

WealthPulse by SmartMoney

Military Family Finance Guide

Maximize the benefits your service has earned you.

■ **For service members, veterans, and their families.**

Military families have access to financial benefits most civilians have never heard of. This guide covers every major benefit and how to maximize it.

Your Military Pay & Allowances

■ Basic Pay

Base salary by rank and years of service. Taxable.

■ BAH — Basic Allowance for Housing

Based on duty station ZIP and dependent status. Tax-free. Can be \$2,000-4,000+/month in high-cost areas.

■ BAS — Basic Allowance for Subsistence

Officers ~\$311/mo, Enlisted ~\$460/mo. Tax-free.

■ Combat Pay / Hazardous Duty

Special pay for deployed personnel. Often tax-exempt in combat zones.

■ COLA

Extra pay in high-cost-of-living areas. Tax-free.

BAH Optimization — The #1 Military Wealth Strategy

BAH is designed to cover your housing costs. Living below your BAH rate and keeping the difference is the most powerful wealth-building move for military families.

- Find housing that costs LESS than your BAH. The difference is effectively tax-free income.
- Off-base housing: BAH pays directly to you. Rent an apartment that costs less than your BAH.
- VA Loan strategy: Buy a home with \$0 down. Mortgage often < BAH. Pocket the difference each month.
- Avoid the new car trap on PCS moves. New duty station does not mean new car payments.

The VA Loan — One of the Best Benefits in Existence

Zero down payment. No PMI. Competitive rates. Over a lifetime, the VA loan is worth \$50,000-\$150,000 compared to a conventional mortgage.

■ Zero Down Payment

Buy with \$0 down. FHA requires 3.5%, conventional 3-20%.

■ No PMI

PMI costs \$100-300+/month. VA loan: never. That's \$1,200-3,600+/year saved.

■ VA Funding Fee

One-time fee (1.25-3.3%). Waived for veterans with service-connected disability ratings.

■ **Eligibility**

90 days active in wartime, 181 days peacetime, or 6 years reserves/Guard.

■ **Use Multiple Times**

Your VA benefit never expires. Use it again after paying off a previous VA loan.

■ **Get Your COE**

Certificate of Eligibility at VA.gov or through your lender. Takes minutes.

Thrift Savings Plan (TSP)

The TSP is one of the lowest-cost retirement accounts on earth. Expense ratios as low as 0.04% — 10-20x cheaper than typical civilian 401(k) funds.

- **Get Your Full BRS Match**
Under Blended Retirement System: DoD matches up to 5% of basic pay. Free money. Contribute at least 5%.
- **Traditional vs. Roth TSP**
Traditional = pre-tax. Roth = after-tax, tax-free in retirement. Roth is usually better at lower tax brackets.
- **2024 Limit: \$23,000**
In combat zones, you can exceed this limit significantly.
- **Best Funds for Long-Term Growth**
C Fund (S&P; 500) and S Fund (small-cap) for growth. Or L Fund target-date for simplicity.
- **Don't Cash Out on Separation**
Roll TSP to a Roth IRA or keep it in TSP. Cashing out triggers taxes + 10% penalty.

Deployment Savings Plan

During combat zone deployments, the Savings Deposit Program (SDP) pays 10% guaranteed annual interest on up to \$10,000.

- Guaranteed 10% annual return — higher than any safe civilian investment.
- Deposit up to \$10,000. Earn \$1,000/year guaranteed, risk-free.
- All military pay in a combat zone is completely tax-free.
- Many service members save \$15,000-30,000+ per deployment by living lean.

Other Key Benefits

Benefit	Details
TRICARE Health Insurance	Civilian equivalent value: \$15,000-25,000+/year
SGLI Life Insurance	\$400K coverage for ~\$27/month
Free Legal Assistance	JAG office on base handles wills, POAs, more
SCRA Interest Rate Cap	6% cap on pre-service debts while on active duty
MyCAA (spouses)	Up to \$4,000 education funding for military spouses

GI Bill	Up to full tuition + housing allowance for education
USAA / Navy Federal / PenFed	Better rates and service than civilian banks

Disclaimer: Benefits and eligibility change. Verify at VA.gov, military.com, and dfas.mil. Educational purposes only.