



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 government payments made into your individual Thrift Savings Plan (TSP) account, also known as a defined contribution.

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 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 retirement plans. This section provides more in-depth information on 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

The BRS at a glance



| Defined benefit | |
|---|---|
| Defined benefit vesting | 20 years of service (YOS) |
| Defined benefit multiplier | 2.0% |
| Defined benefit working age annuity | 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). |
| Defined benefit retirement age | 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). |
| Defined benefit cost-of-living adjustment (COLA) | Full COLA |
| Defined benefit disability retired pay | Disability rating (minimum 30%) capped at 75% or 2.0% multiplier |



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



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



| Lump sum | |
|-----------------------------|---|
| Lump sum options | 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. |
| Lump sum election | 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. |
| Lump sum eligibility | 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). |





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 during the opt-in period (Jan. 1–Dec. 31, 2018), 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.

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

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. You will be automatically enrolled in the TSP in the Lifecycle (L) fund closest to your full retirement year with a default contribution of 3 percent of your basic pay. 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 TSP 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 <https://www.tsp.gov> to move your money into any of the TSP fund choices or to allocate your future contributions to your TSP fund choices.



assignment

beliefs

paying 50

June

Contributions. You can immediately elect to contribute any whole percentage of your pay, up to the annual limits set by the Internal Revenue Service (IRS). Service members who do not make a contribution election will automatically be enrolled to contribute 3 percent of their basic pay. You may opt out of this automatic enrollment but, by law, will be re-enrolled each calendar year. You will receive the Service Automatic (1%) Contribution, and Service Matching Contribution proportionate to your basic pay contributions.

Matching contributions. Under the BRS, you may receive up to 4 percent in Service Matching Contributions at the beginning of your 25th month of service, 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. However, 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.

| 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 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.

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 re-enlistment 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.

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.



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.



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, 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.



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 defined contribution 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)-type salary deferral plans.

The retirement income you receive from your TSP account will depend on how much you and your Service 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.
- **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 to your traditional TSP account.
 - » Even if you're in a designated CZTE area or DSA, the amount you can contribute to your Roth TSP account is limited by the deferral amount set by the IRS.
 - » To continue making contributions once you hit the 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.
- **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 exceed the IRS dollar-amount cap. 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.



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.

- **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 multiple 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 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 <https://militarypay.defense.gov/BlendedRetirement> or Military OneSource at <https://www.militaryonesource.mil>.

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://hcm.direct-access.us>

ADDITIONAL RETIREMENT PLANNING RESOURCES.

Department of Defense

DoD policy: Implementation of BRS

<https://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

<https://militarypay.defense.gov/Pay/Retirement/Cola.aspx>

TSP in Blended Retirement System

https://www.militaryonesource.mil/-/title-tsp-in-blended-retirement-system?inheritRedirect=true&redirect=%2Fwebinars%3Fprogram%3Dpfm%25257Ccontent_id%3D295883

Thrift Savings Plan

Thrift Savings Plan website

<https://www.tsp.gov>

IRS Contribution Limits

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

Establishing Your TSP Account

<https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/establishingAccount.html#BRS>

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/tspb08.pdf>

Thrift Savings Plan Investment Options video series

https://www.youtube.com/playlist?list=PLz_6hPnw1Qq5W5U3hZiD0c05gZKkFStT1

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 withdrawal, 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.



Join the conversation with the Office of Financial Readiness on:

-  Facebook: <https://www.facebook.com/DoDFINRED>
-  Twitter: <https://www.twitter.com/DoDFINRED>
-  Instagram: <https://www.instagram.com/DoDFINRED>
-  YouTube: <https://www.youtube.com/channel/UCg0MPnnOV4wVimcGH1i-T8Q>