



HOW TO SAVE MONEY WHILE DEPLOYED



Open a ROTH IRA

The Heroes Earned Retirement Opportunities Act allows military members to open IRAs even if 100% of their income was nontaxable due to deployment.

Contribute to Your Thrift Savings Plan

Similar to a 401K Plan, you take your pre-tax dollars and invest them and don't pay taxes until you make a qualified withdrawal in retirement.

If you invest in the TSP while deployed, your contributions are already tax-free, so you won't pay taxes on the contributions made while in a tax-free zone.

When you receive your deployment orders there are lots of things to consider and prepare for.

One positive thing to contemplate is how much you can save while deployed and how you can set yourself up for financial freedom.

When deployed you don't need a lot of money because the military covers all of the necessities such as food and housing. Depending on what expenditures you can cut back on, there is the possibility of saving thousands of dollars.

These tips describe how you can save while deployed and where you can cut your spending to save even more.



Participate in the Military Savings Deposit Program (SDP)

The Military Savings Deposit Program is a DoD sponsored savings program that offers deployed military members a guaranteed return on investment of 10% interest, compounded quarterly.

Servicemembers can deposit up to \$10,000 into the SDP once they've been deployed for 30 days. The money deposited continues to collect interest for up to 120 days after the servicemember leaves the deployed location.

As long as you continue to be in a deployed location for at least 1 day per month, you can keep the SDP going for up to 36 months. This is especially useful for aircrew and others who may transit a deployed location in support of other missions.

Contact Your Insurance Providers

Under the Servicemembers Civil Relief Act (SCRA), several types of insurance can be cancelled and reinstated without the loss of benefits.

For example, if a servicemember has to cancel health insurance when on active duty, the insurer must reinstate the policy upon request without loss of benefits, waiting periods or penalties.

The SCRA may protect life insurance against lapse, termination and forfeiture for nonpayment of premiums or indebtedness for the entire stretch of service, plus two years following the end of active duty period.

Regarding vehicle insurance, you have three options when you are deployed – continuing to pay your auto insurance, cancelling your insurance, or suspending your insurance. There are pros and cons with each option. Speak with your insurance agent to discuss which options are available to you. Not all states or insurance companies allow for coverage to be suspended or limit the types of coverage that can be suspended.

Reduce the Rate

If you took out an automobile, home, or student loan or incurred credit card debt prior to becoming a servicemember (also known as a “pre-service obligation”), or if you took out such a loan jointly with your spouse, then you are entitled to have your interest rate reduced to a maximum of 6 percent per year.

To receive this benefit you must notify your lender in writing and include a copy of your orders to active duty service or a letter from your commanding officer that shows the date you began active duty service.

The rate reduction applies during the period of active duty service for most loans and, for mortgages, for an additional year after the end of active duty service.

Auto Transfer Funds

If you have an existing savings account with your bank or want to open one with First National Bank, you can elect to set up an automatic transfer from your checking account to your savings account. Determine how often and how much you would like to transfer to your savings, and it will be safe when you return and grow while you are deployed.

Terminate Your Lease

The SCRA provides servicemembers with the right to terminate residential leases of property that is occupied or intended to be occupied by a servicemember or his or her dependents. If you signed a lease for housing prior to active duty service, or if you’re already serving on active duty and receive Permanent Change of Station (PCS) or deployment orders for a period of at least 90 days, then you should be able to terminate your housing lease without penalty.

If your lease requires monthly rent payments, termination of the lease is effective 30 days after the first date on which the next rental payment is due and payable after the date on which the termination notice is delivered.

Cancel Your Subscriptions

Military members can cancel their internet, TV, or wireless and/or home phone services without penalty if deployed or relocated for at least 90 days to a new location where the same service isn’t provided. You may also “suspend the service,” pausing it to keep your current plan and any promotional offers.

Cancel Your Auto Lease

Under certain circumstances, the SCRA also allows servicemembers to cancel or terminate an auto lease without paying early termination charges or penalties. To terminate an auto lease without penalty, you must have entered into the lease prior to entering active duty state and called for 180 days or longer.