

CFS Intro: Welcome to training. You are here as 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.

Play Videos 1, 2 & 3

Discussion Questions



1. Introduction



2. BRS
Overview



3. Calculating
How Much CP
You May Receive

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

CFS Talking Points:

- TSP Contributions — Your branch of service will contribute to your TSP account through automatic and matching contributions.
- BRS Pension — At 20 years of service, pension is 40% of base pay plus an incremental 2.0% per year (over 20) until year 30. BRS match stops at year 26.
- Lump Sum Retirement — Can receive lump sum payout in exchange for reducing monthly pension
- Continuation Pay — Lump sum payout made between 8-12 years of service with a service commitment of no less than 3 years

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

CFS Talking Points: Will you meet the service obligation? Should you receive 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.

Knowledge Check

Question: How much Continuation Pay will you receive?

Answer:

- Active duty = 2.5 to 13 times base pay
- Reservists = .5 to 6 times active duty base pay

PART 2

CFS Intro: Do you have any ideas for this continuation pay should you be eligible and choose to receive it? Let's look at some things to consider.

Play Videos 4 & 5

Discussion Question



4. Other CP Considerations

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

CFS Talking Points: What financial goals do you have? Your spending plan as a part of your overall financial plan 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 — keeping in mind that maxing out too early can cause loss of matching? 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.



5. Your Goals, Spending Plan & CP

Play Video 6



6. How to Best Use Your CP

CFS Talking Points: 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 Installation Personal Financial Manager with questions and concerns so that you can feel confident in your decision.

CFS Note: Have Installation Personal Financial Manager's contact information to provide to participants.