Retirement Terms Every Veteran Should Know

Retirement planning comes with a lot of unfamiliar terms. Here's a quick guide to some of the most common retirement accounts and benefits you may hear about.

Thrift Savings Plan (TSP)

- **What it is**: A retirement savings plan available to members of the military and many federal employees.
- **Why it matters**: If you contributed while serving, those savings may continue to be part of your retirement.

401(k)

- **What it is**: A retirement savings plan offered by many private-sector employers.
- **Why it matters**: Some employers match a portion of your contributions, helping your retirement savings grow faster.

403(b)

- **What it is**: A retirement savings plan offered by many public schools, nonprofits, and certain tax-exempt organizations.
- **Why it matters**: It works similarly to a 401(k) and can help you save for retirement through your employer.

Individual Retirement Account (IRA)

- **What it is**: A retirement savings account you open on your own.
- **Why it matters**: An IRA can help you save for retirement whether or not your employer offers a retirement plan.

Military Retirement Pay

- **What it is**: A monthly retirement benefit available to eligible service members who meet military retirement requirements.
- **Why it matters**: Not every Veteran qualifies for military retirement, so it's important to understand which benefits apply to you.

VA Disability Compensation

- **What it is**: A tax-free monthly benefit for eligible Veterans with service-connected disabilities.
- **Why it matters**: VA disability compensation may be an important part of your financial picture, but it is generally intended to compensate for the effects of a service-connected disability rather than replace retirement savings.

Social Security

- **What it is**: A federal retirement benefit based on your work history/earnings.
- **Why it matters**: For many people, Social Security is one part of retirement income, not the only source.

Employer Match

- **What it is**: Money some employers contribute to your retirement account when you contribute.
- **Why it matters**: If your employer offers a match, contributing enough to receive the full match can help grow your retirement savings over time.

Beneficiary

- **What it is**: The person or people you choose to receive your retirement account benefits, or life insurance after your death.
- **Why it matters**: Reviewing your beneficiaries regularly helps ensure your accounts reflect your current wishes.

Take the Next Step

Whether you're just beginning to save, transitioning to civilian life, or reviewing your retirement plan after years in the workforce, Veteran Saves offers free resources and practical tools to help you along the way. Take the Veteran Saves Pledge for guidance, reminders, and resources designed to help your work toward your financial goals, including retirement.