

FINra[®]
Investor Education
FOUNDATION

Making the Most

OF YOUR
MILITARY MONEY



Moving Guide for
Military Personnel and Families

Who We Are

The FINRA Investor Education Foundation actively supports military personnel and families by delivering free financial education tools and training to service members, their spouses and on-base financial educators through a variety of programs and public awareness initiatives.

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To learn more about the work of the FINRA Foundation, visit www.finrafoundation.org.

For personal finance and investing tools and resources, visit www.finra.org/investors.

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Introduction—When Duty Calls

A life in the military means a life of change—including changes in duty stations and deployments around the world. And while it includes many positive experiences, this life of moves is also very stressful.

The difference between a painful move and a positive one often depends on your family's level of readiness—especially financial readiness.

Take these steps to protect your family and your finances—before, during, and after your move or whenever duty calls.



01: Save, Save, Save

Be a smart saver.

Saving is the foundation of your personal financial plan. And goal-setting is an important part of the process.

Set Your Goals for Today & Tomorrow

Different goals have different time frames. Try to divide yours into one of these categories:

- ▶ **Short-term goals:** Within a year, such as getting started on that moving fund.
- ▶ **Medium-term goals:** One to three years, such as saving to buy a second car.
- ▶ **Long-term goals:** Longer than three years, such as saving for a child's education or your retirement.

Now that you have key goals in mind, set a plan to save towards these goals.

One of the best ways to be a smarter saver is to make sure you're saving for emergencies, saving for known or planned expenses, and saving for your future.

Save for Emergencies

We never know what the future holds for us, so it's always best to be prepared. An emergency fund is critical to financial readiness, and should be one of your highest savings priorities.

Plan to set aside about the equivalent of 3 to 6 months' of living expenses in your emergency fund. But don't feel overwhelmed by the amount you need to save; start small and slow.

If you put just \$20 a week in an emergency fund, your account will grow to over \$1,000 in one year. That's often enough to cover a repair bill or emergency travel. An emergency fund can also shield you from the high cost of borrowing, and keep you from sliding into debt.

- What unexpected expenses could you or your family encounter?
- Are you concerned about paying bills or providing for your family's financial needs?

Three of the most common places to put emergency savings are bank savings accounts, credit union savings accounts, and money market accounts.

Visit www.militarysaves.org for tips on how to save money, reduce debt, and build wealth.

Save for Planned Purchases & Expenses

Military families have some unique but relatively predictable events that have an impact on your family finances.

An upcoming deployment, call to active duty, or move can change your life substantially. Spend some time thinking about your situation.

- What variable, yet planned expenses could you or your family encounter?
- Are you planning a vacation or a home improvement project?
- Do we have an upcoming move?

Money you save can be used to pay for a planned purchase or a planned expense, such as home and car maintenance, taxes, schools fees, sports fees, *etc.* Planned purchases should include birthday gifts, vacations, car registrations and yearly maintenance, and the like.

For many military families, the next move is right around the corner. Be sure to plan ahead for any out of pocket expenses you may encounter on your next move. Check out the "Moving Fund Worksheet" on page 9.

Save for Your Future

Consider directing a portion of your remaining disposable income toward retirement savings. When it comes to saving for retirement, tax-advantaged options such as the Thrift Savings Plan (TSP), a 401(k), and an Individual Retirement Account (IRA) can be smart choices.

Service members have access to one of the lowest-cost ways to save for retirement. The TSP—which is like a 401(k) for members of the military and federal employees—makes it easy to invest automatically from your pay.

The money invested lowers your taxable income now and grows tax-deferred until you withdraw it in retirement.



Do you know how much you should be saving to cover your expenses in retirement?



Use FINRA's Retirement Calculator at www.finra.org/retirementcalculator.

And, in many instances, your employer might offer to match a portion of your retirement contributions each year. For instance, under the Blended Retirement System (BRS), the government will match your contribution, up to 5% of your basic pay. That's free money.

Remember: Your retirement savings should be separate from your emergency fund.

If and when you move or change jobs, weigh all options carefully before deciding to roll over money from your TSP or 401(k) into an IRA. You may be able to stay put in the TSP, or even transfer money from another retirement account into your TSP. Ask questions and do your homework to determine what is best for you.

Want to get smarter about investing? FINRA offers free, online quick courses to build essential investment knowledge and skills. Visit www.finra.org/investors.

02: Before Your Move

Prepare Family Financial Plans

Even if you are not moving or deploying immediately, start preparing now for your family's financial needs.

To ensure that you take advantage of all military benefits available to you, meet with the base or installation Personal Financial Manager (PFM) or Personal Financial Counselor (PFC) to make or update a financial action and spending plan. The checklist below outlines important topics to include in your plan.

Housing

- ▶ Mortgage or lease
- ▶ Furnishings and/or repair costs
- ▶ Utilities

Car

- ▶ Loan(s) or lease(s)
- ▶ Out of pocket shipping and storage costs
- ▶ Registration fees and/or taxes

Debt

- ▶ Credit cards
- ▶ Other loans (*i.e.*, student or personal)
- ▶ Income taxes due

Family Care & Insurance

- ▶ Child care & family-care plan
- ▶ Auto insurance
- ▶ Life (SGLI, TSGLI, personal)
- ▶ Homeowner or rental insurance

Estate

- ▶ Will
- ▶ Trust
- ▶ Power of attorney
- ▶ Health-care proxy and living will

Visit www.finra.org/military for more on creating and executing financial action and spending plans.



Know Your Rights Under SCRA

The Servicemembers Civil Relief Act (SCRA) provides many protections and enables you to focus on your military duties without worrying about financial and legal obligations at home. This law applies to all active-duty military personnel—those entering the service, on deployments or called to active duty, or whose service is extended. Some, but not all, of the protections extend to military spouses. Additionally, some provisions require that you show you have been “materially affected” by reason of military service. Check with your local U.S. Armed Forces legal assistance office to review your specific situation. You can find that office at www.militaryonesource.mil/financial-legal/legal.

Examples of protections offered under the SCRA to those who qualify include:

- ▶ **Credit rating protection.** Lenders cannot deny or revoke credit, change the terms of an existing loan, or refuse to grant credit because you sought SCRA protections.
- ▶ **Judicial relief.** If you are on active duty and it prevents you from attending a scheduled court appearance, SCRA allows you to request the postponement of civil court and civil administrative proceedings—including actions involving bankruptcy, divorce, or foreclosure—for at least 90 days.
- ▶ **Ability to terminate property leases.** You generally have the right to terminate without penalty any residential and business property leases that began before your active-duty assignment.
- ▶ **Ability to terminate automobile leases.** You have the right to terminate a car or truck lease if you are called to active duty for 180 days or more after signing the lease. You may also terminate such a lease if you receive orders for a permanent change of duty station outside the U.S. or are being deployed with a military unit for 180 days or more.

To learn more about SCRA, contact your unit judge advocate or installation legal assistance officer. Also, see FINRA's SCRA guide at www.fnra.org/military.

Get Your Paperwork in Order

All adults, not just servicemembers, should prepare—and keep up-to-date—several legal documents. If your installation offers a legal assistance office, representatives there may be able to help you prepare these important documents—free of charge.

Wills

You need a “Last Will and Testament” (aka, a will)—and if you’re married, your spouse needs one, too. Your will directs how your assets (what you own) are to be distributed and to whom upon your death. You also use your will to name a guardian for your minor children. If you die without a will, your domicile state (where you file your state income tax return) will make these important decisions for you.

Powers of Attorney

A power of attorney (www.finra.org/poa-investments) enables you to authorize someone (such as a spouse, relative, or trusted friend) to handle your finances and other business matters if you are unable to handle them yourself. This document can be set up to provide limited or broad authority to the party named.

Medical Power of Attorney and Living Wills

A medical power of attorney specifies a person who will make decisions about your health care if you cannot make them yourself. A living will lets you specify the kind of medical treatment you would want or not want if you are unable to communicate these choices.

Other Important Documents

In addition to the items mentioned above, gather any other paperwork (*e.g.*, military orders, vehicle title or lien papers, marriage license, school information, *etc.*) and records (*e.g.*, medical, dental, vision, veterinary, *etc.*) you'll need to take with you when you move.

Visit www.mildocs.org for more information on getting your paperwork in order.

Create a Moving Fund

When you are part of the military, you know that moves are inevitable. And you usually don't know what location you'll be sent to. Setting goals and making a plan for future moves will help you deal with this uncertainty.

Having a moving fund will give you peace of mind when you need extra cash to make a move.

Consider the following items to help you come up with a realistic dollar amount to set aside. Remember, you likely will have about two or three years between moves, so don't get discouraged. Just take it one step at a time.

Moving Fund Worksheet

Possible Expenses	Cost
Off-base housing expenses. Try to set aside enough money to offset the cost of off-base housing at your new location for several months, including a security deposit.	\$
Replacing household items. Include some money to buy household items such as cleaning supplies or food that can't be shipped to a new destination.	\$
Transferring a child to a new school. This may mean paying for a tutor to accommodate a change in curriculum or buying a new wardrobe for a different climate.	\$
Vehicle Expenses. Set aside enough money to cover any expected increase in car insurance, plus the cost to register your vehicle in a new state, if required.	\$
Pet Expenses. Think about what it may cost to move your pets to another location. Include any veterinary fees necessary to keep health records current, boarding and licensing fees, and the cost of new fencing, if required.	\$
Moving-Out Expenses. Set aside money to clean and repair your home prior to moving to your new location.	\$
Other Expenses. Set aside money for unexpected things. For example, while moving, you may eat out more than usual or need to buy clothing for a different climate.	\$
Your Moving Fund Total	\$



You will never be unhappy about having more money in your moving fund than you need.

Now that you have a moving fund goal, how will you save that much money? One way is to save a set amount every month for the fund. You may not be sure how many months you have until your next move, but military moves typically occur every two to three years. Assuming you might move again in two years, divide your moving fund total by 24 (number of months) to arrive at the amount you need to save each month.



Don't forget your paperwork

03: During Your Move

Manage Your Money

During your move, it is important to keep track of, and manage, your money, even when you are between “homes.”

Important tips to remember:

- ▶ Within your Service’s timelines, apply for applicable travel and relocation allowances (per diem, dislocation allowance, advances, *etc.*). Monitor these payments to avoid unnecessary out-of-pocket costs.
- ▶ Review your financial accounts regularly to monitor current balances, check when transactions are credited to or deducted from your account, and watch for suspicious activity.
- ▶ Check to make sure automated bills have been paid and confirm past accounts have been closed and paid in full.
- ▶ Continue to manually pay any bills that are not automated.
- ▶ If you’re married, continue to communicate regularly about the money that is coming into and out of the account. You’re not asking permission; just avoiding surprises.
- ▶ Don’t stop your retirement contributions. You don’t want to miss out on the employer matching, accrued interest and/or earnings.

Visit www.finra.org/personal-finance for more on how to manage your everyday finances.



Protect Your Identity

Practice the Three Ds

While there are no guarantees about avoiding identity theft, it's important for you to:

- ✓ **DETER** identity thieves by safeguarding your information.
- ✓ **DETECT** suspicious activity by routinely monitoring your financial accounts and billing statements.
- ✓ **DEFEND** against ID theft as soon as you suspect a problem.

For more on how to avoid, report, and recover from identity theft, visit the Federal Trade Commission's www.identitytheft.gov.

You can also safeguard your sensitive personal information and help keep identity thieves at bay by doing the following:

- ▶ Protect usernames, passwords, and PINs
- ▶ Safeguard your computer
- ▶ Keep an eye on your finances, but be smart when accessing your financial accounts online
- ▶ Use wireless connections wisely (*e.g.*, do not access financial accounts on an open, public WiFi network)
- ▶ Avoid inviting trouble (*e.g.*, don't respond to emails or phone calls requesting your private information)

04: After Your Move

Update Your Spending Plan

In addition to saving for a move, you need money for daily life—and for unexpected events.

Since your new location may be more, or less, expensive than your last one, you'll need to update your spending plan based on the income and expenses of your new home base.

Six steps to create/update your spending plan include:

- 1. Add up your monthly expenses.** List the bills you have to pay every month, such as your mortgage or rent, car payment, insurance premiums, utilities, and phone bills.
- 2. Add up your household's monthly take-home pay.** This includes after-tax pay for you and your spouse and any other income, such as investment or rental income.
- 3. Subtract your expenses from your income.** If you're close to zero or get a negative number take a second look at your non-essential expenses, such as cable TV, unlimited data plans, streaming services, entertainment, and personal travel.
- 4. List your other financial priorities,** such as building up an emergency fund, paying off credit card debt, and saving for retirement or college. Estimate how much you would need to meet your goal and when you'd want to reach it. Then divide the time (in months) by the amount. This will give you monthly savings targets for each priority.
- 5. Match your money with your expenses and your goals.** When your income and expenses are clearly laid out, you'll see where you can make trade-offs to come up with more cash that can improve your long-term financial situation. Adjust your spending until you're spending less than you make, and are saving enough to meet your other financial priorities.
- 6. Review your plan and priorities every few months.** A spending plan is a "living document" that will change with your needs and situation. Life happens. And your spending plan should be flexible enough to change with whatever comes your way.

Visit www.finra.org/personal-finance for more information.



Plan for Future Moves and More

Moves are a fact of life for many military families. Make sure you are planning ahead and saving for out of pocket expenses that you may encounter with your next move.

Helpful Resources

Military Services—Financial Readiness Programs:

- ▶ **Army Personal Financial Readiness**, available at Army Community Service (ACS) Centers
- ▶ **Navy Personal Financial Management**, available at Fleet and Family Support Centers (FFSC)
- ▶ **Marine Corps Personal Financial Management Program**, Personal Financial Specialists available at local Marine Corps Community Services (MCCS)
- ▶ **Air Force Personal Financial Information**, available at Airman & Family Readiness Centers (A&FRC)
- ▶ **Military OneSource – Financial Counselors**
www.militaryonesource.mil/financial-legal/personal-finance
- ▶ **Coast Guard Personal Financial Management Program**, available at Health, Safety, and Work-Life (HSWL), Regional Offices
- ▶ **CGSUPRT, Money Coaches**, www.cgsuprt.com

Other Resources

- ▶ Check Investment Professional Credentials @ brokercheck.finra.org
- ▶ Analyze and compare the costs of owning funds @ www.finra.org/fundalyzer
- ▶ Consumer Financial Protection Bureau (CFPB) @ www.consumerfinance.gov
- ▶ Federal Trade Commission @ www.militaryconsumer.gov
- ▶ Financial Industry Regulatory Authority (FINRA) @ www.FINRA.org/investors
- ▶ FINRA Investor Education Foundation @ www.finrafoundation.org

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