



Preparing for deployment can be a stressful time for you and your family. Deployment can also provide an excellent opportunity to improve your financial situation, if you're prepared. This checklist is all about getting your finances ready before you deploy, so you can take advantage of opportunities and help alleviate stress.

In addition to the training materials contained in this checklist, the financial counselors at the Army Community Service Center (ACS), can help you with your specific situation before you deploy.

HANDOUTS

- ✓ Spending Plan Worksheet
- ✓ Combat Zone Tax Exclusion
- ✓ TRICARE Overview
- ✓ Survivor Benefits Overview
- ✓ Thrift Saving Plan
- ✓ Financial Warning Signs
- ✓ Military Consumer Protection
- ✓ Paying Off Student Loans
- ✓ Sources of Help For Military Families



FINANCIAL PLANNING FOR DEPLOYMENT

- ☐ Set achievable financial goals you want to accomplish while you are deployed. Examples may include paying off debt, saving for a down payment on a new car, or investing for retirement. Write your goals on the lines provided:

***Counselor:** Inform Soldiers the difference between a wish and a goal is having a plan to get there. Encourage them to make time to set achievable financial goals before they deploy. Goals should be Specific, Measurable, Achievable, Relevant, and Time-bound. Remind them to include their spouse in this process, if they are married.*

- ☐ Here are a few examples of financial goals other Soldiers have set during their deployment:
- Pay off debt
 - Invest for retirement (see TSP information below)
 - Save for a down payment on a home
 - Save for a car purchase
 - Start a college fund
 - Save in the Savings Deposit Program (SDP)
 - Build a solid emergency fund (\$1,000 minimum with a goal of three to six months of expenses)

- ☐ Create and update your spending plan before you deploy. Complete the "Spending Plan Worksheet" to account for changes to income, expenses, and don't forget to save towards your financial goals.

***Counselor:** During a deployment, the additional pay, bonuses and allowances may result in a big pay bump! Inform Soldiers, much of this income may be earned tax-free, depending on their location during deployment. It's important to have an updated spending plan in place before the Soldier deploys, to make the most of this additional money. Encourage the Soldier to develop a spending plan using resources provided and help them complete one for pre- and post deployment, to show the impact of additional pay and entitlements and tax advantages associated with deployment.*

- ☐ Determine eligibility for special pays and entitlements during your deployment. Also, account for potential changes to your expenses. The lists below offer a few examples of potential income and expense changes to consider:

Potential Income Changes:*

- Family Separation Allowance (FSA): FSA may be payable at the rate of \$250 per month (pro-rated to \$8.33 per day for periods less than a month)
- Hostile Fire/Imminent Danger Pay: HF/IDP may be payable at the rate of \$225 per month (prorated to \$7.50 per day for periods less than a month)
- Combat Zone Tax Exclusion (CZTE)
- Promotion
- Reenlistment bonus
- Loss of spousal income
- Guard/Reserve members may find military pay differs significantly from their civilian pay

Potential Expense Changes:*

- Meal deduction in deployment locations
- Extra child care costs
- Extra pet boarding
- Maintenance and repair expenses
- Income taxes

**Check your Leave and Earnings Statement (LES) to verify pay adjustments are accurately reflected.*

Counselor: Whether the Soldier is single, married, has children, or dual-military, every household faces unique challenges during a deployment. Create a plan that works for them and their family. Ask about their financial wishes and if applicable, establish a realistic budget for everyone in their family. They may save money during deployment, but allowances should be made for a recreational break.

- ☐ Review the “Combat Zone Tax Exclusion” handout to learn more about common tax benefits and special IRS rules that may apply to your deployment.

Counselor: Eligible Service members, serving in a combat zone, can exclude income from taxation by the Internal Revenue Service (IRS). Refer to the CZTE handout provided and IRS Publication 3, The Armed Forces Tax Guide to learn more about tax-filing deadlines, CZTE, and other tax considerations.

- ☐ Review your tax situation and act accordingly.

- For Soldiers who will be deployed out of the country, extensions of tax filing deadlines may apply. Some extensions are automatic, while some have to be requested of the IRS. The lengths of time involved vary.
- Consider providing tax documentation to your Power of Attorney (POA), if applicable.
- For more information, visit www.irs.gov and search IRS Publication 3, the Armed Forces’ Tax Guide (<https://www.irs.gov/publications/p3>). This publication covers Soldier's tax benefits and responsibilities in detail.

- ☐ Consider setting up automatic bill payments to ensure you keep up with your financial obligations and communicate with your POA about payments that need to be made throughout the month.

Counselor: Remind Soldier(s) to ask their financial institution about any fees associated with bill pay and online banking so they can budget accordingly and be prepared.



INSURANCE AND ESTATE PLANNING

- ☐ Evaluate your life insurance policies before you deploy to ensure you have enough coverage, the right type of coverage, and correct beneficiaries.

A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

L liabilities	Debt you would like to pay off, like a mortgage, auto loan or credit card(s).	\$
I ncome to be replaced	Income you would like to replace. Multiply targeted annual income amount by the number of years to replace.	\$
F uneral and final expenses	The amount you would like to set aside for final expenses.	\$
E ducation and other goals	The amount you want to set aside to fund education and other goals for family, friends, or charitable organizations.	\$
	Total life insurance need	\$\$\$\$

Then compare your life insurance needs with your current amount of coverage plus any assets available at your death. If you find you need additional coverage, then consider supplementing Servicemembers' Group Life Insurance (SGLI) with a commercial life insurance policy. Review the policy for any restrictions, such as a war clause.

Common life insurance policies include:

- Term insurance - provides a stated amount of coverage over specific period of time and is designed to provide a large amount of coverage for the least cost.
- Permanent insurance - provides coverage designed to last for your entire life and can build cash value. There are several permanent life insurance options offered such as universal life, whole life, variable life and even variable universal life insurance. These policies may have a surrender period and may be subject to fees and penalties if canceled during a specified time.

***Counselor:** Remind Soldier(s) to ask questions and fully understand any commercial life insurance policy they are considering purchasing. They should understand the cost, coverage, terms and conditions, as well as how the agent is compensated before making a decision to buy.*

- ☐ Check your SGLI coverage, which is automatically \$400,000 unless another election is made.

***Counselor:** Note that Guard/Reserve members assigned to a unit scheduled to perform at least 12 periods of inactive duty creditable for retirement purposes can purchase full-time SGLI coverage that is in effect 365 days of the year. If mobilized, they may be eligible to elect SGLI or increase coverage. They are also covered for 120 days following separation or release from duty. Refer Soldier(s) to www.benefits.va.gov/insurance/ for more information. See www.benefits.va.gov/BENEFITS/factsheets/insurance/SGLI.pdf for more information.*

- ☐ Review and update your beneficiaries on SGLI and private policies.
 - To update the beneficiaries of your SGLI, access the SGLI Online Enrollment System (SOES), by signing into the milconnect site and searching the "Benefits" tab.
 - Carefully review any additional life insurance coverages for potential disqualifying events, like war clauses.

- ☐ Visit your installation's legal office to review and update your estate planning documents, such as will, power of attorney and advance directive. If applicable, designate one or more guardians for your dependent(s).

Counselor: For single parents, it may be wise to give a medical power of attorney to your child care provider to handle any medical emergencies that may arise while you are deployed. You may also need a special power of attorney for your child's caretaker to enroll the child in school, sign permission slips, etc. Many financial institutions may require their own POA document, so encourage the Soldier to verify if that is the case.

- ☐ Notify your health, auto, and property insurance providers of your deployment and make changes where appropriate. Guard/Reserve members receive TRICARE coverage for themselves and their families when reporting for active duty. Coverage may begin sooner if the orders have a delayed reporting date. Refer to the "TRICARE Overview" handout for more information about health insurance.

Counselor: Guard/Reserve members should coordinate health coverage with their civilian employers to ensure continuity of coverage. A special note regarding auto insurance: Remind Soldier to let insurer know the car will be "off the road" if appropriate. Also, if the Soldier owes money on a car, the creditor will require insurance coverage. It may not be advisable to cancel coverage in most cases. Check with your agent to review your options.

- ☐ Review the "Survivor Benefits Overview" handout to learn more about policies and programs available for survivors.



SAVING AND INVESTING

- ☐ Create a plan to establish an emergency fund to cover three to six months of living expenses.

Counselor: An emergency fund can help alleviate the stress of a financial hardship back home. Also note, that while the Savings Deposit Plan (see below) is a great way to earn more money on a Soldier's emergency funds, remind them the SDP does not typically allow for withdrawals until return from deployment. Therefore, a traditional emergency fund is still very important.

- ☐ Consider taking advantage of the DoD's Savings Deposit Program (SDP).

The SDP offers a great opportunity to increase returns on cash savings. The program guarantees an annual return of 10%, compounded quarterly, up to \$10,000 in savings. To learn more about the Savings Deposit Program visit the DFAS website at: www.dfas.mil/militarymembers/payentitlements/sdp.html

Counselor: To participate in the SDP, a Soldier must meet the following qualifications:

- *Going to an SDP-eligible combat zone.*
- *Receiving Hostile Fire Pay.*
- *Be in theater 30 days before starting the program.*
- *Sign up at the finance office in theater.*
- *If funds are available, Soldiers can deposit up to \$10,000 once they reach 30 days in theater to maximize the benefit.*

- ☐ Review the "Thrift Savings Plan (TSP)" handout for more information about investing options and contribution limits while deployed. You may contribute up to \$19,000 in your TSP in 2019 if you are under the age of 50. This limit may increase to \$56,000 in 2019, if you are deployed to a combat zone.

- ☐ Consider making Roth contributions to your TSP while deployed, so both contributions and growth can be tax-free for eligible withdrawals at retirement. Special note: Excess contributions made while deployed count toward the Annual Addition Limit (contributions above \$19,000 automatically go into the traditional TSP). This limit also includes Agency contributions (automatic and matching contributions made, as part of the Blended Retirement System, starting in 2018).

***Counselor:** Guard/Reserve members that contribute to their employer qualified retirement plan should verify their contributions to that plan, so they can accurately make contributions to TSP and avoid exceeding the elective deferral limits which are applicable to all plans as an aggregate, and not just per individual plan.*



MANAGING DEBT AND CREDIT

- ☐ Understand the warning signs of debt and know where to get help. Review the “Financial Warning Signs” handout for more information.
- ☐ Consider obtaining a power of attorney (POA) to authorize spouse use of Army Emergency Relief (AER) assistance. This will allow your spouse to apply for emergency financial assistance. AER understands the challenges that come with active duty Army life — from deployments to PCS orders — and offers targeted community programs to help make everyday life on base a little easier. They can offer financial assistance, grants, and zero interest loans to Soldiers who are experiencing financial hardships.
- ☐ Carefully review your debt and utilize the Servicemembers Civil Relief Act (SCRA). Refer to the “Military Consumer Protection” handout to learn more about your rights under the SCRA and the Military Lending Act (MLA). The SCRA limits the interest rate to 6% on all debts incurred before your active duty military service. Contact your creditors and lenders to discuss reducing interest rates on credit cards, car loans, certain student loans, home equity loans and mortgages.

***Counselor:** In addition to interest rate benefits, the SCRA may also be helpful with termination of cell phone contracts, automobile leases and residential leases. The SCRA also provides protection in certain situations such as evictions, foreclosures, court proceedings, taxes and liabilities, and installment contracts.*

- ☐ Take advantage of student loan programs offered to deployed Soldiers. You are legally entitled to have interest on some student loans suspended for the duration of your service while deployed in a combat zone. Review the “Paying Off Student Loans” handout for more information.
- ☐ Soldiers for whom mobilization reduces income may qualify for income-based payment reductions. Some service in hostile-fire area may entitle you to loan cancellation.

The SCRA can reduce the interest rate on student loans for Guard/Reserve members ordered to active duty. Speak with your loan servicer to meet documentation requirements and also notify servicers when you are released from active duty.

***Counselor:** Explain to Soldier(s) that information about their student loans can be found on the National Student Loan Data System (NSLDS) at https://nslds.ed.gov/nslds/nslds_SA/.*



- ☐ Set up an active duty alert through any one of the three major credit bureaus to help protect against identity theft while you are deployed. Refer to the "Military Consumer Protection" handout for more information.

An active duty alert requires creditors to take steps to verify the identity of the applicant before granting credit in that person's name. It is effective for one year, unless you request for it to be removed sooner. If your deployment lasts longer than one year, you may place another alert on the report.

***Counselor:** Inform the Soldier to call the toll-free number for one of the three nationwide consumer credit reporting agencies to place an active duty alert. The agency they call is required to contact the other two agencies and the law allows for personal representatives to place or remove an alert. Encourage them to review their credit report for errors.*

- ☐ Protect yourself from misleading consumer practices and understand how to report complaints. Scammers tend to target deployed Soldiers and their family members. Encourage family members not to disclose the fact that you are deployed to unknown persons. Review the "Sources of Help for Military Consumers" handout for more information.

***Counselor:** Inform the Soldier to guard personal information and protect PIN and passwords. Suggest the Soldier contact their creditors directly if they receive emails seeking personal information.*

