Blended Retirement System
Opt-In Course

Facilitator's Guide

31 January 2017

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Purpose

This course is designed to provide Service members eligible to opt into the new Blended Retirement System (BRS) sufficient information to make an educated decision about their retirement system.

The purpose of this document is to provide guidance for the presentation of the web-based Blended Retirement System Opt-In Course in a facilitated, group setting.

Materials, Supplies, and Equipment

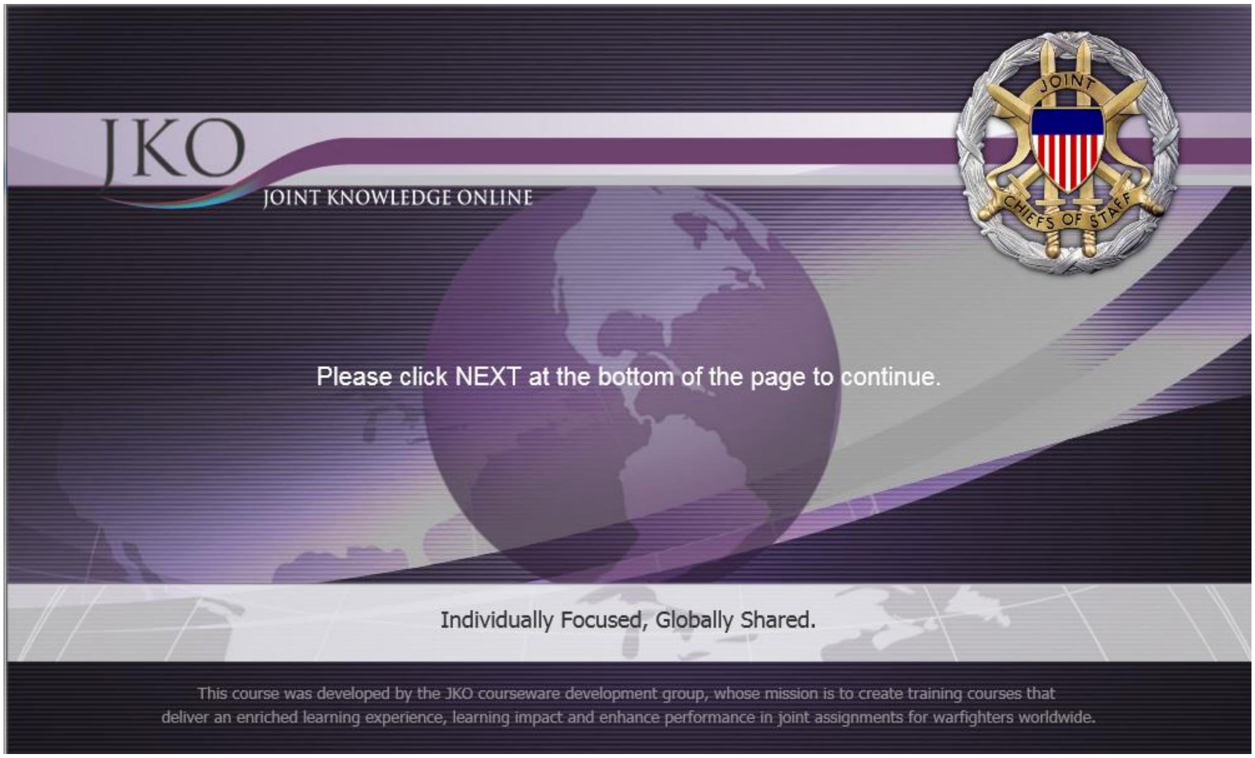
- Classroom with appropriate seating for the group
- Computer with speakers
- Projector with appropriate Digital Video Interface cable
- Internet Connection (a high-speed connection is recommended)
- Print copies of the Course Transcript and/or Retirement Planning Worksheet in advance to provide as handouts (if desired)

Getting Started

Facilitator Notes

- Log in to the JKO website using your CAC card or appropriate credentials.
- url: https://jkodirect.jten.mil/Atlas2/faces/page/desktop/DesktopHome.seam?cid=tab_1&tabId=1
- Launch or Resume the Blended Retirement System OPT-IN Course from your My Training tab.
- NOTE: If you have not already enrolled in the Blended Retirement System OPT-IN Course, you will need to enroll before launching the course.
- From the JKO Welcome page, click the Start tab in the upper left corner of the screen to view the course title page.

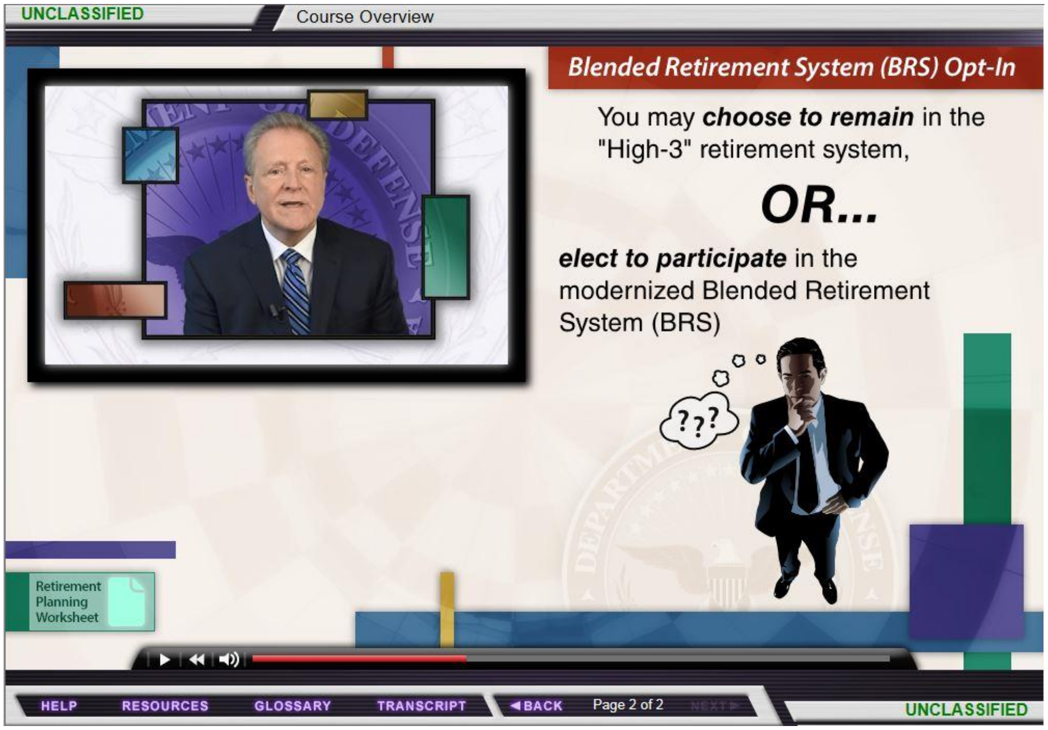
Course Title Page



Facilitator Notes

- From the Course Title page, click the Next Lesson tab at the top left of the page to continue to the Course Introduction.

Course Overview



Facilitator Notes
• Video Summary: The host provides an overview of the Blended Retirement System OPT-IN Course. • Allow the Course Overview video to play through. • Review the Course Learning Objectives as instructed. • The Course Pre Test follows the Overview and Objectives. You may either take the Pre Test with the group, or skip the Pre Test. If you plan to skip the Pre Test, you will need to complete the Pre Test in advance in order to use the Course Menu to bypass it later.

Congratulations! You are part of a select group of Service members who get to choose your retirement benefit system. It is vital you take the time to understand how both of the retirement systems work so that you can make an informed decision that's right for you and your family.

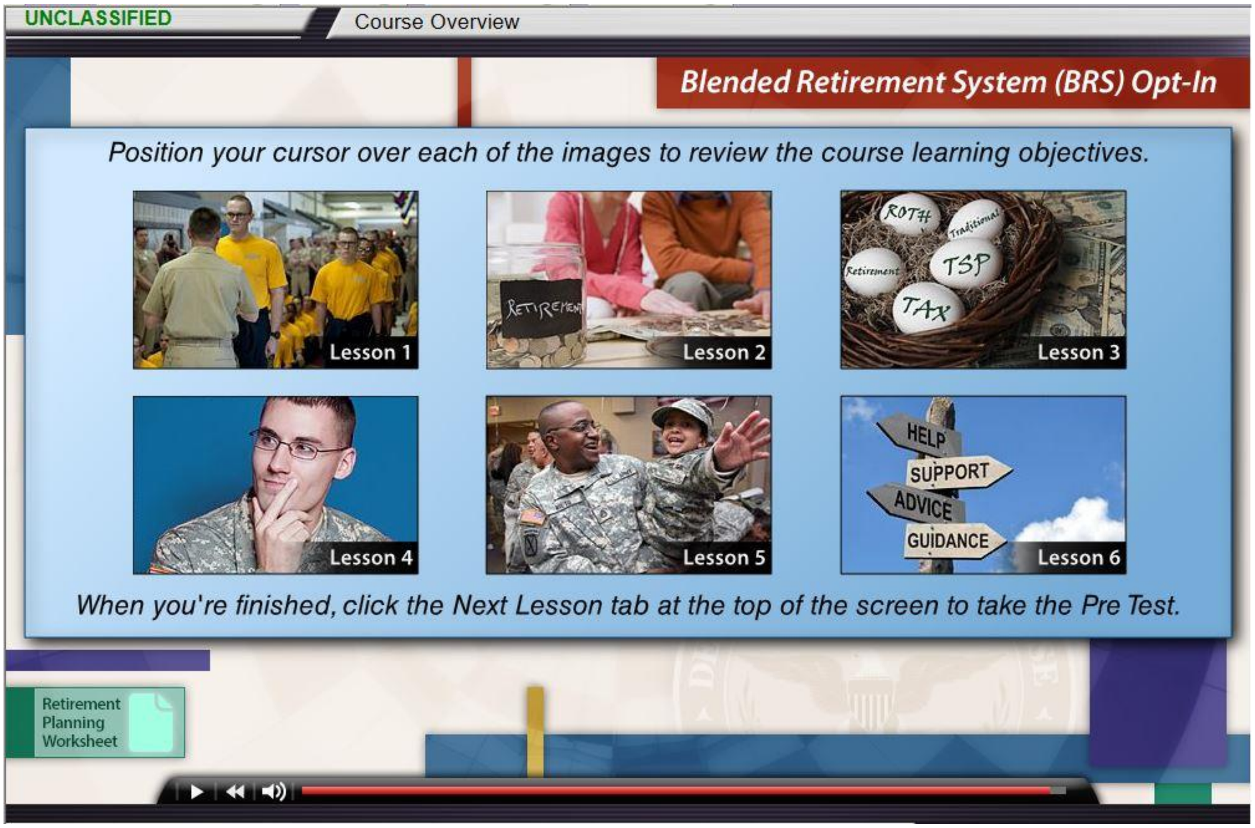
Currently, you are part of the legacy "High-3" retirement system which provides a defined retirement pay benefit if you complete 20 years or more of service. In addition, you have access to a non-matching, portable retirement system component known as the Thrift Savings Plan (TSP), where you may already be contributing.

You may choose to remain in the legacy "High-3" retirement system, or elect to participate in the modernized retirement system, commonly referred to as the Blended Retirement System (BRS). The BRS combines a reduced-rate defined-benefit pension, plus a TSP account where the Government will automatically contribute an amount equal to one percent of your basic pay and match your contributions up to an additional four percent, for a total contribution of up to five percent.

Additionally, even if you do not complete a 20-year career in the service, the majority of individuals who opt into BRS will receive some portable retirement benefit upon separation.

This course is designed to inform, educate, and empower you to make the best decision for the future you are planning for yourself and your family.

Learning Objectives



Terminal Learning Objective (TLO)

Given an instructional presentation on the "High-3" Uniformed Services retirement system, Blended Retirement System, time value of money and other financial planning concepts, and potential retirement savings outcomes; the learner will be able to understand the importance of saving for retirement, differences between the "High-3" retirement system and blended retirement system, and the tools and resources available to help them make their decision.

Enabling Learning Objectives

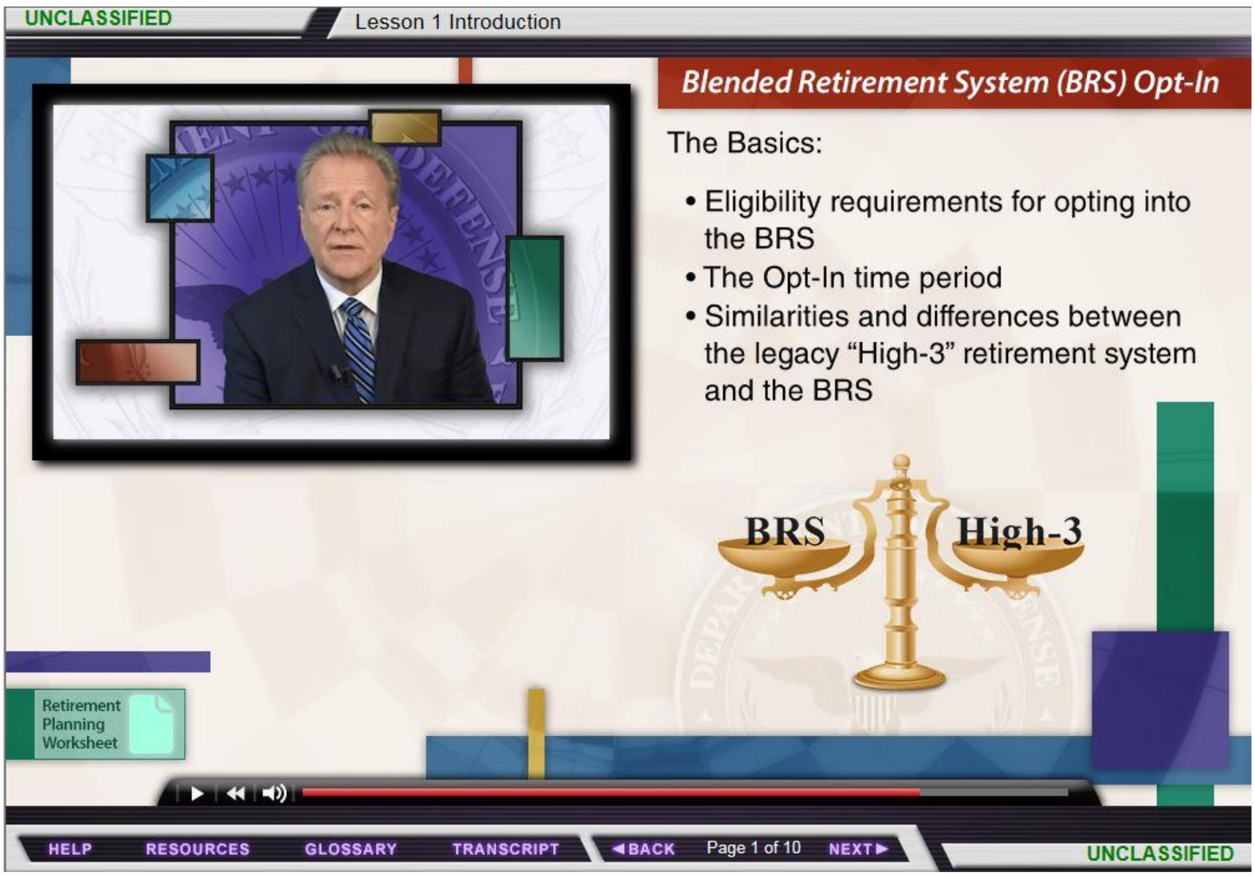
Upon completion of this course, you will be able to:

- Identify the requirements for eligibility to opt into the BRS
- Recognize the opt-in period

- Understand the importance of planning and saving for retirement
- Understand the concept of a pension for Uniformed Services retirement pay
- Define vesting and understand the requirements of the "vesting period"
- Recognize the value of compound interest
- Recognize the advantages of investing in the Thrift Savings Plan
- Understand the basic components of the legacy "High-3" Uniformed Services retirement system
- Understand the basic components of the Blended Retirement System
- Understand the concepts of, and eligibility requirements for, Continuation Pay and the Lump Sum Option
- Understand the factors necessary to make an informed retirement system choice by December 31, 2018
- Identify (and access) tools and resources available to provide you with information and education for making financial decisions
- Understand how to use the BRS calculator to perform a financial comparison of your retirement planning options

Lesson 1: Opt-In Basics

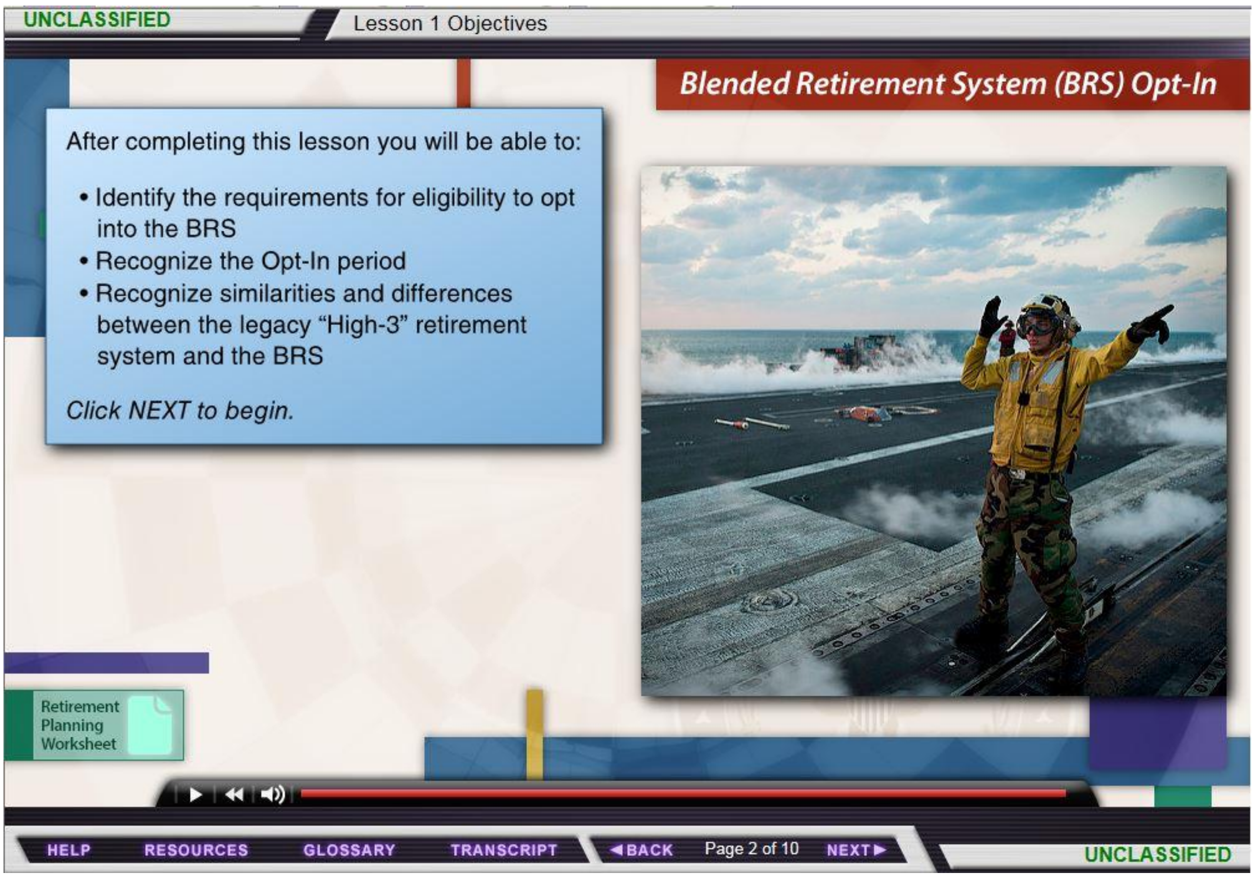
Lesson 1 Introduction



In this lesson you'll learn about the eligibility requirements for opting into the Blended Retirement System (BRS), the period of time you will have in which to make your opt-in decision, and be introduced to the similarities and differences between the legacy "High-3" Uniformed Services retirement system and the BRS.

Facilitator Notes
• Video Summary: The host introduces Lesson 1: Opt-In Basics. • Allow the Lesson 1 Introduction video to play through. • Click NEXT to proceed to the Lesson 1 Objectives.

Lesson 1 Objectives



After completing this lesson you will be able to:

- Identify the requirements for eligibility to opt into the BRS
- Recognize the Opt-In period
- Recognize similarities and differences between the legacy "High-3" Uniformed Services retirement system and the BRS

Opt-In Eligibility

You are taking this training because as of December 31, 2017 you are either:

- An Active Component (AC) member who has served fewer than 12 full years from your Pay Entry Base Date (PEBD), or
- A Reserve Component (RC) member with fewer than 4,320 points

This makes you eligible to opt into the BRS, or remain in the legacy "High-3" military retirement system. If you do not choose to opt into the Blended Retirement System, you will remain in the "High-3" system.

This is your decision to make!

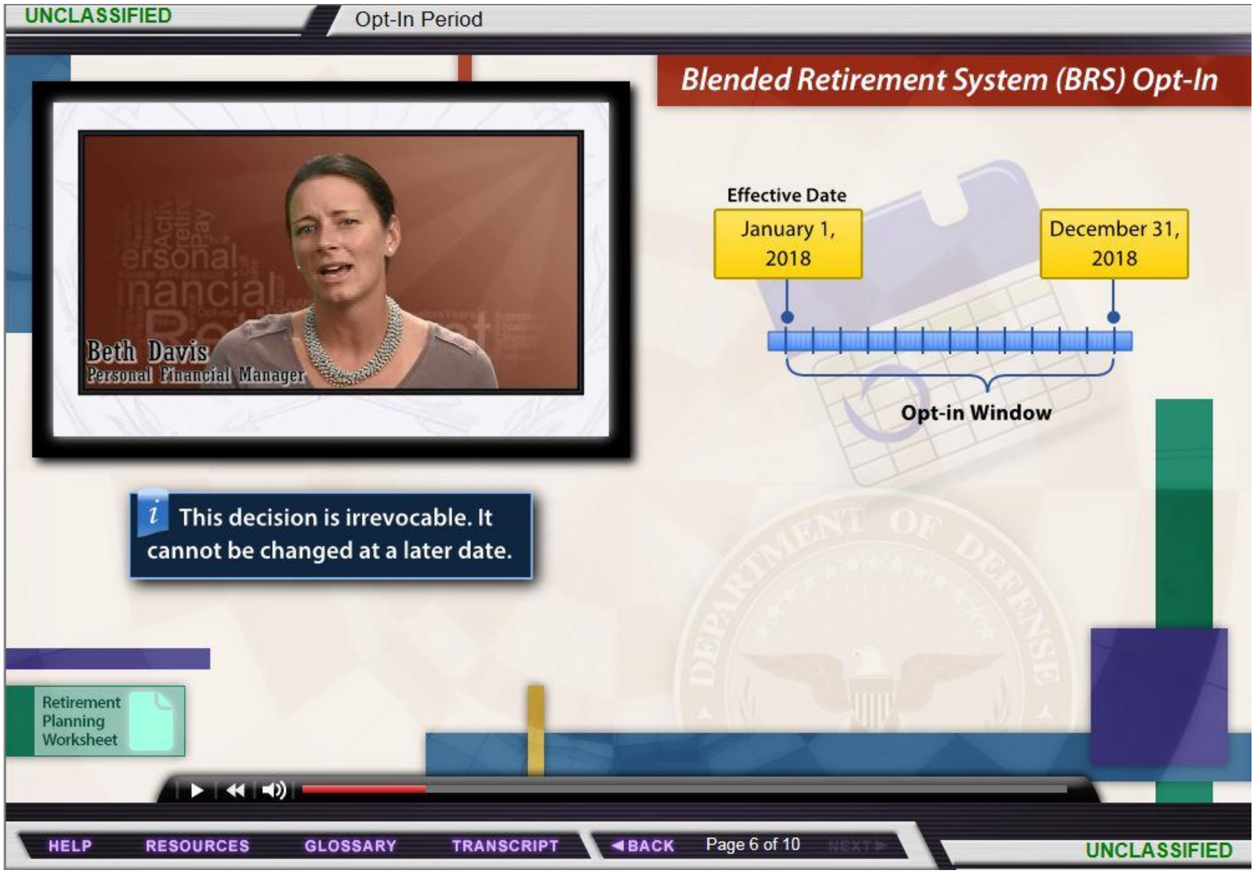
Please note, no one who is currently serving as of December 31, 2017, or who has previously served, is automatically enrolled in the BRS. All Service members who enter service, or who sign a contract to serve, on or before December 31, 2017 are grandfathered into the "High-3" retirement system that is more fully described later in this lesson and in Lesson 4.

It is strongly recommended that you discuss this decision with your family, and take full advantage of the financial counseling and education opportunities available to you as a Service member. But only you can make the decision whether to opt into the BRS or remain in the "High-3" retirement system.

Facilitator Notes

- Video Summary: The host introduces the panel. The panel discusses the topic of Service member eligibility for the opt-in decision.
- Allow the Opt-In Eligibility video to play through. (NOTE: The video can be paused and replayed)
- Take questions from learners.
- Click NEXT to proceed to a Knowledge Check activity on Opt-In Eligibility.

Opt-In Period



You will be able to make a decision on your retirement system beginning January 1, 2018. Any eligible Service member wishing to opt in must do so during calendar year 2018. Completion of opt-in training is required prior to making the election.

You may choose to remain covered by your legacy retirement system; in which case nothing will change.

But should you decide you want to switch to the BRS, you will have to record that opt-in decision. This decision is irrevocable, or final, and cannot be changed at a later date.

Members of the Reserve Component must be performing duties in a paid status during 2018 to opt in. If not in a paid status during 2018, but otherwise eligible based on having accumulated fewer than 4,320 retirement points, those Reserve Component members will have an opportunity at a later date, if returning to a paid status, to make their opt-in decision.

Reentrants will have the remainder of 2018, or depending upon when they return to service, a limited period of time after 2018, to opt in if they desire.

Stay alert for Service-specific instructions for opt-in procedures.

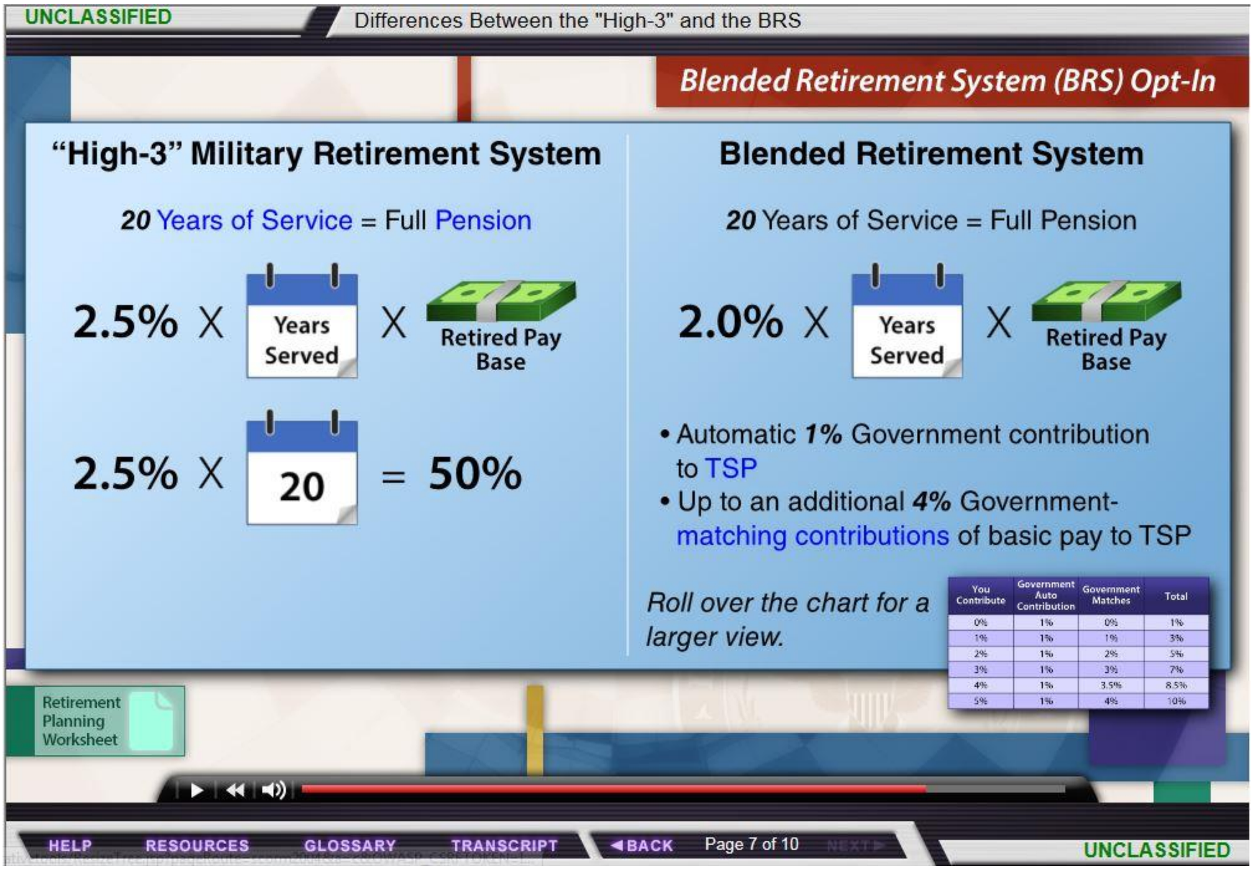
Facilitator Notes

- Video Summary: Members of the panel discuss the period of time during which Service members must make their decision whether to remain in the legacy "High-3" retirement system or opt into the BRS.
- Allow the Opt-In Period video to play through.
- Place the cursor over the image as instructed to view the content for ROTC/Service Academy/Reentrants.
- Take any questions from learners.
- Click NEXT to proceed to the next page on the Differences Between the legacy "High-3" retirement system and the BRS.

ROTC/Service Academy/Reentrants

If you are taking this training while completing training through ROTC or a Service Academy, or are in an unpaid Reserve Component status, you will have 30 days upon commissioning to active service or from the time you enter a paid status to make your election.

Differences Between the "High-3" and the BRS



The primary differences between the "High-3" retirement system and the BRS are described here. Under the "High-3" system, you will receive a pension in return for 20 years of active duty, or 20 qualifying (creditable) Years of Service (YOS) for the Reserve Component. Your monthly retired pay will be calculated as shown here, 2.5% times your Years of Service times the average of your highest 36 months of basic pay.

Under the BRS, you will still receive a pension for 20 Years of Service, though the multiplier is reduced from 2.5% to 2.0%. If you choose to opt into the BRS, you will enroll in a U.S. Government Thrift Savings Plan (TSP), a defined contribution plan currently available to Government workers. TSP is portable and, once vested, all contributions and earnings stay with the Service member even after leaving the Service. You will also receive an automatic Government contribution to your TSP equal to 1% of your basic pay, and depending on your own contributions to TSP may be eligible for Government-matching contributions up to an additional 4% of your basic pay. So, if you choose to leave the service before completing 20 years, under the BRS you would separate with your contributions to your TSP and up to a total of 5% Government contributions.

It is important that you understand that all Service members today have the option to participate in the TSP. The difference is that those who choose to remain in the "High-3" system will not receive Government-matching funds or the 1% automatic contribution.

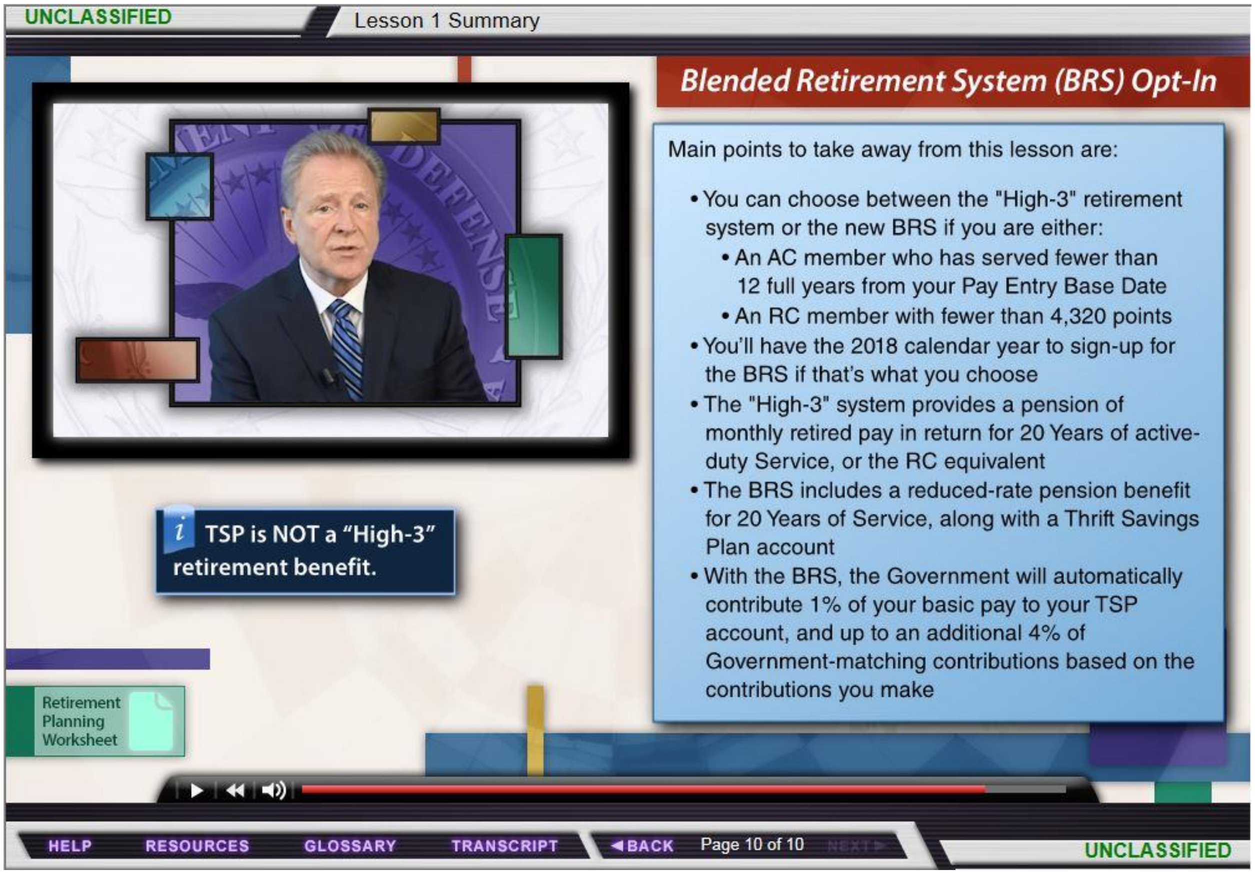
You must decide which of the retirement systems is best for you and your family based on your future financial needs, and your plans and goals for your Service career.

You'll get more information about the differences in the two retirement systems later in this course.

Facilitator Notes

- Video Summary: A financial counselor explains the primary differences between the legacy "High-3" retirement system and the BRS.
- Allow the video to play through.
- Place the cursor over the image as instructed to view the content for Government-automatic and Government-matching contributions.
- Take any questions from learners.
- Click NEXT to proceed to the remaining Knowledge Check activities for Lesson 1.

Lesson 1 Summary



You have completed Lesson 1 on Opt-In Basics.

You should now be able to:

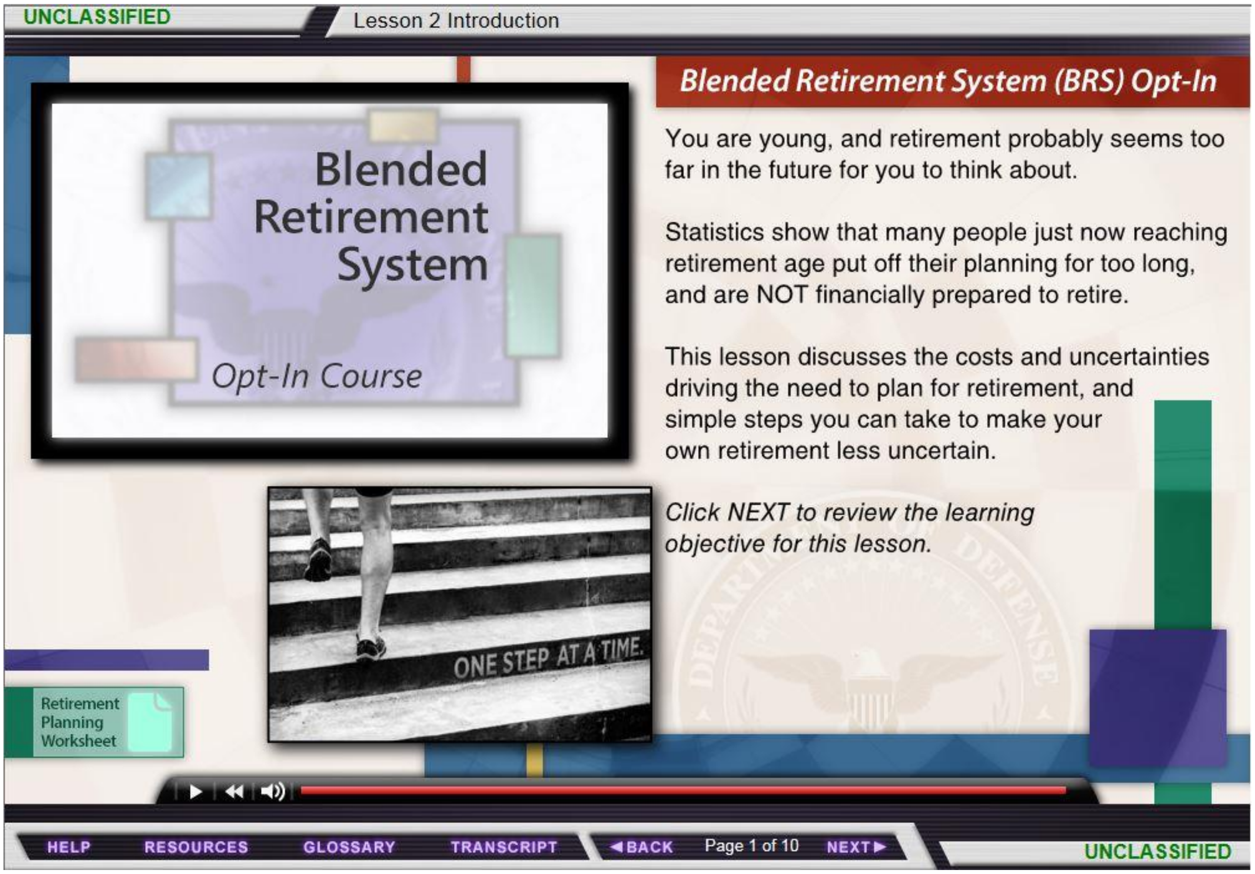
- Identify the requirements for eligibility to opt into the BRS
- Recognize the opt-in period
- Recognize similarities and differences between the legacy "High-3" uniformed services retirement system and the BRS

Facilitator Notes

- Video Summary: The host reviews the main points of Lesson 1: BRS Basics.
- Allow the Lesson 1 Summary video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Lesson 2: The Importance of Lifelong Financial Security.

Lesson 2: The Importance of Lifelong Financial Security

Lesson 2 Introduction



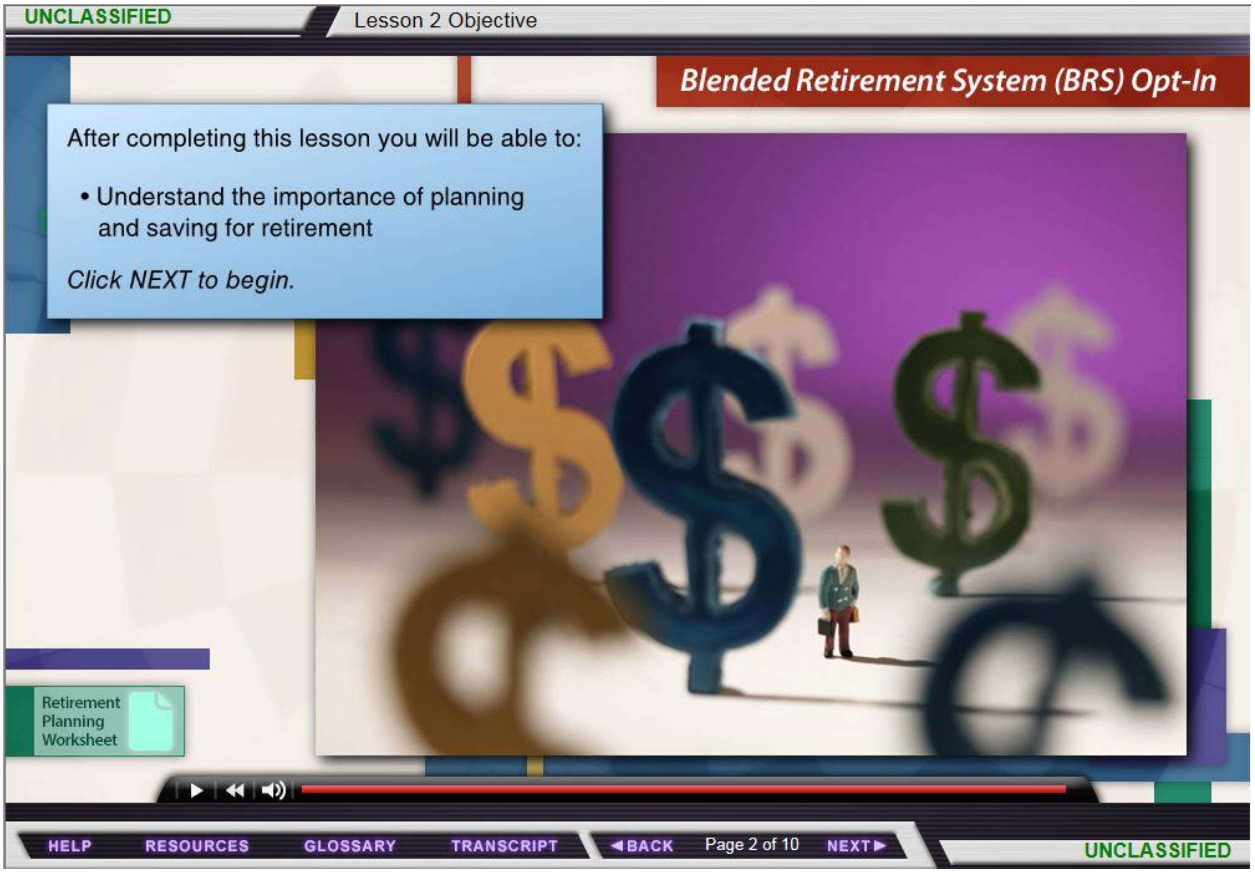
Your retirement may seem like it is many years in the future, but that is exactly the reason you need to plan and begin saving for your retirement now!

In this lesson you'll learn about the costs and uncertainties of retirement that many people recognize too late, and be introduced to some 4simple steps you can take to make your own future a little less uncertain.

Facilitator Notes

- Video Summary: The host introduces Lesson 2: The Importance of Lifelong Financial Security.
- Allow the Lesson 2 Introduction video to play through.
- Click NEXT to proceed to the Lesson 2 Objectives.

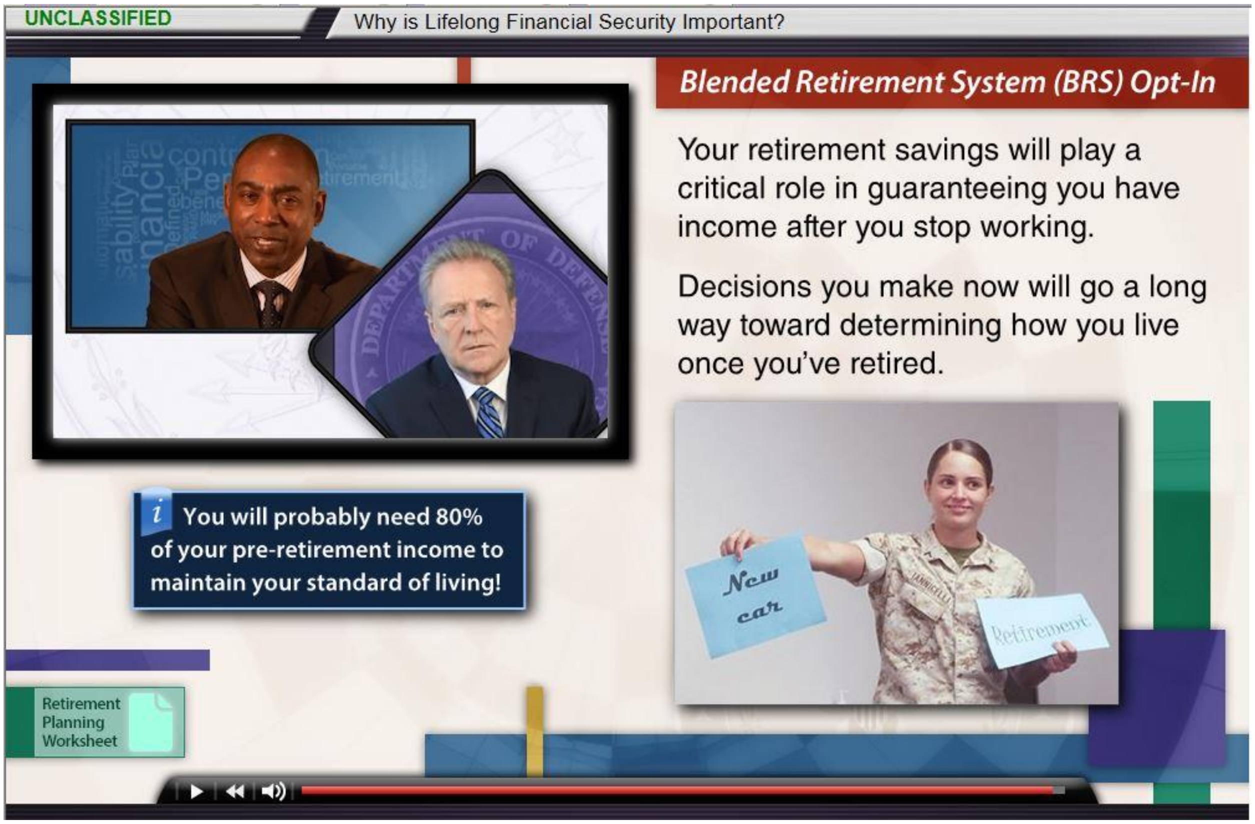
Lesson 2 Objective



After completing this lesson you will be able to:

Understand the importance of planning and saving for retirement

Why is Lifelong Financial Security Important?



Retirement probably seems far off to you at this point in your life, and so it's difficult to imagine what your needs might be 50 years into the future. Today's generation at or near retirement age had the same problem when they were young.

- Consider some of these facts published by the U.S. Government General Accounting Office and the Bureau of Labor Statistics:
- You can probably expect to live a good long life, into your mid-80's.
- Many people approaching retirement age today have limited financial resources, and roughly half have no retirement savings at all.
- Those who have retirement savings probably don't have enough, the average savings for households 55-64 is about $104,000.
- The average American will need adequate savings and income to cover well over $50,000 per year in living expenses between age 55 and 80.
- Experts advise you may need around 80% of your pre-retirement income to maintain your quality of life.

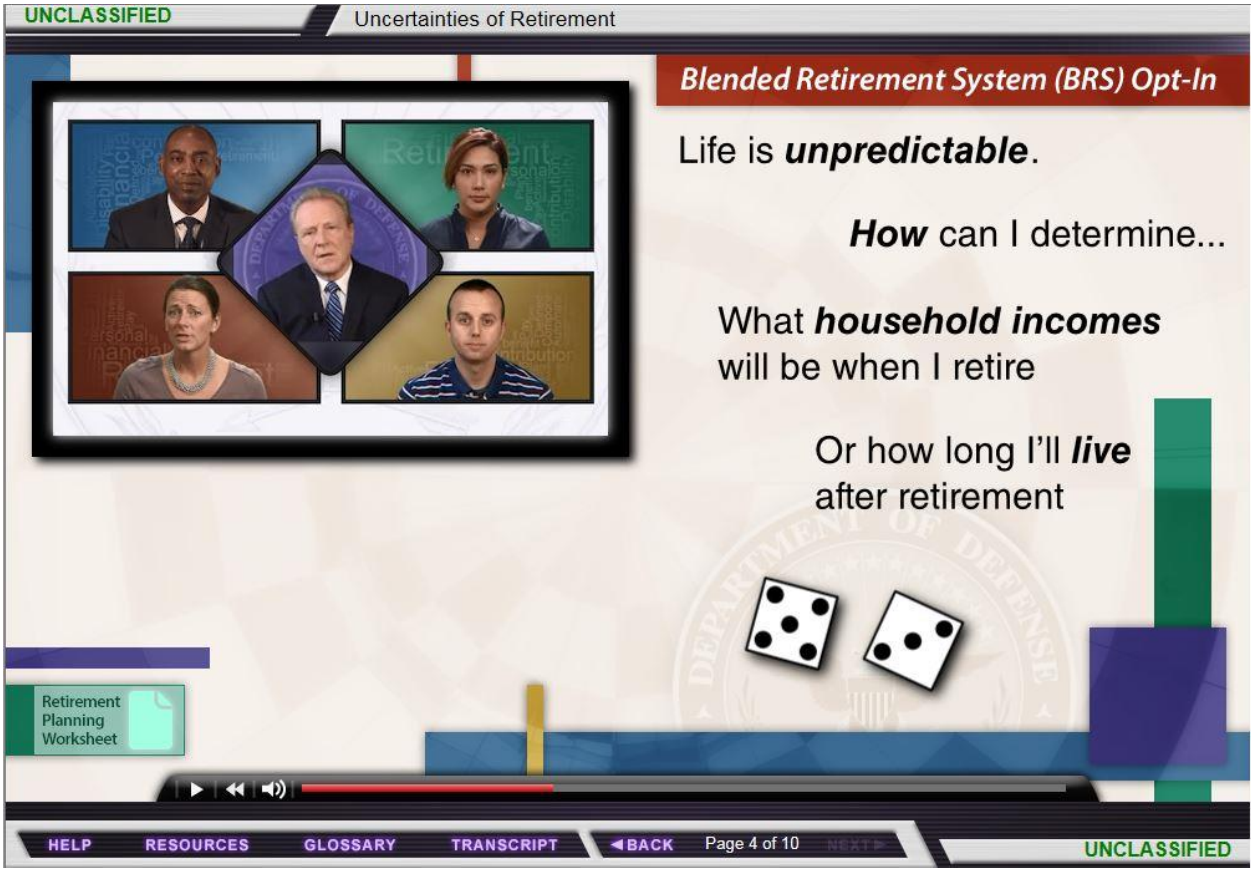
While Social Security may cover some of your expenses, retirement savings will play a critical role in ensuring you can maintain the standard of living you desire in retirement.

The decisions you make today when you are in your 20s or 30s may determine how you live during retirement.

Facilitator Notes

- Video Summary: The host and a financial counselor discuss facts concerning the importance of having financial security in retirement.
- Allow the page video to play through.
- Take any questions from learners.
- Click NEXT to proceed to the next page on Uncertainties of Retirement.

Uncertainties of Retirement



No one can predict the future. Your retirement is full of uncertainties. Consider just a few.

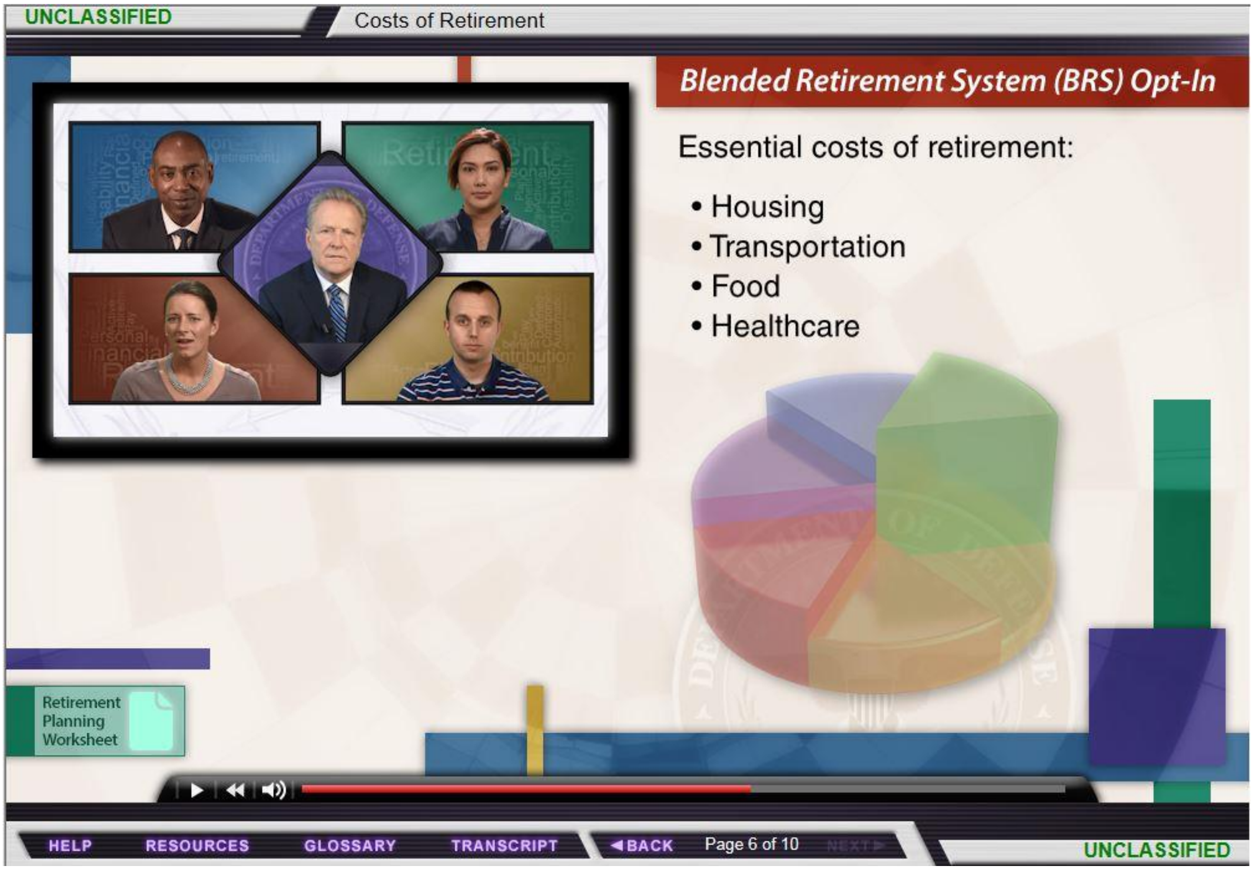
- Life expectancy will continue to go up as health care is improving, meaning you'll need more money to live on after your retirement.
- You'll need to budget for living expenses, and unexpected health care expenses can disrupt the best plan. You have a standard of living to which you are accustomed, is that what you intend for your retirement?
- Social security was never intended to be your primary income during retirement. This is your opportunity to invest in your future NOW!
- Market fluctuations will impact your investments. Diversifying and starting early will help mitigate those issues.

Your best strategy for protecting yourself against an uncertain future is to ensure you are actively planning and investing in your future.

Facilitator Notes

- Video Summary: The host and panel discuss the uncertainties of retirement and how to plan for them.
- Allow the page video to play through.
- Take any questions from learners.
- Click NEXT to proceed to a Knowledge Check activity on the importance of saving for retirement.

Costs of Retirement



You are going to need money after you retire.

For most people, the essential costs of retirement include:

- Housing
- Transportation
- Food
- Healthcare

The U.S. Bureau of Labor Statistics (BLS) conducts regular surveys of consumer spending. Based upon the most recent available survey results, in 2014 Americans over age 55 spent an average of $53,495 each year. Total expenditures were highest from age 55-64 and decreased to an average of $36,673 for Americans over age 75.

It is important to compare expenditure data against income data since the decrease in spending may be most attributable to decreases in income. In 2014, survey data indicates a steady decline in pretax income from age 55 to age 75. One must consider that declines in expenditures could be the result of declining income rather than consumer choices to reduce expenditures for other reasons.

Keep in mind that this information is based on history, and that you are still years away from your own retirement. Another uncertainty to consider is how much these costs may increase by the time you retire.

Facilitator Notes

- Video Summary: The panel discusses the primary costs of retirement and how to plan for them.
- Allow the page video to play through.
- Place the cursor over the images as instructed to view the additional content for the page.
- Take any questions from learners.
- Click NEXT to proceed to the next page on Retirement Income Streams.

Housing

The largest portion of these expenditures is housing which accounted for nearly $18,000 or 33.3 % of the total annual expenditures for this population segment. The data is further segmented for Americans age 55-64, 65-74, and 75 and older.

Based upon the BLS data, the share of housing costs relative to total expenditures decreased with age until age 75 and over. Americans over 75 spent fewer dollars on housing, but total annual expenditures also decreased for this population. As a result, housing represented a larger share of total expenditures at 36.5%.

Transportation

The next largest category of retirement spending was transportation at 17%, or a little over $9000. Transportation costs increased from age 55 to age 74 and then declined substantially. This is likely due to reduced mobility among the elderly population.

Food

Food was the third highest category at 12.6%, or about $6,700.

The food share of spending remains fairly constant across the subcategories of age, but total dollar expenditures decrease with total expenditures and total pretax income as age increases.

Health Care

Health care consumed an average of 8% of total expenditures for this population overall, but the health care share of total expenditures rose dramatically from age 55 to age 75 and over.

Total dollar expenditures for this category were mostly consistent across the age subcategories, averaging about $4,300.

What Does It Mean?

What does all this mean? In categories where dollar spending remains constant while total expenditures and total income falls, it is reasonable to assume the population had to reduce spending in other areas to maintain spending in the constant dollar categories.

Further, where total share of expenditures remain constant, it is reasonable to assume cutbacks were made as a result of decreased total income.

Service Retirees Benefits

Service members who retire from the military may have access to military retiree healthcare benefits, commissary and exchange privileges, and access to military quality of life facilities such as gyms, recreation areas, theaters, etc.

As a result, total spending for this population may be lower since there are significant cost savings for Service members who utilize military health care, commissaries, exchanges, and quality of life facilities. In addition, military retirees may be eligible for special local and state tax treatment of their retired pay and property in their home states.

Maintaining Your Standard of Living

The term "Standard of Living" has a variety of definitions and meanings, but what is important here is YOUR standard of living and what you want it to be during your retirement.

How do you define your current standard of living?

The answer to this question may be similar for most individuals in their 20s and 30s, but may be individually defined by the size of the family, location of the home, type of car, cost of entertainment, and preferences for travel and leisure.

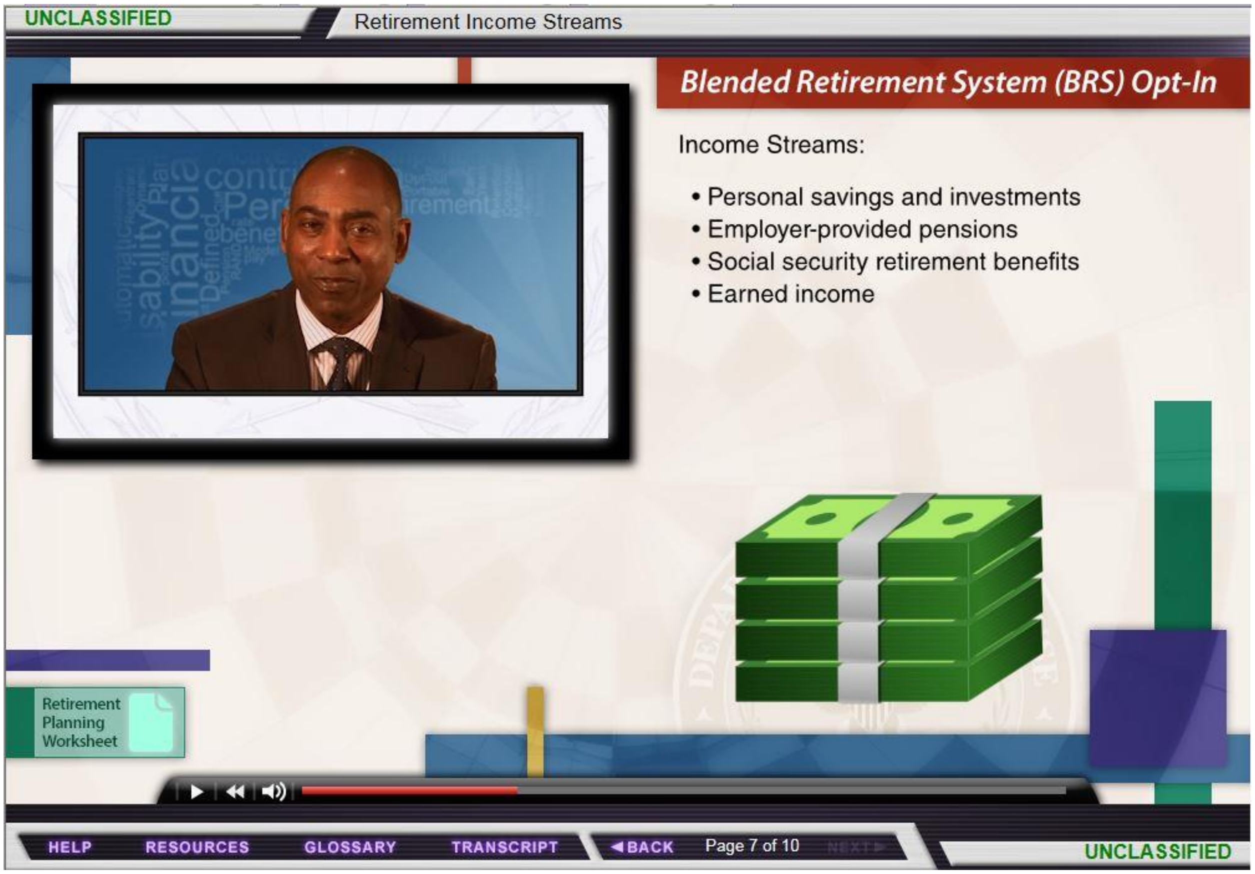
It is up to you to determine your current standard of living, your desired standard of living, and the standard of living you wish to have in retirement. Do you want the same, better, or a lesser standard of living when you are 40, 50, 60 or older?

What will be your standard of living in retirement, since the costs of goods, services, and luxuries you desire will most likely have gone up?

"Standard of Living" Definition

1. The necessities, comforts, and luxuries enjoyed or aspired to by an individual or group.
2. A minimum of necessities, comforts, or luxuries held essential to maintaining a person or group in customary or proper status or circumstances.

Retirement Income Streams



Once you have an idea when you want to retire and have considered all of the relevant factors, like the standard of living you want, you are ready to calculate the income you will need and how much you need to save each month (or year) to reach your goal.

There are four sources of retirement income, also known as "income streams":

- Your personal savings and investments
- Employer-provided pensions
- Social Security retirement benefits, and
- Earned income if you choose (or need) to continue working

Example: E-6 Mike Smith

Mike Smith is an E-6 with 10 years of service. He entered the military at 24 and plans on retiring in 16 years with 26 years of service. He hopes to make E-8 or higher before he retires.

Mike has made some estimates and determined he would like to have $70,000 a year when he retires for good at age 65. When he retires, he has decided to plan for a 25-year retirement (when he will reach age 90). Using today's dollars, he estimates that he will have the following annual retirement income:

- $33,000 from his military pension plan
- $21,000 from Social Security

That leaves a gap of $16,000 a year that will either need to come from personal savings and investments, or be provided through continued employment.

Mike needs to determine how much he needs to save each month/year to fill that gap, and what types of saving and investment vehicles he will use. And if he does not save enough, how long will he have to continue working to earn the income to live on?

Facilitator Notes

- Video Summary: Panel members discuss the concept of income streams and how to plan for them.
- Advise learners they may want to use the Retirement Planning Worksheet to make some notes as this page is viewed and discussed.
- Allow the page video to play through.
- Take any questions from learners.
- Click NEXT to proceed to the remaining Knowledge Checks and Lesson 2 Summary.

Be an Active Participant!

Let's do a quick recap of what we've covered so far.

You want to stop working someday, and you need to plan ahead for how you will fund your retirement. Recent studies show most people who are at or near retirement age today either don't have any money saved for retirement, or don't think they have saved enough.

You face many uncertainties with your retirement, but the best protection against those uncertainties is to ensure you have adequate savings for retirement. Costs of retirement will include housing, transportation, food, and medical care, and you can expect all of those costs to be higher by the time you reach retirement age.

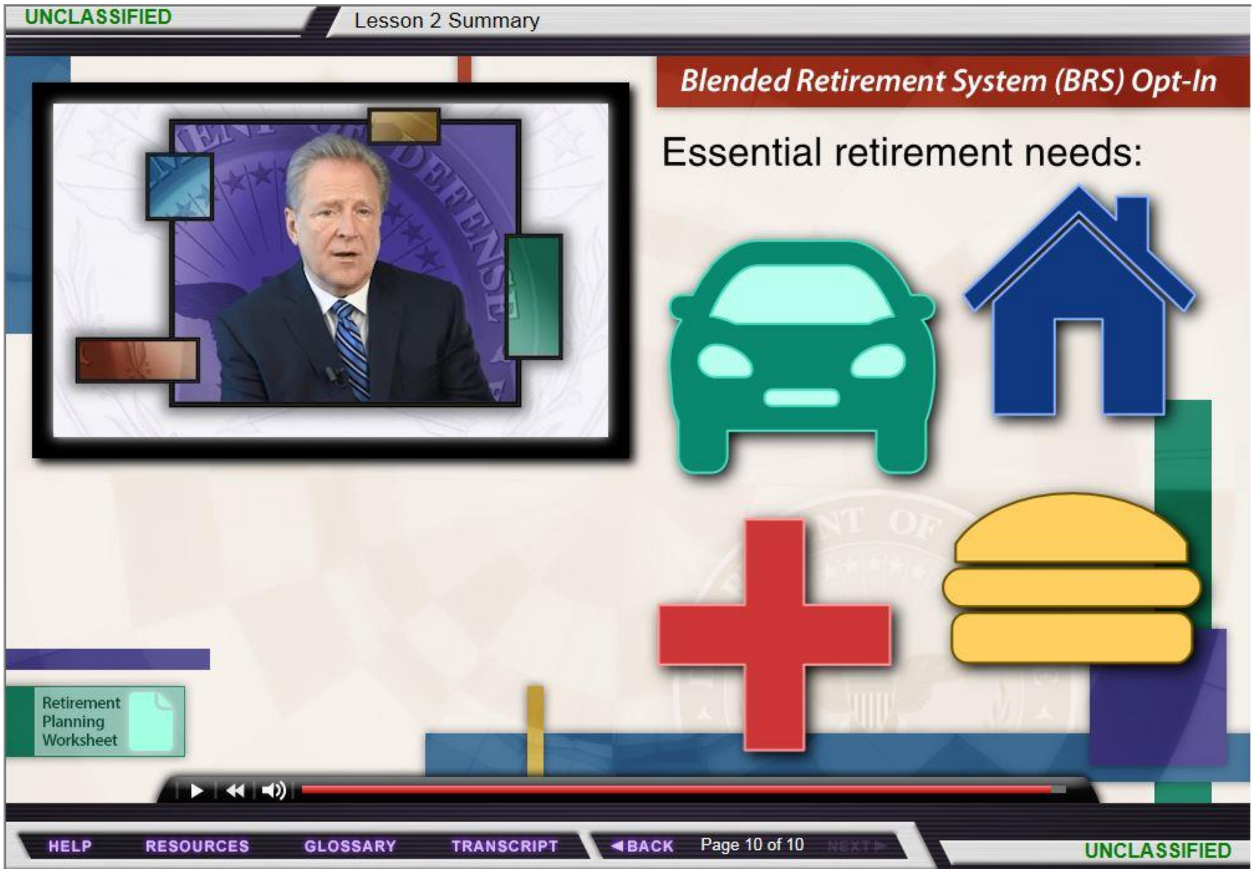
You also need to plan for the standard of living you want to maintain after you stop working.

As a member of the Uniformed Services, you will have a number of opportunities throughout your career to receive financial literacy training and education. You also have access to other resources such as Personal Financial Managers and Counselors. Regardless of the retirement system you choose, you should take full advantage of these opportunities and resources to help you create financial security for yourself and your family.

Specific tools and resources available to help you with financial planning are discussed in more detail later in this course.

You need to be an active participant in your own future!

Lesson 2 Summary



You have completed Lesson 2 on the importance of planning for retirement.

You should now be able to:

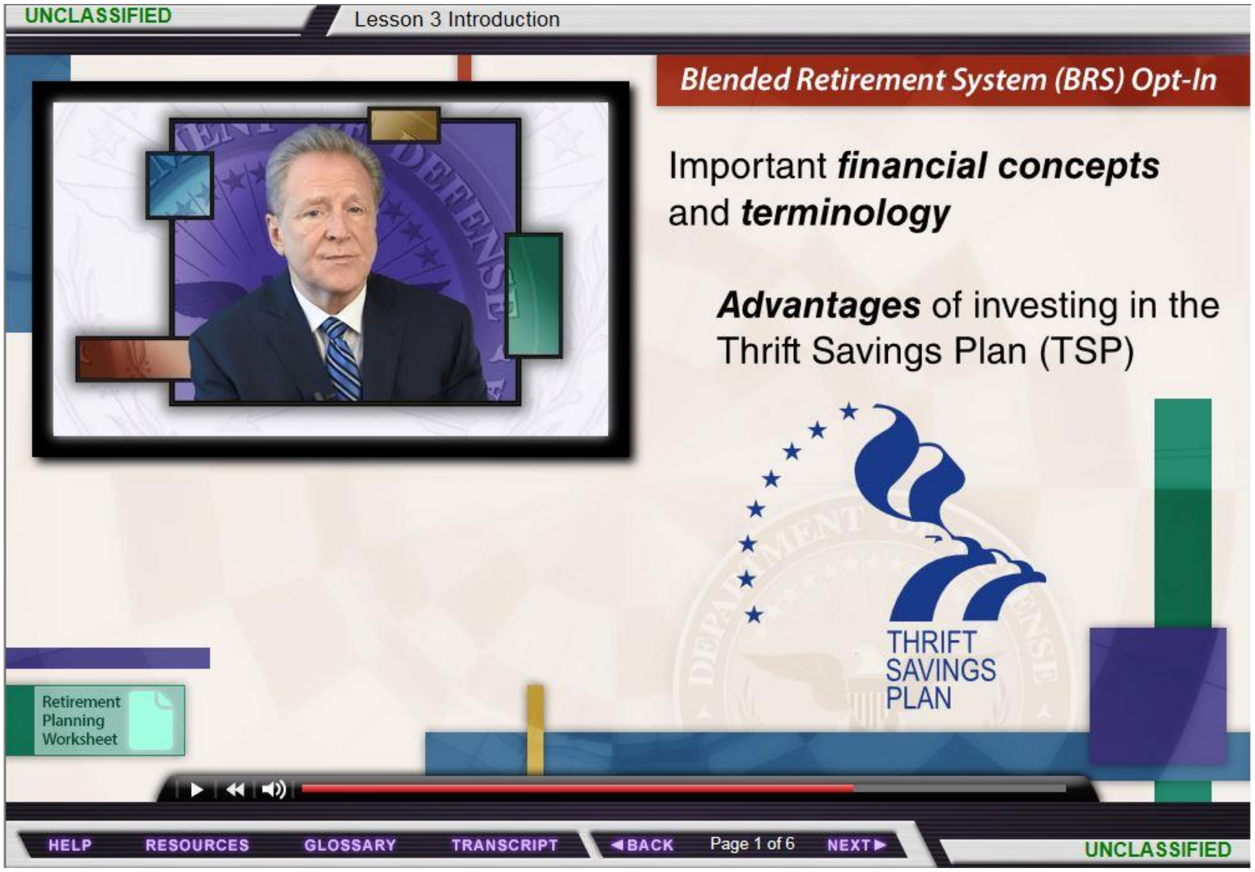
- Understand the importance of planning and saving for retirement

Facilitator Notes

- Video Summary: Host recaps the main points from Lesson 2: The Importance of Lifelong Financial Security.
- Allow the page video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Lesson 3: Financial Planning Concepts and the TSP.

Lesson 3: Financial Planning Concepts and the TSP

Lesson 3 Introduction

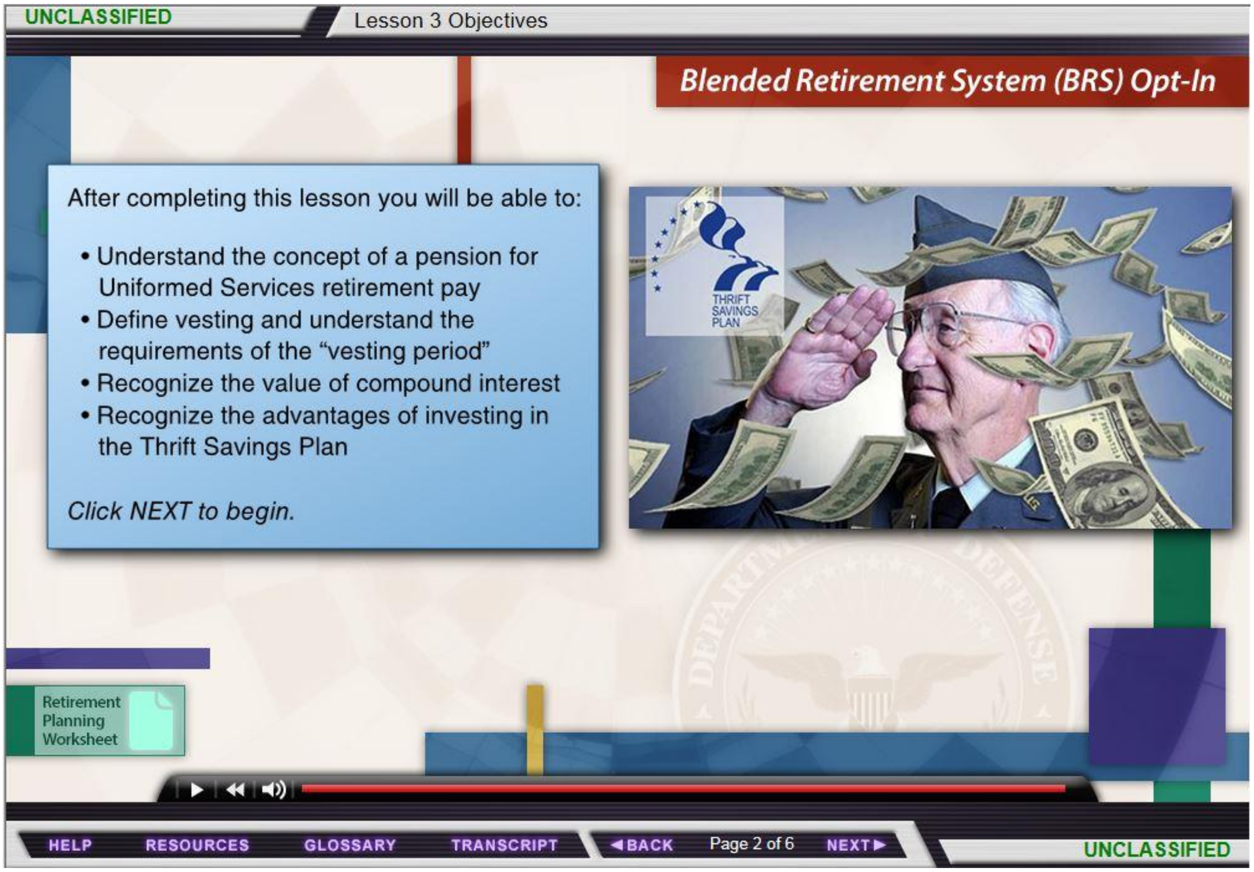


In this lesson you’ll learn about some of the important terms and concepts you’ll need to understand in order to be prepared to compare your retirement system options. You’ll also learn about the advantages of investing in the Thrift Savings Plan (TSP), which is the U.S. Government’s version of the 401(k) investment plan.

Facilitator Notes

- Video Summary: The host introduces Lesson 3: Financial Planning Concepts and the Thrift Savings Plan.
- Allow the Lesson 3 Introduction video to play through.
- Click NEXT to proceed to the Lesson 3 Objectives.

Lesson 3 Objectives



After completing this lesson you will be able to:

- Understand the concept of a pension for Uniformed Services retirement pay
- Define vesting and understand the requirements of the "vesting period"
- Recognize the value of compound interest
- Recognize the advantages of investing in the Thrift Savings Plan

Financial Planning Concepts

What is a Pension?

A pension, which is a type of "defined-benefit plan", is a retirement system in which an employee is promised that they will continue receiving a regular income, paid in intervals, even after they retire

Usually, qualifying for a pension is based on completing a certain number of years of employment; in exchange, the employee is guaranteed a monthly income even after he or she stops working

The Uniformed Services' legacy retirement systems, such as the "High-3," are pension plans based on creditable years of service – usually 20 years. Upon qualifying for retirement, you know you are guaranteed to receive a monthly retirement paycheck for the rest of your life.

What is a Defined Contribution Plan?

Defined contribution plans, such as the Thrift Savings Plan and 401(k) plans, allow you to save for your own retirement through contributions from your pay into an investment account that you can manage. Often, your employer contributes additional amounts to that account enhancing your ability to invest and save for retirement.

Like a pension, a defined contribution plan allows you to receive income in retirement. But the income is not guaranteed and is based on how much you and your employer contribute during your working years, and how well the investments perform over time.

What is Employer Matching?

Employer matching is when your employer contributes a certain amount of money to your defined contribution plan, such as TSP, based on how much you contribute. This is additional money that comes from the employer, not from your pay, that goes into your retirement account, which you manage.

What is Portability?

Portability is the ability of an employee to take their retirement investment account with them when they leave one employer and move to another. Under defined contribution plans, such as TSP, the rules allow you to take all of the money you invested in your account and move that money to another retirement account when you leave the organization.

Also, depending on the rules for "vesting", which we'll discuss on the next page, you may be able to take the money your employer invested in your retirement account with you.

With portability, you can re-invest that account in your new employer's program or convert it to a different type of investment.

You also have the option to leave your money in the TSP and it will continue to grow, even after you leave the service.

Separating members also have the option to cash out of their TSP accounts, however, this option carries significant tax implications.

For more information on portability, see your installation Personal Financial Manager (PFM) or visit the TSP website. If a PFM or other Unit financial counselor is not available, consult with your Unit leadership or seek guidance through Military OneSource.

What is Vesting?

Vesting is the right an employee has to keep the money, and interest earned on that money, their employer contributed to their retirement account. Usually, vesting is based on the length of time you work for that employer or participate in the retirement system. Once "vested," the amount of money in your retirement account is yours to keep and the employer cannot take it back.

What is Compound Interest?

According to Albert Einstein, "The most powerful force in the universe is compound interest."

Compound interest is interest added to the principal of a deposit or loan so that the added interest also earns interest from then on. This addition of interest to the principal is called compounding.

Compound interest allows you to make money on the contributions you make to your retirement account from your basic pay, any Government-provided contributions you receive, and from the money earned by those contributions. Compounding makes it possible for your retirement savings to increase exponentially.

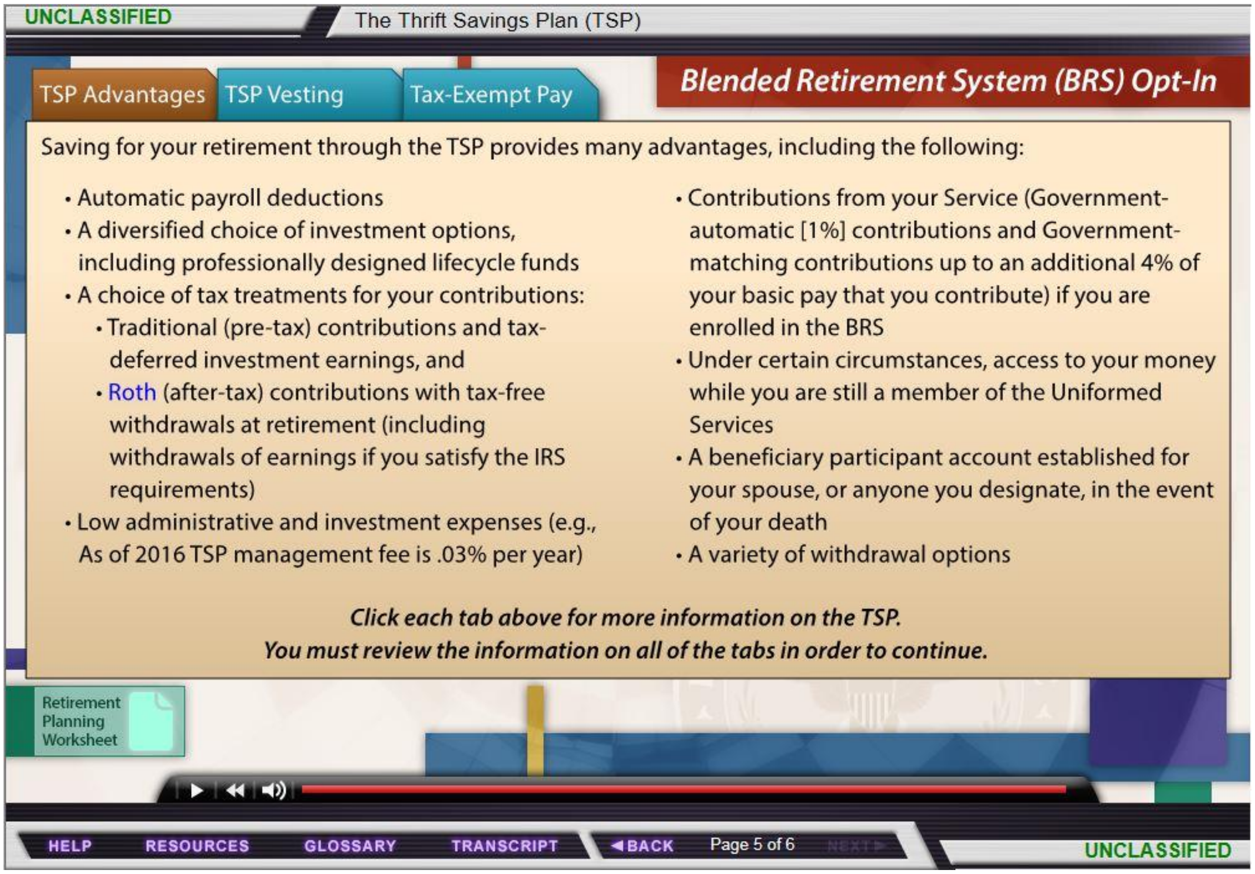
For example, if you invest $100, and over the course of a year earn a 5% rate of return, at the end of the first year you'll have $105. If you leave that money alone, and the next year you earn another 5% rate of return, you'll have $110.25. So in the second year, you've earned 5% on your original $100 contribution, plus another 5% on the $5 you earned during the first year. At this rate, your original investment would double in less than 15 years.

Compounding is most effective the more years it has to work. So it's best to start saving as soon as you can, and to save consistently.

Facilitator Notes

- Video Summary: A panel member and various Service members discuss important financial planning terms and definitions.
- Allow the video to play through, then click each of the buttons to view the videos for each financial planning term/concept. You must view all of the videos on the page in order to continue.
- Take any questions from learners.
- Click NEXT to proceed to a Knowledge Check activity for the key financial planning terms and concepts before continuing to the page on the Thrift Savings Plan.

The Thrift Savings Plan (TSP)



As a member of the Uniformed Services, you have the opportunity to participate in the Thrift Savings Plan, a retirement savings plan similar to 401(k) retirement plans offered to private sector employees. The purpose of the TSP is to give you the ability to participate in a long-term retirement savings and investment plan.

TSP Advantages

Saving for your retirement through the TSP provides many advantages, including the following:

- Automatic payroll deductions.
- A diversified choice of investment options, including professionally designed lifecycle funds.
- A choice of tax treatments for your contributions:
  - Traditional (pre-tax) contributions and tax-deferred investment earnings, and
  - Roth (after-tax) contributions with tax-free withdrawals at retirement (including withdrawals of earnings if you satisfy the IRS requirements).
- Low administrative and investment expenses (e.g., As of 2016 TSP management fee is .03% per year).
- Contributions from your service (Government-automatic [1%] contributions and Government-matching contributions up to an additional 4% of your basic pay that you contribute) if you are enrolled in the BRS.

- Under certain circumstances, access to your money while you are still a member of the Uniformed Services.
- A beneficiary participant account established for your spouse, or anyone you designate, in the event of your death.
- A variety of withdrawal options.

TSP Vesting

Vesting refers to the time-in-service requirement that you must satisfy before you're entitled to keep your Government-automatic (1%) contributions (and their earnings). For BRS members, this requirement is 2 years. All of your time as a member of the Uniformed Services counts toward vesting, not just service while you are a TSP participant. So, if you opt into the BRS, and have already have 2 or more full YOS, you will be fully vested in your Government-automatic contributions.

The date your vesting period begins is determined by your Pay Entry Base Date (PEBD), which your service reports to the TSP. Your PEBD is shown along with other vesting information on your quarterly and annual TSP participant statements. If you leave the Uniformed Services before you satisfy the vesting requirement, your Government-automatic (1%) contributions and their earnings must be forfeited. However, if you die before separating from service, your beneficiaries are automatically considered vested in all of the money in your account.

You are immediately vested in your own contributions plus their earnings, as well as vested in any Government-matching contributions, plus earnings on those matching contributions. You do not need to serve for 2 years in order to keep Government-matching contributions.

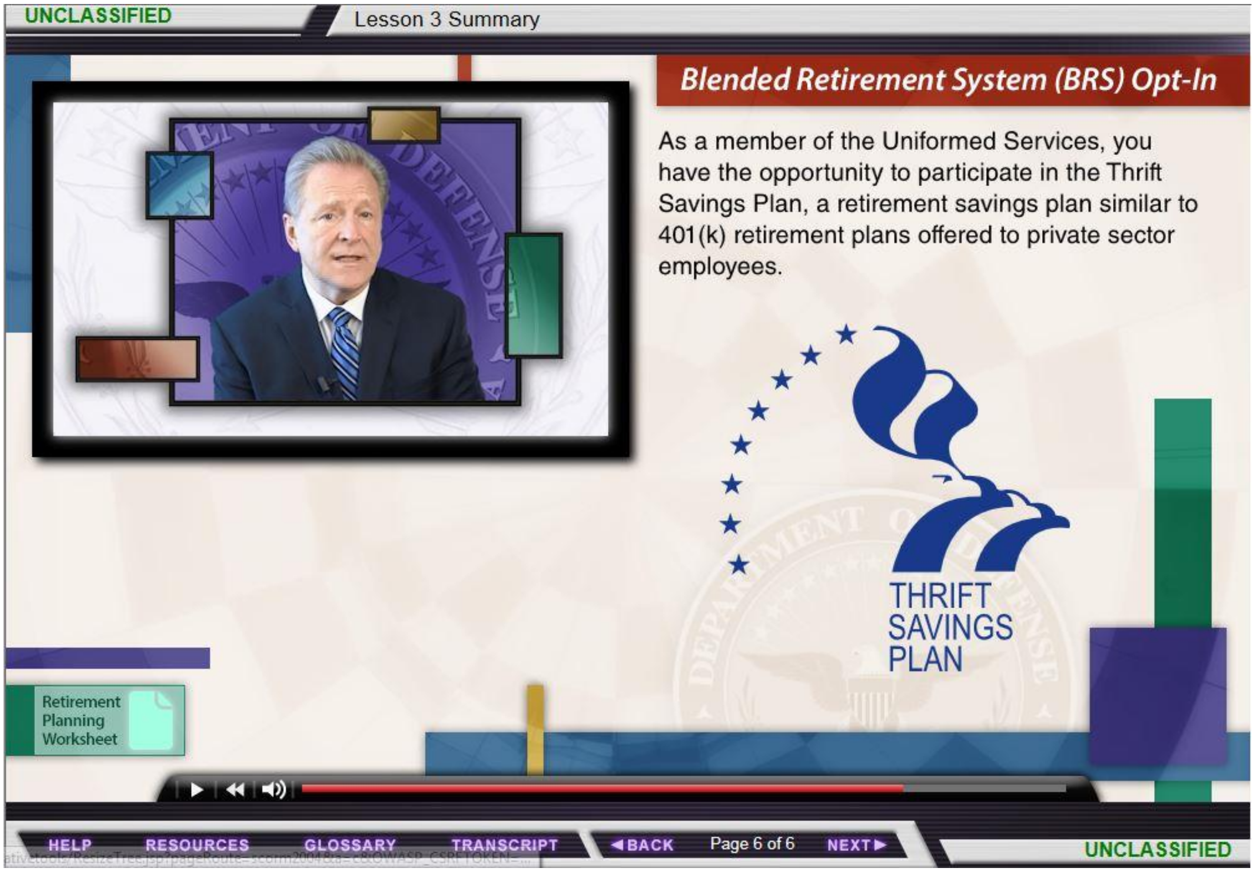
Tax-Exempt Pay

If you are serving in a combat zone, you can contribute tax-exempt pay to your traditional account or to your Roth account. If you contribute tax-exempt pay to your traditional account, the amount you contribute will be tax-free when withdrawn. If you contribute tax-exempt pay to your Roth account, both the amount contributed and associated earnings will be tax-free when withdrawn (if you satisfy the regular Roth withdrawal requirements).

Facilitator Notes

- Video Summary: The host introduces the Thrift Savings Plan.
- Allow the video to play through, then click the tabs at the top of the page as instructed to view the additional content for the page.
- Take any questions from the learners.
- Click NEXT to proceed to the Lesson 3 Summary.

Lesson 3 Summary



You have completed Lesson 3 on financial terms and concepts, and the Thrift Savings Plan (TSP).

You should now be able to:

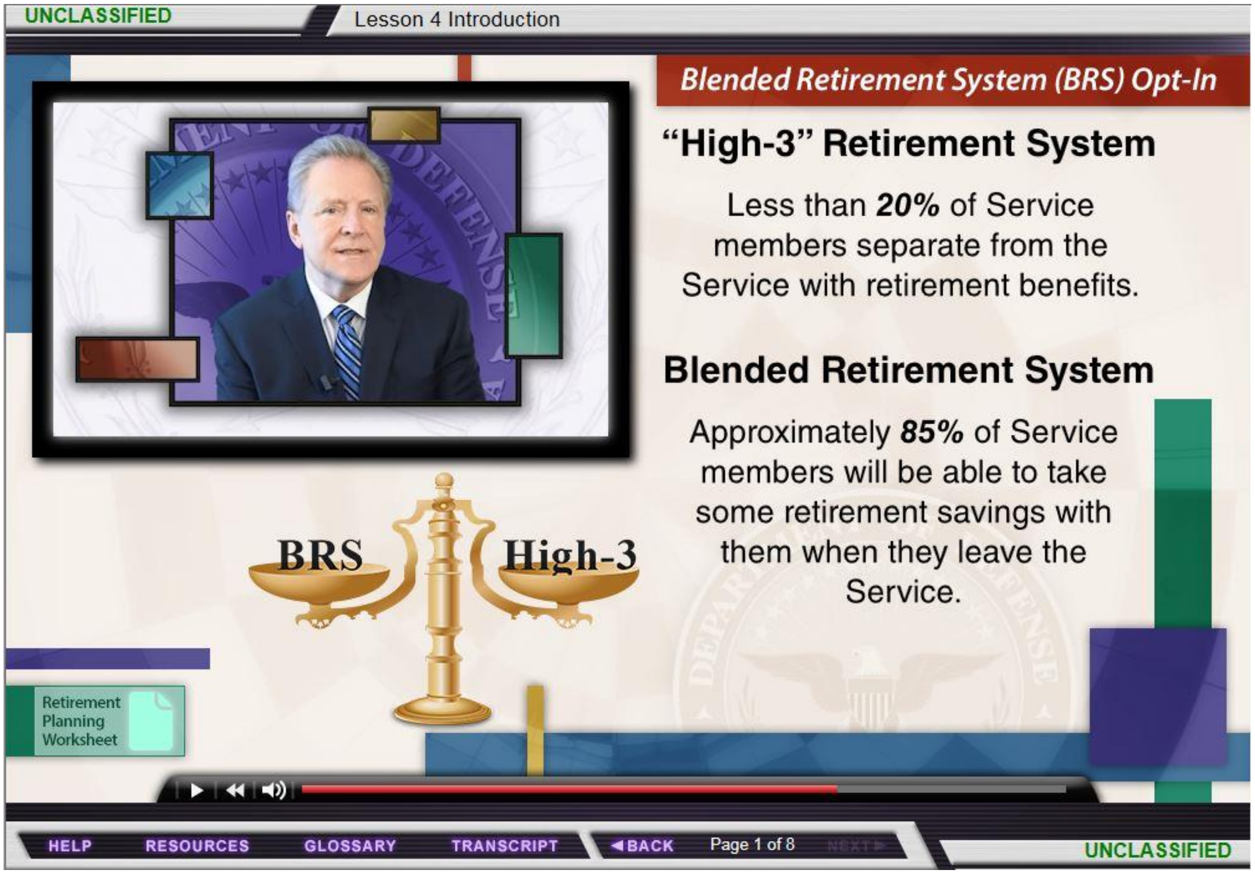
- Understand the concept of a pension for Uniformed Services retirement pay
- Define vesting and understand the requirements of the "vesting period"
- Recognize the value of compound interest
- Recognize the advantages of investing in the Thrift Savings Plan

Facilitator Notes

- Video Summary: Host recaps the main points from Lesson 3: Financial Planning Concepts and the Thrift Savings Plan.
- Allow the page video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Lesson 4: Differences in the "High-3" and BRS.

Lesson 4: Differences in the "High-3" and BRS

Lesson 4 Introduction

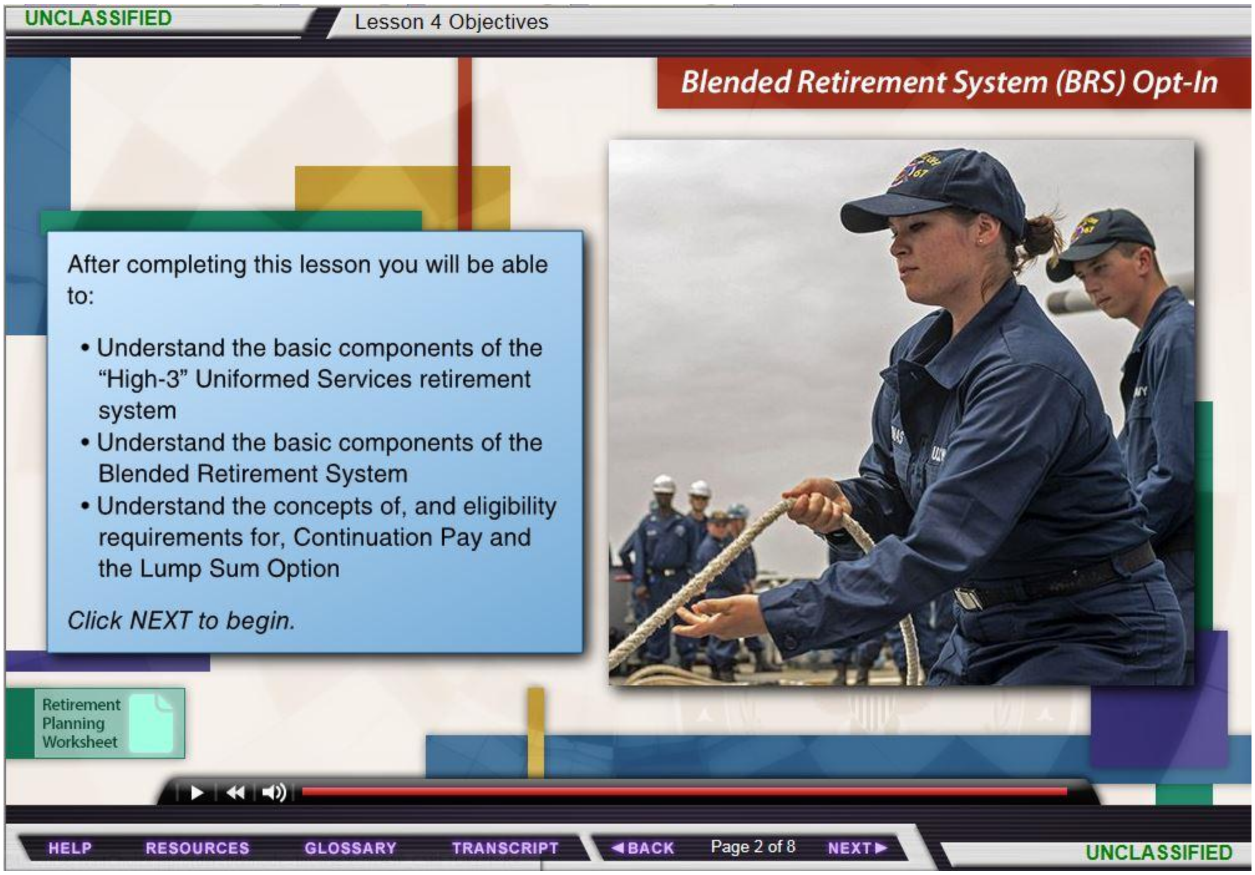


In this lesson you'll learn more about the differences between the components of the Uniformed Services' legacy "High-3" retirement system and the BRS.

Facilitator Notes

- Video Summary: The host introduces Lesson 4: Differences in the "High-3" and BRS.
- Allow the Lesson 4 Introduction video to play through.
- Click NEXT to proceed to the Lesson 4 Objectives.

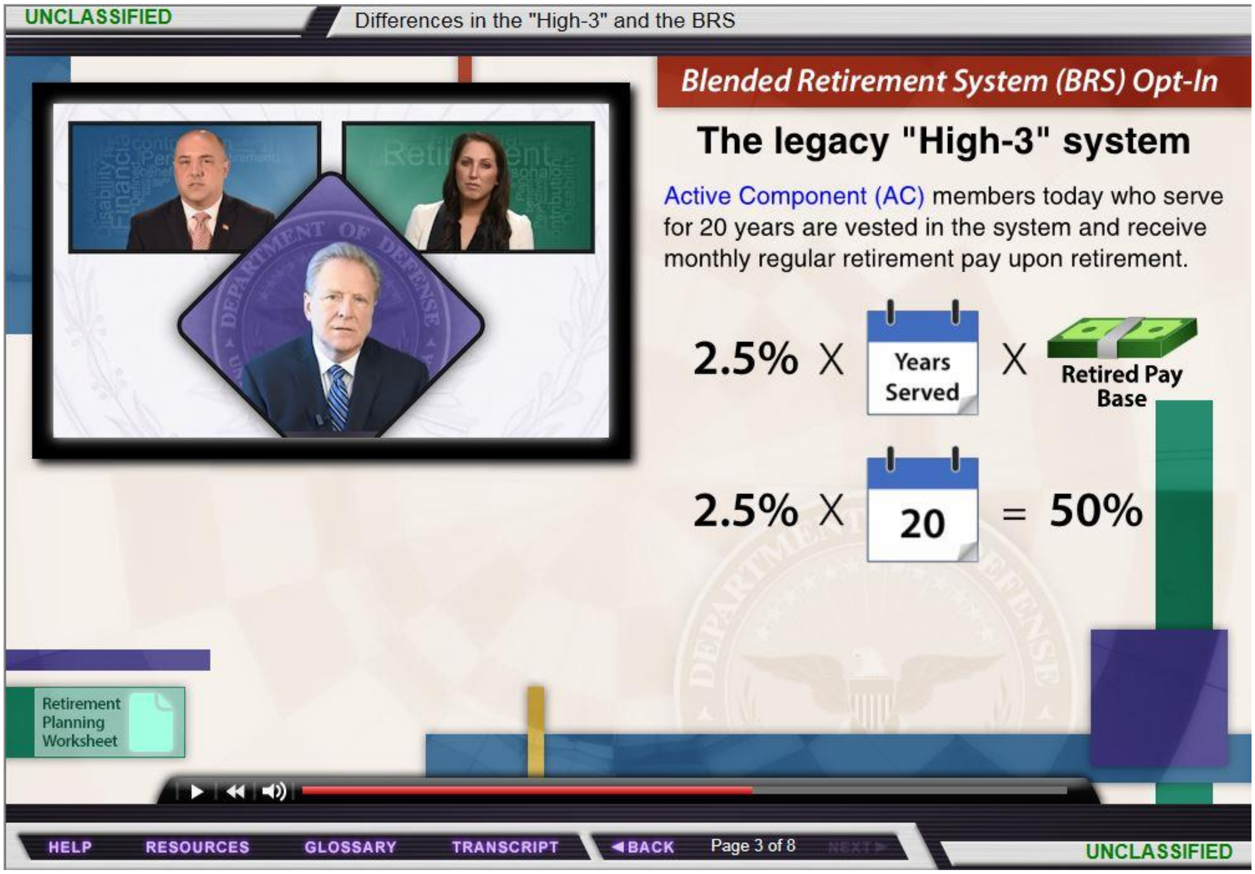
Lesson 4 Objectives



After completing this lesson you will be able to:

- Understand the basic components of the “High-3” Uniformed Services retirement system
- Understand the basic components of the Blended Retirement System
- Understand the concepts of, and eligibility requirements for, Continuation Pay and the Lump Sum Option

Differences in the "High-3" and the BRS



The "High-3" Retirement System

The legacy "High-3" retirement system for the Uniformed Service is based on a pension, or defined-benefit plan.

Under the "High-3" system, Active Component (AC) members today who serve for 20 years are vested in the system and will receive monthly regular retirement pay upon retirement. Reserve Component (RC) members under the "High-3" system can start receiving non-regular retirement pay after 20 years of qualifying service and reaching age 60, or earlier based on your qualifying active service.

The formula for regular retirement pay under the "High-3" system for AC Service members is 2.5% X Years of Service (YOS) X the average of the highest 36 months of basic pay, which results in a monthly retired pay benefit of 50% of the average of your highest 36 months of basic pay, based on 20 Years of Service.

For members of the RC, Years of Service is equal to the Service member's accumulated retirement points divided by 360.

The Blended Retirement System

The new Blended Retirement System takes effect on January 1, 2018.

Like the "High-3" retirement system, the new Blended Retirement System provides a pension, or defined benefit, of monthly retired pay, though the formula changes.

The new formula for both Active and Reserve Components is: 2.0% x your Years of Service x the average of your highest 36 months of basic pay, which results in a monthly retired pay benefit of 40% of the average of your highest 3 years of basic pay based on 20 Years of Service.

Years of Service is calculated based on an individual's Pay Entry Base Date (PEBD), also known as Pay Date, for the AC, and based on Total Years of Qualifying Service for the RC.

For RC members, Total Years of Qualifying Service is still computed by dividing the number of accumulated retirement points by 360.

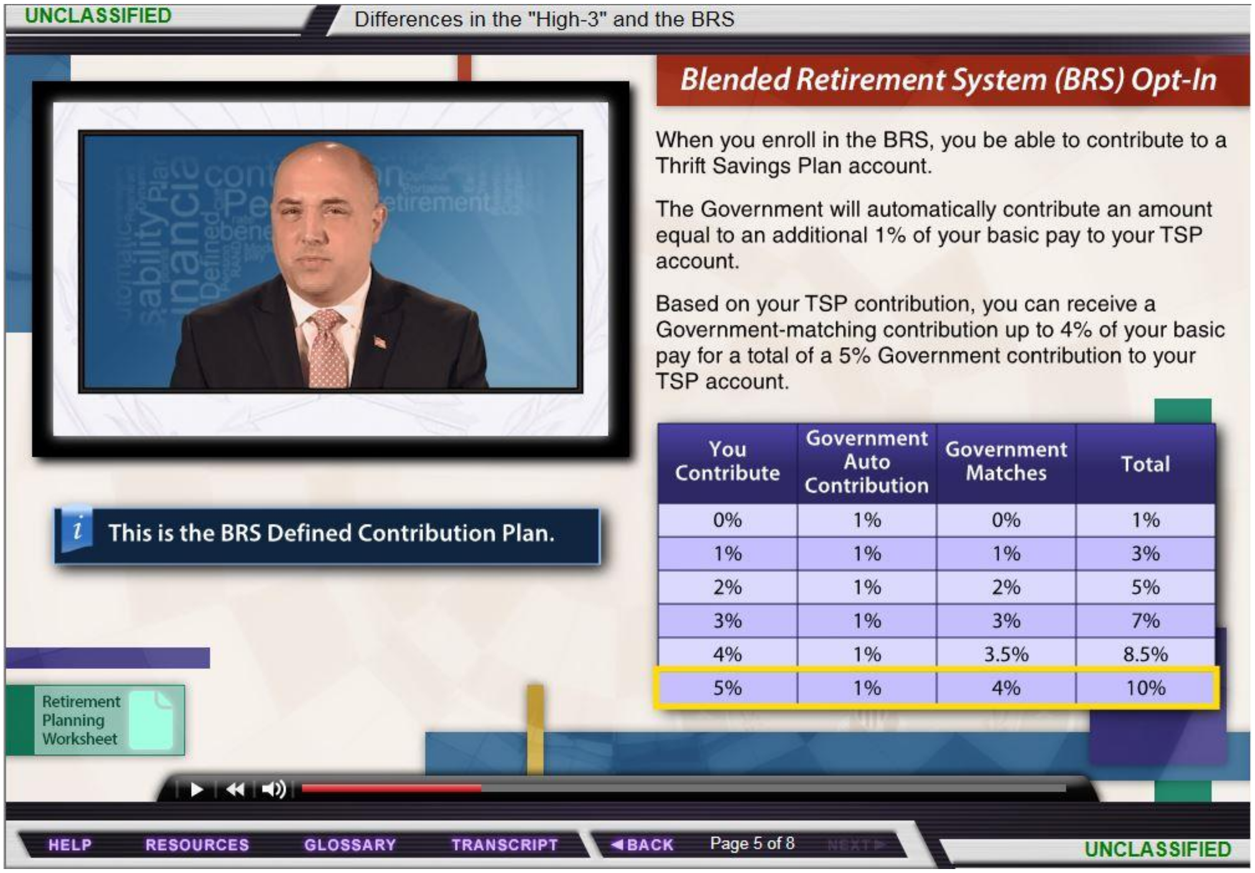
The defined-benefit pension is reduced when the multiplier decreases from 2.5% to 2.0% under the new BRS. However, depending upon your own contribution rate to the TSP and investment returns, the addition of Government automatic and matching contributions could allow you to achieve nearly the same or better total retirement benefit when compared to the current retirement system.

The qualifying service for the AC to receive regular retirement pay in the BRS, is still at least 20 qualifying Years of Service, the same as for the current system. For members of the RC qualifying for a non-regular retirement, the vesting point remains 20 years of qualifying service, although the member will not begin receiving retired pay until age 60. Some members of the RC could begin receiving retired pay sooner if they have certain types of qualifying service that reduces his or her retirement age.

Facilitator Notes

- Video Summary: The host and panel members conduct a question and answer discussion of the benefits of the legacy "High-3" retirement system and the BRS.
- Allow the video to play through, then place the cursor over the button to view the additional content for the page.
- Take any questions from the learners.
- Click NEXT to proceed to a Knowledge Check about the legacy "High-3" retirement system and the continuing discussion of the components of the BRS.

Differences in the "High-3" and the BRS (continued)



Defined Contributions

A major difference between the "High-3" retirement system and the new BRS is that the new blended system includes a TSP account for Service members where the Government will contribute to the account along with the member.

If you choose to participate in the BRS, you will be able to set up a TSP account if you do not already have one.

Upon opting into the BRS you will choose the percentage contribution you want to make from your basic pay each month.

For those members who already have a TSP account, you may still determine your contribution level upon opting in.

The Government will begin automatically contributing an amount equal to 1% of your basic pay, and will continue these contributions until you separate, retire, or complete 26 years of service, whichever occurs first.

You will begin seeing this contribution the next pay period after you opt-in.

In addition, the Government will begin matching your contributions up to 4% of basic pay each month.

If you opt into the BRS, you are immediately vested in your own contributions plus their earnings, as well as vested in any Government-matching contributions, plus earnings on those matching contributions. You do not need to serve for 2 years in order to keep Government-matching contributions.

You must serve at least 2 complete years from your PEBD to be vested in your Government-automatic (1%) contributions and their earnings. However, if you already have 2 or more full Years of Service when you opt in, you will be fully vested in your Government-automatic contributions and their earnings.

These Government matching contributions will continue as long as you continue contributing, and until you separate, retire, or complete 26 Years of Service.

The table shown here illustrates how your TSP contributions can be combined with the Government-automatic and Government-matching contributions.

Continuation Pay

With the introduction of the new BRS, Congress authorized a Continuation Pay (CP) bonus which may be provided to you mid-career for your commitment to at least 3 more Years of Service. Continuation Pay will be paid to members covered by the BRS anywhere between eight to 12 years of service depending on guidelines that will be put out by your Service.

This pay, which is like an incentive or bonus, is designed to encourage members to continue serving at critical points in their career. The amount of Continuation Pay and when it is paid will be determined by your Service based on unique aspects of each career field.

While Continuation Pay is not part of a Service member's retirement benefit, it is a factor in your decision between opting into the BRS or remaining in the "High-3" retirement system.

Basis for CP Amounts

Your Service may decide that a particular career field is in high demand, and they must retain as many members in that career field as possible. This might lead your Service to pay a higher Continuation Pay bonus to members with that particular skill at the mid-career point.

The amounts paid to each career field may vary from year to year, although they will always be in the range of a minimum of 2.5 months of basic pay up to a maximum of 13 months of basic pay for an AC member, and a minimum of 0.5 months of basic pay to a maximum of 6 months of basic pay for an RC member, calculated as if that member was serving on active duty.

Active Guard/Reserve and Full-Time Support members will be paid at least the minimum of 2.5 months of basic pay if they are serving on active duty.

Important CP Information for RC Members

Some members of the RC will be eligible to opt into BRS because they have less than 4,320 retirement points, but will be past the 12 year point in their career.

Those members may opt into BRS but will not be eligible for the Continuation Pay bonus. Only those members with fewer than 12 years of service measured from their Pay Entry Base Date will be eligible for Continuation Pay.

Lump Sum

One of the most significant changes to the BRS, when compared to the High-3 system, is the opportunity for Service members to get a portion of their retired pay as a lump sum upon retirement. This means you can receive money upfront as an advance on your own retired pay.

The Lump Sum Option could be a very valuable opportunity for Service members entering retirement. This payment may provide you the opportunity to pay off debts, buy a house, or even to start a business. It is important to understand, though, that there is a cost to receiving your retired pay upfront. The amount you receive will be less than you would have gotten if it was spread out over normal monthly payments. This is because the money you would receive in the future is not as valuable as money you receive in today's dollars. If you elect the Lump Sum, your future stream of retired pay is discounted to account for the time value of money. Also, there are tax considerations to understand, and the Lump Sum payment may even impact any disability compensation you are entitled to from the Department of Veterans Affairs.

The Lump Sum Option is a valuable option under the BRS and creates opportunities not available with the legacy retirement systems. But it is important to learn more about the pros and cons of this option prior to retirement.

How the Lump Sum Option Works

You may choose to receive either 50 percent or 25 percent of the discounted present value of your future retirement payments in exchange for reduced monthly retired pay from when you retire until when you reach the Social Security "full retirement age", which for most people is age 67. At age 67, your retired pay goes back to its full amount.

The discounted present value is determined by estimating what your retired pay will be and then reducing it to its value in "today's dollars" by using a formula that is based on market conditions and other factors.

What this means:

- 90 days prior to retirement, you may elect to receive either 50 percent or 25 percent of your retirement from when you retire until age 67.
- Upon retirement, you will receive a lump sum payment that is the reduced "discounted present value" of this portion of your retired pay.
- You will continue receiving monthly retired paychecks, but only 50 percent or 75 percent of what you would have otherwise received, depending on which lump sum option you chose.
- When you reach age 67, your monthly retired pay will go back to what it otherwise would have been – you will start receiving full retired pay checks again.

Important Lump Sum Information for RC Members

Like their active duty counterparts, Reserve Component members participating in the BRS have the option of electing a lump-sum payment of retired pay. Like all retired pay, though, Reserve Component members qualifying for a "non-regular retirement" are not eligible to get this lump sum until becoming eligible for retired pay – after the "gray area." Usually this is age 60, but your age of eligibility may be reduced if you have certain types of qualifying active service.

Otherwise, the Lump Sum Option works the same for Reserve Component members. Upon eligibility for retired pay, you may elect 50 percent or 25 percent of your retired pay for the time period:

- From: Your retired pay eligibility date (usually when you turn 60),
- To: Full Social Security Retirement Age (usually age 67)

Other Important Considerations

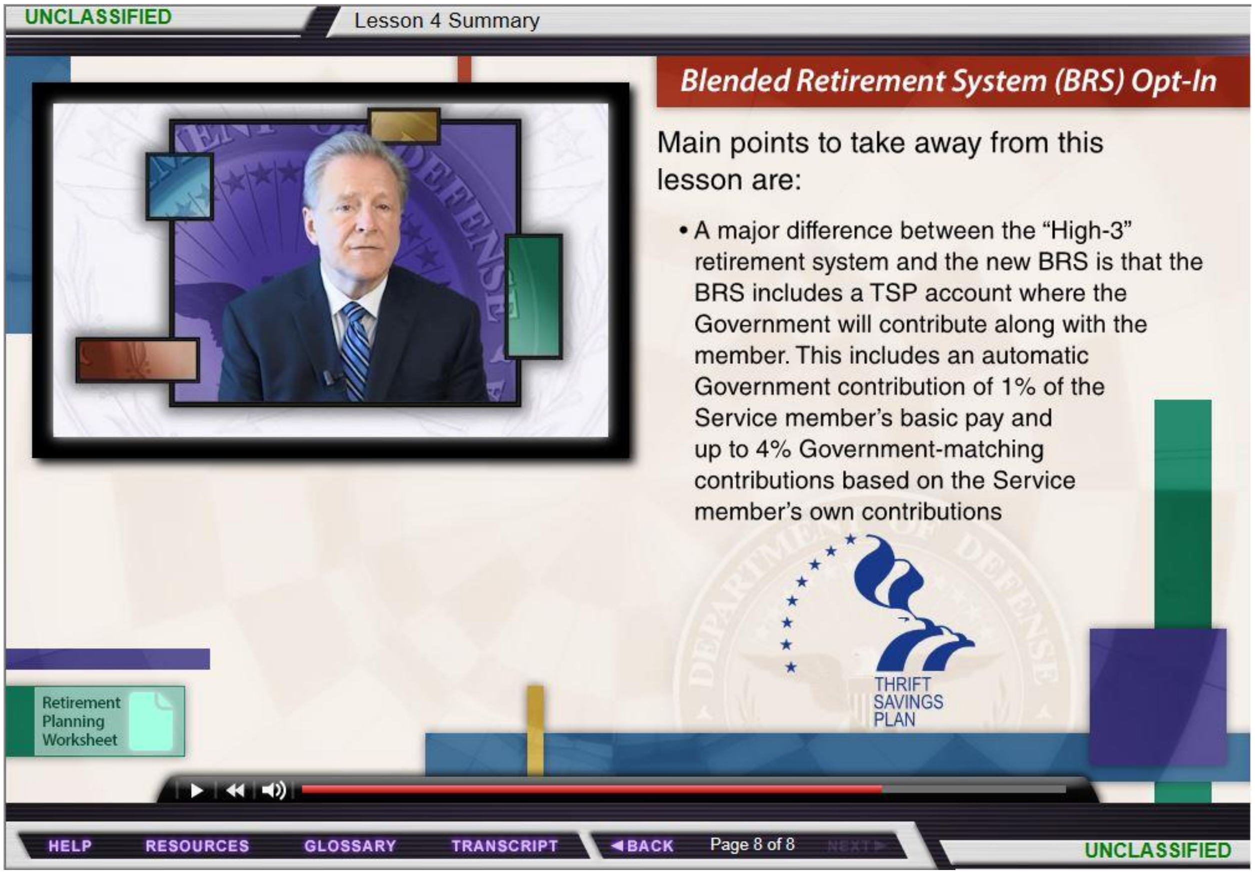
The Lump Sum Option is a valuable opportunity for members to receive a portion of their retired pay upfront; but there are important considerations:

- You will get the discounted present value of this portion of your retired pay, meaning you will not get as much as you would have if you took the retired pay in normal monthly installments.
- Like all retired pay, this lump sum payment is subject to tax; in many cases, receiving a large sum of money may change your tax liability considerably. This can be potentially mitigated by choosing to take your lump sum payment in installments over several years (maximum of 4 installment, 1 per year), although members need to understand the tax implications and consult a professional before electing the Lump Sum Option.
- Those retirees who anticipate they will receive a disability rating from the Department of Veterans Affairs need to know their disability compensation could be impacted or delayed if they take the Lump Sum Option.

Facilitator Notes

- Video Summary: The host and panel members continue a question and answer discussion of the components of the BRS, including the defined contribution plan, Continuation Pay, and the Lump Sum Option.
- Allow the video to play through, then click the tabs at the top of the page as instructed to view the additional content for the page.
- Take any questions from the learners.
- Click NEXT to proceed to Knowledge Check questions about the components of the BRS and the Lump Sum Option.

Lesson 4 Summary



You have completed Lesson 4 on the differences between the "High-3" Uniformed Services retirement system and the BRS. You should now be able to:

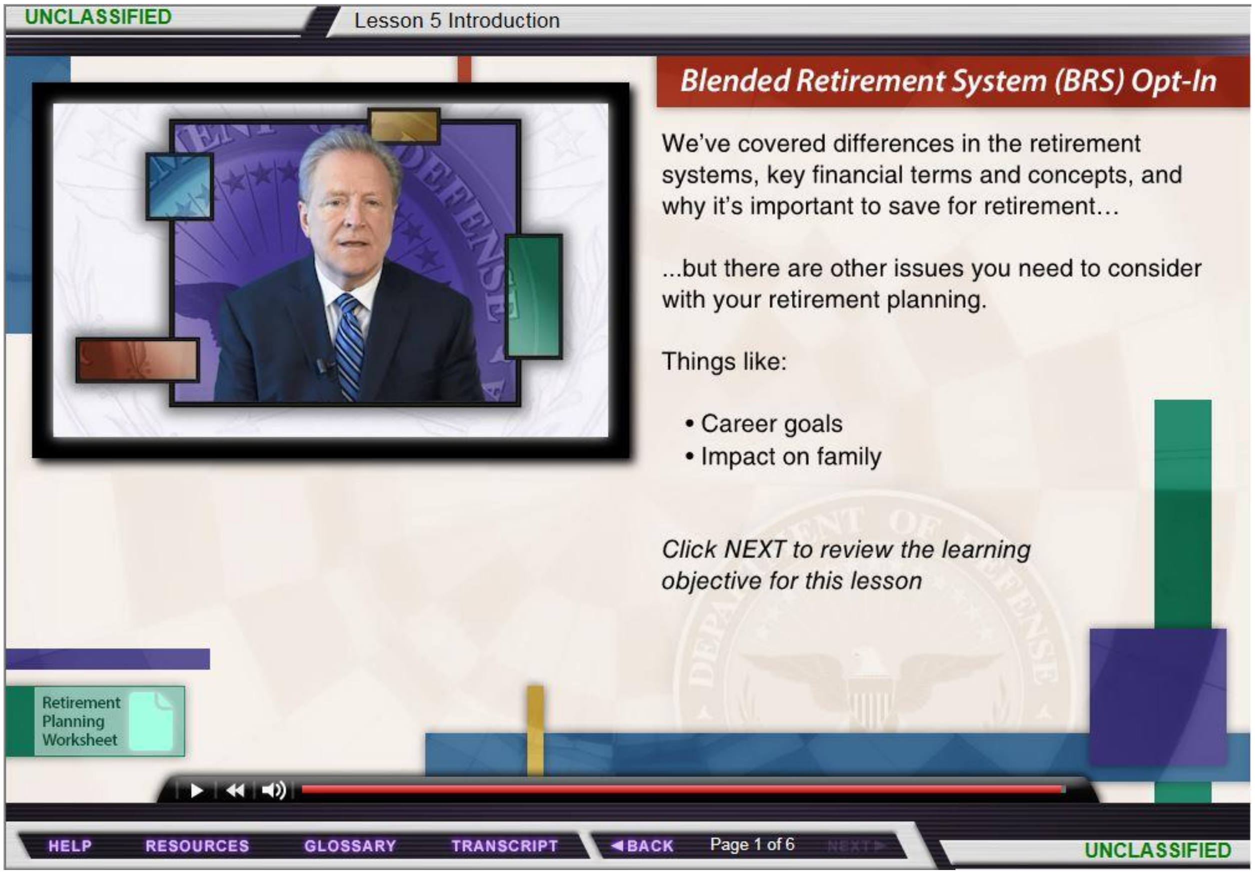
- Understand the basic components of the current Uniformed Services retirement system
- Understand the basic components of the Blended Retirement System
- Understand the concepts of, and eligibility requirements for, Continuation Pay and Lump Sum

Facilitator Notes

- Video Summary: Host recaps the main points from Lesson 4: Differences in the "High-3" and BRS.
- Allow the page video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Lesson 5: Important Factors to Consider.

Lesson 5: Important Factors to Consider

Lesson 5 Introduction

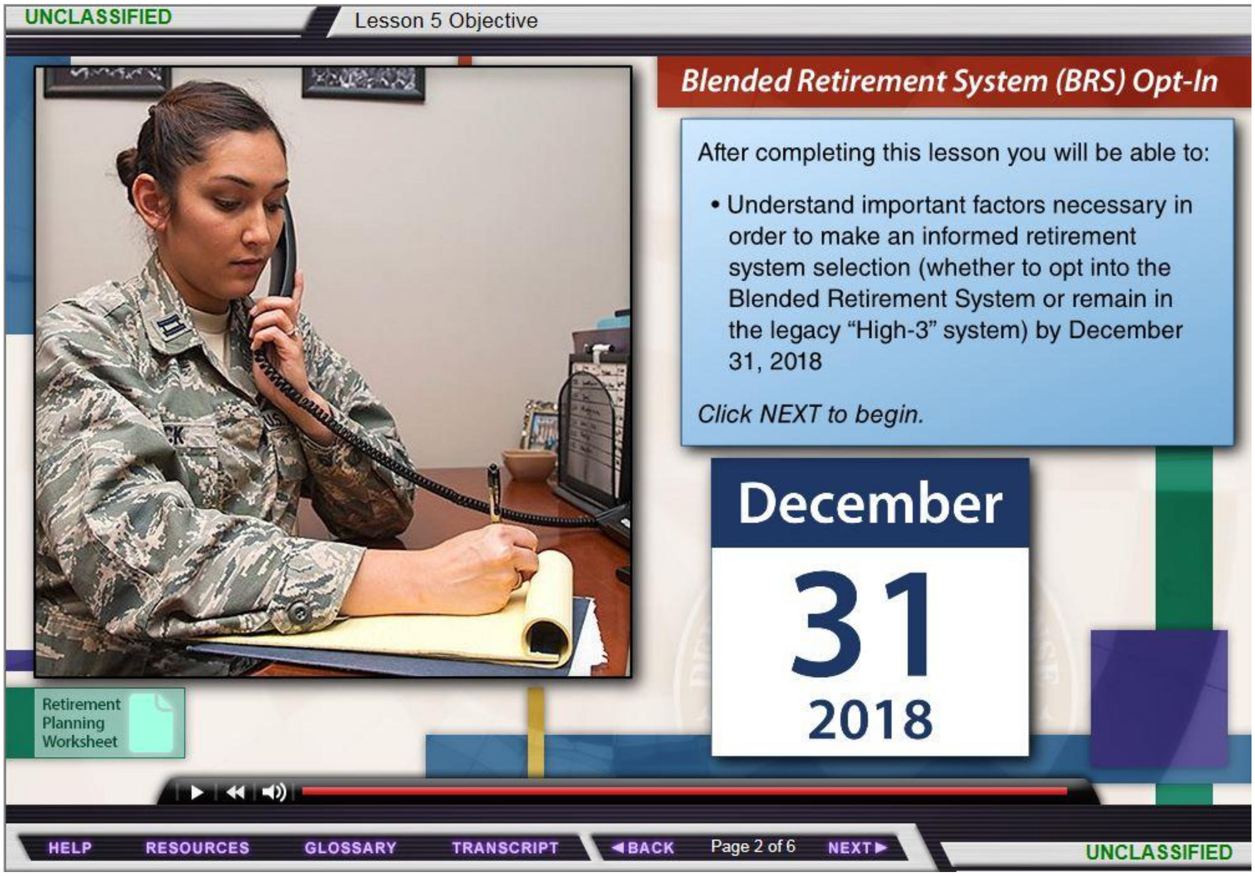


In this lesson you'll learn about some important factors you may need to think through before deciding whether to participate in the legacy "High-3" retirement system or the BRS.

Facilitator Notes

- Video Summary: The host introduces Lesson 5: Important Factors to Consider.
- Allow the Lesson 5 Introduction video to play through.
- Click NEXT to proceed to the Lesson 5 Objectives.

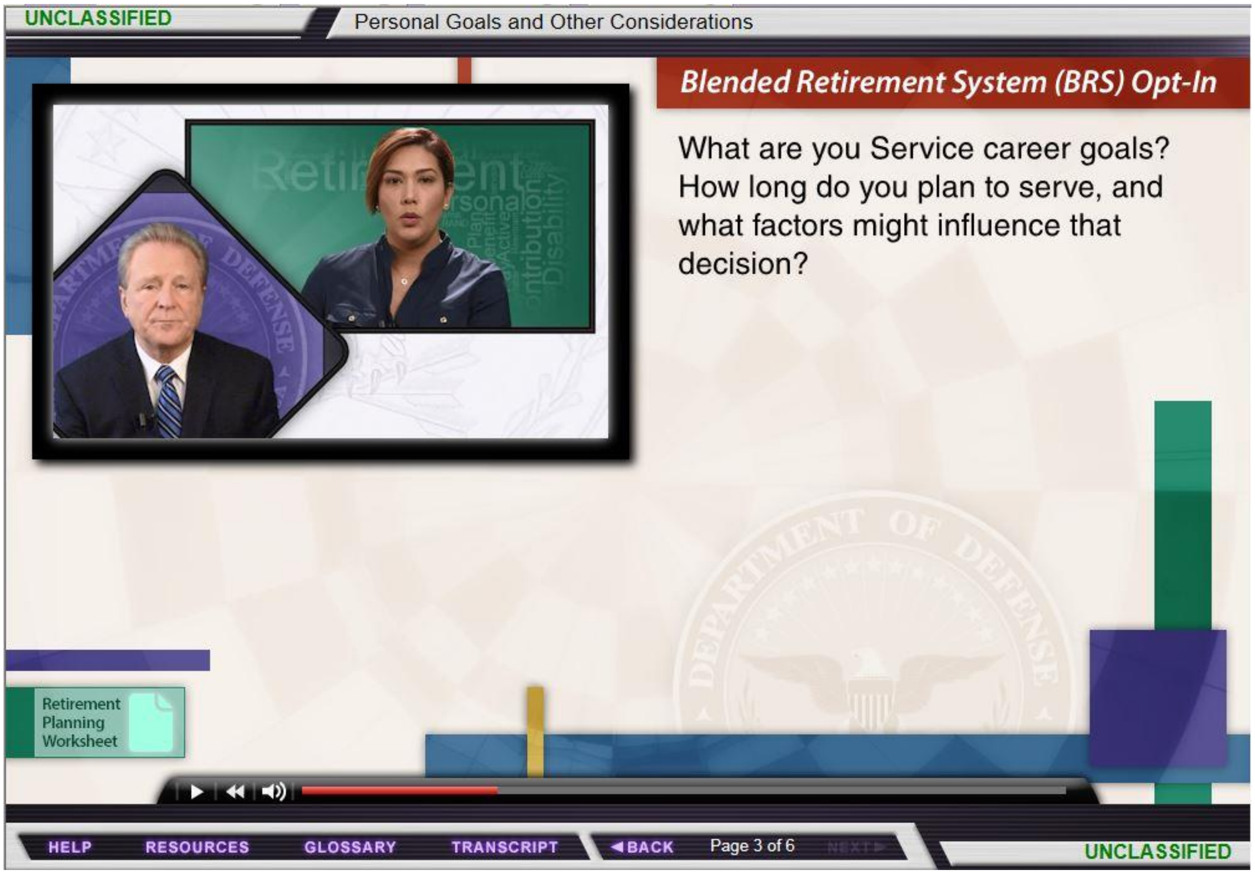
Lesson 5 Objective



After completing this lesson you will be able to:

- Understand important factors necessary in order to make an informed retirement system selection (whether to opt into the Blended Retirement System or remain in the legacy "High-3" system) by December 31, 2018

Personal Goals and Other Considerations



Short-Mid-Long Term Goals

Someone in your life has probably talked to you about goals and goal-setting. It may have been your parents, your High School counselor, or a member of your Service leadership. Among the many good reasons to set goals are that they direct your attention to the things that are most important to you, and help you sustain the effort and motivation to achieve them.

You can have short-term, mid-term, and long-term goals.

Short-term goals are goals that can be accomplished in 1-2 years. An example of a short-term goal in your Service career might be to complete training program for a set of skills you are trying to develop.

Mid-term goals are those that take between 2 and 5 years to accomplish. You may have a mid-term goal to get a promotion or complete a Bachelor's degree.

Long-term goals are those that extend beyond five years.

Your retirement goals are long-term goals.

You need to consider your goals when you are thinking about the Uniformed Services retirement system you plan to choose.

How long do you plan to serve, and what factors may influence that decision?

How do your Service career goals relate to any goals you might have for working in the private sector?

These are just a few important things to think about that might impact your retirement system decision.

While you're thinking about these things, you might want to write them down for future reference. A worksheet has been provided as an attachment to this document for this purpose.

Your Service Career Goals

Take some time to think about your career in the Uniformed Services.

What are your Service career goals? Have you thought about serving 20 years or more? Maybe you're looking for a college degree, or a professional military education.

What do you want to achieve?

Do you expect to be active duty for your full career, or have you considered continuing with the Reserve Component later on?

At the end of this lesson you'll have an opportunity to review some examples of what other Service members are considering with regards to their family, career, and long-term financial planning.

Personal and Family Considerations

Your personal and family obligations, plans, and goals may be some of your most important considerations as you plan for retirement and select a Uniformed Services retirement system.

For example, do you have a spouse? Does he or she have a career and, if so, what is their income?

Is your family situation going to change? For example, maybe you're single now, but planning to get married soon.

And what are your current family expenses? Things like saving for children to go to college, providing care or financial support for aging parents, or large purchases such as a new home, car, or boat.

Also, if you are part of the Reserve Component and have a civilian job, should discuss limitations on contributions between your civilian and military retirement accounts with your PFM.

These are all items that must be considered in your long-term financial and retirement plans.

If you have a family, you need to discuss your retirement options with them as part of your process for getting ready to make your retirement system selection.

Activity #1: Review Service Member Profiles (Factors to Consider)

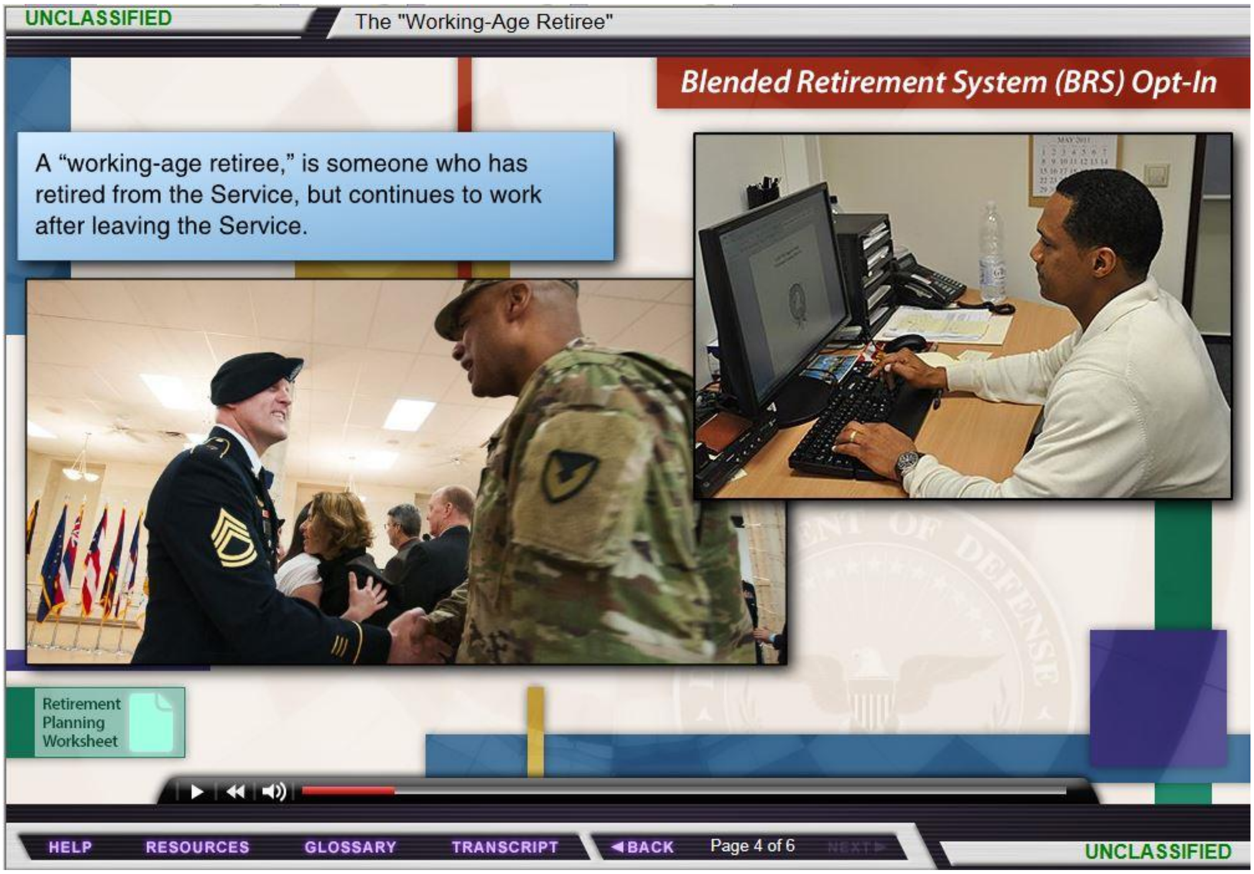
This activity is designed to give you an opportunity to review the important factors some Service members may be considering as they plan to make their own decision whether to stay in the "High-3" retirement system or opt into the BRS.

Before moving on to the next lesson, take some time to review at least three examples to help you identify considerations that may help you with your own decision.

Facilitator Notes

- Video Summary: The host and a panelist discuss how personal and professional goals and other considerations may impact retirement planning and Service members' selection of a retirement plan.
- Allow the video to play through, then click the tabs at the top of the page as instructed to review a variety of Service member profiles presenting different factors to consider for retirement plan selection. You may want to advise learners to use the Retirement Planning Worksheet to keep some notes during this review and discussion.
- Take any questions from learners.
- Click NEXT to proceed to the next page discussing the Working Age Retiree.

The "Working-Age Retiree"



Even if you choose to remain in the Service for a full career or 20 years or more, you may eventually become a "working-age retiree," someone who has retired from the Service, but continues to work after leaving the Service.

Consider a Service member who enters military service at age 18 and serves 20 years. While that member qualifies for military retirement, at age 38 they will likely continue to work in another job capacity for another 20 or 25 years or more. These members have the advantage of military retiree benefits, but may still have children at home and living expenses that exceed the monthly retirement pay they receive. So, while they are retired when viewed from the military perspective, they are not retired in the "no longer working" sense.

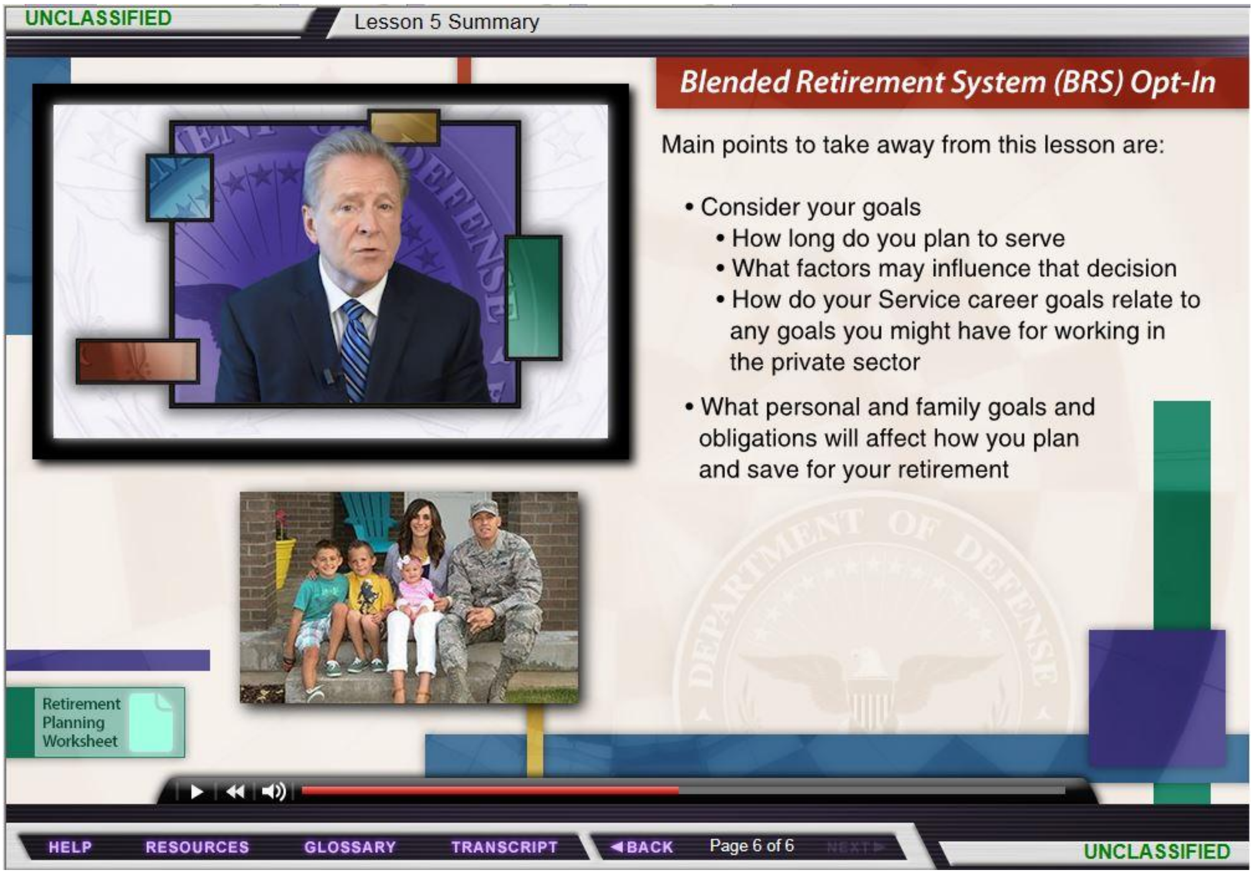
A great advantage of being a working age retiree is the additional income provided by the military retirement pay. This extra income can mean that a member can pursue a passion with less regard for total salary since their retirement pay provides a bit of cushion. In addition, military retirees have access to health care benefits, installation services, and programs that provide cost savings to the beneficiary.

Perhaps one of the greatest surprises for military members who leave service is the loss of non-taxable allowances and health care with little or no out of pocket cost. These issues must be considered as part of long-term planning for retirement.

Facilitator Notes

- Video Summary: The video presents information about working age retirees.
- Allow the video to play through.
- Take any questions from learners.
- Click NEXT to proceed to the Knowledge Check question and Lesson 5 Summary.

Lesson 5 Summary



You have completed Lesson 5 on the important considerations you need to think through before deciding which Uniformed Services retirement system you'll choose to participate in.

You should now be able to:

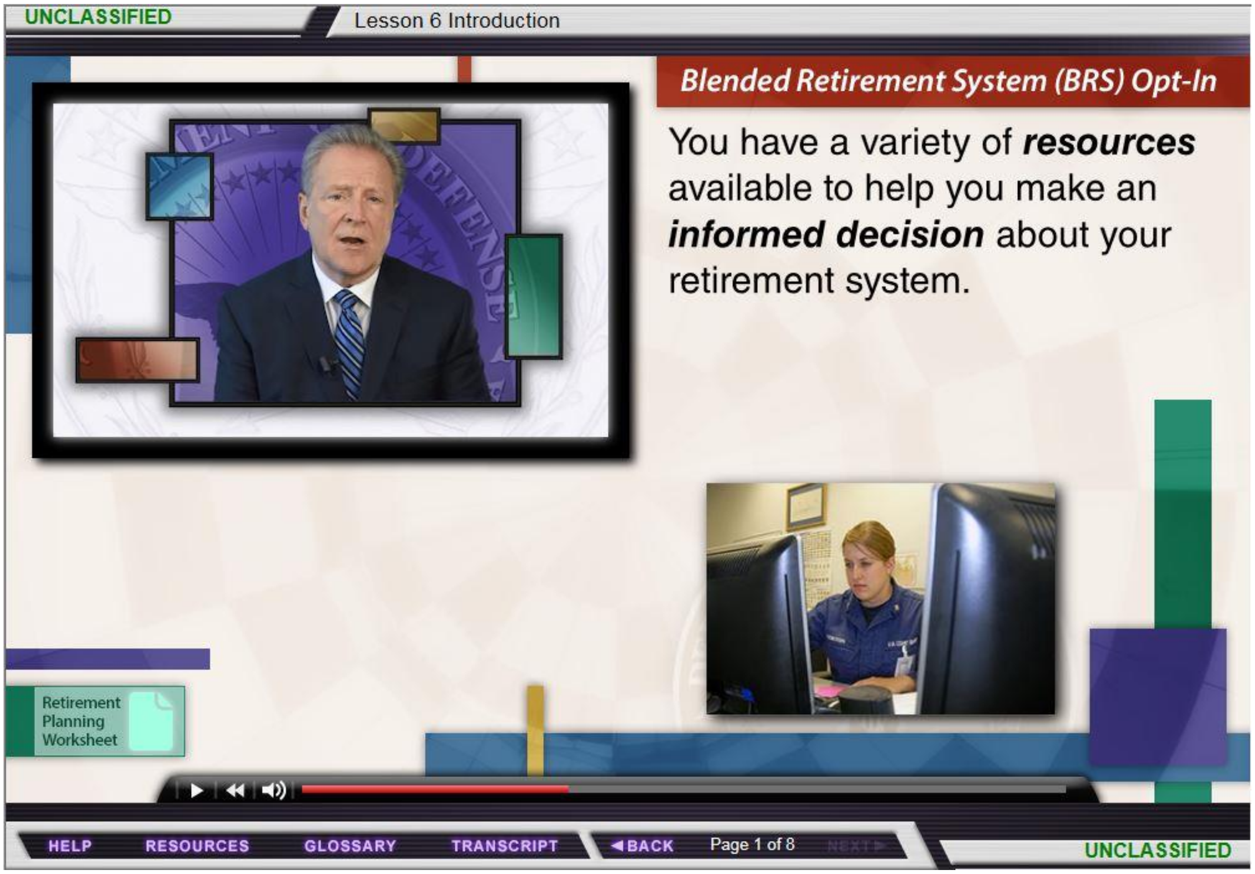
Understand important factors necessary in order to make an informed retirement system selection (whether to opt into the Blended Retirement System) by December 31, 2018.

Facilitator Notes

- Video Summary: Host recaps the main points from Lesson 5: Important Factors to Consider.
- Allow the page video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Lesson 6: Tools and Resources.

Lesson 6: Tools and Resources

Lesson 6 Introduction



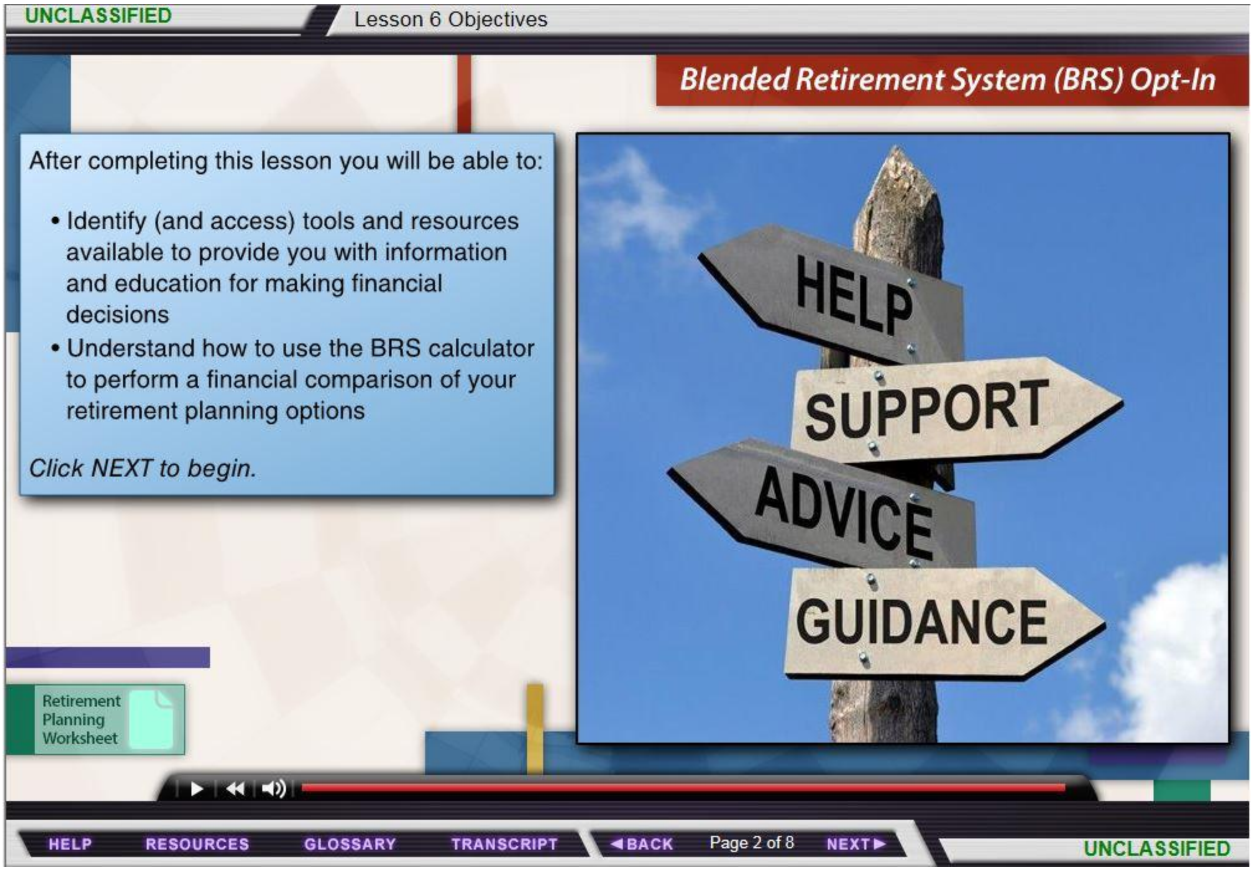
In this lesson you'll learn about the tools and resources available to you to help you with retirement planning and decision making so you can make an informed decision about which retirement system you want to participate in.

As previously discussed, the decision whether to remain in the legacy "High-3" retirement system or opt into BRS is your decision to make. These resources are available to support you making that decision, not to tell you what decision to make.

Facilitator Notes

- Video Summary: The host introduces Lesson 6: Tools and Resources.
- Allow the Lesson 6 Introduction video to play through.
- Click NEXT to proceed to the Lesson 6 Objectives.

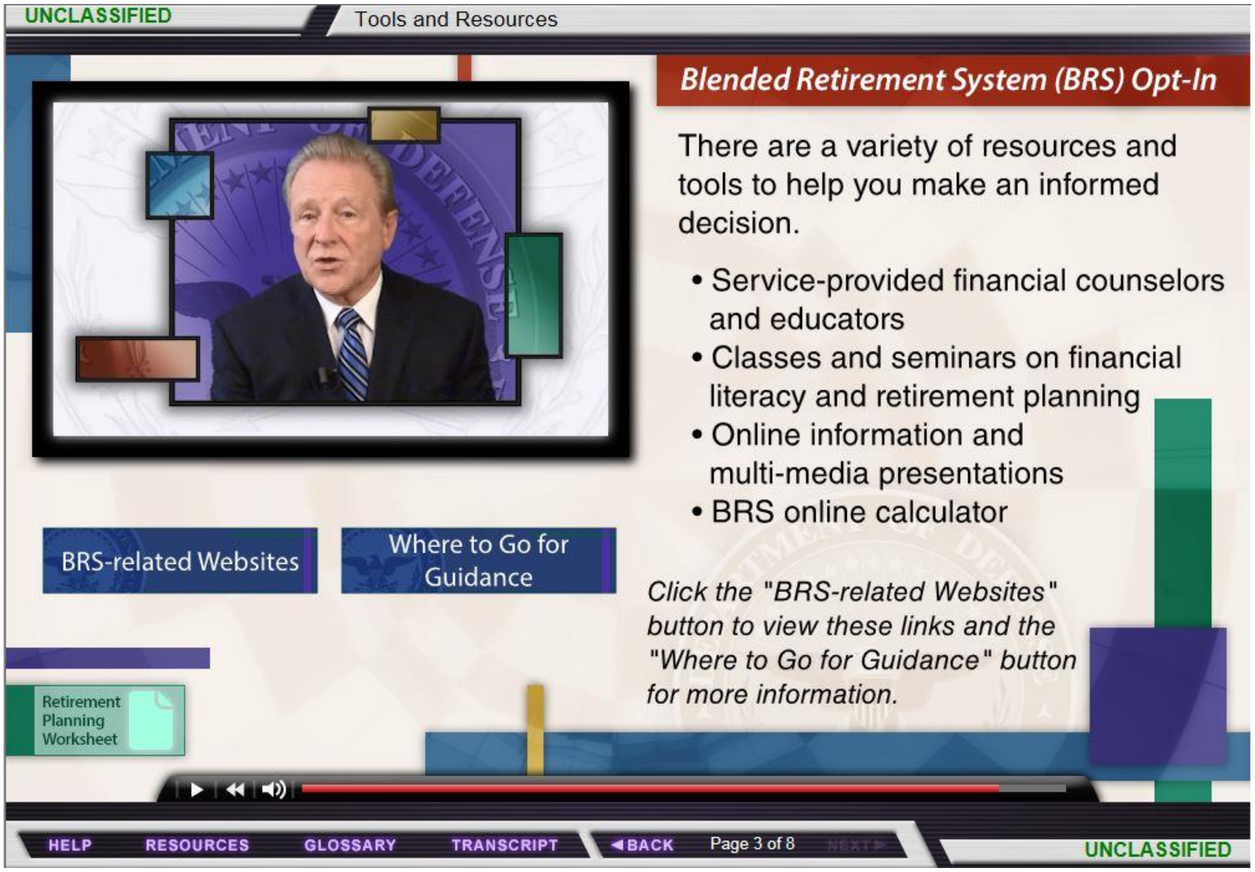
Lesson 6 Objectives



After completing this lesson you will be able to:

- Identify (and access) tools and resources available to provide you with information and education for making financial decisions
- Understand how to use the BRS calculator to perform a financial comparison of your retirement planning options

Tools and Resources



Tools and Resources

You are the person who will decide which retirement plan to choose. No one else should make this decision for you. But that doesn't mean you have to make this decision in a vacuum. There are a variety of tools and resources available to inform and educate you about financial planning for your future.

Your Service has personal financial counselors and educators, and Retirement Services Officers (RSOs), who can help guide you through the financial planning process.

You will have the opportunity to attend classes and seminars on financial planning over the course of your career, and instruction on the Opt-In Decision, in addition to this course, is available.

Various websites are available to provide you with information. A comprehensive list of those links is provided below.

And the BRS calculator will enable you to run the numbers to help decide which system is your best option.

Thrift Savings Plan

https://www.tsp.gov/index.html

Military Pay

http://militarypay.defense.gov/BlendedRetirement/

Military OneSource
http://www.militaryonesource.mil/financial-and-legal/personal-financial-management-and-taxes

My Army Benefits (includes National Guard)
http://myarmybenefits.us.army.mil/

Navy:
http://www.public.navy.mil/bupers-npc/support/21st_Century_Sailor/readiness/Pages/Personal-Financial-Management.aspx

Air Force (NOTE: Requires CAC access):
https://mypers.af.mil/app/answers/detail/a_id/32562/kw/blended%20retirement/p/8%2C9

Marines:
https:/www.manpower.usmc.mil/CommandersSmartPack
https://www.manpower.usmc.mil/

USCG/NOAA:
https://www.uscg.mil/hq/cg1/docs/Blended_Retirement_System.pdf
https://www.uscg.mil/hr/blended_retirement.asp

USPHS:
https://dcp.psc.gov/ccmis/bulletin/Blended_Retirement_System.aspx

Where to Go for Guidance

On an installation, the primary source of financial education or counseling is the Personal Financial Manager (PFM). Members who do not have access to an installation PFM may contact Military OneSource.

In addition, Personal Financial Counselors (PFCs) and RSOs may be available through your unit. Navy and Marine Corps personnel can access training and counseling at the unit level through the unit Command Financial Specialist (CFS).

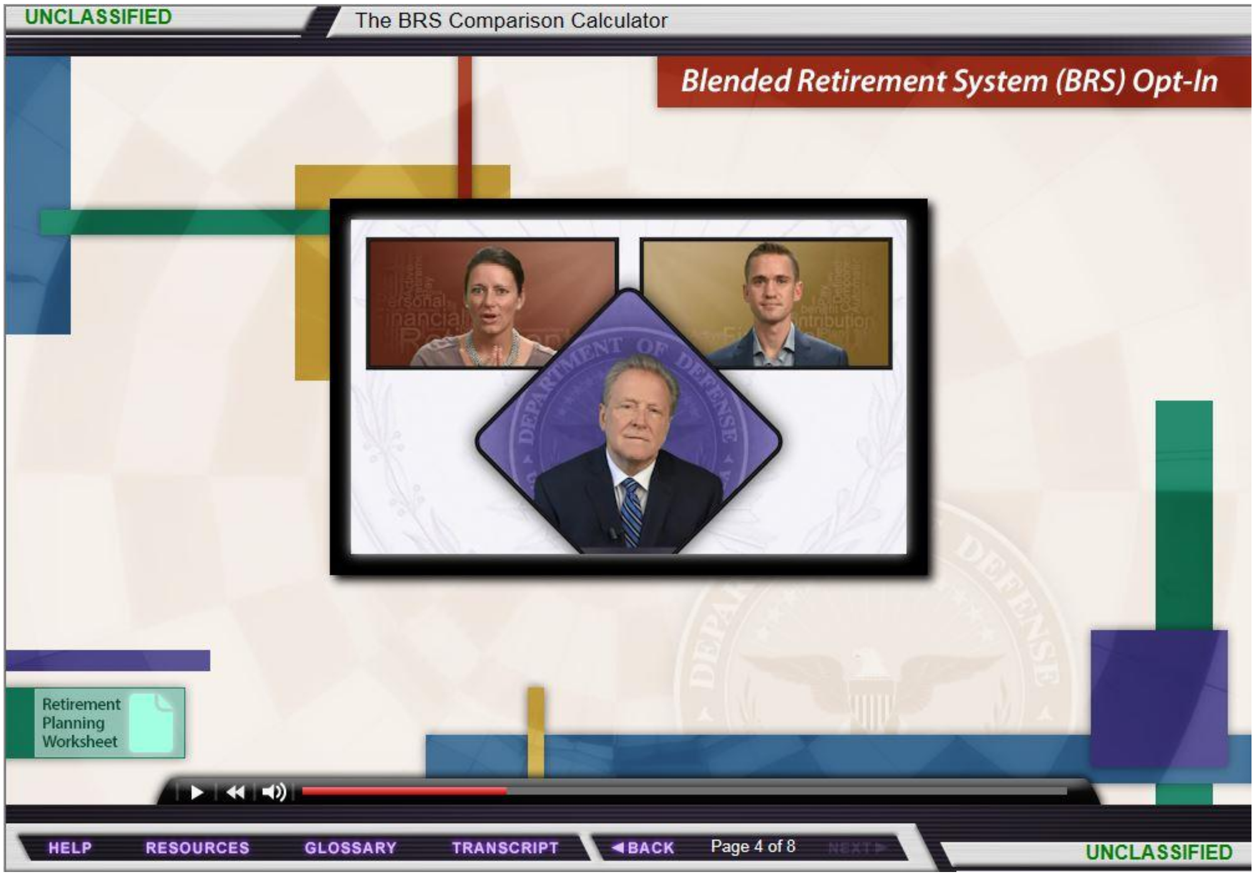
RC, as well as AC, personnel living near a military installation may have access to an installation PFM or RSO. Other resources for RC personnel include PFCs assigned to units or installation and Military OneSource.

Remember, these counselors are there to provide you with information and education that will help you make an informed decision on your retirement system, not to make the decision for you.

Facilitator Notes

- Video Summary: The host reviews the tools and resources available to help opt-in eligible Service members make their retirement plan decision.
- Allow the video to play through, then click the buttons as instructed to view the remaining content for the page.
- Take any questions from learners.
- Click NEXT to proceed to the next page on the BRS Calculator.

BRS Calculator



The BRS calculator is an online comparison calculator that will enable you to enter information about your current and projected Service status in order to estimate your potential retirement savings and income.

You will be able to access and use the BRS calculator on your own, but it is recommended that you use it while consulting with one of your Service's financial counselors or educators so they can help you fully understand the results.

The BRS calculator will enable you to compare, side-by-side, your potential retirement benefits from the legacy "High-3" retirement system and the BRS. The calculator will also enable you to compare the results of different TSP contribution rates, allowing you to see the significant difference over time between contributing 1% or more of your basic pay.

Active Component Information

- Current Component: Active
- Anticipated Separation/Retirement Component: Active/Reserve

Personal Information

- Date of Birth
- Pay Entry Base Date (PEBD)

- Current pay grade
- Estimate of Service at Separation/Retirement (years, months)
- Anticipated BRS Opt-In Date
- Anticipated Transition to RC Date (if applicable)

Retirement Information

- Life Expectancy
- TSP Withdrawal Age
- TSP Contribution Rate
- TSP Rate of Return

Other

- Anticipated Career Progression
- Anticipated Bonuses and Payments (if applicable)
- Anticipated Lump Sum (if applicable)

Reserve Component Information

- Current Component: Reserve
- Anticipated Separation/Retirement Component: Reserve

Personal Information

- Date of Birth
- Pay Entry Base Date (PEBD)
- Current pay grade
- Estimate of Service at Separation/Retirement (years, months)
- Anticipated BRS Opt-In Date
- Points earned to date
- Current creditable years
- Number of Active Service days served during your career
- Future RC points
- Anticipated creditable years at retirement

Retirement Information

- Life Expectancy
- TSP Withdrawal Age
- TSP Contribution Rate
- TSP Rate of Return

Other

- Anticipated Career Progression
- Anticipated Bonuses and Payments (if applicable)
- Anticipated Lump Sum (if applicable)

Activity #2: Review Service Member Profiles (Calculator Results)

This activity is designed to give you an opportunity to see the inputs some Service members entered into the BRS calculator, compare the results, and gain familiarity with the capabilities of the calculator to enable you to compare the potential retirement benefits of the legacy "High-3" retirement system and the BRS.

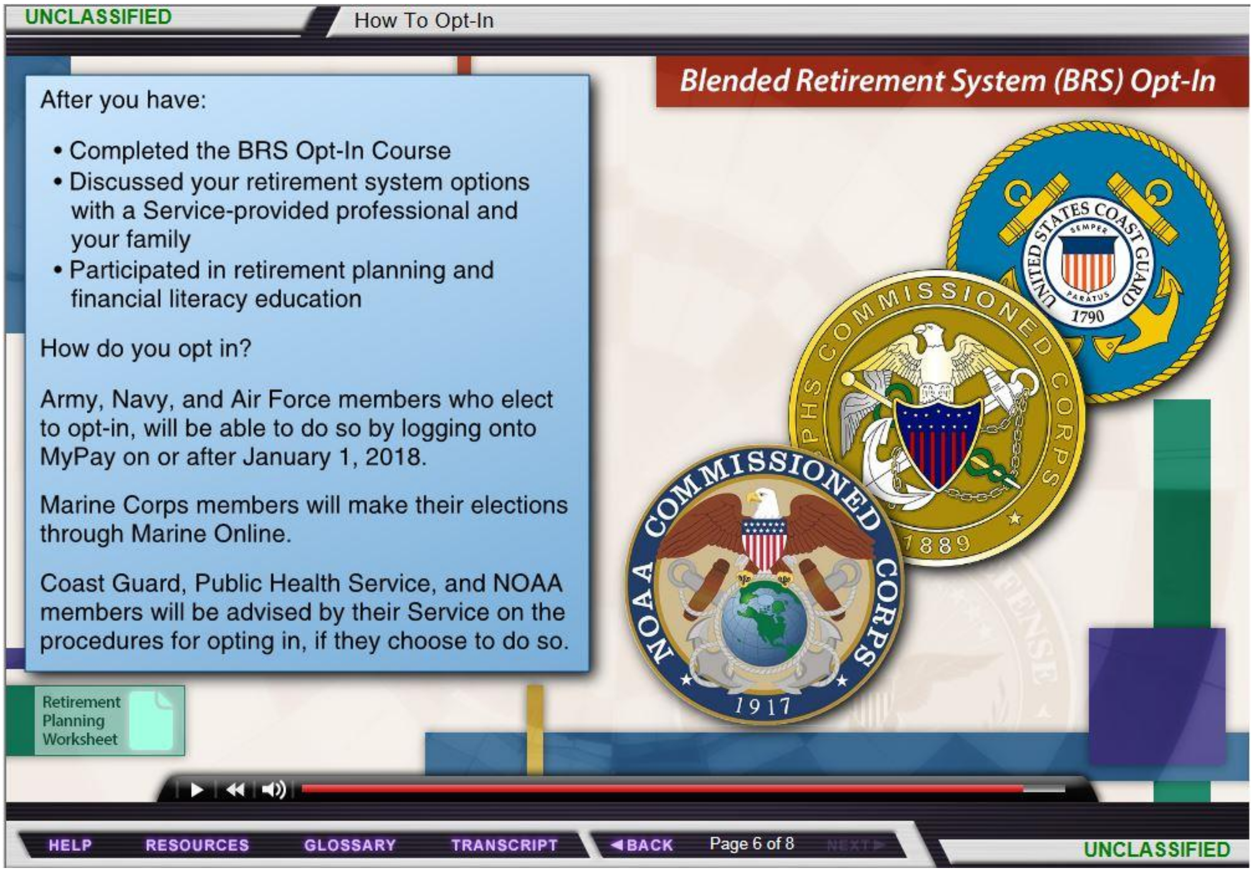
The calculator results you'll see in these profiles, and the information used to generate those results, are only examples to help you understand your options, and may not precisely fit your specific individual circumstances. The Service member profiles shown here should NOT be used as the model for making your personal and individual retirement system choice.

Before moving forward, take some time to review at least three examples to help you understand how the BRS calculator may help you with your own decision.

Facilitator Notes

- Video Summary: A financial counselor and Service member panelist discuss the information entered into the BRS calculator, and review the calculator results.
- Advise learners they may want to use the Retirement Planning Worksheet to take notes about their own information.
- Allow the video to play through, then click the tabs at the top of the page as instructed to review a variety of Service member profiles presenting different scenarios for the entry of information into the BRS calculator and a variety of results from each scenario.
- Take any questions from learners.
- Click NEXT to proceed to a Knowledge Check about the information needed for the BRS calculator and a page discussing How to Opt Into the BRS.

How To Opt-In



Let's say you have completed the BRS Opt-In Course, discussed your retirement system options with your Service-provided financial professional and your family, and participated in retirement planning and financial literacy education provided by your Service, and you decide you want to opt into the BRS.

How do you opt in?

Members of the Army, Navy, and Air Force who elect to opt-in, will be able to do so by logging onto MyPay on or after January 1, 2018 to make their election. Members of the Marine Corps will make their elections through Marine Online. And members of the Coast Guard, Public Health Service, and NOAA will be advised by their Service on the procedures for opting in, if they choose to do so.

Facilitator Notes

- Video Summary: The video presents information about steps Service members need to take in order to opt into the BRS, if that is the decision they make.
- Allow the video to play through.
- Click NEXT to proceed to the Lesson 6 Summary.

Lesson 6 Summary

You have completed Lesson 6 on the tools and resources available to help you with retirement planning and understanding the factors associated with your decision to choose one of the available Uniformed Services retirement systems.

You should now be able to:

- Identify (and access) tools and resources available to assist (provide information, assistance, and education) in making financial decisions
- Understand how to use the BRS calculator to compare your retirement planning options

Facilitator Notes

- Video Summary: Host recaps the main points from Lesson 6: Tools and Resources.
- Allow the page video to play through.
- Take any questions from learners.
- Click the Next Lesson tab to proceed to Course Summary.

Course Summary

Congratulations! You have completed the BRS Opt-In Course. Here are some important points to keep in mind:

- The Blended Retirement System takes effect on January 1, 2018.
- You are eligible to opt into the BRS if, as of December 31, 2017 you are either an Active Component (AC) member who has served fewer than 12 full years from your Pay Entry Base Date, or a Reserve Component (RC) member with fewer than 4,320 points.
- Most Service members will have the entire 2018 calendar year to decide whether to remain in the legacy "High-3" retirement system or opt into the BRS.
- Your decision whether or not to opt into the BRS is an individual decision. No one else can make it for you.
- If you choose to opt into the BRS, your decision is final. It cannot be changed at a later date.
- There are significant differences between the legacy "High-3" retirement system and the BRS, and you should take full advantage of the financial literacy information and education available to you through your Service including:
    - Completing this course
    - Discussing your retirement system options with your Service-provide financial professionals

- Participating in upcoming classes or workshops on the retirement systems being provided by your Service
- Members of the Army, Navy, and Air Force who elect to opt into the BRS, will be able to do so by logging onto MyPay on or after January 1, 2018 to make their election. Members of the Marine Corps will make their elections through Marine Online. And members of the Coast Guard, Public Health Service, and NOAA will be advised by their Service on the procedures for opting in, if they choose to do so.

Facilitator Notes

- Video Summary: Host recaps the main points from the BRS Opt-In Course.
- Allow the page video to play through.
- Take any questions from learners.
- You have completed the course.

Any Final Questions?

BRS Glossary

This glossary was reviewed and approved in May 2016 in coordination with the development of the BRS Leader Course, and has been updated effective 31 January 2017 for use with the BRS Opt-In Course.

Active Component (AC)

Service members who are in the Regular Army, Regular Navy, Regular Marine Corps, Regular Air Force, Regular Coast Guard, Public Health Service (PHS), and National Oceanic and Atmospheric Administration (NOAA) as their full-time occupation.

Active Duty (AD)

Full-time duty in the active military service of the United States, including Active Component members and Reserve Component members who are in an active duty status.

Annuity

In this course, annuity refers to the Government's defined benefit or monthly military retired pay that members earn after 20 or more years of service. In the investment sector, an annuity is an insurance product that can be used as part of a retirement strategy. Payments can be either lump sum or a series such as monthly, quarterly, or yearly. Payment amount(s) depend on the value of the annuity and the payout scheme.

Attrit

When Service members depart or leave military service.

Auto-enrollment

The procedure in which the Government automatically establishes a Thrift Savings Plan (TSP) account for the member and contributes 3 percent of the member's pay to their TSP each pay period.

Automatic contribution

The Government establishes a TSP account and contributes a preset amount monthly regardless of the Service member's choice to invest in TSP.

Automatic (1%) contribution

Once a member has served 60 days, the member's Service will contribute an amount equal to 1% of the member's basic pay each pay date to the member's TSP account. These are called Agency Automatic (1%) Contributions. The member does not need to be making contributions to receive them.

Blended Retirement System (BRS)

The Fiscal Year 2016 National Defense Authorization Act established a modernized and blended retirement system known as the BRS. This new retirement system takes effect January 1, 2018.

Cliff vested

A vesting system in which the recipient becomes fully vested at a specified time rather than becoming partially vested in increasing amounts over an extended period of time. (DoD Policy Draft Definition). The point in a time a Service member becomes fully qualified to receive monthly military retired pay. Most members qualify to receive a monthly military retired pay after serving 20 years.

Command Financial Specialists (CFS)

Members of the military who have been appointed by the commanding officer to provide financial education and training, counseling and information referral within the unit. CFS receive formal training prior to executing their responsibilities.

Continuation Pay (CP) and CP multiplier

This one-time payment at the completion of 8-12 years of service is available to those who agree to serve an at least 3 more years. Currently, active component members would receive between 2.5 and 13 times their monthly basic pay. The DoD is developing the policy to treat reserve component members performing active guard and reserve duty (AGR/FTS) similarly. Other reserve component members would receive between 0.5 and 6 times their basic pay (as if on active duty – not drill pay). These multipliers can be adjusted by the Military Service Secretaries but limits apply.

Defined benefit (DB) Annuity

A pension plan in which an employer/sponsor provides provisions of a specified monthly benefit upon retirement that is predetermined by a formula based on the individual's earnings history and tenure of service. (DoD Policy Draft Definition). The "High-3" military retirement system is an example of a defined benefit plan.

Defined contribution (DC)

A retirement plan under which the Service member, Military Service, or both, contribute to an individual account in the Federal 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.

Disability rating

A percentage assigned to a medical condition. A DoD disability rating is determined based on the job limitations (i.e., unfit for military duty). The Department of Veterans Affairs assigns a disability rating based on life-long limitations.

Disability Retired Pay

Compensation given to Service members who are retired for a physical disability. Service members may choose between their disability rating (capped at 75%) or the defined benefit multiplier (either 2.5% under the High 3 retirement system or 2.0% under the Blended Retirement System), multiplied by the years of service to determine their retirement annuity.

Disability retirement

To qualify for disability retirement, the Service member must have completed at least 20 years of service creditable under Section 1208, Title 10, United States Code (10 USC 1208) or hold a combined disability rating of 30 percent or more for the disabilities determined to be unfitting for military duty. Members retiring earlier than 20 years due to a qualifying disability are not eligible for the BRS lump sum retirement option.

Discounted Present Value

The value of a future stream of income determined at the current time. The discounted present value is less than the future value because money has the potential to grow in value over time. The time value of money is often described with the simple phrase, "A dollar today is worth more than a dollar tomorrow."

Final Pay

A retirement system that bases the amount of pension on a member's last month of pay, or in rare instances, the member's highest month of basic pay. A member must have a Date of Initial Entry of Military Service (DIEMS) of September 8, 1980, or earlier to qualify.

Financial Advisor

A person who gives advice to others about money management and investments.

FY 17 Status of Forces survey

This is a survey given to randomly selected members in the Active and Reserve Components.

Grandfathering

A provision in which an old law or regulation continues to apply to some existing individuals even after the enactment of a new law or regulation. (DoD Policy Draft Definition). For BRS refers to the statutory provision that exempts a person with a DIEMS prior to January 1, 2018 from being involuntarily transferred into the new BRS retirement system.

"High-3"

The name used to describe the legacy retirement system that covers members who entered the service on or after September 8, 1980, but before January 1, 2018, who do not elect the Career Status Bonus (CSB). The name is derived because the system uses the average of the highest 36 months (or 3 years) of monthly basic pay the member received, whether consecutive or not, when calculating the defined benefit.

Irrevocable

Not capable of being changed.

Lump sum

One-time payment of money (as opposed to smaller payments over time). The lump sum is calculated using a present value discount rate, which DoD will publish prior to the Opt-In period. DoD is developing policies related to the interaction of the lump sum with benefits such as the Veterans Affairs disability compensation and the DoD Survivor Benefit Plan.

Matching contributions

Contributions made by Services to the Thrift Savings Plan accounts of members who contribute their own money to the TSP. After the completion of two years of service, the first three percent of the member's contribution is matched dollar for dollar by the Service and the next two percent is matched 50 cents on the dollar. This means that if a member contributes five percent of the member's pay to the TSP, the Service will contribute another four percent to the member's TSP account.

National Defense Authorization Act (NDAA)

An act to authorize the Government to raise and maintain the Department of Defense.

New accession

Non-prior Service individuals who join a branch of the military.

Opt-in decision

The choice to switch from the "High-3" system into the Blended Retirement System.

Opt out

To choose not to participate (in the system).

Pay Entry Base Date (PEBD)

Date that denotes how much of an individual's service is creditable towards longevity for pay purposes. This date can be adjusted based on breaks in service. It is referred to by the Army as the "pay entry basic date" and by the Air Force as the "pay date."

Pension

A retirement account that an employer maintains to give you a fixed payout when you retire.

Personal discount rate

The rate at which an individual trades current for future dollars.

Personal Financial Counselors (PFC)

Accredited counselors who provide information on the Blended Retirement System and offer strategies to support positive financial choices. This service is free to Active and Reserve Components, their families, and survivors.

Personal Financial Managers (PFM)

Accredited professionals available on military installations to help Active and Reserve Component members and their families understand the Blended Retirement System and support positive financial choices.

Portable retirement benefit

A transferable account when you retire or leave Federal service.

Qualifying Service

Qualified Reserve Component (U.S. Army Reserve and Army National Guard) personnel begin to draw retired pay when they have accrued 20 qualifying years of service time and reached age 60.

Broadly speaking, the following types of service time count towards your qualifying years of service:

- Active service
- Active duty for training
- Active duty for special work
- Temporary tour of Active duty
- Full-time National Guard duty
- Active Guard/Reserve time

Your individual service is responsible for tracking and managing whether or not you have attained a qualifying year in order to have the qualifying service necessary to attain the required 20 years or more towards retirement.

Reserve Officers also may use service as a contract surgeon or acting dental surgeon to qualify for retire-ment through the Qualified Reserve Component.

RAND Dynamic Retention Model

A model which facilitates the analyses of the costs and benefits of making proposed policy changes that affect military personnel to include the level and structure of military compensation, the major parameters of the personnel system to include retention, and the non-disability retirement system.

Reentrant

A person who departs Federal service and later re-enters. Also referred to as a member with prior service.

Reserve Component (RC)

Service members of the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, the Coast Guard Reserve, and the Public Health Service Reserve.

Retirement calculator

An online tool allowing users to estimate their retirement benefits under a particular retirement system.

Retirement Multiplier

The percentage used to in calculating the monthly annuity under the military retirement systems.

Retirement points

The number of points a Reserve component member earned towards a non-regular retirement.

Retirement Services Officers (RSO)

Personnel who provide retirement counseling to Service members and their families on their rights, benefits, and entitlements, assist with Survivor Benefit Plan (SBP) elections, and keep the Active duty, Reserve Components, and retiree populations informed of changes to benefits.

Roth TSP

A TSP option in which you pay taxes on your contributions as you make them (unless you are making tax-exempt contributions from combat pay) and get your earnings tax-free at withdrawal, as long as you meet the requirements to qualify. To qualify, 5 years must have passed since January 1 of the calendar year in which you made your first Roth contribution, and you must have reached age 59½, have a permanent disability, or have died. To elect the Roth option, you must designate your contributions as Roth at MyPay.

Survivor Benefit Plan

A subsidized government program that will pay eligible survivors of a participating military retiree or military member who died on active duty in the line of duty a monthly payment (annuity) to help make up for the loss of retirement income.

Temporary Early Retirement Authority (TERA)

Temporary authority associated with force downsizing that authorizes selected members with over 15, but less than 20 years of total service for retirement to apply for early retirement. (TERA can also apply to RC so active service would not apply)

Thrift Savings Plan (TSP)

A defined-contribution plan currently available to Government workers. TSP is portable and, once vested, all contributions and earnings stay with the employee even after leaving Government employment.

Vesting

Vesting is the right an employee has to keep the money, and the interest earned on that money, their employer contributed to their retirement account. Usually, vesting is based on the length of time you work for that employer or participate in the retirement plan. Once "vested" that amount of money in your retirement account is yours to keep and the employer cannot take it back.

Working-age annuity

This is defined by the Social Security Administration as 67 years of age. With respect to the Blended Retirement System, it is the age at which the pension returns to a full annuity when the member elects a lump sum option upon retirement (or when they first start to receive monthly retired pay in the case of a non-regular or reserve retirement).

Years of Service (YOS)

Years of Service is calculated based on an individual's Pay Entry Base Date also known as Pay Date.