



Blended Retirement System (BRS) Non-Regular Retirement Supplemental Information

National Guard and Reserve Considerations



- The Blended Retirement System (BRS), in addition to active component Service members counterparts, also applies to members of the Reserve Component (National Guard and Reserve) with some differences.
- These differences, just like with the legacy retirement plan, recognize the differences in operations and compensation between the active and reserve components.
- This brief provides supplementary information on how BRS may impact non-regular retirements for members of the National Guard and Reserves

- Army National Guard
- Army Reserve
- Air National Guard
- Air Force Reserve
- Navy Reserve
- Marine Corps Reserve
- Coast Guard Reserve
- Ready Reserve Corps of the Public Health Service Commissioned Corps

TOPICS

WHAT IS THE RESERVE COMPONENT?

WHAT IS REGULAR VS. NON-REGULAR RETIREMENT?

HOW IS NON-REGULAR RETIREMENT CALCULATED TODAY?

HOW WILL NON-REGULAR RETIREMENT BE CALCULATED UNDER BRS?

WHAT ARE BENEFITS OF BRS FOR NON-REGULAR RETIREES?

WHO IS OPT-IN ELIGIBLE?

CIVILIAN RETIREMENT CONSIDERATIONS

HOW TO VERIFY RETIREMENT POINTS

Who in the Reserve Component is Eligible for BRS?



- Army National Guard
- Army Reserve
- Air National Guard
- Air Force Reserve
- Navy Reserve
- Marine Corps Reserve
- Coast Guard Reserve
- Ready Reserve Corps of the Public Health Service Commissioned Corps

- Follow RC rules for Opt-In Eligibility
- Follow AC rules for Continuation Pay

Active Guard / Reserve Full-Time Support (AGR/FTS)*



- Drilling Unit Reservists
- Individual Mobilization Augmentees (IMA)
- “drilling reservists”
- “traditional Guardsmen”
- “M-days”

Selected Reserve



Individual Ready Reserve (IRR)

- Can only opt-in if return to “paid status”
- If first return to paid status is after 2018, decision will be made within 30 days of re-entry

Active Status List of the Standby Reserve



- Can only opt-in if return to “paid status”
- If first return to paid status is after 2018, decision will be made within 30 days of re-entry

Regular vs. Non-Regular Retirement



- National Guard and Reserve members may qualify for a Regular or a Non-Regular Retirement



- Requires 20 active service years
- Retired pay begins on the 1st day of the 1st month following retirement

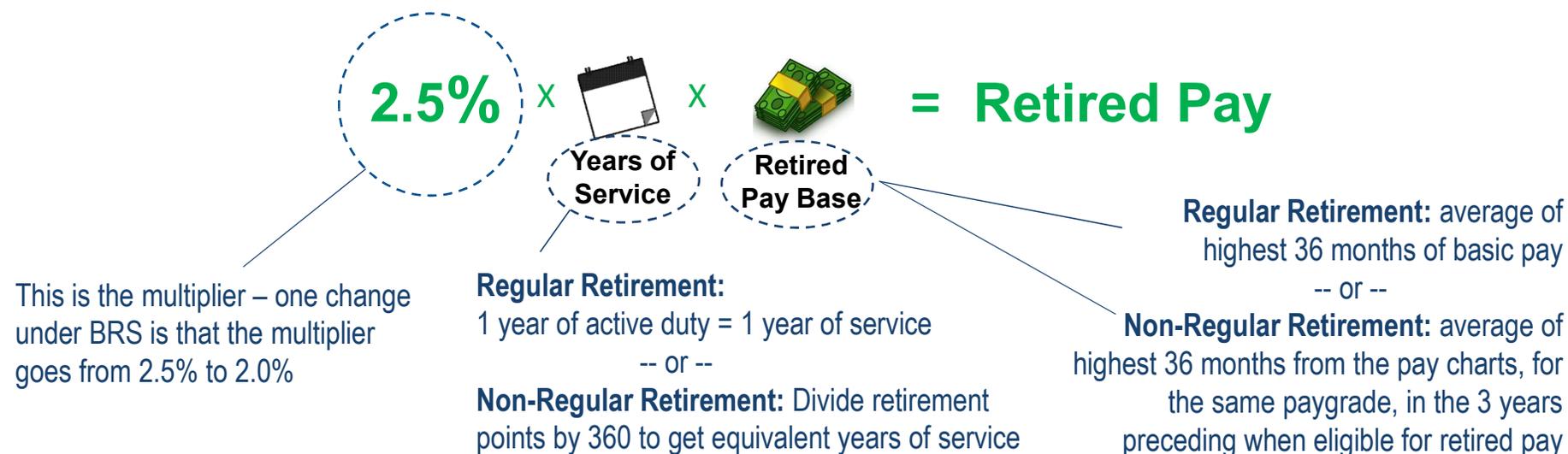


- Requires 20 “qualifying years” of service
- Qualifying year means 50 or more points of any type (active duty, AT, ADT, IDT, Funeral Honors, membership points, etc.)
- Retired pay does not begin until age 60, although some members may qualify for reduced age retirement*

Regular vs. Non-Regular Retirement, cont'd



- Regular and Non-Regular Retirement use the same formula to calculate retired pay, but...
- ...determining “years of service” and “retired pay base” is different



Regular vs. Non-Regular Retired Pay Calculation under Legacy System

EXAMPLE



E-7 Born 1980
Joined Military 1998
Retires Jan. 2018

2.5% x  x  = Retired Pay

E-7 Born Jan. 1980
Joined Military 1998
Retires Jan. 2018
Earned 2,600 points

Regular

- 1 Determine total years and months of active service = 20 years, 0 months
- 2 $2.5\% \times 20 \text{ years} = 50\%$ retirement
- 3 Retired Pay Base is the average of highest 36 months of basic pay:
 2017 E-7 over 18: \$4,516.80
 2016 E-7 over 18: \$4,423.80
 2015 E-7 over 16: \$4,242.30
 Average: \$4,394.30
- 4 $50\% \times \$4394.30 = \mathbf{\$2,197}$
1st month's retired pay in Feb 2018

Non-Regular

- 1 Divide retirement points by 360
 $2600/360 = 7.22$ equivalent years
- 2 $2.5\% \times 7.22 \text{ years} = 18.05\%$ retirement
- 3 Retired Pay Base is the average of highest 36 months of basic pay as if the member continued to accrue longevity until age 60* (from 2037-2039): \$9,338
- 4 $18.05\% \times \$9,338 = \mathbf{\$1,685}$
1st month's retired pay in 2040

* The age of eligibility for non-regular retired pay is 60, but this can be reduced based on certain types of active service performed after 2008, see DoDI 1215.07, "Service Credit for Non-Regular Retirement"

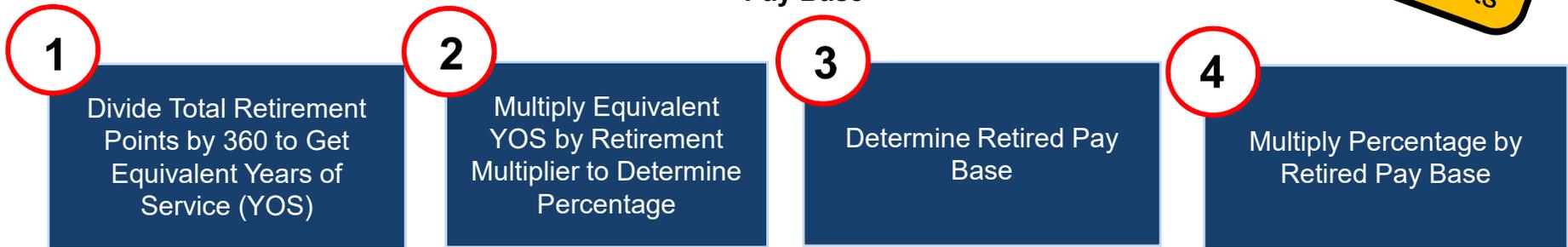
Non-Regular Retirement Defined Benefit (Legacy)



- This Reserve Component member is entitled to an estimated \$1,685 in monthly retired pay under Legacy beginning in 2040 at age 60 (1)

$$2.5\% \times \text{Years of Service} \times \text{Retired Pay Base} = \text{Retired Pay}$$

E-7 Born Jan. 1980
 Joined Military 1998
 Retires Jan. 2018
 Earned 2,600 points



$$\begin{array}{r} 2,600 \text{ points} \\ \div 360 \\ \hline = 7.22 \text{ YOS} \end{array}$$

$$\begin{array}{r} 7.22 \text{ YOS} \\ \times 2.5\% \\ \hline = 18.05\% \end{array}$$

E-7 in 2037 = \$9,053 / mo.
 E-7 in 2038 = \$9,334 / mo.
 E-7 in 2039 = \$9,628 / mo.
 High-36 = \$9,338 (2)

$$\begin{array}{r} 18.05\% \\ \times \$9,338 \\ \hline = \$1,685 (3) \end{array}$$

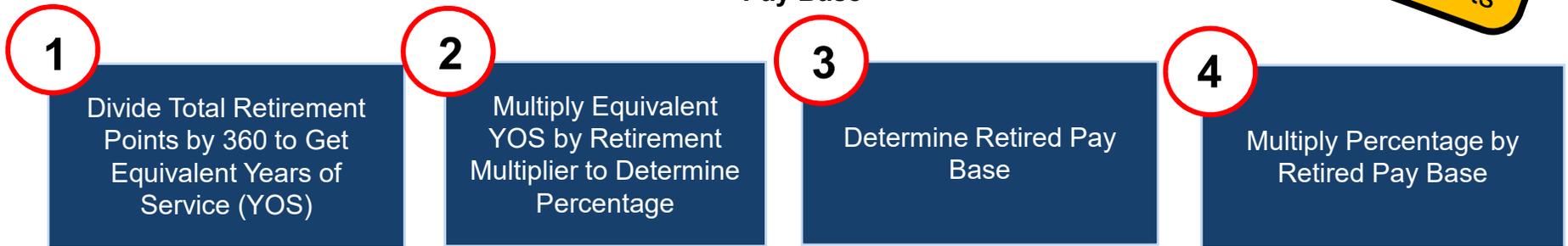
Non-Regular Retirement Defined Benefit (BRS)



- The same Reserve Component member is entitled to an estimated **\$1,348** in monthly retired pay under BRS beginning in 2040 at age 60 ⁽¹⁾

$$2.0\% \times \text{Years of Service} \times \text{Retired Pay Base} = \text{Defined Benefit of BRS}$$

E-7 Born Jan. 1980
 Joined Military 1998
 Retires Jan. 2018
 Earned 2,600 points



$$\frac{2,600 \text{ points}}{360} = 7.22 \text{ YOS}$$

$$7.22 \text{ YOS} \times 2.0\% = 14.44\%$$

E-7 in 2037 = \$9,053 / mo.
 E-7 in 2038 = \$9,334 / mo.
 E-7 in 2039 = \$9,628 / mo.
 High-36 = \$9,338 ⁽²⁾

$$14.44\% \times \$9,338 = \$1,348 \text{ ⁽³⁾}$$

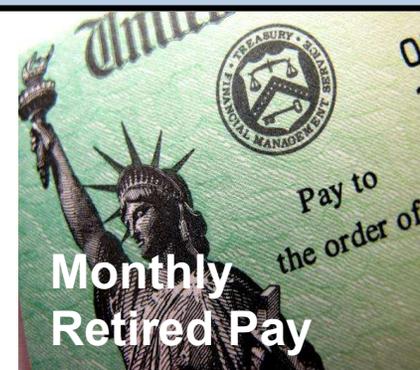
Non-Regular Retirement (BRS)



Defined Benefit

*Retired pay begins at age 60 or earlier with creditable active service**

- Switching to BRS means monthly retired pay decreases by 20%, \$1,685 to \$1,348 in previous example...
- ...but, BRS blends military retired pay, for those who serve > 20 years, with TSP automatic and matching contributions, even if don't serve 20 years
- Only have to serve for 2 years to keep all government TSP contributions plus earnings...this means earlier retirement benefits for majority of the force



Defined Contribution



Individual Contribution	Agency Automatic Contribution	Agency Matching Contribution	Total TSP Monthly 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%

NOTE: Currently serving members who opt-in will see matching contributions immediately

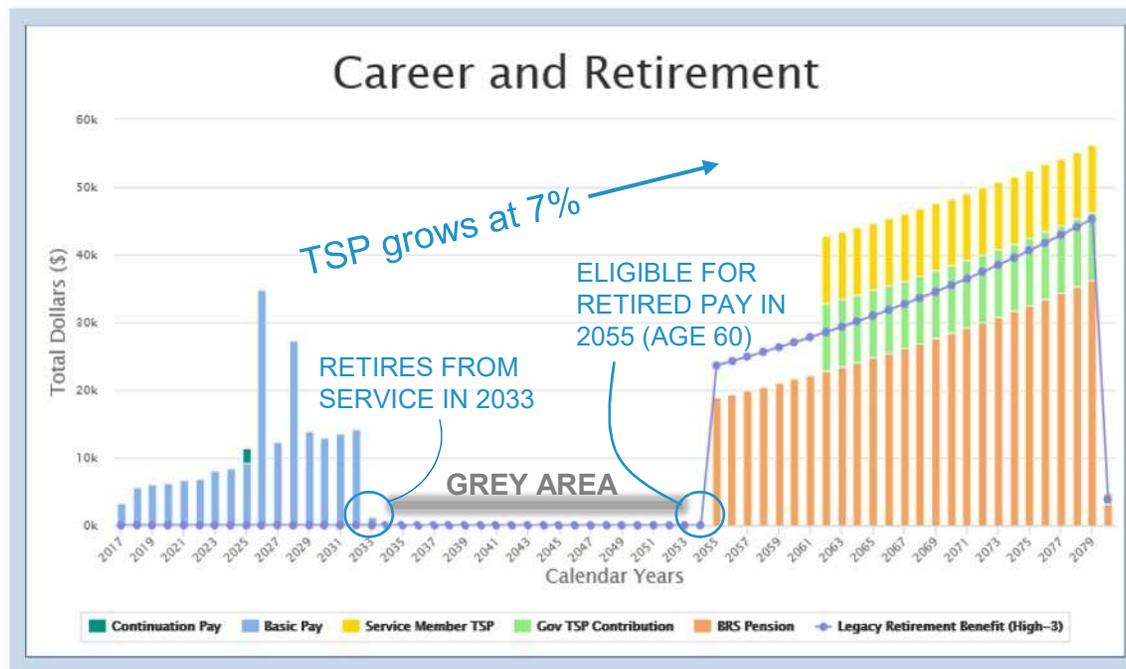
* The age of eligibility for non-regular retired pay is 60, but this can be reduced based on certain types of active service performed after 2008, see DoDI 1215.07, "Service Credit for Non-Regular Retirement"

BRS Non-Regular Retirement + TSP

EXAMPLE



- This example shows a current E-5 who retires as an E-7 in 2033
- The member contributes 5% to her own TSP from 2018 through 2033, the government contributes 5% on top of that
- Under the Legacy Retirement, the member will get \$837,752 in total retired pay, which is 20% higher than the \$670,202 she will get under BRS, but...
- She will also get \$180,288 from the growth of the government's contribution to her TSP, assuming 7% growth...for a total of \$850,490 in government retirement benefits
- With BRS she's also eligible to elect to take a lump sum of retired pay...



Your lifetime retirement benefit in: Current Dollars Future Dollars

Continuation Pay at 12 years of service: \$5,234

Government Retirement Benefit



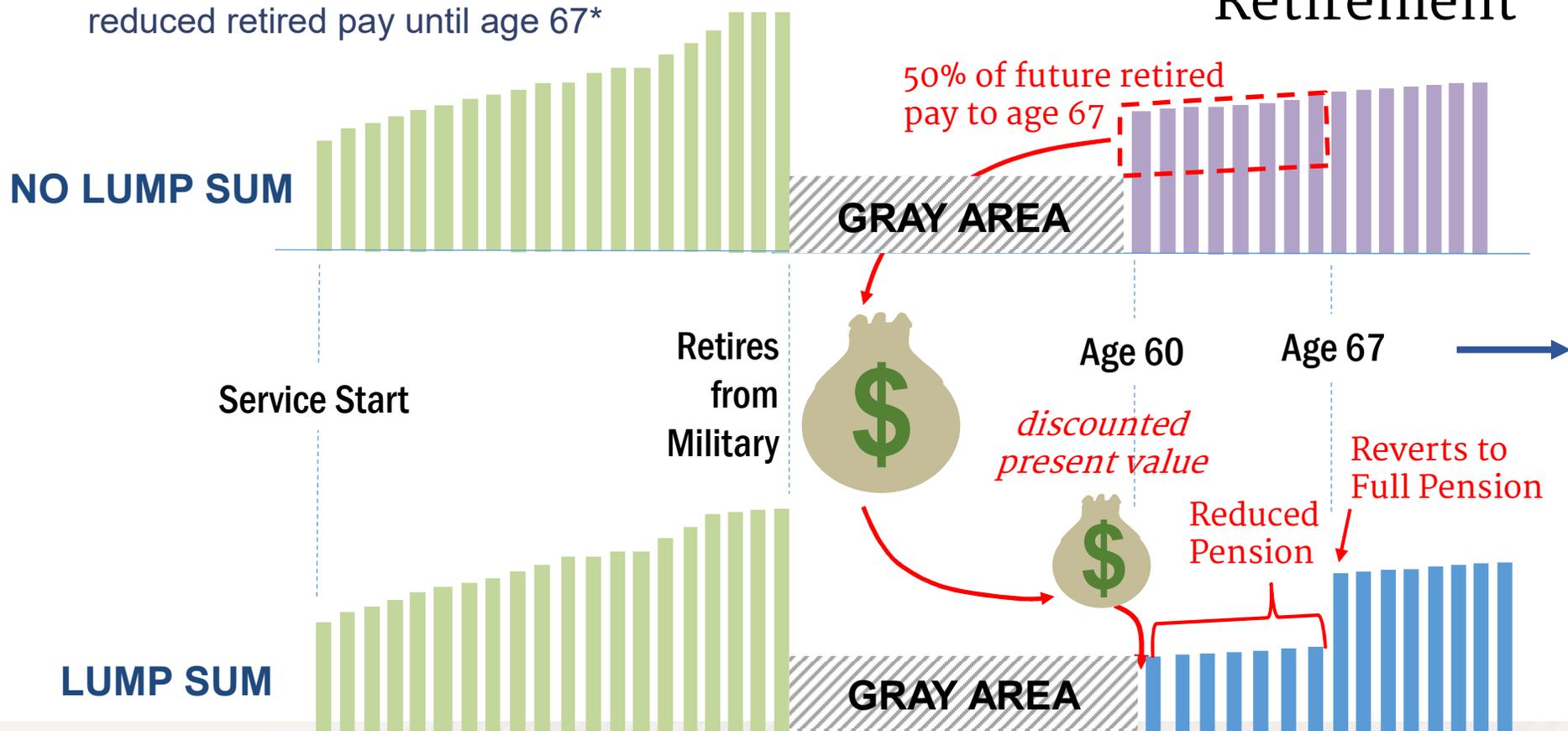
Lump Sum of Non-Regular Retirement

EXAMPLE



- Under the previous example, the non-regular retiree is eligible for a \$53,361 lump sum at age 60 in exchange for reduced retired pay until age 67*

Non-Regular Retirement



* The \$53,361 lump sum is based on 50% of the estimated retired pay between 2055 and 2062 at a 6.99% discount rate.

Non-Regular Retirement Opt-in Eligibility



- Opt-in eligibility is broader for Guard/Reserve members than it is for Active Component
 - Active must have < 12 years of service to opt-in
 - Guard/Reserve must have fewer than 4,320 points
 - Does not matter how many years Guard/Reserve members have served
 - AGR/FTS are eligible based on points, not years
- Guard/Reserve members must be in pay status to opt-in
 - Members of IRR/ING* can only opt-in upon return to pay status
 - Will be given extension if not returning to pay until after 2018
- Opt-in decision is irrevocable

Continuation Pay Rates and Eligibility

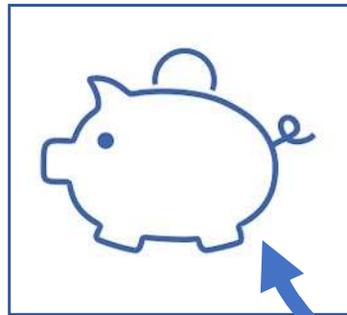


- CP is a bonus paid between 8 YOS and 12 YOS, as measured from Pay Entry Base Date, for an agreement to continue serving*
- Reserve Rate is 0.5x – 6x monthly basic pay of an active duty member of same paygrade at time agrees to continue serving
- AGR/FTS paid Continuation Pay at same rate as Active Component (2.5x – 13x) if they agree to continue on active duty
- Some Guard/Reserve members may be eligible to opt-in but will NOT be eligible for Continuation Pay
 - Possible to have less than 4,320 points for opt-in eligibility, but have more than 12 years of service from Pay Entry Base Date
 - Members with more than 12 years of service are not eligible for Continuation Pay

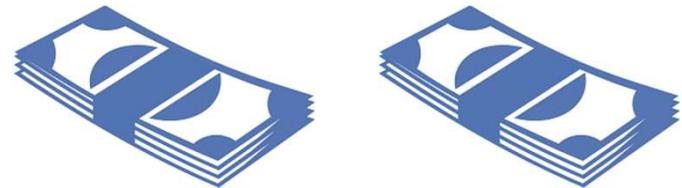
Thrift Savings Plan Considerations

To maximize the advantage of government and civilian employer contributions, members must allocate their contributions to maximize employer match(es)

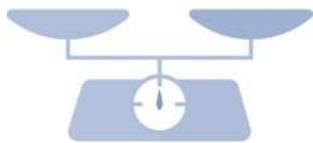
Contribution Limits



BRS allows **Service** members to save for retirement + receive government automatic and matching contributions



1% Automatic + Up to 4% Match



But... Service members with civilian employer “salary deferral” retirement plans need to track their own contributions (“salary deferrals”) to the plans they participate in. These could include a 401(k), 403(b), Civilian TSP, and or Uniformed Service TSP.



Civilian 401(k)

+



Salary deferrals from all sources of income are subject to a combined into the individual’s annual limit set by the IRS



Verify Retirement Point Calculations



- 4,320 Retirement Points as of Dec 31, 2017 is the threshold
 - If you have more than 4,320 retirement points, then you are grandfathered under your current retirement system
 - If you have less than 4,320 retirement points, you are grandfathered under your current retirement system but will have the choice of whether or not to opt into BRS
- To Verify Retirement Point Calculations:
 - **Army National Guard:** Soldiers should review their Retirement Points Account Management (RPAM) System report, per NGR 680-2. The State RPAM NCO conducts this review annually near the birth month of the member, an updated copy is then posted to the Member IPERMs record
 - **Air National Guard:** Airmen should refer to the Air Force Portal, Virtual Military Personnel Flight (vMPF), point summary website at <https://www.my.af.mil/afpc2ww3/vmpf/Hub/Pages/ConfirmInfo.asp>
 - **Army Reserve:** Soldiers should review their Chronicle Retirement Point Statement DA 5016 at www.hrc.army.mil. Select "My Record" tab to review. Note: CAC card required.
 - **Marine Corps Reserve:** Marines should review their Career Retirement Credit Report at <https://mol.tfs.usmc.mil/mol>.
 - **Navy Reserve:** Sailors should review their records at <https://www.bol.navy.mil/ARPR/>
 - **Air Force Reserve:** Airmen should review their ANG/USAFR Point Credit Summary Inquiry (PCARS) on the MyPers website via the Air Force Portal.