

Military OneSource Podcast — Summer Budgeting Military Playbook

Episode transcript

Intro voice-over:

Welcome to the Military OneSource Podcast. Military OneSource is an official program of the Defense Department with tools, information and resources to help families navigate all aspects of military life. For more information, visit MilitaryOneSource.mil.

Bruce Moody:

Welcome to the podcast. I'm Bruce Moody. Our guest today has tips to help you budget for the summer. We'll get to that in just a sec. But first, let me say thank you for listening. And then with that, let me say please subscribe because we cover a wide range of topics to help military families navigate military life. I also ask that you share this podcast with other military families or just tell them about us. We're easy to find. We're on all the major podcast apps, including YouTube.

You just search for Military OneSource and you get us. So, lastly, I just want to say that we'd like to hear from you. We have a link in the program notes. You can use it to send us comments, your questions, maybe an idea for a future episode. Alright, housekeeping done. Let's get to our conversation today, budgeting for the summer. Our guest is Joan Johnson, and Joan is a financial counselor with Military OneSource. And welcome, Joan.

Joan Johnson:

Hi. Thank you for having me, Bruce.

Bruce Moody:

We are glad to have you with us. So, let's just get to know you. Tell us a little bit about yourself.

Joan Johnson:

Okay. Well, I've been working with Military OneSource as a financial counselor for three and a half years right now. And my background a little bit is I'm an Army brat. My dad was active-duty Army and retired. My husband was Air Force and retired after 40 years. And so, I feel like I know a little bit on the side of the dependent of the child and also as

a spouse. And I've worked on military bases and OCONUS and stateside. So, yeah, I'm ready to go. I'm ready to talk about budgeting.

Bruce Moody:

Cool. Cool. We'll do it. And I have a couple of things to say for people who are brand new to the military and maybe wonder why we call each other brats. It's actually a term of endearment, so don't worry about it.

Joan Johnson:

It is. It is.

Bruce Moody:

It is, absolutely. So, when we talk about summers, we'd like to imagine that we're going to be spending it at the beach barbecuing, but there's a lot going on. There's deployments. There's PCSs. By the way, another acronym opportunity. If you're in the military and you're brand new, PCS means permanent change of station. Just throw out that term from your brain. You don't need to know it.

PCS just means moving. It just means moving. Nobody really cares about what those acronyms really need. But the fact is, during the summer a lot goes on because it's in the middle of the school season. A lot goes on during that time with military families. So, what are some of the unique financial challenges that you see that military families are facing?

Joan Johnson:

Like you said, PCSs are usually about every three years for families to move. Those frequent relocations cost money, and it disrupts the career advancement for spouses. So, it can hinder the financial security of the family. The moving cost, even though active duty would get reimbursed for those costs, families usually have about \$3,000 out-of-pocket expenses just because if you're moving, you want to visit family before you go.

Maybe you're moving to Germany and you're going to be gone for that long. So, you have a lot of out-of-pocket costs that aren't necessarily reimbursed. And then there's a gap. You have to have that money saved ahead of time or it becomes a challenge for you to pay for those things out of pocket. Like let's say you have a house and you've sold it, but you still have all the deposits for utilities, things that you're going to have expenses to.

Maybe you have two family cars, and you can only take one with you, as an example. You're going to have to put that into storage. There's just a lot of moving expenses specifically. And then like you said, sometimes the families have to be separated. Because if the kids are still in school, you don't want to take them out in April, but the service member is already ahead of you moving.

So, two different household expenses could happen too. So, just a lot of out-of-pocket. Unexpected things can come up also. And I think one of the bigger things is also, like I said before, the spousal challenges as far as getting a job. I've seen over time the debt accumulates. So, let's say you don't have the cash of the \$3,000 that I used as an example that you would have out-of-pocket.

The families are going to put that on a credit card. And so, it ends up, "Oh, we'll pay it off when we get reimbursed," but you don't get reimbursed, so you end up accumulating over time. You're moving into a new house, all these things just add up. So, a lot of financial stress and a lot of family space on those.

Bruce Moody:

Yeah, there's a lot. I'm imagining the bills piling up, but people do take their summer vacations.

Joan Johnson:

Yes.

Bruce Moody:

So, let's talk about some strategies. How would people plan ahead and stay on budget when they're looking at a summer vacation?

Joan Johnson:

Well, definitely the perfect word is the budget and savings, right? The suggestion for me is to create that detailed budget. Sometimes people want to guess and say that it might cost this much, but break down your travel funds and how much is it going to cost for transportation, for food, for the activities? Are you going to stop and go to the water park and stop and find out what those things are?

And then just create a realistic budget for yourself. Start saving early and create a separate account. We've always talked about, and a lot of families have heard of emergency funds, but start saving separately perhaps for the vacation savings, and then track your spending through that spreadsheet that you might have. We always can provide that for Military OneSource, but track your spending.

Travel smart. Travel on an off season. Be flexible with your dates. You can consider staycations, and not always, but a lot of families try to save money by doing local activities. And then look for those free activities. There's local parks and rec, and on base they have a lot of activities for kids and families, especially for the summer. They've got different activities. And then just use public transportation maybe instead of flying.

Eat outside of the restaurants. I know friends of mine; we're talking about going to one of the parks and they don't let you bring in outside food. You can bring a cooler. You'll just have to go back to the car to do it, which is an option. Otherwise, you're paying double and triple inside those parks to eat a meal. And then take advantage of travel rewards. A lot of credit cards have those.

Our loyalty programs, you can earn points for flights, hotels or activities. So, just put the budget in, plan ahead, and save what you think that you're going to need to do in advance is the best course I would suggest.

Bruce Moody:

Yeah. Joan, it's really interesting hearing you talk about this because essentially changes in your routine, changes in your environment cost money.

Joan Johnson:

Absolutely.

Bruce Moody:

And so, let's get back to moves for a bit because a lot of them happen in the summer. They can be financially stressful. So, what steps should families take to manage the costs and avoid financial strain?

Joan Johnson:

I think the planning. I mean, going back through and creating that budget to understand what it is that you're going to need to spend. And Military OneSource can help with that too as far as PCS moves and then just actual travel. Most military families, and if you're new and you haven't PCSed yet, military families or service members will go through briefings and they'll actually talk to travel in order to find out what is covered in a per diem, and then just plan out based on what is going to be covered and reimbursed versus what the plans are if you have, for instance, a whole month that you're going to be traveling and then in route.

I see families all the time going from Washington to California. So, the move is covered and you get per diem for out-of-pocket expenses like food. But with the cost sky-high, it may not cover everything that you're used to eating on the road. And then your gas is reimbursed, but it's not going to reimburse you for that trip that you take to Texas on the way from Washington to California.

So, just plan with the budget, map out what the costs are going to be on the way, save as much as you can for those costs. And then what are you looking for down the road? What are your housing costs going to be? What's your BAH going to cover? All those type of things. So I guess really the bottom line is plan, plan, plan, and then find out what the costs are going to be coming up.

Bruce Moody:

So, what you're talking about is you're referencing people you've worked with, people who've contacted Military OneSource. So, let's talk about people who are going to contact Military OneSource for the first time. They've never done that before. What do they need to have with them the first time that they contact you, and what would be some good questions that you recommend that they ask?

Joan Johnson:

We have a variety of questions that are asked. It could be about purchasing a home for the first time. It could be a Servicemembers Civil Relief Act. I'm trying to get out of my lease early and how does that cover me and what do I do? So, knowing the topic of what their questions are relating to the topic of that. And if it is a budget and planning to move or the service members deploying, their questions to me are what prompt me to ask them questions.

As an example, I really need to budget because I know we're coming up on a PCS, and I've got six months that I need to pay off debt and save. How do I do that? What do I do? So, those questions are what prompts me to start delving further in. And then we just go through, okay, tell me about your whole situation. Where do you live? What are you doing? Have you already checked out what the BAH is going to be?

All those kinds of things as an example. And then we'll just go dive deep. So, the first call can be short. It could just be setting up an appointment to go over the things when they have more time to talk or it could go delve into what we are going to talk about for the next appointment. I'll email them the budget spreadsheet. We'll talk about ways to save. Do you have a high-yield savings account?

All those things are prompted based on what they're calling about. So, once they call in, they'll get directed to our team. One of our financial counselors will answer the phone, and then we'll just start asking questions after they've told us their situation. So, it's pretty easy, I think.

Bruce Moody:

No, I think so too, but it's a lot more. And I want to get into some of the stuff that's maybe lesser known. For example, I'll just throw out as an example, document translation. If you're moving and you're moving overseas and you have a lease or you're moving back and you have some sort of an agreement or something, if you have documents that need to be translated, Military OneSource will do that for you for free. And I saw the list of languages, it's enormous. I'm not even going to begin to guess how many languages are on there.

Joan Johnson:

Right. Right. It's worldwide.

Bruce Moody:

There's a lot. So, give us a sense of just all the additional stuff that you get for people who may just imagine that it's just a person sitting on the other end of the phone line giving advice.

Joan Johnson:

Well, for sure you've got legal resources besides finances. You've also got tax consultants that can help you process through your... They're not going to do the taxes for you, but they can certainly help you process. Like right now we're in... I've asked for an extension. We've passed April 15. So, people are calling in about how to amend a return. That's an example of a resource.

Any financial assistance. If you are having trouble paying months of rent or my car, that's a whole department that can send you tons of resources local to your zip code that would potentially be able to help you out. As a service member, helping spouses find a job. There's a whole department for that.

And reaching out for education and covering costs, like transferring your licenses or certifications from one state to another when you're moving for nurses or doctors, for instance. I'm trying to think about Military OneSource. So, you've got legal, financial resources, financial assistance. You've got nonmedical counseling that's available for free also. Yeah, there's a ton.

Bruce Moody:

It goes on. It goes on.

Joan Johnson:

Yeah. It goes on and on.

Bruce Moody:

And the way I would describe it is Military OneSource helps you out with your military life journey. Humans are complicated beings. And if you are moving or even if it's just summertime and kids are on their summer break, there's a lot going on besides that. There is concerns about spouse employment and childcare and dealing with stress. And it just goes on and on.

And so the great thing about calling Military OneSource is that as you're talking about one thing, that one thing obviously has lines going into all different areas, and you're talking with somebody who has a lead on all those various areas of support. And so sometimes, and we do get this all the time, we have people who just call up and say, "I am in the middle of doing this thing and I have questions."

But the thing about having questions is that as you start asking them and getting answers, you realize you have things that you didn't know that you didn't know. Sometimes it's just good to call Military OneSource and just say, "This is what I'm doing. What advice do you have to make this process better?"

Joan Johnson:

Right. And I get that question a lot. What do you offer? They literally don't know. They can see us on a form that's at the bottom of the page. But yeah, they call in and ask. And so it's a good thing to do. So we can give you different resources and options.

Bruce Moody:

Joan, as we wrap up this conversation, maybe to ask you to describe the folks at the call center, how many of them get military life? What is their understanding of military life?

Joan Johnson:

I think most of the people, I can't speak to the people that are answering the phone specifically other than my team, financial counselors and tax consultants, but we have a wide range of... I know one of our... He's a retired colonel and he does this, and I think you might've spoken to him last year, Bruce, Fred.

He's on our team and he has been in the military life. You heard my background of just understanding from a dependent side of what we do in the military that has been done or can be done. And that goes for National Guard reservists and active duty. It's not just for active duty, which a lot of benefits tend to go towards active duty.

Bruce Moody:

Thank you for mentioning that.

Joan Johnson:

Yeah.

Bruce Moody:

Boy. Thank you for mentioning that.

Joan Johnson:

Yeah. We actually get more calls from National Guard and reservists, and the reason is because active-duty bases have more resources specific to their mission on that base or post. But National Guard and reservists, they have an armory that they go drill at. They don't have usually an active-duty base that they're assigned to usually. So, they're not

getting active duty pay and they're only drilling once a weekend, but they deploy more technically usually than ...

And I learned that with my... My dad was active duty, but my husband was a reservist. And so they deploy more. And so, they have more stressors, if you will, because they could potentially be making a ton more money in the civilian sector. And then when they deploy for a year, their family just got to cut and pay because being an active-duty E-5 may not be paying the same amount as what they're making.

So there's just different resources across the board that all are entitled to. But we get a lot of those calls because they don't have the active-duty base resources like Army Community Center or Airman and Family Readiness as an example or Fleet and Family. They don't have that necessarily to refer to.

Bruce Moody:

Well, Joan, thank you so much for joining us today. We really appreciate what you do for our military families.

Joan Johnson:

Thank you for having me. This has been a pleasure to meet you, Bruce. And I love Military OneSource. When I was on military bases, and I was listening to people talk about Military OneSource, I always thought of it as this big cloud in the sky, like this end all be all. And it actually is. I love working for Military OneSource. It has been a pleasure.

Bruce Moody:

Wonderful. Well, we'll have to have you back on the podcast, and say "hi" to Fred.

Joan Johnson:

Great. I will. Thank you so much. Have a great day.

Bruce Moody:

Alright, awesome. Joan Johnson is a financial counselor with Military OneSource. And we want to remind you about Military OneSource. We are an official resource of the Defense Department. We want to hear from you. We have a link in the program notes. You can use that to send us a question, a comment, maybe an idea for a future episode. And be sure to subscribe to this podcast wherever you listen to your podcasts, including YouTube because we cover a wide range of topics to help military families navigate military life. I'm Bruce Moody. Thank you for listening. Take care. Bye-bye.