



# A Guide to the Uniformed Services Blended Retirement System

For Active-Duty, National Guard and  
Reserve Uniformed Service Members





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One of the key benefits of serving in the Uniformed Services is the retirement plan. The National Defense Authorization Act for Fiscal Year 2016 created a new retirement system for members of the Uniformed Services. This system, called the Blended Retirement System (BRS), blends the traditional legacy retirement pension, also known as a defined benefit, with a defined contribution benefit into a Thrift Savings Plan (TSP). The BRS goes into effect on Jan. 1, 2018.

This booklet is designed to be a reference for members of the Uniformed Services on the key features of the BRS. The BRS represents one of the most significant changes to the Uniformed Services compensation system since World War II and becomes, for many, their first opportunity for planning and saving for their retirement, regardless of one's length of service.

You will find helpful facts throughout this booklet, with links to additional training and resources on how to take action in your Uniformed Services retirement plan.

## Know the BRS basics

The BRS combines elements of the legacy retirement system with benefits similar to those offered in many private-sector 401(k) plans. This section provides more in-depth information on BRS eligibility and these key 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

## Eligibility

BRS eligibility depends on when you joined or plan to join the Uniformed Services:

- If you enter the Uniformed Services on or after Jan. 1, 2018, you are automatically enrolled in the BRS. This is your retirement plan.
- If you are an Active Component Service member with 12 years (or more) of service prior to Dec. 31, 2017, you are grandfathered under the legacy retirement system. You remain under the legacy retirement system, and nothing about your current retirement plan changes. This booklet does not explain your retirement system. Visit the Military Compensation website for information on the legacy retirement system at <http://militarypay.defense.gov/Pay>.
- If you are an active-duty Service member with fewer than 12 years of service as of Dec. 31, 2017, you are grandfathered under the legacy retirement system, but may choose to opt into the BRS. For the majority of Service members the opt-in period is from Jan. 1, 2018, through Dec. 31, 2018. You won't be moved to BRS unless you make this choice.
- If you're a cadet or midshipman attending a Service academy as of Dec. 31, 2017, or are in the Reserve Officer Training Program with a signed contract as of Dec. 31, 2017, you're also grandfathered under the legacy retirement system. However, if commissioning (or being placed in pay status) occurs after the 2018 opt-in window, you'll have 30 days upon commissioning to opt into the BRS. If you enter an academy or sign your service contract on or after Jan. 1, 2018, your retirement plan is the BRS.



### NATIONAL GUARD AND RESERVE

#### Retirement eligibility basics

If you are in the National Guard or Reserve and have accrued more than 4,320 retirement points as of Dec. 31, 2017, you are grandfathered under the legacy retirement system, and nothing about your current retirement plan changes. This booklet does not cover your retirement system.

If you are a member of the National Guard or Reserve in a pay status who has accrued fewer than 4,320 retirement points as of Dec. 31, 2017, you are also grandfathered under the legacy retirement system, but may choose to opt into the BRS. Opting into the BRS does not change how you accrue retirement points or when you're eligible to retire. You won't be moved to BRS unless you make this choice.

### Opt-in considerations for members who are currently serving

**Career plans.** A key factor in your decision of whether or not to choose to opt into the BRS or remain in the legacy system is how long you plan to serve in the Uniformed Services. If you do not choose to opt into the BRS and end up serving less than 20 years, you won't receive the lifetime monthly annuity or government contributions to your TSP account. If you think you'll serve 20 years or more, you should weigh the BRS or legacy retirement system based on when you plan to retire, the potential value of government contributions to your TSP continuation pay, the lump sum option, and your risk tolerance.

**Decision timeline.** If you're an opt-in-eligible active-duty, National Guard or Reserve Service member as of Dec. 31, 2017, you may choose to opt into the BRS or remain in the legacy system at any time during calendar year 2018. Your decision is irrevocable, which means once you make your decision, it is final.

**Break in service – active duty.** If you have a break in service, rejoin after the 2018 calendar year opt-in window and still meet the less than 12 years of service criteria, you will have 30 days to choose the BRS or remain in the legacy retirement system.

**Training.** If you are a current Service member and you're eligible to opt into the BRS, you must take the mandatory BRS Opt-In Course. Training courses are available using your Common Access Card (CAC) through Joint Knowledge Online (JKO). A non-CAC login version is also available through JKO or Military OneSource. If you join on or after Jan. 1, 2018, you'll be required to complete the Introduction to Your Retirement System Course, either at basic training or your home unit, within 365 days of entering service.



### NATIONAL GUARD AND RESERVE

#### Break in service

If you have a break in service, rejoin after the 2018 calendar year opt-in window and have fewer than 4,320 retirement points, you have 30 days to choose the BRS or remain in the legacy retirement system.



### NATIONAL GUARD AND RESERVE

#### What if I'm in the Individual Ready or Standby Reserve and enter paid status after 2018?

If you're a BRS-eligible member of the Individual Ready Reserve or the Standby Reserve who enters paid status for the first time after 2018, you may receive a one-time BRS opt-in extension. Once in a paid status, you have 30 days to opt into the BRS.

## The BRS at a glance



Defined benefit	
<b>Defined benefit vesting</b>	20 years of service (YOS)
<b>Defined benefit multiplier</b>	2.0%
<b>Defined benefit working age annuity</b>	Active duty: Choice of full annuity or lump sum option (50% or 25%) at retirement; National Guard/Reserve: Lump sum based on annuity at age 60 (or earlier with creditable active service).
<b>Defined benefit retirement age</b>	Active duty: At 20 or more YOS; National Guard/Reserve: After 20 or more qualifying YOS and age 60 (or earlier with creditable active service).
<b>Defined benefit cost-of-living adjustment (COLA)</b>	Full COLA
<b>Defined benefit disability retired pay</b>	Disability rating (minimum 30%) capped at 75% or 2.0% multiplier



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



Continuation pay	
<b>Continuation pay multiplier (months of basic pay)</b>	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)
<b>Continuation pay commitment</b>	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.
<b>Continuation pay eligibility</b>	Eligible for continuation pay when complete between eight, but no more than 12 YOS, calculated from Pay Entry Base Date (PEBD)



Lump sum	
<b>Lump sum options</b>	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.
<b>Lump sum election</b>	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.
<b>Lump sum eligibility</b>	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).

\* Members who opt into BRS receive Service Matching Contributions immediately regardless of YOS.



## Defined benefit

The BRS provides a defined benefit, which is a monthly pension payment for life, after 20 years or more of active-duty service.

### Key aspects

**The multiplier.** This is the percentage of your basic pay that you receive for each year of service.

- **Defined benefit under the BRS:** 2.0% x years served x the average of your highest 36 months of basic pay

**The longer you serve, the higher the benefit.** If you retire from active duty at 20 years under the BRS, you receive 40 percent of the average of your highest 36 months of basic pay as your defined benefit — and that percentage increases by 2 percent for each additional year of service.

**Keeps up with inflation.** The defined benefit has an annual cost-of-living adjustment (COLA), meaning it will keep pace with inflation. The COLA for the BRS is based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers, as measured by the Department of Labor.

**No split multipliers.** If you opted into the BRS, monthly retired pay is calculated using the BRS formula — there are no split multipliers for years served under the legacy retirement system.

### NATIONAL GUARD AND RESERVE

#### Defined benefit on retirement

You're eligible for this benefit after 20 years of qualifying service and at age 60, or earlier if you perform certain qualifying active service since the beginning of 2008.

### NATIONAL GUARD AND RESERVE

#### Calculation of non-regular retirement for BRS eligibility

You're eligible for a non-regular retirement defined benefit at age 60 — or as early as age 50 — if you have 20 qualifying years of service, including creditable active service performed since the beginning of 2008.

To calculate active years of service, divide your accumulated retirement points by 360.

$$\begin{array}{rcccl}
 \text{Reservist with} & & & & \\
 \text{4,860} & \div & \text{360} & = & \text{13.5} \\
 \text{retirement points} & & \text{Total retirement points} & & \text{Equivalent years} \\
 & & & & \text{of service}
 \end{array}$$

Given that the military considers one month as 30 days for pay purposes, each day is worth 1/30 of a month, making 12 months equal 360 days. Therefore, if you're in the National Guard or Reserve with, for example, 4,860 retirement points, you have 13.5 equivalent years of active service.



## NATIONAL GUARD AND RESERVE

### The gray area for retired pay

If you've served in the National Guard or Reserve for 20 qualifying years, but are not yet at the age to receive your retired pay, you're in what's called the "gray area." The gray area is the time between separation and receipt of retired pay, which for most is age 60, but can be earlier based on creditable active service. Regardless of when you entered the gray area, your retired pay is usually the average of the basic pay for the highest 36 months for your pay grade and years of service. This is derived from the pay tables in effect for the 36 months immediately preceding the date that retired pay begins.

### Defined contribution



The BRS's defined contribution component is a way for you, as a member of the Uniformed Services, to save for your retirement, whether you plan to serve for two or 20 years. The BRS provides government benefits toward retirement through your TSP account, which offers access to a mix of investment funds through contributions to a Traditional (pretax) retirement account, a Roth (after-tax) retirement account or a combination of both (see the "Understanding the TSP under the BRS" section for more information).

### Key aspects

**TSP account creation.** Your TSP account will be set up for you by your Service, generally within 60 days of service. Or, you may create and begin contributing to your TSP account before 60 days of service by completing the TSP Form U-1: TSP Election, located on the TSP.gov website, and turning it in to your personnel servicing office. Once your account is created, you can visit your Service's online pay portal (such as MyPay, Marine Online, or Direct Access) to make contribution changes. Additionally, you can access your TSP account online at TSP.gov and move your money across TSP funds.



**Contributions.** If you opted into the BRS during calendar year 2018, you can immediately elect to contribute any whole percentage of your pay, up to the annual limits set by the Internal Revenue Service (IRS). You will receive the Service Automatic (1%) Contribution, and Service Matching Contribution proportionate to your basic pay contributions, on the first pay period after opting in.

**Matching contributions.** Under the BRS, you may receive up to 4 percent in Service Matching Contributions, on top of the Service Automatic (1%) Contribution based on the below chart. Automatic and matching contributions continue through the end of the pay period during which you reach 26 years of service.

Service Contributions to Your Account			
You put in:	Your Service puts in:		And the total contribution is:
	Automatic (1%) Contribution	Service Matching Contribution	
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%
More than 5%	1%	4%	Your contribution +5%

**Vesting.** Being vested means having ownership. You are always vested in (entitled to) your own contributions and their earnings. If you opted into the BRS, you're also immediately vested in the Service Matching Contributions and their earnings. To become vested in the Service Automatic (1%) Contribution, you must have completed two years of service. All Service members who have completed two years of service are considered fully vested.

**Joined the Uniformed Services on or after Jan. 1, 2018?** If you join the Uniformed Services on or after Jan. 1, 2018, you are automatically covered by BRS and subsequently enrolled into the TSP in an age-appropriate Lifecycle (L) fund with a default contribution of 3 percent of your basic pay. While you can opt out of this automatic enrollment, by law you will be automatically re-enrolled each calendar year. You can adjust your contributions anytime, as long as you stay within the annual limits set by the IRS. Service Automatic (1%) Contributions to TSP accounts start after 60 days. Your ability to earn Service Matching Contributions, up to an additional 4 percent, starts at the beginning of your 25th month of service.





Type of Contribution	When Started	When Vested
Your contribution		When deposited
1% auto match	When enrolled 60 days	After two years of service
1-4% match	25 months of service	When deposited

**Portability.** Your TSP account is a portable retirement benefit. This means that when you leave service, you can have TSP transfer part or all of your account into an IRA or an eligible employer plan (for example, the 401(k) account of a new employer).



## Continuation pay

Uniformed Service members covered by BRS are eligible to receive continuation pay, a one-time, midcareer bonus payment, in exchange for an agreement to perform additional obligated service. Your Service will determine the commitment, but it must be a minimum of three years. Continuation pay is payable between the completion of eight years of service, but before the completion of 12 years of service from your Pay Entry Base Date. It may be paid at any time during this period as determined by your Service. This one-time bonus payment is in addition to any other career field-specific incentives or retention bonuses you may receive or otherwise be eligible to receive.

### Key aspects

**Eligibility – active duty.** This one-time payout is available if you’re an active-duty Service member (for continuation pay purposes, this includes Active Guard Reserve (AGR) and Full Time Support (FTS)) who is able to enter into an agreement to perform additional obligated service.

**Amount – active duty.** If you’re an active-duty Service member (including AGR and FTS personnel), you may be eligible for continuation pay from 2.5 to 13 times your regular pay.

### NATIONAL GUARD AND RESERVE

#### Eligibility

This one-time payout is available if you’re a National Guard or Reserve Service member in a pay status who is able to enter into an agreement to perform additional obligated service.

#### Amount

You may receive from 0.5 to 6 times the monthly basic pay of a member of the same pay grade, as if serving on active duty.



**Pay rates.** Pay-rate multipliers may be based on Service-specific retention needs, specialty skills and hard-to-fill positions, similar to career field incentives and reenlistment bonuses. Each Service determines and publishes its own guidance on continuation pay rates.

**Investing.** Continuation pay — and other specialty pay, bonuses and incentives — can be invested along with basic pay in your TSP account, up to the annual maximum allowed by the IRS. Note that if you hit the maximum before the end of the calendar year, you could lose out on matching contributions.

**Timing.** Eligibility to opt into the BRS is based on your years of service as of Dec. 31, 2017, and you have all of 2018 to opt in. However, if you're opt-in eligible but will hit the 12-year continuation pay cutoff date during 2018, you must enroll in the BRS before that time to be able to receive continuation pay.

**Taxes.** Your taxable continuation payment may place you in a higher income bracket. You may elect to receive continuation payments in up to four equal installments over a four year period. This may help reduce your tax liability.

## Lump sum



Under the BRS, Service members may be eligible to elect to receive a discounted portion of their retired pay up front. The decision to elect a lump sum at retirement is entirely up to you. If you do not choose the lump sum option, you'll receive your full retired pay upon eligibility. If you opt for a lump sum, you will need to decide if you want 25 percent or 50 percent of your future retirement payments at retirement. You may receive one lump sum payment or annual equal payments — one a year for up to four years. Monthly retired pay reverts to the full amount at full Social Security retirement age, which is age 67 for most individuals.

### Key aspects

**Trade-offs.** When you take either 25 or 50 percent in a lump sum, your monthly paycheck will then be 75 or 50 percent of the full value of your monthly retired pay until you reach full Social Security age, which is age 67 for most individuals.

**Cost.** The lump sum of 25 or 50 percent is discounted to the present value based on an annual DoD discount rate published in June of each year. Note that a lifetime of equal, personal monthly payments is usually worth more.




**Timing – active duty.** If you're choosing the lump sum option as an active-duty Service member, you must notify your Service no less than 90 days before retirement date. Funds are paid no later than 60 days from the date of retirement.

**Taxes.** Your taxable lump sum payment may place you in a higher income bracket. You may elect to receive lump sum payments in up to four equal installments over a four year period. This may help to reduce your tax liability.

**Survivor benefits.** You may still fully participate in the Survivor Benefit Plan even if you elect the lump sum option.

**Disability payments.** If you expect to receive a disability rating from the Department of Veterans Affairs, disability compensation could be offset dependent upon your rating. This offset depends on your rating.

 **NATIONAL GUARD AND RESERVE**

**Timing**

If you're choosing the lump sum as a National Guard or Reserve Service member, you must notify your Service no less than 90 days before receipt of retired pay.

## Understanding the TSP under the BRS

The TSP is a retirement savings and investment plan for federal employees and members of the Uniformed Services. It offers the same types of savings and tax benefits that many private corporations offer their employees under 401(k) plans.

The TSP is a defined contribution plan, meaning that the retirement income you receive from your TSP account will depend on how much you (and your Service, if you are receiving Service contributions) contribute to your account during your working years and the earnings that accumulate over that time.

### *Key aspects*

**Growing your TSP account.** TSP retirement income depends on how long you make contributions, how much you and your Uniformed Services employer deposit into your account during your working years (see the "Defined Contribution" section for more information), and how much your account grows through the investment options you select:

- **Contributing basic pay, special pay and bonuses.** Under the BRS, your Service provides a Service Automatic (1%) Contribution to your TSP account. Additional Service Matching Contributions of up to 4 percent may also be earned, as long as you contribute the proportionate amount of basic pay. You can grow your TSP account by contributing more of your basic pay and by contributing from 1 percent to 100 percent of special bonus and incentive pays, as long as you do not exceed the annual elective deferral limit as set by the IRS. This is the annual maximum amount that the government lets you set aside, or defer, from your paycheck; for 2018, the limit is \$18,500.


- **Contributing pay earned while serving in a Combat Zone Tax Exclusion (CZTE) area or Direct Support Area (DSA).** These assignments provide the following opportunities to grow your TSP accounts through tax breaks and higher contribution limits:

- First, the money you contribute to your traditional or Roth TSP account while on these assignments is invested tax-free.
  - » If contributed to your traditional TSP account, your contributions, but not their earnings, are also tax-free when you withdraw them.
  - » If contributed to your Roth TSP account, your contributions and their earnings are tax-free when you withdraw them if you satisfy the regular requirements for a Roth withdrawal.
- Second, you can contribute more than the annual elective deferral limit (\$18,500 in 2018) to your traditional TSP account. Under this scenario in 2018, the sum of your and the government's contributions would max out at \$55,000.
  - » Even if you're in a designated CZTE area or DSA, the most you can contribute to your Roth TSP account is \$18,500.
  - » To continue making contributions once you hit the \$18,500 limit, you would need to switch your contributions from Roth TSP to Traditional TSP. Since both the Roth contributions and earnings would be tax-free when withdrawn (if you satisfy the regular

requirements for a Roth withdrawal) most members will conclude it is smartest to contribute to their Roth TSP account first when serving in a CZTE or DSA.

The monthly CZTE/DSA compensation for officers is limited to the maximum enlisted pay amount, plus the amount of Hostile Fire/Imminent Danger Pay payable to the officer for the qualifying month. The monthly CZTE/DSA compensation for enlisted members/warrant officers is unlimited.

- **Contributing to multiple TSP or 401(k) accounts.** It is important not to exceed your annual contributions across multiple TSP and/or 401(k) type accounts. Unless you're serving in a combat zone/direct-support area or contributing catch-up funds, the annual elective deferral limits still apply. If you reach the limit before the final pay date of the year, you could lose out on Service Matching Contributions.

 **NATIONAL GUARD AND RESERVE**

**What if I have a military and civil service TSP or other salary-deferred plan?**

If you're in the National Guard or Reserve and have both a military and civil service TSP or if you have a retirement private-sector plan, you're generally subject to the same total annual elective deferral limit for all your plans on a cumulative basis.

- **Contributing more by catching up.** If you're age 50 or older, grow your TSP account beyond the maximum with catch-up contributions on a traditional (pretax) or a Roth (after-tax) basis. This is allowed as long as you don't go past the IRS dollar-amount cap, which in 2018 is \$6,000. This is in addition to the annual elective deferral limit. If you're eligible to make tax-exempt-pay catch-up contributions (i.e., because you're deployed to a combat zone), these funds can go into only a Roth TSP.
- **Compounding.** Another way to see your TSP account grow is through the power of compounding. This allows you to make money on the contributions you make to your retirement account from your basic pay, receipt of any government-provided contributions and from the money

earned by those contributions. With compounding, even your pocket change has power. Using an example borrowed from TSP.gov, the U.S. Securities and Exchange Commission's investment information hub, look at the power of compounding at work:

Let's say your basic pay is

**\$2,000** per month

and you

save **5 percent**  
in your TSP account.



If you leave the Uniformed Services after **10 years**, you could have more than **\$17,300.\***

Even if you never add any more money, that \$17,300 could grow to almost **\$100,000 in 25 years.\***

**And consider this:** if you are contributing 5 percent of your basic pay, then under BRS you are receiving automatic and matching contributions from the government for a total of **10 percent**.

That means you could have almost **\$200,000.\***



**That's the power of compounding!**

\*Figures based on the L 2050 Fund's projected long-term returns. Returns are not guaranteed and may be substantially less. Visit TSP.gov to learn more.

**Assessing and managing risk.** The contributions that go into your TSP are deposited among your choice of individual investment funds or lifecycle funds. Unless you invest in U.S. Treasury bonds or put funds in a federally guaranteed savings account, most investments carry risk from year to year. Take these steps to create a retirement savings plan that works for you:

- **Think about your retirement needs.** Consider how much income you want and need in retirement, when you expect to retire and stop working, and the mix of funds likely to be available at retirement along with the TSP (e.g., pension, Social Security or other savings).
- **Determine your horizon for investing.** Assess how much time you have until you will withdraw retirement funds, sometimes referred to as your time horizon. If you have a longer 30-year time horizon, you could take more risk with your TSP investments early on and shift to a more conservative approach as retirement nears. (TSP Lifecycle funds do this for you. See the "Fund Choices" subsection for more information.)
- **Consider index investing.** TSP offers several index funds, which are funds structured to mimic the performance of a certain market index. The TSP Common Stock Fund (C Fund), for instance, is structured to match the performance of the Standard & Poor's 500 Index, which is made up of stocks of 500 large- to medium-sized U.S. firms in finance, health care, information technology, retail and other industries.
- **Diversify.** The cliché "Don't put all your eggs in one basket," sums up this action. If you spread your contributions among the different types of investment classes available through TSP funds, you're more likely to see a higher rate of return over time, as higher-performing assets balance out lower-performing ones.
- **Take it with you.** With portability under the BRS you can take the funds in your TSP with you after you separate, even if it's before 20 years. You can move the money to another retirement account, reinvest the funds into a qualifying employer's retirement program or convert the funds into another qualifying investment. You can also choose to leave the money in your TSP and see it compound long after you've left service.
- **Withdraw funds at retirement.** TSP funds are meant to grow into a large nest egg to use as income at retirement. That's why TSP withdrawals are only penalty-free once you reach age 59 1/2. Before you consider an early TSP withdrawal, research how much money you could lose to added taxes, tax penalties, contribution restrictions and other ramifications.

**Fund choices.** The TSP offers two investment approaches:

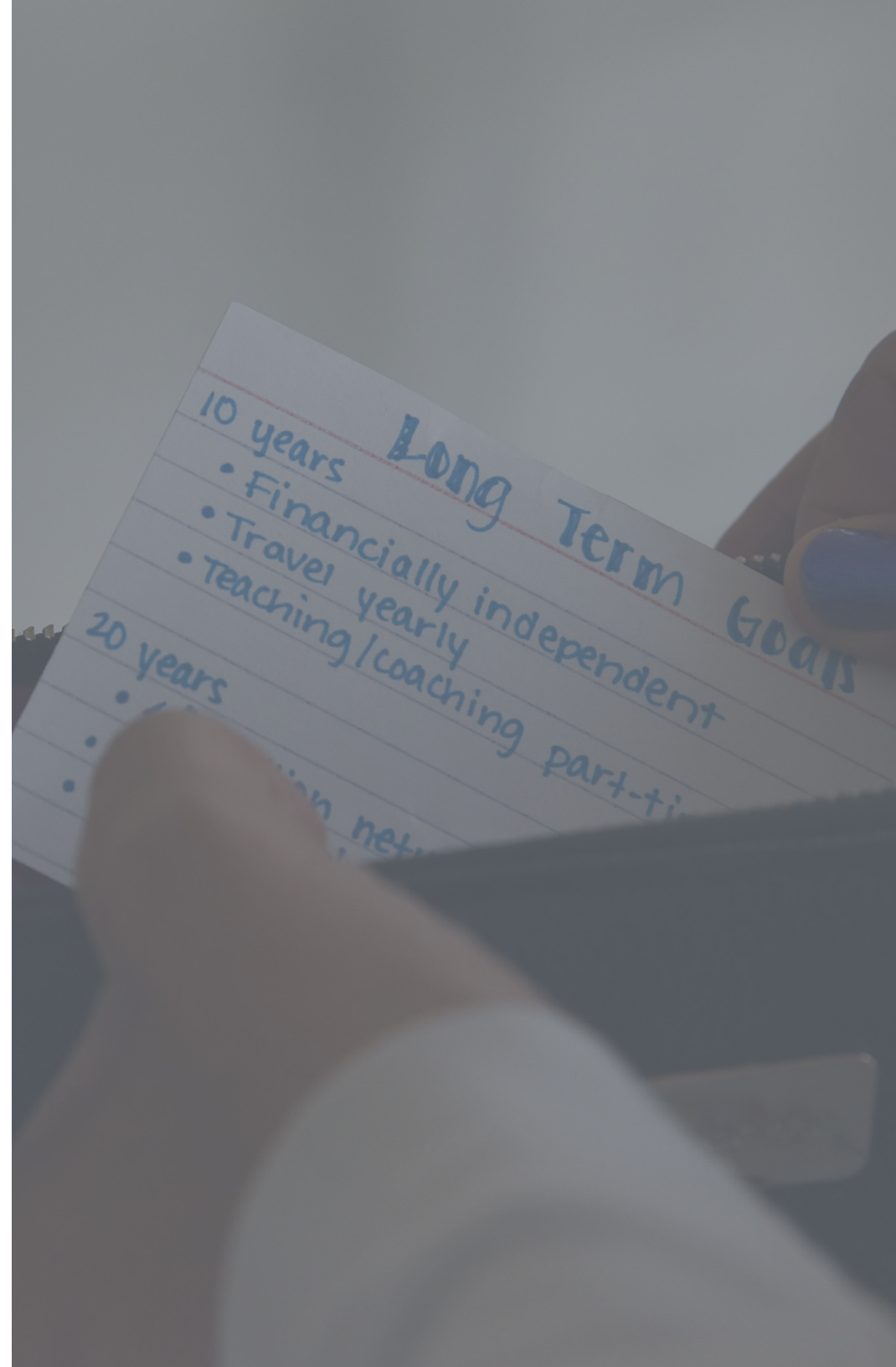
- **Lifecycle (L) funds** – Choose to invest through one of five professionally designed portfolios of stocks, bonds and government securities. The five “L Fund” options – L 2050, L 2040, L 2030, L 2020 and L Income – are based on time horizons, or when you plan to start withdrawing money. With L Funds, the work of rebalancing your investments based on your time horizon is done for you.
- **Individual funds** – Choose your investment mix from among these TSP individual funds: Government Securities (G), Fixed Income (F), Common Stock (C), Small Cap (S) and International (I).
- **Account choices.** TSP offers both a traditional and Roth account. You’ll need to decide whether to invest in one or both. You can contribute according to IRS limits and adjust your TSP account online at any time. All government automatic and matching contributions are based on the total amount of money – traditional and Roth – that you contribute each pay period.
  - **Traditional (pretax)** – You defer paying taxes on your contributions and their earnings until you withdraw them. If you are a Uniformed Services member making tax-exempt contributions in a CZTE location, your contributions will be tax-free at withdrawal but your earnings will be subject to tax.
  - **TSP Roth (after-tax)** – You pay taxes on your contributions as you make them (unless you are making tax-exempt contributions), and your earnings are tax-free at withdrawal as long as you meet certain IRS requirements. This option may be preferred if you’re starting retirement investing in a lower tax bracket and expect to retire in a higher income bracket.

If you want to make contributions, you must submit a contribution election to tell your Service what portion of your pay you want to contribute and how you want to designate them between traditional and Roth. You cannot convert any portion of your existing traditional TSP balance to a Roth balance.

You can make both traditional and Roth contributions if you want. You can contribute in any percentages you choose subject to IRS limits and change your election at any time.

Your Service Matching Contributions are based on the total amount of money (traditional and Roth) that you contribute each pay period. All Service contributions are deposited into your traditional balance.

**NOTE:** Roth TSP is not the same as a Roth IRA. Annual contribution limits for a Roth TSP are the same as a traditional TSP account.



## Resources

Use these trainings, resources and tools to build your knowledge of the BRS.

### LEARN MORE ABOUT YOUR RETIREMENT OPTIONS.

#### Personal Financial Manager/Counselor

Get no-cost, personal support from an accredited Personal Financial Manager/Counselor at your installation's Family Center, or search at <http://militaryinstallations.dod.mil> or <https://www.jointservicesupport.org/spn>.

#### Helpful websites

Visit the BRS website at <http://militarypay.defense.gov/BlendedRetirement> or Military OneSource at <https://www.militaryonesource.mil>.

### OPT INTO THE BRS, CHANGE TSP CONTRIBUTIONS OR UPDATE YOUR INFORMATION.

Army, Navy and Air Force MyPay  
<https://mypay.dfas.mil/mypay.aspx>

Marine Corps Marine Online  
<https://www.mol.usmc.mil>

Coast Guard and NOAA Direct Access  
<https://portal.direct-access.us>

### ADDITIONAL RETIREMENT PLANNING RESOURCES.

#### Department of Defense

DoD policy: Implementation of BRS  
<http://militarypay.defense.gov/BlendedRetirement>

Military Community and Family Policy Planning for Retirement fact sheet  
<http://download.militaryonesource.mil/12038/MOS/Factsheets/Factsheet-Plan-for-Retirement.pdf>

Retirement Cost-of-Living Adjustments webpage  
<http://militarypay.defense.gov/Pay/Retirement/Cola.aspx>

TSP Under the BRS webinar  
[http://www.militaryonesource.mil/social/webinar-archives?program=pfm%7Ccontent\\_id=295883](http://www.militaryonesource.mil/social/webinar-archives?program=pfm%7Ccontent_id=295883)

#### Thrift Savings Plan

##### IRS Contribution Limits

<https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html>

##### Questions and Answers About Opting Into the Blended Retirement System

<https://www.tsp.gov/PDF/formspubs/tspfs01.pdf>

##### Retirement Planning Along Career Phases

<https://www.tsp.gov/PlanningTools/RetirementPlanningPhases/index.html>

##### Summary of the Thrift Savings Plan

<https://www.tsp.gov/PDF/formspubs/tspbk08.pdf>

##### Thrift Savings Plan Investment Options video series

[https://www.youtube.com/playlist?list=PLz\\_6hPnw1Qq5W5U3hZiD0c05gZKkFStT1](https://www.youtube.com/playlist?list=PLz_6hPnw1Qq5W5U3hZiD0c05gZKkFStT1)

##### Thrift Savings Plan website

<https://www.tsp.gov>

### U.S. SECURITIES AND EXCHANGE COMMISSION

#### Investor.gov website

<https://www.investor.gov>

#### Investor.gov Before You Invest video series

<https://www.investor.gov/additional-resources/specialized-resources/public-service-campaign>

#### Investor.gov Leaving the Military webpage

<https://www.investor.gov/additional-resources/specialized-resources/military/leaving-military>

### U.S. SOCIAL SECURITY ADMINISTRATION

#### Retirement Planner: Military Service

<https://www.ssa.gov/planners/retire/veterans.html>

## Glossary

**Defined benefit** – A retirement account your Service maintains to give you a fixed payout when you retire, predetermined by a formula based on the Service member's tenure and average of the Service member's highest three years of basic pay.

**Defined contribution** – A retirement plan under which the Service member and Service contribute to an individual account in the 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.

**Discounted rate** – The discount rate is published by DoD each year for administration of the lump sum provision. It is based on the Department of Treasury published market rate, plus a factor that accounts for the unique aspects of military service.

**Lifecycle Fund** – Lifecycle or "L" funds are professionally determined investment mixes that are tailored to meet investment objectives based on various anticipated retirement horizons. The objective is to strike an optimal balance between the expected risk and return associated with the fund.

**Personal Financial Manager/Counselor (PFM)/(PFC)** – Accredited managers or counselors who provide information about the Blended Retirement System, the Thrift Savings Plan and offer strategies to support positive financial choices. This service is available at no cost to active, National Guard and Reserve Service members, their families, and survivors.

**Portable retirement benefit** – A transferable account when you retire or separate from the Uniformed Services.

**Service Automatic (1%) Contribution** – Once a Service member has served 60 days, the member's Service will contribute an amount equal to 1 percent of the member's basic pay each pay date to the member's Thrift Savings Plan account. The member does not need to be making contributions to receive the Service Automatic (1%) Contribution.

**Service Matching Contributions** – Contributions made by your Service to the Thrift Savings Plan accounts of members who contribute their own money to the TSP. After completion of two years of service, the first 3 percent of the Service member's contribution is matched dollar for dollar by the Service and the next 2 percent is matched 50 cents on the dollar. This means that if a member contributes 5 percent of his or her basic pay to the TSP, the Service will contribute another 4 percent to the member's TSP account.

**TSP Traditional (pretax) account** – The Service member defers paying taxes on their contributions and their earnings until they withdraw them. If they are making tax-exempt contributions in a Combat Zone Tax Exclusion (CZTE) area or a Direct Support Area (DSA), their contributions will be tax free at withdraw, but their earnings will be subject to tax.




**TSP ROTH (after-tax) account** – The Service member pays taxes on their contributions as they make them (unless they are making tax-exempt contributions), and the earnings are tax-free at withdrawal as long as they meet certain IRS requirements. This option may be preferred if the Service member is in a lower tax bracket now and expects to retire in a higher income bracket.

**Vesting** – Vesting is the right a Service member has to keep the money and the interest earned on that money the Service contributed to their retirement account. Under the BRS, vesting is based on the length of time the Service member is in the Uniformed Services. Once 'vested' that amount of money in the Service member's retirement account is theirs to keep and the Service cannot take it back.





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