

# **ENTITLEMENT TO CONTINUATION PAY (CP)**

#### **VIDEO DISCUSSION GUIDE**

**NAVY FINANCIAL READINESS** 

**CFS Preparation**: Distribute and discuss the Continuation Pay checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at <a href="https://finred.usalearning.gov/SPL/ServiceResources/NavyResource/TouchpointCurriculum">https://finred.usalearning.gov/SPL/ServiceResources/NavyResource/TouchpointCurriculum</a>.

# **HANDOUTS**

- ✓ Continuation Pay Counselee Checklist
- ✓ Spending Plan Worksheet
- ✓ Military Consumer Protection
- ✓ Sources of Help for Military Consumers
- ✓ Military Retirement
- ✓ Entitlement to Continuation Pay
- ✓ Basic Investing



# PART ONE: INTRODUCTION AND BRS OVERVIEW

<u>CFS Introduction</u>: Welcome to training. 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.

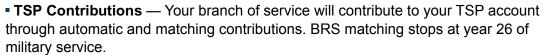


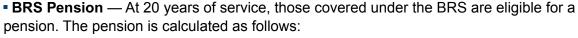
Overview

#### **DISCUSSION QUESTION**

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

**CFS Talking Points** (refer to the "Planning for the Future" section of the checklist and *Military Retirement* and *Entitlement to Continuation Pay* Handouts): Let's review each of the four components below.





Years of Service (YOS) x Retired Base Pay x 2%

- **Lump-Sum Option** This option can be selected at retirement and you may choose to receive lump-sum payout in exchange for a reduced monthly pension.
- Continuation Pay This component is the focus of today's training. It is a lump-sum payout, similar to a midcareer bonus, made between 8-12 years of service with a service commitment of no less than three years. Annually, the Navy chooses the year of service in which to offer Continuation Pay and what the service requirement will be. In 2022, Continuation Pay is available at 12 years of service and requires an additional four-year service commitment. Refer to the *Entitlement to Continuation Pay* Handout and visit <a href="https://militarypay.defense.gov">https://militarypay.defense.gov</a> for details on eligibility and current pay rates.



## KNOWLEDGE CHECK

**Question**: How much Continuation Pay will you receive? **Answer**: CP rates are subject to change; 2022 rates are:

- Active duty and FTS = 2.5 times base pay
- Reservists = 0.5 times active-duty base pay



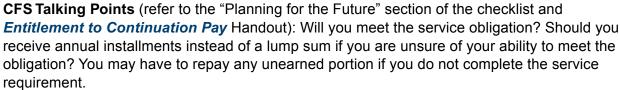
# **PART TWO: CONTINUATION PAY**

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



### **DISCUSSION QUESTIONS**

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





2. What are some things you can do to protect yourself as a military consumer? CFS Talking Points (refer to *Sources of Help for Military Consumers* Handout): As you're thinking about potential plans for Continuation Pay, remember the importance of protecting yourself as a military consumer. Get more information on how to file consumer complaints, guidance on protecting your personal information, resources and more by reviewing the *Sources of Help for Military Consumers* Handout.

#### **KNOWLEDGE CHECK**

**Question**: What website will you use to elect to receive Continuation Pay? **Answer**: Use NSIPS to elect to receive Continuation Pay. Find more details on the **Entitlement to Continuation Pay** Handout.



## PART THREE: MAKING THE MOST OF CONTINUATION PAY

<u>CFS Introduction</u>: Now that we've covered what CP is and how to take it, let's turn to a discussion on how it can improve your financial situation. The following videos will cover goal setting and offer suggestions on making the most of this benefit.



#### **DISCUSSION QUESTION**

1. What plans do you have for your Continuation Pay if you choose to accept it? CFS Talking Points (refer to the "Basic Finance" and "Saving and Investing" sections of the checklist and *Spending Plan Worksheet* and *Basic Investing* Handouts): What financial goals do you have? Your spending plan is a part of your overall financial plan and can guide you in making appropriate decisions with this income. Are you working on establishing an emergency fund or paying down debt? Are you looking to maximize your TSP? Keep in mind that maxing out too early can cause loss of matching contributions from the Navy. 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.



#### **KNOWLEDGE CHECK**

**Question**: How much should you have saved in your emergency fund and in what type of account?

<u>Answer</u>: You should have three to six months of living expenses in a separate, easily accessible account like a savings or money market account. Consider using CP to reach your target amount.

# PART FOUR: CONCLUSION



<u>CFS Conclusion</u>: Now that we have completed today's training on Continuation Pay, keep in mind this is an important choice that requires your attention and consideration. Be sure to contact the Personal Financial Manager (PFM) on your installation with questions and concerns so that you can feel confident in your decision. Please remember to sign your checklist and input into NSIPS to acknowledge completion of this course.