



YOUR MONEY, YOUR GOALS

Focus on Military Communities

A companion guide to help educate and empower servicemembers, veterans, and their families to make financial decisions.

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Introduction

About the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) regulates the offering and provision of consumer financial products and services under the Federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions. Learn more at consumerfinance.gov.

About the CFPB's Office of Servicemember Affairs

The CFPB's Office of Servicemember Affairs (OSA) was created by law to, among other things, educate and empower military consumers and their families to make better informed decisions regarding consumer financial products and services. The OSA accomplishes this through innovative educational tools like Misadventures in Money Management (MiMM), available at mimm.gov, and producing educational content on military finance topics. Learn more about the OSA at consumerfinance.gov/servicemembers.

About Your Money, Your Goals

Your Money, Your Goals is a financial empowerment toolkit, not a curriculum, consisting of a set of modules that organizations may integrate into their daily work with the people they serve. These modules function independently of one another, can be used in any combination or order, and are appropriate for a wide variety of client populations, as well as for staff or volunteers who may benefit from financial empowerment in their own lives.

Financial empowerment is about giving individuals information and tools that help them understand the risks and benefits of financial products, services, and actions so they can control their own financial situations and make their own choices.

Financial decisions for military communities

Military life comes with unique financial situations. And those situations are relevant not only for servicemembers (including those in the Reserve or National Guard), but

also veterans, and military families. They are also relevant for parents, friends and others who help servicemembers and veterans manage their finances.

Variability of pay depending on assignment, frequent moves, scams and deceptive marketing that target military communities are just a few examples of the aspects of military life that have financial implications.

This companion guide to the Your Money, Your Goals toolkit adds tools and information for military communities to help people make the financial decisions that are right for them.

SERVING MILITARY COMMUNITIES

Military communities are diverse. They include:

- Active duty servicemembers
- Servicemembers in the Reserve and National Guard
- Veterans, including those who retired with a military pension and those who separated without a military pension
- Military spouses and families
- People who care about someone in the military, such as close friends and members of extended family

If you provide community-based services, you are already likely serving military communities. Using these tools, you can better address the military-specific financial situations of people that you serve.

If you specialize in serving military families, this guide is also for you. You will recognize that the tools can help you to address financial challenges, opportunities, and issues that you see often.

While no single guide could encompass all financial topics that are important to military communities, this guide was developed to help address some of the most common and important.

THIS GUIDE IS FREE AND ACCESSIBLE

Your Money, Your Goals: Focus on Military Communities is available as a downloadable PDF file. Hard copies can be ordered free of charge at <https://pueblo.gpo.gov/CFPBpubs/CFPBpubs.php>. Each tool in this guide is dynamic and interactive and can also be downloaded individually here: consumerfinance.gov/your-money-your-goals/companion-guides.

Using the Your Money, Your Goals toolkit and guide

This guide—Your Money, Your Goals: Focus on Military Communities—complements the Your Money, Your Goals financial empowerment toolkit. You can use this guide as a primary resource and supplement it with the full toolkit when you need additional information and tools.

The introduction to the Your Money, Your Goals toolkit is for you—the social services staff, volunteers, or other individuals who provide services. This information can help you prepare to use the toolkit.

Modules 1 through 9 include information on specific topics and tools. Each module offers a specific set of tools you can use with the people you serve depending on the situation. The content modules include:

- Module 1: Setting Goals
- Module 2: Saving
- Module 3: Tracking Income and Benefits
- Module 4: Paying Bills
- Module 5: Getting through the Month
- Module 6: Dealing with Debt
- Module 7: Understanding Credit Reports and Scores
- Module 8: Choosing Financial Products and Services
- Module 9: Protecting your Money

Regardless of the types of services you provide, you likely are already serving military communities. You may be providing services to veterans or military spouses, for example, without being aware that they have connections to military service.

It's worthwhile to know whether the individuals and families are part of military communities because of the effects this has on their finances. Once you know, you can share information and tools from this guide to serve them better. Even if you aren't personally familiar with military-specific financial topics and situations, you can be an important source of information, tools, and referrals. Your services will be stronger because they will reflect the unique financial challenges and opportunities faced by military consumers.

To identify military families, just ask! Consider incorporating these sample questions into your intake process or asking them in one-on-one meetings with the people you serve:

- Is anyone from your household currently serving in the U.S. military?
- Have you or anyone in your household ever served in the U.S. military?
- Do you sometimes provide help to someone who is serving or has served in the U.S. military?

If the individual answers "yes" to any of these questions, consider using "My money picture" in the Your Money, Your Goals toolkit to better understand the financial issues, concerns, and goals of the individual.

MODULE 1

Setting Goals

Turn your hopes, wants, and dreams into reality by setting and achieving goals.

At a glance in the toolkit

This module can help you create a plan to fulfill your dreams by learning how to set, adjust, and reach your short-term and long-term goals.

- **Setting SMART goals¹**
- **Putting goals into action**
- **Planning for life events and large purchases**
- **Revising your goals**

Additionally, in this guide

-  **Planning for important money conversations**
-  **Discussing money productively**
-  **Buying or renting a home**
-  **VA home loans**

Overview

Everyone has a different idea of the future they want to build. What do you want to accomplish in the near future? What do you want for yourself and your family in the long term? These ideas of your future are your hopes, wants, and dreams.

¹ SMART goals is an acronym for describing goals that are Specific, Measurable, Attainable, Relevant, and Time-Based.

But they don't just happen on their own. Accomplishing your dreams means thinking about the money you need to help make them come true.

It's also important to think about your values, the things that are meaningful to you and your family. Your values help shape how you prioritize what you do with your time, energy, and even money. If your goals support your values, you'll be more likely to prioritize them, which gives you a greater chance of accomplishing them.

Setting goals along the way is a good strategy to help you achieve your dreams. Some goals may take a few weeks or months to reach, like saving money to buy gifts for the holidays or buying a new mattress. These are short-term goals. Others may take many months or even years to reach, like paying off a large debt. These are long-term goals.

Focus on military communities

Servicemembers, veterans and military families can relate to goal setting. Missions or objectives are the ways that military communities measure success. But the mission must be clear and measurable, and it must be communicated to everyone involved.

Goal setting is clarifying the purpose of financial plans for an individual, family, or household in a way that is clear and measurable. Many servicemembers and veterans live with others. Setting goals and having conversations with others in the family or household can help get everyone unified and focused on the financial mission. This could be saving money for emergencies, getting more education or training for members of the family or household, or making financial decisions related to life events.

Financial decisions often accompany major life events: marriage, the birth or adoption of a child, change in job status, illness, divorce, post-secondary education for children, retirement, and end of life issues. Military communities may experience some of the following additional stressful events and situations:

- Entering the service and basic training
- Moving to the first duty location
- Deployments outside the Continental U.S.
- Post-deployment transitions
- Managing seen and unseen injuries
- Permanent Changes of Station (PCS)
- Dealing with spouse under or unemployment
- Separating or retiring from military service

For instance, a PCS sometimes requires servicemembers and their families to make a series of financial decisions within a limited time and may involve appointing someone to manage their financial affairs.

Servicemembers may have to rely on a spouse, another family member, or a friend to manage their finances during overseas deployments, special assignments, or if they are injured in the line of duty. Or, as a military spouse, family member, or friend of a servicemember, they may have to make the day-to-day financial decisions for the household, particularly during military training, deployment, or other duty-related travel.

Having discussions and making decisions about money matters with spouses, or other people may be challenging. Conversations and decisions about money are influenced by emotions, which may come from life experiences, values, hopes, or fears. Whatever the situation, it can be useful to have productive conversations about money matters.

Using the tools

Your Money, Your Goals toolkit

- Use “**Setting SMART goals**” to identify goals that will help you plan for and attain the things that matter most to you
- Use “**Putting goals into action**” to create a plan to achieve your goals
- Use “**Planning for life events and large purchases**” to help you develop a plan to pay for things like a big celebration, a car, or your child’s college tuition
- Use the “**Revising goals**” handout to update or revise goals as needed

Focus on military communities

- Use “**Planning for important money conversations**” to help organize and hold productive discussions about key financial topics;
- Use “**Discussing money productively**” to help make any conversations about money positive and forward focused;
- Use “**Renting or buying a home**” to help figure which options to explore when faced with a Permanent Change of Station (PCS); and
- Review the “**VA home loans**” handout to learn more about this special benefit available to servicemembers, veterans, and in some cases, family members, to purchase, retain, or adapt homes.

GETTING STARTED

Planning for important money conversations

This tool will help you identify important money conversations to have with your family, document decisions you make, and plan steps to implement these decisions.

Taking care of day-to-day financial management often overshadows the time and need for important and, in many cases, longer-term financial conversations and decisions. You can make plans to make these important decisions by identifying the money conversations you need to have.

What to do

- **Read through each money conversation.** Conversations with family about money can include everything from the weekly shopping list to plans for retirement.
- **Put a check next to the conversations you need to have with those who help you manage your finances.** Use this to help you plan to set aside time to have these conversations and determine decisions you need to make.
- **Write down the decisions you make or additional information you need to make decisions.** Write down the next steps you need to take to implement your decisions.

A step further

Use these money conversations as the basis for setting goals and develop an agenda for productive conversations about money.

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Get prepared by Planning for important money conversations

1. Read each money conversation.
2. Put a check next to those conversations you need to have.
3. Write down the decisions you make or additional information you need to make decisions.
4. List the next steps to implement the decision under "action steps."

| Money conversation | My decisions | Action steps if needed |
|--|--------------|------------------------|
| <input type="checkbox"/> How will I make financial decisions if I'm out of the country, incapacitated, or during undisclosed assignments? Do I need to establish a power of attorney? | | |
| <input type="checkbox"/> How will I cover expenses like debt payments during deployment or while on temporary duty? | | |
| <input type="checkbox"/> How will I manage seen and unseen duty-related illness or injury? | | |
| <input type="checkbox"/> How do I go about renting or buying a home in a Permanent Change of Station move? | | |
| <input type="checkbox"/> How can I fund additional education or my children's education using the GI Bill? | | |

| Money conversation | My decisions | Action steps if needed |
|--|--------------|------------------------|
| <input type="checkbox"/> How can I save for retirement? Should I consider the Thrift Savings Plan or other options like an Individual Retirement Account? | | |
| <input type="checkbox"/> How can I manage spouse unemployment or underemployment in both the short and long-term? | | |
| <input type="checkbox"/> How can I plan for the care of dependent family members like my children, family members with disabilities, and aging parents? | | |
| <input type="checkbox"/> How do I manage changes in income that may be temporary or permanent? | | |
| <input type="checkbox"/> How can I plan for end of life decisions and expenses? | | |

GETTING STARTED

Discussing money productively

This tool will help you prepare for important money conversations and financial decisions by providing scripts that can help make financial discussions more productive.

Conversations about money can be stressful. These discussions may involve important decisions, life events, and family members' values and goals. Preparing to have these conversations ahead of time can lead to more informed financial decisions everyone in your family can support.

What to do

- **Read through the tips to help your structure a productive conversation.** Because financial choices are often emotional, it can be important to structure the conversation. This ensures that you can make important decisions and prevent people involved from becoming defensive. Steps to prepare for the discussion, approaches to remember during the conversation, and steps to take after the discussion is over. Check off each tip you complete.
- **Write your thoughts or next steps in the “notes” column.** If you need more space, use another piece of paper.
- **Use the example scripts help you think about how to make your conversations productive.** Identify what went right in the example conversations and where and how the conversations could be improved.

A step further

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Make important decisions by Discussing money productively

1. Read each tip and check off each one you complete.
2. Write your thoughts in the "notes" column. Or, if one of the tips requires a set of actions, list those steps in the "notes" column.
3. Use the example scripts to help you think about how make your conversations more productive.

Preparation

What to do before you discuss money with your family.

| | Tip | Notes |
|---|--|-------|
| <input type="checkbox"/> Set goals for your conversation. | <ul style="list-style-type: none">▪ What do you want to accomplish?▪ What decisions do you need to make during the conversation? | |
| <input type="checkbox"/> Determine voice versus vote. | <ul style="list-style-type: none">▪ Who will be invited to give input?▪ Who will be involved in making the final decision? | |
| <input type="checkbox"/> Be aware of your own values and biases. | <ul style="list-style-type: none">▪ What are your needs, wants, and obligations requiring money?▪ How do you feel about the needs, wants, and obligations of others in your family? | |
| <input type="checkbox"/> Make an agenda and share it. | <ul style="list-style-type: none">▪ What is the purpose of the discussion?▪ What are the goals of the discussion?▪ What are the key decisions to be made during the discussion?▪ What are the topics of the discussion? | |

Preparation

What to do before you discuss money with your family.

| | Tip | Notes |
|--|--|-------|
| <input type="checkbox"/> Determine if additional information can inform the discussion and share it in advance. | <ul style="list-style-type: none">▪ Do you have a written budget?▪ Do you have information about the Military Retirement System and/or the Thrift Savings Plan?▪ For Permanent Change of Station moves, do you have information about your Basic Allowance for Housing and other entitlements? | |
| <input type="checkbox"/> Think about how to make conversations about money matters ongoing and intentional. | <ul style="list-style-type: none">▪ When will you meet again? | |

Communication

What to do while you meet.

| | Tip | Notes |
|--|---|-------|
| <input type="checkbox"/> Ask questions. | <ul style="list-style-type: none">▪ Stay focused.▪ Listen and respond to what others say. Restate what you've heard from others to ensure you have it right.▪ Try not to let the conversation stray to other topics or past conflicts around money.▪ Try to avoid judgement. | |

Communication

What to do while you meet.

| | Tip | Notes |
|--|---|-------|
| <input type="checkbox"/> Keep your emotions in check. | <ul style="list-style-type: none">▪ Be aware of your feelings and state them—don't let them derail your conversation.▪ Maintain a neutral or positive tone.▪ Keep eye contact.▪ Remember that you're working together. | |
| <input type="checkbox"/> Stick to the topic at hand | <ul style="list-style-type: none">▪ If you have conflict, don't bring up old disagreements or complaints even if unresolved.▪ Set another time to address old issues. | |

Communication

What to do while you meet.

| | Tip | Notes |
|---|--|-------|
| <input type="checkbox"/> Recap at the end of the conversation. | <ul style="list-style-type: none">▪ Go over what you and anyone else are going to do after your conversation. What is each person's next steps?▪ Brainstorm where to get help with next steps if needed.▪ Write next steps, place them where everyone involved can see them, and agree to another date and time for meeting. | |

Follow up

What to do after you meet

| | Tip | Notes |
|--|--|-------|
| <input type="checkbox"/> Complete next steps you agreed to during the conversation. | <ul style="list-style-type: none">▪ Create a check list to keep track of next steps. | |

Example Scripts

Conversation about Money Matters #1

| Person | Response |
|---|---|
| Marissa, Active Duty Warrant Officer in the Army | With my upcoming deployment, I think we need to talk about how you're going to manage the money around here. |
| Patrick, Marissa's Spouse | What do you mean by that? |
| Patrick | I was unemployed last time you deployed, and there were things the kids and I needed. It's not like we were spending the money on frivolous things. |
| Marissa | All I know is we can't do that again. So, here is a budget I prepared for you and the children while I am gone. No more eating out—that's for sure. You wasted so much money on that last time. |
| Patrick | Wait, you prepared a budget for us! That doesn't seem very fair. You don't know what it is like managing all these responsibilities on your own. Sometimes I was too exhausted to cook, so we grabbed meals out. That doesn't seem like a big deal to me. |
| Marissa | Well, you're going to need to do a better job planning. Time to think ahead and tighten the belt. |

What was productive about this conversation?

What conversation tips could Marissa and Patrick use from the checklist above to make the conversation more productive?

Conversation about Money Matters #2

| Person | Response |
|---|--|
| Marissa, Active Duty Warrant Officer in the Army | Patrick, as you know I'll be leaving for my deployment in about six weeks. I was wondering if we could set some time aside together to talk about finances. |
| Patrick, Marissa's Spouse | Why? I know you think I did a bad job last time. |
| Marissa | I was thinking more about planning together, not revisiting past decisions you or I made around our money. In fact, here is a start to an agenda for our discussion. I would really like for you to look it over, change it, and add to it. We work so hard for our money, and I want to make sure we work together to reach our goals with it. I haven't asked you in a while, but what are some of your goals? |
| Patrick | Wow, I haven't thought about this in a while. We're so busy working, making ends meet, taking care of the kids, I don't feel like I have the time to think about something like goals. |
| Marissa | I feel the same. That's the reason I think setting some time together to do this would be good for us before I leave. |

| Person | Response |
|----------------|--|
| Patrick | Okay. Can I review this agenda and get any suggested changes to you tomorrow? Right now, I think I would have the time and energy to have this discussion on Sunday afternoon. The kids have plans with our neighbors, so we won't be interrupted. |
| Marissa | That sounds great. Thank you for working together on this. So, you will make changes to the agenda tomorrow, and we'll meet on Sunday afternoon. |
| Patrick | Are there things we should individually think about in advance? Or is there information we should get together like our most recent bank statement? |
| Marissa | Yes, I think that is a great idea. How about we come to the meeting with one to three personal goals and one to three family goals. From what I understand, all financial plans should start with goals. I think bringing recent statements and bills to look at would be terrific, so we have a good picture of our spending. Do you have the time to pull this together by Sunday? |

What was productive about this conversation?

What could Marissa and Patrick use from the checklist above to make the conversation more productive?

GETTING STARTED

Buying or renting a home

This tool will help you think about whether to rent or buy a home when faced with a Permanent Change of Station and where living on base may not be an option.

The decision to rent or buy a home is among the most challenging and important. It is a personal decision and often related to a servicemember's values and goals.

Many factors affect a servicemember's ability afford buying a home, like income, credit history, and debt. These include income, credit history, and debt. There are lifestyle and emotional factors to consider too, like the stress of affording mortgage payments and maintenance, or selling the home if needed. But it also provides freedom to that aren't allowed when you're renting.

What to do

- **Read through the prompts below.** Think about your goals, values, and the lifestyle you want as you read.
- **Review the additional information for each prompt.** This may give you more information to help you answer the question.
- **Answer each prompt.** If you have a spouse and/or other family member(s) moving with you, consider answering the questions with them.

A step further

Use this as the foundation for a productive conversation.

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Deciding on Buying or renting a home

1. Read each prompt and the additional information to determine an answer.
2. Put a check or "x" in the column that best represents your answer right now for each consideration.
3. Select either "yes" or "no" for each prompt.

| What to consider | Additional Information | Yes | No |
|---|---|--------------------------|--------------------------|
| 1. Do you have enough regular income to cover the monthly payment? | If you are buying a home with a loan, you will have a monthly mortgage payment. It will likely include the partial repayment of the loan, the interest you owe, taxes, and home insurance. If your interest rate is fixed, your monthly payment will only fluctuate based on changes to taxes or insurance. Rent, however, can increase. Prior notice is required, but the amount of time required for this notice varies by state and local laws. | <input type="checkbox"/> | <input type="checkbox"/> |

| What to consider | Additional Information | Yes | No |
|--|--|--------------------------|--------------------------|
| <p>2. Do you have enough income and savings to afford the utilities, maintenance, repairs, and other ongoing costs associated with homeownership?</p> | <p>You will need additional income to cover utilities and other ongoing costs if you own a home.</p> <p>If your renting may be included in your rent, such as gas and electric. But water, sewer, garbage/recycling, internet, television, or phone service are generally not included.</p> <p>As a renter, you also won't pay for most regular maintenance and repair costs. Read your lease or rental agreement to ensure you understand what is and is not covered in your monthly payment.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>3. Can you afford a mortgage with the other debt you have?</p> | <p>The more debt you have, the less money you have to cover housing costs whether you are renting or buying.</p> <p>When buying a home, some lenders set limits on how much debt you can have to qualify for the loan. With VA loans, there is no maximum debt-to-income (DTI) ratio but borrowers with a high DTI ratio may have trouble getting approved for a VA loan.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>4. Do you have a good credit history?</p> | <p>Your credit scores and the information in your credit reports may affect your ability to rent or buy. For renters, lower credit scores may mean higher security deposits or rejected applications. When buying a home, lower credit scores can reduce your options for financing your home purchase. With VA loans there is no minimum credit score required—the lender must consider the entire loan profile.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

| What to consider | Additional Information | Yes | No |
|---|--|--------------------------|--------------------------|
| 5. Do you have money for a down payment and closing costs? | <p>For a conventional loan, you must generally pay 20% of the loan as a down payment or you pay for mortgage insurance. This increases your monthly payment.</p> <p>With a VA loan, no down payment is required unless it's required by the lender and mortgage insurance isn't required. Closing costs are generally paid at closing but may be rolled into the loan. Experts estimate buyers pay two to five percent of the purchase price, but the actual percentage varies depending on where the home is located.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Will you benefit from a home mortgage interest deduction? | You may be able to deduct all or most of the interest you pay for a mortgage from your taxes. This reduces your taxable income. To use the home mortgage interest deduction, you must list or itemize your deduction. Itemizing tax deductions may not be worth it for all families. Look at whether your total itemized deductions, including your mortgage interest deduction, are greater than the standard deduction you're entitled to. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is the local housing market stable? | This affects your ability to sell a home if you have a Permanent Change of Station (PCS) or move for another reason. Ask real estate professionals, lenders, and appraisers questions to understand your local housing market. Do homes seem to sell relatively quickly? Are there few foreclosures? Are home prices increasing at a reasonable rate? These are typically signs of a stable housing market. | <input type="checkbox"/> | <input type="checkbox"/> |

| What to consider | Additional Information | Yes | No |
|--|---|--------------------------|--------------------------|
| 8. Is the military installation unlikely to close? | <p>The Department of Defense Base Realignment and Closure (BRAC) Commission may be looking to close your installation, which could result in changes that affect the housing market. If you buy a home, and the local economy is dependent on a military installation that closes, it may affect your ability to sell or rent a home.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Do you think you will return to or potentially retire in the area? | <p>Generally, the longer you stay in a home, the more your equity will grow. Home equity is the value of your home minus any loans you owe on your home. Once you build home equity, you may be able to borrow against it to pay for other needs like home improvements or education.</p> <p>You do not build equity when you rent.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Do you need housing with accommodations for seen/unseen injuries? | <p>When you own a home, you have more freedom to remodel or adapt a home. The VA has a specially adapted-housing program, which offers grants to help servicemembers and veterans with certain service-connected disabilities build, remodel, or purchase an adapted home.</p> <p>If you rent, the Fair Housing Act, which covers most housing, requires landlords to provide reasonable accommodations for individuals with disabilities. This includes service and emotional support animals. You can't be discriminated against or evicted if you have a service animal.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

| What to consider | Additional Information | Yes | No |
|--|--|--------------------------|--------------------------|
| 11. Would renting a home impair your ability to pursue hobbies like gardening or painting? | <p>When you own a home, you have the freedom to pursue a wide range of hobbies, and you can redecorate and renovate within any limits set by local laws or a Home Owners Association (HOA) if applicable.</p> <p>Some landlords may allow gardening and redecorating, but this will vary.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Do you have pets? | <p>When you own a home, you can generally have the pets you want within the limits of state or local laws. Some rentals allow pets, but the type and number are generally limited, and an additional financial deposit is often required.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Are you comfortable becoming a long-distance landlord if you are unable to sell the home following a PCS or other move? | <p>If you are unable to sell your home, you may have to rent it out in order to cover the costs of ownership. Being a long-distance landlord presents a host of challenges—especially finding tenants that will care for your home as you would.</p> <p>As a renter, you may experience financial penalties for moving if you vacate the rental before the term of the lease or cause any damage to the property. But, generally, leaving a rental is easier than selling a house.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

If you have more "yes" than "no" responses, you may be ready to explore buying a home rather than renting. If you have more "no" responses, you may need to do a little more research before deciding, or renting may be the best choice for you right now.

Total Responses

For more information on buying a home, visit:
consumerfinance.gov/owning-a-home.

For more information about the home buying process using a VA loan, visit: va.gov/housing-assistance/home-loans/home-buying-process/.



VA home loans

You may get better terms on loans guaranteed by the VA and other benefits related to housing.

The U.S. Department of Veterans Affairs (VA) has programs to help servicemembers, veterans, and in some cases, family members purchase, retain, or adapt homes.

VA-BACKED HOME LOANS

VA home loan programs help eligible borrowers to get better terms on their home loans. The VA guarantees a portion of the loan you get from a private lender. If your VA-backed home loan goes into foreclosure, the guaranty allows the lender to recover some of their losses from the VA.

Many—but not all—lenders offer VA home loans. Ask lenders whether they offer VA home loans as you shop around. VA home loans are only available to:

- Qualifying active duty servicemembers
- Veterans (depending on their type of discharge)
- Qualifying servicemembers in the Reserve or National Guard
- Eligible surviving spouses of servicemembers or veterans

The VA does limit its guaranty, which varies by county. You can find out the limit in the county you are considering at va.gov/housing-assistance/home-loans/loan-limits/.

The VA guarantees these types of VA home loans:

- **Purchase loans.** A VA-backed purchase loan helps you buy a home at a competitive interest rate and other terms. These loans do not require down payments, although you can choose to make one. They also do not have mortgage insurance requirements.

There is no minimum credit history or maximum debt-to-income ratio. But, if your credit score is low and your debt-to-income ratio is more than 41 percent, lenders will look for other strengths in your application, called “compensating factors.” Compensating factors can include:

- An excellent credit history
- Low debt or past use of credit
- Long-term employment
- Significant savings
- Other military benefits
- **Interest rate reduction refinance loans.** Refinancing is when you replace your current loan with a new one under different terms. An interest rate reduction refinance loan can help you obtain a lower interest rate by refinancing an existing VA loan. For more information, visit va.gov/housing-assistance/home-loans/loan-types/interest-rate-reduction-loan/.
- **Cash-out refinance loans.** If you want to take cash out of your home equity or refinance a non-VA loan into a VA-backed loan, a cash-out refinance loan may be right for you. For more information, visit va.gov/housing-assistance/home-loans/loan-types/cash-out-loan/.

ADDITIONAL VA BENEFITS RELATED TO HOUSING

Native American Direct Loan (NADL) Program

Through the NADL Program, the VA directly makes loans to eligible Native American veterans to finance the purchase, construction, or improvement of homes on Federal Trust Land, or reduce the interest rate on a prior NADL. For more information, visit va.gov/housing-assistance/home-loans/loan-types/native-american-direct-loan/.

Adapted Housing Grants

The VA offers grants to help veterans with certain service-connected disabilities purchase or build homes that are adapted to accommodate their needs. Adapted housing grants can also be used to modify existing homes to meet the needs of eligible disabled veterans.

The maximum amount of the grant changes annually. Find it at va.gov/housing-assistance/disability-housing-grants/.

CERTIFICATE OF ELIGIBILITY

To qualify for these VA programs and benefits you must obtain a Certificate of Eligibility (COE) from the VA that verifies you or your spouse's military service. Obtain a COE online at va.gov/housing-assistance/home-loans/eligibility/ or work with your lender to obtain one.

MODULE 2

Saving

Saving can help you make progress toward achieving your goals and better handle unexpected expenses when they come up.

At a glance in the toolkit

This module can help you create a savings plan with weekly targets to help you reach your goals..

- **Savings plan**
- **Saving and asset limits**
- **Finding a place for savings**
- **Saving at tax time**

Additionally, in this guide

Saving opportunities for military communities

Overview

Savings is money you set aside today to use in the future. It could be for something you need in the next few months or even years from now.

People save for many reasons:

- Unexpected expenses and emergencies
- A bill they know will be due every few months, like car insurance
- Annual expenses like children's school supplies
- To pay for their own goals, like a new TV, appliances, assistive devices, a car, a home, or retirement

Focus on military communities

The information and tools in this guide can help you discuss special saving opportunities available to military communities. Many businesses and organizations offer discounts to servicemembers and veterans. While these saving opportunities can help military communities spend less money, this section focuses on specific financial products or programs that help people set money aside for retirement or some other goal.

Some of these savings instruments can be set up with automatic contributions from military pay. Research has shown that when saving is set up to be automatic, people are generally more successful savers.

Using the tools

Your Money, Your Goals toolkit

- Use “**Savings plan**” to build a weekly savings target that will help you accomplish your goals
- Use “**Saving and asset limits**” to get a clear picture of how much you can save while still maintaining your public benefits
- Use “**Find a place for savings**” to pick a place that’s right for you to keep your savings
- Review the “**Saving at tax time**” handout for tips on how to prioritize saving if you get a tax refund

Focus on military communities

- Use “**Saving opportunities**” to learn about ways to save available to military communities and to help you decide if these options are desirable.



Saving opportunities for military communities

This tool will help you learn about and consider savings opportunities specifically designed for servicemembers or veterans.

Saving money is a key component of being financially ready for unexpected expenses like a car repair. Or you can save for something important to you such as buying a home or paying for your child's wedding.

But saving money can be difficult. Setting money aside today to pay for expenses in the future may conflict with a "You Only Live Once" (YOLO) approach to life. Saving money is about balancing a YOLO ethos with individual and family future needs and goals. People are generally more motivated to save when they have a clear and compelling reason.

For servicemembers, there are special opportunities to save. These include the federal government's Thrift Savings Plan (TSP), the Department of Defense Saving Deposit Program (SDP), and tax-free Individual Retirement Account (IRA) deposits. Servicemembers and veterans with disabilities acquired before the age of 26 may also be able to save in tax-advantaged accounts known as Achieving a Better Life Experience (ABLE) accounts.

NOTE: This tool supplements the list of saving opportunities in "Finding a place for savings" in the Your Money, Your Goals toolkit. It does not replace it.

What to do

Read through information about each special saving opportunity. Some of these are designated for specific purposes like retirement. Others are available in specific circumstances.

Check your status. Indicate whether you are contributing to the program. If you aren't and want to learn more information, use the links provided.

A step further

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Take advantage of Saving opportunities for military communities

1. Review the special saving opportunities for servicemembers and veterans. Check your status for each option.

| PROGRAM | CHECK YOUR STATUS |
|--|--|
| <p>Thrift Savings Plan (TSP)</p> <p>The TSP is a retirement savings and investment plan for federal employees and servicemembers. TSP participants can contribute pre-tax or post-tax earnings into a low-cost investment plan with multiple investment funds.</p> <ul style="list-style-type: none">▪ Pre-tax: money you contribute isn't taxed; you pay taxes when you withdraw funds.▪ Post-tax: money you contribute is already taxed; you do not pay taxes on the earnings or the money you contributed. <p>Participating in the TSP is automatic for servicemembers—the Department of Defense makes an automatic contribution of 1% of your basic pay into the TSP. In addition, after two years of military service, the Department of Defense will match up to an additional 4% of basic pay into the TSP for a total of 5% of the amount you contribute.</p> <p>Don't leave money on the table! If you do not contribute the additional 4% of your base pay, you are forgoing additional income and the earnings that income could generate.</p> <p>This is a type of retirement plan where employee, employer, or both make contributions. The amount available for retirement depends on how much the value of the savings and investments increase.</p> <p>To learn more about the TSP, visit: tsp.gov.</p> | <p><input type="checkbox"/> I contribute to this program. How much am I contributing? _____ %</p> <p><input type="checkbox"/> I don't contribute but I want to start</p> <p><input type="checkbox"/> I'm not interested</p> <p><input type="checkbox"/> I need more information</p> |

Split to Save

Another way to save automatically is through your employer. In addition to employer-based contributions for retirement, you may have an option to split your paycheck between multiple bank accounts.

This option helps ensure money is put aside for savings goals, especially if you're prone to spending down most of your paycheck before your next payday.

To learn more about Split to Save, visit: consumerfinance.gov/about-us/blog/looking-easy-way-save-money-make-it-automatic/.

I contribute to this Program

I don't contribute but I want to start

I'm not interested

I need more information

Department of Defense Savings Deposit Program (SDP)

Servicemembers can contribute to the SDP if they are serving in a designated combat zone.

You can deposit up to \$10,000 into the SDP and earn 10% guaranteed interest annually on these deposits while serving in a designated combat zone.

To learn more about the SDP, visit: militarypay.defense.gov/Benefits/Savings-Deposit-Program/.

I contribute to this Program

I don't contribute but I want to start

I'm not interested

I need more information

Roth Individual Retirement Account (IRA)

Servicemembers and veterans can contribute to a Roth IRA at any age if they or their spouse (if filing jointly) have taxable income and their modified adjusted gross income is below certain amounts.

Servicemembers receiving tax-free income can use it to contribute to a Roth IRA. This means the income is never taxed—at contribution or withdrawal. This is a great benefit for servicemembers.

Unlike tax-deferred saving plans, Roth IRA withdrawals aren't taxed if the account is at least five years old and used for an approved purpose called a "qualified distribution." As a result, the growth in value of your contributions isn't taxed.

Funds can also be withdrawn without penalty in the event of death or total and permanent disability.

For more information on setting up a Roth IRA, visit: irs.gov/retirement-plans/traditional-and-roth-iras.

I contribute to this Program

I don't contribute but I want to start

I'm not interested

I need more information

Achieving a Better Life Experience (ABLE) Accounts

You or someone else on your behalf can save money in an ABLE account if:

1. You have a significant disability with the age of onset of the disability before 26 years of age.
2. You are receiving benefits from Supplemental Security Income (SSI) and/or Social Security Disability Income (SSDI) or you are eligible to file a disability certification with a qualified ABLE program or you meet the Social Security's definition and criteria regarding significant functional limitations and receive a letter of certification from a licensed physician.

You can use funds from your ABLE account for "qualified disability expenses" without incurring taxes. Qualified disability expenses may include:

- Education
- Housing
- Transportation
- Employment training and support
- Assistive technology
- Personal support services
- Health care expenses

There may be monthly deposit requirements, annual contribution limits, and other rules associated with the account.

States have their own ABLE account programs, many of which offer to enroll individuals regardless of their state of residence. Shop around for a state plan that meets your needs at ablenrc.org/compare-states.

For a list of ABLE Accounts offered by state, visit the ABLE National Resource Center at: ablenrc.org.

- I contribute to this Program
- I don't contribute but I want to start
- I'm not interested
- I need more information

MODULE 3

Tracking Income and Benefits

You have to know what's coming in before you can plan for what's being spent. Tracking the money and benefits you receive is the first step in creating a budget that works for you.

At a glance in the toolkit

This module can help you track the income you're earning and any public benefits you're receiving to better budget your money. It also helps you understand things like deductions and garnishment, which affect how much money you bring home.

- **Income and benefits tracker**
- **Choosing how to get paid**
- **Increasing income and benefits**

Additionally, in this guide

- ➲ **Understanding a military pay statement**
- ➲ **Veterans: Maximize your income through work incentives**

Overview

Income is the money you receive from part-time or full-time work, self-employment, and investments. You use income to pay for the things you need and want or can save it to spend toward one of your goals. Money can also come from things like tax refunds, gifts, and inheritances, which can also be spent or saved like income.

Public benefits are payments you may receive from the government to help pay for necessities. Most benefit payments have restrictions about how they can be spent. So, while these payments help increase your spending power, they aren't as flexible as income earned from a job.

Focus on military communities

The information and tool in this guide can help you discuss tracking the wide range of pay and benefits that servicemembers and veterans may receive. The tool includes common terminology for different kinds of pay and benefits.

Tracking income and benefits is a first step in creating a cash flow budget. Knowing the financial resources available to cover living expenses and save for emergencies and goals can be an important first step toward financial empowerment.

Using the tools

Your Money, Your Goals toolkit

- Complete the "**Income and benefits tracker**" to see how much money you're bringing home each month
- Review "**Choosing how to get paid**" to see the pros and cons of different payment methods and pick what works best for you
- Use "**Increasing income and benefits**" to think about ways you can boost the amount of money you're making

Focus on military communities

- Review the "**Understanding a military pay statement**" handout to help you understand your paycheck to think about how much money you can spend and save.
- Review the "**Veterans: Maximize your income through work incentives**" handout to maximize your income when receiving disability compensation from the VA and/or Social Security.



Understanding your military pay statement

The terms and the amounts on the Leave and Earning Statement are not always easy to understand. When you see how gross pay (all money earned before any deductions) is reduced by taxes and deductions to the "net" or "take-home" pay amount (the actual amount you are paid on the end-of-month (EOM) payday), you can think more realistically about how much money is available for spending and saving.

How to read a pay stub

| DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT | | | | | | | | | | | | | | | | | | | |
|--|---------------------------|------------------------|-------------------|---------------|--------------------|-----------------|----------------|--------------|----------|----------------|-------------------|--------------------|-------------|--------|-----------|---------|----|---------|---|
| A | ID | NAME (Last, First, MI) | | SOC. SEC. NO. | GRADE | PAY DATE | YRS SVC | ETS | BRANCH | ADSN/DSSN | PERIOD COVERED | | | | | | | | |
| B ENTITLEMENTS | | | | C DEDUCTIONS | | | D ALLOTMENTS | | | E SUMMARY | | | | | | | | | |
| Type | | Amount | | Type | Amount | | Type | Amount | | +Amt. Fwd | .00 | | | | | | | | |
| A | Base Pay | 2247.30 | FEDERAL TAXES | 88.46 | DISCRETIONARY ALT | 1521.00 | +Tot Ent | 4266.73 | | | | | | | | | | | |
| B | BAS | 294.43 | FICA-SOC SECURITY | 139.33 | TRICARE DENTAL | 11.58 | -Tot Ded | 1570.22 | | | | | | | | | | | |
| C | BAH | 1725.00 | FICA-MEDICARE | 32.59 | | | -Tot Allt | 1532.58 | | | | | | | | | | | |
| D | | | SGLI | 27.00 | | | =Net Amt | 1163.93 | | | | | | | | | | | |
| E | | | AFRH | .50 | | | -Cr Fwd | .00 | | | | | | | | | | | |
| F | | | FAMILY SGLI | 5.50 | | | =EOM Pay | 1163.93 | | | | | | | | | | | |
| G | | | TSP | 112.37 | | | | | | | | | | | | | | | |
| H | | | MID-MONTH-PAY | 1164.47 | | | | | | | | | | | | | | | |
| I | | | | | | | | | | | | | | | | | | | |
| J | | | | | | | | | | | | | | | | | | | |
| K | | | | | | | | | | | | | | | | | | | |
| L | | | | | | | | | | | | | | | | | | | |
| M | | | | | | | | | | | | | | | | | | | |
| N | | | | | | | | | | | | | | | | | | | |
| O | | | | | | | | | | | | | | | | | | | |
| TOTAL | | 4266.73 | 1570.22 | | 1532.58 | | | | | | | | | | | | | | |
| G | LEAVE | BF Bal | Emd | Used | Cr Bal | ETS Bal | Lv Lost | Lv Paid | Use/Lose | FED TAXES | Wage Period | Wage YTD | M/S | EX | Add'l Tax | Tax YTD | H | | |
| I | FICA TAXES | Wage Period | | Soc Wage YTD | | Soc Tax YTD | | Med Wage YTD | | Med Tax YTD | STATE TAXES | St | Wage Period | | Wage YTD | M/S | Ex | Tax YTD | J |
| K | PAY DATA | BAQ Type | BAQ Depn | VHA Zip | Rent Amt | Share | Stat | JFTR | Depns | 2D JFTR | BAS Type | Charity YTD | TPC | PACIDN | | | | | |
| L | THRIFT SAVINGS PLAN (TSP) | Base Pay Rate | Base Pay Current | Spec Pay Rate | Spec Pay Current | Inc Pay Current | In Pay Current | | | Bonus Pay Rate | Bonus Pay Current | | | | | | | | |
| | | Currently Not Used | | | TSP YTD Deductions | | | Deferred | | | Exempt | Currently Not Used | | | | | | | |
| M | REMARKS | N YTD Entitle _____ | | | O YTD Deduct _____ | | | | | | | | | | | | | | |

This sample pay statement is for a servicemember in the U.S. Air Force. For a more detailed explanation of each section, this Leave and Earning Statement, as well as formats of other branches of the military are available for download at <https://www.dfas.mil/MilitaryMembers/payentitlements/aboutpay/>.

A ID

Contains the identification portion of the LES, such as name, social security number, years of service, branch, and pay period.

B Entitlements

List of the wages, bonuses, incentive and combat pay, special skills pay, and allowances that you earned during the pay period. If there are more than 15 entries, the overflow is shown under **Remarks**.

C Deductions

List of amounts that are deducted from your pay, including federal income tax withholding, FICA tax withholding, and Servicemembers Group Life Insurance (SGLI) premiums.

Typically, you're paid twice a month. So this field includes a deduction for mid-month pay to account for the paycheck you received earlier in the month. If there are more than 15 deductions, the overflow is shown under **Remarks**.

D Allotments

List discretionary and non-discretionary allotments. This is money that has been direct deposited to non-primary checking or saving accounts, used to purchase US savings bonds, or allocated to charitable organizations, insurance, or other accounts that you have designated.

For example, you could use an allotment to contribute money to an individual retirement account (IRA) or build an emergency fund in a savings account at your credit union or bank.

E Totals and summary of other calculations

Show the totals for entitlements, allowances, deductions, and allotments as well as unpaid amounts for these categories.

F Take-home pay

The actual amount you are paid on the End-of-Month (EOM) payday.

G Leave

As a service member, you receive 30 days of paid leave each year by accruing 2.5 days leave for each month of active service.

H Federal Taxes

The amount withheld for federal income tax.

I FICA taxes

The amount withheld by your employer to pay your Medicare tax and Social Security tax, also known as FICA taxes.

J State taxes

The amount your employer withholds to pay your state income tax. (Not all states have income tax.)

K Pay Data

Contains additional information, such as housing allowances, cost of living allowances based on location, and charitable contributions.

L Thrift Savings Plan (TSP)

The TSP is a retirement savings and investment plan for Federal employees and members of the uniformed services.

M REMARKS

This area is used to provide you with general notices from varying levels of command, as well as the literal explanation of starts, stops, and changes to pay items in the entries within the "ENTITLEMENTS", "DEDUCTIONS", and "ALLOTMENTS" fields.

N YTD ENTITLE

Contains the cumulative total of all entitlements for the calendar year.

O YTD DEDUCT

Contains the cumulative total of all deductions for the calendar year.



Veterans: Maximize your income through work incentives

Disabled veterans may have heard an urban legend or myth that choosing to work automatically cancels your entitlement to disability benefits from the VA or Social Security.

This is simply untrue, as veterans can earn some income through work, while retaining VA disability compensation and Social Security disability income.

While the analysis can be complicated, the VA has developed an income and benefits calculator to help you figure it out. You can find directions on how to use the calculator at va.gov/HOMELESS/ssvf/docs/A1_Walkthrough_VA_Income_Benefits_Calculator.pdf.

WALK-THROUGH OF THE VA INCOME AND BENEFITS CALCULATOR

Use the VA income and benefit calculator to explore how to maximize your income while receiving Social Security Income or Social Security Disability Income. They are available for download as a spreadsheet at va.gov/HOMELESS/ssvf/docs/VA_Income_and_Benefits_Calculator_2019_Update.xlsx.

These tools can provide a powerful example of how you can maximize your income using a number of sources, while dispelling myths about losing disability benefits when returning to work.

These calculators don't require any specialized expertise. The formula cells are locked so that you can't accidentally change a formula or enter information into the wrong box.

These tools are intended to help you understand your employment and benefits. We encourage you to use them to explore different options to answer questions, such as:

- What would happen to my benefits if I work a few extra hours per week?
- What about taking a higher paying job?
- Is it really true that if I try to work, my benefits will end and I'll be worse off? (This one is a myth that you can help bust!)

The calculator will use the values you have entered to estimate your total monthly income, before taxes.

The calculators provide a clear visual that you can print off and keep.

MODULE 4

Paying Bills

Learn to organize, track, and prioritize your bills and expenses.

At a glance in the toolkit

This module can help you better understand where your money is going and learn how to reduce expenses and pay bills more efficiently.

- **Spending tracker**
- **Bill calendar**
- **Choosing how to pay bills**
- **Cutting expenses**
- **Prioritizing bills**

Additionally, in this guide

-  **Spending tracker for servicemembers and veterans**
-  **Military relief societies**
-  **Planning for PCS moving expenses**

Overview

"To stay financially healthy, you should spend less than you earn." This simple rule may work for many people, but it isn't very helpful if you can't afford to pay all your bills and living expenses.

For some, balancing personal priorities and family expectations can be a challenge. And if your work is seasonal or irregular, you may be able to cover everything when you're working but struggle to cover expenses in the months or weeks when you're not.

Focus on military communities

The information and tools in this guide can help you discuss managing expenses with servicemembers, veterans, and their families. Tracking spending and expenses for a month puts people in command of their money—they know where it is going. Doing so empowers them to make choices and changes. For example, they can make cuts to spending and redirect that income to paying down debts, such as recoupments and military relief society loans.

For active duty servicemembers, having too much debt may limit advancement and even lead to separation from the military. Helping servicemembers get in control of their finances will help them protect their careers.

Additionally, information in the spending tracker can enable servicemembers to save more for retirement by increasing their contributions to the Thrift Savings Plan (TSP). They can also use money from reduced spending to save for other goals, including emergency savings—a foundation for financial readiness.

Completing the spending tracker is an important step in helping military consumers take command of their finances. It is also a key part of making a cash flow budget for managing income, benefits, and expenses week by week.

Using the tools

Your Money, Your Goals toolkit

- Use the “**Spending tracker**” to get a clear picture of where you’re using your money and financial resources
- Use the “**Bill calendar**” to visually organize all your bills in a monthly calendar
- Use “**Choosing how to pay bills**” to learn about all the payment options you have for paying your bills
- Use “**Cutting expenses**” to brainstorm ideas for cutting expenses from your budget
- Use “**Prioritizing bills and spending**” to make decisions about which bills to pay when you can’t make ends meet

Focus on military communities

- Use the “**Spending tracker for servicemembers and veterans**” to understand the different types of income and expenses that are typical in military communities
- Review the “**Military relief societies**” handout to learn about additional resource that may be available to servicemembers who are struggling to pay their bills
- Use “**Planning for PCS moving expenses**” to ensure servicemembers are financially prepared for moves related to their military career

GETTING STARTED

Spending tracker for servicemembers and veterans

Taking command of your finances starts with knowing how you use your financial resources now.

Your financial resources include all your income and benefits. For active duty servicemembers, that includes your basic pay, additional pay you may get for special assignments, monetary allowances, and your spouse's pay. For veterans, that includes pay from work and any disability income you receive from government agencies like Veterans Affairs or the Social Security Administration.

Using a spending tracker can help you

- See how you are using your money
- Give you the information you need to make changes
- Keep you in control of your financial situation

Many people who track their spending for a month discover that they're spending money in small ways that add up and sometimes don't match their priorities. Once they track their spending, many people are able to find money to save.

What to do

- **Gather proof of your expenses.** Get an envelope (or small container) and put every receipt and invoice for bills into that envelope.
- **Analyze your spending.** Every week, you will organize your receipts by category, add them up, and enter the total into the spending tracker by category. Add the weekly amounts per category. Write these down in the "category totals" column. Once you have these totals, add them together to get your total spending for the month. If tracking your spending for a whole month seems too difficult, try it for just one or two weeks.

- **Decide whether the spending in each category is a need, obligation, or want.** Needs are things you can't live without, like shelter, utilities, food, clothing, and transportation. Needs may also include obligations: things you have to pay, like debt, child support, alimony, and student loans. Wants, however, are things you can choose to live without.
- **Make choices and changes.** Using your needs, obligations, or wants analysis, you can choose to cut back in some areas and use that money elsewhere. You can try to reduce spending on wants or renegotiate terms for obligations. You can also see if there are ways to reduce what you spend on your needs.

A step further

Once you've tracked your spending, be sure to add it into your budget. Learn more about cash flow budgets in Module 5: Getting through the Month.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.



Analyze your habits with a **Spending tracker for servicemembers and veterans**

1. Collect receipts and other documentation of the bills you pay—mobile phone bills, utility bills, and rent for example.
2. Track your spending for each category and enter it into the tracker at the end of the week. Use the “other” spaces to track spending that does not fit in one of the categories provided.
3. Identify each spending category as an obligation, need, or want. Place an O, N, or W in the "expense type" column.
4. Add totals by week. At the end of the month, add up category totals. Find your monthly total by adding the weekly totals or the category totals.
5. Use this information to make changes to your spending. Focus on areas you checked as “wants” first. You may be able to cut these expenses back.
6. Analyze those you checked as needs. There may be ways to cut the cost of these items without eliminating them.

| | WEEK 1 | WEEK2 | WEEK 3 | WEEK 4 | WEEK 5 | CATEGORY TOTALS | EXPENSE TYPE |
|---|--------|-------|--------|--------|--------|-----------------|--------------|
| Mortgage loan | | | | | | | |
| Car loan | | | | | | | |
| Credit card loan | | | | | | | |
| Student loan | | | | | | | |
| Military relief society loan | | | | | | | |
| Recoupments (money overpaid to you that you must now repay) | | | | | | | |
| Child support/alimony | | | | | | | |
| Other loan: | | | | | | | |
| Other loan: | | | | | | | |

| | WEEK 1 | WEEK 2 | WEEK 3 | WEEK 4 | WEEK 5 | CATEGORY TOTALS | EXPENSE TYPE |
|--|--------|--------|--------|--------|--------|-----------------|--------------|
|--|--------|--------|--------|--------|--------|-----------------|--------------|

Savings—money set aside for emergencies, goals, and retirement including contributions to TSP, IRA, or other accounts.

| | | | | | | | |
|--------------------|--|--|--|--|--|--|--|
| Emergency fund | | | | | | | |
| Goals | | | | | | | |
| Retirement savings | | | | | | | |
| TSP | | | | | | | |
| IRA | | | | | | | |
| Other: | | | | | | | |

Regular Bills—money you pay monthly or quarterly

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| Mobile phone | | | | | | | |
| Education and childcare | | | | | | | |
| Housing and utilities | | | | | | | |
| Insurance | | | | | | | |
| Transport: | | | | | | | |
| Subscription services (entertainment, magazines, gym memberships, etc.) | | | | | | | |
| Other: | | | | | | | |

Other Expenses—money you spend on items that may vary from week to week such as groceries, entertainment, or eating out

| | | | | | | | |
|---------------------------------|--|--|--|--|--|------------------------|--|
| Eating out | | | | | | | |
| Entertainment and personal care | | | | | | | |
| Groceries and other supplies | | | | | | | |
| Health expenses | | | | | | | |
| Helping others | | | | | | | |
| Pets | | | | | | | |
| Service animal care | | | | | | | |
| Other: | | | | | | | |
| Other: | | | | | | | |
| Total weekly spending | | | | | | | |
| | | | | | | Total monthly spending | |



Military relief societies

Military relief societies provide financial assistance and support when there isn't enough income to cover your financial costs.

Even with the best planning, you may find you don't have enough income and benefits to cover the basic needs and obligations for your household. Sometimes, this is the result of an unexpected expense. Sometimes, this is the result of a cut in your pay or your spouse's pay. Sometimes, it comes from spending more than you have.

Each branch of the military established relief societies to help servicemembers navigate tough financial times. While the specific programs vary, each relief society provides emergency loans to help cover bills, unexpected expenses, and other basic needs which are repaid through allotment if the borrower is an active duty servicemember. Many of the programs available through the relief societies are open to family members, as well as servicemembers in the Reserve or National Guard, in specific circumstances.

ARMY EMERGENCY RELIEF

Army Emergency Relief (AER) is a private, nonprofit organization that assists soldiers and family members in emergency financial situations. AER provides financial assistance through interest-free loans, grants, or a combination of the two.

Find more information on AER at armyemergencyrelief.org.

NAVY-MARINE CORPS RELIEF SOCIETY

The Navy-Marine Corps Relief Society (NMCRS) is a private, nonprofit, volunteer service

organization that provides financial assistance and education to sailors, marines, and eligible family members. NMCRS offers interest fee loans and grants to meet emergency needs. They also provide needs-based interest-free loans for education.

Find more information on NMCRS, including their office locations, at nmcrs.org.

AIR FORCE AID SOCIETY

The Air Force Aid Society (AFAS) helps Airmen and their families take care of unexpected expenses. AFAS helps members attend family funerals, repair their cars, pay rent and utilities, or purchase special medical equipment. Located at bases across the world, AFAS also sponsors community programs that include childcare, car care, and spouse employment training.

Find more information on AFAS at afas.org.

COAST GUARD MUTUAL ASSISTANCE

Coast Guard Mutual Assistance (CGMA) provides a financial safety net and promotes financial stability by assisting those serving in the Coast Guard during times of financial need. CGMA provides interest-free loans, grants, and financial counseling.

Find more information on CGMA at cgmahq.org.

ADDITIONAL SUPPORT: AMERICAN RED CROSS

In the absence of a local military relief society, servicemembers can get financial assistance by calling the American Red Cross at 1-877-272-7337. Find more information on the American Red Cross at redcross.org.

Planning for PCS moving expenses

Planning for Permanent Change of Station orders can help keep down the costs of moving.

Servicemembers often move frequently due to Permanent Changes of Station (PCS) and special assignments. The military provides monetary and non-monetary benefits to help defray the cost of moving, but it takes smart planning to ensure that servicemembers and their families aren't spending their own money during a PCS.

Some servicemembers and their families may opt to move themselves. If the servicemember can move on their own for less money than the military would have paid to move them, then they get to pocket the difference (although any difference is counted as taxable income, so receipts must be kept for tax purposes). If a move ends up costing a servicemember more than the military's allocated moving budget, they must cover those costs themselves.

Each military installation provides information and support to military families related to moving. But servicemembers and their families can make the process easier by proactively planning for moving expenses.

What to do

- **Review the list of possible moving expenses.** Identify the moving expenses you think you are likely to incur.
- **Estimate the cost of each moving expense.** This may require some research. Start with the military installation you are moving to. They will have much of the information you will need to estimate moving expenses.
- **Check off how each item is paid. If it's paid directly by the military, you don't have to worry about the cost.** If it is a reimbursed expense, you must pay the cost upfront and keep receipts to receive reimbursement. You will have to pay for items not paid or reimbursed by the military.

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Keep costs down by Planning for PCS moving expenses

- Estimate each possible moving expense. Add categories you need using the “other” rows.
- Check off whether each item is paid directly by the military, reimbursed by the military, or not covered. If you don’t know, check the final column.
- Discuss the completed tools with your military transportation office, especially any items the check marks in the “Don’t know” column.
- Review the list of common moving allowances. Find out if there are others at your military transportation office at your military transportation office.
- Start planning in advance to save money for your move.

| POSSIBLE EXPENSE | ESTIMATE | PAID BY MILITARY | REIMBURSED | PERSONAL COST | DON'T KNOW |
|--|----------|------------------|------------|---------------|------------|
| 1. Shopping for your new home This may include costs of travel, lodging, meals, transportation at your new location, and professionals engaged to find housing. | | | | | |
| 2. Preparing to rent out your home This may include professional cleaning and a contract with a property management company or costs associated with you doing the functions of a property management company. | | | | | |
| 3. Maintaining your rental If you leave a rental dirty or in disrepair, you may lose your security deposit. | | | | | |

| POSSIBLE EXPENSE | ESTIMATE | PAID BY MILITARY | REIMBURSED | PERSONAL COST | DON'T KNOW |
|--|----------|------------------|------------|---------------|------------|
| 4. Managing utilities and other rental fees <ul style="list-style-type: none"> ▪ Electric ▪ Gas ▪ Water/Sewer ▪ Trash Collection ▪ Telephone service ▪ Internet service ▪ Television service | | | | | |
| 5. Personal vehicles <ul style="list-style-type: none"> ▪ Selling ▪ Storing ▪ Shipping | | | | | |
| 6. Hiring a moving company <ul style="list-style-type: none"> ▪ Professional movers ▪ Rent-your-own truck and DIY <p>While hiring movers can be expensive, it can help you save a lot of time and effort. You can also rent your own track and move yourself. People often do a combination of both to save money. For example, you can pack and move smaller items yourself, and hire professionals to move big items.</p> | | | | | |
| 7. Buying moving supplies <p>Supplies like boxes, packing tape, and packaging may be included in the cost of a move if you hire a moving company.</p> | | | | | |
| 8. Storage <p>Store items you want to keep but can't or don't want to move.</p> | | | | | |

| POSSIBLE EXPENSE | ESTIMATE | PAID BY MILITARY | REIMBURSED | PERSONAL COST | DON'T KNOW |
|--|----------|------------------|------------|---------------|------------|
| 9. Selling your belongings before you move If you host a yard sale or garage sale before you move, there may be costs for permits and advertising. | | | | | |
| 10. Moving your family members <ul style="list-style-type: none">▪ Common carrier—plane, bus, train▪ Private vehicle(s) | | | | | |
| 11. Transporting pets | | | | | |
| 12. Stocking your new home Items to set up home not able to be moved (e.g. moving companies will not move liquids or foods). | | | | | |
| 13. Other: | | | | | |
| 14. Other: | | | | | |
| 15. Other: | | | | | |
| 16. Other: | | | | | |
| TOTAL | | | | | |

Common military moving allowances

- Dislocation Allowance—Covers expenses not otherwise reimbursed. The amount varies by rank, number of dependents, and location of the move.
- Temporary Lodging Expense—Covers meals and lodging costs for moves in the Continental United States (CONUS).
- Per Diem Allowance—Covers meals and lodging costs during the move.
- Temporary Lodging Allowance—Covers meals and lodging costs for moves Outside of the Continental United States (OCONUS).
- Common Carrier/Privately Owned Vehicle—Covers transportation for the servicemember and dependents; if using a privately-owned vehicle, mileage is reimbursed.

MODULE 5

Getting through the Month

Tracking when your money comes in and goes out can help you understand if you'll have enough each week or month.

At a glance in the toolkit

This module helps you understand your cash flow by looking at how money flows into and out of your household. It also provides suggestions for how to improve your cash flow if you're having trouble making ends meet.

- **Creating a cash flow budget**
- **Improving cash flow**
- **Adjusting your cash flow**

Additionally, in this guide

 **Cash flow budget for servicemembers and veterans**

 **Planning for the year**

Overview

When it comes to money, timing matters. If the timing of your income doesn't match the timing of your expenses, you may come up short without planning in advance. That's why monthly budgets sometimes don't work out from week to week.

Focus on military communities

A cash flow budget tracks the timing of income and expenses. This empowers servicemembers, veterans, and their families to ensure they have enough income and benefits to cover spending week by week.

Some income and expenses are reoccurring. An important part of getting control of finances is anticipating periodic increases and decreases in income, benefits, and spending.

Using a cash flow budget and annual planning tool, military consumers can keep their finances on track, prevent financial challenges, and be financially ready to take care of themselves, their families, and their country.

For active duty servicemembers, taking care of financial obligations and living within their means can lead to career opportunities, including promotions, higher security clearances, and special assignments. These opportunities can also lead to increased income.

Using the tools

Your Money, Your Goals toolkit

- Complete "**Creating a cash flow budget**" to see how your income and expenses line up
- Use "**Improving cash flow**" to learn about strategies and habits you can change to help your cash flow
- Use "**Adjusting your cash flow**" to find expenses that you can move or reduce to make sure your weekly cash flow is positive

Focus on military communities

- Use "**Cash flow budget for servicemembers and veterans**" to track your monthly income and expenses and stay on target with your plans and goals
- Use "**Planning for the year**" to estimate reoccurring income and expenses to help you use money productively or have it on hand for reoccurring expenses

GETTING STARTED

Cash flow budget for servicemembers and veterans

Cash flow budgets can help servicemembers, veterans, and their families manage their finances.

A cash flow budget includes the timing of income and expenses on a weekly basis. For example, if a bill is due the first day of the month, it is listed in the first week of the cash flow budget. If a benefit is received on the last day of the month, it is listed in the last week of the month.

Often, financial management challenges arise from a mismatch between the timing of income and benefits and uses of those resources. Use this tool to help military families manage that timing.

What to do

- **Fill in the total starting balance for week 1** by totaling up the cash and benefits currently available.
- **Complete the sources of income and benefits section.** Put the amounts in the weeks you get them.
- **Total your sources of income and benefits for each week.**
- **Complete the uses of income and benefits section.** If available, use your completed "Servicemember and veteran spending tracker." Or use information from your checking account, credit card statement, bills, and receipts.
- **Total your uses of income and benefits for each week.**
- **Subtract the total uses of income and benefits from the total sources of income and benefits to get the total ending cash balance.** The total ending balance for one week becomes the Total starting balance for the next week. If the total ending balance is positive, you have financial resources to carry over to the next week. If this number is negative, you do not have enough money to cover your spending in that week.
- **Look for ways to bring your budget into balance.** You could direct more income to

debt repayment, saving for retirement, or some other use, or find ways to reduce spending. You could make cuts in your spending on wants, renegotiate terms for your obligations, or look for ways to reduce spending on your needs.

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Use a Cash flow budget for servicemembers and veterans

1. Complete each section of the cash flow budget.
2. Identify where you may be short on resources to cover your spending.
3. Identify ways to better match the timing of your sources and uses of cash, increase income, or cut spending.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.

| | | WEEK 1 | WEEK 2 | WEEK 3 | WEEK 4 | WEEK 5 |
|--|--|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| BEGINNING WEEKLY BALANCE | Your starting balance is a total of your cash, prepaid card, and account balances. | Starting balance \$ | Wk. 1 ending balance \$ | Wk. 2 ending balance \$ | Wk. 3 ending balance \$ | Wk. 4 ending balance \$ |
| ADD MONEY YOU RECEIVE EACH WEEK | + Net pay | + | | | | |
| | + Spousal salary/wages | + | | | | |
| | + Spousal disability | + | | | | |
| | + Self-employment | + | | | | |
| | + Unemployment | + | | | | |
| | + Federal, state, or tribal benefits | + | | | | |
| | + Other | + | | | | |
| | Total income | = | = | = | = | = |

**SUBTRACT
YOUR
WEEKLY
EXPENSES**

| | WEEK 1 | WEEK 2 | WEEK 3 | WEEK 4 | WEEK 5 |
|--|---------------|---------------|---------------|---------------|---------------|
| Mortgage loan | – | | | | |
| Car loan | – | | | | |
| Credit card loan | – | | | | |
| Student loan | – | | | | |
| Relief society loan | – | | | | |
| Allotments | – | | | | |
| Child support/ alimony | – | | | | |
| Emergency fund | – | | | | |
| Retirement savings | – | | | | |
| Mobile phone | – | | | | |
| Education/childcare | – | | | | |
| Housing/utilities | – | | | | |
| Insurance | – | | | | |
| Transportation | – | | | | |
| Subscriptions (e.g. magazines, newspapers, etc.) | – | | | | |
| Entertainment | – | | | | |
| Dining out | – | | | | |
| Personal care | – | | | | |
| Groceries/ household supplies | – | | | | |
| Gifts/charity | – | | | | |
| Pets | – | | | | |
| Other | – | | | | |
| ENDING WEEKLY BALANCE | = | = | = | = | = |

GETTING STARTED

Planning for the year

Planning your income and expenses for the year can help you make the most of extra income or plan to have financial resources on hand to cover occasional expenses.

Using a cash flow budget can be difficult for servicemembers, veterans, and their families because income and expenses can be unpredictable. For example, they may receive a bonus or may lose Special or Incentive Pay. They may have months when expenses are higher due to a Permanent Change of Station (PCS), temporary assignment, vacation, taxes, a religious observance, or back to school expenses.

Because variability in pay and expenses are common in military life, looking at finances on an annual basis is important.

Use this tool to help military families think through when their income may increase or decrease and when they may have irregular expenses.

What to do

- **Think about anticipated changes in income, benefits, and spending.** Estimate the amount of the increase or decrease in income or spending and the date you expect this to happen.
- **Total up the changes by month.** Make a note of which months there may be a change in income and benefits.
- **Put the completed tool in a place you can see it.** This visual reminder may help you remember when expenses are coming due and when you can anticipate increases or decreases in income.

To access a dynamic and fillable version of this tool, visit consumerfinance.gov/your-money-your-goals/companion-guides.



Keep track of your changing cash flow by Planning for the year

1. Complete Part 1: Anticipated changes in income, benefits, and spending.
2. Use the answers from Part 1 to complete Part 2: Irregular income, benefits, and spending by month. For each month, add your net changes to income and benefits and irregular spending.
3. Place this chart with your cash flow budget in a spot you can see it regularly. This will help keep you financially ready.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.

Part 1: Anticipated changes in income, benefits, and spending

| Thinking about income and benefits | Increase or decrease amount | Anticipated dates |
|---|-----------------------------|-------------------|
| 1. Do you or your spouse or partner expect a bonus? | | |
| 2. Do you or your spouse or partner expect a temporary increase in pay due to a Special or Incentive Pay? | | |
| 3. Do you or your spouse or partner expect a decrease in pay at any time during the year? | | |
| 4. Do you expect to receive a tax refund? | | |
| 5. Do you expect to receive any military, tribal, or other public benefits that are received one or a few times per year? For example, if you experience a PCS this year, you will receive additional allowances. | | |
| 6. Do you or any member of your household work seasonal jobs? | | |
| 7. Do you or any member of your household earn income sporadically through contract or other work? | | |
| 8. Other | | |

| Thinking about spending | Typical cost | Anticipated dates |
|--|--------------|-------------------|
| 1. Do you expect a PCS, retirement, or any assignment that may lead to a move? | | |
| 2. Do you have to pay for any adaptations to your home or vehicle due to seen or unseen injuries from military service? | | |
| 3. Do you have children attending school and anticipate spending on clothing, school supplies, and activity fees (e.g. sports, band, arts, etc.) | | |
| 4. Do you make any charitable contributions periodically or at year end? | | |
| 5. Does a member of the household owe and make quarterly self-employment or other income tax payments? | | |
| 6. Do you pay property, vehicle, or other taxes on a quarterly, semi-annual, or annual basis? | | |
| 7. Do you pay insurance of any kind on a quarterly, semi-annual, or annual basis? | | |
| 8. Do you anticipate taking a vacation? | | |
| 9. Do you celebrate any religious or cultural celebrations? Family member birthdays? | | |
| 10. Do you anticipate making any major purchases like appliances or a new vehicle this year? | | |
| 11. Other: | | |

Part 2: Irregular income, benefits, and spending by month

| Month | No changes in income or benefits | Estimated irregular spending |
|-----------|----------------------------------|------------------------------|
| January | | |
| February | | |
| March | | |
| April | | |
| May | | |
| June | | |
| July | | |
| August | | |
| September | | |
| October | | |
| November | | |
| December | | |

MODULE 6

Dealing with Debt

Learn about ways to tackle your debt to help you feel less overwhelmed. The more you know about how debt works, the easier it will be to make choices that are right for you.

At a glance in the toolkit

This module will help you get a picture of what you owe, get a handle on your payments, and cut down on stress from growing debt.

- **Debt log**
- **Debt-to-income calculator**
- **Debt action plan**
- **Comparing auto loans**
- **Repaying student loans**
- **When debt collectors call**
- **Avoiding medical debt**

Additionally, in this guide

-  **SCRA and MLA protections**
-  **SCRA example letter to lenders**

Overview

What is debt? Debt is money you owe to another person or business. Whether you took out a loan, used a credit card, or got behind on a bill payment, that's debt.

Debt can be hard to face when it feels like a barrier to your goals, but it's important to remember that there are resources you can use to help you take control of your debt. Even small steps toward paying down debt can make a big difference in making it feel more manageable.

Focus on military communities

When you don't pay debt, there are consequences. They can include:

- Late fees; increase in interest rates
- Lawsuits
- Garnishment of wages or accounts
- Loss of housing, services (utility or phone), or your vehicle
- Negative information on credit reports

For servicemembers, not paying debt, bankruptcy, or even too much debt can lead to:

- Loss of security clearance
- Loss of promotion opportunities
- Involuntary discharge from the military

Too much debt is having debt you cannot regularly and sustainably pay. This amount is going to be different for everyone depending on income, other financial obligations, and the number of dependents. Too much debt relative to income can create vulnerability.

For example, someone with a security clearance may be more susceptible to blackmail if they are struggling financially due to debt. Filing for bankruptcy, liens, foreclosures, wage garnishments, collections, repossessions, and loan defaults can lead to suspension of a security clearance and in some cases involuntary discharge from the military.

To address this risk, the Department of Defense conducts automatic reviews of servicemembers' credit reports to help spot financial vulnerabilities including large debt loads. Getting a handle on debt to make regular payments and reduce debt balances is therefore an important part of being financially ready.

If you have more debt than you can handle, get help. If you have debts you cannot pay, get help from your military branch relief society.

- For the Army, visit: armyemergencyrelief.org.
- For the Navy and Marine Corps, visit: nmcrs.org.
- For the Air Force, visit: afas.org.
- For the Coast Guard, visit: cgmahq.org.
- In the absence of a local military relief society, assistance is available for any servicemember through the American Red Cross at 877-272-7337 or redcross.org.
- Visit a personal financial counselor at your closest military installation through

Military One Source at 800-342-9647 or visiting militaryonesource.mil.

- Visit a nonprofit organization that helps people with their finances, such as the National Foundation for Credit Counseling at 844-865-1971 or nfcc.org.
- Contact your local/state Department of Veterans' Affairs at nasdva.us/Links.aspx.

Finally, when you separate from military service, you want to ensure you leave free of debt. Examples of military service-related debts include:

- Tuition debt
- Travel overpayments
- Unsettled property loss debts
- Small pay adjustment debts
- Outstanding loans to relief societies

Using the tools

Your Money, Your Goals toolkit

- Complete the "**Debt log**" to gain an understanding of all the debt you owe
- Use the "**Debt-to-income calculator**" to discover how much stress debt is putting on your budget
- Fill out the "**Debt action plan**" to find a strategy for paying down your debt that works for you
- Bring "**Comparing auto loans**" with you when you shop for an auto loan to help find the best deal
- Use "**Repaying student loans**" to understand what repayment plans are available to you
- Review "**When debt collectors call**" if you're having a problem with debt collection to prepare yourself the next time a debt collector contacts you
- Review the "**Avoiding medical debt**" handout if you're dealing with high medical bills to learn about ways to handle medical debt

Focus on military communities

- Review "**Servicemembers Civil Relief Act and Military Lending Act protections**" to learn about the Servicemembers Civil Relief Act and the Military Lending Act and the protections these laws provide if you have or get loans.
- Use the "**Servicemembers Civil Relief Act (SCRA) example letter to lenders**" to ensure you are getting the SCRA protections applied to loans or debts incurred before active duty service.



SCRA and MLA protections

Learn how the Servicemembers Civil Relief Act and the Military Lending Act provide interest rate relief and limits on loans to active duty servicemembers.

Both of these federal laws provide consumer financial protections and benefits for servicemembers and sometime their dependents.

SERVICEMEMBERS CIVIL RELIEF ACT (SCRA)

The SCRA caps interest rate charges including late and other transaction fees to six percent (6%). The SCRA covers existing debts when a servicemember is on active duty. In other words, it only applies to debt incurred before active duty begins.

The SCRA applies to:

- Student loans
- Credit cards
- Car loans
- Mortgage loans
- Medical bills
- Installment loans
- Title loans

Joint loans qualify if the active duty servicemember is one of the owners and the loan was incurred before entering active duty.

During active duty, any interest charged over and above 6 percent must be forgiven. For mortgage loans, the interest rate can be reduced for the duration the servicemember is in the military plus one year.

The SCRA interest rate reduction does not happen automatically. To be eligible for the interest-rate reduction of the SCRA you must:

- **Notify each lender for which you have a legal obligation to pay.**
 - Some lenders have an online application process for SCRA benefits. If they don't, make the request in writing.
- **Know your rights.**
 - Lenders may not change the terms of the loan. For example, they cannot accelerate the payment schedule when a servicemember applies for an SCRA adjustment.
 - Lenders also cannot add the amount of interest above 6 percent back into the loan later after you leave active duty.

OTHER SCRA PROTECTIONS

In addition to the SCRA interest-rate reduction, there are other protections for servicemembers:

- **Servicemembers sued while on active duty have some protections from a default judgment in a civil action.** A default judgment is a court order in favor of the party or "plaintiff" suing the servicemember when he/she does not appear in court or defend herself against the lawsuit.

- **Servicemembers who took out a mortgage before active duty service can't be foreclosed on without a court order, unless the servicemember has waived his/her rights.** This protection applies while on active duty and for an additional one year after leaving active duty. This protection also applies in states that do not require a court order to foreclose and whether the lender or servicer was informed about servicemember status.
- **In some circumstances, the SCRA prohibits creditors from repossessing servicemembers' personal property, including vehicles, without a court order.** That means that even if the servicemember violates a contract by, for example, failing to make monthly payments, the creditor must first file a lawsuit and get an order from a judge before the vehicle or personal property can be repossessed.
- **Servicemembers have the right to terminate residential leases of property that is occupied or intended to be occupied by the servicemember and his or her dependents.** In addition to this right for residential leases, under certain circumstances, the SCRA also allows servicemembers to cancel or terminate an auto lease without paying early termination charges or penalties.
- **Servicemembers and their dependents cannot be evicted from their primary residence without a court order.** Even with a court order, the eviction could be delayed for 90 days.

MILITARY LENDING ACT (MLA)

The MLA is different from the SCRA in that it applies to certain loans after a servicemember is on active duty. The MLA limits the interest rate and fees to 36 percent. This is called the Military Annual Percentage Rate or MAPR. Spouses and dependents are also protected by the MLA.

The MLA applies to:

- Certain payday loans
- Vehicle title loans
- Tax refund anticipation loans
- Deposit and advance loans
- Unsecured, open-end lines of credit
- Credit cards

The MLA also covers additional products sold with a loan and often wrapped into the loan including:

- Credit insurance premiums and fees
- Debt cancellation contract fees
- Fees associated with extra products

There are some loans the MLA doesn't cover - namely, credit that is secured by the property being purchased. These loans include:

- Residential mortgages (financing to buy or build a home that is secured by the home), mortgage refinances, home equity loans or lines of credit, or reverse mortgages
- A loan to buy a motor vehicle when the credit is secured by the motor vehicle you are buying
- A loan to buy personal property when the credit is secured by the property you're buying, like jewelry or a home appliance

The Department of Defense operates databases that lenders can use to verify that servicemembers are covered by the SCRA or MLA (including members of the Reserve or National Guard). The SCRA database can be found at scra.dmdc.osd.mil and the MLA database can be found at mla.dmdc.osd.mil.

Servicemembers Civil Relief Act (SCRA) example letter to lenders

This tool will help you inform lenders that you are entitled to the six percent (6%) interest-rate reduction under the SCRA and to apply this lower interest rate to loans or debts you incurred before starting active duty.

If you are serving on active duty and had loans or debts before you began your active duty service, these loans and debts may be eligible for the SCRA interest rate cap of six percent. This six percent interest rate lasts for the duration of your active duty service. If you have a mortgage, the six percent interest rate cap stays in place for one additional year after you leave military service.

You must contact the lender to inform them of your active duty status and request that they apply the SCRA rate.

What to do

- **Identify loans or debts you incurred before beginning active duty.** You will need to get the lender's name and mailing information and your account number. You will also need to know your active duty start date.
- **Write a letter to each lender asserting your right to the SCRA rate.** Use the example letter to write a letter to each lender. Be sure to write your information where it says "write."
- **Follow up with the lender to ensure they received it and have applied the SCRA interest rate.** In the meantime, pay your loans and debts as originally agreed. You do not want to fall behind on payments waiting to hear from the lender.
- **Contact your installation legal assistance office if your lender does not respond or denies your request.** You can find a legal assistance office at legalassistance.law.af.mil.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides

My information

Name and return address

Today's date

Lender name and address

Phone number

- - -

Dear Sir or Madam,

This letter is to advise you that I have been ordered to active duty service with the United States Armed Forces. I incurred a debt with you prior to entry on active duty.

I entered active duty on _____ and I am presently assigned to _____. The Servicemembers Civil Relief Act, 50 U.S.C. § 3937(a)(1), sets a six percent (6%) per annum ceiling on interest charges (including service charges, renewal charges, and fees) during the period of a servicemember's military service for financial obligations made prior to the date of entry onto active duty. Thus, I am requesting an adjustment of this account to reflect the statutory six percent (6%) interest rate maximum. This rate became effective upon my entry to active duty on _____.

Please ensure that your records reflect this statutory ceiling and that any excess charge is withdrawn. Any and all interest over 6% must be forgiven, not just deferred and my monthly payments must be reduced by the reduction in the interest rate. I ask that you contact me at the above address with a revised payment schedule. Thank you for your understanding and support in this matter. For verification of my military status the Department of Defense has set up a website for your use, which is <https://scra.dmdc.osd.mil>.

Sincerely,

MODULE 7

Understanding Credit Reports and Scores

Building a positive credit history (which is measured through credit reports and scores) can help you when getting a job or approval for housing or a loan.

At a glance in the toolkit

This module explains the importance of credit reports and scores and reviews ways to improve and maintain your credit history.

- **Requesting your free credit reports**
- **Reviewing your credit reports**
- **Disputing errors on your credit reports**
- **Getting and keeping a good credit history**

Additionally, in this guide



Overview

The concept of “credit” can be complicated. People sometimes confuse the words debt and credit because they both have to do with borrowing money.

A simplified way to tell them apart is to think of credit as the ability to borrow money and repay it later, while debt is the money that you must repay when you’ve used credit. You can have credit available to use without having debt. For example, you may have a credit card that is paid off—meaning you have credit available to use but don’t owe any debt.

When you take out a credit card or other loan, you create (or add to) your credit history. Sometimes when people talk about their financial situation, they say they have "good credit" or "bad credit." This usually refers to their credit history.

Credit reporting companies gather information from your credit history into a credit report. A credit report may show some of your bill payment history, along with some public record information and a record of how often you have applied for credit.

A credit report may also show how much available credit you have, how much of your available credit you're using, whether you have made your payments on time, and whether debt collectors have reported that they're attempting to collect debt that you owe.

The information in your credit report is used to create credit scores. Many lenders use credit scores to decide how much money they are willing to lend you and how much interest to charge. In general, the higher your credit score, the better the loan terms may be.

Focus on military communities

Negative information on credit reports can not only prevent someone from serving in the military, but it may also limit their opportunities within the military.

Generally positive information on credit reports can lead to getting and keeping security clearances, advancements in rank, and getting special duty assignments. Regularly reviewing credit reports and following a plan to improve credit history when necessary is important to your military career.

Your security clearance can be suspended if you file for bankruptcy, fail to pay child support, fail to pay taxes, are over 120 days delinquent on a debt, default on a loan, or have:

- An unpaid debt sent to collection
- A home foreclosure
- Wages garnished
- Repossessions of property
- Court judgments
- Liens placed on your property
- Too much debt

Some of this information is reported on credit reports from the three, nationwide credit reporting companies: Equifax, Experian, and TransUnion. In 2018, the Department of Defense started conducting continuous evaluation of servicemembers' credit rating. This means that DoD can conduct an automated review of servicemembers' credit files to see if there is a history of failing to meet financial obligations, being in excessive debt, or having a high debt-to-income ratio.

How does this information get on your credit reports? Banks, credit unions, retail credit card issuers, auto lenders, mortgage lenders, debt collectors, and others voluntarily send information to credit reporting companies, which can include:

- When you apply for an account
- When an account is opened
- The amount loaned or the credit limit
- The account balances
- The status of your payments
- If your account is in collection

Credit reporting companies also purchase public records like liens, bankruptcy filings, and court judgments from public records providers. Stronger public record data standards require that tax liens and civil judgments include your name, address, and either Social Security number or birth date. If the record is missing this information, it can't be reported on your credit reports.

In 2019 the Federal Trade Commission (FTC) issued a new rule that provides some servicemembers with free access to electronic credit monitoring services. A credit monitoring service can alert you to mistakes or problems on your credit report that might be the result of identity theft.

You can be financially empowered by frequently requesting and reviewing your credit reports, disputing errors, and taking steps to improve and protect your credit history. Equifax, Experian, and TransUnion reports may each contain different information, so it's important to get and review all three reports at least once per year. You are entitled to a free credit report every 12 months from each of the three major consumer reporting companies (Equifax, Experian and TransUnion). You can request a copy from [AnnualCreditReport.com](https://www.annualcreditreport.com).

Using the tools

Your Money, Your Goals toolkit

- Complete “**Requesting your free credit reports**” to plan when you’re going to order

your free annual credit reports

- Complete “**Reviewing your credit reports**” to make sure all the information in them is correct and up to date
- Review the “**Disputing errors on your credit reports**” handout to learn how you can dispute mistakes on your reports
- Use “**Getting and keeping a good credit history**” to pick strategies you can implement to improve your credit scores
- Complete all four items described above to make sure the information on your credit reports is correct

Focus on military communities

- Complete “**Credit reports and military service**” to get, review, improve, and protect your credit reports.

GETTING STARTED

Credit reports and military service

This tool will help you get, review, improve, and protect your credit history.

As a servicemember, having a strong credit history means having greater opportunities during your military career. Financial readiness involves requesting and reviewing your credit reports, taking steps to improve your credit including disputing errors on your credit reports, and protecting your credit history.

Negative information in your credit reports may keep you from getting promotions, higher security clearances, or special duty assignments.

What to do

- **Enroll in free electronic credit monitoring services.** Equifax, Experian, and TransUnion—are providing free electronic credit monitoring services to active duty servicemembers and members of the National Guard.
- **Get free copies of your credit reports.** You can get them on the internet, by telephone, or by mail. If you get your reports on the internet, be sure you're accessing them from a safe and secure device and location.
- **Review your credit reports.** Read through each credit report carefully, using the checklist as a guide for what errors to look for.
- **Improve your credit reports.** This can include disputing errors you find in your credit reports. If you find any mistakes on your credit reports, you should dispute them. Use the "Disputing errors on your credit reports" tool in the toolkit for even more information. You may also opt for a strategy or combination of strategies to improve your credit reports that work for you.
- **Protect your credit history.** There is a range of specific things you can do to limit access to your credit reports. This can help you prevent identity theft and financial fraud.

A step further

Get and review free copies of your credit reports on a regular basis—at least one time per year.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.



Understanding Credit reports and military service

1. Read each step in the checklist below.
2. Follow each step as it applies to you.

Monitor your credit

| Step to take | Additional steps or information | Check when complete | | | |
|--|--|---|---|---|--|
| Active duty servicemembers, reservists on active duty, and members of the National Guard can enroll in free electronic credit monitoring services. | <p>Credit monitoring services can alert consumers to mistakes or problems with their credit reports that might stem from the unauthorized use of their personal information to obtain credit.</p> <table border="1"><tr><td>Equifax (800) 685-1111 equifax.com/personal/military-credit-monitoring/</td><td>Experian (888) 397-3742 experian.com/lp/military.html</td><td>TransUnion (800) 916-8800 transunion.com/active-duty-military-credit-center</td></tr></table> | Equifax (800) 685-1111 equifax.com/personal/military-credit-monitoring/ | Experian (888) 397-3742 experian.com/lp/military.html | TransUnion (800) 916-8800 transunion.com/active-duty-military-credit-center | <input type="checkbox"/> Equifax <input type="checkbox"/> Experian <input type="checkbox"/> TransUnion |
| Equifax (800) 685-1111 equifax.com/personal/military-credit-monitoring/ | Experian (888) 397-3742 experian.com/lp/military.html | TransUnion (800) 916-8800 transunion.com/active-duty-military-credit-center | | | |
| Visit annualcreditreport.com to get a copy of each credit report. | <p>You are entitled to one free credit report every 12 months from each of the three nationwide credit reporting companies. If you were affected by the Equifax data breach, you can get access to extra reports too as noted here: consumerfinance.gov/equifax-settlement.</p> <p>Be ready to answer the security questions you will be asked. If you are unable to answer them, you will have to order your reports by phone or mail.</p> <p>You can order all three at a time, but it's a better practice to order a different one every four months.</p> | <input type="checkbox"/> Equifax <input type="checkbox"/> Experian <input type="checkbox"/> TransUnion | | | |

| Step to take | Additional steps or information | Check when complete |
|---|---|--|
| Order your free credit reports by phone or by mail if you can't get them online. | <p>Call: (877) 322-8228 or download and print this form: annualcreditreport.com/manualRequestForm.action</p> <p>Complete it and mail it to: Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281</p> | <input type="checkbox"/> Equifax <input type="checkbox"/> Experian <input type="checkbox"/> TransUnion |
| Get a free copy of your credit score by visiting your local Personal Financial Counselor (PFC). | <p>PFCs are part of the Military Financial Readiness Management Program. In addition to providing a free credit score, PFCs also conduct classes, seminars, one-on-one counseling and educate servicemembers and their families about consumer rights to help them achieve financial stability. You can locate your nearest Financial Counselor by contacting Military One Source at 800-342-9647 or visiting militaryonesource.mil.</p> | <input type="checkbox"/> Yes , I have met with a PFC and received a copy of my credit score <input type="checkbox"/> No , I need to contact a PFC |

Review your credit reports

| Step to take | Additional information | Check when complete |
|---------------------------|--|--|
| I need to file a dispute. | <p>Review:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Your name including spelling <input type="checkbox"/> Social Security number <input type="checkbox"/> Telephone numbers <input type="checkbox"/> Addresses <input type="checkbox"/> Employment history | <input type="checkbox"/> Yes , all information is correct <input type="checkbox"/> No , something is wrong. I need to file a dispute. |

| Step to take | Additional information | Check when complete |
|---|---|--|
| Is the public record information correct? | <input type="checkbox"/> Check for bankruptcies <input type="checkbox"/> Check for possible tax liens and court judgments | <input type="checkbox"/> Yes , all information is correct <input type="checkbox"/> No , something is wrong. Follow steps for filing a dispute to get it corrected |
| Review collection agency account information. | Review: <input type="checkbox"/> Account information—did the original account belong to you? <input type="checkbox"/> Status of each account | <input type="checkbox"/> Yes , all information is correct <input type="checkbox"/> No , something is wrong. Follow steps for filing a dispute to get it corrected |
| Review the credit account information. | Review: <input type="checkbox"/> Account information—do all the accounts belong to you? <input type="checkbox"/> The status of each account—open versus closed, paid on time, missed payments, current balances | <input type="checkbox"/> Yes , all information is correct <input type="checkbox"/> No , something is wrong. Follow steps for filing a dispute to get it corrected |
| Review the inquiries made to your file. | There are two types of inquiries: <ul style="list-style-type: none"> ▪ Hard inquiries—often after you have applied for credit or an apartment. ▪ Soft inquiries—a business has reviewed your credit to see if you may be eligible for a promotional offer. When you, an employer, or insurance company check your credit reports, these are also considered soft inquiries. ▪ Hard inquiries affect your credit scores slightly. Soft inquiries do not. | <input type="checkbox"/> Yes , all information is correct <input type="checkbox"/> No , something is wrong. I need to file a dispute. |

Improve your credit reports

| Step to take | Additional steps or information | Check when complete | | | | | | | | | | | | |
|--|--|--|----------|------------|----------------|----------------|----------------|--|--|--|--|--|--|--|
| Dispute mistakes on your credit report. | <p>You can call, complete an online dispute form, or send a letter explaining the mistakes. If sending a letter, you may also have to complete a dispute form. See this link for further help: consumerfinance.gov/ask-cfpb/how-do-i-dispute-an-error-on-my-credit-report-en-314/</p> <p>Dispute forms are available on the credit reporting company websites. If submitting evidence; like receipts, cleared checks, bank or credit card statements, or screenshots of electronic payments; make sure you send copies—not original documents.</p> <table border="1"><thead><tr><th>Equifax</th><th>Experian</th><th>TransUnion</th></tr></thead><tbody><tr><td>(800) 685-1111</td><td>(888) 397-3742</td><td>(800) 916-8800</td></tr><tr><td>equifax.com/personal/disputes</td><td>experian.com/disputes</td><td>transunion.com/disputes</td></tr><tr><td>Equifax Information Services, LLC P.O. Box 740256 Atlanta, GA 30348</td><td>Experian P.O. Box 4500 Allen, TX 75013</td><td>TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016</td></tr></tbody></table> | Equifax | Experian | TransUnion | (800) 685-1111 | (888) 397-3742 | (800) 916-8800 | equifax.com/personal/disputes | experian.com/disputes | transunion.com/disputes | Equifax Information Services, LLC P.O. Box 740256 Atlanta, GA 30348 | Experian P.O. Box 4500 Allen, TX 75013 | TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016 | <p>Dispute sent to:</p> <p><input type="checkbox"/> Equifax on __/__/__</p> <p><input type="checkbox"/> Experian on __/__/__</p> <p><input type="checkbox"/> TransUnion on __/__/__</p> <p>Credit reporting companies have 30 days to respond to your dispute.</p> |
| Equifax | Experian | TransUnion | | | | | | | | | | | | |
| (800) 685-1111 | (888) 397-3742 | (800) 916-8800 | | | | | | | | | | | | |
| equifax.com/personal/disputes | experian.com/disputes | transunion.com/disputes | | | | | | | | | | | | |
| Equifax Information Services, LLC P.O. Box 740256 Atlanta, GA 30348 | Experian P.O. Box 4500 Allen, TX 75013 | TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016 | | | | | | | | | | | | |

| Step to take | Additional steps or information | Check when complete |
|--|--|--------------------------|
| Dispute the mistakes with the information furnisher. | Call or send a letter to the creditor or business that provided the incorrect information. Be sure to send copies of evidence or proof of payment. Never send original documents. | <input type="checkbox"/> |
| Use these strategies to improve your credit history | <p><input type="checkbox"/> File disputes if there are mistakes</p> <p><input type="checkbox"/> Pay your bills on time and as agreed</p> <p><input type="checkbox"/> Use only 30% of your available credit limit on revolving credit accounts (e.g. credit cards)</p> <p><input type="checkbox"/> Pay off tax liens or judgements</p> <p><input type="checkbox"/> Use a credit building strategy: <ul style="list-style-type: none"> ▪ Get a credit building loan from a bank or credit union ▪ Get a secured credit card if you are unable to qualify for a conventional credit card. Use only 30% of your credit limit </p> <p><input type="checkbox"/> Keep old accounts open</p> <p><input type="checkbox"/> Resist applying for new credit cards</p> <p><input type="checkbox"/> If you have debts that existed before you went on active military duty, request an interest rate reduction to 6%. This is your right under the Servicemembers Civil Relief Act (SCRA).</p> <p><input type="checkbox"/> If you have debts you cannot pay, get help from your military branch relief society. (See the handout in this guide in Module 4 called Military relief societies.)</p> <p><input type="checkbox"/> If you are unable to stay current with your bills and debt, get help: <ul style="list-style-type: none"> ▪ Visit a personal financial counselor at your closest military installation ▪ Visit a nonprofit in the community that helps people with their finances ▪ Contact your local/state Department of Veterans' Affairs: nasdva.us/Links.aspx </p> <p><input type="checkbox"/> Get and review your credit reports at least once every 12 months</p> | |

Protect your credit history

| Step to take | Additional steps or information | Check when complete |
|-------------------------------------|---|--|
| Place an initial fraud alert | <ul style="list-style-type: none">▪ Use this if you are concerned you may become the victim of identity theft or fraud▪ Requires creditors or businesses to verify your identity before opening a new account, issuing an additional card, or increasing the credit limit on an existing account based on a consumer's request▪ Place with one nationwide credit reporting company, and it must notify the other two▪ Free and stays in place for 12 months | <input type="checkbox"/> Initial fraud alert placed |
| Place an active duty military alert | <ul style="list-style-type: none">▪ Use this if you are concerned you may become the victim of identity theft or fraud, and you are an active duty servicemember who is deployed or stationed overseas▪ Requires creditors or businesses to verify your identity before opening an account, issuing an additional credit card on an existing account, or increasing the credit limit on your existing account▪ Place with one nationwide credit reporting company, and it must notify the other two▪ Free and stays in place for 12 months, but can be renewed for the length of your deployment | <input type="checkbox"/> Active duty military alert placed |

| Step to take | Additional steps or information | Check when complete |
|-------------------------------|---|--|
| Place an Extended Fraud Alert | <ul style="list-style-type: none"> ▪ Use this if you have been the victim of identity theft ▪ Requires creditors or businesses to verify your identity before opening an account, issuing an additional credit card on an existing account, or increasing the credit limit on your existing account ▪ Place with one nationwide credit reporting company, and it must notify the other two ▪ Free and stays in place for seven years ▪ Must provide proof of identity theft and a copy of an identity theft report, which you can create at IdentityTheft.gov | <input type="checkbox"/> Extended fraud alert placed |

| Step to take | Additional steps or information | Check when complete |
|--|--|---|
| Place a credit freeze | <ul style="list-style-type: none"> ▪ Use this if you want more protection than a fraud alert provides ▪ Prevents access to your credit reports by almost anyone (including you); this keeps new credit accounts from being opened, and stops new accounts for other services such as mobile phones or utilities ▪ If you request a credit freeze, the credit reporting company must implement it within one business day of your request if made by telephone or electronically. ▪ Upon your request, a credit freeze must be lifted for free and be removed no later than one hour after you make the request by telephone or electronically ▪ Federal law protects credit records and identity theft for persons under age 16 and incapacitated persons or persons for whom a guardian has been appointed. Persons with authority to act for these consumers can request a credit freeze ▪ Must establish a freeze with each credit reporting company unlike fraud alerts ▪ Free and stays in place until you lift it | <input type="checkbox"/> Equifax credit freeze placed <input type="checkbox"/> Experian credit freeze placed <input type="checkbox"/> TransUnion credit freeze placed |
| Get, review, dispute errors on, and improve credit reports | <ul style="list-style-type: none"> ▪ This is the most important step in defending your credit history over the long-term. ▪ Get and review your credit reports from each credit reporting company at least once every 12 months | <input type="checkbox"/> Equifax on __/__/__ <input type="checkbox"/> Experian on __/__/__ <input type="checkbox"/> TransUnion on __/__/__ |

MODULE 8

Choosing Financial Products and Services

Learning about financial products and services and how they work can help you better manage your money, improve your credit scores, and save for your goals.

At a glance in the toolkit

This module helps you understand the different kinds of financial products and services available, how they might meet your needs, and how you can make the most of them. It also explains some of your rights and responsibilities when dealing with certain types of financial products and services.

- **Finding financial products and services**
- **Comparing financial service providers**
- **Opening a checking or savings account**
- **Avoiding checking account fees**
- **Evaluating your prepaid or payroll card**
- **Knowing your prepaid card rights**
- **Sending money abroad**

Additionally, in this guide

- ❶ **Deciding which financial services to trust**

Overview

Financial products and services are the tools you use to store and access money, make payments and purchases, send money to other people or businesses, and pay for purchases over time. They include things like checking and savings accounts;

prepaid cards; payroll cards; government benefits and EBT cards; credit cards; money transfers; bill payment services; and loans.

One important key to finding the right financial product or service is first thinking about the reason you need one. You may want a secure place to put the money you're saving for your goals, unexpected expenses, or emergencies. You may want a convenient way to pay your bills or to use your mobile phone to access your financial accounts. You may be looking for a loan to buy a car. Or you may want to repair or build your credit history to improve your credit scores.

Focus on military communities

Choosing financial products, services, and providers can be overwhelming—there are so many choices. For servicemembers, the decision-making is more complex. Frequent moves, living outside of the U.S., and the military affinity marketing of some financial providers make the choice harder.

Military consumers can start with assessing their financial needs and goals. (See the "Finding financial products and services" in the Your Money, Your Goals toolkit.)

Federally insured financial institutions dedicated to serving military consumers offer financial products and services that consider the realities of military life. Before selecting any financial product, service, or provider, shop around to ensure you are getting the best deal for you.

Using the tools

Your Money, Your Goals toolkit

- Use "**Finding financial products and services**" to find out about products that may meet your needs and learn about how they work and where to get them
- Use "**Comparing financial service providers**" to compare companies that offer the products or services you need and choose the one that's right for you
- Complete "**Opening a checking or savings account**" to make sure you have all the documentation and answers you need
- Review "**Avoiding checking account fees**" to choose strategies you can use to lower or eliminate fees
- Complete "**Evaluating your prepaid or payroll card**" to make sure you understand the details and fees associated with using the card

- Review the “**Knowing your prepaid card rights**” handout before you buy or use a prepaid card, so you know about your rights and responsibilities
- Review the “**Sending money abroad**” handout to learn about your rights and responsibilities when sending money to another country

Focus on military communities

- Use “**Deciding which financial services to trust**” to help you identify whether a business can be trusted by asking yourself a series of questions about the business and your experience with it.

GETTING STARTED

Deciding which financial services to trust.

This tool will help you identify whether a business can be trusted by asking yourself a series of questions about the business and your experience with it.

Servicemembers, veterans, and their families work hard for their money. Some businesses and organizations specifically target them with products and services. For large purchases such as cars and appliances, college, or investments, it's important that servicemembers and veterans trust the business or organization. A key question to ask is "Can I trust this?" This can help you identify warning signs a business or other organization may not be giving you the best deal.

What to do

- **Ask yourself each question below.** This is important if using a new business or service provider including businesses you access online or through a mobile device.
- **Answer each question.** If you answer 'yes' or 'I don't know' to any of the considerations about a specific business or other organization, get more information. Or, comparison shop. Look at a comparable product, service, or investment offered by another business or organization. Consider the benefits and the risks of any product, service, or investment.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.



Can I trust this? Deciding which financial services to trust

- When using a new business or service provider, including online or mobile-based businesses, use this checklist to help you determine whether or not to trust them.
- Read each statement and answer "yes," "no," or "I don't know."

| STATEMENT | YES | NO | I DON'T KNOW |
|---|--------------------------|--------------------------|--------------------------|
| 1. I feel pressured to make an investment, buy the product, or use the service. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I have been promised big returns or money-making opportunities that involve no risk or little effort on my part. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. The product, service, or investment has been presented as a once-in-a-lifetime opportunity. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. I don't feel like all my questions are completely and directly answered. If the person doesn't know the answer, they admit it and seek the answer. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. The business doesn't provide information I request in writing, or I don't have time to review it before deciding. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| STATEMENT | YES | NO | I DON'T KNOW |
|---|--------------------------|--------------------------|--------------------------|
| <p>6. The business has notable complaints on file with the Consumer Financial Protection Bureau (CFPB), the Securities and Exchange Commission (SEC), the Better Business Bureau (BBB), or my state Attorney General.</p> <ul style="list-style-type: none"> ▪ To review CFPB complaints, visit: consumerfinance.gov/data-research/consumer-complaints ▪ To review SEC complaints, visit: investor.gov ▪ To research a business at the BBB, visit: bbb.org ▪ To find your state attorney general, visit: naag.org/naag/attorneys-general/whos-my-ag.php | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. The business does not have a website that provides consumers with the ability to contact the business with questions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. I feel like the business is bullying me into a decision. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. The business markets directly to servicemembers and veterans, but I do not feel that their commitment to serving the military community is genuine. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>If you answered "yes" or "I don't know" to one or more of the considerations, get additional information, or compare what is being offered at another business. Be sure to consider the benefits and risks of making your decision.</p> | | | |

MODULE 9

Protecting your Money

Learn about ways you can protect yourself and your money with practical tips and information about your financial rights and responsibilities.

At a glance in the toolkit

This module can help you understand your rights and responsibilities within the financial marketplace, how to protect yourself from identity theft and fraud, and what you can do if you've been affected by identity theft, fraud, or a problem with a financial product or service.

- **Protecting your identity**
- **How to handle identity theft**
- **Spotting red flags**
- **Submit a complaint**

Additionally, in this guide

-  **Organizing your financial and legal documents**
-  **Marketing and scams aimed at military communities**

Overview

When you're an empowered consumer, you understand your rights and responsibilities. There are many laws that protect you when it comes to financial products and services. It's the CFPB's job to enforce these laws and handle consumers' complaints about financial products and services.

Knowing what your rights are can help prevent you from being taken advantage of during financial negotiations and transactions. And understanding your obligations can help you avoid late fees or problems with an account.

You are also the first line of defense when it comes to protecting your financial information from fraud or theft. There are things you can do to be proactive about keeping your information safe.

Focus on military communities

While knowing your rights is one part of protecting your money, so is preparation.

Having your financial and legal documents in order is a key step. If you are deployed, given a special assignment, or injured in the line of duty, having your financial and legal documents organized can ensure your spouse or another trusted person can take care of your legal and financial needs.

Veterans, servicemembers, and their families make up a large consumer market. Many companies strive to develop products and services for military communities. There are, however, some businesses that prey on military communities through affinity marketing, which is when the business claims to offer a special or discounted financial product or service that is designed for military families but is really offering a sub-par financial product or service. Identifying businesses that you can trust, those that you need to find out more information about, and those to avoid is a crucial part to protecting your money.

Using the tools

Your Money, Your Goals toolkit

- Read the “**Protecting your identity**” handout for ways to guard yourself against identity theft
- Review the “**How to handle identity theft**” handout to learn what steps to take if your identity has been stolen
- Study the “**Spotting red flags**” handout to see some of the warning signs that a sales deal might be a scam
- Learn how “**Submitting a complaint**” can help you if you’ve had a problem with a financial services company

Focus on military communities

- Use “**Organizing your financial and legal documents**” to understand and identify the financial and legal documents to get in place to ensure your family protected during and after military service.
- Review the “**Marketing and scams aimed at military communities**” handout to understand when affinity marketing offers clear benefits and how to steer clear of scams.

GETTING STARTED

Organizing your financial and legal documents

This tool will help you identify and get the right financial and legal documents in place to help you manage your finances in a variety of situations.

Having financial and legal documents in place can be especially important for military families. For example, the right documents can make it possible for military spouses and others to manage finances when servicemembers can't due to injury, overseas deployments, or other situations.

What to do

- **Review each financial or legal document in the list.** Read the explanation to better understand how each document may be helpful to you.
- **Identify if you have or need the document.** These are some of the most common and important financial and legal documents for servicemembers. Trusted professionals can help you evaluate whether you have additional needs. Be sure to involve your spouse or other family members that may be involved in making financial decisions on your behalf.
- **Write down any next steps you need to take.** This can help you start to put a plan in place for you and the people you care about.
- **Identify a safe place to keep these documents.** These documents should be stored in a secure, locked and ideally fireproof lock box that can be moved easily in case of an emergency.

To access a dynamic and fillable version of this tool, visit: consumerfinance.gov/your-money-your-goals/companion-guides.



Get things in order by **Organizing your financial and legal documents**

1. Review each type of financial or legal document and ask yourself the questions.
2. Check the box for whether you have or need the document. Write down any next steps you want to take.

| Document | Ask yourself | Next steps: |
|---|--|--|
| Power of Attorney This legal document gives one person the authority to act on your behalf on legal and/or financial matters if you become unable to handle your own affairs. | <ul style="list-style-type: none">▪ Do you have a power of attorney in place?▪ Is the person authorized by your power of attorney still the person you want to act on your behalf?▪ Do you know when the power of attorney expires and does that date need to be changed? | <input type="checkbox"/> I have this, and it meets my needs. <input type="checkbox"/> I have this and want to make changes. <input type="checkbox"/> I don't have this but need it. <input type="checkbox"/> I don't have this, but don't need it. <input type="checkbox"/> I'm not sure whether I need or have this. Notes: |
| Living will In case of a serious injury or terminal illness, this legal document allows you to describe which medical treatments you do or don't want. You can also designate who you prefer to make medical decisions for you if you're unable to do so. Living wills are also called "advanced medical directives." | <ul style="list-style-type: none">▪ Do you have a living will?▪ Do you want to give instructions for what medical providers should do or not do if you are injured or ill and unable to make those decisions? Or do you want to designate a person to make those decisions for you? | <input type="checkbox"/> I have this, and it meets my needs. <input type="checkbox"/> I have this and want to make changes. <input type="checkbox"/> I don't have this but need it. <input type="checkbox"/> I don't have this, but don't need it. <input type="checkbox"/> I'm not sure whether I need or have this. Notes: |

| Document | Ask yourself | Choose one: |
|--|---|--|
| <p>Last will and testament</p> <p>With this legal document, you state your wishes after your death. Without a will, state law governs how your property will be distributed and who should be responsible for the care of your children.</p> | <ul style="list-style-type: none"> ▪ Do you have a last will and testament? ▪ Is your will updated to reflect changes in your life, such as marriage, divorce, and births and deaths in your family? ▪ Do you need to make any changes to whom would receive your property and become the legal guardian(s) of your children if you were to die? | <input type="checkbox"/> I have this, and it meets my needs. <input type="checkbox"/> I have this and want to make changes. <input type="checkbox"/> I don't have this but need it. <input type="checkbox"/> I don't have this, but don't need it. <input type="checkbox"/> I'm not sure whether I need or have this. Notes: |
| <p>Tax returns</p> <p>Servicemembers have access to MilTax—a suite of free tax services provided by the Department of Defense—for preparing and filing tax returns. Tailored for military life, MilTax offers secure and free tax preparation and e-filing software and easy access to tax consultants with military expertise, free of charge. In addition, servicemembers can get in-person tax preparation and assistance through MilTax-designated volunteer sites and access to other valuable services and resources such as financial counselors. Find more information on MilTax at 800-342-9647 or militaryonesource.mil.</p> | <ul style="list-style-type: none"> ▪ Could you take advantage of free tax services next tax season? | <input type="checkbox"/> I plan to use MilTax. <input type="checkbox"/> I don't plan to use MilTax. <input type="checkbox"/> I'm not sure whether I will use MilTax. Notes: |

| Document | Ask yourself | Choose one: |
|---|--|---|
| <p>Life insurance</p> <p>Life insurance provides financial benefits to your dependents in the event of your death. A variety of group life insurance policies are available to servicemembers, veterans, and military families. Government-provided life insurance options include:</p> <ul style="list-style-type: none"> ▪ Servicemembers' Group Life Insurance (SGLI), which insures the lives of eligible servicemembers ▪ Veterans' Group Life Insurance (VGLI), which insures the lives of eligible veterans ▪ Family Servicemembers' Group Life Insurance (FSGLI), which insures the lives of eligible spouses and dependents of servicemembers <p>There are other types of insurance you can consider, as well. For example, long-term care insurance provides financial benefits in the event of a disabling or chronic illness that prevents you from caring for yourself. People and families have different insurance needs. Financial counseling is available from Military One Source (MOS) and other trusted sources can help you evaluate what you need. You can reach MOS at 800-342-9647 or militaryonesource.mil.</p> | <ul style="list-style-type: none"> ▪ What insurance do you already have? ▪ What types of events and losses might you need insurance for? | <input type="checkbox"/> I want to evaluate what insurance I have and need. <input type="checkbox"/> I don't need to evaluate what insurance I have and need right now. <input type="checkbox"/> I'm not sure. Notes: |

Get help

Servicemembers and their families can get help with many of these financial and legal documents free of charge through the armed forces. The Armed Forces Legal Assistance Locator (legalassistance.law.af.mil) is an online tool for finding the nearest legal assistance office where you can consult with a legal assistance attorney. The locator is a joint effort of the legal assistance divisions of the Army, Marine Corps, Navy, Air Force and Coast Guard.

VA makes online will preparation services available at no cost to beneficiaries of the group life insurance policies that it administers. Visit benefits.va.gov/insurance/bfcs.asp.



Marketing and scams aimed at military communities

Learn how to spot military community affinity marketing and scams that may cost you hard-earned money.

AFFINITY MARKETING

Affinity marketing is a way businesses and organizations design products and services and communicate about them to specific target audiences.

MILITARY AFFINITY MARKETING

Military affinity marketing uses military-sounding names, symbols, patriotic imagery, and military jargon to attract military consumers to their products and services. Businesses and organizations using military affinity marketing often use "ex-military" people in sales or other customer-facing positions to convince servicemembers, veterans and their families that they can trust in what they are being sold.

There are more than 20 million veterans and 2.3 million troops serving on active duty, in the reserve forces, or with the National Guard. Add to this family members and friends or people who have served. This is a large group of people who are likely to respond positively to military affinity marketing.

WHAT TO ASK WHEN CONSIDERING FINANCIAL PRODUCTS AND SERVICES

Many businesses and organizations offer financial products and services to military consumers.

To ensure the business or organization is offering financial products and services that are beneficial, it can be helpful to ask questions including:

- **Does the business or organization have a legitimate link to the military?** Some businesses or organizations often use names that imply a connection when there is none.
- **Does the product or service offer a benefit not already provided to military communities?** For example, the VA offers life insurance policies directly to servicemembers, veterans, and their families. Ask them how their product or service is superior to the one offered by the government.
- **If providing loans, are the rates and terms similar to loans you can get at regular banks or credit unions?** Be sure to understand the costs and terms of loans and comparison shop.
- **If providing an educational service, does the school avoid pressuring you to use additional student loans?** Some educational institutions pressure military students to enroll in programs. In some cases, the entire GI Bill benefit is used up and additional student loan debt is incurred.
- **Does the business or organization seem to be knowledgeable about military consumer protections such as the Servicemembers Civil Relief Act and the Military Lending Act?** See "The SCRA and MLA: How are they different?" for more information on these laws.

If you answered "no" to any of these questions, you may want to do more research.

SCAMS

Servicemembers, veterans, and their families must also be aware of scams. Here are some common scams:

- **Pension buyout scam.** This is a lump sum payment of cash for a retired servicemember or veteran's current or future pension payment. The lump sum payment is often a fraction of the total value of the benefit.
- **Charging for records scam.** A veteran is offered access to their military records for a fee. All military records are available free of charge through the National Archives ([archives.gov](https://www.archives.gov)).
- **VA phishing and smishing scams.** A veteran receives calls, emails, or texts from someone posing as a VA employee asking for personal information to update their records. The VA does not solicit people to do this and all unsolicited calls, emails, or texts like this should be ignored.
- **Employment scams.** Jobs are posted in publications and on websites that target veterans and military spouses. In some instances, the information provided on a job application may be used to commit financial fraud. This is common in work-at-home jobs in that they require upfront investments but promise easy money with unlimited earning potential.
- **GI Bill scams.** The GI Bill provides servicemembers and veterans with free or reduced cost post-secondary education. Some businesses and organizations use marketing messages to convince military students to enroll, but then provide them with unaccredited training and education.

Often, the entire benefit is used up before the servicemember or veteran can earn their desired certificate or degree.

Use the VA's GI Bill comparison tool to learn about education programs and compare benefits by school at [va.gov/gi-bill-comparison-tool](https://www.va.gov/gi-bill-comparison-tool).

HOW TO SUBMIT A COMPLAINT

 **Online**
consumerfinance.gov/complaint

 **By phone (180+ languages)**
M-F, 8 a.m. - 8 p.m. ET
(855) 411-2372
(855) 729-2372 TTY/TDD

 **By mail**
Consumer Financial Protection Bureau
P.O. Box 2900
Clinton, IA 52733-2900

For more information, you can refer to the full *Your Money, Your Goals* toolkit online at consumerfinance.gov/your-money-your-goals.

If you're having a problem with a bank account, credit card, student loan, consumer loan or other financial products or services you can submit a complaint with the CFPB at consumerfinance.gov/complaint.

For answers to commonly asked questions you might have about other money matters, visit "Ask CFPB" at consumerfinance.gov/ask-cfpb.

Mail

Consumer Financial Protection Bureau
PO Box 2900
Clinton, IA 52733-2900

Email

YourMoneyYourGoals@cfpb.gov

Toll-free phone

855.411.2372
Monday-Friday
8:00 a.m.-8:00 p.m. (EST)

TTY/TDD phone

855.729.2372

Fax

855.237.2392

About the Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) regulates the offering and provision of consumer financial products and services under the Federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions. Learn more at consumerfinance.gov.

This guide and related materials are free and accessible

The Your Money, Your Goals toolkit and this companion guide are available as a PDF download or can be ordered in hard copy for free. Both documents are 508 compliant to be accessible to people with disabilities. The individual tools and handouts in the toolkit and the guide are available as separate, downloadable PDF documents. You can add information directly into the fields of the tools and all calculations are now done automatically.

You can find the toolkit, this guide, and additional resources such as the Implementation Guide, training slides and videos, and pre- and post-training surveys on the *Your Money, Your Goals* webpage at consumerfinance.gov/your-money-your-goals.

DISCLAIMER

The Consumer Financial Protection Bureau prepared the tools included in the Your Money, Your Goals: Focus on Military Communities companion guide as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The CFPB is not responsible for the advice or actions of the individuals or entities from which you received the CFPB educational materials. The CFPB's educational efforts are limited to the materials that CFPB has prepared.

The tools may ask you to provide sensitive information. The CFPB does not collect this information and is not responsible for how your information may be used if you provide it to others. The CFPB recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.

This guide includes links or references to third-party resources or content that consumers may find helpful. The Bureau does not control or guarantee the accuracy of this outside information. The inclusion of links or references to third-party sites does not necessarily reflect the Bureau's endorsement of the third-party, the views expressed on the outside site, or products or services offered on the outside site. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve your needs.