

# Military Unveils New Retirement System

The United States Armed forces will unveil its new retirement planning system January 1, 2018. The new [Blended Retirement System](#), or BRS for short, has so far drawn mixed reviews from those that understand it and puzzled looks by the many that do not. The changes to the system are discussed below and will hopefully bring greater understanding where needed.

## BRS Overview

The concept behind the BRS is the blending of two income sources for retiring personnel. The current system contains an annuity provision that provides money for retiring military personnel with over 20 years of service. The BRS will add to the mix the [Thrifty Savings Plan](#), a 401K program managed by the government that will allow members to invest their own money in stocks or securities while enjoying a contribution from their employer.

## The Formula

The [annuity formula](#) currently in use will be utilized by the BRS. With this formula, an average of a service member's highest 36 months of pay is determined and then multiplied by 2.5% of the members years of service. The BRS will reduce this from 2.5% to 2.0%.

The reduction in the annuity formula will be offset by the government's contribution to a [member's TSP](#). Once reaching 60 days of service, a member is automatically enrolled in TSP. Once this happens 3% of the members base pay will go to the TSP each month along with a 1% contribution from the government. Once reaching 2 years of service the government will offer an exact match of contributions a member makes to the TSP up to 5%.

## Benefit to Short Term Personnel

The addition of the TSP is of great benefit to members who are not planning to serve long enough to retire from service. Under the old system, members that served less than 20 years received nothing toward their retirement income. By contributing to TSP, members can receive the money deposited into their TSP account regardless of when they choose to discontinue their military service.

### Members With Decisions To Make

BRS guidelines mandate that all members joining before 2006 are automatically grandfathered into the old system. Likewise, all service members to join after Jan 1, 2018, will be under the BRS. What this leaves is a group of service members with 1 to 12 years of service that must decide between the pros and cons of the two systems. These members will have 1 year to make a decision on this matter. Over [1 million](#) United States service members are included in this group.

### Payment Options When Retiring

When a member retires he will have [options](#) as to how his money is to be distributed to him. A member can choose to take a lump sum and receive all funds at once. Or, a member can opt for a reduced lump sum of 25% or 50% followed by a reduced monthly annuity until the member reaches the age of 67. Once reaching 67, the amount of the monthly annuity will be the full amount.