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## **Military Benefits Offer Keys to Financial Freedom**

Military members make profound commitments and sacrifices to serve their country, and the government strives to reward their courage. While base salaries for service members are relatively modest, there are other opportunities to achieve financial security through a career in the Armed Forces. That's because what the military lacks in pay, it makes up for in benefits.

In fact, service members who understand and maximize their benefits package may find themselves the envy of their private sector counterparts. Making the commitment to capitalize in a number of key areas can make all the difference.

### **Retirement Resources**

The Thrift Savings Plan (TSP) is the military's most powerful tool for securing a comfortable retirement. As a service member, you are able to contribute up to 9 percent of your basic pay to the plan, which can be allocated across a range of investments. Since the contributions are made with pre-tax dollars, the money can grow tax-deferred until it is withdrawn at age 59½ or later. Though retirement may seem a lifetime away, contributing to the TSP as early as possible allows you to harness the power of compound earnings and build a sizeable nest egg over the long term.

The advantages of the TSP don't stop there. If you contribute to the TSP from your basic pay, you're also eligible to contribute up to 100 percent of any special pay or incentive pay (up to the plan limits). Combat pay and other tax-free pay remains tax-free in the plan, which can provide a tremendous boost to your savings effort.

On top of TSP retirement funds, career military members can also count on a military pension after 20 years of service. It's a lucrative combination that's hard to find in the civilian world.

### **Affordable Healthcare**

Of course, all the money in the world doesn't matter if you don't have your health. And through Tricare, the military health insurance plan, service members have access to a

complete system of government and civilian medical and wellness facilities. The basic Tricare option is free to active-duty service members, and families opting for more flexible coverage pay only a modest annual deductible and a small percentage of the costs for treatment.

Compared with most private health insurance plans, Tricare can save hundreds or thousands of dollars each year. Put to good use, the savings can add up over time to help military families stay on solid financial footing.

### **Life Insurance**

If you have a spouse, kids, or even significant debt, life insurance is important to ensure your surviving loved ones don't face financial hardship in the event of a tragedy. Servicemembers Group Life Insurance (SGLI) offers a low-cost policy for which service members are automatically enrolled upon joining the Armed Forces.

Since the cost for coverage stays the same regardless of your age and military duties, SGLI can provide peace of mind for a price that's hard to beat. While you have the option to choose less or no coverage, it's not a decision that should be taken lightly. In fact, some higher-earning members may be well advised to explore life insurance options that supplement SGLI.

### **Learning Opportunities**

For service members who couldn't afford college after high school, the military opens a new world of possibilities. In addition to on-the-job training and valuable life experiences, the military covers a large part of the cost for you to advance your education while on active duty. And for separated members who completed a 36-month enlistment, the Montgomery G.I. Bill provides tuition assistance for a variety of college or technical certification programs.

These benefits not only save money in the short-term, but can pay off even more in the form of higher earning power later in life.

### **Fringe Benefits**

Beyond the core components of the military benefits package, the less-publicized perks of life in the service also add up to create a real financial advantage. To name a few: guaranteed home loans and other benefits through the Department of Veterans Affairs (VA); government-subsidized shopping at commissaries and post exchanges on base; free legal services from the JAG office; discounts on travel and special rates on some financial services.

As a member of the military, opportunities abound for you to save money, invest it wisely and create a secure financial future for your family. All it takes is the determination to make it happen.

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## **[SIDEBAR]**

### **Don't Let Benefits Become Bygones**

Tax-free combat pay, free lodging and other benefits of military service may leave you with extra cash on hand. Before it disappears, make the most of the opportunity to ensure your long-term financial plan is on track:

1. Pay down debt, starting with the highest interest rate first.
2. Build an emergency fund with three to six months of living expenses.
3. Invest for the future by making an extra contribution to the TSP or an IRA.
4. Protect your assets by updating all insurance policies to cover you appropriately.
5. Make an estate plan with a will, power of attorney and healthcare directive.

## **[SUGGESTED PULL QUOTE]**

“Service members who maximize their benefits may find themselves the envy of their private sector counterparts.”