

# ENTITLEMENT TO CONTINUATION PAY

## ★ What Is Continuation Pay (CP)?

- A midcareer, one-time payout to Service members enrolled in the Blended Retirement System (BRS) payable between eight to 12\* years of service based on their Pay Entry Base Date (PEBD)
- Enlisted members: CP = 9\* times monthly basic pay at eight years of service
- Officers: CP = 6\* times monthly basic pay at eight years of service
- Reserve Component (RC): CP = 2\* times monthly basic pay at eight years of service
- Must commit to an additional 48 months of service which can
- CP is in addition to any other career field-specific incentives or retention bonuses
- A member may reverse their decision to receive CP, and their obligation to complete four additional years of service, provided such a reversal occurs at least 30 days before the member's CP date.

*\*Subject to change*



Members who do **not** complete their obligated service are subject to repayment provisions Section 373 of Title 37, U.S.C., and the DoD Financial Management Regulation, Vol 7A, Chapter 2.

### Continuation Pay Timeline

CP Eligibility Notification	Before Completion of 8 <sup>th</sup> Year of Service	You MUST elect to receive CP BEFORE completing your 8 <sup>th</sup> Year of Service and be enrolled in the BRS	Continuation Pay Received
Approximately 180 days before completion of the 8 <sup>th</sup> Year of Service	Complete documentation of service commitment through unit administration 30 days before CP date		Paid after CP date and providing documentation of service commitment

### Payment Options for Continuation Pay

**Payment Options:** Members can choose between a lump-sum payment or spread the bonus in equal installments over a two- to four-year period according to the chart\* below. See IRS Pub (3) for CZTE.

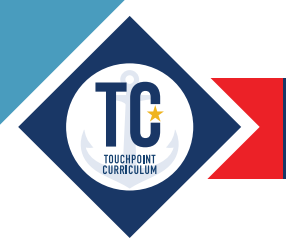
*\*Subject to change*

Initial	Year 2	Year 3	Year 4
100%	0	0	0
50%	50%	0	0
33.34%	33.33%	33.33%	0
25%	25%	25%	25%



Carefully choose which installment plan is right for YOU!

Understand that CP is TAXABLE – subject to both federal and state income tax liabilities.



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## How Much CP Will I Receive?\*


$$\frac{\text{Monthly Basic Pay (Over 8 Amount)}}{\text{Multiplier (Enlisted = 9, Officer = 6, Reservist = 2)}} \times \text{Multiplier} = \text{Gross CP} - \text{Withholding Taxes (Generally 20\% (Federal \& State))} = \text{Net CP (What you take home)}$$

\*Subject to change

## How Will You Use Continuation Pay?

**Your Coast Guard Personal Financial Manager can help you make a plan!**

There are several things you can do with your Continuation Pay, and you can do more than one! This choice is very much an individual decision and should be based on your current financial situation. Now is a good time for a financial checkup before considering possible options for your Continuation Pay:



### Pay Down Debt!

Do you have credit card, student loan, or other types of debt? How much interest are you paying? Consider paying down your debt. Where should you start? Typically, start with the debt with the highest interest rate unless you can quickly pay off a smaller debt completely.

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



### Save It!

Where's the best place to save? A number of options exist, including savings account, certificate of deposit, or money market account. Do you have an emergency or reserve fund for a rainy day?

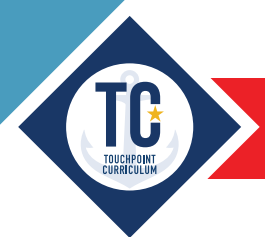
**TIP: Check the annual percentage yield (APY) and terms of agreement before placing money into any account.**



### Invest It!

Are you looking to the future and want to find ways to better use your money? There are many options available including the Thrift Savings Plan, Individual Retirement Accounts, stocks, bonds, mutual funds, real estate, or 529 plans. Before you invest, complete a budget checkup and talk to an investment professional. Watch IRS contribution limits!

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



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## Spend It!

Use caution when considering this option. Could you use your money more wisely? Complete a budget checkup and if your finances are in good order, consider using your CP for something like a vacation, big project, vehicle, or house down payment.

***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 any or all of your CP. Depending upon where you donate, you do have the potential for a tax deduction. Complete a budget checkup to ensure you are meeting your goals before donating.

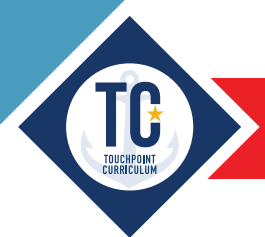
***TIP: Review your spending plan to ensure your finances are in good order before you donate your CP.***

## Resources:

Contact your local Personal Financial Manager (PFM) or call CG SUPRT at **1-855-CGSUPRT (1-855-247-8778)** to speak with a Money Coach.



For more information on CP, including eligibility and current pay rates, visit <https://www.dcms.uscg.mil/ppc/mas/rates>.



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## How to Elect CP

### Receive Continuation Pay Eligibility Notification

Ensure your email address is current to receive email notifications from Pay and Personnel Center (PPC). Regardless of the notifications, **it is the Coast Guard member's responsibility to submit a request for CP before reaching eight years of service from the member's PEBD.**

You are being sent this communication because PPC has identified you as a USCG or NOAA Member who's enrolled in the Blended Retirement System (BRS) and approaching eight years of service, according to your PEBD. As a result, you have an important decision to make regarding your "Continuation Pay," a component of the BRS. For BRS Continuation Pay guidelines, please review: <https://militarypay.defense.gov/BlendedRetirement>.

Reference the Continuation Pay Election form (CG-7430A). This form should be utilized to officially record your election decision to either accept or decline Continuation Pay. Please review this form thoroughly prior to recording your election decision.

When declaring your election, you must complete section II of form CG-7430A. Your election, either to accept or decline, must be witnessed by your Commanding Officer or his/her approved designee (E5 or above). Furthermore, your completed election form must be received by PPC prior to eight years of service, according to your PEBD.

Continuation Pay election forms are required to be submitted to PPC via Customer Care Trouble Tickets. If operational matters or unique circumstances prevent your election form from being submitted through Customer Care, then it may be emailed to [PPC-SMB-MAS-Bonus@uscg.mil](mailto:PPC-SMB-MAS-Bonus@uscg.mil). In addition, please ensure that a copy of your completed Continuation Pay election form is sent to your SPO for inclusion into your IPDR.

**MEMBER'S COMMAND:** Prior to witnessing section II of the CG-7430A, the command shall review and verify Section I. If corrections are needed, a command representative shall enter them on CG-7430A and initial beside the correction.

**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 PEBD.