



Just the Facts

# Continuation Pay

RESERVE  
COMPONENT

## What is Continuation Pay (CP)?



For more information: (CAC required)  
[https://mypers.af.mil/app/answers/detail/a\\_id/36378](https://mypers.af.mil/app/answers/detail/a_id/36378)



- A mid-career financial incentive paid to Airmen who are enrolled in the Blended Retirement System (BRS).
- It is in addition to any career-field-specific incentives or retention bonuses.
- **You must elect to receive it before starting your 12th year of service.**

## How Much CP Will I Get?



$$\boxed{\text{Monthly Basic Pay}^1} \times \boxed{0.5^2 \text{ or } 2.5^3} = \boxed{\text{Gross CP}} - \boxed{\text{Tax Withholding}^4} = \boxed{\text{Net CP}^5}$$

<sup>1</sup>Amount over 12 years; <sup>2</sup>RC. Airmen serving on man-day orders or Voluntary Limited Period of Duty (VLPAD) receive the RC amount; <sup>3</sup>AC or AGR. Active Guard/Reserve (AGR) Airmen receive the Active Component (AC) amount for CP; <sup>4</sup>CP is eligible for Combat Zone Tax Exclusion (CZTE). CZTE applies if member is eligible for CZTE on the day they reach 12 years of service.; <sup>5</sup>What you take home.

## What Must I Do to Receive CP?



1. **You must elect to receive CP before you start your 12th year of service** (according to your Pay Entry Base Date).
2. You must commit to serve an additional 48 months (concurrent with other service commitments). If you do not complete the obligation, you must repay all or part of your CP.\*

## How Will My CP Be Paid?

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

### One Installment

Paid the first pay period after you start your 12th year of service

### Two Equal Installments

First installment is paid the first pay period after you start your 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 you start your 12th 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?

### CP Eligibility Notification

60 days before you begin your 12th year of service.

You **MUST** elect to receive CP **BEFORE** your 12th year of service begins.

### 12th Year of Service Begins

Complete Service Commitment forms within 30 days of starting your 12th year.

### CP Received

First pay period **AFTER** your 12th year of service begins.

# What Should I Do with My CP?

## Your Airman and Family Readiness Center (A&FRC) Can Help You Plan!

The choice is yours and should be based on your current financial situation. Get a financial check up 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** *Add extra money to payments you make 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 up.

**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 529 college savings plan.

**TIP** *You must set the percentage of bonus pay you want transferred to TSP via MyPay **before** CP is deposited. **Be aware** of annual contribution limits on retirement accounts. Limits may increase if you are deployed to a combat zone; visit [www.tsp.gov](http://www.tsp.gov) and search for Annual Addition Limit. 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. Depending on where you donate it, you may be eligible for a tax deduction.

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



**Stop by your A&FRC and talk to a Personal Financial Counselor and Educator (PFC/E) about your financial situation.**

