

## The Blended Retirement System

# Defined Contribution (TSP)



The National Defense Authorization Act for Fiscal Year 2016 created the Blended Retirement System (BRS). This military retirement system blends the traditional legacy retirement pension (defined benefit) with a defined contribution to service members' Thrift Savings Plan (TSP) accounts. A defined contribution plan is a 401(k) type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are established and benefits are based on the amount credited to the account (through employer contributions and, if applicable, employee contributions) plus any investment earnings on the money in the account.

TSP advantages include automatic payroll deductions, diverse pre-tax and after-tax investment options, service contributions, beneficiary participant accounts and a variety of withdrawal options.

The TSP defined contribution plan is the same plan thousands of Department of Defense (DoD) and federal government civilians take advantage of for their retirement savings.

### How Contributions Match Up:

#### Service Contributions to Your Account

You put in:	Your service puts in: automatic (1%) contribution	Your service puts in: matching contribution	And the total contribution is:
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%
More than 5%	1%	4%	Your contribution +5%

**Automatic (1%) contributions:** The DoD automatically contributes 1% of your basic pay to your TSP after 60 days of service. This does not come out of your pay. It's called a service automatic (1%) contribution, and it begins automatically.

**Matching contributions:** Your service will match up to an additional 4% of your basic pay to your TSP account after two years of service. You can choose to contribute a higher percentage of your base pay to your TSP account, but your service's maximum match is equal to 5% of your base pay.

**Reenrollment:** If you joined the uniformed services after Oct. 1, 2020, you were automatically enrolled into TSP Lifecycle (L) Fund at 5%. While you can opt out of this enrollment, you will be automatically reenrolled each calendar year.

**Portable:** Your TSP account is a portable retirement benefit. When you leave service, you can roll part or all of your account over to an IRA or eligible employer plan, such as a 401(k).

**Vesting:** Being vested means participants in an employee-sponsored retirement plan are eligible to keep all money from their accounts when they leave their jobs.

Type of Contribution	When Started	When Vested
Your contribution		When made
1% auto match	When enrolled 60 days	After two years of service
1-4% match	After two years of service	When made

## Resources

- **Learn** more about the BRS at <http://militarypay.defense.gov/BlendedRetirement>.
- **Explore** FINRED's financial information and resources at <https://finred.usalearning.gov>.
- **Navigate** the details by making a free appointment with a personal financial manager or counselor at your installation's Military and Family Support Center, or search <https://installations.militaryonesource.mil> or <https://finred.usalearning.gov/pfcMap>.
- **Discover** all the benefits of the TSP at <https://www.tsp.gov>.



Download the DoD financial literacy app, Sen\$e, for finances at your fingertips. Find it in the [Google Play](#) and [iOS](#) app stores.

As you reach new milestones and complete your [service's financial readiness training](#), look to the [Office of Financial Readiness](#) and your service for additional trusted resources.

You can also follow @DoDFINRED on    