

Military Saves Month 2021 Article

Every year in April, the Military Saves Campaign dedicates the entire month to encouraging and helping individuals and families in the military save more money. The goal is for military families to be able to save for their long-term goals and pay down debts by taking the Military Saves Pledge. Taking the pledge represents a commitment to financial freedom and the creation of a personal spending plan. To this end, the Military Saves Campaign uses the month of April to help participants reach their goals with guides and themes to assist them in their journey.

Saving and building wealth should be a part of anyone's long-term goals, but it can especially make the difference for military members who may find themselves moving frequently or facing an unexpected deployment. Military Saves has a variety of programs, plans and resources to help military members and their families save more money.

Saving Automatically

Saving automatically can be one of the best and easiest ways to save since it will continue to happen once it's put in place. It truly is one of those "set it and forget it" savings options. There are lots of potential ways to save automatically, continue reading to find out some of the best options for military members:

Automatic Savings Transfers – Schedule automatic transfers from your checking account to a separate savings account.

Direct Deposit – Send a chunk of your direct deposited paycheck to your separate savings account before you ever "see" the money.

Pre-Tax Money – You have the option to contribute money to your military Thrift Savings Plan for retirement. Any contributions will be tax deferred.

Get Tech Savvy – Using apps like Acorns or Digit takes automated saving to the next level. These apps will actually take a small amount from your purchases or bank account and save or invest it for you.

Saving for Emergencies

Set a Monthly Goal – This can be accomplished by automatically transferring funds to a savings account from your paycheck. It's recommended to have 3 to 6 months of emergency income saved up, so calculate how much you'll need to save on a monthly basis to reach this goal as quickly as possible.

Keep the Change – Use Apps like Acorns to round up on your purchases and move the extra money to a savings account. Get a cash-back credit card and move the rewards to a savings account.

Save Your Tax Refund – If you expect to get a refund at tax time, it might be a good idea to put that extra cash into a savings account for emergencies.

A High-Yield Savings Account – Make sure your emergency fund is held in a quick access, high interest savings account rather than a long-term investment fund.

Saving to Retire

Start Early! – Possibly the best advice when it comes to saving for retirement is to start as early as possible. Because of compound interest, someone who starts saving in their early twenties will have exponentially more money upon retirement than someone who started saving even a few years later.

Take Advantage of Your Workplace Retirement Savings Plan – Whether you're employer offers a 401(k), IRA, Roth IRA or 403(b), take advantage of whatever you can, especially if it's employer-matched.

Invest, but the Boring Kind – Unless you're a Wall-Street genius, don't try to get too fancy with your investment accounts. Stick with Index Funds that have a good chance of getting you a 4-7% return a year.

Save by Reducing Debt

Let's be blunt, none of the above saving advice will prove to be very helpful if you're stuck with thousands of dollars in credit card debt. Even if your credit card debt is minimal but you're still making car or student loan payments, it may be best to direct any extra money to paying down these debts as soon as possible. Aside from contributing to retirement and an emergency fund, paying off any outstanding debts should be your first priority before investment accounts or other savings. This is especially true when considering the high interest rates most credit cards and even car loans come with. Once you have cancelled your debt or even reduced it to a manageable level, you'll be ready to apply the above savings advice.

Resources

There are tons of resources for help in saving money and reducing debt, and many especially designed for the military community.

Military Specific Banks and Savings Accounts

USAA – Traditional checking and savings accounts available, with a .05% to .25% savings APY. No monthly service fees and industry-leading security.

Navy Federal Credit Union – No monthly service fees, no minimum balance requirements, early access to military pay available, free active duty checking. Savings APY of .25% to .40%

PenFed Credit Union – Traditional checking and savings accounts available, as well as a host of other services. Savings APY of .45%

Security Service Federal Credit Union – No monthly service fees and a starting savings APY of .05%

Service Credit Union – No monthly service fees, early pay with direct deposit and .25% to 5% savings APY.

Online Resources

Military Saves – Military Saves has a plethora of online resources. You can even sign-up to receive regular newsletters and/or mailers.

Thrift Savings Plan – Your online resource for everything you need to know about the Thrift Savings Plan.

Military OneSource – This site is part of the Department of Defense's support network for the military. Information on all sorts of military programs and resources can be found.

Military Benefits – Military Benefits is a trusted and independent source of military and veterans related benefits.

In-Person Resources

Although current health regulations may prohibit these activities, many military installations offer financial planning events, fairs, seminars and classes during the month of April. Check with your local installation to inquire about in-person or virtual events.

About Military Saves Month

Military Saves Month is just one of the many programs run by the Military Saves campaign with the ultimate goal of promoting financial readiness throughout the military. Military Saves is coordinated by the Consumer Federation of America (CFA) and is a participant in the Department of Defense Financial Readiness Network. They work with government agencies, credit unions, banks and other non-profit organizations to promote savings and debt reduction. One of the main components of Military Saves and the DoD's Financial Readiness Network is the recognition that the financial health of military members and their families is an essential part of the overall health of the Force. Military Saves also makes a special effort to engage military spouses, recognizing the important role spouses play in the overall health of the military family. They are proud partners in the Military Spouse Employment Partnership program.

Military Saves Month takes place in April every year and is centered around the push for the military community to take the Military Saves Pledge. The pledge is a commitment to save money, reduce debt and build wealth through developing a personal financial plan, establishing good credit and enrolling in military-specific savings programs.

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