



## AIMS TOOLBOX

*This document is intended to provide some ideas that may be helpful in telling the Air & Space Forces story. Use any or all of it, and feel free to improve it. Please contact the POC with updates and suggestions.*

Topic/Title: Blended Retirement System

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Note: This is an unofficial summary of the BRS. It provides a simplified outline for discussion but the authoritative source is at <https://militarypay.defense.gov/blendedretirement/>

- The Blended Retirement System (BRS) is a new retirement system for service members who entered the military on or after January 1, 2018. The BRS combines elements of the legacy retirement system with benefits similar to those offered in many civilian 401(k) plans. BRS offers a retirement benefit to all service members, even those who don't serve for 20 years
- After Jan 1 2018, BRS is your retirement plan. All service members are automatically enrolled in a Thrift Savings Plan (TSP) account.
- The key feature of BRS is that the government will match up to 5% of base pay for members who invest in their TSP account. To maximize the value of the BRS, members should invest at least 5% of base pay to earn the full match.
- Members who serve for at least 20 years receive a lifetime defined benefit (which is 40% of base pay at 20 years, increasing 2%/year after 20), plus their TSP, including the government match.
- Members who separate before 20 years receive their TSP, including the government match.
- All members can receive a continuation pay bonus at 12 years if they agree to serve 4 more years. The amount of the continuation pay depends on the service, which can use it as a retention tool.
- A lump sum payout is available at retirement.
- TSP accounts are portable, so service members can keep their accounts even if they change jobs or leave the military. TSP accounts offer a variety of investment options and have the potential to provide higher returns than the legacy retirement system, especially for service members who invest consistently and maximize the government match.
- Under the old legacy system, members who separated before retirement receive no financial benefit. BRS offers the opportunity for those members to take away significant cash, but this depends on investing consistently and maximizing the government match.
- For members who retire with 20 or more years of service, the defined benefit payout is less than the legacy system, but the TSP match (esp over 20 or more years) can represent a big upside opportunity. In both cases, however, TSP performance depends on the market, so BRS shifts some risk to the member

### Additional Resources

- Military Times Pay and Benefits Guide: [https://www.militarytimes.com/pay-benefits/military-benefits/benefits-guide/2023/03/13/your-2023-military-times-pay-and-benefits-guide/?utm\\_source=sailthru&utm\\_medium=email&utm\\_campaign=mil-ebb&SToverlay=342f5a58-c37b-4142-b049-1f737335b507](https://www.militarytimes.com/pay-benefits/military-benefits/benefits-guide/2023/03/13/your-2023-military-times-pay-and-benefits-guide/?utm_source=sailthru&utm_medium=email&utm_campaign=mil-ebb&SToverlay=342f5a58-c37b-4142-b049-1f737335b507)