

The Blended Retirement System



On Jan. 1, 2018, a new military retirement system will be introduced. Retirement pay will be reduced in exchange for automatic and matching TSP contributions, a mid-career continuation pay bonus and options to receive a portion of retirement pay in the form of a one-time payment.

Who will be affected?

- Anyone who has less than 12 YOS as of Dec. 31, 2017 and elects to convert to the new system
- Anyone who enters service on or after Jan.1, 2018

Comparison of Plans

The traditional pension is not going away, but it will be **reduced by 20%** in the new retirement system.

Current plan

- TSP
- Pension = High-3 Average x YOS x 2.5%
- Monthly check at retirement



New plan

- TSP + DoD contributions
- Pension calculation = High-3 Average x YOS x 2%
- Continuation Pay
- Monthly check OR one-time payment + reduced monthly check at retirement

20% DROP IN MONTHLY PENSION PAYMENTS

Automatic and Matching TSP Contributions

The government is providing an incentive to contribute to the TSP by offering matching contributions, but future TSP returns will vary and are not guaranteed.

You Contribute	DoD Auto Contribution	DoD Matches	Total
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%
>5%	1%	4%	your contribution + 5%



- Automatic Contribution of 1% of basic pay – eligible after 60 days of service
- Matching Contributions up to 4% of basic pay – eligible after 2 YOS
- Contributions will continue until completion of 26 YOS

Continuation Pay

 2.5-13 months of basic pay
Depending on career field and military's needs



- Between 8 and 12 YOS, a continuation pay bonus will be offered in exchange for a commitment to serve a minimum of 3 years.
- The bonus may be received in a lump sum or a series of equal annual payments not to exceed 4 consecutive years.
- The bonus is subject to repayment if the service member does not satisfy the time or skill requirements.

Three Options for Collecting Your Retirement Pay

100% Retirement Pay

At retirement, begin receiving full monthly retirement pay

25% One-Time Payment
75% Retirement Pay

Receive 25% one-time payment + 75% of earned retirement pay

50% One-Time Payment
50% Retirement Pay

Receive 50% one-time payment + 50% of earned retirement pay



For both one-time payment options, the reduced retirement pay remains in effect until the retiree turns 67. At that time, retirement pay will be restored to the full amount earned.