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Soldiers Should Plan For Financial Future

Plenty Of Options Available For Soldiers

Leah Betancourt, Staff Writer

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Managing finances, debt and retirement planning may be the farthest thing from the minds of those who are dealing with roadside bombs and insurgent attacks in combat areas such as Iraq and Afghanistan.

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But service members in training are getting much more information about financial planning than they did five years ago, said Patrick Beagle, a certified financial planner with Providium Financial Planning, LLC.

Beagle, who served in the Marines for 24 years, said as a result of so many deployments taking place, the armed services are much more coordinated with the predeployment briefings.

"They're getting much better at planning ahead with deployment," he said.

Enlisted service members also get mandatory training on some financial education issues that can range from balancing checkbooks to learning facts about payday loans.

But Phil Dyer, deputy director of financial education for the Military Officers Association of America, said the retention level of that information is not very good.

"Certainly in enlisted ranks, I find debt is a huge problem," he said. "They go to payday lender operations, then buy cars they can't afford."

Deployment Hard For Families

Beagle added that families have a hard time adjusting to deployment and the added costs associated with it. Members are reluctant to tell the institution that they have a problem paying bills, for example.

Beagle said service members are more reluctant to seek the help and resources that are available to them. For active duty members in each service branch, that system is one in which an ombudsman or a wife or family member of one service member on the base is typically the first conduit with newer military families. That person will put families in touch with services on the base.

Focus On Education

Dyer said most installations provide optional courses or classes on more advanced financial topics such as investing and mortgages.

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He said these offerings largely depend on how active the support center is with bringing in experts and promoting it to others at the base.

"The military is trying to address this by pushing greater financial literacy, but there are limited resources," Dyer said.

He said two keys to a successful financial education program at a military installation are the commander's involvement and having qualified personnel.

Dyer said that essentially, if the installation commander makes financial training a priority, it's going to happen. But if the base does not have experienced personnel to provide training, it's not going to happen.

He also said that many bases do a good job of providing basic financial planning help.

"A lot of times people are left to their own devices for a long period of time," Dyer said. "Aside from initial basic planning when someone enlists and when someone leaves, oftentimes there's not a lot done in the interim period."

Resources Can Be Limited

When National Guard members are activated, they work for the federal government, so they have access to most of the same resources as regular active-duty personnel.

Dyer said each state has a different set of rules for National Guard members who aren't on active duty or who are operating in a state capacity, and that sometimes resources are limited.

He said when National Guard members are in their home states, resources are dispersed around the state.

"Resources are typically far better for active-duty folks because they have access to the base office," he said.

Career Hunting

Homecomings can mean reuniting with loved ones, but they can also be a reunion with the daily grind of bills. Or for those who are retiring from the military, it may mean finding a job in the private sector.

Beagle's office is in the Washington, D.C., area, and most of his clients are longtime military members and federal government employees. Most of the military clients have served a fair amount of time, and they are looking for a second career.

"When they come to me, they bring together a disjointed financial picture," Beagle said. They've been nomadic."

They may have bought a house in one state, had a life insurance in another state and had car insurance in another location.

"It's bringing that financial picture together," he said.

Understanding Benefits, Options

Beagle said he works a lot with clients on coordinating their benefits. As part of that process, the person will gain an understanding of what benefits they get when they leave the military.

For instance, Beagle said a retired military person who is working for Lockheed Martin only needed to take the company's supplemental health benefits in addition to the health insurance provided to him from the

military. That person's wife also worked for the federal government and had a family insurance plan. The couple was paying \$250 more in health insurance than they needed to.

Both Beagle and Hollands said that working with longtime military clients who are looking at financial planning upon retiring from military service is not much different than for non-military clients.

"They have exit strategies. They want to work (in D.C.) for five years and they want to leave," Beagle said.

Beagle then works with them on how to maximize the working opportunity by figuring out how much they need to put away in order to live the way they want to during retirement.

There are also several programs aimed at those in the military that are worth checking out.

The Military Officers Association of America recently launched a 529 college savings program with Vanguard called Degrees of Success.

Dyer said the plan waives the \$3,000 minimum amount as long as the participant signs up for an automatic contribution plan of at least \$50. The 529 college savings plans hold after-tax dollars for education. Then a person can take out the money without a federal tax penalty as long as it's used to pay for education costs.

Take Advantage Of Perks

Active duty military personnel are entitled to life insurance and direct deposit from day 1, said Col. David Hollands, a certified financial planner who runs David Hollands & Associates. He did a six-month tour in Afghanistan in 2004 as the commander of the 1st Brigade of the 95th Division.

Hollands said service members should also set up an automated savings plan with the military in which soldiers can have up to \$10,000 of their income in savings and the government pays up to 10 percent interest. The savings is directed into a side account and when the soldiers return from a tour, they can take the money out with interest.

Those on active duty are also entitled to several benefits offered at their military base.

Dyer said the standard set of legal services include a will, living will, a health-care power of attorney (advance directive) and a durable power of attorney, which he stressed is critical when a service member is deployed.

"Most base legal offices can also craft Credit Shelter Trusts," which are also called A-B trusts and Bypass trusts, Dyer said. "These trusts allow married couples to maximize the amount they can shelter from federal estate taxes."

Pro Bono Pioneer

Hollands was the first certified financial planner to participate in a pro bono program with the Financial Planning Association that helps wounded veterans.

He said he worked with a wounded soldier from Texas who is in his 20s. Both the veteran and his wife served in the same unit. In the pro bono program, Holland educated them on investment options, got them set up with individual retirement accounts through Vanguard and helped them pick life insurance.

He said he also helped the veteran get a grant from Dallas Mavericks owner Mark Cuban's Fallen Patriot Fund to get a car for those with special needs.

The fund is part of Cuban's foundation, which helps veterans wounded or killed in the Iraq war. Thirteen Texas families have received grants so far and the fund has approved \$1.9 million in grants since Dec. 29, 2006, according to the fund's Web site.

"I felt very good spearheading that," Hollands said. "I was glad to help them out."

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