



# CONTINUATION PAY

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## WHAT IS CONTINUATION PAY (CP)?



- Under the Blended Retirement System (BRS), CP is a one-time, mid-career financial incentive that is payable to your Service member between completion of seven 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 MY SERVICE MEMBER RECEIVE?



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

<sup>1</sup> National Guard or Reserve in a drilling status may receive 0.5 to 6 times their active duty monthly basic pay; <sup>2</sup> Active duty (including active Guard/Reserve (AGR)) personnel may receive 2.5 to 13; <sup>3</sup> 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; <sup>4</sup> What you take home.

## WHAT MUST MY SERVICE MEMBER DO TO RECEIVE CP?



1. Your Service member must be enrolled in the BRS, agree to perform additional obligated service, and elect to receive CP before the start their 12th year of service (according to their 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, your Service member may need to repay any unearned portion of the CP if they do not complete their additional service obligation.

## HOW WILL CP BE PAID?

Your Service Member can choose to receive a one-time payment or take multiple payments to potentially save on taxes.

### One Installment

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

### Two Equal Installments

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



### Which installment plan is right for your Service member?

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

## WHEN DOES MY SERVICE MEMBER NEED TO MAKE CP ELECTION?

