



CFPB Financial Well-Being Scale Assessment

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
1. I could handle a major unexpected expense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am securing my financial future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I can enjoy life because of the way I'm managing my money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I am just getting by financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I am concerned that the money I have or will save won't last	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I have money left over at the end of the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I am behind with my finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. My finances control my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Tell us about yourself.

11. How old are you?	<input type="checkbox"/> 18-61	<input type="checkbox"/> 62+
12. How did you take the questionnaire?	<input type="checkbox"/> I read the questions	<input type="checkbox"/> Someone read the questions to me



How to read an active duty Air Force Leave and Earning Statement

Your pay is your responsibility.

This is a guide to help you understand your Leave and Earnings Statement (LES). The LES is a comprehensive statement of a member's leave and earnings showing your entitlements, deductions, allotments (fields not used for Reserve and National Guard members), leave information, tax withholding information, and Thrift Savings Plan (TSP) information. Your most recent LES can be found 24 hours a day on **myPay**.

If members receive Career Sea Pay, the Sea Service Counter will still be displayed in the remark portion of the LES. The LES remains one page in length.

Verify and keep your LES each month. If your pay varies significantly and you don't understand why, or if you have any questions after reading this publication, consult with your disbursing/finance office.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																				
ID	NAME (LAST, FIRST, MI)				SOC SEC NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED								
	1				2	3	4	5	6	7	8	9								
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY								
TYPE		AMOUNT		TYPE		AMOUNT		TYPE		AMOUNT		+ AMT FWD		13						
A B C D E F G H I J K L M N O	10				11				12				+ TOT ENT		14					
													- TOT DED		15					
													- TOT ALMT		16					
													= NET AMT		17					
													- CR FWD		18					
													= EOM PAY		19					
													DIEMS		RET PLAN					
	TOTAL		20		21		22						23		24					
	LEAVE		BF BAL	ERND	USED	CR BAL	ETS BAL	LV LOST	LV PAID	USE/LOSE	FED TAXES		WAGE PERIOD	WAGE YTD	M/S	EX	ADD'L TAX	TAX YTD		
			25	26	27	28	29	30	31	32	33		34	35	36	37		38		
FICA TAXES		WAGE PERIOD		SOC WAGE YTD		SOC TAX YTD		MED WAGE YTD		MED TAX YTD		STATE TAXES		ST	WAGE PERIOD	WAGE YTD	M/S	EX	TAX YTD	
		39		40		41		42		43		44		45	46	47	48	49		
PAY DATA		BAQ TYPE		BAQ DEPN		VHA ZIP		RENT AMT		SHARE	STAT	JFTR	DEPN	2D/JFTR	BAS TYPE		CHARITY YTD		TPC	PACIDN
		50		51		52		53		54	55	56	57	58	59		60		61	62
Thrift Savings Plan (TSP)		BASE PAY RATE		BASE PAY CURRENT		SPEC PAY RATE		SPEC PAY CURRENT		INC PAY RATE		INC PAY CURRENT		BONUS PAY RATE		BONUS PAY CURRENT				
		63		64		65		66		67		68		69		70				
		CURRENTLY NOT USED		TSP YTD DEDUCTIONS		DEFERRED		EXEMPT		CURRENTLY NOT USED										
		71		72		73		74		75										
REMARKS		YTD ENTITLE				YTD DEDUCT														
76		77				78														

Fields 1 - 9 contain the identification portion of the LES.

- **1 NAME:** The member's name in last, first, middle initial format.
- **2 SOC. SEC. NO.:** The member's Social Security Number.
- **3 GRADE:** The member's current pay grade.
- **4 PAY DATE:** The date the member entered active duty for pay purposes in YYMMDD format. This is synonymous with the Pay Entry Base Date (PEBD).
- **5 YRS SVC:** In two digits, the actual years of creditable service.
- **6 ETS:** The Expiration Term of Service in YYMMDD format. This is synonymous with the Expiration of Active Obligated Service (EAOS).
- **7 BRANCH:** The branch of service, i.e., Navy, Army, Air Force.
- **8 ADSN/DSSN:** The Disbursing Station Symbol Number used to identify each disbursing/finance office.
- **9 PERIOD COVERED:** This is the period covered by the individual LES. Normally it will be for one calendar month. If this is a separation LES, the separation date will appear in this field.

Fields 10 through 24 contain the entitlements, deductions, allotments, their respective totals, a mathematical summary portion, date initially entered military service, and retirement plan.

- **10 ENTITLEMENTS:** In columnar style the names of the entitlements and allowances being paid. Space is allocated for fifteen entitlements and/or allowances. If more than fifteen are present the overflow will be printed in the remarks block. Any retroactive entitlements and/or allowances will be added to like entitlements and/or allowances.
- **11 DEDUCTIONS:** The description of the deductions are listed in columnar style. This includes items such as taxes, SGLI, Mid-month pay and dependent dental plan. Space is allocated for fifteen deductions. If more than fifteen are present the overflow will be printed in the remarks block. Any retroactive deductions will be added to like deductions.
- **12 ALLOTMENTS:** In columnar style the type of the actual allotments being deducted. This includes discretionary and non-discretionary allotments for savings and/or checking accounts, insurance, bonds, etc. Space is allocated for fifteen allotments. If a member has more than one of the same type of allotment, the only differentiation may be that of the dollar amount.
- **13 +AMT FWD:** The amount of all unpaid pay and allowances due from the prior LES.
- **14 + TOT ENT:** The figure from Field 20 that is the total of all entitlements and/or allowances listed.
- **15 -TOT DED:** The figure from Field 21 that is the total of all deductions.
- **16 -TOT ALMT:** The figure from Field 22 that is the total of all allotments.
- **17 = NET AMT:** The dollar value of all unpaid pay and allowances, plus total entitlements and/or allowances, minus deductions and allotments due on the current LES.
- **18 - CR FWD:** The dollar value of all unpaid pay and allowances due to reflect on the next LES as the +AMT FWD.
- **19 = EOM PAY:** The actual amount of the payment to be paid to the member on End-of-Month payday.
- **20 - 22 TOTAL:** The total amounts for the entitlements and/or allowances, deductions and allotments respectively.
- **23 DIEMS:** Date initially entered military service: This date is used SOLELY to indicate which retirement plan a member is under. For those members with a DIEMS date prior to September 8, 1980, they are under the FINAL PAY retirement plan. For those members with a DIEMS date of September 8, 1980 through July 31, 1986, they are under the HIGH-3 retirement plan. For those members with a DIEMS date of August 1, 1986 or later, they were initially under the REDUX retirement plan. This was changed by law in October 2000, when they were placed under the HIGH-3 plan, with the OPTION to return to the REDUX plan. In consideration of making this election, they become entitled to a \$30,000 Career Service Bonus. The data in this block comes from PERSCOM. DFAS is not responsible for the accuracy of this data. If a member feels that the DIEMS date shown in this block is erroneous, they must see their local servicing Personnel Office for corrective action.
- **24 RET PLAN:** Type of retirement plan, i.e. Final Pay, High 3, REDUX; or CHOICE (CHOICE reflects members who have less than 15 years service and have not elected to go with REDUX or stay with their current retirement plan).

Fields 25 through 32 contain leave information.

- **25 BF BAL:** The brought forward leave balance. Balance may be at the beginning of the fiscal year, or when active duty began, or the day after the member was paid Lump Sum Leave (LSL).
- **26 ERND:** The cumulative amount of leave earned in the current fiscal year or current term of enlistment if the member reenlisted/extended since the beginning of the fiscal year. Normally increases by 2.5 days each month.
- **27 USED:** The cumulative amount of leave used in the current fiscal year or current term of enlistment if member reenlisted/extended since the beginning of the fiscal year.
- **28 CR BAL:** The current leave balance as of the end of the period covered by the LES.
- **29 ETS BAL:** The projected leave balance to the member's Expiration Term of Service (ETS).

- **30 LV LOST:** The number of days of leave that has been lost.
- **31 LV PAID:** The number of days of leave paid to date.
- **32 USE/LOSE:** The projected number of days of leave that will be lost if not taken in the current fiscal year on a monthly basis. The number of days of leave in this block will decrease with any leave usage.

Fields 33 through 38 contain Federal Tax withholding information.

- **33 WAGE PERIOD:** The amount of money earned this LES period that is subject to Federal Income Tax Withholding (FITW).
- **34 WAGE YTD:** The money earned year-to-date that is subject to FITW. Field 35 M/S. The marital status used to compute the FITW.
- **36 EX:** The number of exemptions used to compute the FITW.
- **37 ADD'L TAX:** The member specified additional dollar amount to be withheld in addition to the amount computed by the Marital Status and Exemptions.
- **38 TAX YTD:** The cumulative total of FITW withheld throughout the calendar year.

Fields 39 through 43 contain Federal Insurance Contributions Act (FICA) information.

- **39 WAGE PERIOD:** The amount of money earned this LES period that is subject to FICA.
- **40 SOC WAGE YTD:** The wages earned year-to-date that are subject to FICA.
- **41 SOC TAX YTD:** Cumulative total of FICA withheld throughout the calendar year.
- **42 MED WAGE YTD:** The wages earned year-to-date that are subject to Medicare.
- **43 MED TAX YTD:** Cumulative total of Medicare taxes paid year-to-date.

Fields 44 through 49 contain State Tax information.

- **44 ST:** The two digit postal abbreviation for the state the member elected.
- **45 WAGE PERIOD:** The amount of money earned this LES period that is subject to State Income Tax Withholding (SITW).
- **46 WAGE YTD:** The money earned year-to-date that is subject to SITW. Field 47 M/S. The marital status used to compute the SITW.
- **48 EX:** The number of exemptions used to compute the SITW.
- **49 TAX YTD:** The cumulative total of SITW withheld throughout the calendar year.

Fields 50 through 62 contain additional Pay Data.

- **50 BAQ TYPE:** The type of Basic Allowance for Quarters being paid.
- **51 BAQ DEPN:** A code that indicates the type of dependent. A - Spouse C -Child D - Parent G - Grandfathered I -Member married to member/own right K - Ward of the court L - Parents in Law R - Own right S - Student (age 21-22) T - Handicapped child over age 21 W - Member married to member, child under 21
- **52 VHA ZIP:** The zip code used in the computation of Variable Housing Allowance (VHA) if entitlement exists.
- **53 RENT AMT:** The amount of rent paid for housing if applicable.
- **54 SHARE:** The number of people with which the member shares housing costs.
- **55 STAT:** The VHA status; i.e., accompanied or unaccompanied.
- **56 JFTR:** The Joint Federal Travel Regulation (JFTR) code based on the location of the member for Cost of Living Allowance (COLA) purposes.
- **57 DEPNS:** The number of dependents the member has for VHA purposes.
- **58 2D JFTR:** The JFTR code based on the location of the member's dependents for COLA purposes.
- **59 BAS TYPE:** An alpha code that indicates the type of Basic Allowance for Subsistence (BAS) the member is receiving, if applicable. This field will be blank for officers.
 - B - Separate Rations
 - C - TDY/PCS/Proceed Time
 - H - Rations-in-kind not available
 - K - Rations under emergency conditions
- **60 CHARITY YTD:** The cumulative amount of charitable contributions for the calendar year.
- **61 TPC:** This field is not used by the active component of any branch of service.
- **62 PACIDN:** The activity Unit Identification Code (UIC). This field is currently used by Army only.

Fields 63 through 75 contain Thrift Savings Plan (TSP) information/data.

- **63 BASE PAY RATE:** The percentage of base pay elected for TSP contributions.
- **64 BASE PAY CURRENT:** Reserved for future use.
- **65 SPECIAL PAY RATE:** The percentage of Specialty Pay elected for TSP contribution.

- **66 SPECIAL PAY CURRENT:** Reserved for future use.
- **67 INCENTIVE PAY RATE:** Percentage of Incentive Pay elected for TSP contribution.
- **68 INCENTIVE PAY CURRENT:** Reserved for future use.
- **69 BONUS PAY RATE:** The percentage of Bonus Pay elected towards TSP contribution.
- **70 BONUS PAY CURRENT:** Reserved for future use.
- **71** Reserved for future use.
- **72 TSP YTD DEDUCTION (TSP YEAR TO DATE DEDUCTION):** Dollar amount of TSP contributions deducted for the year.
- **73 DEFERRED:** Total dollar amount of TSP contributions that are deferred for tax purposes.
- **74 EXEMPT:** Dollar amount of TSP contributions that are reported as tax exempt to the Internal Revenue Service (IRS).
- **75** Reserved for future use

76 REMARKS: This area is used to provide you with general notices from varying levels of command, as well as the literal explanation of starts, stops, and changes to pay items in the entries within the "ENTITLEMENTS", "DEDUCTIONS", and "ALLOTMENTS" fields.

77 YTD ENTITLE: The cumulative total of all entitlements for the calendar year.

78 YTD DEDUCT: The cumulative total of all deductions for the calendar year.



Sample LES

This handout is published as a guide to inform you about your DFAS Leave and Earnings Statement (LES) and what it means to you. Each month, you will receive, or find on myPay, an LES showing entitlements, deductions and allotments.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																		
ID	NAME (Last, First, MI)				SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED						
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY						
	Type	Amount			Type	Amount			Type	Amount								
A	BASE PAY				FEDERAL TAXES				DISCRETIONARY ALT				+ Amt Fwd					
B	BAH				FICA-SOC SECURITY				DISCRETIONARY ALT				+ Tot Ent					
C	CSP				FICA-MEDICARE				AFAP ALLOT				- Tot Deed					
D	BAS				SGLI FOR 250,000				TRICARE DENTAL				- Tot Almt					
E	CRA				AFRH								= Net Amt					
F					MEAL DEDUCTION								- Cr Fwd					
G					MID-MONTH-PAY								= EOM Pay					
H																		
I																		
J																		
K																		
L																		
	TOTAL	5463.97				3103.35				240.29								
LEAVE		BF Bal	Ernd	Used	Cr Bal	ETS Bal	LV Lost	LvPd	Use/Lose	FED TAXES	Wage Period	Wage YTD	M/S	Ex	Add Tax	Tax YTD		
FICA TAXES		Wage Period	Soc Wage YTD	Soc Tax YTD	Med Wage YTD	Med Tax YTD	STATE	St	Wage Period	Wage YTD	M/S	Ex	Tax YTD					
PAY DATA		BAQ Type	BAQ Depn	VHA Zip	Rent Amt	Share	Stat	JFTR	Depns	2d JFTR	BAS Type	Charity YTD	TPC	PACIDN				
THRIFT SAVINGS PLAN (TSP)		Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Rate	Inc Pay Current	Bonus Pay Rate	Bonus Pay Current									
		TSP YTD Deductions				Deferred				Exempt								
REMARKS:		YTD ENTITLEMENTS:				YTD DEDUCTIONS:												
		BAH BASED ON				SEA DUTY TIME												
		BANK NAME				ACCOUNT #												

DFAS Form 702, Jan 02

KEY TO SECTIONS

- A** Shows the period covered by this LES. This LES will reflect any changes to your pay that the Defense Finance and Accounting Service Cleveland (DFAS-CL) has processed. There may have been other changes to entitlements, but due to mail or processing delays, they are not reflected on this LES. In most cases, these changes will be reflected on the next LES.
- B** Displays all entitlements for the period covered. Any entitlements that were earned in previous months will be added to like entitlements or allowances.
- C** Displays all deductions from pay for the period covered. Any retroactive deductions will be added to like deductions.

- Ⓓ Displays all allotments deducted from pay for the period covered.
- Ⓔ Summarizes entitlements, deductions and allotments to provide the actual amount of money to be paid to the member on payday. Amount shown is the amount to be paid on the end-of-the-month payday.

"DIEMS" is the date you signed up for military service.

"RETPLAN" is the retirement plan under which you entered service.

- Ⓕ Provides the current status of your leave account.

"BF Bal" (brought forward leave balance) shows the number of days' leave carried forward from the previous fiscal year ending Sept. 30.

"Ernd" is the cumulative amount of leave earned this fiscal year or current term of enlistment if the service member reenlisted/extended since the beginning of the fiscal year.

"Used" is the cumulative amount of leave used this fiscal year.

"Cr Fwd" is the current leave balance as of the end of the period covered by the LES.

"ETS Bal" shows the projected leave balance to the Expiration Term of Service (ETS).

"Lv Pd" periodically will display any leave sold back to the Air Force.

"Use/Lose" is the projected number of days of leave that will be lost if not taken in the current fiscal year.

- Ⓖ Shows current federal tax information.
- Ⓖ Shows FICA information (Social Security tax plus Medicare tax).
- Ⓖ Shows current state tax information, including marital status and number of exemptions.
- Ⓖ Provides information for local disbursing use.
- Ⓖ Provides information on TSP contributions for the current year.

"Rate" boxes indicate the percentage of pay elected for contribution.

"Current" boxes indicate the contribution for this pay period.

- Ⓖ Provides information about changes in allotments, deductions or entitlements. Indicates career sea service counter.

USEFUL WEBSITES:

www.militaryonesource.mil

www.dfas.mil/militarymembers.html

<http://militarypay.defense.gov>

REMEMBER

Your pay is your responsibility. Verify and keep your LES each month. If your pay varies significantly and you do not understand why, visit <http://mypay.dfas.mil/mypay.aspx>.





FTAC Financial Planning Pyramid





The Rockefeller File

1. 2nd Lt. Rockefeller notices that her first paycheck in May is about \$67 higher than her mid-month check in April. Where on the LES might she look for an explanation?

2. 2nd Lt. Rockefeller determines that she has received a special pay for a qualification she does not possess. What should she do?

3. While reviewing her LES, 2nd Lt. Rockefeller notices that her tax deductions are based on a status of single with no dependents, when in fact she was married three months ago. Where should she go first to get this error corrected?





Spending Plan Worksheet Checklist

Items you will need in order to complete your SPW:

Current Leave and Earnings Statement (LES)

Other pay statements

Record of any other monthly income

Monthly bills and payments

- Electricity and gas
- Phone (home and cell)
- Cable, satellite, and internet
- Water, sewage, and garbage
- Insurance

Debt payments

- Car loans
- Personal loans
- Student loans
- Credit cards
- Any other debt

Current bank statements

TO CALCULATE NET WORTH:

Current statements of investments (including TSP)

- Recent credit report
www.annualcreditreport.com
- Values of your home and any property
www.homegain.com

Value of your cars and vehicles

www.kbb.com

www.nada.com

www.edmunds.com

Other items that will be needed:

- *Spending Plan Worksheet*
- Calculator
- Scratch paper
- Pencils

Resources:

- Airman and Family Readiness Center personal financial counselors and educators
- Air Force Aid Society





Spending Plan Worksheet

Use this worksheet to record how much money you spent this month, then use the information to help you plan next month's spending.

Income	Monthly (Current)	Monthly (Goal)
Airman's income (salary after taxes, TSP, benefits and other deductions)	\$ 3,164.53	\$
Spouse's income (salary after taxes, 401K, benefits and other deductions)	\$ 0.00	\$
Other income (child support, second job, etc., after taxes)	\$	\$
Total monthly income	\$ 3,164.53	\$ 0.00

Transfers and Expenses	Monthly (Current)	Monthly (Goal)
Savings	\$ 300.00	\$
Investments (ROTH, IRA, etc.)	\$ 150.00	\$
Payments on Debts (auto loans, credit cards, student loans, etc. but not mortgage)	\$	\$
Total monthly transfers and debt payments	\$ 450.00	\$ 0.00

HOUSING

Rent or mortgage	\$ 950.00	\$
Renter's insurance or homeowner's insurance not included in mortgage	\$ 20.00	\$
Utilities (electricity, gas, etc.)	\$ 150.00	\$
Internet, cable and phones	\$ 75.00	\$
Other housing expenses (pest control, lawn service, etc.)	\$	\$

FOOD

Groceries and household supplies	\$ 500.00	\$
Meals out	\$ 300.00	\$
Other food expenses	\$	\$

TRANSPORTATION

Auto/motorcycle insurance	\$ 175.00	\$
Auto/motorcycle fuel	\$ 120.00	\$
Auto/motorcycle service (maintenance, repairs, inspections, etc.)	\$ 100.00	\$
Public transportation (Metro, bus, etc.) parking, tolls, ride sharing	\$	\$
Other transportation expenses	\$	\$

HEALTH

Medicines and supplements	\$	\$
Health insurance deductibles/copays	\$	\$
Other health expenses (dentists, glasses, contacts, etc.)	\$	\$



PERSONAL AND FAMILY

Child care	\$	\$
Child support	\$	\$
Clothing and shoes	\$ 100.00	\$
Laundry/dry cleaning	\$ 80.00	\$
Money given or sent to non-resident family members	\$	\$
Donations (charities, tithing, etc.)	\$ 200.00	\$
Entertainment (movies, streaming services, magazines, etc.)	\$ 20.00	\$
Vacations	\$ 300.00	\$
Pets	\$	\$
Memberships and subscriptions	\$	\$
Other personal or family expenses	\$	\$

OTHER EXPENSES

Bank, credit card, ATM, and other fees	\$	\$
School costs (tuition, supplies, etc.)	\$	\$
Non-monthly expenses (life insurance, personal property taxes, etc.) ÷ 12	\$	\$
Gifts (estimated annual expenses ÷ 12)	\$ 100.00	\$
Other expenses	\$	\$

UNCATEGORIZED EXPENSES

	\$	\$
	\$	\$
	\$	\$

Total monthly expenses	\$ 3,640.00	\$ 0.00
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Actual Income **Actual Expenses** **Actual Difference**
 \$ 3,164.53 - \$ 3,640.00 = \$ -475.47

Income Goal **Expense Goal** **Difference Goal**
 \$ 0.00 - \$ 0.00 = \$ 0.00

If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, look for expenses to reduce or cut.

Current Gross Income
(all sources, including spouse)

\$

Gross Income Goal
(all sources, including spouse)

\$

Current Debt-to-Income Ratio %

Debt-to-Income Goal %

To calculate debt-to-income ratio:
 Total Debt Payments ÷ Total Gross Income x 100
Note: This calculation excludes mortgage debt.

NET WORTH

Total value of savings, investments, real estate, personal property	\$	
- Total indebtedness (mortgage, car loans, student loans, etc.)	\$	
= Net worth	\$	0.00





Choosing a Bank or Credit Union

There are many bank or credit union options available to you. You may have kept the same bank or credit union you used as a civilian, or you might be shopping for a financial institution that better meets your needs. When deciding on a bank or credit union, you should consider the following factors: convenience and accessibility; available services; fees, charges and requirements; security and, most of all, compatibility to your lifestyle and financial needs.

CONVENIENCE

For most people, convenience and accessibility are major factors in choosing a financial institution. The most convenient financial institutions offer numerous electronic banking options, have a large ATM network, offer all the services you need to manage your money, and can be accessed from locations across the United States or worldwide.

AVAILABLE SERVICES

What services are offered at your prospective bank or credit union? Look for an institution that offers a wide variety of services. Some services you might be interested in include:

Electronic banking options: Does the bank or credit union offer online bill pay, remote deposit or transfers? Can you access and manage your account with a cellphone or mobile app?

Overdraft protection: If you overdraw your account, what happens? You may be able to link your checking account to a savings account or line of credit to protect yourself.

Credit and investments: Does the bank or credit union offer credit cards, competitive loan rates, and investment services?

Interest: How much interest is paid on various accounts and when (daily, monthly, quarterly, yearly)? To compare rates offered locally to those from

financial institutions around the nation, visit www.bankrate.com.

Customer Support: Does the bank or credit union offer adequate customer support? Can you easily reach a customer support representative without having to go into a building or without a lengthy phone wait?

SERVICE CHARGES, FEES, AND REQUIREMENTS

All banks and credit unions have account requirements, fees, and service charges. You should fully investigate what those are and determine whether they are reasonable for your banking needs. By law, institutions must tell you about all applicable service charges that you will be charged. Here are some of the common service charges, fees, and requirements you might find when shopping for a bank or credit union:

Monthly service or maintenance fees: Although some institutions (more credit unions than banks) offer “free” checking, many charge a monthly service or maintenance fee. Additionally, on some accounts, you may be charged a service fee for going under a minimum balance. Be sure to find out whether the accounts you are considering require a minimum balance and the fee for going under this amount. If fees for minimum balances are charged, it may be more cost effective to have a non interest-bearing account and avoid the service fees.

Usage fees: Is there a usage fee charged when you go beyond a certain number of transactions or if you do not use the account for a certain length of time?

ATM fees: You will probably pay a fee or fees ranging from \$3-\$7.50 to use another bank’s ATM. Avoid excessive ATM fees by using a bank that does not charge you to use their ATM or see if your financial institution reimburses ATM fees.

Foreign transaction fees: These fees are charged per transaction and may also include a percentage of a cash advance or purchase. They are charged every time you

use a card to get cash at a foreign ATM (which usually offer the best currency exchange rates) or to make purchases abroad. Since deployment is an essential part of the military lifestyle, these should be carefully considered when choosing a bank or credit union.

Online banking or bill pay fees: Is there a charge for paying your bills online? Do you have to pay to sign up for online account or app services?

Check writing costs: What does it cost to purchase checks? Can they be ordered online? How many checks do you need to write each month, and is there a fee for writing checks?

Overdraft fees: What is the charge if there is not enough in the account to cover a check, transfer, or withdrawal? Financial institutions usually charge \$25 to \$35. The bank may overdraw the account to pay the check or honor the debit, or they may not honor it at all but still charge you the non-sufficient funds fee.

Overdraft protection: What are the costs associated with this service? This fee is typically between \$20 and \$30 each time the financial institution pays an overdraft transaction. You may also have to pay interest to use overdraft funds.

Ideally, you should maintain adequate funding in your account, making this service unnecessary.

Stop payment fees: If you make an error with a check or payment or cancel an order after a payment has been sent, you have the right to request that your bank or credit union stop payment on transactions that have not yet been processed. You must allow the bank sufficient time to carry out your request, and there is usually a charge for the service.

Fees for paper statements: With the move to electronic (paperless) statements, some banks and credit unions may now charge a fee for providing a paper copy of bank statements or for printing older statements. A good practice to avoid this fee is to routinely download and save your statements.

Fees for research assistance: If you need help with your account from a customer service representative, you may be charged for this service. The charge will usually occur if your account requires extensive work, often because your statement has not been reconciled for an extended period of time.

Fees to close an account: Some accounts will include fees, averaging from \$5 to \$25, for closing an account within the first 90 days.

COMPATIBILITY

Most importantly, a financial institution needs to be compatible with your lifestyle and banking needs. Service members and their families often have unique banking needs that cannot be met by all financial institutions. Here are things to consider when deciding whether a bank or credit union meets your needs:

Does it allow for direct deposit? Oddly, some small banks may not offer the option of military direct deposit.

Are you able to access your account(s) remotely? And ideally, can you access them from anywhere in the world, by computer or phone?

Can you deposit checks remotely and pay your bills online? If so, are there fees associated with these services?

Does your bank or credit union offer no-fee ATMs or ATM fee reimbursement (in case your bank does not have a branch or ATM when you move)? Many institutions offer interactive maps on their websites that let you search for branch offices, dedicated ATMs, and no-fee shared ATMs.

Does your bank or credit union offer deployment status services (e.g., interest rate reductions, bill deferment)? Although not offered at all financial institutions, you may find that some military banks and credit unions cater to deploying service members through a wide range of services and perks.

What are the bank's guidelines for honoring powers of attorney? Some financial institutions require a power of attorney to be filed in-person and in advance of a deployment.





Electronic Banking Safety

- › Never use public computers or wireless hotspots to conduct financial transactions.
- › Log out of accounts and close the browser after banking.
- › Use firewalls, anti-virus software, pop-up blockers, and security patches to prevent hackers from accessing your computer.
- › Do not open email or download attachments from unknown sources; this can allow spyware to download.
- › Use strong passwords consisting of a combination of letters and numbers, and use different passwords on all accounts.
- › Do not allow browsers to save account information (usernames or passwords).
- › Password-protect all electronic devices to prevent unauthorized access.
- › Sign up for account security services and ask to be notified when fraudulent activity is detected or account balances fall below a specified amount.
- › Keep a personal record of account transactions to help identify fraudulent transactions.
- › Report a lost or stolen phone immediately to the bank, not just the cell phone service provider, and arrange to deactivate the mobile banking service.





TSP Fund Summary

Thrift Savings Plan (TSP) allows each service member to invest a certain amount of money each month into one of 10 mutual funds.

G FUND

The Government Securities Investment Fund, which invests in special, non-traded U.S. Treasury securities guaranteed against any loss. The G Fund has a low level of volatility and (through the end of 2016) a 10-year average return of 2.63%.

F FUND

The Fixed Income Index Investment Fund invests in government and corporate bonds and is designed to track the Bloomberg Barclays Capital U.S. Aggregate Bond Index. The F Fund has a low-to-moderate level of volatility and a 10-year average return of 4.59%.

C FUND

The Common Stock Index Investment Fund, which invests in stocks in the Standard and Poor's 500 Index. The C Fund has a moderate level of volatility and a 10-year average return of 7.00%.

S FUND

The Small Capitalization Stock Index Investment Fund, which invests in small- and medium-size companies in the United States and is designed to track the Dow Jones Wilshire 4500 Completion Index. The S Fund has a moderate-to high-level of volatility and a 10-year average return of 8.13%.

I FUND

The International Stock Index Investment Fund, which invests entirely in non-U.S. companies and is designed to track the MSCI EAFE (Europe, Australasia, Far East) Index. The I Fund has a moderate-to-high level of volatility and a 10-year average return of 1.02%.

LIFECYCLE FUNDS

Lifecycle, or L Funds, consist of five prepackaged portfolios with professionally determined asset allocation among the G, F, C, S and I funds. The L funds are professionally managed to meet your retirement needs. Assets are rebalanced daily, maintaining your portfolio mix. Assets are reallocated quarterly (redistributed among the available funds), creating a more conservative (less risk) mix with age. When a fund reaches maturity (reaches the year it is named for), it rolls to the next more conservative fund and a new fund is added.

More on TSP fund returns can be found at:

<https://www.tsp.gov/InvestmentFunds/FundPerformance/returnSummary.html>.





Investing Basics

Investing Basics

Investments are transfers made from current income intended to provide future income (for example, in retirement.). Investments take maximum advantage of time and compounding, with gains reinvested to generate gains of their own.

Although investments should be made regularly, starting early in the investor's lifetime, emergency/reserve savings goals should also be pursued and met.

Investment Instruments

The most common investment instruments are stocks, bonds, and mutual funds. The value of investment accounts grows through profit-sharing with stockholders (dividends), growth in the market value of shares of stocks, and/or interest payments on money borrowed from investors (bonds).

Stockholders own small parts of a company, whereas bondholders lend to a company or government entity. Mutual funds are "baskets" of stocks or bonds; each shareholder owns a piece of the basket. Mutual funds provide an easy alternative to selecting individual stocks or bonds by pooling money from many investors to purchase stocks and/or bonds. The holdings of a mutual fund are called a "portfolio."

Return on Investment

Different portfolios project different rates of return. None of them are guaranteed or insured, however, and the highest projected returns are associated with the highest risk.

Stocks have averaged an annual return of 10% to 12% for the past 90 years, but can rise and fall dramatically, especially in the short term.

Bonds can be very safe (guaranteed by the U.S. government), have a high risk of default (if a company is heading toward bankruptcy, etc.) or fall somewhere in between. Investors need to research the "rating" of a bond to ensure they buy only those that match their risk tolerance.

Investment Accounts

Investment accounts include:

Personal investment accounts, for holdings in stock, bonds, and mutual funds. There are no upward limits on amounts that may be invested and no requirement that investments be held for a set length of time. Dividends may incur taxes that have to be paid annually.

401(k) accounts: These are employer-sponsored retirement accounts; TSP is a form of 401(k). In 2018, employees may contribute up to \$18,500 per year. Contributions are subject to early-withdrawal penalties and taxes if withdrawn before age 59.5.

Individual retirement accounts (IRAs): These are retirement accounts funded by entirely by individuals rather than employers. In 2018, individuals may contribute up to \$5,500, and either defer taxes until retirement (traditional IRA) or pay taxes now and pay no taxes later on earnings (Roth IRA). Early withdrawal penalties apply to either kind of IRA.

Other investment accounts include 529 accounts (for college savings); 403(b) accounts (retirement accounts for employees of non-profit organizations); and 457 accounts (retirement accounts for certain government employees).

Financial Advisers

Most investors use a financial adviser to manage their investments. Advisers may work for a bank or credit union, a brokerage company, or may be in private practice. Investors should ask about a prospective advisor's credentials (such as Certified Financial Planner or attorney-at-law), the length of their experience, and the average returns they have generated on investment accounts they manage.

Some financial advisers charge fees and or commissions for their services. Investors should understand what those are and how they are collected.

Investors should be sure to clarify what their interests are when interviewing prospective financial advisers.





Credit Reports

WHAT IS A CREDIT REPORT?

A credit report is a detailed account of your credit, employment, and residence history. It also lists any judgments, tax liens, bankruptcies, or similar matters of public record entered against you. Lenders use credit reports to determine your creditworthiness.

HOW DO YOU GET YOUR CREDIT REPORT?

By federal law, you are entitled to a free copy of your credit report annually from each of the nationwide credit reporting companies: Equifax, Experian, and TransUnion. To order your free credit report, visit www.annualcreditreport.com or call (877) 322-8228. You may also obtain a free credit report/score from your local Airman and Family Readiness Center (A&FRC) personal financial counselor and educator.

You are also entitled to a free report if you are denied credit, insurance, or employment based on information in your report. You must ask for your report within 60 days of receiving notice of the denial. The notice will give you the name, address, and phone number of the credit reporting agency used to make the decision, and you should contact them directly.

Experian

(888) 397-3742
www.experian.com

TransUnion

(800) 916-8800
www.transunion.com

Equifax

(800) 685-1111
www.equifax.com

You can also request one free report a year if your report is inaccurate because of fraud, including identity theft. Otherwise, a credit reporting company may charge you a reasonable amount for another copy of your report within a 12-month period.

HOW OFTEN SHOULD YOU CHECK YOUR REPORT?

Check your credit report at least once a year for errors, negative information that could prevent you from obtaining a security clearance or mortgage, and signs of identity theft.

WHAT DOES A CREDIT REPORT CONTAIN?

Credit reports contain the following information:

- Identifying information, such as your name, Social Security number, date of birth, current and previous addresses, and employers.
- Information about your credit accounts, such as your balance and payment history.
- Any bankruptcies, foreclosures, liens, or judgments against you.
- Inquiries (i.e., when someone checks your credit report). This includes “hard” inquiries, where you applied for credit, or “soft” inquiries for background checks and preapproved offers.

HOW DO YOU CORRECT INFORMATION ON YOUR CREDIT REPORT?

Under federal law, both the credit-reporting agencies and the information provider (the person, company or organization that provides information about you to an agency) are responsible for correcting inaccurate or incomplete information in your credit report and must investigate items in question, usually within 30 days of notification. Dispute forms are provided on the credit reporting agencies' websites, or you can request a hard copy.

Here are the basic steps for disputing inaccurate information:

- Write a letter to the credit reporting agency; explain each dispute and request an investigation to resolve issues. Send copies (not originals) of supporting paperwork.
- Send a similar letter of dispute to the creditor.
- Send all letters and materials by certified mail, return receipt requested.
- The reporting agency will initiate an investigation, contacting creditors to verify the accuracy of the information. If the information cannot be verified, it must be removed.
- When the investigation is complete, if changes were made to your credit report, the credit reporting agency must send you a free copy of your credit report.
- If the investigation uncovers an error, you have the right to request that a corrected version of your credit report be sent to everyone who received the report during the previous six months.

You can read additional information on how to correct information on your credit report at the Federal Trade Commission website: www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports.

WHAT DO I DO IF I SUSPECT IDENTITY THEFT?

If you find suspicious accounts or information on your credit report, it might be an indication of identity theft. If you suspect you are a victim of identity theft, contact the Federal Trade Commission at (877) IDTHEFT or www.consumer.gov. The FTC is the primary resource for information on identity theft.

For additional information on identity theft, see www.consumer.ftc.gov/features/feature-0014-identity-theft. You may also want to sign up for a Consumer Awareness course at your local A&FRC.





Choosing a Credit Card

INFORMATION YOU SHOULD KNOW:

- Is there an annual fee? If so, how much? Can it be waived?
- What is the interest rate on any balances?
- If there is a low introductory rate, how long is it in effect? What rate will be charged after the introductory period?
- What is the grace period on purchases?
- What are the terms for balance transfers and cash advances?
- What additional fees apply, such as late payment fees, over-limit fees, and others? Are there other hidden charges, such as an increase in the interest rate in the event of a late payment?
- Are other “services” tacked on to your account for which you will have to pay? (Avoid high-priced add-ons such as credit life, credit disability, or credit unemployment insurance.)
- How widely is the card accepted and what are the overseas transaction rates?
- Does the card have a rewards program?

MANAGING YOUR CARD:

- Pay on time.
- Aim to pay more than the minimum amount due.
- Keep your balance low.
- If you have a high balance, consider a plan to pay off or reduce your credit card debt by using a power payment schedule.
- Call the credit card company and request that they lower your interest rate and eliminate your fees. It costs nothing to ask.
- Are you eligible for rate-reduction benefits under the Servicemembers Civil Relief Act (SCRA)?
- Check your statements monthly and report suspicious or fraudulent charges to your credit card company immediately.

CREDIT TERMS

Annual Percentage Rate (APR): APR is a measure of the cost of credit, expressed as a yearly rate. It must be disclosed before you become obligated on the account and shown on your account statements. The card issuer also must disclose the “periodic rate,” the rate applied to your outstanding balance to calculate the finance charge for each billing period.



Average Daily Balance: If you do not have a grace period, this is the most common finance charge calculation method. This calculation uses the average of your balance during the billing cycle to calculate your finance charges.

Balance Transfers: Many credit card companies offer incentives for balance transfers (i.e., moving your debt from one credit card to another). Many credit card issuers offer transfers with low introductory rates that rise significantly after the introductory period, and some issuers also charge balance-transfer fees.

Delinquency Rates: Some cards with low rates for on-time payments apply a very high APR if you are late a certain number of times in any specified time period. Information about delinquency rates should be disclosed in credit card applications.

Grace Period: The grace period lets you avoid finance charges by paying your balance in full before the due date. Without a grace period, the card issuer may impose a finance charge from the date you use your card or from the date each transaction is posted to your account.

Variable Rates: Some credit card plans let the issuer change the APR when interest rates or other economic indicators change. These rate changes also can raise or lower the finance charge on your account.

If you are considering a variable-rate card, the issuer must tell you that the rate may change, how much it may change and how frequently, and how the rate is determined.

USEFUL WEBSITES:

Bankrate.com: www.bankrate.com (comparison shopping for rates)

Consumer Financial Protection Bureau: www.consumerfinance.gov

Consumer Reports: www.consumerreports.org/cro/credit-cards/buying-guide.htm (card-buying guide)

Creditcards.com: www.creditcards.com (credit card industry ratings)

Federal Trade Commission: www.consumer.ftc.gov/topics/credit-and-loans





Student Loan Repayment Options for Military Borrowers

Getting Started

Determine Debt Balance

The first step to managing student loan debt is for the borrower to take stock of where they stand with their debt. Student borrowers often draw loans from multiple sources. With military moves, address changes, variable due dates, and the passage of time, it is easy to lose track of one or more outstanding loans. It is important to know how much is owed, and to whom, so the borrower can stay on top of repayment.

Identify Loan Servicers

Not only will most students will have been issued multiple loans, each may be assigned to a different servicer. A loan servicer collects payments from borrowers. Any or all of colleges or schools attended, banks and other lenders, or private companies specializing in loan management and operating under contract can be student loan servicers. Borrowers should make sure they know, and have contact information for, their loan servicers. All requests for repayment relief or change of repayment plan start with the loan servicer.

Consider Options

Most repayment plans are specific to one or more loan programs and cannot be used with others. Although most service members and family members will have been funded by just a few of them, there are more than 20 different federal student loan programs under repayment at the present time.

Stay Current with Loan Payments

The standard repayment schedule for student loans is 120 equal monthly payments, or 10 years. The interest rate on federal loans is fixed at the time a loan is signed and does not change during the life of the loan. Some private loans have adjustable rates. Borrowers should never reduce or change payments until they are

directed to do so by loan servicers. Delinquency and/or default on student loans can have severe negative consequences for future credit, housing options, and employability.

Build a Spending Plan

Borrowers knowing their current situation includes accounting for more than just their student loan debt. To ensure that they understand their overall financial status, borrowers should make a budget or spending plan. This will help them see how student loan payments and debt fit in to their current financial spending.

Student Loan Types

Federal Loans

Federal student loans fall into two categories:

- Direct Loans: “Direct” means that the federal funding comes to the financial aid office of the school or college rather than being funneled through a commercial bank. Direct Loan programs include Direct Subsidized Loans, Direct Unsubsidized Loans, PLUS Loans, and Direct Consolidation Loans. These loans may also be referred to as “Stafford Loans.”
- Perkins Loans: Perkins Loans are small, need-based loans for students with exceptional need. The money for Perkins Loans comes from the Department of Education but is serviced by the school or college that offers the loan. The school, college, or university with money to lend establishes the guidelines for need and services the loan.

Private Education Loans: Privately issued student loans—also called “alternative student loans” — are interest-generating instruments promoted by banks and other lenders. Private loans offer fewer consumer protections and fewer opportunities to reshape payment terms. Like the loans people take out for houses and cars, a student’s credit

score influences the terms of private loans, and interest accrual begins immediately on disbursement. The terms of the loan may include increasing interest over time.

Management Options

Servicemembers Civil Relief Act (SCRA)

The SCRA caps at 6% the interest rate on all debts contracted before coming on active duty. This includes student loans—federal and private—as well as consumer loans and credit cards. The SCRA also applies to National Guard and Reserve personnel, whether in state or federal service.

College Loan Repayment Program (CLRP)

Under the College Loan Repayment Program (CLRP), enlisted service members may be eligible for full or partial repayment of postsecondary educational loans up to \$65,000 based upon their rate and the specific terms and conditions listed on the original enlistment contract. (Note: This benefit may not be available to all Airmen.)

Public Service Loan Forgiveness

The Public Service Loan Forgiveness (PSLF) program may help service members who intend to make the military a career and/or to transition into jobs in the public or nonprofit sectors. Under PSLF, borrowers who make 120 consecutive on-time, income-based loan payments while working in public service can have the remainder of their student loans forgiven. The forgiven portion may count as income and may be taxed. There may be work documentation required for PSLF. Borrowers should check with their loan servicers for specific information.

Deferment

Under certain conditions, payment on the principal of student loans may be suspended for a period of time. Loans may be deferred for up to three years while borrowers continue their education, serve on active duty, or deal with a financial hardship. The loan servicer determines the documentation requirements. Private loans may also have deferment options.

Forbearance

Forbearance, or the suspension of payments, may be granted to borrowers who do not qualify for deferment or who have exhausted deferment options. Some private lenders may have forbearance options, as well.

Graduated Repayment

Graduated repayment structures a student loan so that the borrower pays less in the loan's early years and more later on, when the borrower is presumably better established financially. The term of a graduated repayment plan is 10 years, or 120 months, the same as a standard repayment plan. Because the principal does not decrease as quickly, the total cost of borrowing at the end of 10 years will be higher.

Extended Payment

An extended payment plan can reduce payments by spreading them over a period of up to 25 years. Most federal loans qualify for extended repayment. However, the borrower must owe more than \$30,000 to be considered. Extended repayment plans can also be graduated. Payments will be lower with an extended payment plan, but the total cost of borrowing (principal plus interest paid) will be much higher.

Payment Reductions

Income-related payment options differ by the loan program or programs to which they apply, the conditions borrowers must meet, and the length of the payment schedule. They also have procedural and benefit differences. This includes the Pay As You Earn (PAYE) plan, which sets the borrower's payments using a formula based on discretionary income, and other income-driven repayment plans.

Consolidation Loans

Consolidation loans may be available to combine student loans into a single payment under one servicer. The effective interest rate is usually a little higher than what you may have been paying and the term of the loan may be extended—up to 30 years—which means that the cost of the borrowed money will be higher in the end. You can consolidate loans only once.

Useful Websites

- **Consumer Financial Protection Bureau:** www.consumerfinance.gov
- **Federal Student Aid Ombudsman:** <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare>
- **National Consumer Law Center:** www.studentloanborrowerassistance.org
- **National Student Loan Data System (NSLDS):** <https://www.nsls.ed.gov>
- **U.S. Department of Education Federal Student Aid:** <http://studentaid.ed.gov>
- **U.S. Department of Education Loan Default Resolution Group:** <https://myeddebt.ed.gov>

Other Resources

CFPB Private Education Loan Ombudsman

Email: CFPBOmbudsman@cfpb.gov

Phone: 1-855-830-7880

TTY: 202-435-9835

Fax: 202-435-7888

Student Loan Repayment Estimator

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>

Direct Loan Consolidation information

Phone: 1-800-557-7392

TTY: 1-800-557-7395

<https://studentloans.gov>





Warning Signs of Credit Abuse

Credit cards make spending easy and may encourage you to spend more than you can repay. The following are possible warning signs that you have taken on too much debt:

- You have less than one month's take-home pay in savings.
- You can only afford the minimum monthly payments on credit cards.
- You have more income committed to debt repayments each month than you did the month before.
- You are falling behind on payments and receiving late notices.
- You use credit to pay regular living expenses, like utilities.
- You are at or near credit limits on credit cards most of the time.
- Your debt-to-income ratio is more than 20% (or 36%, if mortgage payments are included in the calculation).



At this point, financial counseling is recommended to help initiate a plan of action to reduce debt. Things are reaching the critical stage when an individual or family is:

- Rotating bills by paying some this month, some next month.
- Borrowing or getting cash advances to make payments – using credit to pay credit.
- Denied additional credit due to problems on credit reports.
- Hiding bills or being dishonest with family members about debts.
- Seeking additional money from predatory lending sources, such as payday loans or refund anticipation loans.
- Having to rely on a debt-consolidation loan to reduce payments enough to meet monthly living expenses.

At the critical point, financial counseling is essential to establish a plan to reduce debt to a manageable level.

SOURCES OF HELP

- Airman and Family Readiness Center (A&FRC) personal financial counselors and educators
- Your local military credit union's financial counselors
- Nonprofit consumer credit counseling agencies
- Base legal office
- The Consumer Financial Protection Bureau (CFPB)
- Military OneSource





Service Members Civil Relief Act Simplified

Note: This handout provides a basic overview of the provisions of the SCRA. Due to the complexity of the act and regular changes to the provisions, Airmen should at contact their base legal office for specific questions and guidance.

WHAT IS THE SERVICEMEMBERS CIVIL RELIEF ACT?

In 2003, the Soldiers and Sailors Civil Relief Act was rewritten and renamed the Servicemember Civil Relief Act (SCRA). The law spells out protections for members of the U.S. military.



WHO IS COVERED?

Active-duty service members, Reservists, and members of the National Guard (when in active federal service) are protected under the law. SCRA (for all) begins on the first day of active duty, which means when the person leaves home for basic or occupational training. Some protections under the act extend for a limited time beyond active-duty discharge or release and are tied to the discharge or release date. Some of the act's protections extend to the member's dependents.

National Guard members recalled for state duty may be protected by the Servicemembers Civil Relief Act. Guard members are entitled to SCRA protection when called to state active duty under Title 32, if the duty is because of a federal emergency; the request for active duty is made by the president or secretary of defense; and the member is activated for longer than 30 days.

MAJOR LEGAL PROTECTIONS

Termination of cellphone contracts: The SCRA requires providers to suspend or terminate cellphone contracts without charging any early termination fee, if the service member's deployment prevents them from using their services. If the service member does not wish to cancel their service and will be deployed outside the United States, the provider must allow the service member to suspend their service at no charge without requiring an extension of the contract. Note that the service member must make the request to their provider before leaving on deployment.

Automobile leases: If a service member enters into an automobile lease before going on active duty, they may request termination of the lease when called to

active duty. Service members making a permanent change of station (PCS) move, or who deploy for a specified period of time, may also be able to terminate such leases.

Termination of residential leases: The SCRA allows a service member to terminate a residential lease entered into while in the military, if the member receives PCS orders or orders to deploy for a specified period of time.

Evictions from housing: Service members may seek protection from eviction under the SCRA. The rented or leased property must be occupied by the service member or their dependents, and the rent cannot exceed a certain amount, which is adjusted each year. The service member or dependent who has received notice of an eviction must submit a request to the court for protection under the SCRA. If the court finds that the service member's military duties have materially affected his ability to pay his rent on time, the judge may order a "stay" (postponement) of the eviction proceeding or make any other "just" order.

Relief from foreclosures: Depending on the service member's duty status and situation, the SCRA may provide protection against foreclosure. The SCRA prohibits the "sale, foreclosure, or seizure" without a court order of a service member's personal property as long as the debt was secured before the service member entered military service.

Installment contracts: The SCRA gives certain protections against repossessions under installment contracts. If the contract was entered into before going on active duty and at least one payment was made before that time, the creditor cannot repossess the property while the member is on active duty, nor can they terminate the contract for breach without a court order.

Six percent interest rate: If a service member's military obligation makes it difficult to pay on financial obligations such as credit cards, loans, mortgages, etc., the service member can request to have the interest rate capped at six percent for the duration of the service member's military obligation. Qualifying debts are debts that were incurred by the service member, or the service member and their spouse jointly, before going on active duty. Debts entered into after going on active duty are not protected by this provision of the law.

Court proceedings: If a service member is a defendant in a civil court proceeding, the court may grant a delay if he or she is deployed. The provision applies to civil lawsuits, suits for paternity, child custody suits, bankruptcy debtor/creditor meetings, and administrative proceedings.

Enforcement of obligations, liabilities, taxes: A service member or dependent may, at any time during or within six months after their service, apply to a court for relief of any obligation or liability incurred before active duty or for relief of a tax or assessment made before or during active duty. The court may grant stays of enforcement during which time no fine or penalty can accrue.





How to Complain Effectively

- See a personal financial counselor/educator at the Airman and Family Readiness Center (A&FRC) for guidance
- Save all purchase-related paperwork. Include copies (*do not send originals*) of receipts, repair orders, warranties, canceled checks, contracts, and any letters to or from the company.

If you have a problem:

1. Contact the business. Start with the salesperson with whom you dealt or the manager. Clearly and calmly describe the problem and the action you would like them to take. Document their response in writing.
2. Contact the company president or a representative of the manufacturer. Use the sample complaint letter below. Send it by certified mail and request a return receipt.
3. Contact industry trade associations.
4. Contact local and state consumer advocates for further assistance. Do not give up until you are satisfied. Use the resource list on the *Sources of Help for Military Families* handout to locate consumer-protection contacts.

In correspondence:

- Describe the purchase. Include the name of product and serial number.
- Include the date and place of purchase.
- State the problem. Give the history.
- Ask for specific actions. Include copies of documents.
- State how you can be reached.
- Allow time for action.
- Keep copies of all of your letters, faxes, emails, and related documents.



SAMPLE COMPLAINT LETTER

Your Address
Your City, State, ZIP Code
Date

Name of Contact Person, if available
Title, if available
Company Name
Consumer Complaint Division (**if you have no specific contact**)
Street Address
City, State, ZIP Code

Dear (**Contact Person**):

Re: (**account number, if applicable**)

On (**date**), I (**bought, leased, rented, or had repaired**) a (**name of the product, with serial or model number or service performed**) at (**location, date, and other important details of the transaction**).

Unfortunately, your product (**or service**) has not performed well (**or the service was inadequate**) because (**state the problem**). I am disappointed because (**explain the problem. For example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented, etc.**).

To resolve the problem, I would appreciate your (**state the specific action you want – money back, charge-card credit, repair, exchange, etc.**).

Enclosed are copies of my records (**include receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers, and any other documents**).

I look forward to your reply and resolution to my problem and will wait until (**set a time limit**) before seeking help from a consumer-protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (**home and/or office numbers with area code**).

Sincerely,

(**Your Name**)

Enclosure(s)





Sources of Help for Military Consumers

CONSUMER ORGANIZATIONS

Consumer Reports: www.consumerreports.org

Consumer World: www.consumerworld.org

Kelley Blue Book: www.kbb.com

NADA Car Guides: www.nada.com

CONSUMER PROTECTION

Better Business Bureau: www.bbb.org

Center for Responsible Lending:
www.responsiblelending.org

The Consumer Action Handbook:
<https://www.usa.gov/handbook>

Consumer safety tips: www.consumer.gov

Consumer Reports: www.consumerreports.org

Federal Trade Commission: www.ftc.gov

Free annual credit reports:
www.annualcreditreport.com

Internet Crime Complaint Center: www.ic3.gov

Military OneSource: www.militaryonesource.mil

National Association of Attorneys General:
www.naag.org

National Consumers League:
www.nclnet.org

National Consumers League Fraud Center:
www.nclnet.org

National Legal Aid and Defender Association:
www.nlada.org

Network of consumer hotlines:
www.callforaction.org

Public Citizen: www.citizen.org

CREDIT REPORTING AGENCIES:

Equifax: www.equifax.com/home/en_us

Experian: www.experian.com

TransUnion: www.transunion.com

Free annual credit report:
www.annualcreditreport.com

EMERGENCY FINANCIAL ASSISTANCE

Air Force Aid Society: <https://www.afas.org>

American Red Cross: www.redcross.org

FINANCIAL PLANNING AND EDUCATION

Air Force Aid Society: <https://www.afas.org>

Air Force Airman and Family Readiness Program:
<https://www.afpc.af.mil/Airman-and-Family-Readiness/>

American Association of Individual Investors:
www.aaii.com

Association for Financial Counseling, Planning,
and Education: www.afcpe.org

Choose to Save: www.choosetosave.org

Financial Planning Association: www.fpanet.org



Kiplinger: www.kiplinger.com

Military Saves: www.militarysaves.org

National Endowment for Financial Education:
www.nefe.org

Save and Invest (FINRA Investor Education
Foundation): www.saveandinvest.org

FINANCIAL INFORMATION AND COUNSELING

Air Force Aid Society: <https://www.afas.org>

Air Force Airman & Family Readiness Program:
<http://www.afpc.af.mil/Airman-and-Family-Readiness/>

Consumer Credit Counseling: www.nfcc.org

GOVERNMENT AGENCIES

Board of Governors of the Federal Reserve
System: www.federalreserve.gov

Consumer.gov (Federal Trade Commission):
www.consumer.gov

Consumer Financial Protection Bureau:
<https://www.consumerfinance.gov/>

Federal Deposit Insurance Corporation:
<https://www.fdic.gov>

Federal Student Aid: <https://studentloans.gov/myDirectLoan/index.action>

Federal Trade Commission: <https://www.ftc.gov>

U.S. Bureau of Labor Statistics: www.bls.gov

U.S. Securities and Exchange Commission:
www.sec.gov

INVESTING RESOURCES

Books

- *Barron's Dictionary of Finance and Investment Terms*

- *Get a Financial Life: Personal Finance in your Twenties and Thirties*, by Beth Kobliner
- *Investing from Scratch: A Handbook for the Young Investor*, by James Lowell
- *Making the Most of Your Money Now*, by Jane Bryant Quinn
- *Master Your Money Type*, by Jordan E. Goodman
- *Personal Finance*, by E. Thomas Garman and Raymond E. Fogue
- *The Millionaire Next Door (Series)*, by Thomas J. Stanley and William D. Danko
- *The Total Money Makeover: A Proven Plan for Financial Fitness*, by Dave Ramsey
- *The Truth About Money*, by Ric Edelman
- *Who's Afraid to be a Millionaire? Mastering Financial and Emotional Success*, by Kelvin Boston
- *Women and Money: Owning the Power to Control Your Destiny*, by Suze Orman

Newspapers and Magazines

- *Barron's*
- *Forbes*
- *Fortune*
- *Investor's Business Daily*
- *Kiplinger*
- *Money*
- *Wall Street Journal*

Websites

- *Businessweek*: www.bloomberg.com/businessweek
- *Dailystocks*: www.dailystocks.com
- *Earnings Whispers*: <https://www.earningswhispers.com>
- *D&B Hoovers* (business intelligence database): www.hoovers.com
- *ICLUBcentral* (tools for investors and investment clubs): www.iclub.com
- *MarketWatch*: www.marketwatch.com

- Morningstar: www.morningstar.com
- MSN Money: www.msn.com/en-us/money
- Saving for College (529 Plans): www.savingforcollege.com
- The Motley Fool: www.fool.com
- Treasury Direct: www.savingsbonds.gov
- Value Line (research): www.valueline.com
- Zacks (research): www.zacks.com

NO-SOLICITATION REGISTRIES

- Phone Calls: National Do Not Call Registry www.donotcall.gov 1-888-382-1222
- Junk mail and email: Direct Marketing Association www.DMAchoice.org
- Credit or insurance offers: www.optoutprescreen.com

PREDATORY LENDING

Center for Responsible Lending:
www.responsiblelending.org

Payday Loan Consumer Information:
www.PayDayLoanInfo.org

SAFETY REMINDERS

Protect your Personal Information

- Guard your Social Security number.
- Sign credit/debit cards when they arrive.
- Carry only the cards you need.
- Keep your PIN secret.
- Avoid obvious passwords.
- Store personal information in a safe place at home and at work.
- Do not give card numbers to strangers.
- Watch out for “shoulder surfer PIN spies.”
- Keep your receipts.
- Destroy documents that contain account information (when no longer needed).
- Protect your mail.
- Pay attention to your billing cycles and check statements against receipts.
- Check your credit report once a year.

Think Before you Click: Practice Safe Computing

- Protect your personal information online.
- Know who you are dealing with and do not give out personal information.
- Use anti-virus and anti-spyware software and a firewall, and update these programs regularly.
- Use strong passwords and keep them private.
- Back up important files securely.
- Be careful using public wireless networks (Wi-Fi).
- Lock and password protect your laptop, tablet, smart phone and mobile devices.

RETIREMENT

Choose to Save/American Savings Education Council: www.choosetosave.org/asec

Military OneSource: www.militaryonesource.mil

Social Security Administration: www.ssa.gov

Thrift Savings Plan: <https://www.tsp.gov>

U.S. Department of Defense Military Pay:
<https://militarypay.defense.gov>

TAXES

Internal Revenue Service: www.irs.gov

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CAR BUYING Tricks of the Trade

PUT TO RIDE:

When a salesperson cannot persuade you to buy today, he or she may insist that you leave your trade-in at the dealership, keep the new car overnight, and drive it home. This way, no other dealership can see your trade-in, your neighbors and relatives see the car, you fall in love with it, and you have a hard time saying no to purchasing the car when you have to bring it back the next day.

BAIT AND SWITCH:

When a dealership runs an ad with a picture of a well-equipped car and the price of a stripped-down model to entice you to come in. You are then shown the stripped-down model and quickly switched to the well-equipped one with a higher price tag.

LOWBALLING:

This occurs when the salesperson quotes you a price on a car that is lower than the current market price. This is done to assure that you will return before signing with anyone else just to see if the offer still stands. At this point, the salesperson will tell you that they cannot sell the car for that low a price because the sales manager will not allow it.

HIGHBALLING:

This is the same as lowballing, except that a high trade-in allowance figure is offered to you. Again, you come in later and the manager will not allow it.

PADDING:

Adding charges that increase the dealer's profit at the time you sign the contract (e.g., undercoating, protection packages, dealer-installed options, credit life insurance, disability insurance, extended warranties).

GOOD GUY/BAD GUY (MUTT AND JEFF ROUTINE):

When the salesperson plays the role of the good guy and the manager plays the bad guy to enhance the image of the salesperson. The salesperson and manager may even stage an argument in front of you, with the salesperson trying to persuade the manager to give you a lower price. Once you believe that the salesperson is on your side, you drop your guard and become an easy mark.

"YOUR CAR":

When the salesperson keeps referring to the car as "your car" to get you subconsciously to accept ownership of the car. Once accomplished, it is easier to get you to sign the contract.





CAR BUYING

Three Deals of Car Buying

DEAL NO. 1

THE PURCHASE

HOW MUCH CAN YOU AFFORD?

- Total amount
- Down payment
- Monthly amount
- Prepare a spending plan
- Calculate debt-to-income ratio
- Check your credit report

WHAT TYPE OF CAR SHOULD YOU BUY?

- New or used
- Size and style
- Safety and performance
- Cost to insure

WHERE SHOULD YOU BUY?

- Dealership
- Private seller
- Internet
- Car-buying service

WHAT IS A FAIR PRICE?

- Invoice versus MSRP
- Library and Internet
- New and used car cost guides

EXERCISE YOUR LEGAL RIGHTS

- Read all the contract details
- Do not leave any blanks
- Do not buy unnecessary and unwanted items
- Use the power of the pen
- Have Legal Assistance Office review the contract before signing
- Take action if you have a complaint

DEAL NO. 2

THE FINANCING

WHERE WILL YOU FINANCE?

- Credit unions
- Bank
- Dealership
- Finance companies

HOW MUCH WILL THE MONEY COST?

- Simple interest
- Add-on interest

AVOID COMMON PITFALLS

- Know your credit rating
- Know what current interest rates are
- Get pre-approved
- Know the best deal available
- Do not be rushed or pressured

NEGOTIATE A GREAT DEAL

- Do your homework
- Take your time
- Limit the information you give out
- Shop twins
- Ask for discounts
- Take a road test
- Avoid unnecessary add-ons
- 180-degree Turn

KNOW THE "TRICKS OF THE TRADE"

- Put to ride
- Lowballing and highballing
- Bait and switch
- Padding
- Mutt and Jeff routine
- "Your car"

DEAL NO. 3

THE TRADE-IN

TRADING VS. SELLING

WHAT IF YOU OWE MORE THAN THE CAR IS WORTH?

WHAT IS A FAIR PRICE?

- What is the dealer willing to pay?
- Only negotiate after you are done with your purchase and financing on your new vehicle.





If you are going to sit in the finance and insurance (F&I) office at a dealership, the editors of Edmunds.com suggest you watch out for these common pitfalls:

Pitfall No. 1:	Many consumers do not know what their credit rating is when they apply for an auto loan. The strength of their credit score largely determines what kind of interest rate they will receive. Therefore, it is critical to make sure your credit report is in the best shape possible before shopping for a car.	Solution:	Order a copy of your credit report and look for items that may stand in the way of you getting a good rate. Correct any issues or errors promptly. Are all of your lines of credit in good standing? Are there any signs of identity theft? The credit bureaus will tell you how to correct errors when you get your report.
Pitfall No. 2:	Many consumers are tempted to overspend once they get to the dealership.	Solution:	Bring a printout of your budget to the dealership as a reminder of what you planned on spending. Be sure to bring any printouts of pricing you have done.
Pitfall No. 3:	Most consumers arrive at the dealership without having researched the current interest rates being offered in the marketplace, so they have no idea if they are being offered a competitive rate.	Solution:	Use the internet as a research tool to compare rates. Check out websites such as bankrate.com for national averages, and the website of your own financial institution for its current rates.
Pitfall No. 4:	Most consumers arrive at the dealership without approved auto financing in hand. This is either because they are unaware of all the financing options available or they assume they will qualify for a low rate at the dealer. This approach deprives the consumer of bargaining power when it comes to negotiating the lowest possible interest rate.	Solution:	Become an “empowered buyer” by getting a no-obligation loan before visiting the dealership. Having your own loan could save you significant money. For example, a 60-month, \$26,000 loan at 4.49% can save a consumer about \$1,500 over the life of the loan, compared with a loan at 6.56%.
Pitfall No. 5:	Many dealers offer a choice between discounted (or zero percent) financing or a rebate, but not both. Consumers may erroneously assume that the zero-percent loan will deliver the most savings.	Solution:	Sometimes, it is better to take the cash rebate and apply it against the purchase price of the vehicle—and then use your own preapproved car loan to finance the vehicle. The savings chart below shows how a low-interest rate and a rebate can “beat” a zero-percent deal.

36-Month Car Loan Comparison *		
APR	0%	3.99%
Cost of car	\$20,000	\$20,000
Less equity in trade	\$4,000	\$4,000
Less rebate	\$0	\$2,000
Amount to finance	\$16,000	\$14,000
Monthly payment	\$444.44	\$413.27
Total cost	\$16,000	\$14,877.85
Savings	\$0	\$1,122.15

Pitfall No. 6:	The F&I officer may try to confuse you by intertwining different elements of your deal. For example, he or she may say, “We’ll give you an extra-low price on the vehicle, but this interest rate is the best we can do.”	Solution:	Consumers should unbundle the deal and keep it three separate transactions: the purchase, the trade-in, the financing. Avoid discussions that can take you off this track, such as how much you can afford to spend per month. With financing, focus on the APR, not the monthly payment.
Pitfall No. 7:	By the time they get to the finance department, many consumers are mentally worn out and do not review the contract thoroughly before signing. As a result, they may agree to buy things they did not plan to buy (such as an extended warranty, rust-proofing, etc.).	Solution:	Before you sign any papers or hand over any money, check the figures in the contract and understand all of the charges. The sudden appearance of extra fees should be questioned. Sometimes, dealers add extra fees—“junk fees”—to retake profit they have lost by selling cars at invoice.
Pitfall No. 8:	The consumer feels rushed, pressured and confused by the dealership’s staff. In some cases, these buyers have second thoughts about completing the deal but sign the documents anyway.	Solution:	Consumers who feel out of their comfort zone should walk away. The buyer—not the seller—should be the one in control of the process. Remember, the federal “cooling off” law does not apply to cars.

If you do your homework ahead of time and know what to expect before entering the F&I office, the paperwork process can go quickly and easily. More importantly, you will receive a deal on your auto loan that you can feel good about for the life of the car.





CAR BUYING

Determining Car Payments

When purchasing a vehicle, the most commonly asked question is:

“How much will my monthly payments be?”

The answer, of course, depend, on:

1. Amount financed
2. Number of months financed
3. Interest rate

Remember, the larger your down payment, the less your monthly payment.

To use the chart on the right to apply the following steps:

1. Locate the multiplier by cross-referencing the interest rate with the number of months you wish to finance for. For example:
6.5% at 36 months is .0306490,
6.5% at 48 months is .0237150,
and 6.5% at 60 months is .0195661.
2. Multiply the multiplier found in the chart with the total amount you plan to finance and you will have your monthly payment.

For example:

\$10,591.00 at 6.5% for 36 months =
\$10,591.00 x .0306490 = \$324.60 per month,

\$10,591.00 at 6.5% for 48 months =
\$10,591.00 x .0237150 = \$251.17 per month,

\$10,591.00 at 6.5% for 60 months =
\$10,591.00 x .0195661 = \$207.22 per month.

%	36 Months	48 Months	60 Months	72 Months
0.50%	0.0279926	0.0210471	0.0168794	0.0141016
1.00%	0.0282079	0.0212614	0.0170938	0.0143159
1.50%	0.0284251	0.0214777	0.0173100	0.0145321
2.00%	0.0286422	0.0216948	0.0175281	0.0147503
2.50%	0.0288613	0.0219139	0.0177471	0.0149806
3.00%	0.0290813	0.0221301	0.0179690	0.0151940
3.50%	0.0293022	0.0223558	0.0181919	0.0154188
4.00%	0.0295240	0.0225791	0.0184165	0.0156454
4.50%	0.0297469	0.0228035	0.0186430	0.0158739
5.00%	0.0299709	0.0230293	0.0188712	0.0161052
5.50%	0.0301959	0.0232565	0.0191012	0.0163375
6.00%	0.0304219	0.0234850	0.0193328	0.0165726
6.50%	0.0306490	0.0237150	0.0195661	0.0168096
7.00%	0.0308771	0.0239462	0.0198012	0.0170494
7.50%	0.0311062	0.0241789	0.0200379	0.0172902
8.00%	0.0313364	0.0244129	0.0202764	0.0175328
8.50%	0.0315675	0.0246483	0.0205165	0.0177783
9.00%	0.0317997	0.0248850	0.0207584	0.0180257
9.50%	0.0320329	0.0251231	0.0210019	0.0182750
10.00%	0.0322672	0.0253626	0.0212470	0.0185261
10.50%	0.0325024	0.0256034	0.0214939	0.0187792
11.00%	0.0327387	0.0258455	0.0217424	0.0190341
11.50%	0.0329760	0.0260890	0.0219926	0.0192909
12.00%	0.0332143	0.0263338	0.0222444	0.0195506
12.50%	0.0334536	0.0265800	0.0224979	0.0198112
13.00%	0.0336940	0.0268275	0.0227531	0.0200736
13.50%	0.0339353	0.0270763	0.0230098	0.0203390
14.00%	0.0341776	0.0273265	0.0232683	0.0206062
14.50%	0.0344210	0.0275780	0.0235283	0.0208743
15.00%	0.0346653	0.0278307	0.0237899	0.0211453





Figuring Out Your Monthly Payment

Interest	Interest Rate Factor (per \$1000)	
	15 Years	30 Years
3.0%	\$6.91	\$4.22
3.5%	\$7.15	\$4.49
4.0%	\$7.40	\$4.77
4.5%	\$7.65	\$5.07
5%	\$7.91	\$5.37
5.5%	\$8.17	\$5.68
6%	\$8.44	\$6.00
6.5%	\$8.71	\$6.32
7%	\$8.99	\$6.66
7.5%	\$9.27	\$6.99
8%	\$9.56	\$7.34
9%	\$10.14	\$8.05
10%	\$10.75	\$8.78

Helpful Websites with Information and Calculators:

www.bankrate.com

www.fool.com/how-to-invest/personal-finance/home/index.aspx

www.homeloans.va.gov

www.hud.gov

www.kiplinger.com/tools





House Hunting Checklist

ADDRESS _____

DATE OF VISIT _____

HOUSE _____

- Asking price _____
- Square footage _____
- Price per square foot _____
- FHA/VA financing _____
- Other financing _____
- Floor plan _____
- Number of bedrooms/bathrooms _____
- On what side does sun rise/set? _____
- Real estate taxes _____
- Number of stories _____

SIZE OF ROOMS:

- Bedroom (master) _____
- Bedroom 2 _____
- Bedroom 3 _____
- Bedroom 4 _____
- Master bath _____
- Master closet _____
- Kitchen _____
- Family dining area _____
- Formal dining area _____
- Living _____
- Family room _____
- Other _____
- Year constructed _____
- Builder _____
- Parking _____

INTERIOR:

- Appliances _____
- Attic _____

- Attic vents _____
- Basement _____
- Ceiling fans _____
- Closets _____
- Electric garage door opener _____
- Estimated utility costs _____
(ask to see bills)
- Fireplace(s) _____
- Floor covering _____
- General condition _____
- Heating/ventilation/central air _____
- Humidifier _____
- Insulation _____
- Kitchen _____
- Lead-based paints used? _____
(Harmful if ingested, common in older homes)
- Plumbing _____
- Radon levels _____
- Security system _____
- Stairs _____
- Utility room _____
- Wallpaper _____
- Walls (check for cracks) _____
- Window coverings _____
- Wiring _____

EXTERIOR:

- Deck/porch/patio _____
- Doors _____
- Foundation/grading/drainage _____
- Gutters and downspouts _____
- Landscaping _____
- Lot size _____
- Pavement condition _____
- Roof _____

- Septic system _____
- Siding materials _____
- Sprinkler system _____
- Swimming pool/hot tub _____
- Trees _____
- Windows (single/double paned) _____

NEIGHBORHOOD:

- Security _____
- Snow removal _____
- Susceptibility to flood, earthquake, etc _____
- Traffic _____
- Trash removal _____
- Accessibility during inclement weather _____
- Adjacent property (*its zoning, owner[s], and intended use*) _____
- Airports _____
- City services _____

DRIVE TIME TO:

- Work _____
- Schools _____
- Shopping _____
- Church _____
- Major highways _____
- Entertainment/culture _____
- Landfills _____
- Near hazardous/noxious activities? _____

NOISE:

- Airport _____
- Freeway _____
- Railroad tracks _____
- Neighbors/pets _____

OTHER:

- Overall appearance _____
- Percent houses for sale and rent in area _____
- Police/fire _____
- Power lines _____
- Privacy _____
- Restrictions (*e.g., satellite dishes, outbuildings*) _____
- Public transportation _____

SCHOOL DISTRICT:

- Day care _____
- Elementary _____
- Middle school _____
- Junior high _____
- Senior high _____

GENERAL:

- Affordability _____
- Investment value _____

Notes:

Attach other relevant printouts and pictures of the house to this checklist.





Mortgage Loan Types

Fixed-rate loans

These are the most popular loans because they offer stable, consistent payments throughout the life of the loan. The most common is the 30-year fixed rate.

Adjustable-rate loans

These loans have a variable interest rate that fluctuates according to the financial index they are tied to and the type of adjustable-rate mortgage (ARM) obtained. An adjustable-rate loan is usually capped over the life of the loan and limited to one or two points a year, depending on the loan type.

FHA loans

Government-backed Federal Housing Administration (FHA) loans are designed for first-time or lower income homebuyers. The interest rate for FHA loans is usually less than it would be for conventional loans. FHA loans are available as fixed-rate and adjustable-rate mortgages. The down payment is 3% to 5% of the loan amount. There are limits to the maximum loan amount.

VA loans

These loans are available to veterans of the U.S. Armed Forces and backed by the Department of Veterans Affairs. No down payment is required, the seller must pay points, and Congress controls the maximum loan amounts.

Assumptions

Consider assuming the seller's existing loan and interest rate if the rate on the assumable loan is lower than the prevailing rate for a new loan. By assuming a loan, you take responsibility for paying the mortgage owed by the seller.

Buy-down

If you cannot afford the prevailing interest rate, consider a buy-down mortgage. The buyer can pay extra points to buy down the mortgage for the first few years. Buy-downs are common among new construction homes and first-time homebuyers.

Step loans

These combine the stability of a fixed-rate loan with the lower rates of an ARM. There are two options: 5/25 and 7/23: The interest rate is fixed for the first five or seven years, and then the loan adjusts once into a one-year ARM or a fixed-rate loan. Step loans offer lower interest than the prevailing rate for 30-year fixed-rate mortgages.

Balloon loans

Interest paid during the term of the loan does not fully pay off the mortgage. At the end of the loan term, the homeowner must pay the remaining principal in one lump sum. Balloon loans usually have lower interest rates than fixed-rate loans. Balloon loans are most useful to homebuyers who stay in the home no more than the term of the loan but typically are not a good choice for a first-time homebuyer.



Seller financing

The seller takes on the role of lender and gives the buyer a loan to purchase the property. Generally, the seller owns the property outright and can finance the entire purchase or has significant equity and can “carry back” a second mortgage, which can be used to finance the buyer’s down payment.

State veterans program

Many states offer veterans benefits. These benefits may include educational grants and scholarships, special exemptions or discounts on fees and taxes, home loans, veteran’s homes, free hunting and fishing privileges, and more. Each state manages its own benefit programs. Be sure to take advantage of the benefits you have earned by linking to your state department of veterans affairs.

BEWARE OF:

Interest-only mortgage

An interest-only mortgage allows you to pay only the interest for a specified number of years. Since there is no payment on the loan principal, a borrower who takes this type of loan is depending on the housing market to increase the value of the home. Most interest-only mortgages have adjustable interest rates, which means the interest rate and monthly payment will change over the term of the loan. The interest-only mortgage payment period is typically between three and 10 years. After that, your monthly payment will increase even if interest rates stay the same, because you must pay back the principal as well as the interest.

80/20 mortgages

An 80/20 mortgage is essentially two mortgage loans that equal the total amount of the purchase price, with the first mortgage being 80% and the second mortgage covering the remaining 20%. The first is typically at the going rate for a conventional mortgage, whereas the second is usually significantly higher.

Subprime lending

Subprime lending, also called “B-Paper,” “near-prime,” or “second chance” lending, is a general term that refers to the practice of making loans to borrowers who do not qualify for market interest rates because of problems with their credit history.





Closing Costs

Closing Costs

Closing costs are fees paid to complete the mortgage loan. They usually total approximately 2% to 5% of the loan amount and may be paid by the buyer or seller. Some closing costs are one-time fees paid at closing, while others are prepaid recurring expenses.

Examples of closing costs paid at closing include:

- › **Appraisal:** An estimate of current value of a home.
- › **Attorney's or title company's fee:** The buyer usually pays the fees.
- › **Credit report:** Furnishes lenders with information about the buyer's current indebtedness and payment history.
- › **Escrow company:** Acts as a third party to both buyer and seller, handles the paperwork, and collects and distributes the various financial transactions, such as prepaids, real estate commissions, and down payments.
- › **Home inspection:** An independent, professional inspection of the property and its electrical, plumbing, heating and cooling, and kitchen systems.
- › **Home warranty programs:** Offers first-year protection from a breakdown of many household systems, including plumbing, water heater, disposal, heating and cooling, and appliances.
- › **Loan origination fee:** A fee charged by the lender for making the loan; varies from 0% to 2%.
- › **Pest inspection:** Separate from the home inspection; mortgage companies, particularly for VA loans, require a pest and water damage inspection.
- › **Recording fee:** The cost to record your deed and your mortgage with the city or county in which the home is located.
- › **Survey:** The measurement of the property by licensed engineers or surveyors to determine its area and attest to its boundaries.
- › **Title search and insurance:** Researches the records and ensures that the property's title is free from any encumbrances and that the property will transfer with a clear title. The insurance protects the mortgage company (required) and the buyer (optional) against any claims on the property not found during the title search.

Many of these closing costs can be negotiated for either the buyer or seller to cover as part of the mortgage negotiation. Work toward a contract in your favor.

Prepaid Costs

At closing, the buyer will pay a number of recurring costs up front, with the money placed in escrow with the mortgage company and drawn when needed. Various prepaid costs could include:

- › **Private mortgage insurance (PMI):** Protects the lender against default on the loan. This can be a lump-sum payment, a monthly payment added to the mortgage payment, or a higher interest rate.

Example: \$200,000 purchase price, 10% down (\$20,000), \$180,000 loan amount, monthly PMI = $0.0052 \times \text{loan amount} \div 12 \text{ months}$ = \$78/month added to mortgage payment. PMI can be avoided by putting 20% down on the home purchase.

- › **Mortgage insurance premium (MIP):** FHA requires a mortgage insurance premium for its home-buying programs. An up front premium of 1.75% of the loan amount is paid at closing and can be financed into the mortgage amount. In addition, there is an annual premium, which varies based on the length of the loan, the amount borrowed, and the initial loan-to-value (LTV) ratio. Condominiums do not require upfront MIP, only a monthly MIP.
- › **VA funding fee:** For the VA to guarantee the home loan, there is a closing cost assessed by the VA to originate the loan. This is called a funding fee. This fee will vary, depending upon the type of VA loan, the down payment, whether this is your first time to use your entitlement, whether you are a disabled veteran, and whether you served active duty or in the National Guard or Reserve.
- › **Homeowners insurance:** A total of 14 months' premium payments are collected, 12 of which are used to pay the first year's policy premium. The extra two months are collected and placed in escrow account from which future premium payments are made.
- › **Property taxes:** Prorated buyer's first month's share of taxes and additional months of payments are placed in escrow from which future tax payments are made.
- › **Interest:** The buyer pays a prorated share of the first month's interest due on the loan amount, depending on the closing date.





Mortgage Shopping Worksheet

	Lender 1		Lender 2	
Name of Lender:				
Name of Contact:				
Name of Contact:				
Mortgage Amount:				
	mortgage 1	mortgage 2	mortgage 1	mortgage2
Basic Information on the Loans				
Type of Mortgage: fixed-rate, adjustable-rate, conventional, FHA, other? If adjustable, see below				
Minimum down payment required				
Loan term (length of loan)				
Contract interest rate				
Annual percentage rate (APR)				
Points (may be called loan discount points)				
Monthly private mortgage insurance (PMI) premium				
How long must you keep PMI?				
Estimated monthly escrow for taxes and hazard insurance				
Estimated monthly payment (principal, interest, taxes, insurance, PMI)				
Fees				
Different institutions may have different names for some fees and may charge different fees. We have listed some typical fees you may see on loan documents.				
Application fee or Loan processing fee				
Origination fee or Underwriting fee				
Lender fee or Funding fee				
Appraisal fee				
Attorney fees				
Document preparation and recording fees				
Broker fees (may be quoted as points, origination fees, or interest rate add-on)				
Credit report fee				
Other fees				
Other Costs at Closing/Settlement				
Title search/Title insurance				
For lender				
For you				
Estimated prepaid amounts for interest, taxes, hazard insurance, payments to escrow				
State and local taxes, stamp taxes, transfer taxes				
Flood determination				
Prepaid private mortgage insurance (PMI)				
Surveys and home inspections				
Total Fees and Other Closing/Settlement Cost Estimates				

	Lender 1		Lender 2	
Name of Lender:				
Other Questions and Considerations about the Loans	mortgage 1	mortgage 2	mortgage 1	mortgage2
Are any of the fees or costs waivable?				
Prepayment penalties				
Is there a prepayment penalty?				
If so, how much is it?				
How long does the penalty period last? (for example, 3 years? 5 years?)				
Are extra principal payments allowed?				
Lock-ins				
Is the lock-in agreement in writing?				
Is there a fee to lock in?				
When does the lock-in occur—at application, approval, or another time?				
How long will the lock-in last?				
If the rate drops before closing, can you lock in at a lower rate?				
If the loan is an adjustable-rate mortgage:				
What is the initial rate?				
What is the maximum the rate could be next year?				
What are the rate and payment caps each year and over the life of the loan?				
What is the frequency of rate change and of any changes to the monthly payment?				
What is the index that the lender will use?				
What margin will the lender add to the index?				
Credit life insurance:				
Does the monthly amount quoted to you include a charge for credit life insurance?				
If so, does the lender require credit life insurance as a condition of the loan?				
How much does the credit life insurance cost?				
How much lower would your monthly payment be without the credit life insurance?				
If the lender does not require credit life insurance, and you still want to buy it, what rates can you get from other insurance providers?				





Check Your Insurance IQ

1. How does insurance protect us against the risk of bad things happening?
 - a. Avoiding risk
 - b. Reducing risk
 - c. Transferring risk
 - d. Preventing risk
2. When choosing property insurance, it is best to opt for this type of coverage to get the most value for lost items:
 - a. Actual cash value
 - b. Replacement value
 - c. Estimated value
 - d. Projected value
3. What is the maximum life insurance provided by the government to service members through SGLI?
 - a. \$100,000
 - b. \$200,000
 - c. \$300,000
 - d. \$400,000
4. This automotive insurance pays for your legal responsibility to others for bodily injury or property damage.
 - a. Liability insurance
 - b. Property insurance
 - c. Medical insurance
 - d. Uninsured motorist insurance
5. When separating from the military, what is typically the most expensive insurance to replace?
 - a. Auto insurance
 - b. Renters insurance
 - c. Life insurance
 - d. Health insurance





Shopping Tips for Insurance

SAVE MONEY ON AUTO INSURANCE

- Compare prices. Get at least three quotes.
- Use the auto-insurance buyer's guide.
- Do not buy collision and comprehensive insurance from the lender.
- Buy a car that is inexpensive to repair.
- Raise the deductibles (but have money in savings).
- Have sufficient liability coverage.
- Consider dropping collision insurance on older cars.
- Take advantage of discounts: good driver, safe vehicle, good student, low mileage, occupational, internet.
- Describe exactly how your car is used.
- Notify the insurer about changes that could lower rates.
- Pay the entire premium when it is due.
- Share your car with a teenage child (insurance for a car they own is more expensive).
- Drive safely.
- Check with the Insurance Institute for Highway Safety for vehicle ratings.
- Qualify for multi-policy insurance: buy all policies from the same company.

SAVE MONEY ON HOMEOWNERS INSURANCE

- Compare prices. Get at least three quotes.
- Buy all your property and casualty insurance from the same company.
- Install deadbolt locks, smoke detectors, a fire extinguisher, and burglar alarms.
- Pay annually.
- Raise the deductible.
- Quit smoking.
- Buy replacement-cost coverage. Have sufficient liability coverage.

- Buy a recently built house.
- Do not over-insure (for example, do not include price of the land your house is on).

TIPS TO REMEMBER

- Purchase insurance to cover catastrophic losses, not small losses.
- Generally, one comprehensive policy is better than a number of smaller ones.
- Always shop for a policy which is guaranteed renewable and non-cancelable.
- Never drop essential coverage until another policy is in force.
- Purchase insurance from a financially strong company.

WEBSITES

- Department of Veterans Affairs: www.va.gov
- TRICARE (health insurance): www.tricare.mil
- Consumer awareness: www.consumerworld.org
- General insurance information: www.iii.org
- Insurance fraud: www.insurancefraud.org
- Insurance news and analysis: www.ambest.com
- Federal Long-term care insurance: www.ltcfeds.com
- Long-term health insurance: www.aaltci.org
- Consumer Financial Protection Bureau: www.consumerfinance.gov
- Social Security Administration: www.ssa.gov
- Insurance consumer education: www.naic.org





Organize Your Records

INFORMATION TO KEEP:

1. For each individual life insurance policy, record the following information:

- The full name of the life insurance company that issued the policy.
- The city and state of the home office of the company that issued the policy.
- The name and U.S. headquarters of the group, if the issuing company belongs to a group of companies.
- The policy number.
- The date the policy was issued.
- The amount of the death benefit.
- The name and address of the agent/broker who sold you the policy.
- The type of policy (e.g., term, whole life).
- The location of the original life insurance policy.

2. For each employer-provided or group (e.g., trade association) insurance benefit, record the following information:

- The name of the employer or group that sponsors the insurance.
- The office or person to contact when it is time to file a claim.
- The certificate number (comparable to the policy number of an individual policy).
- The date the insurance was started.
- The amount of the death benefit.

3. For death benefits that are features of annuities, workers' compensation programs, disability insurance, travel accident insurance, or other policy, record the following information:

- The type of policy that has a death benefit as part of its features.
- The full name of the life insurance company that issued the policy.
- The city and state of the home office of the company that issued the policy.
- The policy number.

- The date the policy was issued.
- The amount of the death benefit.
- The name and address of the agent/broker who sold you the policy.
- The location of the original insurance policy.

4. For each life insurance benefit dedicated to paying off a loan (credit card, auto loan, or other), record the following information:

- The full name of the lending institution through which you obtained the life insurance.
- The loan number and issue date of the loan.
- The name of the person or office to contact when it is time to file a claim.
- The policy number of the life insurance policy that pays off the loan.
- The name of the person or office to contact when it is time to file a claim.
- The policy number of the life insurance policy that pays off the loan.

WHERE TO KEEP THE INFORMATION:

Keep one set of these records in your home, in a place where others who need this information are likely to find it. After placing the information there, make your family/loved ones aware of its location. This could be the same place you keep other financial records, legal papers or anywhere your survivors are likely to look for them. Keep another set of these records off site — that is, outside your home, perhaps in a safe deposit box or with a trusted relative or professional who can produce the documents when needed. On each page, record the date on which the information was last reviewed and updated.

