

CONTINUATION PAY (CP)

COAST GUARD FINANCIAL READINESS

Preparation: Distribute and discuss the *Continuation Pay (CP)* Checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at [Coast Guard Personal Financial Management Program - FINRED Learning Resource Library - APAN Community](#).

★ PART ONE: Overview

Play Videos 1, 2, and 3

Introduction: Welcome to this training course. You are here today because you have a decision to make regarding your incentive pay titled Continuation Pay. The goal of today's discussion is to understand how Continuation Pay works and some important factors to consider as you make your decision.



1. CP
Introduction



2. BRS
Overview



3. Calculating
CP and How
to Apply

DISCUSSION QUESTIONS

1. The Blended Retirement System (BRS) consists of four parts. Were you aware of each component? Which parts of the BRS do you believe will benefit you?

Talking Points:

- TSP Contributions — The Coast Guard will contribute to your TSP account through automatic and matching contributions. TSP match stops at year 26.
- BRS Pension — At 20 years of service, pension is 40% of base pay plus an incremental 2% per year (over 20) until year 30.
- Lump-Sum Retirement — May choose to receive lump-sum payout in exchange for reducing monthly pension.
- Continuation Pay — Lump-sum payout made between eight and 12 years of service with a service commitment of 48 months.

2. What major commitment should you consider when making your decision to accept or decline Continuation Pay?

Talking Points: Will you meet the service obligation? Should you consider receiving annual installments instead of a lump sum if you are unsure of your ability to meet the obligation? You may have to repay any unearned portion if you do not complete the service requirement.

3. What are the three steps you need to take to elect CP?

Talking Points: Review CP notification email from the Pay and Personnel Center, complete CP Election form (CG7430A), and submit it to the Pay and Personnel Center.

KNOWLEDGE CHECK

Question: How much Continuation Pay will you receive?

Answer:

- Active Duty = 2.5 to 13 times base pay
- Reservists = 0.5 to 6 times Active Duty base pay

★ PART TWO: Additional Considerations

Play Videos 4, 5, and 6

Introduction: Do you have any plans for Continuation Pay, should you choose to receive it? Let's look at some things to consider.



4. Other CP Considerations



5. Setting Financial Goals and Creating a Spending Plan



6. How to Best Use Your CP

DISCUSSION QUESTION

1. What plans do you have for your Continuation Pay if you choose to accept it?

Talking Points: What are your financial goals? Whether your goals are big or small, having a spending plan can help guide you in making appropriate decisions with this additional income. Are you working on establishing an emergency fund or paying down debt? Are you looking to maximize your TSP? Keep in mind that TSP matching contributions only apply to basic pay, and do not apply to bonuses or incentives like Continuation Pay. What are your thoughts on spending this incentive pay? Gifting these funds, as mentioned in the video is another option that comes with tax benefits.

★ PART THREE: Conclusion

Play Video 7



7. CP Conclusion

Talking Points: Now that we have completed today's training on Continuation Pay, you can see that this is an important choice that requires your attention and consideration. Be sure to contact the local PFM at your Health, Safety and Work-Life (HSWL) Regional Practice with questions and concerns so that you can feel confident in your decision.

Note: Try to have your local HSWL PFM's contact information to provide to participants.