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MARINE CORPS BULLETIN 1800

From: Commandant of the Marine Corps
To: Distribution List

Subj: BLENDED RETIREMENT SYSTEM (BRS) POLICY

Ref: See Enclosure (1)

Encl: (1) References
(2) Eligibility
(3) Enrollment
(4) Thrift Savings Plan (TSP)
(5) Continuation Pay (CP)
(6) Defined Benefit Annuity
(7) Lump Sum/Veterans Affairs (VA) Disability Examples

1. Situation. The Marine Corps establishes policies, procedures, and training materials in order to enable well-informed Blended Retirement System (BRS) decisions by the applicable Marines in accordance with references (a) through (n).

a. General. Reference (a) enacts changes to the military retirement system, creating the BRS.

b. Background and History

(1) On 27 January 2017, the Office of the Secretary of Defense issued reference (b), providing guidance for the implementation of the BRS. Department of the Navy guidance was issued on 26 April 2017 in reference (c).

(2) Marines entering service prior to 1 January 2018 were automatically grandfathered into the legacy retirement system. Those with less than 12 years of service in the Active Component or 4,320 retirement points in the Reserve Component (RC) on 31 December 2017 had the option to opt-in to the BRS between 1 January 2018 and 31 December 2018. Marines who enter service on or after 1 January 2018 are automatically enrolled in the BRS.

2. Mission. To update policy and guidance for the BRS.

3. Execution

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. All Marines have been fully educated and counseled on and are prepared to take full advantage of the retirement options available to them.

(2) Concept of Operations. Financial education will be provided to Marines at specific action points to provide Marines with tools to better protect their finances and save for the future. When a Marine reaches a required action point, the Marine and the command receive a Marine Online (MOL) message indicating that the Marine is required to complete financial education.

b. Subordinate Element Tasks

(1) Deputy Commandant, Manpower and Reserve Affairs (DC M&RA)

(a) Serve as the office of primary responsibility.

(b) Establish procedures for the administration of all aspects of the BRS.

(c) Establish and execute policies and procedures for data reporting and maintenance to include opt-in elections, Thrift Savings Plan (TSP) contributions, Continuation Pay (CP) disbursements, and lump sum elections.

(d) Implement and maintain a high impact personal financial education package that supports the BRS and legacy retirement systems and complies with financial literacy requirements in section 661 of reference (a). This includes the following Common Military Training (CMT) standardized training curriculum:

1. The "Uniformed Services Blended Retirement System: Your Retirement System" training to be completed no later than 365 calendar days of service for all newly accessed Marines;

2. Training on continuation pay developed by the military departments in accordance with the "Blended Retirement System Training for Continuation Pay Provision Training Development Guide;"

3. The "Blended Retirement System Lump Sum Payment Course" to service members covered by the BRS who are both eligible and intend to elect a lump sum of retired pay in accordance with Section 1415 of Title 10, U.S.C.

(e) Ensure one-on-one personal financial counseling by credentialed financial counselors is available.

(f) Develop and coordinate a plan with the Commanding General (CG), Training and Education Command (TECOM) to educate new accessions within the first 365 calendar days of service.

(g) Identify and notify both active and RC Marines eligible to receive CP.

(h) Develop and coordinate a digital media strategy, synchronized with the release of any policy changes and release of new financial literacy training courses.

(i) Per enclosure (3), paragraph 3 of this Bulletin, adjudicate requests for hardship extensions to the BRS enrollment period.

(j) Per enclosure (3), paragraph 4 of this Bulletin, adjudicate erroneous BRS enrollments.

(2) Commanding General, Training and Education Command (CG TECOM)

(a) Incorporate BRS training, facilitated by facility Personal Financial Managers (PFMs), into recruit training and The Basic School for Officers (TBS) curriculums.

(b) Incorporate BRS training, facilitated by facility PFMs, into Military Occupational Specialty Formal Learning Center curriculums.

(c) Integrate BRS training into existing financial education during Professional Military Education (PME) schools.

(3) Deputy Commandant, Programs and Resources (DC P&R)

(a) Coordinate with DC M&RA to make required changes to the Marine Corps Total Force System (MCTFS) to support the efficient administration of the BRS.

(b) Record and track the obligation and expenditures of funds for Marine Corps TSP contributions and payment of CP.

(c) Disburse CP and manage appropriate tax withholdings.

(d) Track, record, analyze, and provide feedback on costs associated with the BRS and CP.

(e) Coordinate with DC M&RA to resource validated shortfalls in support of BRS administration.

(f) Identify Marines eligible for CP in each calendar year. Provide feedback to DC M&RA.

(4) Commanding General, Marine Corps Recruiting Command (CG MCRC)

(a) Review recruiting materials to ensure they depict applicable retirement benefits.

(b) Ensure recruiters are prepared to address questions from potential recruits concerning the BRS.

(5) Director of Communication, Communication Directorate (CD)

(a) Notify and coordinate with DC M&RA on any Department of Defense (DoD) planned engagements with the media regarding the BRS and financial literacy.

(b) Provide support to DC M&RA, as requested, to develop and distribute communication products regarding the BRS and financial literacy as it pertains to the Marine's retirement planning lifecycle.

(6) Commanding Officers (COs)

(a) Ensure that Marines are informed of available one-on-one personal financial counseling by credentialed financial counselors.

(b) Encourage collaboration between Command Financial Specialists (CFS) and PFM for enhanced counseling process and coverage.

c. Coordinating Instructions. Marines who enter the Marine Corps on or after 1 January 2018 will receive new accession BRS training within 365 calendar days of entering the military.

4. Administration and Logistics

a. Records Management. Records created as a result of this directive shall be managed according to National Archives and Records Administration (NARA)-approved dispositions per SECNAV M-5210.1 CH-1 to ensure proper maintenance, use, accessibility and preservation, regardless of format or medium. Records disposition schedules are located on the Department of the Navy/Assistant for Administration (DON/AA), Directives and Records Management Division (DRMD) portal page at:
<https://portal.secnave.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx>. Refer to MCO 5210.11F for Marine Corps records management policy and procedures.

b. Privacy Act. Any misuse or unauthorized disclosure of Personally Identifiable Information (PII) may result in both civil and criminal penalties. The Department of the Navy (DON) recognizes that the privacy of an individual is a personal and fundamental right that shall be respected and protected. The DON's need to collect, use, maintain, or disseminate PII about individuals for purposes of discharging its statutory responsibilities shall be balanced against the individuals' right to be protected against unwarranted invasion of privacy. All collection, use, maintenance, or dissemination of PII shall be in accordance with the Privacy Act of 1974, as amended (5 U.S.C. 552a) and implemented per SECNAVINST 5211.5F.

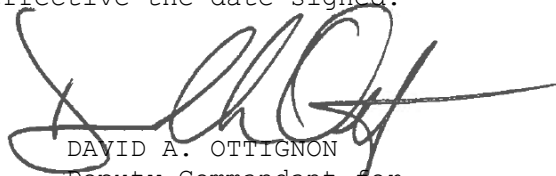
c. Recommendations. Recommendations concerning the contents of this Bulletin may be forwarded to Manpower and Reserve Affairs.

d. Cancellation Contingency. This Bulletin is cancelled one year from the date of publication or when incorporated into a Marine Corps Order, whichever occurs first.

5. Command and Signal

a. Command. This Bulletin is applicable to the Marine Corps Total Force.

b. Signal. This Bulletin is effective the date signed.

A handwritten signature in dark ink, appearing to read 'D. Ottignon', is written over the printed name and title.

DAVID A. OTTIGNON
Deputy Commandant for
Manpower and Reserve Affairs

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References

- (a) Public Law 114-92, "National Defense Authorization Act for Fiscal Year 2016," November 25, 2015
- (b) Deputy Secretary of Defense Memorandum, "Implementation of the Blended Retirement System," January 27, 2017
- (c) Assistant Secretary of the Navy for Manpower and Reserve Affairs Memorandum, "Implementation of the Blended Retirement System," April 26, 2017
- (d) SECNAVINST 5211.5F
- (e) 5 U.S.C. 552a
- (f) SECNAV M-5210.1 CH-1
- (g) Public Law 114-328, "National Defense Authorization Act for Fiscal Year 2017"
- (h) Deputy Secretary of Defense Memorandum, "Paying Combat-Related Special Compensation Following a Lump Sum Election," December 15, 2017
- (i) Deputy Secretary of Defense Memorandum, "Administering Survivor Benefit Plan Following a Lump Sum Election of Retired Pay Under The Blended Retirement System," December 22, 2017
- (j) Marine Corps Total Force System Personnel Reporting Instruction Users Manual (MCTFS PRIUM) (NOTAL)
- (k) DoDI 1340.25, "Combat Zone Tax Exclusion (CZTE)," September 28, 2010
- (l) DoD 7000.14-R, "Department of Defense Financial Management Regulation (DODFMR)," May 2018
- (m) MCO 5210.11F
- (n) SECNAV Notice 5210
- (o) 10 U.S.C.
- (p) 37 U.S.C.
- (q) DoDI 1215.07, "Service Credit for Non-Regular Retirement," January 24, 2013
- (r) 42 U.S.C.
- (s) 38 U.S.C.
- (t) DoDI 1332.42, "Survivor Annuity Program Administration," June 23, 2009
- (u) DoDI 1235.09, "Management of the Standby Reserve," February 12, 2014
- (v) DoDI 1235.13, "Administration and Management of the Individual Ready Reserve (IRR) and the Inactive National Guard," June 7, 2016

Eligibility

1. Grandfathering Under Legacy Retirement Plan

a. All Marines who have a Date Entered Armed Forces (DEAF) on or before December 31, 2017, remain covered by the legacy retirement plan.

b. Active Component (AC) Marines with less than 12 years of service as determined by Pay Entry Base Date (PEBD), or RC Marines with less than 4,320 retirement points, as of December 31, 2017 may opt into the BRS and waive their eligibility to the legacy program in accordance with paragraphs 2.b through 2.e. An election into the BRS is irrevocable.

c. A Marine who is ineligible to elect to enroll in the BRS under provisions outlined in paragraphs 2.b through 2.e will remain covered under their legacy retirement plan.

d. Any retiree who is recalled to active duty is ineligible to elect to enroll in the BRS regardless of any other eligibility criteria. However, a member placed on the Temporary Disability Retired List (TDRL) who is later determined fit for duty and reenters active service in accordance with section 1211 of reference (o), is not considered to be a recalled retiree and may enroll in the BRS if otherwise eligible under criteria outlined in paragraph 2.e.

e. Any Marine who failed to make a BRS enrollment decision during calendar year 2018, and who is not otherwise eligible for an extension to the BRS enrollment period as described in enclosure (3), paragraph 3 of this Bulletin, remains covered by the legacy retirement system.

2. Covered Marines. The following Marines are covered under the provisions of the BRS:

a. Any Marine with a DEAF on or after January 1, 2018. Marines with DEAF dates on or after January 1, 2018 are automatically enrolled into the BRS and will not have the option to elect coverage under the legacy retirement systems.

b. Any Active Component (AC) Marine who was serving on December 31, 2017, who:

(1) Has a DEAF date that is on or before December 31, 2017; and,

(2) On 31 December 2017, had served in a Uniformed Service for fewer than 12 years as calculated from their PEBD; and,

(3) Elected or elects to enroll in the BRS under provisions outlined in enclosure (3).

c. Any RC Marine who was performing service in the Ready Reserve or on the Active Status List of the Standby Reserve on December 31, 2017, who:

(1) Has a DEAF date that is on or before December 31, 2017; and,

(2) Is in receipt of basic pay or inactive duty pay under Sections 204 or 206, respectively, of reference (p), on or after December 31, 2017; and,

(3) Accumulated fewer than 4,320 retirement points, in accordance with the provisions of section 12733 of reference (o), as of that date; and,

(4) Elected or elects to enroll in the BRS under provisions outlined in enclosure (3).

d. Any Marine who has signed an agreement to enlist in a Marine Corps Delayed Entry Program, in accordance with section 513 of reference (o), who:

(1) Has a DEAF date that is on or before December 31, 2017; and,

(2) Is in receipt of basic pay or inactive duty pay under Sections 204 or 206, respectively, of reference (p), on or after December 31, 2017; and,

(3) Elected or elects to enroll in the BRS under provisions outlined in enclosure (3).

e. Any midshipman or cadet attending a United States Service Academy or enrolled in a Reserve Officer Training Corps program as of December 31, 2017, who signed an agreement to serve as a commissioned officer in the Marine Corps upon graduation, who:

(1) Has a DEAF date on or before December 31, 2017; and,

(2) Is in receipt of basic pay or inactive duty pay under Sections 204 or 206, respectively, of reference (p), on or after December 31, 2017; and,

(3) Elected or elects to enroll, following commissioning, in the BRS under provisions outlined in enclosure (5).

f. Any Marine who was placed on the TDRL on or before December 31, 2017, who:

(1) Is later determined to be physically fit to perform his or her duties; and,

(2) Is reappointed or reenlisted in the Marine Corps in accordance with section 1211 of reference (n); and,

(3) Otherwise meets the criteria to enroll as specified under paragraph 2.b or 2.c; and,

(4) Elects to enroll in the BRS under provisions outlined in enclosure (3).

Enrollment

1. Enrollment Period

a. Marines who meet the criteria of paragraph 2.a of enclosure (2) of this Bulletin are automatically enrolled in the BRS.

b. The BRS enrollment period for those Marines who meet the criteria of paragraphs 2.b through 2.c of enclosure (2) closed on December 31, 2018. Marines who meet those criteria may be eligible for a hardship extension to the enrollment period as described paragraph 3 below.

2. Training. A Marine who is eligible for a hardship extension to the enrollment period shall complete mandatory BRS opt-in training and this training shall be documented in MCTFS prior to requesting a hardship extension. Mandatory BRS opt in training may be completed via:

a. Online training is available through Marine Net or Joint Knowledge Online (JKO). Marine Net training will result in a MCTFS training code that automatically updates the Marine's record to reflect training completion. Marines completing online training through JKO shall submit the certificate provided upon completion to their responsible administrative unit for unit diary entry or Marine Corps Training Information Management System (MCTIMS) entry. The training event code for JKO training is "BU."

b. Commands may arrange in-person classroom BRS training by local certified financial counselors. Classroom training shall be conducted by a PFM, Contracted Personal Financial Counselor (PFC), or CFS. Command representatives are required to maintain an attendance roster of such training and ensure that unit diary entries or MCTIMS entries are made to reflect training completion by attendees. The training event code for classroom training is "BT."

3. Hardship Extension of Enrollment Period

a. Automatic Extensions. An extension to the BRS enrollment period will be granted to recruits who signed an agreement to enlist under provisions of the Delayed Entry Program, are eligible to opt-in to the BRS under enclosure (2) and have a PEBD on or after September 1, 2018.

(1) Marine Corps Recruit Depots will report the appropriate diary transactions for BRS eligible recruits who elect to opt into the BRS or remain in the legacy retirement system via Navy Marine Corps Form 11907 (NAVMC 11907).

(2) The School of Infantry (SOI) must report Transaction Code (TTC) 471-000 with a reason code "1" to create a 30 calendar day enrollment period extension for BRS eligible Marines who do not make an election decision while in recruit training. Such Marines will have 30 calendar days to make an election decision. SOI must provide these Marines with a NAVMC 11907 and the due date to complete and return the form to SIO unit administration. SOI will report the appropriate diary transactions for such Marines who elect to opt into the BRS or remain in the legacy retirement system.

b. Other Hardship Extensions. A 30 calendar day enrollment extension may be granted to BRS eligible Marines who are in the following circumstances:

(1) Marine in the Individual Ready Reserve (IRR) or the active Status List of the Standby Reserve who was performing RC service as of December 31, 2017, and is qualified to opt-in to the BRS under enclosure (2), but who did not perform duty in a paid status during calendar year 2018 and has not been afforded the opportunity to elect to enroll in the BRS, when the Marine is:

- (a) Activated under any provision of Federal law; and/or
- (b) Affiliated in a paid status with the Selected Reserve.

(2) A Marine Officer commissioned through the Naval Academy, Reserve Officer Training Corps, Platoon Leaders Course, or Officer Candidate Course with a commissioning date on or after December 1, 2018.

(3) A Marine who would have been eligible to opt-in to the BRS during calendar year 2018 in accordance with enclosure (2), and who was participating in the Career Intermision Pilot Program and does not return to duty until December 1, 2018, or later.

(4) Deployment for not less than 30 days that is inclusive of December 31, 2018, which prevented the Marine from having access to all resources available to make financial and retirement decisions.

(5) Court proceedings or court orders that prevent the Marine from making financial or retirement decisions during the enrollment period.

(6) Illness or injury that substantially impacts a Marine's ability to make financial or retirement decisions during the enrollment period.

(7) Failure of the service to notify the Marine of the Marine's eligibility to opt-in to the BRS at least 60 days prior to the conclusion of the enrollment period.

(8) Inability to complete the mandatory "opt-in" training, described in paragraph 2.a in this Enclosure, due to circumstances beyond the Marine's control.

(9) Inability to access MOL or follow the designated procedures for making the election, described in paragraph 2.b in this Enclosure, during the election period due to circumstances beyond the Marine's control.

c. A Marine requesting an enrollment extension for paragraphs 3.b.1 through 3.b.9 of this Enclosure, must forward an Administrative Action (AA) form to M&RA (MPO) through the first general officer in their chain of command. The AA form must include a description of why the Marine's hardship prevented the Marine from making an election decision during calendar year 2018. Marines must include as an enclosure a completed NAVMC 11907 indicating which retirement plan they want to participate in. Commands should submit the request with their endorsements via encrypted and Controlled Unclassified Information (CUI) marked email to MPO@usmc.mil. M&RA(MPO) will adjudicate all requests. M&RA(RA) will endorse requests from reservists. M&RA(MI) will run the appropriate diary entries and notify Marines of the results of their requests. Any BRS enrollments resulting from a request for hardship extension to the enrollment period shall be effective as of the date that the hardship extension is approved by M&RA (MPO). No retroactive enrollments shall be granted.

4. Erroneous Enrollment

a. If a Marine who is not eligible to be enrolled or to elect to enroll in the BRS under any of the provisions of this Bulletin is erroneously enrolled in the BRS, his/her enrollment will be voided. Such Marine will be placed under the legacy correct retirement system upon discovery of the error. Any agency TSP contributions to that Marine's account will be handled in accordance with Federal Retirement Thrift Investment Board (FRTIB) regulations. The Marine will be subject to the repayment provisions of this Bulletin for any CP paid prior to the discovery of the error.

b. If a Marine eligible to elect to enroll in the BRS under any of the provisions of this Bulletin, was erroneously automatically enrolled in the BRS, his/her enrollment will be voided. Such Marine will be placed under the legacy retirement system upon discovery of the error. Any agency TSP contributions to that Marine's account will be handled in accordance with FRTIB regulations. The Marine will be notified of the error and given the opportunity to enroll in the BRS in within 30 days of notification. If the Marine elects to enroll in the BRS, the agency TSP contributions will be restored. The Marine will be subject to the repayment provisions of this Bulletin for any CP paid prior to the discovery of the error if the Marine chooses to remain in the legacy retirement system.

Thrift Savings Plan (TSP)

1. Prior Participation in Thrift Savings Plan (TSP). A Marine who contributed to TSP prior to the implementation of the BRS, and who elects to enroll in the BRS in accordance with enclosure (3), paragraph 2 of this Bulletin, will maintain his or her existing account in the TSP but must re-affirm his or her individual contribution percentage upon electing to enroll in the BRS. No prior contributions will be matched although the balance of the TSP account will carry over following enrollment in the BRS. Government matching contributions to TSP will occur no later than the beginning of the pay period following the Marine's election to enroll in the BRS.

a. Active Component (AC) Example. The Marine opted into the BRS on September 4, 2018: the Marine Corps' TSP automatic one (1) percent contribution and matching contributions would have begun to accrue to the Marine by October 1, 2018, and would have been deposited into the Marine's TSP account no later than November 1, 2018.

b. Reserve Component (RC) Example. The Marine opted into the BRS on September 4, 2018: the Marine Corps' TSP automatic one (1) percent contribution and matching would have begun the next time the Member earned basic pay.

2. Automatic Enrollment

a. A Marine enrolled in BRS by virtue of his or her accession into military service on or after January 1, 2018, is automatically enrolled in traditional TSP at the level of a three (3) percent individual contribution from his or her monthly basic pay or inactive duty pay if the Marine enrolled prior to 1 October 2020, and at the level of a five (5) percent individual contribution from his or her monthly basic pay or inactive duty pay if the Marine enrolled on or after that date. This amount will be contributed to his or her TSP account beginning the first day of the calendar month following the Marine's 60th day of service as calculated from PEBD.

b. A Marine automatically enrolled in TSP as described above may adjust the individual contribution amount at any time before or after the initial deduction. There is no minimum mandatory contribution amount. Marines will follow all regulations prescribed by the Internal Revenue Service (IRS) and the FRTIB when requesting a refund or adjusting the amount of their individual contributions.

c. If a Marine subject to the automatic enrollment described above declines this automatic enrollment and that Marine's contribution from his or her pay in the final full pay period of the year is zero (0) percent, that Marine will be automatically re-enrolled on January 1 of the following calendar year at a three (3) percent individual contribution rate (five (5) percent for all automatically enrolled BRS participants on or after 1 October 2020) from the Marine's basic pay and contributed to their traditional TSP account, in accordance with section 632 of reference (a). The automatic individual contribution will be deducted in the first full pay period of that year. Note that this provision does not apply if the Marine otherwise remains enrolled to contribute from their pay at a percentage other than zero, but stopped contributing during the previous year because the Marine reached the maximum annual contribution threshold allowed under IRS regulation.

d. Automatic re-enrollment will occur at the beginning of each calendar year of a Marine's career in which the criteria of paragraph c above are met. During December of each year a Marine may decline the annual automatic re-enrollment for the following year. This decision may be made by the individual Marine via MOL.

e. A Marine who elected to opt in to the BRS will not be subject to automatic re-enrollment unless that Marine separates from service and subsequently returns to service.

3. Service Contributions for Marines Whose Date Entered Armed Forces (DEAF) is on or After 1 January 2018:

a. Commencing the first day of the calendar month following the Marine's 60th day of service as calculated from PEBD, the Marine Corps will automatically contribute to that Marine's traditional TSP account, at no cost to the Marine and without regard to the amount the Marine contributes, an amount equal to:

(1) One (1) percent of basic pay earned by that Marine during that pay period for active service. For example, assume the Marine enters service on September 4, 2020, and reaches the 60th day of service on November 4, 2020: the Marine Corps' TSP automatic one (1) percent contribution would begin to accrue to the Marine by December 1, 2020, and would be deposited into the Marine's TSP account no later than January 1, 2021. Note: for those RC Marines on active duty service for initial training, the RC operates for that initial period of active duty for training in the same manner as the Active Component because the Marine will be in service for greater than 60 days during that period.

(2) One (1) percent of inactive duty pay earned by that Marine during that pay period for Inactive Duty Training (IDT).

b. The one (1) percent automatic contribution by the Marine Corps will continue for each pay period in which a Marine receives either basic pay or inactive duty pay, or both, through the end of the pay period during which the Marine completes 26 years of service, as calculated from his or her PEBD.

c. Commencing the first day of the calendar month following the completion of the Marine's 24th month of service, as calculated from his or her PEBD, the Marine Corps will contribute an amount that matches the Marine's individual contribution from basic pay and/or inactive duty pay to TSP in accordance with Figure 1-1 below.

| Individual Contribution Rate of Basic Pay or Inactive Duty Pay | Government Automatic Contribution Rate of Basic pay or Inactive Duty Pay | Government Matching Contribution Rate of Basic Pay or Inactive Duty Pay | Total Rate of TSP Monthly Contribution of Basic Pay or Inactive Duty Pay |
|--|--|---|--|
| 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% |

Figure 1-1.--TSP matching contributions pay table.

4. Service Contributions for Marines Whose Date Entered Armed Forces (DEAF) is Before January 1, 2018

a. Commencing immediately for those Marines who enroll in the BRS on the first day of the current calendar month, and on the first day of the next calendar month for those who enroll in the BRS on any subsequent day during the current calendar month, in accordance with procedures in enclosure (3), the Marine Corps will automatically contribute to that Marine's traditional TSP account, at no cost to the Marine and without regard to the amount the Marine contributes, an amount equal to:

(1) One (1) percent of basic pay earned by that Marine during that pay period for active service; and/or,

(2) One (1) percent of inactive duty pay earned by that Marine during that pay period for IDT.

b. This one (1) percent automatic contribution will continue for each pay period in which a Marine receives either basic pay or inactive duty pay, or both, through the end of the pay period during which the Marine completes 26 years of service, as calculated from his or her PEBD.

c. Commencing immediately for those Marines who enroll in the BRS on the first day of the current calendar month, and on the first day of the next calendar month for those who enroll in the BRS on any subsequent day during the current calendar month, the Marine Corps will contribute an amount that matches the individual Marine's individual contribution of basic pay and/or inactive duty pay to their traditional TSP account in accordance with Figure 1-1.

d. No matching contribution will be made to a Marine's TSP account after the pay period during which the Marine completes 26 years of service, as calculated from his or her PEBD.

5. Vesting of Thrift Savings Plan (TSP) Contributions

a. Individual Contributions. A Marine's individual contributions are immediately vested upon payment to TSP. Subsequent earnings on those contributions are also immediately vested when the earnings accrue.

b. Service Contributions

(1) The government's one (1) percent automatic contributions described in paragraphs 3 and 4 above of this section become fully-vested on the first day of the 25th month of service, as calculated from a Marine's PEBD, in accordance with Section 8432(g) (2) of reference (e). Marines who separate before this date forfeit the Marine Corps' one percent automatic contributions and any earnings on those contributions, and these funds are forfeited to TSP to offset administrative expenses.

(2) Any matching contribution is fully-vested upon receipt in the Marine's TSP account in accordance with section 8432(g) (1) of reference (e), U.S.C., regardless of accrued service. Any earnings on matching contributions are immediately vested when they accrue.

6. Carry-Over of Individual Thrift Savings Plan (TSP) Elections

a. A Marine covered under the BRS who separates from service, as defined by Section 211 of reference (p), and later re-affiliates with any component of a Uniformed Service, will be re-enrolled in TSP at an individual contribution of three (3) percent of his or her monthly basic pay or three (3) percent of inactive duty pay regardless of any previous contribution elections made prior to separation (five (5) percent if the Marine re-affiliates on or after 1 October 2020).

b. This auto enrollment of a re-entrant at a three (3) or five (5) percent individual contribution rate will occur no later than the first pay period following re-entry.

c. A Marine covered under BRS who re-enters service after a break in service and who previously qualified for the government one (1) percent automatic contribution will resume receiving the government one (1) percent automatic contribution into his or her TSP traditional account no later than the first pay period after re-entry.

d. A Marine covered under BRS who re-enters service after a break in service and who previously qualified for government matching contributions will resume receiving agency matching contributions into his or her Traditional TSP account concurrent with re-enrollment through the end of the pay period during which the Marine completes 26 years of service, as calculated from his or her PEBD.

7. Thrift Savings Plan (TSP) Elections for Transitioning Reserve Component (RC) Marines. Members of the RC covered under BRS are considered continuous participants in BRS while they remain in a paid status. Such Marines will not be re-enrolled at the automatic three (3) or five (5) percent individual contribution level each time they transition from a paid status in the Selected Reserve to active service or from active service back to a paid status in the Selected Reserve. Their previously-elected TSP contribution levels will carry-over through transitions related to activation and deactivation, unless and until the Marine elects to modify their own contribution level.

8. Default Fund. Unless a specific investment election is made by a Marine, individual contributions and the government's contributions to TSP will be invested, on behalf of the Marine, in an age-appropriate, target date asset allocation investment fund, commonly known as a "Lifecycle" fund.

9. Thrift Savings Plan (TSP) Default Contribution Type. A Marine's individual contribution to TSP is treated, by default, as a "traditional" tax-deferred contribution, not Roth, unless the Marine elects to designate all or part of his or her contribution as Roth. The Marine Corps automatic one percent and matching contributions are always tax-deferred "traditional" contributions.

10. Thrift Savings Plan (TSP) Contribution Limits. There are annual limits on the amount of money both the Marine and the Marine Corps can contribute to a Marine's TSP account. These contribution limits are calculated by the IRS, and can change every year. Marines who reach the annual contribution limit prior to the end of the calendar year will not be able to contribute further to TSP during that calendar year, and will thus not receive any matching contributions from the government for the remainder of that calendar year.

To more fully understand the current TSP annual contribution limits, visit the "How Much Can I Contribute" calculator under the tools section at www.tsp.gov.

11. Limits on Thrift Savings Plan (TSP) contributions adjustments. There is no annual limit on the number of times a Marine can adjust their TSP contribution percentage.

12. Forfeiture of Thrift Savings Plan (TSP) Contributions

a. Member contributions. Contributions made by a Marine to their TSP account are not subject to forfeiture.

b. Service contributions. Once vested, automatic and matching contributions made to a Marine's TSP account by the Marine Corps are not subject to forfeiture, except as described in section 8432(g) of reference (e). In general, a negative characterization of discharge does not subject a Marine to forfeiture of Service contributions.

Continuation Pay (CP)

1. Continuation Pay (CP). Marines who are covered under the BRS are eligible to receive a one-time mid-career incentive payment, CP, in exchange for an agreement to perform additional obligated service.

2. Eligibility

a. Active Component (AC) or Active Reserve (AR). CP is available to Marines at 12 years of service as computed from their PEBD, contingent upon an agreement to serve an additional four (4) years. Marines issued orders to separate from the Marine Corps are not eligible to receive CP.

b. Reserve Component (RC). CP is available to Marines who:

(1) Complete 12 years of service as computed from their PEBD, contingent upon an agreement to serve an additional four (4) years in the Selected Reserves. Marines issued orders to separate from the Marine Corps are not eligible to receive CP.

(2) Are members of the Selected Reserve, or of the IRR in a status in which they are eligible to receive basic pay or inactive duty pay.

3. Procedures

a. Notification. 180 days and 30 days prior to reaching 12 years of service, Marines will receive notifications, via Leave and Earnings Statement (LES) and MOL messages, of their eligibility for CP. Concurrently, the Marines' unit administration will be notified via Unit Diary Manpower Integrated Personnel System (UDMIPS) of the CP eligibility of Marines in their command.

b. Making a Continuation Pay (CP) Election. Marines are encouraged to make a CP election after having completed CP financial awareness training and no later than three (3) months prior to the beginning of their 12th year of service. CP eligible Marines must sign a Statement of Understanding (SOU), NAVMC 11905 for Active Duty Marines, NAVMC 11908 for RC Marines, either accepting or declining the offer of CP and acknowledging the additional service obligation. Marines will route their CP SOU to their unit S-1 via Electronic Personnel Action Request (EPAR), or encrypted email if EPAR is unavailable. Participants with SOUs signed or witnessed on or after reaching 12 years of service are not eligible to receive CP. Unit S-1s will report CP elections via diary entry as directed in chapter 9, section 18 of reference (j) and send a scanned copy of the Marine's Official Military Personnel File (OMPF) via [their](#) Installation Personnel Administration Center (IPAC) through the Optical Digital Imaged Records Management System (ODI/RMS) when the entry is reported.

c. Appeal

(1) Active Component Marines who were denied CP may appeal this decision by submitting an administrative action form to HQMC M&RA (MP) division.

(2) RC Marines who were denied CP may appeal this decision by submitting an administrative action form to HQMC M&RA (RA) division.

4. Amount. Eligible Marines who elect to receive CP and agree to serve an additional four (4) year commitment shall receive a payment equal to:

a. Active Component (AC). Two and a half (2.5) times the monthly basic pay of that Marine based on the Marine's current paygrade at the over 12 years of service pay rate.

b. Reserve Component (RC). The equivalent amount, as if the Marine was on active duty, of one half (0.5) times the monthly basic pay of that Marine based on the Marine's current paygrade at the over (12) years of service pay rate. A RC member performing Active Reserve service (as defined in section 101(d) (6) of reference (o)), will be paid CP at the rate of an Active Component member subject to agreement to continue serving an additional four (4) years in active service (as defined in section 101(d) (3) of reference (o)).

c. CP Payment Taxation. CP payments are subject to federal and state income tax withholding unless otherwise entitled to Combat Zone Tax Exclusion (CZTE) during the month 12 years of service is reached.

5. Obligated Service

a. Marines electing to receive CP are required to agree to serve for four (4) years after the date on which they become eligible to receive CP.

b. In general, any additional service obligation incurred as a result of electing to receive CP will be served in the component in which the Marine was serving at the time of agreement, commencing upon acceptance by the Marine Corps of the agreement to continue serving.

c. Any obligated service incurred as a result of electing to receive CP will begin at the start of the Marine's 12th year of service by PEBD.

d. This obligated service will run concurrently with any other service obligation unless other service obligations incurred specifically preclude concurrent obligations.

e. RC members will perform obligated service in the Selected Reserve.

f. RC members performing Active Reserve service will perform obligated service in the Active Reserve (AR).

g. Movement from the AC, or AR, to the IRR or Selected Reserve will trigger repayment procedures as described in paragraph 7 below.

h. Uncertainty as to a Marine's future status (i.e., uncertainty as to the ability to reenlist, medical hold, and legal hold) does not constitute inability to obligate to additional service with respect to CP.

6. Payment. A Marine who qualifies for CP may elect to receive the CP in a single payment or elect a series of equal installment payments, not to exceed four (4) annual payments over four (4) consecutive years.

a. Combat Zone Tax Exclusion (CZTE). The Marine Corps shall apply CZTE withholding rules to CP for those Marines whose gross compensation qualifies for CZTE under the provisions of reference (k) and Volume 7a, Chapter 44 of reference (1). CZTE withholding rules will apply to all payments proceeding

from a CP agreement based upon the Marine's qualification for CZTE at their 12th year of service from PEBD, also known as their "CP Date". For example, an enlisted Marine who reaches 12 Years of Service (YOS) from PEBD (CP Date) in a qualified combat zone and has elected four (4) equal CP installment payments across four (4) years would be eligible for CZTE for all of those payments.

b. Timing. Payment will be disbursed via Electronic Funds Transfer as applicable during normal pay cycles.

7. Non-Availability. A Marine who incurs a period of extended absence, subject to the approval of HQMC M&RA (MP) Division for AC Marines and HQMC M&RA (RA) Division for RC Marines, which precludes meeting the terms of obligated service, shall have installment payments suspended during this period. If subsequently re-assigned to the Marine's previous status, or a new status at the discretion of HQMC M&RA(MP) Division for AC Marines and HQMC M&RA(RA) Division for RC Marines, installment payments of the CP may resume and the term of service extended accordingly to ensure fulfillment of the original agreement period. The date of completion of the obligated service shall be adjusted for periods of authorized absence. Failure to meet reinstatement criteria shall result in termination of the CP and repayment, as appropriate.

8. Repayment. A Marine who received CP but who fails to complete the period of obligated service is subject to full or partial repayment provisions in accordance with section 373 of reference (p), and Volume 7A, Chapter 2 of reference (1).

a. Transferring From Obligated Component

(1) Single Payment. A Marine who receives the entirety of CP in one payment under one Marine Corps component and subsequently transfers to another Marine Corps component will be subject to repayment of the unearned portion of CP.

(2) Multiple Installments. A Marine who receives installment payments of CP under one Marine Corps component and subsequently transfers to another Marine Corps component will have any future installment payments canceled and is subject to repayment of unobligated portions of current year CP payment.

b. Request for waiver or remission of repayment. In order to request a waiver or remission of CP repayment, Marines must submit a DD 2789 to HQMC P&R (RFF).

Defined Benefit Annuity

1. Annuitized Retired Pay. Marines covered under the BRS are eligible to receive retired or retainer pay in accordance with all existing provisions of Volume 7B, Chapter 1 of reference (1), with the exception that their monthly retired or retainer pay will be calculated using a different formula than under the legacy retirement systems. Monthly retired or retainer pay is the product of multiplying the retired base pay by the years of service multiplier.

a. Determining Retired Base Pay. Retired Base Pay will be calculated under provisions as currently outlined in Chapter 3 of reference (1). For most Marines, retired base pay will be computed using the "High-3" method, in which retired base pay equals the average of the highest 36 months of base pay received by the Marine in the course of their career.

b. Determining Years of Service Multiplier

(1) For a regular retirement under the BRS, the years of service multiplier is determined by multiplying two (2) percent times the Marine's years of creditable service, as computed in accordance with sections 1208 and 1405 of reference (o). The term "years of creditable service" means the number of years of service that are creditable to a Marine in computing the Marine's retired or retainer pay, including credit for each full month of service in addition to full years of service.

(2) For a non-regular (i.e., Reserve) retirement, the years of service multiplier is determined by multiplying two (2) percent times the years of service credited for percentage purposes. In accordance with reference (q), as determined under section 12733 of reference (o) the formula for converting retirement points into years of service credited for percentage purposes is total number of retirement points divided by 360.

(3) For a disability retirement under the provisions of Chapter 61 of reference (o), the years of service multiplier is determined by multiplying two (2) percent times the Marine's years of creditable service, as computed in accordance with sections 1208 and 1405 of reference (1). However, a Marine may elect to receive retired pay equal to their retired base pay multiplied by the Marine's rated percent of disability in accordance with section 1401 of reference (1). All other provisions of Chapter 61 of reference (o) apply.

2. Commencement of Retired Annuity Payments

a. Regular Retirement. A Marine who is covered under the BRS and who qualifies for a regular retirement is eligible to begin receiving retired pay on the first day of the month after the month in which service requirements are fully met, in accordance with reference (1), Volume 7B, Chapter 1.

b. Non-Regular Retirement. A Marine who is covered under the BRS and who qualifies for a non-regular (i.e., Reserve) retirement is entitled to pay effective on the first day of the month upon which the Marine both attains non-regular retirement age and meets the minimum number of years of creditable service, or on the first day of any later month the retiree may elect, in accordance with reference (1), Volume 7B, Chapter 1. Retirement age is normally 60 but may be reduced in accordance with criteria for service credit pursuant to reference (q).

3. Lump Sum Payment of Defined Benefit Annuity

a. Eligibility. Section 1415 of reference (o) affords a Marine the option to elect to receive a discounted portion of his or her retired pay as a lump sum in exchange for reduced monthly retirement pay until full Social Security retirement age (67 for most Marines). To be eligible to elect the lump sum, a Marine must be covered under the BRS and qualify for a regular retirement or a non-regular retirement. Marines who are retired for a physical disability under provisions of Chapter 61 of reference (o) are not eligible for the lump sum option. A Marine who is not eligible for BRS or who does not elect to enroll in BRS is not eligible to elect a lump sum payment of his or her retirement annuity.

b. Election. A Marine covered by BRS who elects to receive a portion of his or her retired pay as a lump sum must make this election on DD Form 2656 not later than 90 days before:

(1) The date upon which the Marine retires and receives a regular retirement; or,

(2) The date upon which the Marine first becomes eligible to receive retired pay under the non-regular retirement program, in accordance with reference (q).

c. Amount. A Marine who elects to receive a portion of his or her retired pay as a lump sum may elect to receive the discounted present value of either 25 percent or 50 percent of the gross estimated retired pay, taking into account projected cost of living adjustments, for the period from:

(1) The day that Marine is eligible to begin receiving retired pay; until,

(2) The first day of the month following the month during which the retiree attains the age that was the full retirement age, in accordance with section 416 of reference (r) (the Social Security Act), applicable to that Marine on the day that Marine elected the lump sum option. For most Marines the full retirement age is currently 67.

(3) To see how the Lump Sum option will operate, Marines can utilize the DoD BRS calculator linked from the Marine Online (MOL) resources page or the following link: <https://www.manpower.usmc.mil/BRS>.

d. Discount Rate. The amount of the lump sum payment described in paragraph 3.c above will be determined by applying a discount rate published by DoD as described in attachment 2 of reference (g).

e. Installment Payments. A Marine who elects to receive a lump sum payment of his or her retired pay may elect to receive this payment in up to four (4) annual installments over no more than four (4) years.

f. Timing of Payments. A Marine who elects installment payments will receive equal lump sum distributions payable each year on the anniversary of the first installment, the first installment of which will be paid no later than 60 days after:

(1) The date on which that Marine retires if eligible for a regular retirement; or,

(2) The date on which the Marine first becomes eligible to begin receiving retired pay if eligible for a non-regular retirement.

g. Restoration of Full Annuity Payments. The retired pay of a Marine who elects to receive a lump sum payment of their retired pay will be restored to its full, monthly annuitized amount as of the first day of the month following the month in which the Marine attains the full retirement age that was applicable to that Marine on the day that Marine elected the lump sum option, in accordance with section 416 of reference (r). For most Marines, this means that full annuity payments will resume one month after they reach age 67.

h. Relationship to Disability Compensation. Per Section 633 of reference (a), modified per section 5304 of reference (s), a Marine electing to receive a portion of his or her retired pay as a lump sum may not concurrently receive Department of Veteran Affairs (VA) disability compensation, except under specified circumstances. Accordingly:

(1) The VA will withhold disability payments to any retiree who elects to receive a portion of their retired pay as a lump sum until the amount withheld (i.e., not paid to the retiree on a monthly basis) equals the gross amount of the lump sum payment received by that retiree.

(2) Once the amount of VA disability compensation withheld equals the amount previously received as a lump sum, the retiree is considered to have fully offset the lump sum distribution. The retiree must then agree to waive a portion of each month's future retired pay, equal to the amount of the VA disability compensation to which he or she is now entitled, to begin receiving that VA disability compensation in accordance with sections 5304 and 5305 of reference (s).

(3) A retiree who is eligible for Concurrent Retirement and Disability Pay (CRDP) in accordance with section 1414 of reference (o), due to a service-connected disability rating of 50 percent or more, is entitled to be paid both his or her VA disability compensation and his or her retired pay without regard to the required offsets described in section 5304 of reference (s). Accordingly, retirees who qualify for CRDP and who elect to receive a portion of their retired pay as a lump sum are not subject to withholding of VA disability compensation upon receipt of a lump sum payment.

(4) A retiree who would otherwise be eligible for Combat-Related Special Compensation (CRSC) in accordance with section 1413a of reference (o), and elects a lump sum of retired pay, remains subject to the provisions of sections 5304 and 5305 of reference (s), requiring a waiver of retired pay before a retiree can receive VA disability compensation. Specific policies and procedures concerning payment of CRSC after a lump sum election are found in reference (h).

(5) See examples in enclosure (7).

i. Effect on Survivor Benefit Premium. A Marine who elects to receive a lump sum payment of his or her retired pay also remains eligible to elect to cover their spouse or other dependents, or qualified insurable interests, through the Survivor Benefit Plan (SBP). The manner in which premiums are

collected in the event a member elects to receive a lump sum distribution of their retired pay are addressed in reference (i). All other policies concerning the relationship between SBP and lump sum payment of retired pay will be addressed in forthcoming guidance in the next update to reference (t). Marines are encouraged to consult with a financial counselor to better understand the interaction between lump sum retirement payments and SBP.

j. Disputes. Marines who accept the lump sum distribution, as determined, may not seek review of, or otherwise retrospectively challenge, the amount of the lump sum, particularly in regard to deviations from the cost-of-living adjustments, actuarial assumptions, or other factors used in computing this amount.

k. Division of Retired Pay. Any lump sum payment of retired pay remains subject to the conditions of section 1408 of reference (o), with consideration to court orders.

l. Tax implications. The lump sum option is likely to increase the Marine's tax liability in the year they receive the payment. Marines should consult with a certified financial counselor to understand the tax implications of this decision.

Lump Sum/Veteran Affairs (VA) Disability Examples

1. General. Enclosure (6) of this Marine Corps Bulletin provides guidelines for the interaction between lump sum payments of the BRS defined benefit annuity and VA Disability payments. This Enclosure provides clarifying examples.

2. Definitions

a. Concurrent Retirement and Disability Payment (CRDP). CRDP allows receipt of both military retired pay and VA compensation for military members who:

(1) Are regular retirees with a VA disability rating of 50 percent or greater; or,

(2) Are non-regular retirees with 20 qualifying years of service and a VA disability rating of 50 percent or greater and who have reached retirement age.

b. Combat-Related Special Compensation (CRSC). CRSC is a program that was created for disability and non-disability military retirees with combat-related disabilities. It is a tax free entitlement that members will be paid each month along with any retired pay they may already be receiving.

3. Examples

a. General Assumptions. In all examples below, the following assumptions are made:

(1) The example Marine is entitled to \$1000 per month in DoD retirement pay.

(2) The Marine elects to receive 50% of that DoD retirement pay as a lump sum at the point of retirement, leaving \$500 per month in residual DoD retirement pay.

(3) The Marine receives a \$50,000 lump sum.

b. Marines Not Eligible for CRDP or CRSC. The VA is notified that the Marine elected a lump sum of \$50,000. The Marine subsequently receives a disability rating from the VA based on four (4) separate disabilities - notionally worth \$750 per month. No VA Disability Compensation is paid to the Marine because the lump sum has not been offset. The Marine receives \$500 per month in residual DoD retirement pay until the lump sum is offset (\$750 x 66 months plus \$500 x 1 month equals \$50,000 in this example).

c. Marines Eligible For CRDP. Because the Marine is eligible for CRDP, they can receive DoD retirement pay and VA disability pay concurrently with no offset. In this example, the Marine receives a lump sum of \$50,000 upon retirement, a DoD retirement pay of \$500 per month, and a VA disability pay of \$750 per month. The total monthly payment to the Marine is \$1250.

d. Marines Eligible for Combat-Related Special Compensation (CRSC). The following process will occur:

(1) The VA is notified that the Marine elected a lump sum of \$50,000. The Marine subsequently receives a disability rating from the VA based on four (4) separate disabilities - notionally worth \$750 per month. No VA Disability Compensation is paid to the Marine because the lump sum has not been offset.

(2) The Marine then applies to the Marine Corps CRSC Board. In this example, the CRSC Board determines that 3 of 4 disabilities are combat-related. The Secretary of the Navy reports to the VA that 3 disabilities are CRSC-approved, the rating, and associated amount of CRSC to which the member is eligible - in this example the Marine is eligible for \$500 per month in CRSC.

(3) The VA reallocates the original disability compensation based on DoD's determination that some or all of the disability is combat-related. In this example, the Marine is entitled to \$500 per month in VA disability compensation based on combat-related disabilities only. \$250 per month of the Marine's VA disability compensation is NOT combat-related.

(4) The Marine agrees to waive an amount from their residual monthly DoD retirement pay equal ONLY to their new combat-related VA disability rating. In this example, the Marine waives \$500 per month from his residual DoD retirement pay.

(5) Upon notification that the Marine has waived an equivalent portion of residual DoD retirement pay, the VA begins paying disability compensation only for the portion of the total rating that is combat-related. In this example, the Marine receives \$500 per month in VA disability compensation.

(6) The Marine Corps now restores the amount waived from the residual DoD retirement pay as CRSC. In this example, the Marine receives \$500 per month in CRSC. In addition to the \$50,000 lump sum, the Marine is now receiving \$500 per month in VA disability compensation and \$500 per month in CRSC.

(7) The VA continues withholding the disability compensation that was based on the non-combat related portion of the total disability rating until the lump sum amount is fully off-set. In this example, the retiree was originally rated at \$750 per month in VA disability compensation. He is now receiving \$500 per month in VA payments based on combat-related disabilities. \$250 per month is withheld until the lump sum is off-set (\$250 x 200 months equals \$50,000, in this example).

APPENDIX A

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

| | |
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| AA | Administrative Action |
| AC | Active Component |
| BRS | Blended Retirement System |
| CG | Commanding General |
| CMT | Common Military Training |
| CP | Continuation Pay |
| CPI | Consumer Price Index |
| CRDP | Concurrent Retirement and Disability Payment |
| CRSC | Combat-Related Special Compensation |
| CSB | Career Status Bonus |
| CUI | Controlled Unclassified Information |
| CZTE | Combat Zone Tax Exclusion |
| DEAF | Date Entered Armed Forces |
| DoD | Department of Defense |
| DoDI | Department of Defense Instruction |
| EPAR | Electronic Personnel Action Request |
| FMR | Financial Management Regulation |
| FRTIB | Federal Retirement Thrift Investment Board |
| IDT | Inactive duty training |
| IPAC | Installation Personnel Administration Center |
| IRR | Individual Ready Reserve |
| IRS | Internal Revenue Service |
| MCTFS | Marine Corps Total Force System |
| ODI/RMS | Optical Digital Imaged Records Management System |
| OMPF | Official Military Personnel File |
| PEBD | Pay Entry Base Date |
| PFM | Personnel Financial Managers |
| PME | Professional Military Education |
| RC | Reserve Component |
| SBP | Survivor Benefit Plan |
| SOI | School of Infantry |
| SOU | Statement of Understanding |
| TDRL | Temporary Disability Retired List |
| TSP | Thrift Savings Plan |
| TTC | Transaction Code |
| UDMIPS | Unit Diary Manpower Integrated Personnel System |
| U.S.C. | United States Code |
| VA | Veteran Affairs |

GLOSSARY OF TERMS AND DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this Bulletin only.

Active Service. Service on active duty or full-time National Guard duty as defined in section 101(d) (3) of reference (o).

Active Status List of the Standby Reserve. Defined in reference (u).

Break in Service. A period of time during which a Service member is transferred to the inactive status list or the inactive National Guard, or is discharged upon completion of all service obligations and returns to a civilian status for longer than 24 hours.

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.

Date Entered Armed Forces (DEAF). Date an individual was initially enlisted, inducted, or appointed in a regular or RC of a Uniformed Service as a commissioned officer, warrant officer, or enlisted member. For cadets/midshipmen at one of the Military Service Academies, it is the date of entry into the academy; for ROTC cadets/midshipmen it is the date of scholarship contract or date the cadet/midshipman began the advanced ROTC course, whichever is earlier; and for members of the delayed entry program it is the date an enlistment contract is signed, regardless of when the member actually enters active duty. Breaks in service do not affect a DEAF date.

Defined Benefit Annuity. A pension plan in which an employer/sponsor provides a specified monthly benefit upon retirement that is predetermined by a formula based on the individual's earnings history and tenure of service.

Disability Compensation. Compensation paid to a veteran by the VA as a recompense for loss, injury, or suffering from uniformed service duty.

Discount Rate. Economic rate used to discount a stream of future cash flows to their present (i.e., "current") value.

Full Retirement Age. Age upon which a person is considered eligible for full retirement under section 416(I) of reference (r). It is currently age 67 for most members of the Uniformed Service with the exception of those born before 1960.

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.

Individual Ready Reserve (IRR). Defined in reference (v).

Legacy Retirement Systems. Those military retirement systems in effect prior to implementation of the BRS, including the "Final Pay," "High-3" (also known as the "High-36"), and CSB/REDUX systems.

Non-Regular Retirement. As defined in chapter 1223 of reference (o), a non-regular retirement is earned based on achieving a minimum threshold of creditable years of service as a RC member. A member who qualifies for a

non-regular retirement is not eligible to begin receiving retired pay until attaining the age of 60, or in some cases a lesser age depending on performance of qualifying creditable service in accordance with reference (q).

Paid Status. Receipt of basic pay or inactive duty pay under sections 204 or 206, respectively, of reference (p).

Pay Period. Defined in reference (1), Volume 5; a pay period is monthly for military personnel serving on active duty and is periodic, based on completion of inactive duty, for RC military personnel serving on inactive duty.

Present Value. The current worth of a future sum of money or stream of cash flows given a specified rate of return. Future cash flows are discounted at the discount rate, and the higher the discount rate, the lower the present value of the future cash flows.

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."

Ready Reserve. Military members of the Reserve and National Guard, organized in units, or as individuals, liable for recall to active duty to augment the active components in time of war or national emergency in accordance with Sections 12301(a) and 12302 of reference (o).

REDUX. Members who entered the AC after July 31, 1986, but before January 1, 2018, have the option, upon completing their 15th year of service, to elect a reduction in their retirement multiplier in exchange for receiving the Career Status Bonus (CSB). This retirement plan is known as "REDUX." The reduction in the retirement multiplier is 1 percent for each full year of creditable service less than 30, and 1/12th of 1 percent for each full month of creditable service less than a full year. Additionally, retirees covered by REDUX receive a decreased annual cost of living increase compared to other military retirement plans. That cost of living increase is equal to 1 percentage point less than the Consumer Price Index (CPI), when the CPI exceeds 1 percent.

Regular Retirement. A retirement earned based on performing a minimum number of creditable years of active duty service in accordance with chapter 71 of reference (o). Members who earn a regular retirement begin receiving retired pay on the 1st of the month that follows the month of their retirement.

Retired Reserve. Defined in Joint Publication 1-02.

Secretary Concerned. Defined in section 101 of reference (p).

Senior Reserve Officer Training Corps. College scholarship program leading to a commission in one of the Uniformed Services.

Separation. Defined in section 211 of reference (p).

Uniformed Services. In accordance with Section 101 of reference (p); the Army, Navy, Air Force, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration, and USPHS.

Vesting. Process by which an individual accrues non-forfeitable rights over employer-provided incentives or employer contributions made to the individual's qualified retirement account.