CONTINUATION PAY

What is Continuation Pay (CP)?

- Under the Blended Retirement System (BRS), CP is a one-time, mid-career financial incentive payable to Soldiers between the 8 and 12 year point of service from the pay entry base date (PEBD) in exchange for additional 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?

______ Monthly Basic Pay X ______ Multiplier[1] = ______ Gross CP - ______ Tax Withholding[2] = ______ Net CP[3]

[1] *National Guard or Reserve in the Selected Reserve (minus AGR) may receive 0.5 to 6 times their active duty monthly basic pay; Active duty (including AGR) personnel may receive 2.5 to 13 times their active duty monthly basic pay.*

[2] *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, a 22% Federal Income tax will be withheld.*

[3] *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 and Army Calendar Year Guidance).
2. Eligible Soldiers receive CP in return for additional service obligation (concurrent with other service commitments). The Army 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?

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

One Installment
Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1.

Two Equal Installments
Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1; the next installment is paid the following year.

Four Equal Installments
Paid 5-7 days after certification and submission to the servicing finance office from the unit S-1; 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
See Army Calendar Year Guidance at: *www.FinancialFrontline.org/soldier/continuation-pay/.*

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
5-7 days after certification and submission to the servicing finance office from the unit S-1.

CONTINUATION PAY

What Should I Do With My CP?

A Personal Financial Manager/Counselor Can Help You Plan!

The choice is yours and should be based on your current financial situation. Get a financial checkup as part of the decision-making process. You can do one or more of the following:

Pay Down Debt!

Do you have credit card debt, student loan debt, or other kinds of debt? Are you paying more in interest than you can expect from savings or investments? Pay as many debts as you can, starting with those that cost you the most in interest.

TIP: ***Adding extra money to payments makes for a quicker payoff.***

Save It!

Do you have an emergency or reserve fund in a savings or money market account? Set one up...or top yours off.

TIP: ***Check the annual percentage rate (APR) and terms of agreement before placing money into any account.***

Invest It!

Are you looking toward a more prosperous future? Consider putting your CP to work in your Thrift Savings Plan (TSP) account, in an IRA, or in a college savings plan.

TIP: ***Be aware of annual contribution limits on retirement accounts. Review your spending plan and talk to an investment professional before investing.***

Spend It!

Will your CP fund a vacation, a vehicle, a big project, or the down payment on a house?

TIP: ***Before you spend your CP, review your spending plan to ensure your savings goals are on track and your debt-to-income ratio is reasonable.***

Gift It!

You can choose to gift or donate some or all of your CP. You may be eligible for a tax deduction depending on where you donate it.

TIP: ***Review your spending plan to ensure your finances are in good order before you donate your CP.***

Resources:

For more information on CP, including eligibility and current pay rates, visit ***www.FinancialFrontline.org/soldier/continuation-pay***.

U.S. ARMY | SECURING THE FINANCIAL FRONTLINE

Scan code for more information or visit *www.FinancialFrontline.org*.

ENTITLEMENT TO CONTINUATION PAY

MY CHECKLIST

Congratulations on reaching this important milestone in your Army career — the point where you are approaching eligibility for Continuation Pay (CP). Use this checklist and accompanying handouts to help you reassess your career goals and make important personal financial decisions as they pertain to CP.

HANDOUTS

- ✓ Continuation Pay
- ✓ Sources Of Help For Military Consumers
- ✓ Military Retirement
- ✓ Spending Plan Worksheet
- ✓ Basic Investing
- ✓ Military Consumer Protection
- ✓ Free Credit Protection

RETIREMENT

☐ Understand the basics of the Blended Retirement System

- In 2016, the National Defense Authorization Act created a new military retirement system, called the Blended Retirement System, or BRS, that blends the traditional legacy retirement pension (defined benefit) with a defined contribution to Soldier's Thrift Savings Plan (TSP) accounts. The BRS went into effect on Jan. 1, 2018.
- The TSP is similar to the retirement plans offered by many private employers as it offers similar types of savings and tax benefits. It is also the same defined contribution plan thousands of Department of Defense (DoD) and federal government civilians take advantage of for their retirement savings.
- CP is a one-time, midcareer incentive payment offered to eligible Soldiers who are covered under the BRS in exchange for additional service. CP is in addition to any other career field-specific incentives or retention bonuses.

CONTINUATION PAY

☐ Know more about CP. Review the "Continuation Pay" handout for more information.

- You must elect to receive CP within the Army's calendar year guidance (calculated from a Soldier's Pay Entry Base Date).
- Most Soldiers in BRS who are between the 8 and 12 year point of service for pay will be eligible to request CP. However, the time frames for eligibility and multiplier may change each year depending on the Army's determination.
- Please note, any unearned portion of the CP will be subject to repayment if you do not complete your continued service obligation.
- There is no exception to policy if a Soldier misses the window of eligibility.

☐ Calculate how much CP you will receive. Refer to the "Continuation Pay" handout provided and use the Army Calendar Year Pay Guidance to help you determine the amount of money you will potentially receive.

- Active duty Soldiers, and Title 10 and Title 32 AGR Soldiers performing active service in a career status program, may be eligible for a CP multiplier of at least 2.5 times their monthly basic pay.
- Members of the Guard/Reserves serving in the Selected Reserve (minus AGR) may be eligible to receive a CP multiplier of at least 0.5 times their active duty monthly basic pay.
- Pay rate multipliers may be based on Army-specific retention needs, specialty skills and hard-to-fill positions, similar to career field incentives and re-enlistment bonuses.

- [ ] Prepare for possible tax implications of CP.

The IRS views CP as earned income, therefore taxable. Consider splitting the amount into installments distributed annually to potentially reduce the tax liability incurred by receiving CP as a lump sum. The installments can be spread out up to four years. Each Soldier's situation is unique, so consider speaking with a tax professional.

FINANCIAL PLANNING

- [ ] Revisit or set new financial goals and update your spending plan.
- [ ] Put CP to good use. Review the "Continuation Pay" handout for more information.
- [ ] Review your annual TSP contributions.

Important note: You should keep the IRS annual contribution limit in mind when deciding how much you will contribute to your TSP account from your CP. Exceeding the IRS limit early could result in your monthly auto payments into your TSP account to stop before December, causing you to lose out on government matching contributions.

CONSUMER PROTECTION

- [ ] Recognize misleading consumer practices and identity theft and protect yourself. Review the "Sources Of Help For Military Consumers" handout for more information.
- [ ] Research financial advisors and businesses at https://brokercheck.finra.org. For more information on identity theft, visit the Federal Trade Commission (FTC) at www.consumer.gov or call 1-877-ID-Theft. You can find out more about military specific consumer protection topics at www.consumerfinance.gov or www.militaryconsumer.gov.

RESOURCES

Ask for help. You don't have to navigate financial decisions regarding CP alone. Help is just a click, call or walk away.

- Click: www.financialfrontline.org for financial education resources at your fingertips.
- Call: Military OneSource at 1 (800) 342-9647 for phone or video financial counseling with a professional financial counselor.
- Walk: Visit a personal financial counselor at your local Army Community Service Center who can help you find answers to questions about money management, debt, saving, investing and other issues.

Jerry York, CFP®

Counselor Printed Name

Soldier Printed Name

YORK.JERRY.DALE.1553781112 Digitally signed by YORK.JERRY.DALE.1553781112 Date: 2024.11.07 13:08:23 +01'00'

11/7/2024

Signature *Date*

11/7/2024

Signature *Date*

Updated August 2023

REQUEST FOR CONTINUATION PAY (BLENDED RETIREMENT SYSTEM)

The proponent agency is DCS, G-1. For use of this request, see AR 637-1.

AUTHORITY:	37 USC 356: Continuation pay, and 37 USC 373: Repayment of unearned portion of incentive pay when conditions of payment not met.
PRINCIPAL PURPOSE(S):	To explain the conditions under which continued entitlement of Continuation Pay may be terminated and unearned portion of advanced incentive payments recouped. Information may be referred to appropriate authorities if individual becomes subject to termination and/or recoupment of incentive.
ROUTINE USES:	Data collected is used to document a Soldier's additional obligated service period; the Continuation Pay rate for continued service; to explain the conditions of the entitlement; and to document a Soldier's formal acknowledgment of the incentive obligations.
DISCLOSURE:	Voluntary. However, failure to furnish information requested may result in denial of Continuation Pay.

AGREEMENT

1. NAME *(Last, First, MI)*	2. PAY GRADE	3. DOD ID NUMBER
4. ORGANIZATION/UNIT (INCLUDE UIC)	5. PEBD (YYYYMMDD)	6. CONTROL NUMBER

a. I understand that I am receiving Continuation Pay (CP), as part of the Blended Retirement System (BRS), in return for my continued service in the (select one): ☒ U.S. Army ☐ U.S. Army Reserve ☐ U.S. Army National Guard

b. I agree to accept CP in accordance with ______________________________.
(enter applicable policy message and date)

c. Amount of payment, in accordance with the above policy message, will be ________ times the monthly basic pay for my current pay grade and years of service as listed on the monthly basic pay table provided by the Defense Finance and Accounting Service (DFAS) in effect on the date in block 8 (block 7 if digitally signed).

d. I agree to an Additional Obligated Service (AOS) of _________ years commencing from the date in block 8 (block 7 if digitally signed).

e. This CP is in addition to any other career bonuses which I may be (or become) eligible for and will not count toward the limits in accordance with DoDI 1304.31 and DoDI 1304.34 on incentive payments over my career, unless those other incentives specifically require consideration of this CP in the calculation of career incentives.

f. I understand the incentive payment will be subject to income tax withholdings in accordance with DOD 7000.14-R, Financial Management Regulation, Vol. 7A.

g. I understand that a portion of my incentive may be allocated to my Thrift Savings Plan (TSP), based on my TSP elections in effect at the time payment is received.

h. The incentive program is a voluntary retention program; I will not be voluntarily released from my current duty status before fulfilling the term of AOS agreed to above.

i. The effective date of my entitlement, once approved by the appropriate authority, to CP and AOS start date is identified in block 8 (block 7 if digitally signed).

j. I request my CP to be paid out as follows (select one):

☒ In one single, lump-sum payment ☐ In equal, annual payments to be paid out over the next___________years (2, 3, or 4)

k. I understand that failure to complete the AOS agreed to above, may result in termination of this agreement and repayment of any unearned portion of the CP payment on a pro rata basis, unless the failure to complete the AOS specified in this agreement is due to:

1) Death, illness, injury, or other physical impairment that is not the result of my own misconduct or willful negligence, or is the result of any other circumstance determined to be reasonably beyond my control and not incurred during a period of unauthorized absence; or

2) Separation from military service by operation of law or regulation of DoD or the Army, when waiver for recoupment has been approved by the Secretary of the Army, or the delegated authority.

7. SIGNATURE OF RECIPIENT	8. DATE (YYYYMMDD)	9. CERTIFYING OFFICIAL NAME/SIGNATURE	10. DATE (YYYYMMDD)
11. APPROVAL AUTHORITY NAME/SIGNATURE	12. DATE (YYYYMMDD)		