



# How to Help Military & Veteran Families

FOR FINANCIAL PROFESSIONALS

More than 2.7 million service members and more than three million family members live in the United States, many of whom have faced deployments, separation and other family stressors.<sup>1</sup> Their ability to make sound financial decisions is a key component of military readiness.<sup>2</sup> And no matter where these families live, they need access to unbiased financial information that addresses the unique aspects of military life. They also need information about how to make smart choices about savings, credit, mortgages, and a host of other life issues.<sup>3</sup>

Making the wrong decisions about financial matters can be detrimental to service members, who may lose their security clearance, face criminal sanctions or be discharged if they find themselves in serious financial trouble. Losing their military career can further negatively impact their financial situation.<sup>4</sup> But experienced professionals can help. As a financial advisor, you know the importance of establishing a relationship of trust and care with your clients. Understanding military culture can help you to open clear communication channels with service members, veterans and military families, and thus help them avoid financial mistakes that have long-term, serious consequences.



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## Did you know?

- » More than 22.3 million veterans are now living in the United States as civilians, and their needs are different from the needs of active duty families.<sup>5</sup>
- » Service members are often young, on their own, and receiving their first significant paycheck. These characteristics have made military families “a market of choice” for non-bank lenders.<sup>2</sup>
- » The Military Lending Act offers a number of protections and was a direct response to predatory targeting of military families for high-interest, expensive payday loans.<sup>6</sup>
- » Fifty-four percent of military families say that they have not set aside sufficient emergency funds to cover at least three months’ worth of expenses.<sup>7</sup>
- » Frequent moves and family separations can pose financial difficulties. Moves can also negatively impact the earning power of spouses of military personnel.<sup>8</sup>
- » By educating themselves about the special financial issues faced by military families, financial planners can give their own “thank you” to those who have served so selflessly.

# Practical Applications

## IF YOU PROVIDE FINANCIAL SERVICES TO SERVICE MEMBERS AND VETERANS

- Educate yourself and your clients on the issues they may face. The Consumer Federation of America identified a number of financial practices that harm military families. These include: targeting of military families for loans and credit sales; unfair bank overdraft loans; bank payday lending; Internet payday lending; and using military allotments to pay for commercial credit.
- Be aware that the Defense Finance and Accounting Service provides specialized help for wounded warriors.
- Learn about the Servicemembers Civil Relief Act, which was crafted to help military members avoid financial stress while on active duty, including activated members of the Reserves and the National Guard. Through it, military members and their families are afforded protections on a variety of issues, including debt accrual, taxes and housing obligations.



- Recommend free financial counseling through Military OneSource and Consumer Credit Counseling Services. Learn more by calling Military OneSource at 800-342-9647.
- Kiplinger and the Better Business Bureau have partnered to produce a Personal Finance Guide for Military Families, where service members and veterans can find practical, easy-to-understand information.<sup>9</sup>
- Inform military families of their eligibility for certain tax benefits during deployment. In addition, some states offer tax benefits. The Internal Revenue Service publishes an Armed Forces Tax Guide for use in preparing tax returns.
- Take notice of the Financial Industry Regulatory Authority's identification of five key measures of financial capability:
  - » making ends meet (spending less than your household income);
  - » planning ahead (setting money aside for an emergency);
  - » managing financial products (avoiding the use of payday loans, using rent-to-own stores, or getting an advance on a tax refund);
  - » financial knowledge (having a fundamental concept of everyday economics and finances); and
  - » decision-making (applying sound financial decision-making skills, such as comparison shopping for credit cards).
- Military spouses are exempt from income taxes in a state where income was earned under the Military Spouse Residency Relief Act when certain conditions are met.
- Military families who live on or near a military installation can find financial counseling and referral services at installation family centers.

## Additional Resources

Service members and their families can be at increased risk from predatory practices targeting them unfairly. Programs like Military Saves, part of the Department of Defense's Financial Readiness Campaign, encourage military families to make positive financial decisions.

### FOR MORE INFORMATION

- » *Consumer Financial Protection Bureau's Office of Servicemember Affairs*, [www.consumerfinance.gov/servicemembers](http://www.consumerfinance.gov/servicemembers)
- » *Defense Finance and Accounting Service, Supporting Our Wounded Warriors*, [www.dfas.mil/dfas/militarymembers/woundedwarrior/woundedwarriorpay.html](http://www.dfas.mil/dfas/militarymembers/woundedwarrior/woundedwarriorpay.html)
- » *Department of Defense, Report On Predatory Lending Practices Directed at Members of the Armed Forces and Their Dependents*, [www.defense.gov/pubs/pdfs/report\\_to\\_congress\\_final.pdf](http://www.defense.gov/pubs/pdfs/report_to_congress_final.pdf)
- » *Financial Industry Regulatory Authority, Financial Capability in the US Military*, [www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p122257.pdf](http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p122257.pdf)
- » *Financial Literacy and Education Commission*, [www.mymoney.gov](http://www.mymoney.gov)
- » *Internal Revenue Service, Armed Forces' Tax Guide*, [www.irs.gov/uac/Publication-3,-Armed-Forces%27-Tax-Guide](http://www.irs.gov/uac/Publication-3,-Armed-Forces%27-Tax-Guide)
- » *Kiplinger and the Better Business Bureau, Personal Finance Guide for Military Families*, [www.bbb.org/us/storage/16/documents/Military\\_Families\\_Final.pdf](http://www.bbb.org/us/storage/16/documents/Military_Families_Final.pdf)
- » *Military.com Money Resources*, [www.military.com/money](http://www.military.com/money)
- » *Military OneSource Financial Consultation*, [www.militaryonesource.mil/counseling?content\\_id=267031](http://www.militaryonesource.mil/counseling?content_id=267031) or call 800-342-9647
- » *Save And Invest, Military Financial Toolkit*, [www.saveandinvest.org/MilitaryCenter/MilitaryFinancialToolkits/ManageYourDebt](http://www.saveandinvest.org/MilitaryCenter/MilitaryFinancialToolkits/ManageYourDebt)
- » *U.S. Department of Justice, Servicemembers Civil Relief Act*, [www.justice.gov/crt/spec\\_topics/military/sratext.pdf](http://www.justice.gov/crt/spec_topics/military/sratext.pdf)
- » *U.S. Department of Veterans Affairs, Veteran Borrowers in Delinquency Quick Reference Sheet*, [www.benefits.va.gov/homeloans/docs/foreclosure\\_avoidance\\_fact\\_sheet.pdf](http://www.benefits.va.gov/homeloans/docs/foreclosure_avoidance_fact_sheet.pdf)



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## About MFRI

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



## About the *How to Help* Series

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

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