

STARS  AND STRIPES®

Financial Planning Guide

2021

February 12, 2021

KNOW YOUR OPTIONS
FREE TAX SERVICES
FOR MILITARY MEMBERS

FINANCIAL FREEDOM

DISCOVER FREE MONEY
MANAGING SERVICES

GIVING IN THE
TIME OF COVID
WISE TIPS FOR
NEW DONATIONS

LIFE EVENTS ARE EXPENSIVE, ARE YOU PREPARED?
TIPS FOR BUYING A HOUSE,
GOING BACK TO SCHOOL, AND MORE



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AUTO | HOME | RENTERS



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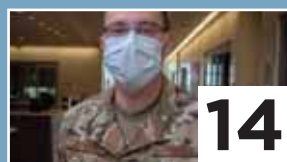
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Being Smart About Using Credit Cards

Courtesy of Militaryconsumer.gov

Buying now and paying later can add up. If you carry a balance on your credit card from month to month, you'll pay interest on that balance every month. If you ever miss a payment, your interest rate will go up, so you'll pay even more.

Tips

If you're getting a credit card, compare at least three different cards. Look at:

- The annual fee: how much you pay to use the card for a year.
- The annual percentage rate (APR): The APR is the cost of credit expressed as a yearly rate. Your credit history, current finance rates, competition, market conditions, and special offers are among the factors that affect your APR. Try to negotiate the lowest APR just as you would negotiate the price of a vehicle.
- How much interest you pay in a year on balances you carry each month. The higher the APR, the more you'll pay.
- Fees: How much will you pay if a payment is late? What about if you go over your credit limit?
- The grace period, which is the time between when you spend the money and when the card company charges you interest. You want at least 25 days to pay, if available.
- Other incentives, like airline miles, cashback, or donations to charities.

Other Considerations

- Considering a store card to get a discount? Ask the same questions before you apply.
- Try to pay your whole bill every month. That way, you avoid interest charges. It will also help you build the best possible credit history. If you just can't pay in full, make at least the minimum payment before the due date.
- How many credit cards you choose to have depends on your situation and preferences. Using credit cards responsibly helps build your credit record. A greater number of cards may tempt you to spend more and may be challenging to keep track of. It might also have a negative effect on your credit score.



Buying a Home?

THE FIRST STEP IS TO CHECK YOUR CREDIT

By Erica Kritt
Consumer Financial Protection Bureau

Research shows that people who plan carefully for big purchases like a home are less likely to run into financial trouble later. So, if you are thinking about buying a home this year, let's make a plan. The first step: Check your credit.

It's always a good idea to review your credit reports and scores periodically, even if you're years away from shopping for a home and a mortgage. If you're planning to buy a home this year, we recommend checking your credit reports and scores as soon as possible.

The better your credit history, the more likely you are to receive a good interest rate on your mortgage loan. Lenders will use your credit reports and scores as important factors in determining whether you qualify for a loan and what interest rate to offer you. If there are errors on your credit report, you may have trouble qualifying for a loan. So, don't delay in checking your credit. Review your credit reports and take steps to fix any errors.

It's the first step to building a strong financial foundation for your new home.

CREDIT BASICS

A credit report contains information about your credit such as the status of your credit accounts and your payment history. Credit reporting companies (also known as credit

bureaus or consumer reporting agencies) compile these reports. Credit scores are calculated using a mathematical formula — called a scoring model — that companies and lenders use to predict how likely you are to pay back a loan on time. Your credit scores are calculated from the information in your credit report.

Here's a step-by-step guide to getting, reviewing and understanding your credit reports.

1. Request your free credit report online or over the phone.

There are three major credit reporting companies – Equifax, Experian, and TransUnion. Each company maintains a separate report. You have the right to a free copy of your credit report once a year from each of the three companies at www.annualcreditreport.com. You can also call 877-322-8228.

If you review your credit report from one of the major companies every four months, you can get a good idea of your credit throughout the year at no cost. However, if you are planning to start the homebuying

process within the next six months to a year, you may want to request and review all of them at once to check for errors or issues. Checking your credit report will not hurt your credit score.

2. Review your credit report.

Once you get your credit report, you will want to review it carefully. Ordering it is not enough – you have to read it. Credit reports may have mistakes. And if there are mistakes, you are the one who is most likely to find them. Incorrect information can appear on your report because the credit bureaus processed the information incorrectly or because lenders or debt collectors sent flawed information to the credit bureaus or did not update the information they previously reported. Incorrect information may also be a result of fraud, such as when someone uses your identity to open accounts or takes on debt without your knowledge. You should review your credit report for any errors or fraudulent activity.

When you review your credit report, look for:

- Incorrect first and last names
- Addresses of places where you did not live
- Names of employers you did not work for

Review each account listed on your credit report. If you see any of this information, highlight it:

- Accounts you don't recognize
- Accounts that are listed twice

- Accounts that have been closed but are listed as still open
- Incorrect current balances
- Incorrect negative account information, such as late payments and missed payments
- Negative account information, such as late or missed payments, that is more than seven years old

Check the credit inquiries section of your credit report:

- Look at the section labeled "inquiries that may impact your credit rating" or "inquiries shared with others." Are there any companies listed that you don't recognize? This section should include only companies you have applied for credit with in the past two years.
- Inquiries listed in sections labeled "inquiries shared only with you," "promotional inquiries" or "account review inquiries" do not impact your score.

Check the "negative information" section:

- Are there accounts placed in collection that you don't recognize or that are more than seven years old?
- Are there public records such as civil lawsuits, judgments or tax liens that you don't recognize or that are more than seven years old?
- Are there bankruptcies that are more than ten years old?

3. Report any errors, fraudulent activity or outdated information.

If you find errors or fraudulent activity after your review of your credit report, you have the right to dispute inaccurate or incomplete information. Keep in mind that there's a difference between inaccurate or incomplete information and negative but accurate and complete information. Both can lower your credit score, but a credit reporting company will correct only information that is inaccurate or incomplete or outdated.

To dispute an error, you should contact both the credit reporting company and the company that provided your information to the credit reporting company. For example, if you review your report and find a listing for a student loan you never took out, you should contact both the credit reporting company that provided the report and the student loan company listed. Be sure to include supporting documentation with your disputes to both companies. The companies must conduct an investigation and fix mistakes as needed.

The three major credit reporting companies provide instructions for filing a dispute online: Equifax, Experian and TransUnion. You can also submit a dispute by phone or paper mail. The Consumer Financial Protection Bureau provides a sample dispute letter that you can use if you want to submit your dispute by mail.

No matter how you submit your dispute, make sure to include:

- Your complete name
- Your address
- Your telephone number
- A clear description of what you are disputing (e.g., wrong name, not my account, wrong amount, wrong payment history)
- If you are disputing something about a specific account, a clear description of which account, including the account number if possible
- Copies of any documents you have that relate to the inaccurate or incomplete information

Beware of any service that says it can dispute inaccuracies for a fee. You have a legal right to dispute inaccuracies yourself at no cost. If you find an error on one of your credit reports, check your credit reports from all three reporting agencies. Lenders operate differently from one another, so while one may pull your Experian report, another might pull your TransUnion or Equifax report. It's important to make sure they're all accurate.

If you find outdated negative information on your credit report, contact the credit reporting company and ask that it be removed. Bankruptcies are considered outdated if they are more than 10 years old. Most other negative information is considered outdated if it is more than seven years old.

YOUR CREDIT SCORES

A credit score is a number based on information contained in your credit report. You don't have just one credit score. There are many credit scoring formulas, and the score will also depend on the data used to calculate it.

Different lenders may use different scoring formulas, so your score can vary depending



on what type of score the lender uses (a mortgage score or an auto score, for example). Today, most mortgage lenders use a FICO score when deciding whether to offer you a loan and in setting the rate and terms. Your FICO score will differ depending on the credit bureau and FICO scoring model your lender uses – so you have an Experian FICO score, an Equifax FICO score and a TransUnion FICO score. Also, be aware that your score changes as the information in your credit report changes.

Different scoring formulas may come up with somewhat different numbers for your credit score, but they are all based on the same key information:

- Your payment history: How you've handled loans and credit cards. This category includes details about whether you've made payments on time, missed payments or had accounts in collection.
- How much you owe: The amount of debt you're carrying compared to your available credit line or the original loan balance.
- Length of credit history: How long you've been borrowing money.
- Credit mix: Your history managing different types of loans.
- New credit: How many accounts you've applied for or opened in the past six to 12 months.

Most FICO scores range from 300-850. A higher score makes it easier to qualify for a loan and may result in a better interest rate. The best rates go to borrowers with credit scores in the mid- to high 700s or above.

HOW TO GET YOUR CREDIT SCORE

There are several ways to get a credit score, some of which are free. When choosing how to get a score, pay attention to the fine print about how the score is calculated. Some companies that offer credit scores use different scoring models than lenders use. Here are four ways to get a score:

1. Check your credit card or other account statement (free). Many major credit card companies and some banks and credit unions have begun to provide credit scores for all their customers on a monthly basis. The score is usually listed on your monthly statement or can be found by logging in to your account online.

IF YOU HAVE A LOW CREDIT SCORE

Borrowers with credit scores in the mid-600s range and below generally pay the highest rates and have the fewest choices. Borrowers in this range may have trouble qualifying for a loan, depending on the loan type and the specific lenders. If your score is in this range, you may want to meet with a housing counselor and explore your loan options to decide whether you want to go ahead now or work to improve your credit before applying for a mortgage.

In 2013, only four percent of homebuyers taking out a mortgage had scores of less than 620. The loans available to borrowers with credit scores of less than 620 often have very high interest rates and risky features. If your score is in this range, you may want to improve your credit before applying for a mortgage. A nonprofit credit counselor or HUD-approved housing counselor can help you make a plan to improve your credit.

If you are looking to improve your credit, beware of anyone who claims that they can remove negative information that's current and accurate from your credit report. This could be a credit repair scam. You can't get negative information removed from your credit reports if the information is current and accurate, but you can take steps to rebuild your credit. There are no shortcuts to building good credit history; it takes time and regular, on-time payments to your accounts.

WHEN YOU'RE BUYING A HOME, YOUR CREDIT MATTERS

If you are in the market to buy a home, lenders will use your credit scores to decide whether they're willing to lend to you and at what interest rate.

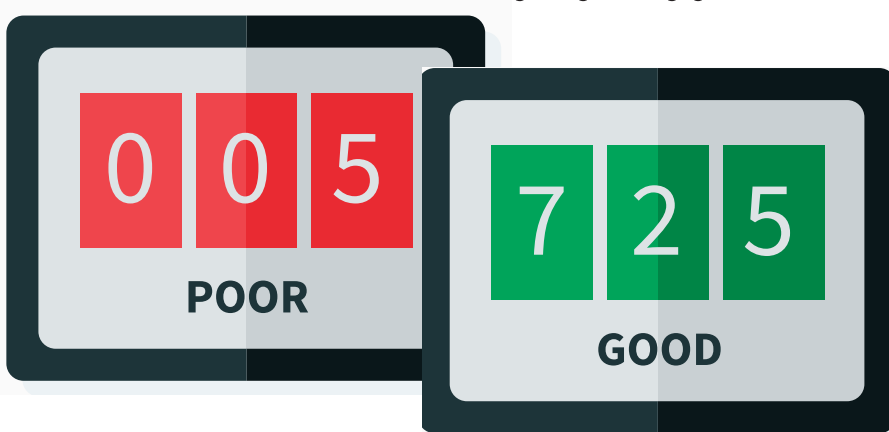
Don't apply for more credit than you absolutely need. If you can, avoid applying for new accounts or adding significantly to your debt. Your credit score may decline if you have too many new account requests or too much new debt. However, when you request your own credit report, those requests will not hurt your score. And when you shop for a mortgage with multiple lenders, the additional credit checks won't hurt your credit so long as they happen within a short window of time, roughly 45 days.

Remember that everyone, regardless of credit score, has the right to shop around for the best mortgage for their financial situation. Checking your credit history, fixing any errors and knowing your credit scores will put you in the best possible shape for getting a mortgage.

TALK TO A NONPROFIT COUNSELOR

Nonprofit credit counselors and Department of Housing and Urban Development-approved housing counselors can often provide you with a free credit report and score and help you review them. A counselor may also be able to help you with the homebuying process.

2. Buy a score (comes with a fee). You can buy a score directly from the credit reporting companies. You can buy a FICO credit score at myfico.com. Other services may also offer scores for purchase. If you decide to purchase a credit score, you are not required to purchase credit protection, identity theft monitoring or other services that may be offered at the same time.
3. Credit score services (can come with a fee). Many services and websites advertise a "free credit score." Some sites may be funded through advertising. Other sites may require that you sign up for a credit monitoring service with a monthly subscription fee in order to get your "free" score. These services are often advertised as free trials, but if you don't cancel within the specified period, you could be on the hook for a monthly fee. Before you sign up for a service, be sure you know how much it really costs.



A FINANCIAL GUIDE FOR PCS MOVES

Active-duty military personnel make permanent change of station (PCS) moves about every two to four years. To prepare for a life of moves, you need to know what to expect both before and after a move. That means asking a lot of questions, doing some research and planning, and setting aside funds for making a move.

First, decide if you are going to live in on-base housing, rent or buy a home. Before buying, ask yourself:

- Can I afford to buy a home?
- How easily could I sell a house in this area?
- What tax issues would I face if I sold my home?
- How easily could I rent my home?

Make sure you review what items the military will move, school transfers, car insurance, and the implications of moving with pets.

When your move is imminent, gather the paperwork and records you will need to take with you.

After you settle in, organize your receipts and submit all qualified expenses for reimbursement. Make copies of receipts, and note which moving expenses do not qualify for reimbursement but may qualify as deductions on your income taxes. When the reimbursement checks arrive, pay off any debts incurred in the course of your move and put any extra money away for your next move.

Determine how much the move cost you. Did you have enough in savings to cover expenses that were not reimbursed — or did you have to rely on credit cards or other loans? Establish a “Moving” file and include dated notes about what worked for you and what did not work for you during the latest move. As you come up with ideas about how to make future moves easier, file them as well.

If your spouse is not in the military and wants to work, find out what employment assistance programs the new base or post offers. Many installations have partnerships with employers in the local community and try to help place spouses. Some organizations even offer training programs, such as the FINRA Investor Education Foundation Military Spouse Fellowship Program, to help spouses update their work skills.

The last step is to create a moving fund and a long-term plan for your family’s financial future.

—Military.com



ARE YOU IN THE MILITARY AND GETTING READY TO DO YOUR TAXES?

MAKE SURE YOU KNOW HOW TO FILE FOR FREE

By Patrick Brick, Andrew Cohen, and Jim Rice, Courtesy of the Consumer Financial Protection Bureau

Free tax preparation services for servicemembers

There are several options for servicemembers to file their taxes for free, including free tax preparation software you can use to prepare your own taxes and file online as well as free tax preparation assistance on base.

Defense Department’s Military OneSource MilTax program

MilTax is a free online tax prep and e-filing program that addresses unique situations specific to military life like deployments, combat and training pay, multistate filings, living overseas, and more. The program walks you through a series of questions to help you complete and electronically file your federal and state returns. MilTax also has personalized tax consultants that are available to answer your questions. Contact Military OneSource by phone or live chat to schedule a consultation with a military tax consultant. MilTax is available to all active-duty servicemembers regardless of activation status and even those who leave the military for one year after your separation or retirement date.

Volunteer Income Tax Assistance (VITA)

Servicemembers, including retirees, are also eligible to receive free tax consultation and preparation through the Volunteer Income Tax Assistance (VITA) program. There are VITA locations on some military

installations where you can sit down with a trained tax professional to complete your return. If you don’t have a VITA site on your local base, use the VITA program locator to find a nearby location.

What to consider when using a fee-based tax preparer

If you choose to pay someone to prepare your taxes or take advantage of special promotions for members of the military, here are a few things to first consider.

Read the fine print when taking advantage of special military promotions

Tax preparers who charge for their services may appear to offer special promotions for servicemembers, promising to help them for free or at a discount. However, we’ve received complaints from servicemembers who were unexpectedly charged fees. Make sure to read the fine print as some preparers may do your taxes for free, but then charge a fee to e-file or for other services. If you have questions about a contract, you can always review it with your installation legal assistance office.

Understand refund anticipation checks and refund advance loans

It’s important to think carefully if a fee-based tax preparer offers you a tax refund product like a refund anticipation check or refund advance loan.

Refund Anticipation Check (RAC)

A RAC allows you to delay the cost of the tax preparation services and pay it out of your refund. You typically pay a fee to delay paying the cost of the tax preparation services. A RAC doesn’t deliver your refund more quickly.

The tax preparation cost and the fee for the RAC itself are deducted from your refund before you receive the money.

RAC fees typically range from \$30 to \$50.

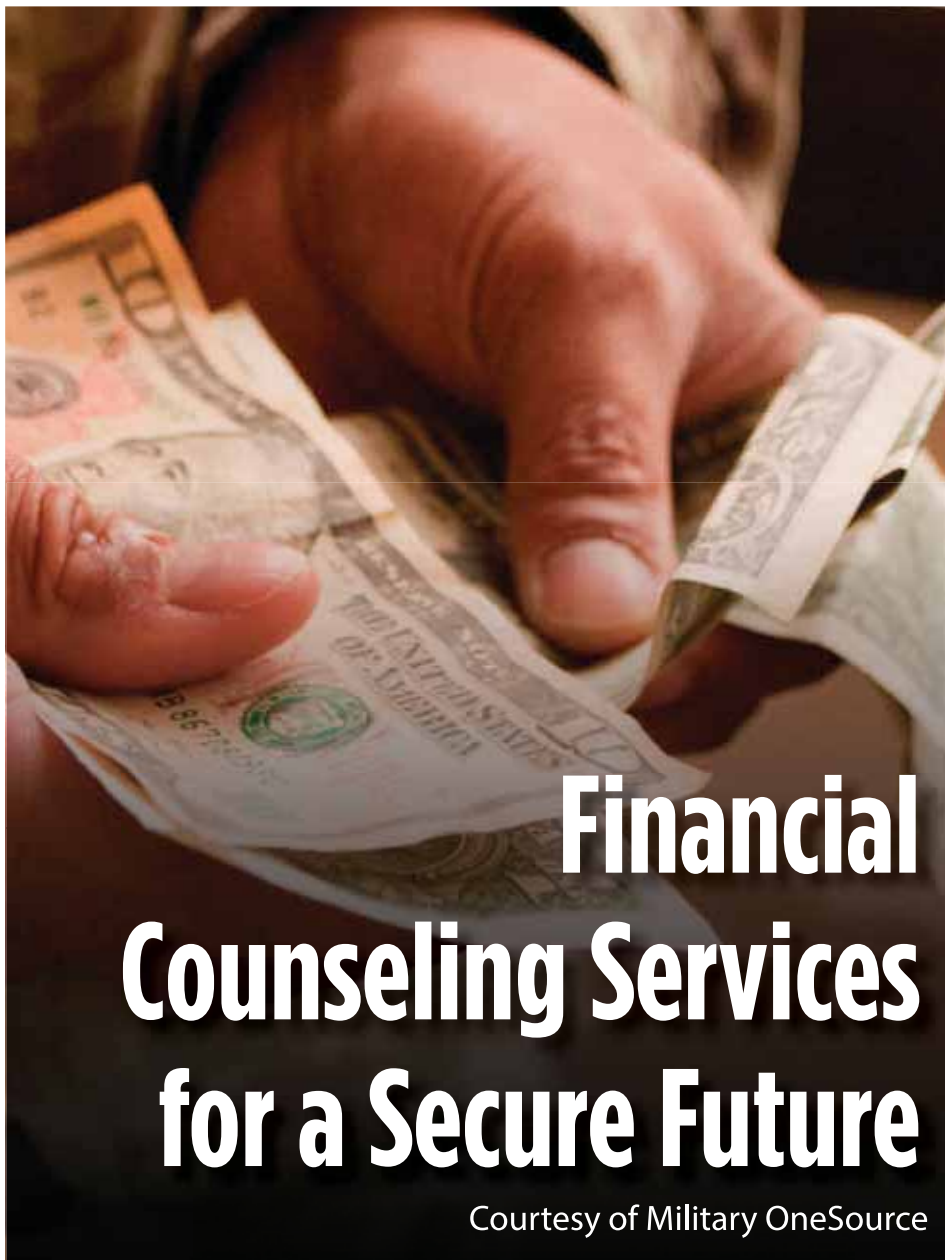
Refund Advance Loan (RAL)

A RAL is a short-term loan, usually for less than one month or until the IRS sends your full refund to the tax preparer. The amount of the loan is typically based on a portion of the full amount of your estimated tax refund minus tax preparation service charges and other fees.

All tax preparation firms are different. Some firms offer refund advance loans with no fees or interest, but others may charge fees and interest.

Keep in mind that when you file electronically, the IRS typically issues most refunds in less than 21 days. If you take out a RAL, you are therefore only borrowing for a few weeks, but the provider may take fees and interest out of your tax return.

As with any financial product or service, carefully consider all fees and charges, as well as timing, to help you make an informed decision that’s best for your situation.



Financial Counseling Services for a Secure Future

Courtesy of Military OneSource

Financial security at home helps you be more focused and mission ready. To help you be your best both financially and professionally, Military OneSource offers free financial counseling to servicemembers and their families on issues such as budgeting, money management and debt reduction.

How Military OneSource free financial counselors can help

Financial counseling gives you an opportunity to talk to a trained professional who is familiar with the issues that affect servicemembers and give you referrals to services and programs that meet your specific needs. All active-duty servicemembers, National Guard, reserve members and their families and survivors are eligible to receive this free service.

Financial counselors:

- Are available for in-person, phone and video financial counseling.
- Can coach you on how to talk to creditors to negotiate late fees and payment plans, and point you in the right direction if you're behind on your mortgage or facing foreclosure.
- Help you sort through the available college savings programs and help you weigh the pros and cons of each.

- Go over a variety of savings, retirement and investment plans with you and talk about the pluses and minuses of each.
- Will not push any products or plans on you, nor will they recommend one plan over another. Instead, the counselors help you weigh all the options available, letting you choose the best fit for you.

How to connect

Your financial needs are likely to change over the years, so financial counseling services are available as often as you want for as long as you're eligible. The number of sessions is unlimited.

Here's how to take advantage of this service:

- Set up a time to meet with a financial counselor by calling Military OneSource at 800-342-9647.
- Receive financial counseling assistance by phone or video chat, if you prefer.
- Get financial counseling by phone or video chat, even if you are stationed overseas.

Get started on the road to financial security today with this free, personalized service. You don't need to tackle issues like mounting debt or saving for college alone. Military OneSource can help.

YOUR FINANCIAL NEEDS ARE LIKELY TO CHANGE OVER THE YEARS, SO FINANCIAL COUNSELING SERVICES ARE AVAILABLE AS OFTEN AS YOU WANT FOR AS LONG AS YOU'RE ELIGIBLE.

Make a plan

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Special Tax Breaks for Military Members

Courtesy of USAA



Military service demands sacrifices – some personal, some financial. But in many cases, Uncle Sam recognizes those hardships and offers special privileges to compensate. When it comes to paying taxes, for example, military members can claim a host of tax advantages that aren't available to civilians. Here are a few to keep in mind:

Combat Pay Perks

Freedom from Taxes

If you serve in a combat zone as an enlisted service-member or as a warrant officer for any part of a month, all your income for that month is exempt from federal taxes. For officers, the monthly exclusion is capped at the highest rate of enlisted pay, plus any hostile fire or imminent danger pay received. You'll find a list of the geographic areas considered tax-qualified combat zones on the IRS website.

Potential for Savings

Tax-free pay can provide a great opportunity to save extra money or reduce debt. In fact, IRS rules allow tax-free combat pay to be used for contributions to an IRA. Since your IRA can grow tax-deferred until you withdraw the money, contributing more today can provide a real savings boost over the years.

And if you choose a Roth IRA, you can do something even more beneficial: You can turn your tax-free pay into a source of potentially tax-free withdrawals in retirement, because qualified distributions of earnings are not taxed.

You can make an IRA contribution up to \$5,500 (\$6,500 if you were 50 or older by Dec. 31), along with a spousal IRA contribution, until the April 15 tax filing deadline, plus any applicable

extensions.

Your combat-zone service also entitles you to a special perk within your federal Thrift Savings Plan (TSP). While annual contributions are normally limited to \$17,500, you may invest as much as \$51,000 when serving in a combat zone. The dollars that go into your TSP tax-free also come out tax-free – though you will owe tax on any earnings you make on those dollars.

Exceptions to the Rules

Extra Time at Tax Time

When you're defending our country, your tax return is probably the last thing on your mind. You can't put off filing taxes forever, but you and your spouse may qualify for a deadline extension of at least 180 days after you've returned from a combat zone.

Extensions apply to several actions, including:

- Filing returns
- Paying taxes
- Making claims for refunds
- Contributing to IRAs

State Tax Flexibility for Spouses

Before 2009, military spouses generally had to pay income taxes to the states where their spouses were stationed – but now they have a choice. Under the Military Spouses Residency Relief Act, military spouses can choose to be treated

as if they still lived in their previous state. That could generate big savings if their previous state has lower tax rates – or no income tax at all. But that's not all: If they had income tax withheld in the state they're living in, they may get a refund by filing a return in that state.

A Break When Selling Your Home

Taxpayers, whether civilian or military, can generally sidestep paying capital gains taxes on the sale of their home if they owned it and used it as their qualifying principal residence for two out of the five years preceding the sale. This rule can be used to exclude up to \$250,000 in gains for individuals or \$500,000 for married couples.

Military servicemembers get some extra help when it comes to satisfying the two-out-of-five-years test. They're allowed to suspend the five-year test period for up to 10 years when they're on qualified extended duty – that is, assigned to a duty station that's at least 50 miles from the house for a period of 90 days or more. In effect, they can disregard the time they were ordered away from their home. The rules concerning this get a little tricky; learn more at the IRS website and consult a professional tax advisor.

Help With Expenses

Moving Deductions

Moving every few years gets expensive for active-duty members. But if your move is a required permanent change of station, the IRS allows you to deduct the "reasonable unreimbursed expenses" of relocating yourself and your family.

Separation Assistance

If you're transitioning back to civilian life, you may be able to deduct some of the costs you incur while looking for a new job. Qualified expenses may include:

- Travel
- Resume preparation fees
- Outplacement agency fees

Moving expenses may be deductible if your relocation is closely related to the start of work at a new job site and if you meet certain requirements.

Breaks for National Guard and Reserves

Travel Deductions

If you're called more than 100 miles away from home to perform Reserve duties, you can generally deduct any unreimbursed travel expenses.

Uniform Deductions

If you are prohibited from wearing certain uniforms when off duty (a rule that usually applies to reservists), you can generally deduct the cost to buy and maintain those uniforms. But you must reduce your expenses by the amount of any uniform allowance or reimbursement

you receive.

Waived Penalties

A call to active-duty sometimes creates financial hardship for reservists whose military income is much lower than their civilian pay. If a cash crunch causes you to take money from your IRA, 401(k) or certain other retirement plans, the IRS may waive the 10% penalty tax normally applied for withdrawals before age 59. You'll still be subject to income tax on the distribution, but without the extra sting of the penalty.

Free Tax Assistance On Base

Most military installations offer tax help to service-members and their families through the Volunteer Income Tax Assistance Program. VITA's certified community volunteers are trained by the Internal Revenue Service and understand military-specific tax issues. Best of all, their advice and tax preparation services won't cost you a penny.

Online

For complete details, download IRS Publication 3, Armed Forces' Tax Guide, which summarizes many important military-related tax topics. Publication 3 may also be ordered by calling 1-800-TAX-FORM (800-829-3676).



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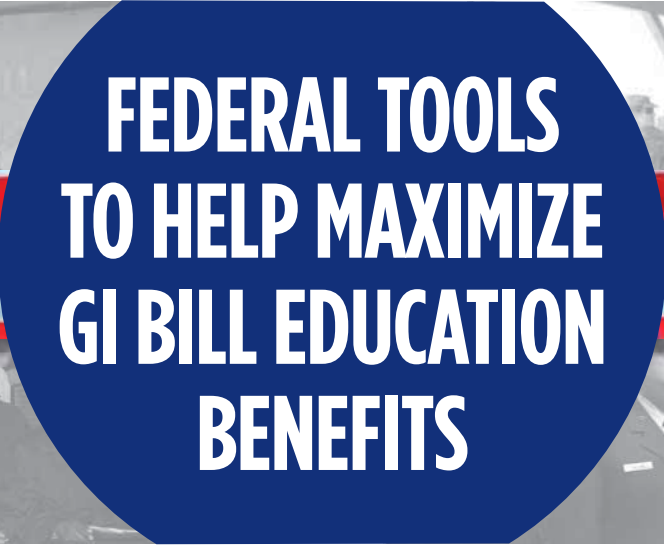
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*APY (Annual Percentage Yield) is accurate as of the last dividend declaration date of 02/01/2020 and subject to change without notice. Dividends paid on average daily balances of \$500; variable APY of 5.00%. If average daily balance exceeds \$500, the remaining balance will receive variable APY of 0.50%. A minimum deposit of \$5 is required to open a Primary Savings account.





FEDERAL TOOLS TO HELP MAXIMIZE GI BILL EDUCATION BENEFITS

A joint article by the Consumer Financial Protection Bureau, the Department of Veterans Affairs, and the Department of Education.

By Charmain Bogue, Patrick Brick, Brian Fu, and Kate Mullan

Like any military mission, transitioning to civilian life takes research, planning, and the right tools. One of the most powerful tools you have is the GI Bill. Since the Post-9/11 GI Bill was implemented in 2009, more than \$111 billion in educational benefits have been provided to 2.2 million veterans and their family members.

As part of National Veterans and Military Families Month, the Department of Veterans Affairs (VA), the Department of Education (ED), and the Consumer Financial Protection Bureau (CFPB) are highlighting some of the federal tools available to help servicemembers, veterans, and military families pick the right program and make a sound plan to pay for it.

It's important that you do your own research before using your GI Bill benefits as some schools have defrauded veterans by falsely promoting educational benefits and using deceptive marketing tactics to target servicemembers, veterans, and military families. In addition, though many schools offer similar majors, some may have better reputations that make their graduates more desirable in the job market. To maximize the career and financial payoff from your education benefits,

you should find answers to questions like:

- Which schools offer the best programs for my career track?
- Where does my desired company or industry recruit from?
- What if my GI Bill doesn't cover my whole tuition?
- How do I spot deceptive or fraudulent schools?
- Where do I start?

If you are asking these questions, then you are in the right place and on the right track. Check out these featured tools to get the process started.

Step 1: Before you apply, use the GI Bill Comparison Tool

The VA's GI Bill Comparison Tool provides key information for calculating your benefits. It provides a breakdown of tuition and fees, housing allowance, and book stipend. This will be critical in your planning process for your family, finances, and work-life balance.

It lists other important factors to consider such as school accreditation, Yellow Ribbon availability (a program that helps you pay for higher out-of-state, private school, or graduate school tuition that the Post-9/11 GI Bill doesn't cover),

and even the number of students that received VA education benefits in the last calendar year.

Step 2: Considering a state university, private college, or community college? Get more info from College Scorecard

The U.S. Department of Education's College Scorecard website helps prospective students make informed post-secondary education choices. There are plenty of options to consider but, finding the school that fits your goals and aspirations is critical to your success. Make your own college wish list and compare your options with College Scorecard's comprehensive data on colleges and universities, including costs, outcomes, and more.

Key data elements featured on College Scorecard include:

- **Cost:** Average annual cost for federal financial aid recipients, which is the tuition, living costs, books, and fees minus the average grants and scholarships, as well as average cost by family income
- **Completion and retention:** Graduation rate and the proportion of students

who return after their first year

- **Debt:** Typical cumulative federal debt of graduating borrowers by field of study and typical monthly payment
- **Earnings:** Typical annual earnings of former students one year after graduation by field of study

Step 3: How do I navigate financial aid and make a plan to pay for school?

The only way to find out how much a school will cost you is to apply, get accepted, and receive a financial aid offer. (For that reason, we recommend applying to multiple schools.) Once you have your offers, you can evaluate them with the CFPB's webtool, Your financial path to graduation (Grad Path). Grad Path guides you through the information that will help you answer questions like "Can I afford the loans I'll need to finish my program?" and "Is this school worth it for me?"

Here are a few ways Grad Path can help you navigate paying for college:

- **Break down the financial aid offer.** Grad Path explains jargon in plain language. For each type of funding, it points

out money-saving strategies as well as potential pitfalls. As you examine each funding source (including the GI Bill, Military Tuition Assistance, and other programs like Yellow Ribbon), you will see your running total of uncovered costs.

- **Look at the whole picture.** Students often overlook expenses, miss funding options, and forget to consider the total cost of a multi-year program. Grad Path provides detailed guidance about costs and resources, plus projections about total debt and earnings at graduation, to help you determine whether you can afford a particular program, now and in the long run.
- **Decide whether the school is financially right for you.** Understanding how a school fits into your academic goals and future job opportunities is just as important as planning how to finance your education. This tool provides key statistics to consider when determining whether a program is likely to pay off on the investment of your time, work, and money, including your servicemember education benefits.



ADVERTORIAL

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Term 90 Plus life insurance offers rates that let you start getting protection more affordably.

The military trained you to be ready for anything. At Military Benefit Association (MBA), we think you should be just as ready when it comes to your family's financial protection. It all starts with life insurance — one of the smartest and simplest ways to help protect your loved ones.

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- No war clause

Who is eligible?

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Monthly rates per \$50,000 of life insurance coverage:

Age	Non-Tobacco User Premium	Tobacco User Premium
up to age 29	\$2.50	\$5.00
30-34	\$2.90	\$5.80
35-39	\$3.10	\$6.20
40-44	\$4.00	\$8.00
45-49	\$5.00	\$10.00
50-54	\$8.50	\$17.00
55-59	\$15.50	\$31.00
60-64	\$23.79	\$47.58

Insured members qualify for non-tobacco discount if they have not used tobacco products during the past 12 months. Rates increase at 5-year intervals until age 90. Coverage reduces at age 70 and again at age 80, and terminates at age 90

The benefits of membership.

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MBA membership comes with these added benefits:

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- Free estate resolution service (insured members)
- Savings on auto and home coverage2
- Generous scholarship program
- American Military University tuition discounts

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* The \$2.50 rate is non-tobacco user rate for members up to age 29 for \$50,000 (1 unit) of coverage.

- 1 Provided by MetLife Legal Plans, Inc.
- 2 Coverage provided by Liberty Mutual Insurance. Not affiliated with MLIC.

Like most insurance policies,

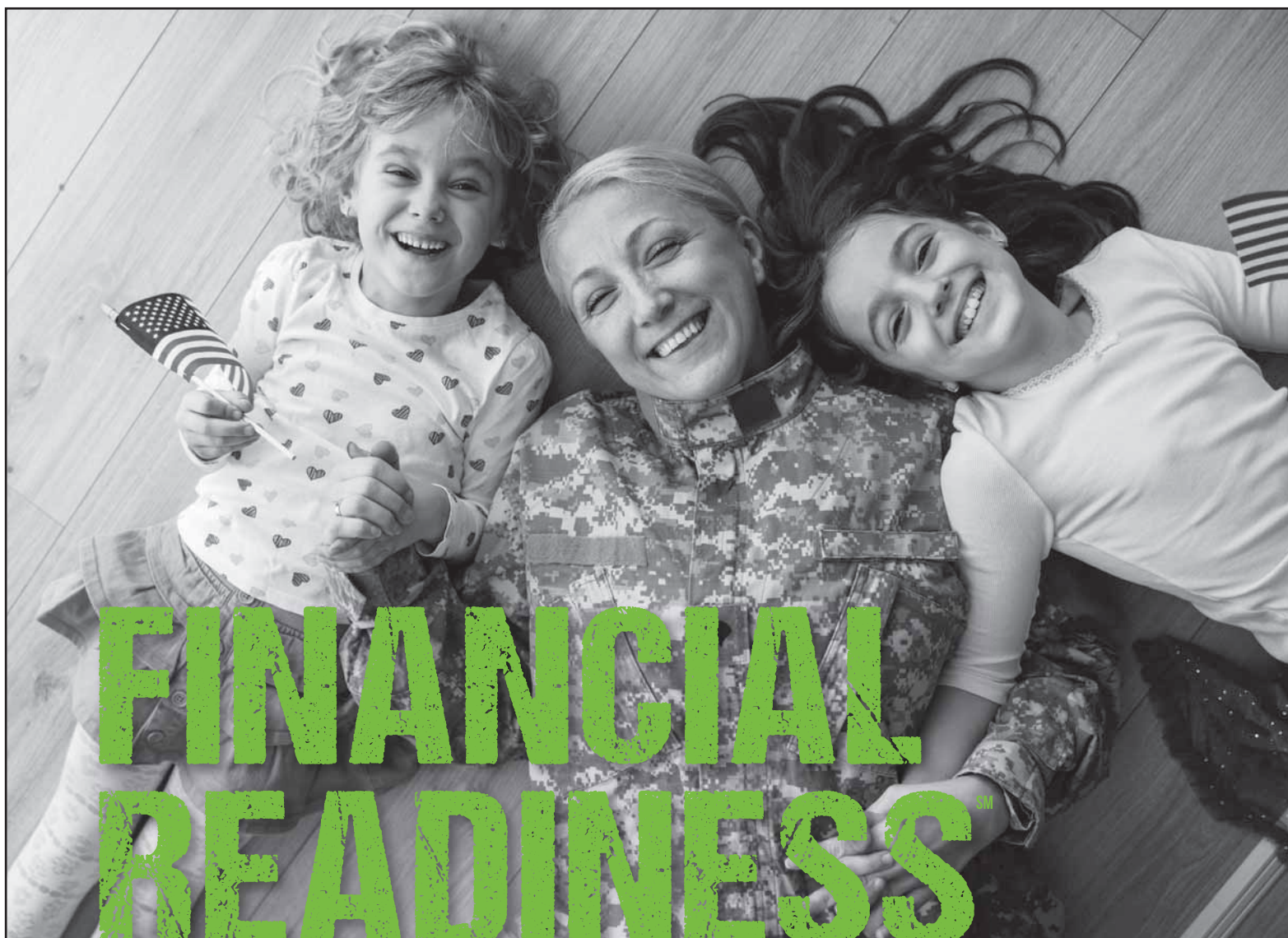
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What I Wish Someone Had Told Me About Military Money

I was pretty lucky when I entered the military. I had friends who commissioned before me who warned me that it could take a while for your pay to start. They told me to save money while I was still in college so that if I didn't get paid for a month or two, I'd be okay. I'm very grateful to them for passing on that information.

Unfortunately, there are a lot more quirks about money in the military that nobody warned me about. Here's what I wish I had known.

Courtesy of Military Dollar

Your paycheck is going to be wrong

Most of us know it'll be wrong when you first enter the military, but it doesn't end there. It can also get messed up when you PCS, or when you get a raise, or when you get married, or divorced, or have a child, or when you deploy, or when it's Tuesday. Keep an eye on it and make sure it's right. The situation is not going to get better if you ignore it.

Document everything

This is related to the above. If you think your pay is wrong, start printing out your leave and earning statements (LES) and highlighting what's wrong. But also mark down every time you talk to the Finance office or your supervisor about it. Keep every email. Establish a record that shows you tried to fix any errors.

This is especially important if the error is in your favor. When the government comes for the money - and they will always come for the money! - you want to be able to prove that you tried to fix it. They can and will try to take 100% of your paycheck to pay back money you owe the government. If you can prove you tried to fix it, they are more willing to work out a payment plan instead. I know this because when I was a lieutenant, they tried to take my entire paycheck for one and a half months. They only agreed to discuss a year-long repayment after I proved that I'd visited the finance office SIX times the previous year to try to fix the error.

Completing a do-it-yourself (DITY) move is almost never worth the money

Unless you can fit everything you own in your car, it's usually not worth the hassle to move yourself. Sure, you might make a few hundred dollars. In exchange, you'll spend days stressing out, slicing your hand on the tape cutter, and popping Advil for the back pain.

Save yourself the trouble. Do a partial DITY for just the items you need with you or the ones that would cause grief if they were destroyed or lost. Let the government move everything else.

And while I'm on the subject of PCSing, here's a bonus tip from me: you are going to need a modem when you get to your new location, especially when (not if) your household goods are delayed in transit. Bring it with you - don't let the movers pack it. I've PCSed five times and I have five modems to show for it. At \$100-\$200 each, this is a really annoying expense that can easily be avoided.

Take advantage of the hidden on-base benefits

I wish I'd appreciated on-base facilities more when I was new to the military. A lot of the benefits that used to be provided no longer exist on most bases (libraries, movie theaters with free popcorn, auto shops, etc). But there are still a lot of free or cheap things available on base.

Morale offices usually have heavily discounted tickets available. These

can be everything from half-price tickets, to theme parks, to free concerts in town. Your base chapel may put on retreats for single enlisted members. And you might not realize how good the prices are at the commissary, but go to a regular grocery store sometime and do a price comparison - it's a pretty big saving.

Appreciate tax-free allowances

Very few other careers allow you to get paid with tax-free money. When you consider that housing, subsistence, and other allowances often make up 20% or more of your overall compensation, this is a huge financial benefit.

There is a financial counselor available at most military installations

They are available free of charge. Seriously. Make an appointment.

Civilians don't make more money than military members

Of course, some civilians do. But military pay is fairly average for Americans. There isn't the huge pay disparity that so many people would have you believe.

For one, you have to consider the full military compensation package. If you are only considering your base pay when you are comparing your pay to civilians, you are doing yourself a disservice. Civilians don't get separate pays for their housing and food, and they frequently have to pay all or part of their medical care. Those things alone add thousands of dollars to the comparison.

And if after adding that stuff in you still don't think our salaries compare, look at the median household (not individual) income in America. In 2016, it was about \$57,000. That's the equivalent of a single 8-year E-5 stationed at Nellis AFB, or a married with dependents first year O-1 at Fort Bliss. In other words, one military member can achieve the same income as the median American household by their mid-20s.

10% of a civilian paycheck isn't the same thing as 10% of base pay

This is related to the above comment

about needing to count your special pays and allowances when figuring out your compensation. If you are saving 10% of your base pay because you were told that's a good number to save for retirement, realize that advice is based on how civilians are paid. That is, it's based on having one lump sum paycheck, not lots of different types of pays and allowances. 10% of base pay might mean you are only saving 6-7% of your compensation. If you really want to follow retirement savings advice, bump it up!

TDYs are a good deal financially - usually

Either you get paid to travel to a new location and can enjoy a nice mini-vacation basically for free, or you can save up your TDY money and get some extra money in your pocket. I've made some creative hotel room meals out of microwave mac and cheese.

Just make sure you are following the rules. If you think the military is going to pay for your upgraded rental car and the convenience of dropping it off with an empty tank, think again. It might be fun while it lasts, but you'll end up paying for that.

Find the person who is 2-5 years ahead of you and drives an older car. Emulate him.

That's the person who is going to know about the Servicemembers Civil Relief Act (SCRA) benefits, and all the places in town with military discounts, and how to invest money properly. If the guy with 2 years in is driving a BMW, he almost definitely is not a good financial role model.

Put 50% of every pay raise into debt payoff, savings, and/or investments

A consistent high savings rate is the best way to grow wealth. If you do that, you'll leave the military with plenty of money to start a new life worry-free. If you retire from the military, it might be enough to take that pension and your personal savings and never work again.

Don't Buy That Car

Seriously. Don't do it.

Giving wisely in the time of COVID



Thanks to COVID-19, many charitable organizations are faced with greater demand for their services, but less in donations as people have less to give. Now, more than ever, it's important to make sure that your donation will be used wisely and well. As you consider new places to send your donations, don't forget these four tips for giving wisely:

Search online for the cause you care about

— like “help COVID victims” or “homeless kids” — plus phrases like “best charity” or “highly rated charity.” Once you find a specific charity you’re considering giving to, search for its name plus “complaint,” “review,” “rating,” or “scam.” If you find red flags, it might be best to find another organization.

Check out the charity’s website.

Does it give information about the programs you want to support, or how it uses donations? How much of your donation will go directly to support the programs you care about? If you can't find detailed information about a charity's mission and programs, be suspicious.

Use one of these organizations to help you research charities:

BBB Wise Giving Alliance, Charity Navigator, CharityWatch, and GuideStar. The IRS's Tax Exempt Organization Search tells you if your donation would be tax-deductible.

See what your state’s charity regulator has to say about the charity.

Don't know who that is? Look it up at nasconet.org.

Donating on social media or through a crowdfunding campaign? Don't assume solicitations on social media or crowdfunding campaigns are legitimate — even posts that are shared or liked by your friends. Do your own research. Contact your friends offline to ask them about the post they shared. And remember that crowdfunding campaigns are not tax-deductible.

By Rosario Mendez, Attorney, Division of Consumer and Business Education, FTC
Courtesy of Militaryconsumer.gov

Buying a home while being active duty

Courtesy of MilitaryConsumer.gov

Whether you are newly enlisted or have years of service under your belt, owning a home can be a great investment but it also can cause financial stress and difficulty if you have to move at a moment's notice.

Tips

Keep your budget in mind when shopping for a property and a home loan. A few rules of thumb can help you get started.

- You may want to limit the cost of your home to 2 to 2.5 times your annual income.
- For your mortgage, you should aim to borrow 50% to 80% of the value of your home at most, and your monthly payments should not

exceed 35% of your income.

- You may be eligible for the VA Home Loans program. The Department of Veterans Affairs guarantees part of these loans, which allows the private lender to give you a better deal.
- These are guidelines – the details of your situation might differ and affect your choices.

Owning appears to cost less than renting but weigh the pros and cons of each.

- With renting, you:
 - can apply your Basic Allowance for Housing (BAH) to rent
 - aren't on the hook for major maintenance issues
 - are paying lower up-front costs

- might have lower monthly payments
- might be able to move more easily at a moment's notice. As a member of the military, you will get new orders and might have to leave quickly. If you own your home, a PCS could leave your house vacant and on the market for months or years, while you keep making payments. Renting out your home is an option, but being a landlord, while in the military, can be time-consuming, costly, and challenging.
- With home buying, you:
 - can apply your BAH to mortgage payments
 - are responsible for maintenance.

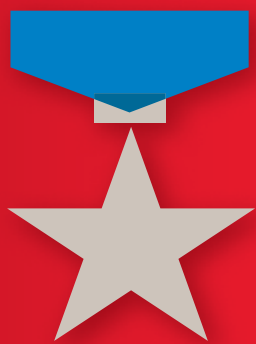
- are tied to your mortgage payment, unless you can sell
- may get tax advantages

Military OneSource has several financial planning calculators that can help you assess your decision, including which types of mortgages may fit your situation.

Under the Servicemembers Civil Relief Act (SCRA), If you purchased a home prior to beginning active-duty, you can have your mortgage interest rate lowered to 6%; all excess interest payments under a higher interest rate will be forgiven.

Having trouble keeping up your payments? See your PFM for guidance and options. Scammers may offer help to avoid foreclosure but they'll make your situation worse. Never pay any company upfront if they promise to lower your payments or stop foreclosure.





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