

Resolution No. 406

INCREASE AND EXTEND TSP MATCH

WHEREAS, the new military retirement system will benefit all for their service, not just the 17 percent of service members who currently stay 20 years or longer. This recruiting initiative is needed to attract new generations of qualified service members who might otherwise not consider military service because it provides no match to portable 401k-style plans that virtually all civilian employers offer; and

WHEREAS, beginning in January 1, 2018, the government began automatically contributing 1 percent of base pay to a new service member's Thrift Savings Plan (TSP) account beginning the third month of service, then up to 4 percent more through a government match beginning in Year 3 through 26 years of service, for a total of 5 percent. However, the Military Compensation and Military Retirement Commission recommended a total government contribution of 6 percent — the 1 percent automatic and up to a 5-percent match — without the arbitrary 26-year sunset clause; and

WHEREAS, the Pentagon's FY 2017 budget submission proposed increasing the government's contribution to the full 6 percent, and carry the match through retirement, but would delay starting the match until Year 5; and

WHEREAS, those serving prior to January 1, 2018 with less than 12 years' service will have a one-time opportunity in 2018 to opt into the new system or remain in the legacy system, based on their own individual circumstances; and

WHEREAS, for those who join after January 1, 2018, and who stay the requisite 20 years, the new retirement program will reduce future retiree pay from 50 to 40 percent of base pay, but overall net worth could be considerably higher due to a one-time, mid-career continuation bonus, and compound interest on increased TSP accounts, which can be rolled over into other investment plans and bequeathed entirely to heirs, whereas just a maximum 55 percent of retiree pay can go to surviving spouses; now, therefore

BE IT RESOLVED, by the Veterans of Foreign Wars of the United States, that we will work with Congress to increase the government's TSP contribution to a total of 6 percent beginning in Year 3 of service, and extend the match throughout an individual's military career.

Submitted by the Commander-in-Chief
To Committee on NATIONAL SECURITY & FOREIGN AFFAIRS