Financial Strategies for Veteran and Military Families
Financial Challenges for Veteran & Military Families

- Managing money during deployment
- Frequent relocations
- Balancing a spouse’s career
- Unemployment and underemployment
- Childcare
Servicemembers Civil Relief Act (SCRA)

- Can postpone or suspend financial or civil obligations while you are on active duty and away from home
- Protection begins when you enter active duty and ends 30-90 days after discharge
Take Control of Your Financial Life

- Plan for transition (6 months’ savings, if possible)
- In times of separation, ensure you have a Power of Attorney and are on all applicable financial accounts
- Manage debt and maintain good credit
- Understand cash flows
- Generate savings
Invest Wisely

Savings and Investing Vehicles

- Thrift Savings Plan
- Pension Plans - Blended Retirement System (BRS)/Legacy System
- Savings Account
- Certificated of Deposit (CD’s)
- IRAs
- Roth IRAs
- Company-sponsored retirement plans
- Annuities
- Mutual funds
- Individual stocks & bonds
Saving for Retirement

- Understanding the importance of retirement planning
- Understanding the differences between the Legacy and Blended Retirement Systems (BRS)
Legacy Retirement System
Calculating Monthly Benefits Under Legacy Plan

Monthly amount:

2.5% x number of years served x retired base pay

Example:
2.5% x 20 x $5,000 = $2,500

Source: https://militarypay.defense.gov/Pay/Retirement/
## What’s the Difference?

<table>
<thead>
<tr>
<th></th>
<th>Roth IRA</th>
<th>Traditional IRA</th>
<th>Thrift Savings Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions</strong></td>
<td>After-tax</td>
<td>Pre-tax</td>
<td>Pre-tax</td>
</tr>
<tr>
<td><strong>Withdrawals</strong></td>
<td>Potentially tax free(^1)</td>
<td>Taxed</td>
<td>Taxed</td>
</tr>
<tr>
<td><strong>Maximum contribution limit</strong> (2021 limits, indexed for inflation)</td>
<td>$6,000</td>
<td>$6,000</td>
<td>$19,500</td>
</tr>
<tr>
<td><strong>Catch-up contribution</strong></td>
<td>$1,000</td>
<td>$1,000</td>
<td>$6,500</td>
</tr>
<tr>
<td><strong>Required minimum distribution</strong></td>
<td>No withdrawal requirements.</td>
<td>April 1 following the year you turn 72 (70 ½ if after 12/31/2019)</td>
<td>April 1 of the year following the year a participant reaches age 72 or separates from government service, whichever is later.</td>
</tr>
</tbody>
</table>

\(^1\)If you take a distribution of Roth IRA earnings before you reach age 59½ and before the account is five years old, the earnings may be subject to taxes and penalties. You may be able to avoid penalties (but not taxes) in the following situations, such as you use the withdrawal (up to a $10,000 lifetime maximum) to pay for a first-time home purchase or to pay for qualified education expenses, to name a few.
Blended Retirement System (BRS)
Additional Veteran benefits

Your service includes access to other veteran benefits to help with:

- Day-to-day money management
- Reaching specific financial goals
- Protecting against risk
Need More Information?

- https://benefits.va.gov/benefits/
- http://militarypay.defense.gov/BlendedRetirement/
- http://militarypay.defense.gov/Pay/Retirement
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