



MILITARY RETIREMENT

★ PLANNING FOR RETIREMENT



Retirement may seem distant, but it's important to start planning now to build financial security during your retirement. Fortunately, Military retirement consists of two components to help you get there. These components include retirement pay (pension) for serving for the equivalent of 20 years, and a Thrift Savings Plan (TSP) retirement savings account option regardless of time served. Here are a few reasons why now is the perfect time to start saving for retirement:

- The sooner you begin, the more money you may be able to accumulate.
- You cannot foresee how long you will be able to work. Injury, illness or other difficulties could interrupt your future earning and saving ability.
- You do not know how long retirement will last. While you may be able to outlive your TSP savings, you can't outlive a pension. This is one of the reasons staying in 20 years is so valuable.

★ THE LEGACY "HIGH-3" RETIREMENT SYSTEM KEY POINTS

- For Sailors who first entered active duty after September 8, 1980, but before January 1, 2018
- Typically requires 20 years of service to qualify for retirement pay (pension)
- Reservists must complete 20 qualifying years of service and attain age 60 (or earlier based on qualifying active service)
- Thrift Savings Plan is available and is funded only by Sailor contributions

CALCULATING THE MONTHLY PENSION:

2.5%	X		X		
		Years Served*		Average for the highest 36 months of basic pay	Retired Monthly Pay
EXAMPLE: E-7 RETIRING TODAY					
2.5%	X	20 Years Served	X	\$4,700	= \$2,350
EXAMPLE: O-5 RETIRING TODAY					
2.5%	X	20 Years Served	X	\$8,900	= \$4,450

*Reservists should divide accumulated retirement points by 360.

★ THE BLENDED RETIREMENT SYSTEM (BRS) KEY POINTS

- For Sailors who first entered active duty after January 1, 2018, or those who opted into BRS
- Offers automatic and matching contributions to your Thrift Savings Plan
- Offers Continuation Pay
- Typically requires 20 years of service to qualify for retirement pay (pension)
- Offers Lump Sum Option

ELIGIBILITY

Effective January 1, 2018, all new Sailors fall under the Blended Retirement System (BRS). One exception is individuals who were attending a service academy as of December 31, 2017 or who were in ROTC with a signed contract as of December 31, 2017. These individuals will be grandfathered under the Legacy Retirement System with the opportunity to opt into BRS within 30 days after commissioning (or being placed in pay status).

The Navy will automatically contribute 1% of your basic pay to your TSP after 60 days of service. You become fully vested (the money becomes yours and you can take it with you when you leave the military) when your third year of service begins. Matching contributions also begin at that point.

AUTOMATIC AND MATCHING CONTRIBUTIONS

YOUR CONTRIBUTION	DoD AUTO CONTRIBUTIONS	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%

For Sailors who opt into the BRS, matching contributions are immediately vested. However, the 1% automatic contribution requires a minimum of two years of service for vesting to occur.

CONTINUATION PAY

Sailors enrolled in the BRS may be eligible to receive a mid-career (currently at 12 years of service) cash payment in exchange for an agreement to perform additional obligated service. This one-time payment is in addition to any other career field-specific incentives or retention bonuses.

CALCULATING THE MONTHLY PENSION:

2%

X



Years Served*

X



Average for the highest 36 months of basic pay

Retired Monthly Pay

EXAMPLE: E-7 RETIRING TODAY

2%

X

20 Years Served

X

\$4,400

=

\$1,760

EXAMPLE: O-5 RETIRING TODAY

2%

X

20 Years Served

X

\$8,400

=

\$3,360

*Reservists should divide accumulated retirement points by 360.

★ LUMP SUM OPTION

The lump sum option is a feature of the Blended Retirement System (BRS), which gives Sailors choices at retirement. Sailors participating in BRS who qualify for retired pay, (a pension) may be eligible to elect either a 25% or 50% discounted portion of their monthly retired pay as a lump sum in exchange for reduced monthly retired pay. Monthly retired pay returns to the full amount when the Sailor reaches their full Social Security retirement age, which for most is age 67.

★ ADDITIONAL INFORMATION ABOUT RESERVE RETIREMENT PAY

- Reserve duty personnel are generally eligible for retirement pay (a pension) after completing at least 20 years of service and reaching 60 years of age. The amount of pay is based on a point system geared to the type of active and inactive duty performed.
- Reserve members with 20 or more years may be eligible to receive retired pay before 60 years of age based on qualifying active duty service.
- You will receive retirement pay for life. The pay amount is periodically adjusted to the cost-of-living index. Upon your death, your spouse and children may receive payments only if you arrange it through the Survivor Benefit Plan (SBP) before you retire.