



Retaining experienced and highly skilled Marines is important to sustain our force end-strength to win our Nation's battles. MARADMIN 084/22 announced increased CP rates for Marines who complete 12 years of service during calendar year 2023.

### WHAT IS CONTINUATION PAY?

Continuation Pay (CP) is a cash incentive for Blended Retirement System (BRS) participants offered during the midpoint of a Marine's career in exchange for an additional service commitment of four years.

Marines must accept or decline CP before they reach 12 years of service. CP is in addition to any other pays and allowances. Electing to receive CP will not impact your future retirement pension payment.

### HOW MUCH CP WILL I RECEIVE?

Payments are based on active duty basic pay, at the over 12 years basic pay rate. In 2023, Active Component and Active Reserve (AR) Marines will receive 5.0 times monthly basic pay and Selected Reserve (non-AR) Marines will receive 1.0 times.

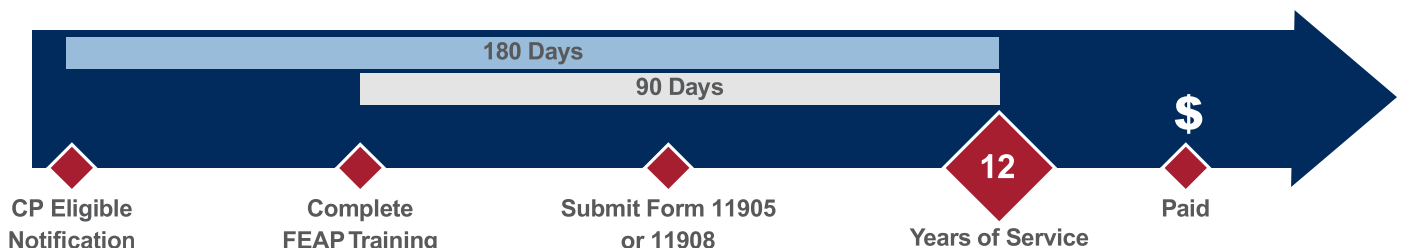
Recipients can elect to receive a lump sum or annual installments (equal payments over 2, 3, or 4 years). Payments will be paid within 30 days of reaching 12 years of service. Remember, the amount you receive is generally subject to income tax.

		MONTHLY BASIC PAY	MULTIPLIER			AMOUNT
ACTIVE DUTY AND ACTIVE RESERVE	E6	\$4,226	X	5.0	=	\$21,130
	O4	\$8,285	X	5.0	=	\$41,425
SELECTED RESERVE	E6	\$4,226	X	1.0	=	\$4,226
	O4	\$8,285	X	1.0	=	\$8,285

### WHAT STEPS SHOULD I TAKE?

1. Complete the Continuation Pay Financial Education Action Point (FEAP) via the Marine's installation Personal Financial Manager (PFM).
2. Complete NAVMC Form 11905 (Active Duty) or Form 11908 (Active and Selected Reserve).
3. Submit form to unit admin via EPAR in Marine Online (MOL), before you reach 12 years of service.
4. Verify progress in MOL>personal info>TSP/BRS.

Here's what it looks like.



### FOR MORE DETAILS, CONTACT M&RA (MPO):

703-784-9386 // mpo@usmc.mil // [www.manpower.usmc.mil/webcenter/portal/IMP/compensation](http://www.manpower.usmc.mil/webcenter/portal/IMP/compensation)



# ENTITLEMENT TO CONTINUATION PAY

## COUNSELEE CHECKLIST

MARINE CORPS FINANCIAL READINESS

### HANDOUTS

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

Congratulations on reaching this important milestone in your career — the point where you are approaching eligibility for Continuation Pay (CP). Use this checklist and accompanying handouts to help reassess your career goals and make important personal financial decisions as they pertain to CP.



## BASIC FINANCE

- Update your personal spending plan using the *Spending Plan Worksheet* Handout. A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four steps financial experts suggest to get started.

### Step 1: Understand your current situation.

In this step, it's important to understand what's REALLY going on with your money today. Start tracking all your income and spending for the next 30 days. How you do the tracking is up to you, but what's important is you do it.

### Step 2: Know where your money should go.

Financial experts offer these general guidelines when budgeting your money:

- Try to save and/or invest 10% – 15% of pretax pay.
- Strive to keep transportation expenses including car payments, insurance, gas and maintenance to 15% – 20% of pretax pay.
- Limit housing expenses, including mortgage or rent payment, taxes, utilities, and maintenance to your Basic Allowance for Housing or 25% of pretax pay.



### Step 3: Create a plan.

Build a plan for setting aside money and putting limits on how much you'll spend each month per category.

- Prioritize your financial goals.
- Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. If you do not have that much saved, consider setting aside a little each paycheck to help get you there.

### Step 4: Make adjustments.

Update your spending plan as your life changes. Monitor your plan until you have fully adjusted your finances to reflect your new situation.

- Prepare for possible tax implications of CP.

The IRS views CP as earned income, therefore taxable. Payment can be split into installments distributed annually to potentially reduce the tax liability incurred by receiving CP as a lump sum. The installments can be spread out up to four years. Each Marine's situation is unique, so consider speaking with a tax professional.

Additional notes: \_\_\_\_\_  
\_\_\_\_\_



## CONSUMER PROTECTION

- Review the *Military Consumer Protection* Handout for additional information on identity theft, the Servicemembers Civil Relief Act (SCRA), and Military Lending Act (MLA).
- Protect yourself from misleading consumer practices and know basic procedures for handling a consumer complaint or dispute. Review the *Sources of Help for Military Consumers* Handout.

Additional notes: \_\_\_\_\_  
\_\_\_\_\_



## PLANNING FOR THE FUTURE

- Understand the basics of the Blended Retirement System by reviewing the *Military Retirement* Handout.
  - The Blended Retirement System, or BRS, blends the traditional legacy retirement pension (defined benefit) with contributions to a Marine's Thrift Savings Plan account (defined contribution).
  - The TSP is similar to the retirement plans offered by many private employers as it offers similar types of savings and tax benefits. It is also the same defined contribution plan thousands of Department of Defense (DoD) and federal government civilians take advantage of for their retirement savings.
  - CP is a one-time, midcareer incentive payment offered to eligible Marines who are covered under the BRS in exchange for additional service. CP is in addition to any other career field-specific incentives or retention bonuses.
- Know more about CP. Review the *Continuation Pay* Handout for more information.
  - You must elect to receive CP before starting your 12th year of service (calculated from a Marine's Pay Entry Base Date).
  - CP is targeted at the midcareer mark.
  - Most Marines in BRS who reach the 12-year mark will be eligible to request CP. However, each Service determines the timing and the amount.
  - Please note, any unearned portion of the CP will be subject to repayment if you do not complete your continued service obligation.
- Calculate how much CP you will receive. Refer to the *Continuation Pay* Handout provided and use the pay rates at <https://militarypay.defense.gov/BlendedRetirement> to help you determine the amount of money you will potentially receive.
  - Active duty Marines may be eligible for a CP multiplier of 2.5.
  - Members of the Reserves in drilling status may be eligible to receive a CP multiplier of 0.5.
  - Each Service will determine and publish its own guidance on CP every calendar year. Pay rate multipliers may be based on Service-specific retention needs, specialty skills and hard-to-fill positions, similar to career field incentives and re-enlistment bonuses.
- Put CP to good use. Review the *Continuation Pay* Handout for more information.

Additional notes: \_\_\_\_\_  
\_\_\_\_\_



## SAVING AND INVESTING

- Evaluate your retirement goals and review TSP annual contribution limits.

Important note: You should keep the IRS annual contribution limit in mind when deciding how much you will contribute to your TSP account from your CP. Exceeding the IRS limit early could result in your monthly auto payments into your TSP account to stop before December, causing you to lose out on Service Matching Contributions. Review the *Military Retirement Handout* for more information on TSP matching contributions.

- Review the *Basic Investing Handout* to learn more about investing for retirement, compound earnings and fundamentals of investing.

Additional notes: \_\_\_\_\_  
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## RESOURCES

- Ask for help. You don't have to navigate financial decisions regarding CP alone. Help is just a visit, call, click or download away.
  - **Visit** a personal financial counselor/educator at your local Marine Corps Community Services (MCCS) who can help you find answers to questions about money management, debt, saving and investing.
  - **Call** Military OneSource at (800) 342-9647 for phone or video counseling with a professional financial counselor.
  - **Click** <https://www.militaryonesource.mil> for financial education resources at your fingertips.
  - **Visit** [www.manpower.usmc.mil/webcenter/portal/IMPO/pages\\_compensation](http://www.manpower.usmc.mil/webcenter/portal/IMPO/pages_compensation) to stay connected and find the latest news on CP rates.

Additional notes: \_\_\_\_\_  
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 CFS/PFM Printed Name

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 Signature

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 Date

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 Signature

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 Date

# ACTIVE DUTY BLENDED RETIREMENT SYSTEM (BRS) CONTINUATION PAY STATEMENT OF UNDERSTANDING (SOU)

## PRIVACY ACT STATEMENT

In accordance with the Privacy Act of 1974 (Public Law 93-579), this notice informs you of the purpose for collection of information on this form.

**AUTHORITY:** 10 U.S.C. 5013; 10 U.S.C. 5041; 10 U.S.C. 1074f; 37 U.S.C. 365; 32 CFR 64.4; DoDI 1215.13, DoDI 3001.02; CJCSM 3150.13C; DoDI 6490.03; MCMEDS: SECNAVINST 1770.3D; MCO 7220.50B; E.O. 9397 (SSN), as amended; and SORN M01040-3 available at <http://dpcl.d.defense.gov/Privacy/SORNsIndex/DOD-wide-SORN-Article-View/Article/570625/m01040-3/>.

**PRINCIPAL PURPOSE(S):** To record a Marine's eligibility and election to accept or deny Continuation Pay.

**ROUTINE USE(S):** Information will be accessed by M&RA personnel with a need to know to process continuation pay requests to meet the purpose. Information may be provided to the Internal Revenue Service to report taxable earnings and taxes withheld, accounting, and tax audits, and to compute or resolve tax liability or tax levies; to the National Finance Center, Office of Thrift Savings Plan, for participating service members. A complete list and explanation of the applicable routine uses is published in the authorizing SORN.

**DISCLOSURE:** Voluntary; however, failure to provide the requested information by the time instructed by the member's branch of Service could result in an irrevocable determination affecting the amount of retired pay the individual may later qualify to receive and disqualification for electing the Continuation Pay.

### SECTION I - PERSONAL IDENTIFICATION

1. NAME (Last, First, MI)	2. EDIPI	3. RANK	4. PEBD (YYYYMMDD)
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### SECTION II - CRITERIA OF ELIGIBILITY

5. To be eligible, you must:
- (1) Be on active duty (Active Component) and
  - (2) Have elected to Opt-in the BRS, or automatically enrolled into the BRS (if joined the Marine Corps after 1 January 2018) and
  - (3) Have served in the Uniformed Service for greater than 11 years of service, but fewer than 12 years as calculated by your PEBD and
  - (4) Have never accepted Continuation Pay in the BRS before and
  - (5) Not have orders directing separation from the Marine Corps.

Initials	a. I <b>am</b> eligible for Continuation Pay.
Initials	b. I <b>am not</b> eligible for Continuation Pay.

**To make a decision, fill out section III or section IV, but not both.**

### SECTION III - ELIGIBLE AND ELECTING TO ACCEPT CONTINUATION PAY

Complete this section only if you are eligible and you desire to receive Continuation Pay. Return this form to your unit personnel administration.

Initials	6. I understand that by accepting Continuation Pay, I agree that I have to serve an additional four (4) years of Active Duty service in the active component. I also understand that if I fail to serve the four (4) years of obligated service in the active component I will be required to pay back the unearned portion of Continuation Pay. The unearned portion of Continuation Pay is that portion associated with any part of the (4) year service obligation I am unable to complete. Reference MCBul 1800 for the multiplier amount. I understand that I will receive (fill in the blank) ____X my base pay at the over 12 years of service rate of Continuation Pay.
Initials	7. I understand that my acceptance of Continuation Pay and agreement to serve an additional four (4) years of Active Duty service in the active component does not obligate the Marine Corps to retain me for the entirety of that additional service obligation.
Initials	8. I understand that if the Marine Corps elects not to retain me, for any reason, for the entirety of the additional four (4) year service obligation incurred by accepting Continuation Pay, I may be required to pay back the unearned portion of Continuation Pay.
Initials	9. I understand that failure to get my election for Continuation Pay witnessed and submitted prior to my twelve (12) years of service from Pay Entry Base Date (PEBD) may jeopardize my Continuation Pay election and could result in rejection.

a. I elect to receive continuation pay in ("X" the desired option):

(1) Lump Sum  (2) Two Installments  (3) Three Installments  (4) Four Installments

Note: When accepting installments, the second and later payments will be made on the PEBD anniversary.

b. SIGNATURE

c. DATE SIGNED

**SECTION IV - ELIGIBLE AND NOT ELECTING TO ACCEPT CONTINUATION PAY**

Complete this section only if you are eligible and you desire **NOT** to receive Continuation Pay. Then return this form to your Career planner (Enlisted Marines) or S1 (Officers).

10. I understand that although I am eligible to accept Continuation Pay, I am declining to the offer. I also understand that I will not have any further opportunity to elect to receive Continuation Pay.

a. SIGNATURE

b. DATE SIGNED

**SECTION V - WITNESSING OFFICER Completed by a Commissioned Officer or CWO**

a. PRINTED NAME (Last, First, MI)

b. RANK/PAY GRADE

c. POSITION/DUTY TITLE

d. ORGANIZATION

e. SIGNATURE

f. DATE SIGNED

**SECTION VI - ADMINISTRATOR RECORDING THE DECISION**

a. PRINTED NAME (LAST, FIRST, MI)

d. RANK/PAY GRADE

c. SIGNATURE

d. DATE SIGNED