

MAXIMIZING YOUR MILITARY MONEY

What to Know Before You Go

Welcome!



Prepare Your Banking



Congratulations on your decision to join the Army!

Use this guide to help you make the best financial and Army benefit decisions for your situation before leaving for basic training.

- Banking and bill payments
- Life insurance and beneficiaries
- Education and retirement benefits
- Information for Army spouses

Decisions, Decisions...

Shortly after arriving at basic training, you will be required to make several financial decisions about the benefits available to you as a Soldier. It's a good idea to research these topics before you go, so you'll be prepared.

Why This Matters

Financial readiness impacts mission readiness:

- If your finances are in order, you can focus on the mission at hand, build wealth, have peace of mind, and enjoy more financial freedom in the future.
- If your finances are not in good order, you could be distracted, stressed, and even face career consequences, since financial management issues may affect your security clearance.

The information and tips in this guide will start you on the right path, but don't stop there. Keep learning and stay focused on successfully managing your finances, one decision at a time.

Whether you currently use a bank or credit union,

or need to find one, make sure it can keep up with your new Army lifestyle including deployments and frequent relocations. Features like mobile banking, ATM access and online bill pay can be very helpful.

Here are some additional suggestions to consider:

1

Open a checking and savings account.

It's important to keep your spending money separate from money you intend to save.

2

Know your direct deposit information.

Your Army paycheck must be deposited directly into a checking or savings account in most situations. You may need to provide your account number and routing number before training, or as part of the in-processing paperwork.

3

Start an emergency fund.

Unexpected and costly things happen so it's wise to have money set aside to pay for them. Make it automatic by setting up a regular transfer from your checking to your savings account.



SECURING THE
FINANCIAL
FRONTLINE

Explore Financial Frontline for more money management information.
www.financialfrontline.army.mil

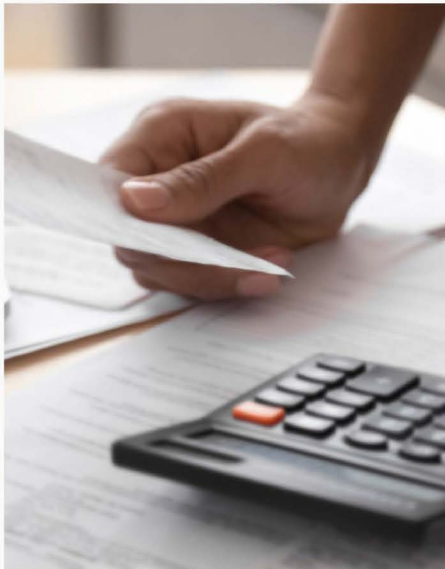
Paying Bills While in Training

It's unlikely that you will have time or online access to pay your bills while in training, but your bills still need to be paid. To keep from falling behind and possibly damaging your credit rating, consider setting up automatic bill pay before you leave. If you prefer not to use automatic bill pay, consider prepaying your bills or putting someone you trust in charge of paying them.

MILITARY
ONE SOURCE

If you are currently paying down debt, research the Servicemembers Civil Relief Act (SCRA). The SCRA allows Soldiers to have interest rates reduced to 6% on debts incurred before entering active duty. For more information, visit MilitaryOneSource.mil and search "SCRA."

Plan for Your Paychecks



Soldiers are typically paid on the 1st & 15th

of the month. Your paycheck can include several components such as basic pay, special and incentive pays, and other entitlements.

Learn how to [read your LES](#). It is your responsibility to check your paycheck for accuracy every month.



Visit www.dfas.mil/MilitaryMembers to learn more about Army pay.

Build a Spending Plan

Once you understand what will be coming in, it is often prudent to also look closely at what you expect to have going out. Ideally you should do this analysis for two distinct time periods:

1. Your time in basic training
2. The first few months after you graduate.

This should help you plan better, avoid surprises and help position you to begin saving money. Below are some steps to help you get started.

Steps to Build a Spending Plan

1

Understanding your upcoming financial situation

Review all the bills you will have to pay each month while you are in training and for a couple of months after you graduate. Compare this to what is coming in.

2

Know where your money should go

Experts often suggest the following:

- Save/invest 10% – 15% of pretax pay.
- Limit vehicle expenses (car payments, insurance, gas and maintenance) to 15% – 20% of pretax pay.
- Limit housing expenses (rent or mortgage, taxes, utilities and maintenance) to your Basic Allowance for Housing or 25% of pretax pay.

3

Create a Plan

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

4

Make adjustments

Monitor your plan until you have fully adjusted your finances to reflect your new situation. Be sure to go back and update your spending plan as life changes.

IRS Form W-4



All new Soldiers must complete a W-4

indicating how much federal income tax to withhold from each paycheck.

- Withholding too little means you may have to pay more (along with potential penalties) when you file your taxes.
- Withholding too much means you may receive a refund when you file your taxes, but you lose the ability to use that money until then.

Review Form W-4 so you know how to complete it before arriving at training. You can submit a new one later, if necessary, but it is best to get it right the first time.



Practice completing the form by visiting irs.gov and searching for "W-4."

There you will find the form, instructions, and an IRS Tax Withholding Estimator.

Servicemembers' Group Life Insurance



Servicemembers' Group Life Insurance (SGLI) is low-cost

term life insurance available to eligible Service members.

You are automatically enrolled in the program and issued the maximum \$500,000 of coverage without the need to undergo medical testing. Coverage can be reduced in \$50,000 increments or declined altogether. However, if you wish to increase the coverage later, you may be required to complete a questionnaire through the Office of Servicemembers' Group Life Insurance (OSGLI).

The premium for SGLI will be deducted from your pay.

How much does SGLI cost?

The following table shows the cost of SGLI at various rates of coverage as of March 1, 2023*:

Coverage Amount	Monthly Cost	TSGLI Premium	Total Monthly Cost
\$500,000	\$30.00	\$1.00	\$31.00
\$450,000	\$27.00	\$1.00	\$28.00
\$400,000	\$24.00	\$1.00	\$25.00
\$350,000	\$21.00	\$1.00	\$22.00
\$300,000	\$18.00	\$1.00	\$19.00
\$250,000	\$15.00	\$1.00	\$16.00
\$200,000	\$12.00	\$1.00	\$13.00
\$150,000	\$9.00	\$1.00	\$10.00
\$100,000	\$6.00	\$1.00	\$7.00
\$50,000	\$3.00	\$1.00	\$4.00

*For updated yearly rates, visit the U.S. Department of Veterans Affairs (VA) SGLI webpage at: va.gov/life-insurance/options-eligibility/sgli

Family Coverage



Family SGLI, also known as Family Servicemembers' Group

Life Insurance (FSGLI), offers coverage for the spouse and dependent children of Soldiers covered under full-time SGLI.

Spouses can receive up to \$100,000 of coverage and dependent children are insured at \$10,000 each. The amount of spouse coverage cannot exceed the Soldier's, so keep this in mind if you decide to reduce yours below \$100,000.

Dependent child coverage is provided at no cost, and the cost of spousal coverage varies based on the amount of coverage selected and the age of the spouse. Most spouses can get the full benefit for less than \$10 per month.

VA



U.S. Department of Veterans Affairs

Visit benefits.va.gov/insurance for more information.

Beneficiaries



A beneficiary is a person or legal entity who will

receive money, assets or benefits in the event of your death. During in-processing you will be asked to designate beneficiaries on various Army benefits, including Servicemembers' Group Life Insurance, the Thrift Savings Plan (TSP), the death gratuity program and Arrears of Pay (AOP).

- Know the name and contact information for those you plan to name as a beneficiary.
- Beneficiaries supersede your will, meaning the benefit will go to the person you name as the beneficiary.
- You can designate more than one beneficiary if you choose.
- Naming minor children as beneficiaries can be complex due to how the courts handle such situations. It's usually best to speak with an attorney about setting up an estate plan when minor children are involved.

Death Gratuity

The death gratuity is a \$100,000 tax-free payment made by the Department of Defense to eligible survivors of Soldiers who die while on active duty or while serving in certain Reserve statuses.

As noted earlier, you will be asked to name a beneficiary for this program.

Arrears of Pay

Arrears of Pay (AOP) is a one-time payment of your prorated final month's pay, and any other money owed to you, if you die while serving. It is important for you to designate an AOP beneficiary to expedite payments.

DD Form 93, Record of Emergency Data

DD Form 93 is a document used to express your wishes about several critical issues, including the following:

- How and to whom applicable entitlements should be distributed in the event of your death
- Person Authorized to Direct Disposition (PADD) of your remains, in the event of your death
- Next of kin to be notified in the event of an emergency

You can list your spouse, children, father, mother or other designated individual. You can even tell the Army not to contact a particular person.



GI Bill® Benefits



You may be eligible for education and training benefits

from the U.S. Department of Veterans Affairs, such as the Post-9/11 GI Bill, Montgomery GI Bill-Active Duty (MGIB-AD) or Montgomery GI Bill-Selected Reserve (MGIB-SR). These programs are designed to help offset the cost of higher education.

Enrollment

Information on GI Bill benefits will be provided during Army basic training. Most Soldiers will automatically be enrolled in the MGIB-AD unless you decide to disenroll. The cost of the MGIB-AD is \$1,200 and will be deducted from your pay over a 12-month period. If you disenroll, you may be able to use the Post-9/11 GI Bill once you are eligible.

The decision to disenroll from the MGIB-AD is irrevocable. Guard and Reserve trainees may become eligible for educational benefits through the MGIB-SR by signing a six-year contract; however, you will only be able to use the program while serving, and cannot use it after leaving Army service or if you are in an Individual Ready Reserve status.



U.S. Department
of Veterans Affairs

To help you decide which program is best for you, access the VA's GI Bill website at: [va.gov/education/about-gi-bill-benefits](https://www.va.gov/education/about-gi-bill-benefits)

GI Bill Programs Comparison

Requirements

Post-9/11 GI Bill	90 days active aggregate service or 30 days continuous if discharged for service-connected disability*
MGIB-AD	2-yr. continuous enlistment (min.)
MGIB-SR	6-yr. commitment

*Soldiers and honorably discharged Veterans who were awarded a Purple Heart on or after September 11, 2001, will be entitled to the full Post-9/11 GI Bill benefit.

Cost

Post-9/11 GI Bill	No cost
MGIB-AD	\$100 per month for 12 months (\$1,200 total). Can increase benefit by paying up to an additional \$600
MGIB-SR	No cost

Benefits

Post-9/11 GI Bill	<ul style="list-style-type: none"> • 36 months of tuition (max.) • Monthly housing stipends* • Books & supplies stipend
MGIB-AD	36 months of tuition (max.)

Payable

Post-9/11 GI Bill	Tuition: Paid to school Housing stipends: Paid to student Books & supplies: Paid to student
MGIB-AD	Set monthly amount paid to student regardless of actual costs
MGIB-SR	Set monthly amount paid to student regardless of actual costs

Duration

Post-9/11 GI Bill	No expiration
MGIB-AD	10 years from last day of active duty
MGIB-SR	Generally ends the day you leave Selected Reserves

Transferability

Post-9/11 GI Bill	Yes*
MGIB-AD	No
MGIB-SR	No

*If certain conditions are met.

Education Covered

- All three GI Bills can be used for the following:
- Degree Training
 - Non-College Degree Training
 - National Testing Programs
 - Flight Training - Correspondence Courses
 - Licensing & Certification
 - On-the-Job & Apprenticeship Training
 - Work-Study Program
 - Tutorial Assistance

Retirement Benefits



Retirement probably seems like a lifetime away as

you begin your Army career, but it's never too early to begin saving for it.

Fortunately, one of the key benefits of your service is the Blended Retirement System (BRS).

Under the BRS, you can earn a DoD-funded pension if you serve long enough (typically 20 years). Also, a retirement savings account will be established for you in the Thrift Savings Plan (TSP).

As a new Soldier, you will automatically have 5% of your basic pay deducted from each paycheck and contributed to your TSP account. Your service will also contribute to your TSP account each pay period through automatic and matching contributions, once you are eligible. Automatic contributions will begin after you've completed 60 days of service and will equal 1% of your basic pay each pay period. Matching contributions will begin after you've completed two years of service and will vary depending on how much you contribute, as indicated in the table below.

If you have a break in service, you may have longer than 30 days to choose BRS or remain in the legacy retirement system depending upon Army guidance.

You put in:	Your service puts in: [*]		And the total contribution is:
	Automatic Contribution	Service Matching Contribution	
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
More than 5%	1%	4%	Your contribution +5%

^{*}Automatic 1% contributions begin after 60 days of service. Matching contributions begin after two years of service.

You will be permitted to reduce or stop your contributions. However, contributions that go to 0% are reset to 5% at the beginning of each year.



You can learn more about the TSP at tsp.gov and additional information about the BRS is available at militarypay.defense.gov/BlendedRetirement.

Army Spouses



If you have a spouse or a significant other, keep in mind that serving in the

Army is a family affair and a commitment of which you should both be proud.

Here are some tips and resources to help you both get on the same financial page before starting your Army journey:

- Communication during basic training may be limited, so be sure to discuss financial issues before you leave.
- Be open about money management to ensure bills are paid on time while you're away in training.
- Talk about important estate planning decisions, such as naming beneficiaries for Soldier Group Life Insurance.
- Consider making a will and/or setting up a Power of Attorney (POA) so your spouse may handle certain financial matters while you're in training.
- If drafting a POA, understand the differences between a general POA and a specific POA and choose carefully.
- Review your family budget – together – before basic training.

Additional Resources Available to Spouses

Financial Education

milspousemoneymission.org

All Things Military with 24/7 Support

militaryonesource.mil

Spouse Employment

myseco.militaryonesource.mil/portal

Well Done



Mission Complete!

Download the checklist (pdf) below to help you keep track of everything you've already completed and what steps you have left.



Summary Checklist Download

More Resources

Financial Frontline

www.financialfrontline.army.mil

MilSpouse Money Mission

www.milspousemoneymission.org

Army Emergency Relief

www.armyemergencyrelief.org

Military Compensation

militarypay.defense.gov

Defense Finance and Accounting Service

dfas.mil

Thrift Savings Plan

tsp.gov

Office of Financial Readiness

finred.usalearning.gov

Military OneSource

militaryonesource.mil

Spouse Education & Career Opportunities

myseco.militaryonesource.mil/portal

Sen\$e Financial Readiness Mobile App

