

Kiplinger's PERSONAL FINANCE



PRESENT



FINANCIAL READINESS = MISSION READINESS

FINANCIAL

FIELD MANUAL

★ ★ ★ THE PERSONAL FINANCE GUIDE FOR MILITARY FAMILIES ★ ★ ★



SPONSORED BY



To U.S. Military Personnel and Their Families

We are pleased to present the second edition of our popular personal finance guide for military families. Renamed *Kiplinger-BBB Military Line Financial Field Manual*, it offers comprehensive information and advice on critical issues facing you and your family. Financial turmoil impacts many Americans. For military families, constant moves, deployments and other uncertainties make navigating the economic waters especially problematic. The goal of this guide is to inform your decision-making with solid information and helpful resources.

In these pages, you will find practical, easy-to-understand information to help you prepare financially for deployment, make the most of new GI Bill opportunities, protect your investments, buy (or sell) a home, minimize taxes, hold down insurance costs, avoid financial schemes that target military families and make smart decisions when you transition to civilian life.

This guide is a joint effort between two organizations that have been helping consumers—including members of the military—for a long time. When the *Kiplinger Magazine* (now called *Kiplinger's Personal Finance*) was launched in 1947, a driving motivation was to provide sound, unbiased personal finance advice to military personnel returning to the workforce after World War II. The Better Business Bureau, established in 1912,

specializes in providing consumers with information needed to make wise choices. BBB Military Line® specializes in consumer education and advocacy for military families. BBB is pleased that one of the first major initiatives of its centennial-year celebration is the *Financial Field Manual*.

This publication would not be possible without our ongoing sponsors: the Defense Credit Union Council, Investor Protection Trust, Investor Protection Institute and ClearPoint Credit Counseling. Special thanks to Kimberly Lankford, a contributing editor to *Kiplinger's Personal Finance* magazine and Kiplinger.com (and a military spouse) for her role as lead writer, and Brenda Linnington, a military spouse, Army veteran and mother of a soldier, who directs the BBB Military Line program.

Finally, we'd like to thank The McGraw-Hill Companies for generously providing the printing of the *Financial Field Manual*. McGraw-Hill and BBB Military Line are working together to expand financial-literacy and consumer-protection programs for military families as part of the White House "Joining Forces" initiative and have created an online training program for military families that can be found at www.financiallitnow.org.

Thank you for all you do in the service of our nation! We hope you find this guide useful and that you will call upon BBB Military Line when you need assistance with marketplace issues.

CONTENTS

SAVING STRATEGIES

Investing in Your Future 1

FINANCIAL FRAUD

Protection From Scams That Target the Military 4

YOUR BENEFITS

Take Full Advantage of Your Military Benefits 7

BE PREPARED

Strategies Before and After Deployment 9

TAXES

The State of Your State-Tax Situation 11

REAL ESTATE

Smart Home-Buying (and Selling) Tactics 12

TRANSITION

A Smooth Return to Life as a Civilian 14

AT YOUR SERVICE

Financial Resources for Military Families 16

WORKSHEET

Organize Yourself (Inside back cover)

Editor in Chief: Knight A. Kiplinger
 Editorial Director: Kevin McCormally
 Contributing Editor and Chief Writer:
 Kimberly Lankford

Design Director: Cynthia Currie
 Senior Designer: Harrison Goodman

Copyright © 2012 by the Kiplinger Washington Editors, Inc. All rights reserved.

Published by the Kiplinger Washington Editors, 1100 13th Street, NW, Washington, DC 20005 (202-887-6400).

Cover: Stockbyte/Getty Images




Knight A. Kiplinger
 Editor in Chief
Kiplinger's Personal Finance
 Kiplinger.com




Stephen A. Cox
 President and CEO
 Council of Better Business Bureaus

Investing in Your Future



Servicemembers face financial issues that most people don't experience: They have to move frequently—sometimes on short notice—and they can be deployed to combat zones for months or years. But they also have access to valuable benefits and

investing options not available to the general public. Exploiting the opportunities can help secure your family's financial future.

Pension or Not

Even though those who stay in the military for 20 years or more can qualify for a pension, it's still important to save on your own. In truth, few people actually stay in the military long enough to claim a pension, and, unlike civilian pensions, there's no "partial vesting" to guarantee that workers who leave "early" get

something. With the military, if you leave before 20 years, you get nothing. Even if you qualify, pension payments probably won't be enough to cover your bills—you're usually entitled to 50% or less of your base salary if you retire at 20 years (and more if you stay beyond two decades). See <http://militarypay.defense.gov> for options based on when you joined the service.

Instead of worrying about what might happen, take charge of something you can control: your own savings. The younger

Take charge of something you can control: your own savings. While in the military, you have special opportunities and tax breaks to supercharge your savings. Make the most of your options.

you are when you start setting aside funds for your future, the easier it will be to build a healthy nest egg. And while you're in the military, there are special investing opportunities and tax breaks to help you supercharge your savings. It's up to you to make the most of your options.

Thrift Savings Plan: Autopilot Savings

The government's Thrift Savings Plan is a great place to start. Men and women in the military can invest in this low-cost, tax-advantaged retirement-savings plan for federal employees, which is similar to a private company's 401(k) plan.

You can contribute up to \$17,000 to the TSP in 2012, and even more if you receive tax-exempt pay while serving in a combat zone—up to a total of \$50,000 in 2012. Because contributions from your regular pay escape taxes, they don't lower your paycheck nearly as much as you might expect: Contributing \$10,000 cuts your take-home pay by just \$7,500 if you're in the 25% tax bracket (and even less if your contributions

also escape state income tax).

And your contributions grow tax-deferred until you withdraw the money in retirement. That could provide a hefty nest egg if you start early; \$10,000 contributed this year would grow to more than \$100,000 over 30 years, if your investment grows at an average rate of 8% per year. The same amount invested each year for the next 30 years would grow to more than \$1 million. (Although an 8% return might sound like pie in the sky, the fact is that the annual average return of the stock market since 1926—a period that includes not only the recent Great Recession but also the Great Depression of the 1930s—is nearly 10%.)

The TSP makes it easy to put paying yourself first on autopilot. Contributions are deducted from each paycheck, and steady investing can pay off big-time. Say you contribute \$300 every paycheck, which lowers your take-home pay by just \$225 in the 25% tax bracket. Do that twice a month and you'll

★ SAVING STRATEGIES

save \$7,200 for the year. If you start at age 25 and contribute for the next 30 years, you could end up with more than \$900,000 by the time you're 55, if your investments return 8% per year.

And even if you leave the military at age 40 after 15 years of contributions and never add another dime to your TSP account, you could still end up with about \$700,000 by age 55 (again, assuming an average return of 8%).

When it comes to how you invest inside the TSP, you can choose among five index mutual funds that invest in large companies, small firms, international firms, bonds or government securities. Or you can choose a lifecycle fund (called the L fund), which builds a diversified portfolio of the other funds to match your time horizon; the fund starts out invested primarily in stock funds when you have more than a decade before you plan to tap the money, then gradually becomes more conservative as your retirement date draws near.

Expenses for all of the funds are extremely low—about 25 cents a year for every \$1,000 invested—making the TSP one of the lowest-cost

investing options available. For a \$100,000 portfolio, for example, you'd pay just \$25 a year in investment-management fees.

The TSP is a tax shelter, so you don't owe tax on earnings until you withdraw the money, and you won't ever be taxed on contributions from tax-exempt combat-zone pay. (A portion of every withdrawal will be tax-free to protect the tax-free status of combat pay.)

You can keep money in the TSP after you leave the military, or you can roll it into an IRA or another employer's 401(k), where it will continue to grow tax-deferred. If you take the money and spend it, you'll

face an immediate tax bill and, if you're younger than 55 in the year you leave the military and tap the account, you'll generally pay a 10% penalty, too. For more information about the rules, visit www.tsp.gov. You'll also find a calculator there to help you project your future account balance and see the power of long-term compounding of earnings. The power of money making money is wonderful to behold.

Tax-Free Earnings From a Roth IRA

Unlike contributions to a traditional IRA, which can earn a tax deduction to lower today's tax bill, contributions to a Roth IRA

offer no instant gratification. But the delayed gratification of doing without today's tax deduction is sweet: All withdrawals from a Roth in retirement will be tax-free, whereas withdrawals from a regular IRA are taxed in your top tax bracket. Another advantage of the Roth is that you can withdraw contributions at any time tax- and penalty-free if you get in a pinch.

You can contribute up to \$5,000 to a Roth IRA in 2012 (or \$6,000 if you're 50 or older) as long as your adjusted gross income is less than \$110,000 in 2012 if single or \$173,000 if married filing jointly. (The opportunity to make contributions gradually phases out as income rises above those levels.)

You need to have earned income in order to qualify for a Roth IRA (that's basically income from working rather than from investments or gifts), and even though combat-zone pay is tax-free, it counts for this purpose. In fact, the Roth can be a particularly good deal if you have tax-exempt combat-zone pay. Your money goes in tax-free, and your contributions as well as earnings come

out tax-free, a sweet tax benefit. If you earn income but your spouse doesn't, you can also contribute \$5,000 to an IRA in his or her name.

You can open a Roth IRA with a brokerage firm, mutual fund or insurance company, credit union or bank. When selecting an IRA administrator, look for low fees and a range of investment choices. If you have 20 or 30 years until retirement, it's usually best to invest the money in a diversified portfolio of mutual funds (see the Investor Protection Trust's "The Basics of Saving and Investing" at www.investorprotection.org/learn for more information about getting started in investing and creating a portfolio).

You can invest the maximum in both a Roth IRA and the Thrift Savings Plan in the same year. If you can't afford to invest in both plans, consider a Roth IRA first if you expect your income—and your tax bracket—to increase by the time you plan to withdraw the money, especially if you had tax-free income in a combat zone. Military personnel are often in a lower tax bracket than they will be after they leave the

EXTRA CREDIT FOR SAVING

Need an extra incentive to save for retirement? Contributing to an IRA, the Thrift Savings Plan or another retirement-savings plan could earn you an extra tax break. The Retirement Savings Contribution Credit can reduce your tax bill by up to \$1,000. To qualify for the credit in 2012, your adjusted gross income must be \$28,750 or less if you're single, \$43,125 or less if you file your tax return as head of a household, or \$57,500 or less if you are married and file a joint return.

The credit is worth 10% to 50% of the first \$2,000 you contribute for the year to a retirement-savings plan. The tax credit lowers your tax bill dollar for dollar, in addition to the basic tax benefits of contributing to a retirement plan.

The lower your income, the higher the credit. It's worth \$1,000 per person at the lowest income levels, and drops to \$200 if you are near the cutoff.

service, so it makes sense to pay tax on Roth contributions now and enjoy tax-free income later. (Note that the Thrift Savings Plan will introduce a Roth version late in 2012, which will have the same tax benefits of a Roth IRA but without the income limits on contributions.)

You can contribute to a Roth IRA with a single payment or sign up to have money automatically shifted from your bank account or paycheck. Investing \$416.66 per month will get you to the \$5,000 annual limit. You have until April 15 of the following year to make an IRA contribution—April 15, 2013, is the deadline for 2012 contributions, for example—but the sooner the money is tucked into the account, the sooner tax-free earnings begin to grow.

Making the Most of Your Opportunities

Alex Bowling is a first lieutenant in the infantry stationed at Fort Hood, Tex. Just 24 years old, he's already a savvy and experienced saver.

Bowling has been maxing out his Roth IRA for several years, and cashed in on the double benefit of contributing tax-free combat pay earned



during his seven-month deployment to Northern Iraq as an infantry platoon leader last year. “In my opinion, the Roth is the best retirement-account option for a young investor,” he says, “especially considering the years of untaxed growth and my low tax bracket, which was even lower during deployment,” he says.

He also diverts part of his salary each month into the Thrift Savings Plan, where the money grows tax-deferred. And he invests in mutual funds in taxable accounts, too. That’s money he can access before retirement.

Bowling invests long-term money in index funds, which keeps costs low and simplifies his investment decisions. “I do

You have until April 15 of the following year to make an IRA contribution, but the sooner the money is tucked into the account, the sooner tax-deferred earnings begin to grow. If you use a Roth IRA, earnings are tax-free when withdrawn in retirement.

not believe that I have the time or where-withal to beat the market or search out the few money managers that can,” he says.

He also saves time—and takes the emotion out of investing—by having money transferred directly from his paycheck to his Roth and TSP accounts every month. “It allows me to create growth and proper allocation without having to think about it. This ensures everything continues to happen regardless of time in the field or deployment,” he says. “No one has time to come off patrol and manage investments.”

He embraced another great savings opportunity when he was deployed last year: He invested in

the military’s special Savings Deposit Program, which guarantees a 10% return per year on up to \$10,000 while you are deployed (and for up to three months after you return). You can’t contribute to the SDP until you are deployed. But Bowling saved money before he left so he could contribute the maximum to the SDP as soon as he arrived in Iraq. Your take-home pay increases while you’re receiving tax-free income during deployment, which can help you afford to stash extra money in the SDP. Bowling plans to use the SDP earnings to help max out his 2012 Roth IRA contributions.

As a platoon leader, Bowling is very familiar with the financial issues facing today’s soldiers and the importance of setting financial priorities. It’s important to pay off high-interest credit-card debt and build an emergency fund in addition to saving for the future. Bowling keeps two months’ worth of pay in an accessible fund to cover personal expenses, and a separate account for emergencies. The last thing he wants to do is go into debt or tap retirement savings to cover unexpected bills. ★

Protection From Scams That Target the Military



Military personnel are prime targets for shady sales practices of financial criminals who want a piece of the troops' regular paychecks and have mastered ways to take advantage of their frequent moves. Troops have been exploited by

exorbitant-interest-rate payday loans, high-fee investments, unsuitable life insurance, ID-theft schemes and bogus products promoted with counterfeit military connections.

State and federal regulators and the Department of Defense have cracked down on the crooks, and new laws and resources help protect members of the military from being pressured into high-fee loans, investments

and insurance. But ever-creative scam artists scheme to stay a step ahead of new laws. So, add this to your list of assignments: Protecting your family from the latest generation of financial fraud.

Predatory Lending

The commercial strips around many bases used to be lined with payday lenders. There you could find a short-term loan against your next paycheck, often for

outrageous interest rates. (Would you believe more than 400%?) But the Military Lending Act capped payday-loan rates at 36% for members of the military on active duty and their dependents, which led many lenders offering payday loans to disappear.

But some lenders discovered ways around the law, offering varieties of high-rate loans that aren't subject to the 36% cap. For example, some car dealers near bases have been known to push high-rate loans with big upfront fees. Some payday lenders have taken to the Internet to continue to offer expensive loans targeting troops, outside the reach of regulators. And some offer open-ended loans with rates as high as 136%, which fall through a loophole in the law.

WHAT YOU CAN DO

Get a 0% loan through a military emergency-relief fund. Each branch of the military has an emergency-relief fund that offers small interest-free loans for

emergencies. Contact the community-service office at your base for details, or visit Army Emergency Relief (www.aerhq.org), Navy-Marine Corps Relief Society (www.nmcrcs.org), Air Force Aid Society (www.afas.org) or Coast Guard Mutual Assistance (www.cgmahq.org).

Join a credit union.

Credit unions on base often offer short-term loans at reasonable interest rates. Some even offer small emergency loans to members of the military with little or no credit check.

Boost your emergency fund.

You're best off if you can avoid borrowing for unexpected expenses. Build an emergency fund with at least six months' worth of expenses in a safe and liquid account, such as a money market account.

Get credit counseling.

If you have to borrow to cover your expenses, you may be grappling with a bigger issue than a short-term emergency. Consider meeting with a financial-planning manager on base or a

Ever-creative scam artists scheme to stay a step ahead of laws designed to protect troops and their families. So, add this to your list of assignments: Protecting your family from the latest generation of financial fraud.

credit counselor who can help you set up a budget, pay down debt and prioritize your spending. You can find a credit counselor through the National Foundation for Credit Counseling (www.nfcc.org) or the Association of Independent Consumer Credit Counseling Agencies (www.aiccca.org). Credit unions and other financial institutions on base are required to offer counseling services at no charge. But beware of “credit repair” firms that charge high upfront fees with a promise to get you out of debt. As appealing as such a prospect is, you may find yourself chasing an illusion and wind up in even worse financial shape.

Identity Theft

Military families are magnets for identity thieves because their Social Security numbers are widely available (although the Department of Defense is gradually reducing the public use of the identifier), and troops can be hard-pressed to monitor their credit records and bills when they’re deployed. While phishing is a growing problem everywhere, military families can be particularly susceptible to calls or

e-mails that purport to be from financial institutions regarding a deployed service-member’s account.

WHAT YOU CAN DO

Monitor your accounts online. Check your bank, credit-union and credit-card accounts regularly, and have a plan for yourself (or a trusted family member) to review accounts while you’re deployed so that any suspicious activity is spotted quickly. If you receive an e-mail or a call about any “problems,” don’t click on a link or answer personal questions on the telephone; instead, call your bank or credit union’s customer service number.

You can protect your family and your credit by being proactive: Monitor your accounts online, take advantage of free credit reports, and use the free service that puts an active-duty alert on your credit report.

Check your credit report.

You can request a free copy of your credit report from each of the three major credit bureaus every year through www.annualcreditreport.com. It’s a good idea to stagger your requests so you get a report from one of the bureaus every four months.

Put an active-duty alert on your credit report.

This free service notifies creditors that you’re on active military duty and asks them to take extra precautions to verify the identity of an applicant before extending credit. Include the phone number of a trusted friend or family member for creditors to call while

you’re deployed. To place an alert, contact Experian.com, Equifax.com or TransUnion.com.

And you can take an extra step to protect yourself by putting a credit freeze on your account, especially if you’re deployed and unable to monitor your credit report regularly. The freeze prevents lenders and other companies from accessing your credit report without your permission, which can help stop identity thieves from taking out new credit in your name. It generally costs \$10 to freeze and \$10 to thaw your record at each bureau (and you need to do it at all three for the freeze to be effective).



COURTESY U.S. NAVY/SEAMAN BENJAMIN CROSSLEY

High-Fee Investments

Over the past few years, state and federal regulators have cracked down on companies that target members of the military with high-fee investments, including some that were charging a whopping 50% sales charge in the first year. The Department of Defense and several organizations have also made a big push to help military families identify scams and learn more about legitimate financial-planning strategies.

But there are still salespeople who push exorbitantly priced investments or inappropriate insurance near base and who seem ever-ready to pounce on members of the military who receive a substantial windfall, whether at retirement, from a reenlistment bonus or deployment pay. The good news is that you have plenty of solid and legitimate savings alternatives.

WHAT YOU CAN DO

Take advantage of special savings programs for the military. Servicemembers have some excellent savings opportunities. The Thrift Savings Plan is a great way to save for retirement. You can invest up to \$17,000

in this low-fee, tax-deferred account in 2012 and even more of your tax-exempt pay while serving in a combat zone, up to a total contribution of \$50,000 for the year (see www.tsp.gov for details). You can also open a Roth IRA through a financial institution. You can invest up to \$5,000 in 2012 plus an extra \$1,000 if you'll be at least age 50 by the end of the year. Take a hard look at fees when comparing IRA options. And be sure to take advantage of the military's Savings Deposit Program. Deployed troops can deposit up to \$10,000 in a special account that pays 10% per year

during deployment, and for up to three months afterward. (See the story about deployment on page 9 for more information about the SDP.)

Verify a broker's record. Before doing business with a broker, use Finra's BrokerCheck tool (<http://brokercheck.finra.org>) to get information on a broker's licensing status and any disciplinary action he or she has faced. Also check the broker through your state securities regulator (www.nasaa.org). State securities regulators offer programs to help military families, including California's Troops Against Predatory

Scams (TAP\$) and Investor University on Base, offered by the state of Florida in conjunction with the Investor Protection Trust (www.investorprotection.org).

Check out insurers and agents with your state insurance department. Before you buy coverage, ask about licensing, complaints and disciplinary actions. Find links to state insurance regulators at the National Association of Insurance Commissioners (www.naic.org). The NAIC's www.InsureUonline.org also offers insurance advice for members of the military. And before you consider any other life insurance, max out your low-cost Servicemembers' Group Life Insurance (www.insurance.va.gov/sgliSite/default.htm).

Affinity Fraud

Criminals have no qualms about fabricating an affiliation with the military to gain a family's trust. Often these are small-time operators who go door to door using a military insignia or any military connection to try to sell their wares—whether it's burglar-alarm systems to families of deploying troops, high-fee work-at-home schemes for military

spouses, used cars with questionable titles, or even fake life insurance and investments.

WHAT YOU CAN DO

Contact the base community-service office. For example, Army Community Service at Fort Hood, Tex., has a database that cross-references complaints made to the community-service, legal-assistance and housing offices on base, as well as the local Better Business Bureau. The base's legal-assistance office will also help you carefully review contracts before you sign on the dotted line.

The Armed Forces Disciplinary Control Board at each base can ban certain salespeople or companies and prohibit anyone on base from doing business with them. Just the threat of being put on the banned list can help resolve complaints.

Contact the Better Business Bureau. You can check a business's complaint record and get help resolving consumer problems through the local BBB (www.bbb.org). BBB Military Line focuses on providing information and resources specifically for servicemembers and their families (www.bbb.org/military). ★



Take Full Advantage of Your Military Benefits



Members of the military have access to special benefits and legal protections that can make a huge difference in your family's personal finances. Make sure you take full advantage of what's available.

Free College for Yourself—or for Your Kids

One of the most exciting new benefits for servicemembers and their families is the expansion of the GI Bill, which can provide sweet education benefits for yourself, your spouse and even your children.

The Post 9/11 GI Bill can cover the full cost of in-state tuition and fees for public colleges for up to 36 months (four academic years), or up to \$17,500 per year for private colleges and

foreign schools. In addition, you can qualify for a housing stipend and money for books and tutoring. You can use the money for undergraduate or graduate programs at colleges and universities, or for certain programs at vocational, trade and distance-learning schools.

Eligibility is based on the length of time you serve in the military. For maximum benefits, you must serve at least 36 months or serve on active duty for at least

Chief writer Kim Lankford (above) knows the value of the new GI Bill. Her husband, Col. Houman Tavaf, has passed on his college benefits to their 8-year-old son William.

30 continuous days and be discharged because of a service-connected disability. Partial benefits are earned if you serve at least 90 days on active duty.

And the Post 9/11 GI Bill offers important flexibility: You may be able to transfer your benefits to your spouse or your children. You can generally opt to transfer benefits if you're on active duty or selected reserve, have served at least six years, and agree to serve four more years. (Different service commitments apply for those eligible for retirement between Aug. 1, 2009, and Aug. 1, 2013.)

Spouses may use the transferred benefits right away; children must wait until you've served at least ten years. Servicemembers and veterans (and their spouses) must use the benefits within 15 years after leaving the military. Children aren't bound by the 15-year limit, but they must use the transferred benefits by age 26.

If you'd like to transfer GI Bill benefits to

your children, it's a good idea to apply for the transfer as soon as you're eligible. The four-year period begins on the date the transfer is approved. So even if you've been in the military 15 years, for example, you would need to serve an additional four years after you elect to transfer your benefits.

Col. Houman Tavaf, who has been an Army surgeon for 17 years, transferred his GI Bill benefits to his son, William, in 2010. Will is just 8 years old now, but Tavaf transferred the benefits right after he signed up to stay in the Army for another four years to start the four-year clock ticking. For maximum flexibility, the colonel transferred 35 months of benefits to Will and one month to his wife, Kim, in case she decides to return to grad school. Although you can't add beneficiaries after leaving the military, you can alter the allocation. "This gives us such a great start on saving for Will's college," Tavaf says.

For more details

about transferring benefits, see the GI Bill Transfer page (www.defense.gov/home/features/2009/0409_gibill).

If you (or your spouse or children) are attending a private college, going to graduate school or paying out-of-state tuition at a public college, your benefits may not cover the entire bill. But you may qualify for extra help from the Yellow Ribbon program. More than 1,000 colleges provide scholarships for a certain number of students each year, and the Department of Veterans Affairs matches the school's contribution.

To qualify for a Yellow Ribbon scholarship, you must be eligible for maximum GI Bill benefits (children or spouses using transferred benefits may qualify). Yellow Ribbon funding varies widely by school and program, and you apply for these scholarships directly through the college. For the 2011–12 school year, for example, Columbia University offered 300 \$7,000 Yellow Ribbon scholarships to its undergraduate school of general studies, four \$5,000 scholarships to its medical school, and 32 \$2,500 scholarships to its graduate

school of business, plus varying scholarships to several other of its programs. See the VA's Yellow Ribbon Program page for more information (www.gibill.va.gov, then click on “Yellow Ribbon Program” in the Post 9/11 GI Bill section).

For more information about the Post 9/11 GI Bill and the earlier Montgomery GI Bill, go to the Veterans Affairs GI Bill page (www.gibill.va.gov).

Interest-Rate Reductions and Other Special Legal Rights

Members of the military have special legal rights that come into play if you have to move unexpectedly, are deployed or leave a civilian job to go on active duty with the Reserves or National Guard.

One of the most valuable benefits of the Servicemembers Civil Relief Act (SCRA) is the interest-rate cap: In some situations, the rate

on a mortgage, credit card, car loan or other debt can be reduced to 6% if military service affects your ability to pay—as it may if you take a pay cut when activated to the Reserve or National Guard. This rule applies only to debts incurred prior to military service or activation, not to debts taken on while on active duty. Loans for which a nonmilitary spouse is jointly liable can also qualify for the rate reduction.

June Walbert, a certified financial planner for USAA and member of the U.S. Army Reserve, took advantage of the law when she was deployed to Iraq in 2003. She notified her mortgage company, sent a copy of her official orders, and had her rate reduced from 8% to 6% while she was on active duty for six months. That shaved her mortgage payments by about \$200 per month.

The rate resets when your active duty is over, but the higher rate will only apply to the remaining balance—the difference between the higher and lower rates is forgiven, not simply deferred.

If you qualify to reduce your credit-card rate—imagine the power of slashing the

rate from 18%, say, to 6%—more of every payment will go to pay off principal rather than to interest. You need to send the lender a written request for the rate reduction, which you can do on your own or with help from an Armed Forces Legal Assistance Office (<http://legalassistance.af.mil>). To prove that your income has been reduced, you may be asked to submit copies of your military orders, earnings statements and tax returns.

SCRA provisions can also help servicemembers who are deployed or have to move. You have the right to terminate an apartment lease if you have orders for a permanent change of station or are deployed to a new location for 90 days or more. You can terminate a car lease without an early-termination fee if you are deployed for 180 days or longer. And you can terminate your cell-phone contract without penalty if you receive orders to relocate for more than 90 days to an area that is not supported by the contract.

You'll find more about SCRA protections at www.servicemembers.gov. ★

LOW-COST LIFE INSURANCE

You need life insurance if anybody is depending on you financially, and, of course, the need becomes more pressing if you're about to go into a combat zone. But members of the military can't just buy any insurance: Some policies have specific war exclusions or charge high rates if you plan to travel to a foreign country.

Fortunately, servicemembers have access to one of the lowest-cost life insurance programs available. Servicemembers' Group Life Insurance (SGLI) costs only 6.5 cents per \$1,000 of coverage per month, or \$312 a year for the maximum \$400,000—regardless of your age, health or likelihood of being deployed. You can also get \$100,000 in coverage for your spouse for as little as \$60 a year if he or she is under age 35. (See www.insurance.va.gov/sgliSite for details.)

You'll lose SGLI coverage when you leave the military, and you may need more than the maximum anyway—especially if you're the sole breadwinner for a large family. Use an insurance-needs calculator (such as the one available at www.insurance.va.gov) to see how much insurance you need, then search for extra coverage to fill in any gaps beyond SGLI. You can get price quotes from dozens of life insurance companies at www.accuquote.com or www.lifequotes.com. Let them know upfront that you're in the military, so you won't end up with quotes for policies with a war exclusion or high rates for foreign travel.

Strategies Before and After Deployment



When you think about deployment, financial opportunities may be the last thing on your mind. But ignoring money matters at this busy time could be a costly mistake. Start with the fact that your paychecks grow when you receive tax-free

income in a combat zone, and you have access to extra savings programs that help you stretch your money even further. It's also important to protect your money from identity thieves while you're gone and to be ready for unexpected bills you can't control. The better you prepare, the better you'll be able to protect your family and your finances.

Lt. Col. Greg Nowak, 39, is a security forces officer and squadron commander in his 17th year in the Air

Force. He's usually stationed at the U.S. Southern Command in Miami, but has been deployed to Saudi Arabia and Iraq, and is currently in Southwest Asia. He and his wife, Amy, have plenty of experience preparing for deployment. You can learn from the steps they took to prepare their family finances.

Review Estate-Planning Documents and Beneficiaries

Before he left for his latest deployment, Nowak had the base

It's a good idea to put together a "brain book" – a compilation of key financial information that might be needed in your absence.

legal affairs office draw up a power of attorney that gives Amy authority to handle his finances while he's gone. This is one of the most important legal documents to execute because you never know what financial issues will crop up while you're away. You can grant a general power of attorney, which gives your representative broad powers over financial transactions. Or you can use a power of attorney for specific transactions, such as buying a house or car while you're deployed. Since this document hands off control of your finances, be very careful about who you name. A power-of-attorney document generally has a time limit, so make sure yours is still up to date if you're about to be deployed again.

The Nowaks also updated their wills, which, Greg admits, "was long overdue since the birth of our youngest child." With three daughters, ages 2 to 7, having a will and naming guardians for the children

is a must. "While we were at it, we updated all of our beneficiary information on our life insurance, Thrift Savings Plan and IRAs." Such designations legally supersede a will. So, even if a will directs all of your property to a spouse, if a parent is named as the beneficiary on an IRA, the money goes to the parent. (See <http://legalassistance.law.af.mil> to find a legal assistance office near you.)

Save on Auto Insurance and Phone Service

"In preparation for this deployment, we did a number of things to maximize our saving," says Nowak. "For starters, we garaged my vehicle to save on insurance costs." You can lower premiums by about 75% while deployed by eliminating liability and collision coverage on the stored car, says June Walbert of USAA, Nowak's insurance company. You'll want to keep comprehensive coverage, which will pay if your car is damaged or stolen.

Liability and collision coverage can be restored without a rate hike when Nowak is home for a 15-day R&R. Ask your insurance company about specific rules or other potential breaks in your state.

Nowak also suspended his cell-phone service. The Servicemembers Civil Relief Act requires cell-phone companies to let you terminate your contract, without penalty, if you receive military orders to relocate for more than 90 days to an area that is not supported by the contract. (Go to www.servicemembers.gov for more information about the SCRA.)

A Bill-Paying Plan

The Nowaks also came up with a nifty bill-paying strategy. Amy took over the family finances fully (they usually share responsibility) before Greg left, so they could talk about any issues that came up face to face. “Although we’ve had to discuss some things, mostly over e-mail, it’s generally been pretty smooth,” he says.

If you don’t have a spouse or family member at home to pay your bills, make things as easy as possible by signing up to

have bills paid automatically from your checking account or to pay them online. Find out how to access your bank or credit-union account and credit-card records, so you can catch any errors or suspicious activity.

It’s also a good idea to put together a “brain book”—a compilation of key information that might be needed in your ab-

sence, recommends Patrick Beagle, a former Marine helicopter pilot and now a financial planner. Inventory your financial accounts and how to access them. Include a copy of your will, power of attorney, medical directive and a letter of instruction should anything happen to you. Since this book has such sensitive financial information,

only give it to a very trusted family member or friend. For help getting your information together, see the “Organize Yourself” worksheet at the back of this manual.

And be sure to notify your bank, credit union, credit-card companies and other financial institutions about your deployment. Fraud departments have become proactive about pre-

MAKE THE MOST OF EXTRA SAVINGS OPPORTUNITIES

Your take-home pay will increase while you’re receiving tax-free income in a combat zone, making it the perfect time to make the most of the special savings opportunities available to servicemen and service-women while they are deployed.

A SAVINGS PLAN THAT GUARANTEES 10% RETURNS.

Usually, the words “guaranteed 10% returns” are a warning to run away from a scam. But the military’s Savings Deposit Program is no rip-off. Deployed servicemembers can invest up to \$10,000 in the program and receive 10% annual interest, compounded quarterly. This sweet deal lasts while you are deployed and for up to three months after you return.

You can’t contribute to the plan until you’re deployed, but you should try to stockpile some money beforehand so you can contribute as much as possible as soon as you are eligible. You don’t want to miss the chance to pocket 10% interest.

For more information, see the Savings Deposit Program at the Defense Finance and Accounting Web site (www.dfas.mil/militarymembers/payentitlements/sdp.html).

HIGHER THRIFT SAVINGS PLAN LIMITS.

Deployed servicemembers can supercharge contributions to the Thrift Savings Plan. Most participants are limited to investing \$17,000 in the TSP in 2012, but if you receive tax-exempt pay while serving in a combat zone, you can contribute up to \$50,000 for the year. Any tax-free pay that goes into the TSP will also be protected from taxes when withdrawn. For more information, see www.tsp.gov.

TOTALLY TAX-FREE INCOME IN A ROTH IRA.

Saving in a Roth IRA can be a particularly good deal if you’re receiving tax-free combat-zone pay. In that case, your money goes into the Roth tax-free and your contributions as well as your earnings come out tax-free, a double tax benefit that’s tough to beat. You can contribute up to \$5,000 to a Roth IRA in 2012 (or \$6,000 if you’re at least age 50 by the end of the year). The right to contribute is gradually phased out as modified adjusted gross income for the year rises between \$173,000 and \$183,000, if you are married filing jointly, and between \$110,000 and \$125,000 if you are single.

venting theft by spotting and denying unusual charges. It’s better to give them a heads up about your deployment rather than run the risk that your account could be frozen temporarily if the card issuer is unable to reach you with questions about charges from an unexpected location.

Your Emergency Fund

It’s always important to have an emergency fund so unexpected expenses don’t drive your family into debt. But it’s particularly crucial if you are about to deploy. Try to build up enough cash in an accessible account to cover at least six months’ worth of expenses.

Also think about extra costs your family may have while you’re gone. “Try to set aside some extra money to help out the spouse left at home with things such as yardwork and cleaning, or a babysitter to give the spouse a break from parenting,” says Nowak. “My family doesn’t live in a traditional military community with all of the typical support systems in place, so we budgeted some money for all of those things. It doesn’t make being a single parent easy, but it does help.” ★

The State of Your State-Tax Situation



Federal tax law has some sweet (and well-deserved) breaks for military families. And, there are key provisions that can simplify things—and maybe save money—when it comes to state income taxes, too. Generally, your legal residence for determining where

you vote, get your driver's license and pay your taxes is the state where you live. But the law allows servicemembers to maintain legal residence in one state even if they are stationed in another. Imagine the hassle if you had to change all those things every time you were transferred. That's the simplicity part.

The savings part is that if your legal residence (also called domicile) is—or is changed to—a state that has no income tax, you can be

shielded from the state levy even if you find yourself living in a high-tax state.

A Pilot's Story

Lt. Eric Schwab, a 28-year-old Navy pilot, is now stationed in Kingsville, Tex., after a two-year deployment with the USS *Enterprise*. A native of Rhode Island, that's where Schwab has filed state income taxes since he was commissioned in 2005, despite a training stint in Florida and several years being stationed in Virginia. "Since taxes in

Virginia were higher than in Rhode Island, I didn't want to change my domicile while I was there," says Schwab. When in Florida, Schwab wasn't aware that he could change his legal residence to that no-tax state.

But now that he's in Texas (also a no-income-tax state), the lieutenant will claim the Lone Star State as his domicile. So, even if he's transferred to a state that imposes an income tax, his military pay will be tax-free at the state level.

How to Do It

You can't just wish away state taxes by claiming a no-tax state as your home. "Domicile is a term of art meaning physical presence plus the intent to remain there permanently or to return there," explains Lt. Col. Evan Stone, director of the Armed Forces Tax Council.

Your domicile begins as your home state when you join the military and can remain the same, regardless of where you are actually deployed. Or, if you are transferred to another state—so you meet the physical presence test that Stone cited—and decide to make it your home, you can establish it as your legal residence. You can't do this just for tax purposes. You'll want to register to vote in the state, register your car and get your driver's license there, and plan to return once your service is completed.

Although your military pay will be taxed (or not) by your domicile state, other earned income (from a second job, for ex-

ample) can be taxed by the state where you are stationed. Check the rules carefully wherever you are stationed.

A Break for Spouses

In recent years, the law has been expanded to provide state-tax relief for husbands and wives. Now, a spouse who has the same domicile as a servicemember can also maintain that legal residency if the couple moves to a new state under military orders. His or her civilian pay will be taxed by the rules of the domicile, not the state where they actually live.

That rule will be a big help to Lt. Schwab, who will soon be married to Megan Gorzynski. Once they establish Texas as their legal residence, they'll both enjoy the benefits of a no-income-tax state no matter where he is stationed throughout his service.

If you have questions about establishing your domicile, check with the legal-assistance office on your base, ship or installation. ★

Smart Home-Buying (and Selling) Tactics



Many families' largest investment is their home. And homeownership comes with an extra portion of complexity for military families. Many were hit particularly hard by the housing downturn, saddled with houses they simply couldn't sell when

ordered to move to a new location.

But servicemembers also have special mortgage programs and tax breaks to help them afford a home—and assistance if they're unable to sell.

Key Home-Buying Decisions

Members of the military receive a tax-free housing allowance to cover all or part of their monthly rent or mortgage payment. (To check on the Basic Allowance for Housing—BAH—by

rank and zip code, use the tool at the Department of Defense Web site www.defensetravel.dod.mil/site/bahCalc.cfm.) If you buy a home, you can deduct mortgage interest, even if you're paying it with that tax-free money. But the rent-versus-buy decision is difficult when you may be stationed in an area only a few years.

When home prices were rising quickly, many servicemembers bought homes

even if they expected to live in an area only for a year or two.

They banked on selling for a profit (or renting the house for more than the monthly payments) when they were transferred. But the bursting of the housing bubble upended countless such plans.

Patrick Beagle, a retired Marine helicopter pilot who is now a financial planner in Virginia, recommends limiting housing costs to no more than 30% of your take-home pay. He also suggests that you consider buying only if you plan to stay put for at least three years—five is better.

A house will probably have to appreciate in value by 6% or more just to cover the costs associated with buying and selling. And, appreciation is not guaranteed. Beagle points out that since 2007, average housing prices have dropped 25%—from \$220,000 to \$165,000—in Fayetteville, N.C., home of Fort Bragg. A lot of people he works with are choosing to rent, especially if they're stuck with a previous

home worth less than what they owe on the mortgage.

Jennifer Hernandez, an Air Force spouse and real estate agent in Williamsburg, Va., recommends that military families consider the home's rental possibilities as part of the buying decision—because the odds are high that they'll have to rent it out instead of sell for a profit. “When I take them out looking for a house to buy, we talk about whether they can rent the house for enough money to make the mortgage payment,” she says.

Some families try to hold the monthly mortgage payment to a few hundred dollars less than the BAH for someone of similar rank in the area. That way, they figure they're likely to have a pool of potential renters who can afford to pay enough to cover the mortgage and other costs (including property-management fees) they'd have to pay if they couldn't sell when they are transferred. If you become an absentee landlord,

Buying a home may make sense only if you plan to stay put for at least three years. Five is better. A house will probably need to appreciate by 6% or more just to cover the costs of buying and selling.



you'll need to hire a management firm. Such services tend to charge 10% or so of the monthly rent, says Hernandez.

Servicemembers who buy can benefit from VA loans. Interest rates tend to be comparable to other mortgages, but you can still buy a home with zero money down. For more information about VA loan eligibility and rules, visit the Department of Veterans Affairs Web site at www.homeloans.va.gov.

Shortly after they were married in 2009, then-Marine sergeant Hunter Pulliam and his wife, Nicole, used a VA loan to buy their first house in Sheridan, Ark. "Our first

HOMEOWNER RESOURCES

For more information about your options when dealing with a house worth less than you owe on your mortgage, see **Fannie Mae's** advice at www.knowyouroptions.com/military. You can find a housing counselor approved by the **U.S. Department of Housing and Urban Development** at www.hud.gov or by calling 800-569-4287 or 888-995-HOPE. For details on the government's **Home Affordable Foreclosure Alternatives (HAFA) program**, which now considers military PCS moves as a hardship for eligibility, see www.makinghomeaffordable.gov. And if you bought your home before 2006 and received PCS orders to move between February 2006 and September 2010, you may qualify for the **Homeowners Assistance Program (HAP)**. See <http://hap.usace.army.mil> for details.

home only cost about \$120,000, but like most people in their twenties, we hadn't saved up \$12,000 to \$18,000 or more for a down payment," says Nicole. But be careful if you go the no-down-payment

route. Recognize that if prices fall even modestly, you could wind up underwater, owing more than the house is worth.

Rent or Sell?

Many military families wind up as acci-

dental landlords, renting homes they can't sell after receiving transfer orders.

If you find yourself in that situation, set aside an emergency fund to help cover your mortgage and other expenses if you go without a renter for a few months. Hernandez points out that the law that helps members of the military get out of leases when orders demand that they move or deploy can be a double-edged sword if you're renting to fellow servicemembers. She recommends keeping at least three months' worth of mortgage payments and other expenses in an emergency fund in case a tenant leaves unexpectedly.

If you eventually sell your home for a profit after renting it, there are special tax rules that can minimize the bite. Civilian homeowners need to live in a house for two of the five years leading up to the sale in order to claim tax-free profit on the deal (up to \$250,000 for singles or \$500,000 of tax-free profit if you're married filing a joint return).

But military families need to live in the house for just two of the preceding ten years in order to qualify for the tax break. For more information on this and other tax rules for members of the military, see IRS Publication 3, *Armed Forces Tax Guide*, at www.irs.gov. ★

A Smooth Return to Life as a Civilian



When you decide to leave the military, you'll face a series of key financial decisions, especially in an uncertain job market. Because valuable benefits you receive on active duty will disappear, tricky calculations are needed to decide how much

you'll need to earn as a civilian to match your military pay. A job that seems to offer a higher salary could leave you less well off once you factor in lost tax breaks and benefits. With less job stability, having an emergency fund takes on added importance. But you'll also benefit from programs to help veterans.

Prepare for a Bigger Tax Bite

If your state of legal residence while in the military has no

income tax, moving as a civilian to one that does could be quite a financial shock. And no matter where you live, you'll lose your tax-free housing allowance. Keep the new reality of your finances in mind when negotiating the salary for a new job, for example, or deciding how much you can afford for a house.

David Kless, 47, retired in July 2011 as a captain in the Navy, and quickly discovered that a civilian

Leaving the military may mean a bigger tax bill, more costly insurance and other new financial realities to consider when negotiating a salary or deciding how much house you can afford.

job with a higher salary doesn't necessarily translate into more spendable cash. Kless moved every few years throughout his military career—starting at the Naval Academy in the mid 1980s, followed by postings in Georgia, South Carolina, California, Rhode Island, Japan and Virginia, and six months as a supply officer deployed to the Persian Gulf on the aircraft carrier *USS Nimitz*. He never paid state income tax while on active duty.

But that ended when he took a civilian job at Fort Belvoir, in Virginia. His housing allowance, which had given him about \$2,500 per month tax-free, disappeared. “Now, a big part of David's retirement check goes to pay the taxes and make up for the housing allowance,” says his wife, Teresa, a civilian finance officer.

Replace Your Life Insurance

Members of the military have access to inexpensive life insurance. Servicemembers' Group Life

Insurance (SGLI) costs just \$312 per year for the maximum \$400,000 death benefit. But that coverage expires 120 days after you leave the military. During the transition, you can convert your policy to Veterans' Group Life Insurance with no medical examination.

That can be a good deal if you have a medical condition that might make it tough to qualify for life insurance in the open market. But VGLI is a lot more expensive, and the price rises with age. For those age 30 to 34, \$400,000 in coverage costs \$480 per year; the price gradually rises every five years until age 75. If you're healthy, you may find a much better deal on your own and be able to lock in a fixed rate for 20 or 30 years. Shop for coverage at least six months before you leave the military, so you have time to get VGLI coverage if you don't find a better option. Get quotes for individual policies at www.accuquote.com or www.lifequotes.com. For

more information about VGLI and SGLI, see www.insurance.va.gov/sgliSite.

Replace Your Health Insurance

If you retire after 20 years in the military, you'll qualify for health care in retirement, although you may still want to buy supplemental insurance. If you leave before putting in 20, health-insurance premiums can be surprisingly steep. Even if you get a job that provides insurance, you'll probably have to pay at least part of the premium yourself, in addition to out-of-pocket expenses, such as deductibles and co-payments.

If neither you nor your spouse has a new job with health insurance, you can sign up for the Continued Health Care Benefit Program for up to 18 months. (This is similar to the COBRA benefits available to civilians who leave jobs.) You have 60 days after you leave the military to enroll in the CHCBP, which costs \$1,065 per quarter for individuals or \$2,390 for three months for families. Even at those prices, this can be a good option if you have a medical condition that makes it difficult to qualify for coverage.

As with life insur-

ance, though, if you're healthy, you may find a better deal on your own. To check, get quotes for policies at eHealthInsurance.com. You can also get more information about health insurance policies available in your state at www.healthcare.gov.

If you buy on your own, you can lower premiums by choosing a high-deductible policy and pairing it with a health savings account. You can deduct money you put into an HSA, and it comes out tax-free if it's used to pay your medical expenses, including that high deductible.

Check the Department of Veterans Affairs Web site (www.va.gov/healtheligibility) to determine if you are eligible for VA health care.



If you buy health insurance on your own, you can lower premiums by choosing a high-deductible policy paired with a tax-favored health savings account. HSA money can be used tax-free to pay medical bills, including that steep insurance deductible.

Protect Your TSP

You can maintain your retirement account even after you leave the military, which can be a good deal because expenses are so low. Or you can roll the balance into a new employer's 401(k) or an IRA, to get access to different investments.

If you roll TSP money into an IRA or another plan, keep track of any contributions that were made with tax-free combat pay. A portion of each withdrawal from the new plan will be tax-free to account for the tax-free contributions. See www.tsp.gov for details.

Build Your Emergency Fund

A stash of safe and accessible cash is even more important once you move into a civilian job that may be susceptible to layoffs. Keep at least six months' worth of expenses in a money market or savings account.

Take Advantage of Transition and Education Resources

The transition office at your installation will explain the procedures you must follow when you leave the military, the benefits you'll receive and the resources available to help. But it's a good idea to do addi-

tional research on your own. Talk with someone who has already left the military and ask about financial surprises.

The military community-service office on your base and the Army Career and Alumni Program (www.acap.army.mil)—there are similar programs for the other branches—offer valuable resources to help with the transition and new-job search. The Department of Labor's Veterans' Employment and Training Service (www.dol.gov/vets) program is packed with resources to help veterans find jobs.

Reassess Your Retirement Savings

When you're close to leaving the military, you'll have a much better handle on how much of a pension and other benefits you'll receive. Once you gather those numbers, you can calculate how much more money you'll need to save to ensure a financially secure retirement (the calculators in the tools section at Kiplinger.com can help you run the numbers). Doing this calculation can be a quick reality check about how much money you need to earn from a post-military job. ★

Financial Resources for Military Families

Better Business Bureau

(www.bbb.org) helps you check out businesses in your new hometown or online and works to resolve complaints. BBB Military Line (www.bbb.org/military) specializes in consumer alerts, financial education and resources for members of the military.

Investor Protection Trust

(www.investorprotection.org) provides information about investing and protecting your money, including an excellent guide to help you get started in investing (www.investorprotection.org/learn). Look for special educational resources for the military.

Defense Credit Union Council

(www.dcuc.org) includes contact information for credit unions on base and other financial information for servicemembers.

ClearPoint Credit Counseling Solutions

(www.clearpointcreditcounselingsolutions.org) offers budget, housing and debt-counseling resources.

SaveandInvest.org

alerts military families to active scams, includes advice on saving and investing, and provides resources for checking out advisers.

MilitaryMoney.com

offers advice on all aspects of personal finance for military families, plus links to discount and support programs.

MilitarySaves.org

focuses on strategies for building savings and reducing debt, and includes inspirational stories from servicemembers who make savings a priority. The site also highlights special programs during Military Saves Week (the last week in February).

MyMoney.gov includes helpful information from a variety of government resources about budgeting, taxes, homeownership and credit, and how to avoid scams.

MilitaryOneSource

.com is a clearinghouse for information related to all things military, including deployment, legal rights and finances.

Consumer Financial Protection Bureau Servicemembers' section

(www.consumerfinance.gov/servicemembers) includes resources specifically designed to help members of the military plan for the future and protect their finances.

The Securities and Exchange Commission's military site

(www.sec.gov/investor/military.shtml) offers warnings about scams targeting members of the military as well as general investor education and tips on how to check out a broker.

North American Securities Administrators Association

(www.nasaa.org) includes links to state securities regulators, tips on avoiding scams and other helpful information for investors.

Department of Veterans Affairs SGLI

(www.insurance.va.gov/sglISite/default.htm).

This site offers in-depth information about Servicemembers' Group Life Insurance.

TSP.gov

features details about the Thrift Savings Plan for military personnel.

Defense Finance and Accounting Service

(www.dfas.mil) includes information about active military and retiree pay, benefits and savings.

National Association of Insurance Commissioners

(www.naic.org/consumer_military_insurance.htm). This site focuses on insurance issues for members of the military, and includes contact information for insurance regulators.

Armed Forces Legal Assistance

(<http://legalassistance.law.af.mil>) includes a search tool to help you find legal-assistance offices at nearby bases.

Military Homefront

(www.militaryhomefront.dod.mil). This Department of Defense Web site highlights resources and benefits for military families.

MyArmyBenefits

(<http://myarmybenefits.us.army.mil>) includes information about military pay and benefits, transition information and tax rules.

IRS Armed Forces Tax Guide

(www.irs.gov) explains special tax rules that can benefit military personnel.

U.S. Department of Justice

(www.servicemembers.gov) provides details on special legal rights for members of the military and veterans.

Military.com

focuses on pay and benefits, financial issues, preparing for deployment and transitioning out of the military.

National Military Family Association

(www.militaryfamily.org) features resources to help families make the most of their benefits, prepare for deployment and cope with financial issues.

Armed Forces Crossroads

(www.afcrossroads.com) covers benefits, deployment, relocation and other issues.

VA Loans. This Department of Veterans Affairs site (www.homeloans.va.gov) includes detailed information on VA loans.

Kiplinger.com provides timely advice and information to help with all areas of personal finance, from saving and investing to insurance, taxes, homeownership and financial planning. ★

ADDITIONAL RESOURCES

You'll find helpful information about benefits and support for military families at these sites.

Air Force (www.afcommunity.af.mil)

Army (www.myarmyonesource.com)

Army Reserve (www.arfp.org)

Coast Guard (www.uscg.mil/worklife)

Marine Corps (www.usmc-mccs.org)

Navy (www.nffsp.org)

National Guard (www.nationalguard.mil, www.jointservicessupport.org)

Reserve Affairs (<http://ra.defense.gov>)

Organize Yourself

A key step toward protecting your financial life is to organize it. This “executive summary” of key details is a good place to start. Complete it, put it in a safe place, and make sure your loved ones either have a copy or know how to put their hands on one if it’s needed.

Emergency Contact Info	Personal Contact	Employer Contact
Name		
Street Address		
City, State, Zip		
Phone		
E-mail		

CHECKING/SAVINGS ACCOUNTS

Bank/ Credit Union	Checking Account Number	Savings Account Number	Location of Statements	Login for Online Banking

LOANS

Bank/Credit Union	Account Number	Monthly Payment	Due Date	Location of Statements

CREDIT CARDS

Issuer Name	Account Number	Payment Due Date	Location of Statements

INVESTMENTS

Financial Institution	Type of Investment	Account Number	Location of Statements

INSURANCE

Company/Agent	Type of Policy	Premium Due Date	Policy Number	Location of Policy

LEGAL INFORMATION

	Location and additional information such as the executor or attorney
Will	
Power of Attorney	
Passport	
Marriage Certificate	
Divorce/Separation Plan	

Kiplinger

ABOUT KIPLINGER

Kiplinger's Personal Finance magazine has been providing millions of Americans with down-to-earth advice on managing their money and achieving financial security since 1947. Along with **Kiplinger.com**, it is a highly trustworthy source of information on saving and investing, taxes, credit, homeownership, paying for college, retirement planning, car buying and many other personal finance topics.



ABOUT BBB MILITARY LINE

BBB Military Line® is a Better Business Bureau 501(c)(3) program established in 2004. It operates in partnership with the DOD Financial Readiness Campaign and is a partner in the National Joining Forces Initiative. BBB Military Line brings financial workshops tailored to the military for adults and teens; participates in community fairs, conferences and military-installation events; and provides consumer-protection information and services—all through the efforts of local BBBs throughout the U.S. Our program empowers our military communities and builds bridges between civilian and military cultures through face-to-face interaction and cooperation. Our online presence provides financial-literacy and military consumer information, along with consumer threat alerts that specifically target the military population. Please visit www.bbb.org/military for more information.



ABOUT THE SPONSORS

The Defense Credit Union Council is a nonprofit association supporting the interests of defense credit unions that operate on military installations worldwide. By maintaining a close and constant liaison with the Pentagon, DCUC assists the Department of Defense and its member credit unions in coordinating policy, procedures and legislation, as it relates to financial readiness, morale and welfare, and the delivery of quality financial products and services to the troops and their families. www.dcuc.org



The Investor Protection Trust (IPT) is a nonprofit organization devoted to investor education. More than half of all Americans are now invested in the securities markets, making investor education and protection vitally important. Since 1993 the Investor Protection Trust has worked with the states and at the national level to provide the independent, objective investor education needed by all Americans to make informed investment decisions. The Investor Protection Trust strives to keep all Americans on the right money track. www.investorprotection.org



The Investor Protection Institute (IPI) is an independent nonprofit organization that advances investor protection by conducting and supporting unbiased research and groundbreaking education programs. IPI carries out its mission through investor education, protection and research programs delivered at both the national and grassroots level in collaboration with state securities regulators and other strategic partners. IPI is dedicated to providing innovative investor-protection programs that will make a meaningful difference in the financial lives of Americans in all walks of life and at all levels of sophistication about financial matters. www.protectinvestors.org



ClearPoint is a national nonprofit financial-education organization that provides free, one-on-one counseling to consumers in need of budgeting and housing advice. Services are available nationally by phone, via the Internet and face-to-face in 12 states. Personal, local, nonprofit credit counseling also available. Call 877-465-2227 or visit <http://clearpointccs.org>



Pennsylvania Securities Commission

Eastgate Office Building, 2nd Floor
1010 North Seventh Street
Harrisburg, PA 17102
1-800-600-0007
Web: www.psc.state.pa.us