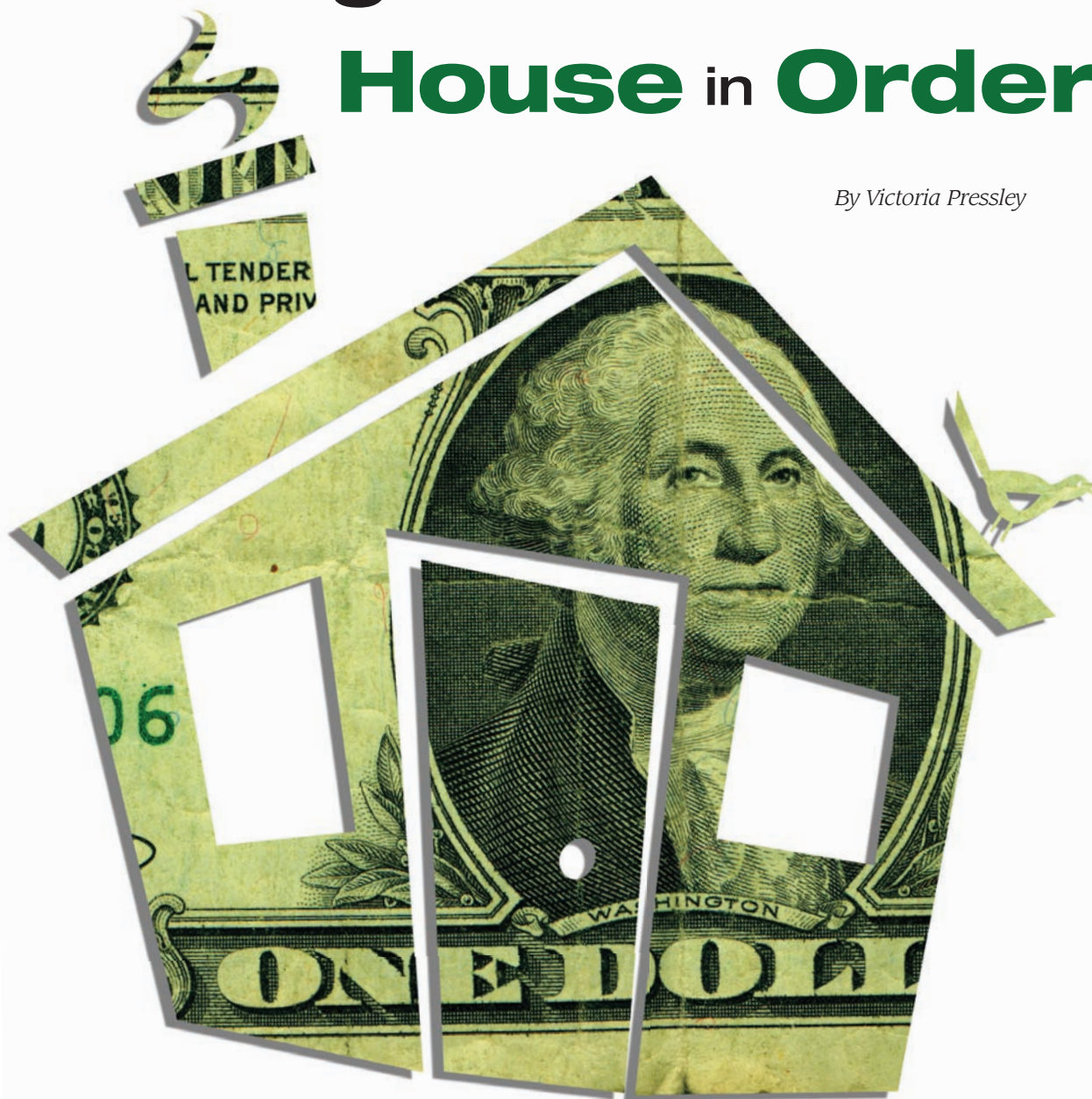


# Getting **Your** Financial **House** in **Order**

*By Victoria Pressley*



Preparing for deployment brings its own set of issues, but planning for your finances ahead of time can mean a smoother time away and transition home.

You can't expect everything to take care of itself when you deploy — unless you want to return to find your storage locker auctioned, your house in foreclosure and your car missing. The consequences of letting money matters slide can be devastating, and can only add to the stress of returning home. Proper preparation is crucial. Here are a few tips for getting your financial house in order before you deploy.

## Organize and Update

“The first and best step a service member preparing to deploy can take is to make a financial checklist,” says FINRA Foundation President Gerri Walsh. “You’ll want to make sure you’ve made provisions for your bills to be paid or properly handled while you are away on a temporary, unaccompanied tour of duty. Your list should cover housing expenses (such as a mortgage or lease and any utilities), loans (personal, auto or student), credit cards, income taxes, family care and insurance.”

You can get a checklist at your pre-deployment brief or visit [www.militaryhomefront.dod.mil](http://www.militaryhomefront.dod.mil). Organize your important documents, keep originals in a safe place, and scan and email copies to yourself, your spouse and/or parents.

## Choose an Agent

You may need to add your spouse, parent or trusted friend to your accounts so they’re authorized to handle your affairs. But do so with extreme caution. I know a soldier whose mother “borrowed” \$25,000 to buy herself a trailer while he was deployed. Five years later, he’s yet to see a cent of that money. And we’ve all heard the horror stories of spouses who clean out the bank accounts while a service member is gone.

Be careful not to assume that your chosen agent will be able to handle the responsibility. Captain Michael Clauer of Frisco, Texas, lost his home to foreclosure during an extended deployment. Though they owned the home free and clear, they failed to pay \$977.55 in HOA dues. His wife had been too depressed to open mail. The HOA foreclosed on the home. After a long fight, they eventually got their home back.

## Legal Affairs

Update your:

- Living Will
- Last Will and Testament
- Power of Attorney (POA)



Brush up on POA’s to ensure your family has what they need and that you are protected. POA’s can be specific and limiting or can be broad and all-encompassing, according to your wishes.

Review the Servicemembers’ Civil Relief Act (SCRA) — especially you reservists and Guard members. This act provides you with some protection against some legal actions while you are deployed. You also may be eligible for interest rate reductions on loans. Provisions in this law actually helped Captain Clauer and his family get their home back.

## Insurance

Review your policies, contact your agents and let them know you’ll be deployed.

- Life Insurance
- Homeowners Insurance
- Renters Insurance
- Valuable Personal and Property insurance
- Car Insurance

Do you have enough coverage? Is there a military clause? Do you need to add a driver, change your beneficiary, increase or decrease coverage, etc? And some policies can cover your possessions while in a war zone. Be sure to ask if you have this coverage or can add it — it can be most helpful if you are taking things including a laptop or cell phone.

Ask your chain-of-command about storing your car for free. If you leave your car parked on the street without a Vehicle Care Plan, it can be declared abandoned and sold while you’re gone. With many companies, storing your vehicle will reduce your insurance premiums while continuing coverage.

## Income and Expenses

“Whether single or married, all service members should take steps to become as financially fit as possible prior to deployment,” says Walsh. You have to know where your money goes.

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Financial Guru David Bash suggests keeping a log to track your income and expenses. While deployed, you are eligible for a slew of special pay allowances, to include:

- Hazardous Duty Pay
- Hardship Duty Pay
- Career Sea Pay
- Separate Rations Pay
- Family Separation Pay
- Hostile Enemy Fire Pay

Couple your extra income with your new tax-exempt status, and you have a boost in income that's worth budgeting. If you're married, talk it out, set priorities and make plans for the extra income. One of the leading factors in divorce is financial disagreements. Work together pre-deployment to ensure you're on the same page with budgeting, saving and debt-reduction goals. Agree to discuss all major purchases beforehand.

Walsh says, "Keeping an open line of communication about household finances is critical, especially when duty calls you away from your home." "At SaveAndInvest.org, the FINRA Foundation's website for military service members and their families, we offer tips for talking about money with a spouse" Walsh added.

## Devise a Strategy

Create a debt-reduction plan and savings strategy with specific goals in mind. Mr. Walsh suggests you "take time to meet with your unit or installation Personal Financial Manager (PFM)." Military One Source also offers free PMFs, as does USAA — if you are a member — and the Military Spouse Fellowship Program. Joint Forces Headquarters (JFHQ) will help you find assistance in the local community if you're not near an installation.

## Debt Reduction

Contact all your creditors and let them know you're deploying. Some companies will suspend interest while you're deployed.



## Savings

Maximize your savings programs by automatically contributing to a:

- Savings Deposit Program – guarantees a 10 percent return on up to \$10,000 per year for service members in a combat zone
- Thrift Savings Plan – the military version of the 401K is one of the best retirement vehicles around.
- Roth IRA –allows you to use you tax free income to build savings that are tax-free when withdrawn in retirement.
- Emergency Fund — setting aside a fund for emergencies will help eliminate the need for high-interest payday loans and credit cards.

## Automating Your Payments

Setting your finances on autopilot is a great way to ensure that your bills get paid and your saving saved. That said, don't get complacent — you still need to monitor for fraudulent activity, and ensure your bills are processing as expected. Sgt. Robert Andrews returned from Iraq to find his storage unit in Alvin, Texas, had been auction off, despite setting up automatic payments.

What went wrong? Wells Fargo had put a fraud alert on Andrews' card that halted his preset auto-payments. Despite three years of regular payments, after just a few months of nonpayment, the company sold everything he owned for \$35.

## Allotments

Speak to your finance office about qualified allotments, which are payments made directly from your paycheck rather than distributed by your bank. You can designate payments to creditors, investments and even from a second account so that not all your pay is deposited into one account that you and your spouse use. ●

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