



CONTINUATION PAY

MILSPOUSE MONEY MISSION

EDUCATE EMPOWER ELEVATE



WHAT IS CONTINUATION PAY (CP)?



- Under the Blended Retirement System (BRS), CP is a one-time, mid-career financial incentive payable to service members between completion of eight and 12 years of service.
- CP is in addition to any career field-specific incentives or retention bonuses.
- CP is a retention tool used to manage the size of the force.



HOW MUCH CP WILL I RECEIVE?



$$\text{Monthly Basic Pay} \times 0.5^1 \text{ or } 2.5^2 = \text{Gross CP} - \text{Tax Withholding}^3 = \text{Net CP}^4$$

¹ National Guard or Reserve in a drilling status may receive 0.5 to 6 times their active duty monthly basic pay; ² Active duty (including active Guard/Reserve (AGR)) personnel may receive 2.5 to 13; ³ CP is eligible for Combat Zone Tax Exclusion (CZTE), but Social Security and Medicare taxes will still be taken out. If not in a CZTE, 22% may be withheld. Federal income tax withholding rate of 22% applies; ⁴ What you take home.

WHAT MUST I DO TO RECEIVE CP?



1. You must be enrolled in the BRS, agree to perform additional obligated service, and elect to receive CP before you start your 12th year of service (according to your Pay Entry Base Date).
2. Eligible service members receive CP in return for additional obligated service (concurrent with other service commitments). The branch of service will determine the commitment. Please note, you may need to repay any unearned portion of the CP if you do not complete your additional service obligation.

How Will My CP Be Paid?

One Installment

Paid the first pay period after you start your 12th year of service.

Two Equal Installments

First installment is paid the first pay period after you start your 12th year of service and the next installment is paid the following year.

Four Equal Installments

First installment is paid the first pay period after you start your 12th year of service and the remainder in three equal annual installments.



Which installment plan is right for YOU?

How much will you potentially pay in taxes on your CP? Remember, CP is subject to tax withholding!

WHEN DO I NEED TO MAKE MY CP ELECTION?

CP Eligibility Notification

180 days before you begin your 12th year of service

You **MUST** elect to receive CP **BEFORE** your 12th year of service begins

12th Year of Service Begins

You are no longer eligible to elect CP after starting your 12th year of service

CP Received

First pay period **AFTER** your 12th year of service begins