



# ENTITLEMENT TO CONTINUATION PAY

## What is Continuation Pay (CP)?

- Under the Blended Retirement System (BRS), CP is a one-time, mid-career financial incentive payable to Sailors 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?



$$\text{Monthly Basic Pay} \times \frac{0.5^1 \text{ or } 2.5^2}{100} = \text{Gross CP} - \text{Tax Withholding}^3 = \text{Net CP}^4$$

<sup>1</sup> Reserve Component (RC) Sailors receive the RC amount

<sup>2</sup> Active Component (AC) and Full Time Support (FTS) Sailors receive the AC amount for CP

<sup>3</sup> CP is eligible for Combat Zone Tax Exclusion (CZTE)

<sup>4</sup> 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 12<sup>th</sup> year of service (according to your Pay Entry Base Date).
2. Eligible Sailors receive CP in return for additional obligated service (concurrent with other service commitments). The uniformed services will determine the commitment. Please note, you will be asked 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 the first pay period after you start your 12<sup>th</sup> year of service.

### Two Equal Installments

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

### Four Equal Installments

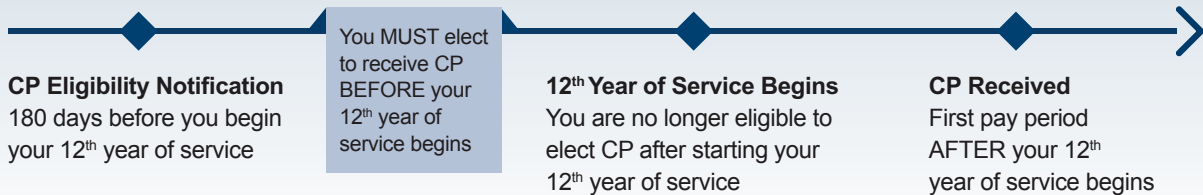
First installment is paid the first pay period after you start your 12<sup>th</sup> year of service and the remainder in three equal annual installments.



### 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?



## What Should I Do With My CP?

### Your Fleet and Family Support Center (FFSC) 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 [militarypay.defense.gov](http://militarypay.defense.gov).

Familiarize yourself with the Uniformed Services Blended Retirement System Policy: [militarypay.defense.gov/Portals/3/Documents/Blended%20Retirement/Combined%20BRS%20Policy%20Document.pdf?ver=2018-09-19-094018-610](http://militarypay.defense.gov/Portals/3/Documents/Blended%20Retirement/Combined%20BRS%20Policy%20Document.pdf?ver=2018-09-19-094018-610)

Visit the Uniformed Services Blended Retirement System FAQs site: [militarypay.defense.gov/Portals/3/Documents/BlendedRetirementDocuments/IBRS%20Frequently%20Asked%20Questions%2003282018.pdf?ver=2018-03-28-235150-797](http://militarypay.defense.gov/Portals/3/Documents/BlendedRetirementDocuments/IBRS%20Frequently%20Asked%20Questions%2003282018.pdf?ver=2018-03-28-235150-797)

Read up on the Blended Retirement System continuation pay basics: [militarypay.defense.gov/Portals/3/Documents/BlendedRetirementDocuments/Fact Sheet-Continuation Pay.pdf?ver=2017-12-08-134845-997](http://militarypay.defense.gov/Portals/3/Documents/BlendedRetirementDocuments/Fact Sheet-Continuation Pay.pdf?ver=2017-12-08-134845-997)

Locate your installation personal financial manager: [installations.militaryonesource.mil](http://installations.militaryonesource.mil)

Learn more about the Thrift Savings Plan: [tsp.gov](http://tsp.gov)



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## How to Elect CP

### Receive Continuation Pay Eligibility Notification

Ensure email address is updated in NSIPS in order to receive email notifications. **Regardless of the NSIPS notifications, it is the Sailor's responsibility to submit a request for CP prior to reaching 12 years of service from the member's PEBD.**

This email is to inform you that you have been identified as eligible to receive Continuation Pay.

The Navy Standard Integrated Personnel System (NSIPS) indicates that you are enrolled in the Blended Retirement System (BRS) and are eligible for Continuation Pay (CP). Under BRS you may be eligible for CP at 12 years of service (YOS) based on your pay entry base date (PEBD). CP is a one-time, midcareer incentive payment in exchange for an agreement to perform four years of additional obligated service. This one-time payment is in addition to any other career field-specific incentives or retention bonuses. Important elements in determining whether you are entitled to CP are:

- a. Your eligibility to remain in the service at the time of payment.
- b. Your agreement to serve an additional four years of obligated service.
- c. If you are a reservist, your status as a member in a paid status upon completion of 12 YOS and your recommendation for retention in the Selected Reserve.

There are three CP payment options to choose from:

- a. A single lump-sum payment
- b. Two annual payments (50%, 50%)
- c. Four annual payments (25%, 25%, 25%, 25%)

CP is subject to federal and state tax. **The election to receive CP must be made in NSIPS BRS (Continuation Pay tab) and before you complete 12 YOS (based on your PEBD).** Your command is standing by to assist you with your CP election. Please make an appointment with your CCC or CFS as soon as you are ready to begin the CP election process.

If you elect to receive CP in addition to any other bonus, incentive, or special pay; your agreement to remain on Active Duty for four additional years may run consecutive or concurrent depending on the structure of the other contract, extension, or obligation you may have incurred. You must repay any unused portion of the CP if you do not complete four additional years of obligated service after receiving the CP.

Your CP election is considered to be effective and irrevocable on the 12th anniversary of your Active or Reserve Duty based on your PEBD.

To learn more about CP, the DOD has an informative website that discusses BRS and more specifically CP. The site includes an interactive retirement calculator to help you decide whether to elect CP and commit to four more years in the Navy. You are encouraged to explore the website at [militarypay.defense.gov/BlendedRetirement/](https://militarypay.defense.gov/BlendedRetirement/) and discuss your alternatives with your family.

**Note:** The CP eligibility notification email will be sent to a member up to three times when a member is enrolled in BRS, has not made a CP election, and the current date is equal to the Service member's Pay Entry Base Date (PEBD) plus: 11 years and 6 months, and 11 years and 9 months, and 11 years and 11 months.



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## Elect Mid-Career Continuation Pay

- 1 Verify Continuation Pay eligibility in NSIPS (Continuation Pay Tab)
  - First day to elect is 11 years 6 months after PEBD
  - Election must be made prior to entering the first day of the 12th year of service.
- 2 View/Print Continuation Pay Notification Letter
- 3 Indicate CP election (YES or NO)
- 4 If elected, select payment option from the dropdown menu
  - Single Lump-Sum Payment
  - Two Annual Payments (50%)
  - Four Annual Payments (25%)
- 5 Save

**Note:** It is recommended Sailors contact their Command Career Counselor or Command Financial Specialist if they are unsure of the amount of CP they will receive at 12 YOS.

The screenshot shows the NSIPS (Navy Standard Integrated Personnel System) interface for the Blended Retirement System Continuation Pay Election. The breadcrumb trail is: Favorites > Main Menu > Employee Self Service > Retirements and Separations > Blended Retirement System. The page title is "Blended Retirement System Continuation Pay Election".

Key fields and sections are highlighted with numbered callouts:

- 1:** Eligibility dates: 1st Day Eligible to Elect: 08/22/2017, Last Day Eligible to Elect: 02/21/2018.
- 2:** Continuation Pay Notification Letter button.
- 3:** Election options:
  - Yes, I elect Continuation Pay and agree to serve for an additional four years of obligated service from my date of eligibility
  - No, I do not elect Continuation Pay
- 4:** Select CP Payment Option dropdown menu:
  - Single Lump-Sum Payment
  - Two Annual Payments (50%)
  - Four Annual Payments (25%)
- 5:** Save button.

Additional information at the bottom of the form:

If you have questions in regard to opting into the Blended Retirement System or would like more information contact your:

- 1) Command Career Counselor
- 2) Personal Financial Manager at Fleet and Family Service Center at [http://www.cnic.navy.mil/ffr/family\\_readiness/fleet\\_and\\_family\\_support\\_program/personal\\_finances.html](http://www.cnic.navy.mil/ffr/family_readiness/fleet_and_family_support_program/personal_finances.html)
- 3) Counselors at Military OneSource at <http://www.militaryonesource.mil/> or call at 800-342-9647, email: [MilitaryOneSource.mil](mailto:MilitaryOneSource.mil). Military OneSource Personal Financial Counselors may provide a virtual extension for individual education or personal counseling