



How to Help Military & Veteran Families

FOR FINANCIAL PROFESSIONALS

More than 2.7 million service members and more than three million family members live in the United States, many of whom have faced deployments, separation and other family stressors.¹ Their ability to make sound financial decisions is a key component of military readiness.² And no matter where these families live, they need access to unbiased financial information that addresses the unique aspects of military life. They also need information about how to make smart choices about savings, credit, mortgages, and a host of other life issues.³ Making the wrong decisions about financial matters can be detrimental to service members, who may lose their security clearance, face criminal sanctions or be discharged if they find themselves in serious financial trouble. Losing their military career can further negatively impact their financial situation.⁴ But experienced professionals can help. As a financial advisor, you know the importance of establishing a relationship of trust and care with your clients. Understanding military culture can help you to open clear communication channels with service members, veterans and military families, and thus help them avoid financial mistakes that have long-term, serious consequences.



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Did you know?

- » More than 22.3 million veterans are now living in the United States as civilians, and their needs are different from the needs of active duty families.⁵
- » Since 2001, nearly 2.5 million service members of the Army, Navy, Marine Corps, Air Force, Coast Guard and related National Guard and Reserve Component units have been deployed to Afghanistan and Iraq, according to Department of Defense data.⁶
- » Service members are often young, on their own, and receiving their first significant paycheck. These characteristics have made military families “a market of choice” for non-bank lenders.²
- » The Military Lending Act offers a number of protections and was a direct response to predatory targeting of military families for high-interest, expensive payday loans. The law applies to active-duty military (except where specified for less than 30 days), active National Guard or Reserve Component members, and their dependents.⁷
- » There are increasing protections for the financial security of military families. The newly-created Consumer Financial Protection Bureau provides military-specific information to help military members protect and plan for their financial future.⁸
- » Fifty-four percent of military families say that they have not set aside sufficient emergency funds to cover at least three months’ worth of expenses.⁹
- » Frequent moves and family separations can pose financial difficulties. Not all moving expenses are reimbursable, for example, leaving the military member to pay the costs. Due to disruptions in employment, moves can also negatively impact the earning power of spouses of military personnel.¹⁰
- » By educating themselves about the special financial issues faced by military families, financial planners can give their own “thank you” to those who have served so selflessly.

Practical Applications

IF YOU PROVIDE FINANCIAL SERVICES TO SERVICE MEMBERS & VETERANS

- Educate yourself and your clients on the issues they may face. The Consumer Federation of America identified a number of financial practices that harm military families. These include: targeting of military families for loans and credit sales; unfair bank overdraft loans; bank payday lending; Internet payday lending; and military allotments to pay for commercial credit.



- Educate yourself about the National Strategy for Financial Literacy, created in the wake of the recent economic crisis. It is managed by the Financial Literacy and Education Commission, which is charged with helping non-profit, government, and private sectors work together to improve financial literacy and decision-making in American families.
- Be aware that the Defense Finance and Accounting Service provides specialized help for wounded warriors.
- The Servicemembers Civil Relief Act was crafted to help military members retain good credit and eliminate financial stress while on active duty, including activated members of the Reserves and the National Guard. Through it, military members and their families are afforded protections on a variety of issues, including debt accrual, taxes and housing obligations.
- The Financial Industry Regulatory Authority identified five key measures of financial capability:
 - » making ends meet (spending less than your household income);
 - » planning ahead (setting money aside for an emergency);
 - » managing financial products (avoiding the use of payday loans, using rent-to-own stores, or getting an advance on a tax refund);
 - » financial knowledge (having a fundamental concept of everyday economics and finances); and
 - » decision-making (applying sound financial decision-making skills, such as comparison shopping for credit cards).

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- Military members can receive free financial counseling through Military OneSource and the Consumer Credit Counseling Services. They can also receive help from the military's personal financial management program and the financial counselors available on installations across the country.
- Kiplinger and the Better Business Bureau have partnered to produce a Personal Finance Guide for Military Families, where service members and veterans can find practical, easy-to-understand information about being financially prepared for buying a home, minimizing taxes, holding down insurance costs and avoiding financial schemes that too often target military families.¹¹
- Military families are eligible for certain tax benefits during deployment. In addition, some states do not tax retirement pay for veterans or benefits awarded to wounded warriors and survivors. The Internal Revenue Service publishes an Armed Forces Tax Guide for use in preparing tax returns.
- A military spouse is exempt from income taxes in a state where income was earned under the Military Spouse Residency Relief Act when the following qualifications are met:
 - » the spouse and the service member reside in the same state of domicile;
 - » spouse currently resides in a state different than the state of his or her domicile;
 - » the spouse resides in the state solely to live with the service member; and
 - » the service member is present in the state in compliance with military orders.



- Military OneSource offers short-term, solution-focused financial services from accredited financial counselors. Learn more by calling Military OneSource at 800-342-9647.
- Military families who live on or near a military installation can find financial counseling and referral services at installation family centers. These are often provided by the installation's personal financial manager or command-designated and trained command financial specialists. Family members can also ask about contracted personal financial counselors, or contact Military OneSource for a referral.
- U.S. Department of Veterans Affairs identifies the following as some of the warning signs that someone is experiencing financial troubles: unopened mail piling up; unpaid bills; mishandling money; calls from creditors; costly new purchases; and complaining about not having enough money.

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Additional Resources

Like all families, military and veteran families can struggle with financial issues. But difficulties can result in especially serious consequences for service members and their families. According to the U.S. Treasury Department, it is important that everyone, including military and veteran families who have given so much for their country, have access to “reliable, clear, timely, relevant and effective financial information and educational resources.” Research has also found that the financial stability of service members is critical to mission readiness.³

Due to organizational demographics, service members and their families can be at increased risk from predatory practices targeting them unfairly. Programs like Military Saves, part of the Department of Defense’s Financial Readiness Campaign, encourage military families to make positive financial decisions. Many organizations and resources can assist in providing additional information and advice to families seeking financial guidance.

FOR MORE INFORMATION

- » *Consumer Financial Protection Bureau’s Office of Servicemember Affairs*, www.consumerfinance.gov/servicemembers
- » *Defense Finance and Accounting Service, Supporting Our Wounded Warriors*, www.dfas.mil/dfas/militarymembers/woundedwarrior/woundedwarriorpay.html
- » *Department of Defense, Report On Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents*, www.defense.gov/pubs/pdfs/report_to_congress_final.pdf

- » *Financial Industry Regulatory Authority, Financial Capability in the US Military*, www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p122257.pdf
- » *Financial Literacy and Education Commission*, www.mymoney.gov
- » *Internal Revenue Service, Armed Forces’ Tax Guide*, www.irs.gov/uac/Publication-3,-Armed-Forces%27-Tax-Guide
- » *Kiplinger and the Better Business Bureau, Personal Finance Guide for Military Families*, www.bbb.org/us/storage/16/documents/Military_Families_Final.pdf
- » *Military.com Money Resources*, www.military.com/money
- » *Military OneSource Financial Consultation*, www.militaryonesource.mil/counseling?content_id=267031 or call 800-342-9647
- » *National Call Center for Homeless Veterans*, www.va.gov/homeless/nationalcallcenter.asp or call 877-424-3838
- » *Save And Invest, Military Financial Toolkit*, www.saveandinvest.org/MilitaryCenter/MilitaryFinancialToolkits/ManageYourDebt
- » *U.S. Department of Justice, Servicemembers Civil Relief Act*, www.justice.gov/crt/spec_topics/military/scratext.pdf
- » *U.S. Department of Veterans Affairs, Veteran Borrowers in Delinquency Quick Reference Sheet*, www.benefits.va.gov/homeloans/docs/foreclosure_avoidance_fact_sheet.pdf

For a printer-friendly version of this please visit www.mfri.purdue.edu/howtohelp

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About MFRI

The goal of the Military Family Research Institute (MFRI) at Purdue University is to create meaningful relationships that bring organizations together in support of military families. Working with researchers and practitioners from both the military and civilian communities, MFRI strives to develop outreach and research programs grounded in scientific evidence.



About the *How to Help* Series

The *How to Help* series equips communities to better serve service members, veterans and their families. The series offers effective, evidence-based guidance on how best to help military and veteran families given the unique challenges they face. Each *How to Help* addresses a different segment of that community, such as extended family, friends and neighbors; teachers; early childhood educators; faith-based groups; and professional service providers. We hope that by increasing understanding of the unique stresses, obstacles and opportunities that often accompany military service; we can strengthen communities by building their capacity to better support the military families within them.

Developed by THE MILITARY FAMILY RESEARCH INSTITUTE at Purdue University
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United States Department of Agriculture
National Institute of Food and Agriculture



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