members with fewer than twelve years of service or four thousand three hundred twenty points as of December thirty-one, two thousand seventeen, will have the option during calendar year two thousand eighteen to choose the new blended system as their retirement plan, or to remain under the current system.

Financial and benefits education will be provided to all members. The opt-in decision is a personal one; made only by the member. Personal Financial Managers and Personal Financial Counselors are available at installations and units to assist in providing additional information and training.

Remember, your role as a leader is to provide information and access to education, but NOT TO PROVIDE SPECIFIC FINANCIAL ADVICE.

It is extremely important for many of our members to understand that they have a personal choice to make. We will have the tools and education available for them as they make this completely voluntary, fully-informed and educated decision on whether to remain under the current retirement system or to switch to the Blended Retirement System.

As leaders, it is important to understand that a new retirement system is coming in the near future, that some of your subordinates (or maybe even you) will have a choice to make, and that education will be made available to help them make an informed decision. Education will also be developed so that your future subordinates understand what it means to be in a Blended Retirement System.

Finally, the information presented in this course is current as of June 1, 2016. Adjustments to the content will be made pending any future legislative or policy changes.

Glossary

Active Component (AC)

Service members who are in the Regular Army, Regular Navy, Regular Marine Corps, Regular Air Force, Regular Coast Guard, Public Health Service (PHS), and National Oceanic and Atmospheric Administration (NOAA) as their full-time occupation.

Active Duty (AD)

Full-time duty in the active military service of the United States, including Active Component members and Reserve Component members who are activated.

Annuity

In this course, annuity refers to the Government's defined benefit or monthly military retired pay that members earn after 20 or more years of service. In the investment sector, an annuity is an insurance product that can be used as part of a retirement strategy. Payments can be either lump sum or a series such as monthly, quarterly, or yearly. Payment amount(s) depend on the value of the annuity and the payout scheme.

Attrit

When Service members depart or leave military service.

Auto-enrollment

The procedure in which the Government automatically establishes a Thrift Savings Plan (TSP) account for the member and contributes 3 percent of the member's pay to their TSP each pay period.

Automatic contribution

The Government establishes a TSP account and contributes a preset amount monthly regardless of the Service member's choice to invest in TSP.

Automatic (1%) contribution

Once a member has served 60 days, the member's Service will contribute an amount equal to 1% of the member's basic pay each pay date to the member's TSP account. These are called Agency Automatic (1%) Contributions. The member does not need to be making contributions to receive them.

Blended Retirement System (BRS)

The Fiscal Year 2016 National Defense Authorization Act established a modernized and blended retirement system known as the BRS. This new retirement system takes effect January 1, 2018.

Cliff vested

The point in a time a Service member becomes fully qualified to receive monthly military retired pay. Most members qualify to receive a monthly military retired pay after serving 20 years.

Command Financial Specialists (CFS)

Members of the military who have been appointed by the commanding officer to provide financial education and training, counseling and information referral within the unit. CFS receive formal training prior to executing their responsibilities.

Continuation pay (CP) and CP multiplier

This one-time payment at the completion of 12 years of service is available to those who agree to serve an additional four years. Currently, active component members would receive between 2.5 and 13 times their monthly basic pay. The DoD is developing the policy to treat reserve component members performing active guard and reserve duty (AGR/FTS) similarly. Other reserve component members would receive between 0.5 and 6 times their basic pay (as if on

active duty – not drill pay). These multipliers can be adjusted by the Military Service Secretaries but limits apply.

Defined benefit (DB)

A retirement plan under which the employer agrees to pay specific benefits after a minimum time in service. Payment amounts are related to length of service and earnings history. The current military high-three system is an example of a defined benefit plan.

Defined contribution (DC)

A retirement plan under which the Service member, Military Service, or both, contribute to an individual account in the Federal Thrift Savings Plan that invests in equities and bonds. Benefits are based solely on the amount contributed to the participant's account, plus investment earnings on the money in that account.

Disability rating

A percentage assigned to a medical condition. A DoD disability rating is determined based on the job limitations (i.e., unfit for military duty). The Department of Veterans Affairs assigns a disability rating based on life-long limitations.

Disability Retired Pay

Compensation given to Service members who are retired for a physical disability. Service members may choose between their disability rating (capped at 75%) or the defined benefit multiplier (either 2.5% under the High 3 retirement system or 2.0% under the Blended Retirement System), multiplied by the years of service to determine their retirement annuity.

Disability retirement

To qualify for disability retirement, the Service member must have completed at least 20 years of service creditable under Section 1208, Title 10, United States Code (10 USC 1208) or hold a combined disability rating of 30 percent or more for the disabilities determined to be unfitting for military duty. Members retiring earlier than 20 years due to a qualifying disability are not eligible for the lump sum retirement option.

Final Pay

A retirement system that bases the amount of pension on a member's last month of pay, or in rare instances, the member's highest month of basic pay. A member must have a Date of Initial Entry of Military Service (DIEMS) of September 8, 1980, or earlier to qualify.

Financial Advisor

A person who gives advice to others about money management and investments.

FY 17 Status of Forces survey

This is a survey given to randomly selected members in the Active and Reserve Components.

Grandfathered

The statutory provision that exempts a person from being involuntarily transferred into a new retirement system.

High-3

The name commonly given to the current military retirement plan. The name is derived because the defined benefit is calculated as the average of the highest three years (36-months) of monthly basic pay to which the member received for any 36-months of active service, whether consecutive or not.

Irrevocable

Not capable of being changed.

Lump sum

One-time payment of money (as opposed to smaller payments over time). A component of the lump sum calculation is a personal discount rate, which DoD will establish in the near future. DoD is developing policies related to the interaction of the lump sum with benefits such as the Veterans Affairs disability compensation and the DoD Survivor Benefit Plan.

Matching contributions

Contributions made by Services to the Thrift Savings Plan accounts of members who contribute their own money to the TSP. After the completion of two years of service, the first three percent of the member's contribution is matched dollar for dollar by the Service and the next two percent is matched 50 cents on the dollar. This means that if a member contributes five percent of the member's pay to the TSP, the Service will contribute another four percent to the member's TSP account.

National Defense Authorization Act (NDAA)

An act to authorize the Government to raise and maintain the Department of Defense.

New accession

Non-prior Service individuals who join a branch of the military.

Opt-in decision

The choice to switch from the current High 3 system into the Blended Retirement System.

Opt-out - To choose not to participate (in the system).

Pension

A retirement account that an employer maintains to give you a fixed payout when you retire.

Personal discount rate

The rate at which an individual trades current for future dollars.

Personal Financial Counselors (PFC)

Accredited counselors who provide information on the Blended Retirement System and offer strategies to support positive financial choices. This service is free to Active and Reserve Components, their families, and survivors.

Personal Financial Managers (PFM)

Accredited professionals available on military installations to help Active and Reserve Component members and their families understand the Blended Retirement System and support positive financial choices.

Portable retirement benefit

A transferable account when you retire or leave Federal service.

RAND Dynamic Retention Model

A model which facilitates the analyses of the costs and benefits of making proposed policy changes that affect military personnel to include the level and structure of military compensation, the major parameters of the personnel system to include retention, and the non-disability retirement system.

Reentrant

A person who departs Federal service and later re-enters. Also referred to as a member with prior service.

Reserve Component (RC)

Service members of the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, the Coast Guard Reserve, and the Public Health Service Reserve.

Retirement calculator

An online tool allowing users to estimate their retirement benefits under a particular retirement system.

Retirement Multiplier

The percentage used to in calculating the monthly annuity under the military retirement systems.

Retirement points

The number of points a Reserve component member has been credited towards a non-regular retirement.

Retirement Service Officers (RSO)

Personnel who provide retirement counseling to Service members and their families on their rights, benefits, and entitlements, assist with Survivor Benefit Plan (SBP) elections, and keep the Active duty, Reserve Components, and retiree populations informed of changes to benefits.

Survivor Benefit Plan

An insurance plan partially subsidized by the Government that will pay a surviving spouse and/or child of a military retiree a monthly payment (annuity) to help make up for the loss of retirement income.

Temporary Early Retirement Authority (TERA)

Authorizes members with over 15, but less than 20 years of total active duty service to apply for early retirement.

Thrift Savings Plan (TSP)

A defined-contribution retirement plan currently available to members of the U.S. Government, including Service members. TSP is portable; once vested, the member retains the Government's

automatic (1%) contributions. A member's retains his/her own contributions and earnings (and matching contributions, if any) from day one.

Vesting

Grants a member the right to keep automatic (1%) contributions (and their earnings) after the member has fulfilled a time-in-service requirement. Service members are vested in their automatic (1%) contributions after they have completed two years of service. A member's own contributions and earnings are fully vested from day one. All service counts toward vesting—not just service as a TSP participant.

Working-age annuity

This is defined by the Social Security Administration as 67 years of age. With respect to the Blended Retirement System, it is the age at which the pension returns to a full annuity when the member elects a lump sum option upon retirement (or when they first start to receive monthly retired pay in the case of a non-regular or reserve retirement).

Years of service

The number of years of service a member has for the purpose of determining longevity pay rates.

Course Completion

Congratulations! You have completed the Leader Training to Introduce the Blended Retirement System for the Uniformed Services Course.