

## Reserve and National Guard Retirement



Service in the National Guard or Reserve isn't just something that former active duty servicemembers sign up for when they're ready to make their military service less all-consuming. Many servicemembers spend their entire careers as Guardsmen or Reservists or serve part-time alongside a civilian job as a way to supplement their future retirement earnings while serving their nation.

The Reserve Component retirement system can be confusing – especially for those who have previously served on active duty. Fortunately, the math itself is simple.

**Servicemembers must have 20 qualifying years of service to be eligible for a retirement pension.**

A qualifying year is one in which a servicemember earns at least 50 points.

These points are earned in a variety of ways: performing annual training, weekend drills, funeral honors duty, or active duty service; or completing certain correspondence courses. Typically, servicemembers are awarded one point per day of service, and one point for every three hours of education that is completed. Servicemembers also receive 15 points each year for their membership in a National Guard or Reserve unit.

Active duty servicemembers can accumulate 365 or 366 points per year. National Guard and Reserve servicemembers can accumulate up to 130 points per year through a combination of the above duties.

A nonqualifying year occurs when a servicemember does not receive at least 50 points. If that were to happen, the year would count for time in service, but would not count toward retirement.



After servicemembers meet the 20-year requirement, they receive a letter of eligibility notifying them that they are eligible for retirement.

After 20 qualifying years, Reserve Component servicemembers have multiple options.

1. **Do nothing.** Remain in the National Guard or Reserve and continue to accumulate points to boost retirement pay.
2. **Transfer to a retired reserve.** This is known as the "grey area," and is a period of time when servicemembers are eligible for retirement and have stopped participating in drills but have not yet reached age 60 (the typical age when they would begin collecting a retirement check).
3. **Fully retire at age 60, or when they qualify to begin receiving retirement pay.** To do this, servicemembers must request a discharge from military service and apply for retired pay. Retired National Guard and Reserve servicemembers can typically begin collecting benefits at age 60.
4. **Elect whether to participate in the Reserve Component Survivor Benefit Plan (RC-SBP).** The RC-SBP allows for coverage in the "grey area," meaning that if a Reserve retiree passes away before they begin collecting their retirement, they could still have a designated SBP beneficiary.

Note that retired pay does not start automatically; servicemembers must apply to begin receiving retired pay with their branches of service.

### **Retirement pay depends on which retirement system the servicemember falls under.**

Retirement pay calculations vary depending on the retirement system that was in effect when the servicemember joined the military, but each system takes into account the servicemember's creditable years of service. This number is determined by converting any active duty service time to points (one point per day), adding all Reserve points, and then dividing the sum of all accumulated points by 360.

**Example:** A servicemember who completed five years of active duty service (365 points for each of the five years, or 1825 total points) and 15 years of service with the National Guard (earning 75 points per year, or 1125 total points), would have a total of 2950 points. This point total then divided by 360 equals 8.2 years of creditable service.

From there, retired pay amounts depend on the servicemember's retirement system.

For individuals enrolled in the High-3 system, retired pay is calculated as follows:

- Years of Creditable Service x 2.5 = Retirement Multiplier
- Retirement Multiplier x Average of the Servicemember's Highest 36 Months of Pay = Monthly Retirement Income

**Example:** To continue the example above, a servicemember with 8.2 years of creditable service who is enrolled in the High-3 system has a retirement multiplier of 20.5%. Each month, then, this servicemember will receive 20.5% of the average of their highest 36 months of pay.



For individuals enrolled in the Blended Retirement System (BRS), retired pay is calculated as follows:

- Years of Creditable Service x 2 = Retirement Multiplier (%)
- Retirement Multiplier x Average of the Servicemember's Highest 36 Months of Pay = Monthly Retirement Income

**Example:** To continue the example above, a servicemember with 8.2 years of creditable service who is enrolled in BRS has a retirement multiplier of 16.4%. Each month, then, this servicemember will receive 16.4% of the average of their highest 36 months of pay.

Individuals enrolled in BRS are also eligible to take a partial lump-sum payout of their retirement pension. This allows servicemembers to obtain a lump-sum payment upfront as an advance on the retirement pay they would otherwise accumulate until reaching full Social Security retirement age (typically age 67). Servicemembers can choose either a 25% or 50% lump-sum payment at the time of retirement and reduce their future pension payments by the same percentage until they reach full retirement age, at which point their full retirement amount would be restored.

The lump sum of 25% or 50% is discounted to its present value, based on an annual Department of Defense discount rate that is published in June of each year. A lifetime of equal, non-discounted monthly payments may be worth more than a lump-sum payment and receiving the full amount of retirement pay beginning at age 67 – so taking a lump-sum payment may reduce the overall retirement pay a servicemember receives. The lump-sum option must be requested at least 90 days before the servicemember begins collecting retirement pay.

### **Some periods of service allow retired National Guard and Reserve servicemembers to receive retired pay early.**

For the most part, National Guard and Reserve servicemembers are not eligible to begin receiving retired pay until they reach age 60. However, some periods of active service can reduce the age at which these servicemembers can receive retired pay.

- For servicemembers called to active duty after January 28, 2008, the age requirement is reduced by three months for each 90-day period of active duty service.
- Servicemembers may also qualify for age reduction if they are activated by a state governor due to a national emergency as declared by the President of the United States or due to a national emergency supported with federal funds.

Note that the earliest a Reserve Component servicemember may begin receiving retirement pay is age 50.

Retired National Guard and Reserve servicemembers should plan to attend a pre-retirement briefing that covers the [Reserve Component Survivor Benefit Plan](#), TRICARE benefits, and any VA benefits that might be available. Navy Mutual's Education and Veterans Services team can also answer questions you may have about retirement and benefits. A representative can be reached at [888-298-4442](tel:888-298-4442) or [education@navymutual.org](mailto:education@navymutual.org).