



## Defined Benefit (Pension)

The National Defense Authorization Act for Fiscal Year 2016 created a new military retirement system that blends the traditional legacy retirement pension (defined benefit) with a defined contribution to Service members' Thrift Savings Plan (TSP) accounts. The new Blended Retirement System (BRS) goes into effect on Jan. 1, 2018. Members of the National Guard or Reserve are also eligible for a defined benefit after reaching 20 qualifying years of service. The Department of Defense has no position on which retirement system is better and encourages Service members to talk to as many people as they can, particularly family members and financial professionals, to aid in making the right decision for them.

Under the BRS, the defined benefit is calculated as:

**2.0%**

**X**



**X**



**Multiplier**

**Years Served**

**Retired Base Pay**

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## Defined Benefit Basics

**The multiplier.** The multiplier is the percentage of your retired base pay you receive for each year of service. Under the BRS your multiplier is 2 percent per year of service.

**Longer years served equals a higher retirement benefit.** If you retire at 20 years of service under BRS, you'll receive 40 percent of your highest 36-months\* of basic pay as your defined benefit. That percentage increases by 2 percent for each additional year of service.

*\*After retirement, National Guard and Reserve members' longevity for pay purposes continues while waiting for receipt of retirement pay (known as the gray area).*

**Inflation.** The defined benefit has an annual cost of living adjustment (COLA). This means your monthly retired pay will change with inflation. The COLA for the BRS is determined each year by the Consumer Price Index for Urban Wage Earners and Clerical Workers.

**Calculate options.** Calculate your potential defined benefit using the official DoD BRS Comparison Calculator at <http://militarypay.defense.gov/Calculators/BRS>.

**National Guard and Reserve:** You will need 20 qualifying years of service to be eligible for a non-regular retirement defined benefit at age 60. However, this age may be reduced as low as age 50 with creditable active service performed since the beginning of 2018. To determine a non-regular retirement, National Guard and Reserve members must calculate their equivalent years of active service.

*For example:* After determining equivalent years of service, the formula for the defined benefit is the same.

Reservist with  
**4,860**  
retirement points

÷

Total retirement points

360

=

**13.5**  
Equivalent years  
of service

## Resources

- **Learn** more about the BRS at <http://militarypay.defense.gov/BlendedRetirement>.
- **Explore** Military OneSource and other financial resources at <https://www.militaryonesource.mil>.
- **Locate** an accredited Personal Financial Manager or Counselor at your installation's Family Center, or search at <http://www.militaryinstallations.dod.mil>.