

Personal Financial Planning

Preparing financially for a deployment, unaccompanied assignment or extended TDY begins with creating a spending plan or budget. Your budget should reflect all possible financial situations that may arise while you are away. Below are the areas to consider when preparing a financial plan to use during your time away from home. There is a budget checklist on page 7 to help guide you through the process.

Who pays the bills?

Despite being deployed, the bills will still come and your financial responsibility needs to be met.

If you are single, designate one person to pay your bills regularly each month or set-up automatic electronic payments through your bank, allotments, direct debits, or automatic payments.

If married, the spouse who is home on a more regular basis usually accepts this responsibility. Although both spouses should be aware of their financial picture, switching back and forth may lead to confusion and financial errors.

If you plan on using some form of an automatic bill paying process, remember to plan ahead and start them 1-2 months prior to leaving, to guarantee everything is okay.

Spending Plan/Budget

Make a complete inventory of your monthly financial obligations. The Airman & Family Readiness Center can assist you in organizing a spending plan for yourself or your family. Basically you need to estimate the amount of money coming in, your “fixed” expenses (housing, utilities, etc.), and the management of the remaining income (savings, emergencies, major purchases, recreation, etc.).

If you are single, determine if any of your monthly services, such as cable TV, internet, can be suspended during your absence. What about your car insurance (see below)?

If married, both spouses need to work out a spending plan together. This point cannot be stressed enough since financial difficulty is one of the most common problems military families experience during separation.

Special Budget Considerations

- Cost of long distance phone calls between family and friends
- Non-reimbursable expenses of the traveler such as non-reimbursable travel costs, extra postage costs and possibly gifts the traveler brings home
- Also consider any changes in pay entitlements.

- Extra costs that may be incurred such as eating out more often or additional child care.
- It is necessary to make allowances in the spending plan to cover these costs or make an agreement not to indulge in these extras and stick to the plan.

Allotments

An allotment is a specified amount of money designated by military personnel which is deducted from paychecks and sent to a designated individual or institution from the paycheck.

Setting up an allotment ensures payment of bills whether or not you are home. Plan ahead. It can take several months for the allotment procedure to begin.

Consider Establishing Two Checking Accounts

Most couples find it helpful to maintain two checking accounts – one for monthly household expenses and one for the service member while away from home. This eliminates the problem of some deposits and withdrawals not being recorded, as a result of two people in two different places trying to operate out of one checkbook. This can be arranged with an allotment.

If you decide to operate with one checking account, make sure you work out procedures for maintaining a “Master” check register that is up-to-date at all times to avoid confusion and possible problems.

Financial Emergencies & Military Financial Affairs

Discuss with your spouse ahead of time how to handle financial emergencies, such as pay problems, emergency car repairs and other emergencies. Budget for emergency savings, especially if you are aware of potential situations that may arise in your absence.

Military finance offices do not accept a general power of attorney. If you want your spouse to be able to query your military pay account, you should ensure that they know how to access myPay to include knowing your pin number. Make sure your spouse understands how to read your LES.

Keep in mind that it is your responsibility to ensure that your LES is correct. If you find that you are receiving an entitlement that you are not supposed to receive or you are unsure about, ASK FINANCE before spending the money! If you spend the money you weren't supposed to receive, you are held responsible for paying it back. If the mistake is not caught in time the collection of this money is done in one lump sum often leaving you with an empty paycheck.

If your spouse or another family member is looking after your finances, ensure they understand what you should be receiving so that they can note any changes in pay and ask about any extra amounts received. If they are going to need to speak with the finance office on your behalf, they will need a specific power of attorney allowing them to do so.

If financial assistance is needed, programs through the Air Force Aid Society (AFAS) can assist you or your family. AFAS assistance can be obtained at the Airman & Family Readiness Center or any service's family assistance center at the closest military installation. Additionally, if you or your spouse is not near a military installation, the American Red Cross can provide assistance. Your spouse, if not active duty, will need a specific power of attorney to access financial assistance through the Air Force Aid Society and American Red Cross.

ID Theft Protection

You may place an "active duty alert" on your credit report to help minimize the risk of identity theft while you are deployed. When a business sees the alert on your credit report, it must verify your identity before issuing you credit. The business may try to contact you directly, but if you're on deployment, that may be impossible. As a result, the law allows you to use a personal representative to place or remove an alert. Active duty alerts on your report are effective for one year, unless you request that the alert be removed sooner. If your deployment lasts longer, you may place another alert on your report.

To place an "active duty" alert, or to have it removed, call the toll-free fraud number of one of the three nationwide consumer reporting companies: Equifax, Experian, or Trans Union. The company will require you to provide appropriate proof of your identity, which may include your Social Security number, your name, address, and other personal information.

- Equifax: 1-800-525-6285; www.equifax.com
- Experian: 1-888-EXPERIAN (397-3742); www.experian.com
- TransUnion: 1-800-680-7289; www.transunion.com

Contact only one of the three companies to place an alert - the company you call is required to contact the other two, which will place an alert on their versions of your report, as well. If your contact information changes before your alert expires, remember to update it.

When you place an active duty alert, your name will be removed from the nationwide consumer reporting companies' marketing lists for prescreened offers of credit and insurance for two years - unless you ask that your name be placed on the lists before then. Prescreened offers - sometimes called "preapproved" offers - are based on information in your credit report that indicates you meet certain criteria set by the company offering credit.

The High Cost of Calling Home

The ability to stay in touch with friends and loved ones back home is a critical component for a deployer's wellbeing. Unfortunately, if you bring your cell phone from home, expect to pay some pretty hefty fees.

Most cell phone contracts offer unlimited mobile to mobile calling or even unlimited long distance. For the vast majority of plans, however, all of these benefits apply *within the continental United States*. Recently, the base legal office has seen an increase in the number of people who have received huge increases in their bills – some into the thousands of dollars.

Before leaving your home station,

- **Make sure that your phone will work while you are deployed. If it will, make sure you have, in writing, the cost per minute of each call.** Most cell phone service providers will have this information on their website.
- **Check and see if there are less expensive communication options for you.** In addition to the twice a week morale calls, you can always ask your First Sergeant or Commander for additional calls if you are dealing with an important issue back home, record a video of you at the [location], to send home or spend some extra time on the e-mail.

Some companies are working hard to support the military. Verizon Wireless announced that they are allowing military members to suspend their cell phone accounts for up to 48 months. In addition, military personnel requesting suspensions or contract cancellations -- without paying an Early Termination Fee -- are asked to verbally provide their home base and commanding officer's information in order for Verizon Wireless to confirm deployment.

Several companies offer discounts for military members. For example, AT&T offers up to 19% off one's cell phone bill for military members. Discounts and assistance in helping military members out of their service contracts early are not widespread and it is critical for you to ask questions UP FRONT to see if you can avoid problems down the road. If a company is unwilling to insert a military clause into their contract with you for cable, telephone, internet access, or cell phone service, keep shopping around.

Terminating Leases (Residential or Car) due to deployments

Under the Servicemembers' Civil Relief Act (SCRA) you may be able to terminate your residential lease and end a car lease depending on your assignment.

Terminating Residential Leases

If you have received TDY or deployment orders (90+ days), you may terminate your residential lease by delivering written notice of termination at least 30 days before your next payment is due.

This applies whether (1) you entered into a lease and then started military service, or (2) you entered into a lease during military service and then received a permanent change of station or deployment order for 90 days or more.

In either situation, you must provide written notice of termination and a copy of your military orders (hand-delivered or by return-receipt mail) to the landlord.

If your lease provides for monthly rent payments, termination is effective 30 days after the first date on which the next rental payment is due and payable after the date on which notice is delivered. For other leases, termination is effective on the last day of the month following the month in which the notice is delivered.

You must pay any pro-rated rents or lease amounts owed prior to effective termination. The landlord must refund advance rents or lease amounts that you have pre-paid within 30 days of the lease's effective termination.

Lease terminations under this law are effective for dependents of the service member who are also tenants under the lease.

Terminating Car Leases

The SCRA also gives you the right to end a car lease and not be billed for early termination charges, provided you receive PCS orders that station you outside the continental United States or deployment for 180 days or longer after entering into the lease.

Your lease ends when you notify the leasing company in writing and return the car.

You may be responsible for charges associated with damage to the car or miles you have driven in excess of what is allowed in your lease agreement.

Car Insurance

Talk with your insurance agent. Some insurance companies will reduce the premium for service members who are deployed – as long as the vehicle will not be used. If you sell your car, or terminate a leased car, of course, you will not need car insurance during your deployment.

If you have a lien on your vehicle contact your lien holder and ask whether you can drop the liability portion of your insurance, while your car is in storage or not being used. Also, insure that you have the above mentioned coverage.

Insurance

Review all insurance policies. Make sure your auto, renters/homeowners, life or health insurance policies will not expire while you are away.

Income Taxes

If taxes will be due while you are gone, decide in advance how the taxes will be filed and who will do it. If you prefer to calculate the taxes while you are away, take into consideration the time it will

take to mail tax forms back and forth. Make several copies of all forms that are mailed in case they are lost. For income taxes, another option is to apply to the Internal Revenue Service for an extension on the filing date. Remember that free tax assistance is available from the base Tax Assistance office and you should call the legal office if you have questions.

IRS Publication 3, Armed Forces' Tax Guide, has information on various tax issues affecting members of the U.S. Armed Forces, including reservists, decedents, and persons missing in action.

Combat zone and hazardous duty deadline extensions

The IRS extends filing deadlines for members of the Armed Forces for the following reasons:

You or your spouse are serving in a combat zone or in direct support of those in the combat zone and receive hostile fire or imminent danger pay. The deadline for filing income taxes is 180 days after your last day in the combat zone or hazardous duty area. In addition to the 180 days, the extension includes the number of days left in the filing period when you entered the combat zone or hazardous duty area. The filing period is January 1 through April 15. So, if you or your spouse entered the combat zone on March 31, you would add 15 days to your 180-day tax filing extension.

You or your spouse is hospitalized outside of the United States as a result of injuries suffered in a combat zone or hazardous duty area. The deadline is 180 days after discharge from the hospital. Note that the extension does not apply to the spouse if the service member is hospitalized in the United States.

Working with the Department of Defense, the Internal Revenue Service identifies taxpayers who are serving in a combat zone so that we may suspend compliance actions, such as audits or enforced collections, until 180 days after the taxpayer has left the zone.

Taxpayers qualifying for such combat zone relief may also notify the IRS directly of their status through a special e-mail address: combatzone@irs.gov. They should provide name, stateside address, date of birth and date of deployment to the combat zone. They should not include any social security numbers in an e-mail. This notification may be made by the taxpayer, spouse, or authorized agent or representative.

Tips for Talking About Money with Your Spouse

Talking about money with a spouse can be hard under normal circumstances. It's even harder when one spouse is far from home. The following are some tips that can make financial discussions with your spouse easier and more productive – and help prevent the pitfalls that can land military families in financial difficulties.

1. **Plan ahead and make a list.** You want to make every moment of your conversations count. Planning ahead helps you get a lot accomplished in a short time, keeps you on track, and shortens financial discussions so you can spend more time on other things.
2. **Practice the call.** If you're worried about your financial discussion, consider sharing your list of discussion points with a Chaplain or Military and Family Life Consultant. Ask for advice on how to be most helpful and for ideas on keeping the discussion focused and positive.
3. **Give your spouse a heads up.** It's not a good idea to spring financial discussions on your spouse. Tell her or him ahead of time that you want to discuss a financial matter. Your spouse may need time to locate financial documents before you talk.
4. **Keep your emotions in check.** Things are stressful enough for both of you, so try to keep emotions out of your financial discussions.
5. **Ask your spouse about the family's financial situation.** Then listen. Stay engaged in the financial life of your family.
6. **Suggest ways your spouse can get financial help.** The Air Force Aid Society is available through the Airman & Family Readiness Centers. Your spouse, if not active duty, will need a power of attorney to access financial assistance through the Air Force Aid Society.
7. **Discuss ways to cut costs.** Listen to ideas your spouse has for cutting costs and then add your own.
8. **Recap at the end of the call.** Go over what you and your spouse are going to do after your conversation and express your encouragement.



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