

Continuation Pay FAQs

Q1. What is continuation pay?

A1. The National Defense Authorization Act of Fiscal Year 2016, as amended by the NDAA FY2017, includes a continuation pay provision as a way to encourage service members to continue serving in the Uniformed Services. Continuation pay is a direct cash payout, like a bonus. It is payable between the completion of eight years of service, but before completion of 12 years of service as determined by your service. Members receive continuation pay in return for a commitment of a minimum of three years of service. Active component service members enrolled in the BRS will be eligible for a cash incentive of 2.5 to 13 times their regular monthly basic pay. Reserve component members will be eligible for 0.5 to 6 times their monthly basic pay (as if serving on active duty).

Q2. How is the 8 to 12 years of service calculated for continuation pay?

A2. Active duty service members and Reserve service members in a pay status are eligible for continuation pay when they complete between their 8th to 12th year of service, which is calculated from the service member's Pay Entry Base Date (PEBD). Continuation pay may be paid at any time during this time period as determined by the service.

Q3. What if a service member is eligible to opt into BRS, but hits 12 years of service during the BRS opt-in window--is he or she still eligible for continuation pay?

A3. A service member's eligibility to opt into the BRS is based on that member's status as of December 31, 2017. If they meet eligibility criteria on this date, they have all of 2018 to opt into BRS even if they eventually go over 12 years of service (active component) or exceed 4,320 retirement points, during calendar year 2018. However, eligibility for continuation pay is based on a member's years of service on the day they sign the agreement to continue serving. If a service member is eligible to opt into the BRS as of December 31, 2017, but will soon after go over 12 years of service, they must make their opt-in decision before reaching the completion of 12 years of service if they wish to receive continuation pay. For example, if a service member has 11 years and 10 months of service on or before December 31, 2017, that member would be eligible to opt into BRS anytime during 2018. However, if that same member wanted to receive continuation pay, he or she would only have two months (e.g.: February 2018) to opt into BRS and agree to the additional obligated service in order to receive continuation pay. Otherwise he or she will be ineligible for continuation pay.

Q4. How is continuation pay determined?

A4. All service members are eligible for continuation pay. However, each service will determine when and at what rate service members will receive continuation pay. The continuation pay multiplier may be based on factors such as hard-to-fill positions, retention rates and specialty skill, among others.

Q5. Will a service member be eligible for other bonuses, such as a reenlistment bonus, if he/she receives continuation pay?

A5. Yes, continuation pay can be received in conjunction with other bonus at the service's discretion and if not otherwise prohibited by law.

Q6. Can you receive continuation pay more than once?

A6. No, continuation pay is a one-time payout to a service member, regardless of whether they change service, component, or career specialty.

Q7. Can the service obligation for continuation pay and other bonuses, such as a reenlistment bonus, be served concurrently?

A7. The service obligation, as a result of continuation pay, can be served concurrently.

Q8. Can you receive continuation pay in the active component and then complete your obligation in another service or component?

A8. Continuation pay is designed to retain you in your current occupation, service and component. Services will provide guidance related to fulfilling the service obligation incurred by continuation pay.

Q10. If a service member agrees to receive continuation pay in exchange for a minimum of at least three more years of service and does not complete the additional commitment, must the service member repay a pro-rated amount of the continuation pay?

A10. While all situations are unique, continuation pay may be subject to repayment of a pro-rated amount. The decision as to whether or not to recoup payment is determined by the service.

Q11. Can continuation pay be contributed to the Thrift Savings Plan (TSP)?

A11. Yes, bonuses (such as continuation pay), as well as incentives and special pay can all be contributed to your TSP. It is important to note, each year the IRS determines the maximum amount you can contribute to tax-deferred savings plans like the TSP (\$18,000 for calendar year 2017). You should keep the annual contribution limit in mind when deciding how much you will contribute to your TSP account from your continuation pay. If you reach the annual maximum too quickly, you could lose some government matching contributions, because you only receive government matching contributions on the first 5% of your basic pay that you contribute each pay period. If you reach the annual limit before the end of the year, your contributions (and consequently your government matching contributions) will stop. If you contribute some or all of your continuation pay to your TSP and go over the IRS limit, be aware it could result in you meeting the IRS limit earlier in the year, causing you to lose out on additional government matching contributions.

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