

**Family Readiness Group  
Computer-Based Training**

**Module 10: Finance**



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## **1. MODULE 10: FINANCE**

Financial issues are a common challenge for families of deployed Soldiers, ranging from lack of knowledge of the Army's pay system to poor financial management to mistakes with pay. Financial problems spill into all aspects of a family's life, and small problems can escalate quickly without education, assistance, and appropriate referrals.

### **Lessons**

- Understanding Basic Military Pay
- Financial Resources
- Legal Aspects of Financial Readiness

In this lesson, we will discuss the following FRG Leader responsibilities:

- Explaining the Leave and Earnings Statement.
- Understanding the myPay website.
- Coordinating with unit commander for family finance briefings.
- Referring to personal financial readiness.
- Obtaining special power of attorney for special financial requirements.

### **1.1. Understanding Basic Military Pay**

#### **1.1.1. Military Pay Stub**

The military pay system is very different from a civilian pay system. For family members, it may seem more complicated because there are more items to keep track of (such as leave time and allotments), and the terms and acronyms may be unfamiliar. Family members should understand how to read a Leave and Earnings Statement (LES) in order to ensure correct payments and entitlements in the absence of their Soldiers.

Soldiers receive LES and Net Pay Advice (NPA) forms every month. The LES is simply another name for a pay stub. It shows the number of leave days earned, taxes paid, net and gross salary for the pay period and the year-to-date, and other vital information. NPAs are issued to all active Army Soldiers at mid-month. The purpose of the NPA is to provide mid-month pay data and administrative remarks. The Soldiers' LES and NPA forms should be carefully reviewed each month.

Visit [www.dod.mil](http://www.dod.mil) to view a booklet entitled "Understanding your LES" for active-duty Soldiers.

#### **1.1.2. Basic Military Pay**

Every Soldier receives basic military pay as compensation for work done. This basic pay varies with the military pay scale and the Soldier's time in service. Basic military pay also increases with promotion to compensate for rise in leadership and responsibility.

The military pay scale may change each year due to cost-of-living adjustments and Congressionally-mandated pay increases. The current military pay scale is available on-line at [www.dod.mil/dfas/money](http://www.dod.mil/dfas/money).

### **Allotments**

An allotment is a payment directly from the Soldier's pay, by the Soldier's choice. Many Soldiers who go on extended temporary duty (TDY) set up "discretionary allotments" for their spouses back home. Allotments may also be used to automatically forward money into another bank or savings account, to purchase savings bonds or insurance, to pay monthly rent or car payments, or for other automatic payments. It is important to remember that allotments are only paid out once a month.

### **Garnishments**

The Defense Finance Accounting Service (DFAS) processes child/spousal support garnishments and commercial debt garnishments. These debts are first approved through the state court systems and then approved by DFAS.

These are court orders specifying an amount the Soldier must pay monthly in child/spousal support or until the commercial debt is paid in full. The amount will be held from the Soldier's pay each month and forwarded to the appropriate recipient.

### **No Pay Due**

No pay due is exactly that ... \$0.00 on the end-of-month LES. A no pay due could occur if a Soldier has been fined, has forfeited all pay under a Uniformed Code of Military Justice (UCMJ) punishment, or has had to reimburse the government for lost property. Also, AAFES may take a lump-sum payment from a Soldier's pay if a Deferred Payment Plan (DPP) account is in "collection" status.

### **Leave**

Soldiers on active duty earn 30 days of leave per year at the rate of 2 1/2 days a month. Soldiers may accrue and carry forward a total of 60 days accrued leave into the next fiscal year. Leave not used prior to 30 September that exceeds the 60-day limitation will be considered lost leave. However, Soldiers who served in an area in which they were entitled Hostile Fire Pay (HFP) or Imminent Danger Pay (IDP) for at least 120 continuous days are authorized to exceed the 60-day limitation.

#### *1.1.3. Entitlements and Special Pays*

In addition to basic pay, a Soldier's compensation may include entitlements (such as a housing allowance and food allowance), special pays, enlistment and reenlistment bonuses, and military medical care, among others. These entitlements and pays compensate for unique skills and specific events.

The military compensation system covers more than 70 different types of pay and allowances. Major allowances in military pay, like housing and food, are not subject to federal income tax withholding, which is a tremendous benefit.

### **Basic Allowance for Subsistence (BAS)**

BAS is meant to offset costs for a Soldier's meals and is based in the historic origins of the military in which the military provided room and board (or rations) as part of a member's pay. This allowance is not intended to offset the costs of meals for family members.

Because BAS is intended to provide meals for the service member, its level is linked to the price of food. Therefore, each year it is adjusted based upon the increase of the price of food as measured by the USDA food cost index.

### **Basic Allowance for Housing (BAH)**

BAH is an allowance to offset the cost of housing when not receiving government-provided housing. BAH depends upon location, pay grade, and number of dependents. BAH rates are established such that members in each pay grade, independent of location, pay approximately the same out-of-pocket costs. Therefore, BAH rates in high-cost areas will be much greater than those in low-cost areas.

Specialty pays and allowances compensate for unique situations. Here are some common specialty pays and allowances:

**Family Separation Allowance (FSA):** This entitlement is payable to Soldiers with family members who are deployed for 30 consecutive days or more and is designed to defray minor costs incurred due to the enforced separation.

**Hardship Duty Pay – Location (HDP-L):** During deployment to designated location, HDP-L is paid to both officer and enlisted service members.

**Hostile Fire Pay/Imminent Danger Pay (HFP/IDP):** This entitlement is payable for any time during the month spent in a designated HFP/IDP area.

**Combat Zone Tax Exclusion (CZTE):** According to the Internal Revenue Service (IRS), service members who serve one or more days in a designated combat zone are entitled to federal tax exclusion benefits for that entire month.

**Cost of Living Allowance (COLA):** COLA is a cash allowance intended to enable an equitable standard of living in areas where cost of living is unusually high. Members permanently assigned to designated areas receive this entitlement. During a deployment, COLA entitlement does not normally change. Soldiers who were entitled to COLA prior to deployment generally continue to receive COLA. Rates vary by rank, dependent status, dependent number, and assigned permanent duty station. The rate normally does not change as long as command-sponsored family members remain in the designated area.

#### *1.1.4. myPay Website*

DFAS directs the myPay website at <https://mypay.dfas.mil>. This on-line program allows Soldiers to manage pay information, LESs, W-2s, travel advice of payment, and more. Soldiers can request a full-access personal identification number (PIN).

The PIN will allow a Soldier to make the following changes online:

Direct deposits

Federal and state tax withholding

Thrift Savings Plan contributions, allotments

If a Soldier shares this full-access PIN with a family member or another person, that individual will have full access to the Soldier's military pay account.

Soldiers may also request a restricted access PIN for their myPay accounts. It can be used by a family member (or designee) to view and print LESs and W-2s without the ability to actually change pay information. Many Soldiers obtain a restricted access PIN for family members to access pay information during deployments.

## **1.2. Financial Resources**

### **1.2.1. Financial Responsibility**

As an FRG Leader, you will be an important resource to families as you identify problems and make referrals to appropriate resources. Consider implementing a tracking mechanism of issues and resolutions in order to prevent family members from “slipping through the cracks.” You can document actions taken, follow trends, and address potential training needs.

Financial problems can create stress that flows into everyday life. These stressors can quickly escalate into other issues; however, problems that are identified and addressed in early stages will hopefully not grow into more serious problems or events.

Examples of indicators for financial problems might include:

- money mismanagement
- high levels of debt
- alcohol or drug abuse
- housing eviction notices

FRG Leaders should utilize the installation and community resources to offer resources to individual family members. If large-scale problems or education needs are observed, consider working with the unit commander to coordinate financial training for the entire FRG membership.

Additionally, some unit has a Command Financial Specialist, or CFS, who can answer specific and general financial questions.

### **1.2.2. Resources**

#### **Army Community Services (ACS) Financial Readiness Program**

ACS offers an extensive Financial Readiness Program focusing on military financial education and support. Professionally trained financial counselors provide free services to assist all military Department of Defense (DOD) and Non-Appropriated Funds (NAF) civilian employees, retirees, and their families.

#### **Consumer Affairs Program**

ACS offers assistance with consumer complaints and resolution of issues as well as a wide variety of personal finance and consumer education classes. These classes are often available for presentation to units and FRGs.

Classes include topics such as:

- buying cars
- checkbook management
- couples and money
- identity theft
- investing, and budgeting

### **Army Family Team Building (AFTB)**

AFTB gives family members the tools to be self-reliant within the military structure. The FRG Leader can recommend that family members, especially those new to the Army or to handling the family's finances, attend AFTB's Level I courses. AFTB offers a course that includes detailed information on how to read a LES and understand basic Army finances. Other lessons, such as "Military Benefits" and "Entitlements and Financial Readiness," address specific family member needs.

In many locations, AFTB can schedule specific classes suited to the needs of the individual unit and FRG. Work with the unit commander to identify topics of interest to your Soldiers and family members. These classes are also available online at no cost at: <http://www.myarmylifetoo.com>

### **Military OneSource**

The military has a telephonic counseling service called Military OneSource. At [www.militaryonesource.com](http://www.militaryonesource.com), this free service supplements existing family programs by providing 24-hour, seven-days-a-week service toll-free. This information and referral telephone line service is available to active and mobilized reserve component Soldiers, deployed civilians, and their families worldwide.

Military OneSource can provide on-the-spot information and assistance on a wide range of issues that include, but are not limited to:

- Financial problems
- Debt management
- Associated stressors

It can also arrange for up to six in-person counseling sessions with a local, licensed counselor at no cost to the Soldier or family member. For first-time users to the website, enter "Army" as the User ID and "OneSource" as the password.

### **Army Emergency Relief (AER)**

This private non-profit organization was incorporated in 1942 by the Secretary of War and the Army Chief of Staff to provide emergency financial assistance. AER helps the Army take care of its own by helping commanders meet their responsibilities for the morale and welfare of Soldiers. AER can help with emergency financial needs; food, rent, or utilities; emergency transportation and vehicle repair; funeral expenses; medical and dental expenses; and personal needs when pay is delayed or stolen. Find more information at [www.aerhq.org](http://www.aerhq.org).

### **Budget Counseling**

Budget counseling allows a client to meet with a financial counselor and discuss the management of their personal finances. Budget counseling also offers assistance in bankruptcy counseling, purchasing automobiles, and repaying creditors.

### **Command Financial Noncommissioned Officer (CFNCO) Program**

All battalion-sized element has a financially stable CFNCO who manages the unit's CFNCO program.

Services offered by the CFNCO include:

- Conducting partial financial evaluations
- Provide budget counseling
- Referring Soldiers and family members to appropriate resources or agencies
- Present financial readiness and consumer training as part of the command program
- Screen and counsel AER referrals
- Attend pre-deployment briefings to explain available resources to family members

### **Financial Literacy Program (FLP)**

Financial literacy is an integral part of mission readiness and quality of life. Designed by the DOD, the purpose of the FLP is to increase personal readiness by reducing the stressors related to financial well-being. This program will assist Soldiers and family members in financial awareness, savings, debt reduction, and protection against predatory practices.

#### *1.2.3. Federal and State Assistance Programs*

Soldiers are often reluctant to ask for assistance; however, there are many Federal and state programs in place to assist Soldiers and family members. By using these programs, families can save a few hard-earned dollars for use in other areas of household management.

ACS Financial Readiness Program/Reserve Component Family Programs Office offers assistance with government programs by providing:

- Information
- Eligibility guidelines
- Referral and/or registration for each area

Some common programs include:

### **Commodities**

This U.S. Department of Agriculture (USDA) surplus food program can provide food, such as cheese, butter, peanut butter, honey, and canned goods.

### **Family Subsistence Supplemental Allowance (FSSA)**

This program increases a Soldier's BAS by an amount intended to remove the member's household from eligibility for benefits under the USDA Food Stamp Program.

### **Food Stamps**

This program provides monthly benefits that help households buy the food that they need to maintain good health. For most households, food stamps are only part of their food budget. Families must spend some of their own cash along with their food stamps in order to buy enough food for the month.



## **Head Start**

Head Start is the longest-running national school readiness program in the United States. It provides comprehensive education, health, nutrition, and parent involvement services to low-income preschool aged children and their families.

## **Special Supplemental Nutrition Program for Women, Infants, and Children**

Better known as the WIC Program, this program serves to safeguard the health of low-income women, infants, and children up to age five who are at nutritional risk. It provides nutritious foods to supplement diets, such as iron-fortified infant formula, milk, cheese, and eggs. WIC also provides information on healthy eating and referrals to healthcare. Visit [www.fns.usda.gov/wic/](http://www.fns.usda.gov/wic/) for details.

## **2. Legal Aspects of Financial Readiness**

The Legal Assistance Division of the Office of the Staff Judge Advocate (SJA) is committed to helping Soldiers, retirees, and their family members by providing no cost legal advice and assistance in preparing legal documents.

A power of attorney (POA) is a written instrument that allows the "principal" to authorize the agent (or the "attorney-in-fact") to conduct certain business on the principal's behalf. It is one of the strongest legal documents that someone can give to another person. Every act performed by the agent within the authority of the POA is legally binding upon the principal.

There are two types of POAs: a general POA and a specific POA. Army Legal Assistance staff can prepare a general or specific POA based on the Soldier's needs and desires.

### **2.1. Summary – Key Points for Finance**

Financial issues are a common challenge for families of deployed Soldiers, ranging from lack of knowledge of the Army's pay system to poor financial management to mistakes with pay. Financial problems spill into all aspects of a family's life, and small problems can escalate quickly without education, assistance, and appropriate referrals.

Major topics covered in this module include understanding basic military pay, financial resources, and legal aspects of financial readiness. FRG Leaders can be expected to be able to explain an LES, coordinate with unit commander for family finance briefings, and refer families to appropriate agencies regarding personal financial readiness.

#### **Resources**

<https://mypay.dfas.mil/mypay.aspx>, the myPay website

[www.aftb.org](http://www.aftb.org), Army Family Team Building website

[www.militaryonesource.com](http://www.militaryonesource.com), Military OneSource website

[www.myarmylifetoo.com](http://www.myarmylifetoo.com), Army Community Service website