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TO ALCOAST
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ALCOAST 222/16
COMDTNOTE 1000

SUBJ: SITREP 1 - IMPLEMENTATION OF THE BLENDED RETIREMENT SYSTEM (BRS)

A. Fiscal Year 2016 National Defense Authorization Act

1. PURPOSE. This ALCOAST announces and provides initial information on the implementation of the new modernized Military Blended Retirement System (BRS) required by REF A that will become effective on 01 JAN 2018 and is a stated initiative under the Commandant's Human Capital Strategy. It describes the basics of the BRS and the four training modules that will be provided to educate and inform all members on the BRS, particularly those who will have less than 12-years of service when the BRS becomes effective who will have the option to remain under the current system, or make a one-time irrevocable decision to opt-in to the BRS. No one needs to make a decision now, but between now and 01 JAN 2018, all members should take advantage of the training described below to learn about the BRS, so that those who are eligible to opt-in to the BRS during calendar year 2018 will be armed with the knowledge necessary to make the best decision for their own individual circumstances.

2. BACKGROUND. The BRS will replace and modernize the current defined retirement benefit formula of 2.5 percent times the number of years served times the average of the members highest 36 months of basic pay. BRS consists of four components that distinctively combine to deliver a new blended annuity package categorized by the following:

A. Defined retirement pay benefit. The BRS formula will use a 2.0 percent per year multiplier of your basic pay in lieu of the 2.5 percent multiplier of your highest 36 months of basic pay under the current defined retirement benefit formula. This equates to 40 percent of basic pay at 20 years of service versus the current 50 percent of basic pay at 20 years of service under the current retirement system.

B. Automatic and matching contributions. The CG will automatically contribute an amount equal to 1 percent of your basic pay to your Thrift Saving Plan (TSP) after 60 days of service. Matching contributions by the CG will start at three years of service with a maximum matching of 4 percent through the completion of 26 years of service. At the start of 3 years of service, this contribution is yours to keep regardless of whether you achieve a 20-year or longer retirement. This means if you separate from the CG before reaching retirement, you now leave with a portable retirement benefit (TSP), which is not part of the current defined retirement plan.

C. Continuation Pay. This is a payment similar to a bonus at the completion of 12-years of service available to those who agree to serve an additional 4 years. Active duty member payments will be a minimum of 2.5 times their monthly basic pay and Reserve Component member payments will be a minimum of 0.5 times the monthly active duty basic pay. These multipliers can be increased by the Coast Guard, with some limits, to meet Service needs.

D. Lump Sum. There will now be a lump sum option that will allow members to take a 25 or 50 percent lump sum at the time of retirement that will reduce the monthly retired pay by a corresponding 25 or 50 percent until age 67. After age 67, your monthly retired pay will return to the full amount.

3. APPLICABILITY. The BRS applies to all the uniformed services (DOD, USCG, NOAA, and USPHS) and will cover everyone who joins the CG after 01 JAN 2018. All those who are currently serving, as of 31 DEC 2017 will automatically be grandfathered under the current retirement system and those with less than 12-years of service (or 4,320 points for reservists) on that date will be eligible to opt-in to the BRS during calendar year 2018, if desired. The opt-in decision is irrevocable, so all members should carefully consider their own personal circumstances, time in service, career intentions, and financial situation to determine which retirement system is best for them. Once again, all members currently serving on 31 DEC 2017 or whose date of initial entry into military service is 31 DEC 2017 or earlier will automatically be grandfathered in to the current retirement system. Those with less than 12-years of service at that time will have the choice to opt-in to the new BRS, or remain under the current retirement plan. Members with less than 12-years of service will have all of calendar year 2018 to make their own opt-in decision; however, once a member makes the decision to opt-in to the BRS, that decision is irrevocable.

4. TRAINING. The Coast Guard's intent is to thoroughly inform members, supervisors and financial counselors in all aspects of BRS. There will be four different focused training modules provided over the next 18 months that will provide all members and supervisors the information and tools to increase awareness of the BRS. The courses will be hosted in the Department of Defense Joint Knowledge Online (JKO) learning environment located at: <http://jko.jten.mil/> The following is a list of the training modules and actual or tentative dates of availability:

A. Leader Training to Introduce the BRS for the Uniformed Services (0.5 hr), course number J30P-US1330. It is available now and mandatory for all military personnel in pay grades E-6 and above and must be completed NLT 31 DEC 2016 and is

highly recommended for civilian employees who directly supervise military service members. It is also available and may be taken by all active duty and reserve personnel. The course is set up in a newspaper format with definitions embedded within the presentation.

B. BRS Personal Finance Counselors Training Course. The course's tentative availability date is 01 OCT 2016 and will be mandatory for personnel occupying collateral financial counselor positions. Once this course is available, a mandatory course completion date will be announced to financial counselors.

C. BRS Opt-In Training Course. The course's tentative availability date is 01 JAN 2017. This course will have a retirement calculator utility that will allow members to compare their own retirement benefits under the current retirement system and the BRS. Most importantly, it will educate members with less than 12-years of service to make an informed decision to opt-in to the BRS, or remain under the current retirement system. The Opt-in course will be available for all of calendar year 2017 to provide members ample time to take it before they will need to make an opt-in decision in calendar year 2018.

D. BRS New Accessions Training Course. This will be available at officer and enlisted accession points after 01 JAN 2018. The course format will be developed during calendar year 2017.

E. Instructions on how to create a Joint Knowledge Online account can be found at: https://www.uscg.mil/hq/cg1/docs/Joint_Knowledge_Online_Access.pdf
5. We have established a Coast Guard Military BRS Integrated Project Team whose membership ranges across the Mission Support enterprise with ad hoc support from the operational components of our service. We are working closely with DOD to develop the necessary policy, training, and IT systems necessary to properly educate the CG workforce and implement the BRS.

6. BRS information will also be available to our dependents as we continue the implementation effort. Questions regarding the BRS or related items should be directed to COMDT (CG-133) at HQS-PolicyandStandards@uscg.mil. Please visit the below web pages for more information on the BRS:

A. Information Graphic: https://www.uscg.mil/hq/cg1/docs/Blended_Retirement_System.pdf

B. Department of Defense Video: Blended Retirement System Explained:
<http://www.defense.gov/News-Article-View/Article/655705/dod-plans-benefit-revision-with-blended-retirement>

7. RADM Kurt B. Hinrichs, Director of Reserve and Military Personnel, sends.

8. Internet release is authorized.