

# EXECUTIVE SUMMARY

## BACKGROUND

This Blended Retirement System (BRS) symposium is the second of three 2023 Marine Corps-sponsored symposia evaluating the health and future viability of the modern all-volunteer, all-recruited US military, now in its fiftieth year. Together, these symposia seek to contribute partial answers to one overarching question:

**How can the US maintain an All-Volunteer Force (AVF) in 2040 and beyond that is at once dominant on 21<sup>st</sup>-century battlefields, affordable, and consistent with American national values and way of life?**

**5<sup>th</sup>**

Defined Benefit  
**BRS**  
Defined Contribution

**65%**

The BRS is the fifth military retirement construct since the inception of the modern, post-Vietnam AVF era.

The BRS “blended” an element of the defined benefit of previous retirement schemes with a defined contribution to a service member’s TSP who honorably serves more than 24 months.

As of June 2023, approximately 65% of service members have BRS retirement plans, including all entering service since January 1, 2018, and a significant number of members who opted into the BRS from the previous “High-36” plan.

## DISCUSSION

**THE BRS IS HIGHLY COMPETITIVE WHEN COMPARED TO CIVILIAN ALTERNATIVES.**

The BRS’s defined 1% contribution, and up to an additional 4% matching contribution, available at 59 1/2 years of age, makes it highly competitive with civilian employee retirement plans.

**COMPARE THE BRS TO CIVILIAN ALTERNATIVES, NOT ITS PREDECESSOR.**

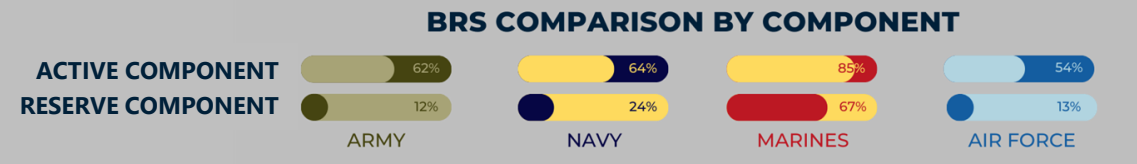
Internal DoD and Service messaging within the force has been excessively focused on contrasting the BRS to the previous “High-36” military retirement scheme, emphasizing the reduced defined benefit retirement annual multiple and disregarding the future value of matching TSP contributions.

**THE BRS HAS THE POTENTIAL TO BE HIGHLY ADAPTIVE AND AGILE TO MARKET CONDITIONS.**

The BRS offers inherent flexibility for the DoD and the Services to quickly respond to changing labor market conditions by manipulating six basic variables to incentivize service member retention behaviors, including: TSP matching contribution amount, TSP matching contribution timing, continuation pay amount, continuation pay timing, defined benefit annual percentage multiplier, and defined benefit vesting date.

MILITARY	RETIREMENT COMPARISON	CIVILIAN
Immediate payment after 20 YOS <small>[approximately 38 years old (enlisted) + 42 years old (officer)]</small>	DEFINED BENEFIT	not applicable
up to 5%	MATCHING CONTRIBUTION	varies
at 12 years of service <small>(cash incentive of 2.5 to 13 times regular monthly basic pay)</small>	CONTINUATION PAY	not applicable

**WE NEED TO THINK MORE ABOUT THE RESERVE COMPONENT.**  
There may be a significant gap in the perceived value of BRS benefits between components. As Services explore greater opportunities for career permeability across Active and Reserve components, we will need to devote more attention to the structure and content of Reserve BRS.



**WHILE SERVING**

- FREE HOUSING/TAX-FREE HOUSING ALLOWANCE
- TAX-FREE SUBSISTENCE ALLOWANCE
- PERSONAL GROWTH + DEVELOPMENT
- LOW-COST DEPENDENT DENTAL
- 5% TSP MATCHING
- SUBSIDIZED GROCERIES
- TRAVEL + ADVENTURE
- TUITION ASSISTANCE
- HEALTH CARE
- COMPETITIVE PAY PURPOSE

**UPON SEPARATION**

- THRIFT SAVINGS PLAN
- POST-9/11 GI BILL (VALUED UP TO \$291,540\*)
- OPPORTUNITY FOR CONTINUED BRS, TRICARE, AND OTHER BENEFITS IN RESERVE COMPONENT

**RETIREMENT**

- IMMEDIATE DEFINED BENEFIT CONTRIBUTIONS FOR LIFE
  - \$40,071/YR ENLISTED AT APPROXIMATELY 38\*
  - \$69,501/YR OFFICER AT APPROXIMATELY 42\*
- TSP RETIREMENT AS EARLY AS 59 1/2 YEARS OF AGE

**POSITIVE MESSAGING AND AWARENESS OF BRS IS INSUFFICIENT WITHIN THE FORCE.**  
The symposium consensus was that service members – especially junior ones in their initial years – tend to underestimate the generosity of military pay and benefits generally and BRS benefits specifically.

**MARKETING AND AWARENESS OF THE BRS – AND MILITARY COMPENSATION AND BENEFITS OVERALL – IS INSUFFICIENT AMONG THE AMERICAN PUBLIC.**  
Adult authority figures in the lives of prospective service members have tremendous influence on their service decisions and may significantly underestimate the value of military pay, allowances, entitlements, and retirement programs as compared to civilian sector employment alternatives.

**WE DO NOT SUFFICIENTLY LEVERAGE THE VALUE OF TRICARE HEALTH COVERAGE.**  
As civilian health care coverage costs continue to climb, the relative value of active-duty and retiree Tricare coverage should be increasingly emphasized in both recruiting and retention marketing.

**IT’S NOT ALL ABOUT MONEY.**  
The military retirement system alone will not ever inspire the “irrational call to service” upon which the AVF depends. Non-monetary rewards, living and work environments, and sense of purpose must also meet or exceed expectations if the AVF is to remain viable in years to come.

**WE NEED MORE DATA – WE DO NOT YET FULLY UNDERSTAND OPPORTUNITIES AND IMPLICATIONS OF THE BRS.**

Current BRS behavioral projections are based upon theory and rest upon informed assumptions and predictions from the mixed cohort of those who began service under the “High-36” retirement scheme and then opted into the BRS. This group may not be representative of the first BRS-pure cohort that follows them.

## CONCLUSION

Money matters but is not a cure-all. Non-monetary factors, such as quality of leadership, quality of life, career agency, the irrational call to service, and sense of belonging are critical incentives for recruiting and retention of the AVF.

The BRS is one part of the total package of monetary and non-monetary incentives that may affect the propensity for military service and retention.

The continued success and sustainment of our AVF, to include how it will continue to be dominant on future battlefields, affordable, and consistent with our national values and way of life, has clear strategic and national security implications. Success will require continued effort from each of the services, but also require continued support from other elements of government and the general public.

**To succeed, the Services must more aggressively inform potential recruits and their influencers of the generosity of BRS within a competitive pay and benefits portfolio.**

## RECOMMENDATION 1

At the Department level, develop marketing products for the force and the American public, to clearly communicate the elements, benefits, and value of service in the AVF, including the full compensation offerings available for those who serve for short and career-long periods of time, inclusive of BRS, in comparison to civilian market offerings. Services must ensure service members and their spouses are informed of continuation pay rates, eligibility, and applicable deadlines.

## RECOMMENDATION 2

Develop an integrated and coordinated research plan to track and predict near and long-term impacts of BRS implementation and effects on career decisions. The BRS offers potential levers for adjustment including the use of continuation pay, which when combined with other monetary incentives can provide a way to offer stability and flexibility needed over the course of time and career lifecycles. The Services should continue to explore how adjustments to incentive and retention levers can be used to optimize total force management - Active and Reserve Components - and increase retention.

## RECOMMENDATION 3

Develop messaging and assessment plans to fully leverage the value of monetary and non-monetary incentives for military service. The BRS is a competitive system compared to other options in the current job market. The services must do a better job of messaging to fully realize the intended effects and should focus messaging on the advantages of the BRS when compared with civilian alternatives within the current and future environment. Near-term focus could start with assessing how continuation pay is employed across the Services.

\* Calculation details available in the official report available by scanning the QR code.