

## Military OneSource Podcast — Your Guide to Smart Budgeting and Saving

### 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](https://militaryonesource.mil).

#### **Bruce Moody:**

Welcome to the podcast. I'm Bruce Moody. Today, we'll be talking about money, and the help that's available to help you manage your money. So why are we having this conversation? Well, because when you're able to meet your financial responsibilities and also save for the future, then you're better able to focus on the mission.

So, we have with us today two guests both joining us from Travis Air Force Base in California. We have Tracy Alcorn, who's with the Military and Family Readiness Center at Travis. And also joining us is Senior Airman Tiffany Banks, who is a force management technician with the 60th Force Support Squadron. Welcome to the both of you.

#### **Tracy Alcorn:**

Thank you.

#### **Tiffany Banks:**

Thank you.

#### **Bruce Moody:**

So, we're going to have a conversation about money and managing it and how to save, set goals for the future, and maybe talk about experiences that we've had with money, some good, maybe not so much. But my first question to Airman Banks is tell us a little bit, what is a force management technician?

**Tiffany Banks:**

Okay, Senior Airman Banks here. A force management technician would be the equivalent to a civilian human resources manager. We make sure that the paperwork is in order for the military members.

**Bruce Moody:**

Nice. Good. We can all get that. I'm a retired Navy chief. I speak Navy, and sometimes I have a hard time understanding the languages of other services, even though I've been in this DOD spot for more than a decade. You'd think I would learn all of this stuff. But anyway, let's talk about money. So, Airman Banks how long have you been in the Air Force?

**Tiffany Banks:**

I have been in the Air Force going on four years now.

**Bruce Moody:**

So, in that period of time, what was your approach to budgeting and when you first joined the military, what was it like and kind of what is it like now, as you say, four years gone by?

**Tiffany Banks:**

When I first joined the military, I was a two-income household. Since joining, I have become a single income household, which obviously impacted the way that I budgeted and the way that I spent money, as well as dealing with the unique challenges of childcare and all the things that come with being a single military member.

**Bruce Moody:**

Tracy, again, you're with the Military and Family Readiness Center over at Travis. Tell us a little bit about what you do.

**Tracy Alcorn:**

Currently, I am a supervisory team lead over nine staff here in multiple programs. But one of the programs that I do oversee is the Personal Financial Readiness program with their team. And I was a former manager of that program as well. So, I provide counseling service still to this day because I have returning clients from when I provided counseling services.

**Bruce Moody:**

All right, well this will be fun because Airman Banks can talk about what she's done and well, you can critique it. So yeah, all for the greater good, I guess. So, Tracy, as you're listening to Airman Banks talk about where she is in her money making and management position in life, what would you say are the most common mistakes folks at that point in life are making?

**Tracy Alcorn:**

Well, I think in Airman Banks' particular situation, it is unique coming in and having two incomes and then going to one, whereas often, we have people coming in their first term, right? They're coming in without ... Pretty young coming in. So, each situation is very unique to each person coming in, and that's how we address it. But some of the most common mistakes that we do see is No. 1, maybe having some money habits already established that could impact that plan that somebody has. Going from two incomes to one can definitely impact those habits. Or even coming in with habits where you're used to spending money and maybe you have to wait and evaluate what money is actually coming in.

**Bruce Moody:**

Airman Banks, how are you prioritizing your financial goals? How are you looking to pay off debts or to save or invest? What's helping you to keep on track?

**Tiffany Banks:**

One of the biggest helps was actually coming to see Tracy.

**Bruce Moody:**

All right. See? That's the right answer.

**Tiffany Banks:**

When she was talking about the counseling ... For me, because everyone's situation is unique, and I had a budget when I was married and it was working, but to go from a certain amount of money to have that in half, but still have the same amount of bills, I didn't know where to start. I went and I saw Tracy, and we went over, and we scoured over bank statements. We scoured over every aspect of my financial profile to see what can I downsize, what areas could I maybe spend less, which areas can we save? But the

biggest thing, as was mentioned initially, was the paying off of debt, prioritizing which debts would come first. And initially I thought it would make more sense to pay off whichever was the highest, but what made the difference was looking at the APR for each of the debt and going based off of that.

**Bruce Moody:**

Yeah, that's really wise. What about your, I'll call it your community, your friends, your families, other airmen. How are they maybe impacting or affecting your financial habits, your financial decisions?

**Tiffany Banks:**

Sure. As far as family, the biggest impact would be I have three children.

**Bruce Moody:**

That'll be an impact.

**Tiffany Banks:**

Feeding them, providing, yes.

**Bruce Moody:**

Okay.

**Tiffany Banks:**

But even from a community standpoint, some things that I didn't necessarily factor in when I first joined was now, I have a bit of free time now maybe I want to go out and hang out with other people. And so, to have that disposable income to do that and finding that within the budget.

**Bruce Moody:**

And so, Tracy, when we look at what happens with life and maybe with that, there's something already called a lifestyle inflation. So, what is that and how can folks in uniform deal with that? And before you answer, I just want to say this is a really interesting conversation and know we're talking with you and you're at Travis Air Force Base, but any service member, any military family, anywhere on the planet is going to find this sort of support, is going to find their Tracy Alcorn at their local Family Readiness

Center by whatever name it goes by. But Tracy, maybe you can talk to us a little bit about what lifestyle inflation is.

**Tracy Alcorn:**

When I look at that term, it can mean many different things, but one of the first things that I think about is assuming that it means spending on with or without pay increases, or it can also mean depending on where you are stationed, right? You could be in California where there's a high cost of living, so you're going to have some lifestyle inflation, just that alone because of where you're located. I'm going to tackle first the spending more money when I make more money. Sometimes that can be something that people start doing and not realizing that when you do that, if you don't have a plan and you're not sticking to your original plan, you can say, "Hey, I'm going to spend more money on eating out." But then that can cause you to not have that surplus that you might need in an emergency situation. So, it's really thinking about how to use that additional income that's coming in for long-term goals as well as just the short term.

And as far as the inflation, lifestyle inflation based on location, again, tapping into those resources knowing that places like your family support centers have resources. They know the ins and outs of that community and where to go and where to find those resources. So, I would say it would be really important to tap into that.

**Bruce Moody:**

Can you share a time when you helped a service member, do you have any stories to share?

**Tracy Alcorn:**

Oh, I have lots of stories to share.

**Bruce Moody:**

Good. Well, this is a podcast, so let them rip.

**Tracy Alcorn:**

I think one of the main things, and a lot of people tend to overlook as an active-duty service member where you have those SCRA benefits. One of those would be when you enter the military and you bring in debt, maybe you already have a car loan or a personal loan for something that you can tap into your SCRA rights and reach back out to those lenders and those agencies and say, "I want my annual percentage rate reevaluated. Because I am an active-duty service member, that rate has to be 6% or

lower.” I always recommend don't tell them that you want 6%. Let them decide because they know the law, they know that it has to be 6% or less, and some agencies offer 2%, 4%. So that's one tip coming in with the debt as active duty. That's one of the first things you can do. I had someone who came to see me probably two years into that. We tapped into that, recuperated because it is retroactive, recuperated over \$3,000 for that service member and lowered their monthly payments by over \$100.

**Bruce Moody:**

Wow. Wow. Well, thank you for that. Airman Banks, can you share any stories about tough financial decisions? You were talking about your personal life, maybe that is the source of some of the decisions.

**Tiffany Banks:**

Yes, absolutely. One of the unique instances that I faced was when it came to the selling of my home. It was near and dear to me. It was an heirloom that had been passed down. However, it was something that I could no longer afford. And so, it became one of those instances where although yes, a home is an asset at that particular point in time, I could no longer juggle the financial burden that it was creating for me. And in fact, from the sale of it, as we ran the numbers, I would be able to pay off a substantial amount of debt. So, although it was quite difficult, I had to look at the short-term pain for the long-term gain. So that's one that significantly stands out for me.

**Bruce Moody:**

Yeah, it does sound like it meant a lot, but at least it was able to really help you move forward with your financial goals. Tracy, I want to talk to you about finances from the specifics of military life and that specific would be deployment. So, when I think of deployment, I think of a couple of different things that can happen. One is you may find yourself in a situation where you're earning money, but because of where you're deployed, you're not in a position to spend it. And then you come home, and you suddenly have this wad of cash, or on the other side of that you may have a side gig of sorts that has to go on pause while you deploy. And as a result of that, you're actually earning less money. So how do you help service members deal with the financial changes that come with the deployment?

**Tracy Alcorn:**

I think the first thing that would always come to mind as a financial counselor would be working with your client and developing a plan. What are their values? What's important to them? Some people might want to pay off debt with that increase in

income. Some people might want to use that as a vacation when they come home after they reconnect with their families. So really the No. 1 goal, first and foremost, would be make a plan. Some things that we as financial counselors would like to talk to people about during deployment is how to leverage the benefits that deployment may offer. For example, there are some additional contributions one can make to their 401K TSP during that time. There might be some tax-free income that might be available to them and how to leverage that tax-free income as well. And those that might be experiencing a loss of income, again, developing a plan for that. So, No. 1, always, and Tiffany, that was the first thing Tiffany, and I talked about this morning was a plan. A plan is important.

**Bruce Moody:**

And when we talk about plans, and I want to hear from the both of you on this, what do we think about when we're talking about maybe an emergency fund, either starting one or adding to it?

**Tiffany Banks:**

When I think of an emergency plan, I can kind of piggyback on something that Tracy mentioned, and I'll use my particular situation as an example. Initially, I was cash negative, and so we were in go mode and that kind of had to go to the back burner of planning for an emergency because I was already in fight or flight mode. But once, as she had mentioned, when you have an increase in income and you have an increase in disposable income, then it became, okay, what percentage can I put away? What things maybe are less important? What do I value? So then it's like, okay, do I need to eat out as much or can I maybe put this \$10 in my TSP? So obviously it's going to be tailored around each particular service member. But for me, we kind of spoke extensively about what I'm okay with saving and where I'm okay with putting my excess income.

**Tracy Alcorn:**

I love hearing her talk about this. As a financial counselor to know that we've been able to develop this relationship in which we can ebb and flow and have these conversations about her values and how to create plans and support those values, but also come back to the table again and get to the next stage, which might be savings and investing because we've talked about that, like getting to that point eventually as well. But it's very exciting to hear the progression.

**Bruce Moody:**

Yeah, it's exciting to hear for me too because I can tell you the version of me at that age, I would have been your project for the season. I did not know how to deal with money at all. And so maybe for those of us who are thinking about money is just different from thinking about other things. Maybe it's too abstract or whatever, but are there key habits that you can recommend for those of us that just kind of help us to stay on top of our finances? Airman Banks, if you have any examples that you can share from your personal life as well.

**Tracy Alcorn:**

This is Tracy. I think she's going to process that for herself. And you know, again, I think that's the one thing a lot of people sometimes come for advice, from a financial counselor. And the first thing we always say is it depends because it depends on each person and each person's values and financial situation is different. The one thing that I can say is that a financial counselor looks at things with different eyes than what the person that is seeking support does. We don't look at it emotionally, and a lot of times, and I think most people can say this, money is tied to emotions often. So, seeking a financial counselor allows you to have a pair of eyes that's looking at that without that emotional attachment to what's going on in your life as well.

And Tiffany's over here shaking her head, but some of the habits and some strategies you talked about emergency funds, some habits and strategies would be, again, like Ms. Banks said, looking at what you have, looking at when you do have some disposable income and then deciding what your values are and where you want to put that. One of the things that we've talked about in the past is like maybe it's a 70% is going to basic needs. And then what do you do with that other 30%? Well always recommend, always, always put what your company would match into your TSP/401K and always put that match in there so that you're getting that full amount from your organization. But secondly, then you have 25% left over. So, some people want to spend that 25% doing, you only live what's kind of living, right? And that's okay too. But we recommend at least 10% going into some kind of savings account. We recommend a high yield savings account to start building up that emergency fund.

Some people want to put all 25% in that emergency fund, and they might use that emergency fund for other things down the road and vacation. But we always ebb and flow. We're always, it's always willing to change based on how your life changes. Tiffany, I think she's ready...

**Tiffany Banks:**

Senior Airman Banks here. Tracy did a wonderful job of speaking to the abstract. So I think I'll speak to the emotional a bit. From a service member's point of view, especially dealing with all that I had to deal with coming in, I think that if nothing else, the most



important habit would be to be honest and transparent and be willing to not only reach out for help but accept the help. Right? So the only reason why I've been able to have a successful relationship with Tracy is because almost as soon as there's some big change financially for me, whether it be fully transparent about I've had child support situations, I've had housing situations, I've maybe made more, maybe made less regardless of the changes to my financial profile, coming to her and trusting that she's going to be able to advise me with whatever additional or whatever subtraction from income and be willing to be flexible and take the advice.

**Bruce Moody:**

This is really interesting, this relationship that the two of you have. So, Airman Banks, what would be your recommendation for someone who doesn't have that recommendation yet? And bear in mind, we're talking to people from all of the services, but what would be the very first steps that you would recommend to somebody who is young and looking to figure out their finances and maybe they want to do that by getting some help. Where do they start?

**Tiffany Banks:**

Okay. The military is great about having two very distinct places that stick out to me would be the Military Family Readiness Center or Military OneSource because some people feel more comfortable online. Some people feel more comfortable coming in person but using the resources that are afforded to them to do that. Those are some great places to start.

**Bruce Moody:**

Thank you for promoting Military OneSource. We appreciate that. That was unprompted by the way. I was not expecting that, but it's true. And this is exactly the way it should work. Everybody has their command, their unit, their leadership and that surrounding that leadership are on installations or in unit people who can help, who are there and have all the talent that you need. But there are times when it's just easier or it's just because of the time of the day or whatever, when it just does help to contact Military OneSource. And we'll put some links in the program notes. Maybe to wrap things up and Airman Banks, I think I'll ask you to just provide any word of encouragement for people who have not yet gotten sort of a handle on their finances and are not making as such the best use of their money and setting their goals. What would be your motivational statement to them?

**Tiffany Banks:**

Yes. Senior Airman Banks here, my motivational statement to them would be to use the resources made available to you. Don't be afraid. They're not here to judge you. We have hope, and we don't have to struggle and suffer in silence. That's a lesson I had to learn myself. And that's why a year later as hindsight being 20/20, I'm able to see that I've come leaps and bounds. And it's not because of anything that I did on my own, but it was because of the vulnerability that I was willing to have and reaching out and saying, "Hey, I don't know what I'm doing. I need help."

**Bruce Moody:**

Fabulous. We are going to end it there. I want to say thank you to the both of you. Tracy Alcorn is with the Military and Family Readiness Center at Travis Air Force Base and Senior Airman Tiffany Banks is a force management technician with the 60th Force Support Squadron. Thank you to the both of you. Really appreciate you being with us today.

**Tiffany Banks:**

Thank you.

**Tracy Alcorn:**

Thank you so much. It was our pleasure.

**Bruce Moody:**

Absolutely. I want to remind everybody that Military OneSource is an official resource of the Defense Department. We always like to hear from you. If you have a question or a comment about what you've heard today, you can go into the program notes. There's a link to let us know what you're thinking. And be sure to subscribe to this podcast wherever you listen to your podcast, which can also include YouTube. So just go wherever you pick up your podcast and search for Military OneSource. And there we are 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.