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HEADQUARTERS
DEPARTMENT OF THE ARMY



PERSONAL FINANCIAL READINESS
AND
DEPLOYABILITY HANDBOOK

AUGUST 2003

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**PERSONAL FINANCIAL READINESS AND DEPLOYABILITY
HANDBOOK**

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PREFACE

This training circular is designed for soldiers in the active component (AC) and the reserve component (RC) (which includes the Army National Guard (ARNG) and the United States Army Reserve (USAR)). It explains the Army's pay system and answers questions concerning basic financial matters. At the end of each chapter there are practical exercises covering the material in the chapter. Chapter 8 contains answers to all of the practical exercises.

This training circular will help soldiers understand the military pay and travel systems, spending and saving, investments, and, most importantly, assist soldiers in preparing for financial readiness--in peacetime and during any type of deployment. Remember that this is a guide to be used by all soldiers.

Chapter 1 explains the monthly pay and allowances soldiers are entitled to as well as the monthly deductions from their pay. These deductions include taxes as well as voluntary deductions such as allotments and charitable donations. This chapter gives an overview to all soldiers on how the Army pay system works, what entitlements soldiers receive, how soldiers receive their pay, and programs offered for retirement.

Chapter 2 outlines the entitlements for Active Component (AC) and Active Guard/Reserve (AGR) soldiers on active duty and answers specific questions about individual Leave and Earning Statements (LESs), the mid-month Net Pay Advice (NPA), and additional entitlements for deployed soldiers.

Chapter 3 outlines the entitlements for RC soldiers and answers questions about entitlements, individual LESs, the mid-month NPA, and mobilization allowances.

Chapter 4 explains travel pay, how to file travel claims and shows block by block how to complete a travel voucher.

Chapter 5, which is probably the most important chapter of this circular, tells soldiers and their families how to prepare for deployment.

Chapter 6 explains credit and banking services as well as offers practical advice on establishing and utilizing credit and various banking services.

Chapter 7 covers budgeting techniques and general information on investments.

The final chapter, chapter 8, contains the answers to the practical exercises, which are located at the end of each chapter.

Appendix A is for unit commanders. It outlines differences in the AC and RC pay systems and provides an excellent training tool for Commanders' use when introducing new soldiers to the Army pay system.

This publication uses both narrative and question-and-answer formats to present information. Read each question as if you were asking it yourself. Review the answers and if you come across an answer you do not understand or if you have further questions, which are not answered in this circular, talk to your chain-of-command. If your leaders don't know the answer, they will assist you in getting the right answer.

You are encouraged to read this entire publication and complete the practical exercises at the end of each chapter. After completing the exercises, keep this circular handy as a reference.

The proponent for this publication is the U.S. Army Finance School. Send comments and recommendations on a DA Form 2028, Recommended Changes to Publications and Blank Forms, directly to:

Commandant
U.S. Army Finance School
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When used in this publication, all masculine or feminine pronouns refer to both genders, unless otherwise stated.

**CHAPTER 1
PAY, ALLOWANCES, AND DEDUCTIONS**

This chapter explains the Army's pay system, emphasizing how much money soldiers are entitled to and how the Army pays them.

This chapter covers pay, allowances and entitlements paid to soldiers. Thus, it covers a lot of subjects, including monthly base pay, basic allowance for housing (BAH), basic allowance for subsistence (BAS), continental United States cost of living allowance (CONUS COLA), family separation allowance (FSA), outside continental United States cost of living allowance (OCONUS COLA), overseas housing allowance (OHA), clothing allowance, per diem allowances, and special pays for special duty.

BASE PAY

Basic pay is the fundamental component of military pay. The monthly base pay of soldiers is prescribed by law. A soldier's grade and years of service determines the amount of basic pay received. Soldiers' base pay is taxable and is calculated according to pay grade and years of service. Active Component basic pay charts are listed at <http://www.dfas.mil>.

**ACTIVE COMPONENT PAY TABLE
(Effective 1 January 2003)**

PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20
COMMISSIONED OFFICERS												
O-10	0	0	0	0	0	0	0	0	0	0	0	11874.90
O-9	0	0	0	0	0	0	0	0	0	0	0	10563.60
O-8	7474.50	7719.30	7881.60	7927.20	8129.40	8468.70	8547.30	8868.90	8961.30	9238.20	9639.00	10008.90
O-7	6210.90	6499.20	6633.00	6739.20	6930.90	7120.80	7340.40	7559.40	7779.00	8468.70	9051.30	9051.30
O-6	4603.20	5057.10	5388.90	5388.90	5409.60	5641.20	5672.10	5672.10	5994.60	6564.30	6898.80	7233.30
O-5	3837.60	4323.00	4622.40	4678.50	4864.80	4977.00	5222.70	5403.00	5635.50	5991.90	6161.70	6329.10
O-4	3311.10	3832.80	4088.70	4145.70	4383.00	4637.70	4954.50	5201.40	5372.70	5471.10	5528.40	5528.40
O-3	2911.20	3300.30	3562.20	3883.50	4069.50	4273.50	4405.80	4623.30	4736.10	4736.10	4736.10	4736.10
O-2	2515.20	2864.70	3299.40	3410.70	3481.20	3481.20	3481.20	3481.20	3481.20	3481.20	3481.20	3481.20
O-1	2183.70	2272.50	2746.80	2746.80	2746.80	2746.80	2746.80	2746.80	2746.80	2746.80	2746.80	2746.80
PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY SERVICE AS AN ENLISTED SOLDIER OR WARRANT OFFICER												
O-3E	0	0	0	3883.50	4069.50	4273.50	4405.80	4623.30	4806.30	491.001	5054.40	5054.40
O-2E	0	0	0	3410.70	3481.20	3591.90	3778.80	3923.40	4031.10	4031.10	4031.10	4031.10
O-1E	0	0	0	2746.80	2933.70	3042.00	3152.70	3261.60	3410.70	3410.70	3410.70	3410.70
WARRANT OFFICERS												
W-5	0	0	0	0	0	0	0	0	0	0	0	5169.3
W-4	3008.10	3236.10	3329.10	3420.60	3578.10	3733.50	3891.00	4044.60	4203.60	4356.00	4512.00	4664.40
W-3	2747.10	28620	2979.30	3017.70	3141.00	3281.70	3467.40	3580.50	3771.90	3915.60	4058.40	4201.50
W-2	2416.50	2554.50	2675.10	2763.00	2838.30	2993.10	3148.50	3264.00	3376.50	3453.90	3579.90	3705.90
W-1	2133.90	2308.50	2425.50	2501.10	2662.50	2782.20	2888.40	3006.90	3085.20	3203.40	3320.70	3409.50

PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20
ENLISTED SOLDIERS												
E-9	0	0	0	0	0	0	3564.30	3645.00	3747.00	3867.00	3987.30	4180.80
E-8	0	0	0	0	0	2975.40	3061.20	3141.30	3237.60	3342.00	3530.10	3625.50
E-7	2068.50	2257.80	2343.90	2428.20	2516.40	2667.90	2753.40	2838.30	2990.40	3066.30	3138.60	3182.70
E-6	1770.60	1947.60	2033.70	2117.10	2204.10	2400.90	2477.40	2562.30	2636.70	2663.10	2709.60	2709.60
E-5	1625.40	1733.70	1817.40	1903.50	2037.00	2151.90	2236.80	2283.30	2283.30	2283.30	2283.30	2283.30
E-4	1502.70	1579.80	1665.30	1749.30	1824.00	1824.00	1824.00	1824.00	1824.00	1824.00	1824.00	1824.00
E-3	1356.90	1442.10	1528.80	1528.80	1528.80	1528.80	1528.80	1528.80	1528.80	1528.80	1528.80	1528.80
E-2	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00	1290.00
E-1>4	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80	1150.80
E-1<4	1064.70	0	0	0	0	0	0	0	0	0	0	0

NOTE -- BASIC PAY FOR O-7 AND ABOVE IS LIMITED TO \$11,874.90 LEVEL III OF THE EXECUTIVE SCHEDULE
NOTE -- BASIC PAY FOR O-6 AND BELOW IS LIMITED TO \$10,449.90 LEVEL V OF THE EXECUTIVE SCHEDULE

Soldiers are entitled to non-taxable allowances in addition to monthly base pay. An allowance is a monetary amount paid to a soldier in lieu of furnished government quarters, government meals, or to compensate for other circumstances which may create a financial hardship for soldiers because of their military service (e.g., higher cost of living in certain geographic areas and deployments causing soldiers to be separated from families).

PAY RAISES

Annual pay raises are linked to the increase in private sector wages. Beginning with the January 1, 2000, pay raise, annual pay raises through 2006 were to be one-half percent above private-sector average increases. This is an important change. Since passage of a 1990 law, the military annual pay raise has been capped at one-half percent below private-sector growth unless specifically granted a larger increase by Congress. The FY2000 National Defense Authorization Act directed that pay raises for 2000 through 2006 will automatically be above “ percent the private-sector wage increases.” Pay raises may exceed these automatic levels if authorized and funded by Congress. The pay raise for January 2001 was 3.7%.

In January 2002, officers received a minimum of 5% and enlisted soldiers a minimum of 6% pay raise. Some grades with certain years of service received a higher increase--up to 10%. The average increase was 6.9%.

BASIC ALLOWANCE FOR HOUSING (BAH)

BAH is an allowance to offset the cost of housing when you do not receive government-provided housing. Your BAH depends upon your location, pay grade, and whether you have dependents. The rates are established such that soldiers in each pay grade, independent of location, pay approximately the same out-of-pocket costs.

There are several types of BAH to satisfy various housing situations that occur among military soldiers. In general, the amount of BAH you receive depends on your location, pay grade, and whether you have dependents. Under most circumstance, you receive BAH for the location where you are assigned, not where you live. Additionally, you may be entitled to some BAH amounts if you are residing separately from your dependents. This occurs in situations involving unaccompanied overseas tours or having a dependent child that resides with a former spouse. The rates are published on the Per Diem Committee web page www.dtic.mil/perdiem/bah.html.

Basic allowance for housing (BAH) is tax free money the Army pays soldiers for housing. There are three categories which determine the rate of BAH individuals are paid. These categories are:

- Partial Rate: This BAH rate is for soldiers living in barracks or government bachelor quarters. Soldiers assigned to sea or field duty are considered to be assigned to government quarters and are paid the partial rate.
- BAH II: This rate is for soldiers living off post with at least one family member meeting the official definition of a dependent. This rate does not increase with the number of dependents. BAH II is set based on the old Basic Allowance for Quarters (BAQ), which is based on the national average for housing.
- BAH: This rate applies to a soldier who is assigned to single-type quarters and who is authorized a basic allowance for housing solely by reason of the soldier's payment of child support. A soldier is not entitled to BAH-DIFF if the monthly rate of the child support is less than the BAH-DIFF. BAH-DIFF is equal to the difference between BAH-II with dependents and BAH-II without dependents.

Depending on the availability of housing and local policy, soldiers in the rank of SFC or higher may elect not to occupy government quarters and reside off post at any time, unless their mission or local policy requires living on post. The rate of BAH paid to these soldiers is determined by whether or not they have dependents.

SSGs and below, who are married, may also reside off-post if family housing is not available. Again, their BAH rate will be paid at the "with dependents" rate unless their spouse is also an active duty soldier.

When a soldier is married to another soldier with no other dependents and they reside off post each soldier receives BAH at the "without dependents" rate.

Generally, single soldiers (SSG and below) will stay in the government quarters and receive partial BAH.

Soldiers of the National Guard and United States Military Reserves do not receive a housing allowance when performing weekend drill duty.

Guard and Reserve soldiers on active duty for less than 140 days receive a different type of housing allowance than active duty soldiers. This type of housing allowance is known as Basic Allowance for Housing, Type II, and pays less, on average, than Basic Allowance for Housing (BAH) Type I, which is based upon a soldier's rank, dependency status, and location of assignment.

BAH Type II, on the other hand is not dependent upon location of assignment. It is the same, regardless of where the National Guard/Reserve soldier is stationed.

National Guard and Reserve military personnel who are on active duty for 140 days or longer receive **BAH Type I**. This is the same housing allowance received by active duty soldiers.

Additional information and basic allowance for housing charts can be found at <http://www.dfas.mil>.

**BASIC ALLOWANCE FOR HOUSING TYPE II, DIFFERENTIAL AND PARTIAL
(Effective 1 January 2003)**

Pay Grade	Partial BAH	BAH-II with Dependent Rate	BAH-II without Dependent Rate	BAH-DIFF
O-10	50.70	1256.40	1020.92	249.90
O-9	50.70	1256.40	1020.92	249.90
O-8	50.70	1256.40	1020.92	249.90
O-7	50.70	1256.40	1020.92	249.90
O-6	39.60	1131.00	936.60	207.00
O-5	33.00	1090.20	901.80	200.10
O-4	26.70	960.90	835.50	132.90
O-3	22.20	795.00	669.90	132.60
O-2	17.70	678.60	531.30	156.60
O-1	13.20	607.20	447.60	169.50
O-3E	22.20	854.40	723.30	139.50
O-2E	17.70	771.00	614.70	166.50
O-1E	13.20	712.50	528.90	195.00
W-5	25.20	927.90	849.00	83.10
W-4	25.20	850.50	753.90	102.30
W-3	20.70	779.70	633.90	154.50
W-2	15.90	716.70	562.50	163.20
W-1	13.80	619.80	471.30	157.80
E-9	18.60	816.30	619.20	208.80
E-8	15.30	752.70	568.50	195.30
E-7	12.00	698.70	485.40	226.50
E-6	9.90	645.90	439.50	218.70
E-5	8.70	580.80	405.30	186.00
E-4	8.10	504.60	352.50	161.10
E-3	7.80	469.80	345.90	131.70
E-2	7.20	447.60	281.10	176.70
E-1 >4	6.90	447.60	250.80	208.80
E-1 <4	6.90	447.60	250.80	208.80

BASIC ALLOWANCE FOR SUBSISTENCE (BAS)

In theory, the military either furnishes three meals a day or pays its soldiers a tax free food allowance, which is known as the basic allowance for subsistence (BAS), commonly referred to as separate rations for enlisted soldiers. BAS is meant to offset costs for a soldier's meals.

Beginning on January 1, 2002, all enlisted soldiers received full BAS, and will pay for their meals (including those provided by the government). Because BAS is intended to provide meals for the soldier, its level is linked to the

price of food. Therefore, each year it is adjusted based upon the increase of the price of food measured by the USDA food cost index.

Because soldiers are assigned to a variety of situations, some of which either mandate or prevent obtaining meals from a government facility, there are two types of BAS. Enlisted soldiers entitled to BAS may lose this food allowance when they go on deployments or are assigned to field or sea duty because they are given rations. The rationale behind this is that they are provided their meals and therefore they do not need money to buy food. Their BAS may be re-initiated upon their redeployment. Congress determines whether this allowance will be paid based upon the deployment.

ENLISTED

When authorized to mess separately	\$242.81/month
When rations-in-kind are not available	\$262.50/month

All officers, married or single, receive BAS, and pay for all of their meals, including those in a government dining facility. Officers on field or sea duty continue to get BAS, but they are required to pay for their meals. Money for the meals may be deducted from the officers' pay. This deduction is also in effect when essential unit mess is declared.

OFFICER

\$167.20/month

ESSENTIAL UNIT MESS

When the nature of the mission or training requires the unit soldiers to eat at the same time and place, essential unit mess can be declared. Officers will continue to receive their BAS but will pay for their meals at the discounted rate. Enlisted soldiers will not receive BAS but will receive their meals free.

FAMILY SEPARATION ALLOWANCE (FSA)

Soldiers serving a short dependent restricted tour, deployed, or TDY for longer than 30 days may receive \$100 per month extra money for being separated from their family members. This allowance is called family separation allowance (FSA) and is a tax-free allowance, which comes in two forms.

The most common form, FSA- II, provides an extra \$100.00 per month. It is paid to soldiers who are officially separated from their family for periods longer than 30 consecutive days. This allowance is paid on the 31st consecutive day and is retroactive to the first day of separation.

FSA-II is payable to a soldier married to another soldier regardless of whether the soldier has any non-active duty dependents as long as both soldiers were residing together immediately before being separated by reason of deployment or TDY.

The second form, FSA-I, goes to a smaller number of soldiers stationed overseas who were not able to bring their families to the overseas location and were unable to live in government quarters. Because these soldiers have to provide homes for their families in the States and for themselves while stationed overseas, Type I authorizes them an extra monthly BAH at the "without dependents" rate.

OUTSIDE CONTINENTAL UNITED STATES COST OF LIVING ALLOWANCE (OCONUS COLA)

Soldiers stationed overseas may be eligible for two major programs that help offset the added costs of foreign assignments.

The first program is a tax free allowance for soldiers living outside the U.S. - Outside the Continental United States Cost of Living Allowance (OCONUS COLA), which is a supplement to regular pay, designed to compensate for the

higher cost of living overseas. COLA payments vary with location, rank, and dependents.

The second program is "barracks COLA." Enlisted soldiers without dependent family members, who are living in barracks or on ships home-ported in many overseas locations, are eligible for "barracks COLA" which amounts to almost half of the full supplement for soldiers with families. Again, this is an allowance to help compensate for the higher cost of living overseas.

OVERSEAS HOUSING ALLOWANCE (OHA)

For soldiers living off post in overseas areas, the tax free overseas housing allowance (OHA) can be paid in addition to BAH. The allowance compensates soldiers for a majority of housing expenses.

CLOTHING REPLACEMENT ALLOWANCE

All officers receive a one-time tax-free initial payment of \$400 after commissioning to purchase uniforms and insignia.

Reserve officers can receive a supplemental allowance of \$100 when they enter active duty and serve for 90 days or longer - provided they have not received either the initial or supplemental uniform allowance for a period of active duty ending during the previous two years.

Active duty enlisted soldiers are paid a tax-free clothing allowance to defray the cost of maintaining uniforms and replacing worn-out uniforms. This allowance is paid each year at the end of their anniversary month. The anniversary month is the month the soldier entered the Army. Soldiers with less than three years of service receive the basic rate (on the assumption that their uniforms are still fairly new and don't need to be replaced as much). Additionally, their first annual payment will be only 1/2 of the allowance amount (on the assumption that little would have to be replaced during their first six months of service).

After three years of service, soldiers receive the standard rate each year. This allowance is effective on October 1, 2002.

Type	Army Enlisted	
	Male	Female
Initial	\$1172.73	\$1409.08
Basic	\$284.40	\$342.00
Standard	\$406.80	\$489.60

For more information about military enlisted clothing (uniform) allowances, see Department of Defense (DOD) Pay Regulation, Volume 7A (Active Duty & Reserve Pay), Chapter 29 -- Clothing Monetary Allowances.

CIVILIAN CLOTHING ALLOWANCE

When officers or enlisted soldiers are assigned to duty that requires them to wear civilian clothes, they receive a special tax free allowance for civilian clothing. This is a tax free allowance which is paid depending upon the expected tour length. This allowance is the same for men and women, officers and enlisted. The following rates from fiscal year 2001 are provided as an example:

Civilian Clothing Allowance – Officers and Enlisted (Effective January 1, 2003) (When Required to Wear Civilian Clothes on Duty)	
Initial Payment	\$822.03

Annual Replacement Payment	\$274.01
When on temporary duty (15 days in a 30 day period)	\$274.01
When on temporary duty (30 days in a 36 month period)	\$548.02

PER DIEM ALLOWANCE

For soldiers traveling on government business or performing duties at another post, government quarters and mess should be fully utilized when available. When government quarters and mess are unavailable, soldiers are entitled to per diem, which is a tax-free daily allowance for the added expenses of buying meals and/or living in hotels while on official business.

There are two types of per diem. The first and most common is for temporary duty (TDY) when soldiers are performing duty away from their unit of assignment. The other type is for soldiers traveling to a new duty assignment. Additionally, soldiers may receive an incidental portion of per diem (\$2.00 for CONUS; \$3.50 for OCONUS) when deployed or participating in a joint exercise, where the incidental payment is authorized.

Per diem reimbursements are meant to cover basic expenses for food and shelter. The per diem rates fluctuate periodically to reflect changing costs in different geographic areas. The per diem rates for all geographic areas are available in the appendices in the JFTR, volume I and on the Internet at: <http://www.dtic.mil/perdiem/pdrates.html>.

SPECIAL PAYS FOR SPECIAL DUTY

The military offers more than 50 special pays for special duties for active and reserve component soldiers. Some of these special pays are tied to particular skills, while others are used to compensate soldiers for unusual inconveniences or hazards.

Among the special pays are enlistment bonuses, imminent danger or hostile fire pay, flight pay, sea pay and income supplements to attract and keep medical specialists.

Each of these *special pays are taxable*. The importance of the special pays has been increasing since the advent of the all-volunteer military in 1973. A partial list of special pays follows.

Certain Places (Foreign Duty) Pay: Soldiers receive \$8 to \$22.50 a month for serving in the land area of the former Yugoslavia (i.e. Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Macedonia or Slovenia). The monthly rate is based on rank.

Enlistment Bonuses: These bonuses are paid to certain recruits with specialized skills.

Reenlistment Bonuses: These bonuses are paid to keep experienced, specialty skilled soldiers in uniform.

Imminent Danger/Hostile Fire Pay: Soldiers who are deployed from their unit of assignment and serve on land, aboard a ship, or in an aircraft within an area officially declared by the Secretary of Defense as a "hostile fire zone" or "imminent danger area" are eligible for hostile fire pay, which is an extra \$150 a month.

Hardship Duty Pay: Both officers and enlisted soldiers qualifying for hazardous duty pay are eligible for \$150 a month. Ten kinds of jobs qualify for this special pay, including demolition work, assignment on an aircraft carrier flight deck, dealing with toxic fuels or pesticides, and parachuting.

Dive Pay: The minimum amount of dive pay is \$150 monthly. Top diving pay for officers is \$215 and the top pay of \$340 a month is paid to enlisted master divers in the Army and Navy.

Foreign Language Proficiency Pay: Soldiers who learn a designated foreign language and maintain their ability to read, speak, and comprehend the language are paid up to \$100 a month as a career incentive.

Flight Pay: Technically called "aviation career incentive pay," this stipend recognizes the extra hazards inherent in flying military aircraft and encourages people to enter into and stay on flight status. Rank, time in service, and experience are all factored into calculating the monthly monetary entitlement. For commissioned and warrant officers the amount ranges from \$125 to \$840 monthly. For enlisted crewmembers the amount ranges from \$150 to \$250 per month when they are flying, with the amount based on the individual's rank.

Medical and Dental Pay: One of the largest gaps between military and civilian salaries appears in the medical and dental fields. To bridge this income gap, each branch of the service has initiated monetary incentive programs to attract, recruit and retain qualified medical personnel.

The special pays listed above only represent a partial list. For a complete list of entitlements, see the unit PAC supervisor.

SURE PAY

All soldiers are required to be paid by direct deposit to the financial institution of their choice. Direct deposit is commonly referred to as "SURE PAY" and it ensures that the soldiers pay is sent by electronic fund transfer (EFT) to their designated account on paydays. Active duty soldiers may elect to receive their pay only once a month or to receive two payments a month. RC soldiers are paid on the next scheduled payday following completion of their duty.

In the event that soldiers want to have their SURE PAY sent to a different financial institution or account, there are certain steps they must follow:

1. Fill out an application and signature card at the new financial institution.
2. Make the first deposit at the new institution or in the new account.
3. Obtain a Standard Form (SF) 1199 (Direct Deposit Sign-up Form) from their financial institution, which the finance institution should complete prior to the soldiers taking it to their PAC. Take the SF 1199 to the PAC and complete a DA Form 3685-R (JUMPS-JSS Pay elections). This will allow finance to establish or change where SURE PAY is deposited.

Note: *Do not close the old account until there is at least one SURE PAY deposit into the new account.*

CASUAL, ADVANCE, AND TRAVEL PAYMENTS

Casual Pay: A casual pay is basically an **emergency payment** of funds that have been earned but not yet paid. It is always a one-time lump sum collection from the soldier's next paycheck. A soldier who receives a casual pay could end up with a "**no pay due**" on the next pay day because the casual pay is not collected over a period of time, but is collected in full the following month after receipt of the casual pay. Commanders must approve requests for casual pays.

Advance Pay: An advance of base pay is an interest free loan from the Army, but this money **must be** paid back. An advance pay must be paid back within 12 months after receipt of payment, starting the month after it is first received. If soldiers can prove that a 12-month repayment schedule would cause undue financial hardship, they may be authorized to extend repayment over 24 months.

If soldiers are stationed outside of the continental United States (OCONUS) or in a high-cost area within the continental United States (CONUS), repayment of the advance pay **may** be paid back over 24 months.

An advance pay covers extra expenses normally caused by a permanent change of station (PCS) move. If conditions warrant, soldiers may receive up to one month's advance pay at their old duty station and/or two months' advance pay at their new duty station. Soldiers are required to itemize the expenses related to their PCS move in order to qualify for the advance pay. Advance pays are normally paid at the discretion of the commander and the finance officer.

PCS TRAVEL ADVANCE

A soldier is authorized a travel advance before proceeding on a permanent change of station (PCS) move. Advance PCS travel pay is 80% of the estimated cost of your allowable travel expenses. This money is for travel expenses only. If the advance payment is more than the soldier should have received, the amount not authorized must be paid back to the government *in one lump sum*.

Soldiers should save copies of travel advance vouchers and all receipts from trips. This information is needed to complete a travel voucher, DD Form 1351-2, once soldiers arrive at their new duty station. Once soldiers complete and submit their DD Form 1351-2 to their finance office, the finance office will compute the final travel payment with this information and will pay soldiers for eligible entitlements.

TRAVEL CHARGE CARD

The Army Travel Charge Card program is part of the Government Travel Charge Card program was implemented to provide a more efficient means of paying for official travel related expenses for government travelers. There are two types of accounts available with the current program: Individually Billed Accounts (IBA) and Centrally Billed Account (CBA).

IBA accounts are issued to individual government travelers for their use in paying their personal travel expenses related to their official travel. The cardholder, not the government, is responsible for payment of any charges made on the account. The cards are for official use only and the cardholder is required to read the cardholder agreement and sign a DOD Statement of Understanding acknowledging that fact. The traveler accepts the conditions set forth in the cardholder agreement when they sign the charge card application and affirms their understanding of the conditions of proper use of the charge card when they sign the Statement of Understanding. The Statement of Understanding also notifies the cardholder of disciplinary/administrative actions that are possible if the card is abused, misused, or the account becomes delinquent. Traveler's responsibilities for charge card payment are outlined in the Department of Defense Financial Management Regulations (DODFMR) Volume 9 Chapter 3 paragraph 030801. <http://www.dtic.mil/comptroller/fmr/09/index.html>

The Travel Charge Card Program is operated by Bank of America under a contract with the Federal government. The travel charge card is the way most travelers in the Army initially fund their TDY travel. If a soldier's commander decides he needs a card, the local program coordinator will provide an application and forward the completed application to Bank of America. Once soldiers get their cards, they can use it to charge travel expenses at hotels and restaurants and to get cash advances through automated teller machines (ATMs).

There are some important rules for using the travel charge card. First, it must be used **only** for official travel expenses, such as lodging, rental cars or meals. It is not for personal use. Second, the balance on the travel card account must be paid in full when the monthly bill from Bank of America is received. It is not a credit card -- the balance cannot be carried forward from one month to the next. If soldiers file their travel claim within three days after returning from TDY travel, they should get reimbursed before the travel card bill is due.

If soldiers misuse their travel card or become delinquent on their account, consequences can be serious. Bank of America will cancel cards on accounts which are 120 days delinquent in payment. They will also report the delinquency to the national credit bureaus, which will damage the soldiers' opportunities of getting credit in the future. The monthly reports that Bank of America sends to the unit will show if soldiers are misusing the card or if they are delinquent. The unit commander may decide to take disciplinary action.

TEMPORARY DUTY (TDY) TRAVEL PAYMENTS

Temporary duty (TDY) travel is official travel to perform duty at a location away from the permanent duty station. Soldiers may get advance travel funds before going TDY, either from their finance office or by using their travel charge card.

Soldiers who have a Bank of America travel charge card can use it to get cash advances through ATMs and to charge their expenses while they are traveling. Soldiers without a travel charge card can request an advance from their servicing finance office, which will transfer the advance electronically into the same account where the soldier's pay is deposited. Keep copies of the original receipts for lodging, rental cars, and miscellaneous receipts over \$75 and any advance pay vouchers (if an advance was taken). Original receipts are required when completing the travel voucher, DD Form 1351-2.

Soldiers must first check at the installation for government lodging availability, if none is available the soldier must receive a statement of non-availability. Remember each post and city has a different per diem rate for lodging and food. Per Diem rates are available in the applicable appendices in JFTR, volume I and on the Internet at: <http://www.dtic.mil/perdiem/pdrates.html>. Soldiers should check these rates before they start their TDY trip. They will not be reimbursed if they spend too much for their hotel or meals. If a soldier is TDY at an installation at which he will be permanently assigned immediately following his TDY period (e.g. TDY enroute), no per diem is payable.

TEMPORARY LODGING MONEY

During the process of leaving an old duty station and arriving at a new duty station soldiers may have to stay a few nights in a hotel or a guesthouse. If so, they may be able to receive temporary lodging allowance (TLA) and/or temporary lodging expense (TLE) payments. Check on eligibility for this allowance at the finance office **prior to planning a PCS move**. Normally, the payments are limited to 10 days between the old and new duty station for CONUS moves. Overseas temporary lodging duration limits vary. Soldiers may not receive temporary lodging while on leave.

CIRCUMSTANCES THAT WILL IMPACT UPON A SOLDIER'S PAY

Outprocessing: Once soldiers receive PCS orders they should schedule an appointment with their PAC or personnel section in order to obtain guidance about clearing their current unit of assignment, obtaining any advance pays, and to have any questions they may have answered.

Inprocessing: When soldiers arrive at their new duty station there are a few things they must do at the finance office. First, they must **file** their travel voucher, DD Form 1351-2. Their travel voucher will be computed at the finance office and soldiers will be paid any authorized travel money minus any advances they may have received. If their advances were more than their authorized amount, soldiers will have a debt to the government, which they must repay.

When soldiers inprocess at finance they must bring copies of any paperwork that may affect their pay. For example, copies of statement(s) of non-availability of government quarters, rental agreement, lease or mortgage paperwork for BAH purposes, marriage certificates, divorce decrees, birth certificates, adoption papers or anything else that may affect pay.

If soldiers are eligible to receive separate rations, BAH and/or any other allowances or entitlements, the PAC and the finance office will ensure the soldiers' pay, allowances, and entitlements are started. Also, if entitlements change in any way (start/stop FSA, foreign duty pay, etc.), the soldiers' pay account should reflect those changes on their next LES.

Separation Transitions: When a soldier leaves the service he must do a great deal of planning. First, on the month a soldier separates from service, **no allotments** will be deducted from his pay. It is important to plan ahead and ensure that any financial obligations that were previously paid by an allotment are paid by the soldier.

Any leave accrued on the day soldiers leave the Army, will automatically be cashed in, as long as it does not exceed the 60-day maximum. If soldiers owe any excess leave, which is leave already taken before accruing the leave, the amount of pay equal to the excess leave used will automatically be deducted out of their final separation payment.

Soldiers **will not** get a mid-month payment (if elected to receive mid-month pay) the month they separate. Their

leave and earning statement (LES) should be different the month before they separate. In the REMARKS section, it will say: "**DOS (date of separation), NO REENLISTMENT DATA, PAY WILL BE SUSPENDED (date).**" Soldiers planning to separate from the Army who do not get this message on their LES should see their PAC immediately.

If separation message appears on a soldier's LES who is not leaving the Army, a copy of the reenlistment contract must be brought to the PAC **IMMEDIATELY**.

Soldiers planning to separate from the Army should schedule an appointment with the clerk at their PAC at least 2 months prior to getting out in order to review and ensure that all of the separation paperwork is correct. This would be an ideal time to ask questions concerning final pay, allowances, and allotments, so those soldiers can plan accordingly.

When soldiers separate from the service, they will receive advance travel pay. This advance travel pay will pay soldiers from their final duty station to their home of record or location where they entered active duty. To obtain the remainder of their travel pay, soldiers must complete a DD Form 1351-2 and return it to their finance office. Normally, the soldier will receive the correct mailing address for the travel voucher during outprocessing appointments. Soldiers may also apply for a Do It Yourself Move (DITY) when separating from the Army.

Reenlistment: Depending on a soldier's MOS and his time in service he may receive a reenlistment bonus. If soldiers are entitled to a reenlistment bonus, they will receive their reenlistment bonus in installments less federal and State taxes. The first installment is equal to half of the bonus less Federal and State taxes. The remainder of the reenlistment bonus will be paid in equal annual installments -- the number of installments depends on the length of the enlistment. The reenlistment NCO will be able to tell soldiers the amount of the payments before taxes and the payment schedule.

When soldiers reenlist they may cash in up to 30 days of accrued leave as long as it is within 90 days of their ETS. Soldiers receive the amount of their base pay for the number of days they cash in, less any taxes. Remember, soldiers can only cash in 60 days of leave during their entire career.

DEDUCTIONS

There may be several deductions taken out of soldiers pay, such as taxes and fines. The most common deductions are taxes, which are explained below.

Federal Income Tax: All soldiers have to pay federal income tax on base pay and other types of pay. Some allowances, like BAH, are not taxable. Also, certain exemptions for combat and imminent danger pay zones may apply.

Federal Insurance Contributions Act (FICA) Taxes: This tax, deducted as FICA-MEDICARE and FICA-SOC SEC, is deducted from all salaries of employees covered by the Social Security Act. All soldiers must pay this tax.

The Army deducts these federal taxes from all entitlements that end in the word "PAY" (base pay, foreign duty pay, special duty pay, etc.).

State Income Tax: If a soldier's State of legal residence has a State income tax a soldier may have to pay State taxes depending upon the State. If required to pay State taxes these taxes will automatically be deducted from a soldier's pay.

In addition to taxes there are several other common deductions, which are explained below.

Army and Air Force Exchange Services (AAFES): All unpaid deferred payment plan (DPP) charges that are overdue will be deducted from a soldier's pay.

Uniformed Soldiers' and Sailors' Home (USSH): All Regular Army enlisted soldiers and warrant officers have 50 cents automatically deducted from their pay to contribute to the upkeep of these homes.

Servicemember's Group Life Insurance (SGLI): Individual soldiers elect to have up to \$20 deducted each month from their pay to purchase up to \$250,000 worth of life insurance. The amount of coverage and cost of SGLI changes periodically.

State Sponsored Life Insurance (SSLI): National Guard soldiers can purchase SSLI in addition to SGLI. Individual soldiers who elect to purchase SSLI have their insurance premiums automatically deducted from their pay.

Fines and Forfeitures: Commanders can take away some of soldiers' pay if they get into trouble and get an Article 15 or a court martial conviction.

Garnishments: Soldiers who are delinquent in alimony payments to a former spouse, child support payments, IRS or commercial debts can have their military pay "garnished" to meet their financial obligations. After the court/legal actions are complete, the individual or agency sends the request to Defense Finance and Accounting Service (DFAS) Cleveland to be processed and collected from the soldier's pay.

Government Property Lost or Damaged (GPLD): Soldiers who lose or damage government property through their own negligence will have to pay to fix or replace the property. When this happens, the Army will automatically deduct the money from the soldier's paycheck.

Bad Checks: If soldiers write "bad checks" (e.g. checks that are returned due to insufficient funds in their checking account) at the post exchange (PX), commissary, finance office, clothing sales, club system, shopette, or any other government agency, the money due to the government agency will automatically be deducted from the soldiers' pay. This deduction will also include the return check fee charged by the agency. The return check fee ranges from \$25 to \$35 per check.

Montgomery G.I. Bill: Active duty soldiers who elect this option will have a specific monthly deduction from their pay for a specific period of time to pay for this educational benefit.

ALLOTMENTS

An allotment is a designated portion of a soldier's pay and allowances, which is authorized to be paid to qualified allottees. A qualified allottee is any person or institution to whom the allotment is made payable. Allotments are a very convenient way to meet financial obligations on a regular basis. They are sent even if soldiers deploy, are on leave, TDY, or in the hospital.

There are various types of allotments and limits as to the number of allotments soldiers may have at one time. Active duty soldiers are authorized no more than six discretionary allotments at one time. Discretionary allotments are regulated by a soldier's personal judgment. Allotments used to contribute to the Army Emergency Relief (AER), Combined Federal Campaign (CFC), American Red Cross, repayment of a debt to the government, and savings bonds do not count towards the six discretionary allotments. To start an allotment, soldiers need to go to their PAC to fill out the proper form. The chart below gives examples of the different type of allotments and the purpose for utilizing each type.

<i>ALLOTMENTS</i>	
<i>TYPE</i>	<i>PURPOSE</i>
Bank*	Payment of consumer loans, car note, deposits to a bank account, etc.
Voluntary Support*	Support of legal dependent.
Mortgage Payment*	Payment of home mortgage or rent.
Non-Individual Allotments*	Payment to Mutual Fund and Insurance Companies.
Charitable Contributions**	Contribution to AER, CFC, etc.
Loan	AER or Red Cross loan repayment.
Authorized Purchases	Purchase of U.S. Savings Bonds.

- ***Discretionary allotments are limited to six. All other allotments are unlimited.***

***** Authorized only one Combined Federal Campaign (CFC) and one Service Relief Organization (Army Emergency Relief (AER)).***

THRIFT SAVINGS PLAN

The Thrift Savings Plan (TSP) is a Federal Government-sponsored retirement savings and investment plan. The National Defense Authorization Act for Fiscal Year 2001 extended participation in the TSP, which was originally only for Federal civilian employees, to soldiers of the uniformed services, and soldiers began enrolling on October 9, 2001.

The TSP offers the same type of savings and tax benefits that many private corporations offer their employees under so-called "401(k)" plans. The retirement income that you receive from your TSP account will depend on how much you have contributed to your account during your working years and the earnings on those contributions. For more information on the TSP, visit www.tsp.gov.

Your S-1 section will provide you with TSP forms and informational materials and answer your questions about the TSP. Submit the Election Form (TSP-U-1) to your S-1 to enroll in the TSP. Review your leave and earnings statement that you receive each month and your semiannual TSP participant statements to ensure that contributions are correct and up-to-date. If you have questions about your TSP account or if your personal information is incorrect, contact your S-1.

It is important to remember the TSP is for long-term retirement savings. There are penalties for early withdrawals. So if you're looking for short-term savings, consider U.S. Savings Bonds. They are a convenient way to help save for homes, education, automobiles, or vacations.

MYPAY

myPay, an automated system, can assist you with discretionary pay problems. myPay allows the user to view and print Leave and Earning Statements, make direct deposit, allotment, and address changes, change TSP options, start, change or stop savings bonds, print travel vouchers on-line, and change tax withholdings. The myPay system can be accessed at <https://mypay.dfas.mil>.

ACTIVE DUTY RETIREMENT SYSTEM

Soldiers who remain on active duty for 20 or more years are eligible for retirement. There are three non-disability retirement systems currently in effect. These are Final Pay, High-3 Year Average, and Military Retirement Reform Act of 1986 (more commonly referred to as REDUX). REDUX was revised by the FY2000 National Defense Authorization Act--a \$30,000 Career Status Bonus (CSB) was added for those who accept the REDUX retirement system. Individuals formerly under REDUX may now choose between the High-3 and CSB/REDUX systems. The date you first entered the military determines which retirement system applies to you and whether you have the option to choose your retirement system.

SURVIVOR BENEFITS

The primary survivor benefit applicable to survivors of retirees (and, in some situations, active duty soldiers) is the Uniformed Services Survivor Benefit Plan (SBP). The Reserves have a related plan called the Reserve Component Survivor Benefit Plan (RC-SBP). These are voluntary programs to ensure survivors continue to receive income throughout their lifetimes.

PRACTICAL EXERCISES

CHAPTER 1 - PAY, ALLOWANCES, AND DEDUCTIONS

1. What is Basic Allowance for Housing (BAH)? When does a soldier receive BAH?
2. Does a soldier get more BAH if he has dependents?
3. When are soldiers paid Basic Allowance for Subsistence (BAS)?
4. How often do soldiers get a Clothing Allowance?
5. Other than CFC, AER, ARC contributions, and savings bonds, how many allotments can soldiers have?
6. What entitlements do soldiers have to pay taxes on?
7. How many days of leave can soldiers cash in when they reenlist? What are the restrictions?

CHAPTER 2

ACTIVE COMPONENT (AC) ENTITLEMENTS

This chapter addresses entitlements for Active Component (AC) and Active Guard and Reserve (AGR) soldiers (hereafter both will be referred to as AC soldiers). It covers pay and allowances, travel pay, deployment entitlements, permanent change of station (PCS), pay options, leave and earning statements (LEs) and the Mid-month Net Pay Advice (NPA). AC soldiers are paid on the Defense Military Pay Office-Active Component (DMO-AC).

All AC soldiers receive monthly base pay and may be eligible for additional entitlements such as BAH and BAS depending upon their duty assignment and if they have family members. The following examples are the most common scenarios that determine eligibility for AC soldiers to receive their food and housing allowances.

Single Enlisted Soldiers (SSG & Below): A single, enlisted soldier in the rank of SSG and below living in the barracks or bachelor quarters and provided government meals is entitled to base pay, BAS and partial BAH. If this same soldier is eligible to receive any special pays for special work, these payments would also appear on the LES as additional entitlements.

Single Enlisted Soldiers (SFC & Above): A single, enlisted soldier in the rank of SFC and above can normally elect not to occupy government quarters. When these soldiers elect not to live in government quarters they are entitled to their base pay, BAH at the without dependents rate, BAS, and any authorized special pays.

Enlisted Soldiers with Dependents: Enlisted soldiers with dependents can apply for government quarters. If these soldiers occupy government quarters they receive their base pay and BAS. If government quarters are not available the soldier and family members live off-post and are entitled to BAH at the with dependents rate, BAS, and any authorized special duty pays.

Officer Personnel: Single officers who do not occupy government quarters are entitled to their base pay, BAH at the without dependents rate, BAS, and any authorized special pays. Single officers in government quarters are entitled to their base pay, partial BAQ, BAS, and any authorized special duty pays.

Officers with family members can apply for government quarters. If they occupy government quarters they receive their base pay, BAS and any other authorized special pays.

If government quarters are not available and officers with family members reside off-post, they are paid their base pay, BAH at the "with dependents" rate, BAS, and any authorized special pays.

Dual Status Military Couples: Dual status military couples can apply for government quarters. If they occupy government quarters each soldier receives base pay, BAS, and any other authorized special pays.

If government quarters are not available and a dual military couple resides off-post each are paid base pay, BAH at the without dependents rate, BAS, and any other authorized special pays. If they have a dependent(s) one soldier can claim the dependent(s) and be paid BAQ at the with dependents rate.

TRAVEL PAY

Travel pay for both active and reserve soldiers are covered in chapter 4. A sample travel voucher, DD Form 1351-2, is included and reviewed in chapter 4.

PERMANENT CHANGE OF STATION

Permanent Change of Station (PCS) orders are official notification that a soldier's permanent duty station will be

changing and he/she will be moving. A PCS move may entitle soldiers and their dependents to travel and transportation allowances, transportation of household goods (HHG) and privately owned vehicle (POV), mobile home allowances, dislocation allowance, and temporary lodging expense.

Once a soldier receives PCS orders, he must make an appointment at PAC to obtain information about clearing the current unit of assignment. At this time, the soldier can ask specific questions concerning the upcoming PCS move. If PAC personnel do not know the answers, they will assist the soldier in obtaining them.

For over 20 years, military soldiers have received a flat \$50.00 (per authorized travel day) for per diem (an allowance designed to cover meals and lodging during travel). This year, Congress has amended the law to allow military soldiers to receive the same rate that federal civilians receive (for FY 2003, the rate is \$85.00 per day). The new provisions also require the rate to be adjusted each fiscal year (October 1st). The new per diem rates are effective for any PCS travel performed after January 1, 2003.

DEPLOYMENT ENTITLEMENTS

Deployments are a common occurrence throughout a soldier's career. In addition to the soldier's base pay and other authorized allowances, there are other entitlements that soldiers may receive when deployed. Some of the most common entitlements are outlined below.

Foreign Duty Pay: Enlisted soldiers receive foreign duty pay for areas authorized by the Secretary of Defense. The amount paid depends on the soldier's rank.

Hazardous Duty Incentive Pay: Soldiers who are deployed from their unit of assignment and serve on land, aboard a ship, or in an aircraft within an area officially declared by the Secretary of Defense as a "hostile fire zone" or "imminent danger area" are eligible for hostile fire pay, which is currently an extra \$150 a month.

Combat Zone (CZ)/Qualified Hazardous Duty Area (QHDA) Tax Exclusion: Soldiers' tax liabilities also change during war and when serving in an area designated as a CZ or QHDA. A CZ or QHDA is established by Presidential Executive Order. Once the President signs the executive order implementing the CZ/QHDA tax exclusion, this exclusion is unlimited for enlisted soldiers and is limited to the maximum enlisted pay amount, which is \$5,532.90 per month in 2002, for officers and warrant officers. If you spend a single qualifying day in the combat zone, your pay for the entire month is excluded from taxable income.

Bonuses and special pays are also excluded from taxable income if within the previously stated limitations and earned in the same month in which you served in a combat zone. For example, an enlisted reenlistment bonus is excluded from taxes if the soldier reenlists in the same month in which the soldier served in a combat zone. Since there is no limitation on amounts excluded for enlisted soldiers, the entire reenlistment bonus would be excluded. As another example, an officer's flight pay would also be excluded from taxable income, but only up to the point which basic pay and the flight pay do not exceed the maximum enlisted pay amount.

Combat zones and the applicable dates are determined by Presidential Executive Order. Currently, soldiers assigned to the Persian Gulf, Red Sea, Gulf of Oman, part of the Arabian Sea that is north of 10° N latitude and west of 68° E longitude, Gulf of Aden, total land areas of Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, the United Arab Emirates and Afghanistan are in a designated combat zone.

Note: Depending upon the soldiers' legal State of residence they may have to pay State taxes when they are serving in a combat zone even though finance does not withhold any State tax. Soldiers should confirm with legal assistance whether or not they are obligated to pay State taxes.

Family Separation Allowance Type II: Soldiers are entitled to FSA Type II once they have been separated from their families for more than 30 consecutive days. This allowance is paid on the 31st day of separation and is retroactive to the first day of separation.

BAS: Enlisted soldiers entitled to BAS (separate rations) may lose this food allowance when they go on

deployments because they are provided rations. However, Congress determines whether this allowance will be paid based upon the type of deployment.

FAMILY CARE PLAN

All single parent soldiers and dual military parents with family members are required to maintain a Family Care Plan for their family members in accordance with AR 600-20. The Family Care Plan outlines arrangements that the soldier has made to care for their dependent(s) during any periods of separation.

A Family Care Plan is very important. Single parents and dual military parents must complete a Family Care Counseling List, which assists them and their families in preparing their Family Care Plan for any periods of separation. It is important these soldiers update their Family Care Plan to reflect any changes in their personal life to ensure that the plan is current and the plan will work when needed.

PAY OPTIONS

Active duty soldiers have an option of being paid once or twice a month. In general, soldiers who elect payment once a month will be paid all of their base pay and entitlements minus taxes, designated allotments, and any other deductions on the first day of each month following the month the pay was earned. For example, pay earned in February is paid on 1 March.

Soldiers who elect payment twice a month will be paid 50% of all of their base pay and entitlements minus taxes, designated allotments, and any other deductions on the fifteenth of the month and first of the following month. For example, pay earned in February is paid 15 February and 1 March. Normally, if the first of the month is on a Saturday, Sunday, or a federal holiday, payment for the "first of the month" will be made on the last business day of the previous month. Similar rules apply for mid-month payments.

PAY INQUIRIES

Any soldier who has questions concerning their pay, allowances, or entitlements should talk to their first line supervisor. The supervisor should be able to answer specific questions or at least assist in getting questions answered.

LEAVE AND EARNINGS STATEMENT

A LES contains 10 sections. These sections provide information on the amount of pay received, entitlements, how much money is deducted from your pay, amount of money sent to your financial institution, allotment amounts, and leave balances. A sample LES appears on the next page and is explained section by section.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNING STATEMENT																
ID	NAME LAST FIRST, MI.		SSN	GRADE	PAYDATE	YRS SVC	ETS	BRANCH	ADSN DSSN	PERIOD COVERED						
	HARRIS, THOMAS C.		012-34-9999	E-6	820130	15	311204	ARMY	5570	1-31 JAN 03						
	1		2	3	4	5	6	7	8	9						
ENTITLEMENTS 10			DEDUCTIONS 11				ALLOTMENTS 12			SUMMARY						
TYPE		AMOUNT	TYPE		AMOUNT	TYPE		AMOUNT	+AMT FWD							
A B C D E F G H I J K L	BASE PAY	2175.30	FED TAXES	179.35	BOND #01	50.00										
	BAH	643.37	FICA-SOC SEC	134.87	BOND #02	50.00			+TOT ENT		3046.83	14				
	BAS	228.16	FICA-MEDICARE	31.54	CFC ALLOT	3.00										
			STATE TAXES	78.87	AER ALLOT	3.00										
			SGLI FOR 200,000	17.00												
			AFRH	.50												
			MID-MONTH-PAY	992.84												
TOTAL		3046.83	1434.97		106.00						DIEMS		RETPLAN			
		20	21		22						820130		23 HIGH 3 24			
LEAVE 25-32	BF BAL	ERND	USED	CR BAL	ETS BAL	LOST	PAID	USE/LOSE	FED TAXES 33-38	WAGEPER	WAGEYTD	MS	EX	ADDL TAX	TAXYTD	
	30	25	10	45	128.5	0	0	0		2175.30	15227.10	M	02		1255.45	
FIC TAXES 39-43	WAGE PER	WAGE YTD	TAX YTD	MED WG YTD	MD TX YTD	STATE TAXES 44-49	ST	WGPER	WAGE YTD	MS	EX	TAX YTD				
	2175.30	15227.10	944.09	15227.10	220.78		GA	2175.30	15227.10	M	02	552.09				
PAY DATA 50-62	BAQ TYPE	BAQ DEPN	VHA ZIP	RENT AMT	SHARE	STA	JFTR	DEPNs	2D JFTR	BAS TYPE	CHARITY	TPC	PACIDIN			
	W/DEP	SPOUSE	29207	695.00	1	R		0		REGULAR	27.00		ECM1PT40			
THRIFT SAVINGS PLAN (TSP)	Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Rate	Inc Pay Current	Bonus Pay Rate	Bonus Pay								
	63	64	65	66	67	68	69	70								
	0	.00	0	.00	0	.00	0	.00								
		TSP YTD Deductions		Deferred		Exempt										
	71	.00		72		.00		73		.00		74		75		
REMARKS: 76 YTD ENTITLE 77 <u>20512.0</u> YTD DEDUCT 78 <u>3100.9</u>																
YOUR PAY/PERSONNEL FILE IS ROUTINELY MATCHED WITH STATE FILES TO IDENTIFY MEMBERS DELINQUENT IN CHILD SUPPORT PMTS										BANK: THIRD NATIONAL BANK ACCT # 6395886990						
YOUR CURRENT STATE CLAIM IS: GEORGIA PLEASE VERIFY YOUR STATE OF LEGAL RESIDENCE FOR STATE INCOME TAX PURPOSE. CONTACT YOUR PAYROLL OFFICE TO FILE A NEW DD FORM 2058 TO CHANGE/ESTABLISH CORRECT STATE IMMEDIATELY.																

Field 1 **NAME**. The soldier's name in last, first, middle initial format.

Field 2 **SOC.SEC.NO**. The soldier's Social Security Number.

Field 3 **GRADE**. The soldier's current pay grade.

Field 4 **PAY DATE**. The date the soldier entered active duty for pay purposes in YYMMDD format. This is synonymous with the Pay Entry Base Date (PEBD).

Field 5 **YRS SVC**. In two digits, the actual years of creditable service.

Field 6 **ETS**. The Expiration Term of Service in YYMMDD format. This is synonymous with the Expiration of Active Obligated Service (EAOS).

Field 7 **BRANCH**. The branch of service e.g., Navy, Army, Air Force.

Field 8 **ADSN/DSSN**. The Disbursing Station Symbol Number used to identify each disbursing/finance office.

Field 9 **PERIOD COVERED**. This is the period covered by the individual LES. Normally it will be for one calendar month. If this is a separation LES, the separation date will appear in this field.

Fields 10 through 24 contain the entitlements, deductions, allotments, their respective totals, a mathematical summary portion, date initially entered military service, and retirement plan.

Field 10 **ENTITLEMENTS**. In columnar style the names of the entitlements and allowances being paid. Space is allocated for 15 entitlements and/or allowances. If more than 15 are present the overflow will be printed in the remarks block. Any retroactive entitlements and/or allowances will be added to like entitlements and/or allowances.

Field 11 **DEDUCTIONS**. The description of the deductions is listed in columnar style. This includes items such as taxes, SGLI, Mid-month pay and dependent dental plan. Space is allocated for fifteen deductions. If more than 15 are present the overflow will be printed in the remarks block. Any retroactive deductions will be added to like deductions.

Field 12 **ALLOTMENTS**. In columnar style the type of the actual allotments being deducted. This includes discretionary and non-discretionary allotments for savings and/or checking accounts, insurance, bonds, etc. Space is allocated for 15 allotments. If a soldier has more than one of the same type of allotment, the only differentiation may be that of the dollar amount.

Field 13 **+AMT FWD**. The amount of all unpaid pay and allowances due from the prior LES.

Field 14 **+TOT ENT**. The figure from Field 20 that is the total of all entitlements and/or allowances listed.

Field 15 **-TOT DED**. The figure from Field 21 that is the total of all deductions.

Field 16 **-TOT ALMT**. The figure from Field 22 that is the total of all allotments.

Field 17 **=NET AMT**. The dollar value of all unpaid pay and allowances, plus total entitlements and/or allowances, minus deductions and allotments due on the current LES.

Field 18 **-CR FWD**. The dollar value of all unpaid pay and allowances due to reflect on the next LES as the +AMT FWD.

Field 19 **=EOM PAY**. The actual amount of the payment to be paid to the soldier on End-of-Month payday.

Fields 20 -22 **TOTAL**. The total amounts for the entitlements and/or allowances, deductions and allotments respectively.

Field 23 **DIEMS**. Date initially entered military service: This date is used SOLELY to indicate which retirement plan a soldier is under. For those soldiers with a DIEMS date prior to September 8,1980, they are under the FINAL PAY retirement plan. For those soldiers with a DIEMS date of September 8,1980 through July 31,1986,they are under the HIGH-3 retirement plan. For those soldiers with a DIEMS date of August 1,1986 or later, they were initially under the REDUX retirement plan. This was changed by law in October 2000,when they were placed under the HIGH-3 plan, with the OPTION to return to the REDUX plan. In consideration of making this election, they become entitled to a \$30,000 Career Service Bonus.

The data in this block comes from PERSCOM.DFAS is not responsible for the accuracy of this data. If a soldier feels that the DIEMS date shown in this block is erroneous, they must see their local servicing Personnel Office for corrective action.

Field 24 **RET PLAN**. Type of retirement plan, e.g. Final Pay, High 3, REDUX; or CHOICE (CHOICE reflects soldiers who have less than 15 years service and have not elected to go with REDUX or stay with their current retirement plan).

Fields 25 through 32 contain leave information.

Field 25 **BF BAL**. The brought forward leave balance. Balance may be at the beginning of the fiscal year, or when active duty began, or the day after the soldier was paid Lump Sum Leave (LSL).

Field 26 **ERND**. The cumulative amount of leave earned in the current fiscal year or current term of enlistment if the soldier reenlisted/extended since the beginning of the fiscal year. Normally increases by 2.5 days each month.

Field 27 **USED**. The cumulative amount of leave used in the current fiscal year or current term of enlistment if soldier reenlisted/extended since the beginning of the fiscal year.

Field 28 **CR BAL**. The current leave balance as of the end of the period covered by the LES.

Field 29 **ETS BAL**. The projected leave balance to the soldier's Expiration Term of Service (ETS).

Field 30 **LV LOST**. The number of days of leave that has been lost.

Field 31 **LV PAID**. The number of days of leave paid to date.

Field 32 **USE/LOSE**. The projected number of days of leave that will be lost if not taken in the current fiscal year on a monthly basis. The number of days of leave in this block will decrease with any leave usage.

Fields 33 through 38 contain Federal Tax withholding information.

Field 33 **WAGE PERIOD**. The amount of money earned this LES period that is subject to Federal Income Tax Withholding (FITW).

Field 34 **WAGE YTD**. The money earned year-to-date that is subject to FITW.

Field 35 **M/S**. The marital status used to compute the FITW.

Field 36 **EX**. The number of exemptions used to compute the FITW.

Field 37 **ADD ' L TAX**. The soldier specified additional dollar amount to be withheld in addition to the amount computed by the Marital Status and Exemptions.

Field 38 **TAX YTD**. The cumulative total of FITW withheld throughout the calendar year.

Fields 39 through 43 contain Federal Insurance Contributions Act (FICA) information.
FICA TAXES

Field 39 **WAGE PERIOD**. The amount of money earned this LES period that is subject to FICA.

Field 40 **SOC WAGE YTD**. The wages earned year-to-date that are subject to FICA.

Field 41 **SOC TAX YTD**. Cumulative total of FICA withheld throughout the calendar year.

Field 42 **MED WAGE YTD**. The wages earned year-to-date that are subject to Medicare.

Field 43 **MED TAX YTD**. Cumulative total of Medicare taxes paid year-to-date.

Fields 44 through 49 contain State Tax information.

STATE TAXES

Field 44 **ST**. The two digit postal abbreviation for the state the soldier elected.

Field 45 **WAGE PERIOD**. The amount of money earned this LES period that is subject to State Income Tax Withholding (SITW).

Field 46 **WAGE YTD**. The money earned year-to-date that is subject to SITW.

Field 47 **M/S**. The marital status used to compute the SITW.

Field 48 **EX**. The number of exemptions used to compute the SITW.

Field 49 **TAX YTD**. The cumulative total of SITW withheld throughout the calendar year.

Fields 50 through 62 contain additional Pay Data.

Field 50 **BAQ TYPE**. The type of Basic Allowance for Quarters being paid.

Field 51 **BAQ DEPN**. A code that indicates the type of dependent.

A -Spouse

C -Child

D -Parent

G -Grandfathered

I -Soldier married to soldier/own right

K -Ward of the court

L -Parents in Law

R -Own right

S -Student (age 21-22)

T -Handicapped child over age 21

W -Soldier married to soldier, child under 21

Field 52 **VHA ZIP**. The zip code used in the computation of Variable Housing Allowance (VHA)if entitlement exists.

Field 53 **RENT AMT**. The amount of rent paid for housing if applicable.

Field 54 **SHARE**. The number of people with which the soldier shares housing costs.

Field 55 **STAT**. The VHA status; i.e., accompanied or unaccompanied.

Field 56 **JFTR**. The Joint Federal Travel Regulation (JFTR) code based on the location of the soldier for Cost of Living Allowance (COLA) purposes.

Field 57 **DEPNS**. The number of dependents the soldier has for VHA purposes.

Field 58 **2D JFTR**. The JFTR code based on the location of the soldier's dependents for COLA purposes.

Field 59 **BAS TYPE**. An alpha code that indicates the type of Basic Allowance for Subsistence (BAS) the soldier is receiving, if applicable. This field will be blank for officers.

B -Separate Rations

C -TDY/PCS/Proceed Time

H -Rations-in-kind not available

K -Rations under emergency conditions

Field 60 **CHARITY YTD**. The cumulative amount of charitable contributions for the calendar year.

Field 61 **TPC**. This field is not used by the active component of any branch of service.

Field 62 **PACIDN**. The activity Unit Identification Code (UIC).This field is currently used by Army only.

Fields 63 through 75 contain Thrift Savings Plan (TSP)information/data.

Field 63 **BASE PAY RATE**. The percentage of base pay elected for TSP contributions.

Field 64 **BASE PAY CURRENT**. Reserved for future use.

Field 65 **SPECIAL PAY RATE**. The percentage of Specialty Pay elected for TSP contribution.

Field 66 **SPECIAL PAY CURRENT**. Reserved for future use.

Field 67 **INCENTIVE PAY RATE**. Percentage of Incentive Pay elected for TSP contribution.

Field 68 **INCENTIVE PAY CURRENT**. Reserved for future use.

Field 69 **BONUS PAY RATE**. The percentage of Bonus Pay elected towards TSP contribution.

Field 70 **BONUS PAY CURRENT**. Reserved for future use.

Field 71 Reserved for future use.

Field 72 **TSP YTD DEDUCTION (TSP YEAR TO DATE DEDUCTION)**. Dollar amount of TSP contributions deducted for the year.

Field 73 **DEFERRED**. Total dollar amount of TSP contributions that are deferred for tax purposes.

Field 74 **EXEMPT**. Dollar amount of TSP contributions that are reported as tax exempt to the Internal Revenue Service (IRS).

Field 75 Reserved for future use.

Field 76 **REMARKS**. This area is used to provide you with general notices from varying levels of command, as well as the literal explanation of starts, stops, and changes to pay items in the entries within the "ENTITLEMENTS ", "DEDUCTIONS ", and "ALLOTMENTS " fields.

Field 77 **YTD ENTITLE**. The cumulative total of all entitlements for the calendar year.

Field 78 **YTD DEDUCT**. The cumulative total of all deductions for the calendar year.

Every AC soldier will receive a Leave and Earnings Statement (LES) from their unit on the first of each month following the month pay was earned. If soldiers elect to have a mid-month pay, then they will receive a second pay statement, called a mid-month Net Pay Advice (NPA), on the 15th of each month.

In this dialogue, SSG Harris is talking to his first sergeant, 1SG Williams. Read SSG Harris' questions like you were asking them yourself.

QUESTIONS: SSG Harris

ANSWERS: 1SG Williams

Q: Would you explain these two pay statements - the LES and NPA? I'm having trouble figuring out what they're trying to tell me.

A. Well, the first thing you have to understand is how the pay system works. All active Army soldiers are paid by the Defense Military Pay Office - Active Component (DMO-AC). The Army processes everyone's pay at one central location, the Defense Finance and Accounting Service (DFAS).

The computer knows how much to pay you each month, but your pay will be correct only if your servicing finance office properly inputs all actions affecting your pay. This computer also produces your LES every time you get paid. Your LES is the record of your pay.

You should already have signed up for SURE PAY, so the computer at DFAS will send your pay directly to your bank. The main advantage is that you know your pay will be in your bank every single payday.

NOTE: *You should keep copies of all your LESs.*

If you have a complex pay problem, you may have to produce up to a year's worth of LESs or more just to get the problem resolved. Plus, LESs will help you in budgeting your money.

NET PAY ADVICE

The Net Pay Advice (NPA) shows the amount of pay which was sent to the financial institution at mid-month for soldiers who elect to receive mid-month pay. It is also used to get important information out to every soldier. An example of a mid-month statement is shown on the next page (page 25).

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY NET PAY ADVICE

The amount in block 6 is your net pay for the payday indicated in block 4 and was sent to the financial organization in block 7 for credit to your account. When cashing a personal check at your financial organization on payday, advise your teller you are a participant in the Direct Deposit Program. It will help you with better service. If you are paid once a month or you do not have your pay sent to a financial organization for direct deposit, information in block 5 through 7 will not be present and this form is intended to provide you with the remarks information only.

1. MEMBER'S NAME AND ADDRESS SIMPSON, THOMAS C. ECMIPT40	2. SSN 999-99-9999	3. ADSN/DSSN 5570	4. PAY DATE 15 FEB 03
	5. ACCOUNT NUMBER 7995776990		6. NET PAY AMOUNT \$1262.84
	7. YOUR NET PAY WAS FORWARDED TO: THIRD NATIONAL BANK HINESVILLE, GA 31315-1211		

8. REMARKS

Finance	EFFECTIVE JULY 1996, PREMIUMS FOR THE DENTAL PLAN INCREASED. PREMIUM FOR SINGLE COVERAGE IS \$7.19 AND \$17.97 FOR FAMILY COVERAGE.
Defense Finance And Accounting	TSP OPEN SEASON IS 15 OCT-31 DEC. CONTRIBUTE UP TO 8% OF YOUR BASIC PAY IN 2003.
Other	
Individual Remarks	

Q. I don't get a mid-month payment. Will I still get an NPA?

A. Only if something has changed since your last LES, like your financial institution or rank. You will also get one if there is important information in the remarks that all soldiers should receive.

Q. What do the blocks on the NPA statement mean?

A. Most of these blocks are self-explanatory. Blocks 1 and 2 contain your name, PACIDN, and social security number. Block 3 identifies the finance office that handles your pay. Block 4 is the mid-month pay date -- this will be the 15th of the month, unless it falls on a weekend or holiday. Block 5 is your SURE PAY account number at your financial institution. Block 6 indicates the amount of your mid-month payment. Block 7 shows your financial institution and its address. Block 8 contains remarks and information from DFAS.

PRACTICAL EXERCISES

CHAPTER 2 - ACTIVE COMPONENTS (AC) ENTITLEMENTS

Section I - Questions 1 - 10 refer to the Leave and Earnings Statement (LES) that appears on the next page for SSG Harris.

1. Where is the social security number recorded on the LES?
2. How much money did SSG Harris get paid on this payday?
3. How much money did SSG Harris get paid in the middle of the month?
4. What are SSG Harris' total deductions on his LES?
5. How much federal tax was withheld from SSG Harris' pay this month?
6. How much state tax has been withheld from SSG Harris' pay so far this year?
7. SSG Harris pays state taxes to which state?
8. How much money does SSG Harris receive for BAS?
9. What is the name of SSG Harris' financial institution?

Section II - Questions 11 and 12 refer to the mid-month Net Pay Advice (NPA).

11. What is the purpose of an NPA?
12. Who gets an NPA?

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNING STATEMENT																
ID	NAME LAST FIRST, MI.		SSN	GRADE	PAYDATE	YRS SVC	ETS	BRANCH	ADSN DSSN	PERIOD COVERED						
	HARRIS, WILLIAM J .		012-34-9999	E-6	820130	15	311204	ARMY	5570	1-31 JAN 03						
	1		2	3	4	5	6	7	8	9						
ENTITLEMENTS 10			DEDUCTIONS 11				ALLOTMENTS 12			SUMMARY						
TYPE		AMOUNT	TYPE		AMOUNT	TYPE		AMOUNT	+AMT FWD		.00	13				
A	BASE PAY	2175.30	FED TAXES	179.35	BOND #01	50.00										
B	BAH	643.37	FICA-SOC SEC	134.87	BOND #02	50.00			+TOT ENT		3046.83	14				
C	BAS	228.16	FICA-MEDICARE	31.54	CFC ALLOT	3.00										
D			STATE TAXES	78.87	AER ALLOT	3.00										
E			SGLI FOR 200,000	17.00												
F			AFRH	.50												
G			MID-MONTH-PAY	992.84												
H																
I																
J																
K																
L																
TOTAL		3046.83	1434.97		106.00				DIEMS		RETPLAN					
		20	21		22				820130		23 HIGH 3 24					
LEAVE 25-32	BF BAL	ERND	USED	CR BAL	ETS BAL	LOST	PAID	USE/LOSE	FED TAXES 33-38	WAGEPER	WAGEYTD	MS	EX	ADDL TAX	TAXYTD	
	30	25	10	45	128.5	0	0	0	33-38	2175.30	15227.10	M	02		1255.45	
FIC TAXES 39-43	WAGE PER	WAGE YTD	TAX YTD	MED WG YTD	MD TX YTD	STATE TAXES 44-49	ST	WGPER	WAGE YTD	MS	EX	TAX YTD				
	2175.30	15227.10	944.09	15227.10	220.78	44-49	GA	2175.30	15227.10	M	02	552.09				
PAY DATA 50-62	BAQ TYPE	BAQ DEPN	VHA ZIP	RENT AMT	SHARE	STA	JFTR	DEPNs	2D JFTR	BAS TYPE	CHARITY	TPC	PACIDIN			
	W/DEP	SPOUSE	29207	695.00	1	R		0		REGULAR	27.00		ECM1PT40			
THRIFT SAVINGS PLAN (TSP)	Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Rate	Inc Pay Current	Bonus Pay Rate	Bonus Pay								
	63	64	65	66	67	68	69	70								
	0	.00	0	.00	0	.00	0	.00								
		TSP YTD Deductions		Deferred		Exempt										
	71	.00		.00		.00		74								
REMARKS: 76 YTD ENTITLE 77 <u>20512.0</u> YTD DEDUCT 78 <u>3100.9</u>																
YOUR PAY/PERSONNEL FILE IS ROUTINELY MATCHED WITH STATE FILES TO IDENTIFY MEMBERS DELINQUENT IN CHILD SUPPORT PMTS										BANK: THIRD NATIONAL BANK ACCT # 6395886990						
YOUR CURRENT STATE CLAIM IS: GEORGIA PLEASE VERIFY YOUR STATE OF LEGAL RESIDENCE FOR STATE INCOME TAX PURPOSE. CONTACT YOUR PAYROLL OFFICE TO FILE A NEW DD FORM 2058 TO CHANGE/ESTABLISH CORRECT STATE IMMEDIATELY.																

CHAPTER 3

RESERVE COMPONENT (RC) PAY ENTITLEMENTS

This chapter addresses the Reserve Component pay system. It covers the pay system, allowances, and travel claims for all RC soldiers. It is common for AC and RC soldiers to serve together on missions. Soldiers should understand the basic differences between the AC and RC pay systems, entitlements, and how to interpret the LES for RC soldiers.

The primary focus of this chapter is on inactive duty training (IDT) RC soldiers. These are soldiers who meet on scheduled IDT dates with their units (called "troop program units" or "TPUs") to train and accomplish basic administrative functions. These TPUs are very similar to units in the AC, except they only operate part-time. In most cases, they conduct 48 IDT periods per year and 2 weeks of annual training (AT).

PAY SYSTEM

RC soldiers receive pay through the Defense Military Pay Office - Reserve Component (DMO-RC). The only RC soldiers who are currently paid by DMO-AC are soldiers who are on active duty in Active Guard/Reserve (AGR) status within the reserve component.

The DMO-RC system pays eight times per month. RC soldiers are paid depending on their duty performance, and will receive a Leave and Earning Statement (LES) as verification of payment. The RC soldier will receive a LES each time a payment for duty performed is made. RC soldiers may also receive a LES when an administrative change is made to the Master Military Pay Account (MMPA), such as a promotion.

It is important to note that a RC soldier could receive up to eight LESs within one month, but receipt of a LES should not always be associated with the soldier receiving pay. Thus, it is important to read each LES carefully to ensure that RC soldiers are receiving the proper pay for duty performed.

DMO-RC LESs are sent to the address designated by the RC soldier (normally their home address), not to the unit. The reserve unit does not receive a copy of its soldiers' LESs. Instead, the unit receives a paper copy of its soldiers' Master Military Pay Accounts (MMPAs) the month following the date of the LES. The MMPA contains a soldier's pay history for the preceding 12 months. RC soldiers, once they receive their LES, will have the most current pay information.

RC PAY and VARIOUS ALLOWANCES

The base pay of RC soldiers is prescribed by law. The pay of RC soldiers is calculated as 1/30 of an active-duty soldier's monthly pay, which is based upon pay grade and years of service. However, the type of duty performed determines the pay and allowances RC soldiers receive. Reserve Component drill pay charts are listed at <http://www.dfas.mil>.

**RESERVE DRILL PAY
(Effective 1 January 2003)**

PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22
O-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1583.32	1583.32
O-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1408.48	1428.76
O-8	996.60	1029.24	1050.88	1056.96	1083.92	1129.16	1139.64	1182.52	1194.84	1231.76	1285.20	1334.52	1367.44
O-7	828.12	866.56	884.40	898.56	924.12	949.44	978.72	1007.92	1037.20	1129.16	1206.84	1206.84	1206.84
O-6	613.76	674.28	718.52	718.52	721.28	752.16	756.28	756.28	799.28	875.24	919.84	964.44	989.80
O-5	511.68	576.40	616.32	623.80	648.64	663.60	696.36	720.40	751.40	798.92	821.56	843.88	869.28
O-4	441.48	511.04	545.16	552.76	584.40	618.36	660.60	693.52	716.36	729.48	737.12	737.12	737.12
O-3	388.16	440.04	474.96	517.80	542.60	569.80	587.44	616.44	631.48	631.48	631.48	631.48	631.48
O-2	335.36	381.96	439.92	454.76	464.16	464.16	464.16	464.16	464.16	464.16	464.16	464.16	464.16
O-1	291.16	303.00	366.24	366.24	366.24	366.24	366.24	366.24	366.24	366.24	366.24	366.24	366.24

PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22
O-3E	0.00	0.00	0.00	517.80	542.60	569.80	587.44	616.44	640.84	654.80	673.92	673.92	673.92
O-2E	0.00	0.00	0.00	454.76	464.16	478.92	503.84	523.12	537.48	537.48	537.48	537.48	537.48
O-1E	0.00	0.00	0.00	366.24	391.16	405.60	420.36	434.88	454.76	454.76	454.76	454.76	454.76

29

W-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	689.24	712.88
W-4	401.08	431.48	443.88	456.08	477.08	497.80	518.80	539.28	560.48	580.80	601.60	621.92	643.00
W-3	366.28	381.60	397.24	402.36	418.80	437.56	462.32	477.40	502.92	522.08	541.12	560.20	568.84
W-2	322.20	340.60	356.68	368.40	378.44	399.08	419.80	435.20	450.20	460.52	477.32	494.12	510.80
W-1	284.52	307.80	323.40	333.48	355.00	370.96	385.12	400.92	411.36	427.12	442.76	454.60	454.60

PAY GRADE	<2	2	3	4	6	8	10	12	14	16	18	20	22
E-9	0.00	0.00	0.00	0.00	0.00	0.00	475.24	486.00	499.60	515.60	531.64	557.44	579.24
E-8	0.00	0.00	0.00	0.00	0.00	396.72	408.16	418.84	431.68	445.60	470.68	483.40	505.00
E-7	275.80	301.04	312.52	323.76	335.52	355.72	367.12	378.44	398.72	408.84	418.48	424.36	444.20
E-6	236.08	259.68	271.16	282.28	293.88	320.12	330.32	341.64	351.56	355.08	361.28	361.28	361.28
E-5	216.72	231.16	242.32	253.80	271.60	286.92	298.24	304.44	304.44	304.44	304.44	304.44	304.44
E-4	200.36	210.64	222.04	233.24	243.20	243.20	243.20	243.20	243.20	243.20	243.20	243.20	243.20
E-3	180.92	192.28	203.84	203.84	203.84	203.84	203.84	203.84	203.84	203.84	203.84	203.84	203.84
E-2	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00
E-1>4	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44	153.44
E-1<4	141.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

INACTIVE DUTY TRAINING (IDT)

Each reserve IDT period is divided into unit training assemblies (UTAs). Each UTA is at least 4 hours long. A group of UTAs, such as a Saturday and Sunday IDT weekend, are known as a MUTA (Multiple UTA). RC soldiers attending these assemblies are performing inactive duty training (IDT).

A RC soldier receives a day of base pay for each 4-hour UTA performed satisfactorily. Reservists enjoy a multiplying effect when they get paid for participating in a MUTA 4. So, a RC soldier who satisfactorily performs an IDT weekend consisting of a MUTA 4 (e.g. performs 4 UTAs), receives 4 days of their base pay. For example, a RC soldier in the grade of SSG with 14 years of service gets \$75.75 per UTA performed, or \$303.00 in an IDT weekend consisting of a MUTA 4 according to the 2001 military pay chart.

While in an IDT status, RC soldiers are not eligible for the basic allowance for subsistence, basic allowance for quarters, or the variable housing allowance, the three main tax free allowances paid to active duty soldiers.

ANNUAL TRAINING (AT)

RC soldiers are required to perform annual training (AT) each year. Annual training gives the unit an opportunity to apply those skills practiced in IDT. Usually this training is a 2 week period, but occasionally it may be up to 29 days for more complicated or intense training. Sometimes AT will be conducted in a foreign country to provide special climate or geographic training not available in the United States. This is called overseas deployment training (ODT).

Some RC soldiers are assigned to units that are authorized year around annual training (YAAT). YAAT unit soldiers may perform their AT in increments of 1 or more days instead of the normal 15 days of continuous AT duty.

RC soldiers on AT are entitled to the following pay and allowances while on AT.

Mileage Allowance: If authorized to drive a privately owned vehicle (POV), the RC soldier is entitled to mileage reimbursement. In most cases, the orders will restrict reimbursement to not exceed the Government's cost of air transportation.

Per Diem Claims: All AT travel claims that involve payment of per diem should be claimed on a travel voucher, DD Form 1351-2 and submitted to the servicing finance office.

BAH: RC soldiers who are entitled to BAH are paid a pro-rated amount for BAH (e.g. they are paid 1/30 of the monthly amount multiplied by the number of days they are on active duty) while on AT. For example, for 14 days of AT, the RC soldier receives 14 X 1/30 X BAH.

BAS: Officers will be paid BAS while on AT. An enlisted soldier's orders will specify the availability of rations. If government rations are unavailable, the enlisted soldier will be paid BAS at the determined rate. If government mess is available the enlisted soldier will not be paid BAS.

Leave: RC soldiers on AT do not accrue leave.

ACTIVE DUTY FOR SPECIAL WORK (ADSW) / TEMPORARY TOURS OF ACTIVE DUTY (TTAD)

A RC soldier can volunteer to go on periods of active duty for special work (ADSW), which is an extended period of active duty, if they meet the prerequisites for the duty. ADSW tours are normally used for special projects that help improve the readiness of a unit and cannot be completed by the full time unit staff. Active Duty for Training (ADT) are short tours concentrating on training and are funded by the AC. Temporary tours of active duty (TTAD) are RC support of AC projects and are funded through the AC. The length of time in this status can range from 1 day to 179 days during a fiscal year (1 October through 30 September of the following year), although tours beyond 179 days require special approval.

RC soldiers on ADSW or any other type of active duty for 30 consecutive days or more are entitled to monthly pay and allowances for their grade and years of service and are authorized leave and certain special pays.

Mileage Allowance: Mileage allowance is paid for the first day of AD from the RC soldier's home of record (HOR) to their duty assignment and for their last day of AD from their duty assignment to their HOR.

Per Diem Claims: For periods of AD that involve per diem, claims must be filed on a travel voucher, DD Form 1351-2 and submitted to the servicing finance office.

BAH: RC soldiers entitled to BAH, who are on AD for 30 consecutive days receive the monthly rate of BAH for their grade. For periods of AD less than 30 consecutive days they are paid a pro-rated portion of their BAH entitlement.

BAS: Officers will be paid BAS while on AD. Enlisted soldiers will be paid BAS at the determined rate while on AD if a government mess is unavailable. If a government mess is available, enlisted soldiers will not be paid BAS.

Clothing Allowance: RC officers can receive a supplemental uniform allowance of \$100 when they enter into AD for 90 days or more or who serve on AD for 90 consecutive days or longer - provided they have not received a supplemental uniform allowance payment for a period of service ending during the previous 2 years.

Enlisted RC soldiers are provided uniforms, shoes, boots, and insignia they need at no charge when they first come on active duty. They are not usually eligible for clothing replacement allowances unless they are ordered to active duty for more than 6 months. If they do become eligible for replacement allowances, the subsidy will be prorated for their time on active duty.

FSA II: During an AD tour a RC soldier who is separated from their family for more than 30 consecutive days, is eligible for FSA II. FSA II is paid on the 31st day and is retroactive to the first day of separation.

Leave: A RC soldier who serves on AD for periods of 30 consecutive days or more, accrues leave at the rate of 2.5 calendar days for every 30 days of active duty service.

RC soldiers receive a lump-sum payment for unused accrued leave upon completion of their tour. A RC soldier must submit a written request in order for this action to take place. Since 10 February 1976, accrued leave settlements are limited to 60 days during a military career.

However, the 60-day limitation may be waived for RC soldiers participating in contingency operations. Additional information can be found in DOD 7000.14-R, Volume 7A, paragraph 80206, for Reserve Component accrued leave entitlements.

When consecutive tours are involved, RC soldiers have the option to be reimbursed for any unused accrued leave or may have it carried forward until completion of their final tour. Remember tour lengths must be 30 consecutive days in length in order to accrue leave.

FAMILY CARE PLAN

In addition to preparing themselves for IDT, annual training, and mobilization, RC soldiers must also prepare their families for these periods of separation. This is accomplished through the preparation of a Family Care Plan.

Single RC soldiers and dual military couples with dependents are required to maintain a Family Care Plan in accordance with AR 600-20. The RC soldier's Family Care Plan outlines the arrangements that the soldier has made to care for his dependent(s) during any periods of separation. A Family Care Plan is important for all families, but it is required for single parents and dual military couples with dependents.

MOBILIZATION

Mobilization is the process by which the Armed Forces assembles and organizes personnel, supplies, and materials for active military service or use in the event of war or other national emergency. Mobilization may include calling to active duty Reserve units and individual RC soldiers.

Mobilization Authority: Only the President and/or Congress has the authority to order Federal mobilization. The Secretary of Defense, with the advice and recommendations of the Service Secretaries and Joint Chiefs of Staff, recommends to the President and Congress the required level of mobilization. The Secretary of Defense directs mobilization of Reserve units and individual RC soldiers.

Presidential Select Reserve Call-Up (PSRC): The President has the authority to activate up to 200,000 selected Armed Forces Reservists and the resources needed for their support, for up to 270 days without the approval of Congress.

Pay and Allowances: All called or mobilized RC soldiers receive the same pay and allowances as they do when they are on active duty for 30 consecutive days or more. In addition, soldiers may receive other special duty pays for which they qualify.

In this dialogue, SPC Riggins is talking to her first sergeant, 1SG Martinez concerning the effect mobilization will have on her pay and allowances. Read SPC Riggins' questions like you were asking them yourself.

QUESTIONS: SPC Riggins
ANSWERS: 1SG Martinez

Q. Once mobilized how can I verify that my military pay account is correct?

A. At the mobilization site, you will have an opportunity to review your Defense Military Pay Office Standard Inquiry System (DSIS) Master Military Pay Account (MMPA) to make sure that it is correct. If it is not correct you will have an opportunity to make changes. (*As an additional note*, RC soldiers can verify their MMPA during their IDT assembly, as part of mobilization preparation, or during their annual birth month audit, and make any necessary changes.)

Q. As a reserve component soldier, upon mobilization, who do I contact if I have a pay problem?

A. Use your **CHAIN OF COMMAND**. Try to resolve your pay problem at the lowest level starting with your chain of command. If your pay problem cannot be answered by your chain of command, then contact the nearest finance office.

Q. When I go to the local finance office with a pay problem, do I tell them that I am a member of the United States Army Reserves or National Guard on active duty? Or am I considered Regular Army because I have been mobilized for active duty?

A. If you have to go to finance for any pay inquiries or if you are requesting advance pay, it is very important to identify your component correctly. So, if you are a soldier of the reserves you would identify your component as *United States Army Reserve (USAR)* or *Army National Guard (ARNG)*.

Your component does not change, but your status changes from an inactive reservist to a reservist ordered to active duty for a specified or unspecified period. By correctly identifying your component, you will assist the finance office in correctly resolving your pay problem.

Q. Will I automatically receive BAH once I am mobilized?

A. In order for RC soldiers to receive BAH they must first complete DA Form 5960 (Authorization to Start, Stop, or Change Basic Allowance for Quarters (BAQ), and/or Variable Housing Allowance (VHA)), attach a copy of your mortgage statement, lease or rental agreement, and forward this to the finance office.

Q. How will I get a copy of my LES? Also, can my spouse obtain a copy while I am deployed?

A. For mobilized RC soldiers, two copies of their LESs are distributed. One copy is sent to the soldier's unit and the second copy is sent to the local address designated in the RC soldier's MMPA. The unit still receives a paper copy of the MMPA.

Combat Zone (CZ)/Qualified Hazardous Duty Area (QHDA) Tax Exclusion: Taxes also change for RC soldiers during war and when serving in an area designated as a CZ or QHDA. A CZ or QHDA is established by Presidential Executive Order. Once the executive order is signed by the President implementing the CZ/QHDA tax exclusion, all military pay received by enlisted soldiers and warrant officers is no longer subject to withholdings of Federal and

State income tax.

Commissioned officers eligible for the CZ/QHDA tax exclusion are exempt from paying Federal and State taxes on all military pay received, equal to the maximum rate of pay for the Sergeant Major of the Army plus \$150.

Note: RC soldiers may have to pay State taxes when they are serving in a combat zone even though finance does not withhold any State tax. RC soldiers can check with their legal assistance office to confirm whether they are obligated to pay State taxes.

The Soldiers' and Sailors' Civil Relief Act (SSCRA): This Act was enacted in 1940 by Congress to protect and offer relief to "those who dropped their affairs to answer their country's call to duty."

Once on active duty, many RC soldiers may find their military paychecks are much less than their civilian paychecks. Because of the reduced income, many RC soldiers are no longer able to meet their monthly financial obligations. The SSCRA provides help in keeping the military service from becoming a financial hardship for many RC soldiers.

Protection under the SSCRA begins the day RC soldiers start serving on active duty. Protection under SSCRA ends the day they are discharged from active duty.

The Act can protect RC soldiers against foreclosures on homes and other property purchased *prior to* their being ordered to active duty. It also reduces payments to creditors because the maximum rate of interest (including service charges) on debts incurred *prior to* entering active duty is reduced to 6% during the period of active duty. Except for student loans, this protection applies to most financial obligations and liabilities, including home mortgages, credit card debts, and automobile loans, where RC soldiers are principally liable in their personal capacity. This act can also delay any pending legal proceedings. Consult the unit legal officer for more information pertaining to the SSCRA.

Reemployment Rights: The Uniformed Services Employment and Reemployment Rights Act (USERRA) was signed into law in December 1994. USERRA all but guarantees that Reserve Component members activated for an emergency or training do not have to worry about losing their civilian job during their absence.

Any RC soldier who experiences reemployment problems can obtain assistance from The National Committee for Employer Support of Guard and Reserve, (800) 336-4590. If employers refuse to reinstate RC soldiers to their former position or a position equivalent in pay and responsibility, the RC soldier should contact the Department of Labor, (800) 442-2838.

Veterans' Benefits: The Department of Veterans' Affairs (DVA) administers a number of benefit programs. To be eligible, **RC soldiers must have completed a required number of days of active duty service other than initial training (IET) under an initial active duty training (IADT) program, and be discharged or separated under other than dishonorable conditions.**

There are exceptions for veterans discharged for service connected injuries/illnesses with less than the required minimum periods of service. Always check with your local VA office to determine your eligibility for any particular benefit. Veterans' organizations such as the American Legion or VFW will also assist you in determining your eligibility for a particular benefit.

The DD Form 214, Certificate of Release or Discharge from Active Duty, will be required to establish eligibility. Currently the benefits include:

Medical: for Soldiers who have a service-connected disability.

Training: for those with service-connected disability.

Home Loan Guarantee: low interest rate, no down payment, and a long repayment period is currently

available to soldiers who have been transferred with at least 6 years of active or satisfactory RC service (minimum of 50 retirement points per retirement year). RC soldiers with 90 days of continuous active duty service during 2 Aug 90 to 27 Aug 91 for service during the Persian Gulf War or a total of 24 months continuous active duty since 28 Aug 91 also qualify for this benefit.

Disabled Veterans: have additional benefits available. Contact the local Department of Veterans Affairs (DVA) for more information, and ask for the book *Federal Benefits for Veterans and Dependents*.

Certificate of Release or Discharge from Active Duty (DD Form 214): is the most important document that the Army gives a soldier leaving active duty. It is essential for establishing eligibility for many veterans benefits. After completion of 90 days or more of continuous active duty, the unit PAC should issue a DD Form 214 in accordance with Paragraph 1-4a (1) (b), Army Regulation 635-5, Separation Documents. Soldiers must ensure that they obtain a DD Form 214 from their separation point for all eligible periods of active duty and keep it in a safe place.

During *OPERATION DESERT SHIELD/DESERT STORM*, mobilized reservists serving on active duty for 90 consecutive days became entitled to veterans' benefits.

LEAVE AND EARNINGS STATEMENT (LES)

An LES will be generated when a non-active duty Reservist has account activity, e.g., payment and or certain administrative changes to the soldier's account. When a LES is generated it will be mailed directly to the soldier's MMPA address. The return address will be the soldier's unit address. LESs will not be provided to the unit.

A reservist receives the same LES as an active duty soldier, but not all blocks of the non-active duty LES apply to a reservist. The information contained in each block of the LES is explained below.

Name: Soldiers' name (last, first, MI)

SSN: Social Security Number

Grade: The pay grade (E1-E9, O1-O8, W1-W5, and O1E-O3E)

Pay Date: Pay Entry Basic Date

YRS SVC: Years of Service as of this LES

ETS: Expiration Term of Service

Branch: For Army National Guard, ARNG

For Army Reserve, USAR

ADSN/DSSN: Will show '5570' for Army.

Period Covered: The period ending for the update which produced the LES. This is also the check date.

Entitlements: This section breaks down all entitlements paid for this LES. The left side will show the type of entitlement (e.g., basic pay, incentive pay) and the right side will show the money amount. If there is an overrun of entitlements, they will continue in the remarks section. At the bottom of this column the total entitlements will be shown

Deductions: This section breaks down all deductions for this LES. The left side will show the type of deduction (e.g., SGLI, FICA TAX) and the right side will show the money amount. If there is an overrun, they will continue in the remarks. The total will appear at the bottom.

Allotments: N/A for Reservists

AMT FWD: N/A for Reservists

TOT ENT: Total entitlements for this LES.

TOT DED: Total deductions for this LES.

TOT ALMT: N/A for Reservists

NET AMT: The net payment for this LES.

CR FWD: N/A for Reservists

EOM PAY: N/A for Reservists

LEAVE: N/A for Reservists

FED WAGE PERIOD: Federal wages for this LES.

FED WAGE YTD: Year to date federal wages

FED M/S: Federal Marital status "M" or "S"
FED EX: Federal exemptions
ADDL TAX: Additional federal tax withholding
FED TAX YTD: Federal tax withheld year to date
WAGE PERIOD: FICA wages for this LES.
SOC WAGE YTD: Year to date FICA wages
SOC TAX YTD: FICA tax withheld year to date
MED WAGE YTD: Medicare wages year to date
MED TAX YTD: Medicare withheld year to date
STATE CODE: State taxing authority code
ST WAGE PERIOD: State wages for this LES
STATE WAGE YTD: Year to date State wages
STATE MS: State marital status - always the same as federal marital status
STATE EXEM: State exemptions - always the same as a federal exemptions
ST TAX ADD'L: N/A for Reservists
ST TAX YTD: State tax withheld year to date
BAQ TYPE: Type of BAH Status W/O DEP = without dependents, W/DEP = with dependents, WDAGQT = with dependents/assigned government quarters, PARTL = partial
PRIMARY DEP: Primary dependent type: **NO DEP** = no dependents, **Spouse** = spouse, **CHILD** = child, **PARENT** = parent, **MBRTMBR** = soldier married to soldier, own right, **DEPCHLD** = soldier married to soldier with dependent child
BAH ZIP: BAH Zip code
BAH DIFF: N/A for Reservists
SHARE: N/A for Reservists
STAT: N/A for Reservists
JFTR: Joint Federal Travel Regulation Location
DEPNS: N/A for Reservists
2D JFTR: N/A for Reservists
BAS TYPE: The BAS type: **SEP RT** = separate rations, **RIKNA** = rations not available, **RUEMK** = emergency rations, **NOT AP** = not applicable
CHARITY YTD: N/A for Reservists
TPC: Training Pay Category Code
PACIDN: N/A for Reservists
REMARKS: Every LES shows where the paycheck was sent, what type of account it was deposited in, year to date gross earnings, year to date deductions, and drill performance. Also, any administrative actions that were posted to the MMPA that generated the LES are explained in the remarks section.

PAY QUESTIONS

Reservists who have questions concerning their pay, allowances, or entitlements should talk to their first line supervisor. If the first line supervisor does not know the answer to questions he will assist in getting the right answer.

RESERVE RETIREMENT

If you are a soldier of the U.S. Army Reserves or National Guard soldier, you must meet the following minimum requirements to be eligible for retired pay at age 60:

- be at least 60 years of age; and
- have performed at least 20 years of qualifying service computed under Section 12732, Title 10, United States Code (See Qualifying Year below); and
- have performed the last 8 years of qualifying service while a soldier of the U.S. Army Reserve. (NOTE: If you completed your service requirement between 5 October 1994 and 30 September 2001, you need only have performed the last 6 years of qualifying service while a soldier of the active Reserve); and

- not be entitled, under any other provision of law, to retired pay from an armed force or retainer pay as a soldier of the Fleet Reserve or the Fleet Marine Corps Reserve; and

- must apply for retired pay by submitting an application to the branch of service you were assigned to at time of your discharge or transfer to the Retired Reserve. For those serving in the Army National Guard or Army Reserve the address is Commander, AR-PERSCOM, ATTN; ARPC-ALQ, 9700 Page Ave, St Louis, MO 63132-5200.

COST OF LIVING ADJUSTMENTS TO RETIRED PAY

Your retired pay will be increased annually by a cost-of-living allowance (COLA) based on the change in the Consumer Price Index (CPI) from the third quarter of one calendar year to the third quarter of the next. COLAs are normally effective 1 December and payable the first working day in January.

PRACTICAL EXERCISES

CHAPTER 3 - RESERVE COMPONENT (RC) PAY ENTITLEMENTS

1. What is the name of the RC pay system?
2. The RC pay system can pay up to how many times per month?
3. Who has a RC soldier's most current pay information, the soldier, or the unit?
4. When can RC soldiers receive a LES?
5. What should RC soldiers check on their LES every month?
6. When a reservist is deployed what should they do if they have a pay problem?
7. What Act was enacted in 1940 by Congress at the beginning of World War II to protect and offer relief to "those who dropped their affairs to answer their country's call to duty"?
8. What organization assists reservists who experience reemployment problems after being mobilized for active duty?

CHAPTER 4 TRAVEL CLAIMS

This chapter is written to explain to soldiers the procedures for filing travel claims and to assist soldiers in completing a DD Form 1351-2, Travel Voucher for reimbursement of travel costs. Instructions are provided for completing the DD Form 1351-2, Travel Voucher.

The DD Form 1351-2 is the form soldiers file for travel reimbursement. This form is used by both active duty and reserve component soldiers, but is processed through different pay channels. To ensure the form is processed through the correct pay channel, check with the local PAC (active duty) or the unit administrator (reserves).

Completion of the travel voucher is the responsibility of the soldier, so it is important to understand how to complete it accurately. Also, soldiers need to know which expenses are reimbursable and which expenses are not reimbursable.

Travel Pay Procedures

Soldiers ordered to travel to a temporary duty location (e.g., TDY including training locations for short periods of AT/ADT/ADSW) may be entitled to one or more of the following:

- a. Mileage reimbursement.
- b. Reimbursement for commercial transportation not to exceed cost of the Government Transportation Request (GTR). Travel arrangements must normally be made through a government transportation office.
- c. Per Diem (meals and lodging).
- d. Reimbursement for other authorized expenses.

Before soldiers can be reimbursed for travel, they must have had orders for the travel and duty. Upon completion of the duty and return to their unit of assignment, soldiers must complete their travel voucher. The details of travel allowances can be extremely complex, but in general, it is important to remember that:

- a. The DD Form 1351-2, travel voucher, should be completed **within 5 days after completion of travel**.
- b. The voucher must be signed by the traveler in block 21a.
- c. All supporting documents such as orders and original lodging receipts must be attached. All reimbursable expenses of \$75.00 or more must be accompanied by original receipts.
- d. Make the travel voucher legible. It is best to type or computer generate the travel voucher, but if this is not possible print it neatly.
- e. The supervisor must review and sign the DD Form 1351-2.

The "Lodging Plus" System of Per Diem

Per diem is a daily allowance to pay for the cost of food, lodging, and incidental expenses while away from home or

permanent duty station on official travel. It does not include the cost of items such as parking or car rental which are "reimbursable expenses" that are computed separately.

Meals: The cost of meals and incidental expenses (M&IE) are reimbursed in one of several rates. These rates vary from locale to locale and currently range from \$26.00 to \$38.00 a day.

Soldiers receive 75% of appropriate M&IE rate for the first and last day of travel, regardless of the time of departure or return.

Lodging: Lodging reimbursement is based on the cost of a single room. The area lodging rate is the **maximum** cost per night that a soldier will be reimbursed for lodging expenses. For example, if a room cost in a \$60.00 area is \$68.00, a soldier will only be reimbursed \$60.00. On the other hand, if a room costs just \$48.25 per night, a soldier would be reimbursed only for the actual cost, not the full \$60.00 allowance.

Government Meals and Quarters: Soldiers who travel to an Army post where both dining and billeting facilities are available are expected to use these lower-cost facilities. When staying in government quarters soldiers will only be reimbursed at the government rate.

Per diem rate for meals will be paid at the daily rate unless soldiers are issued a government meal card. If issued a meal card, soldiers will utilize a government dining facility and will not be reimbursed for meals.

If government lodging and meals are unavailable, soldiers will be given a statement of nonavailability. When this happens, soldiers will stay in a hotel and are responsible for obtaining their own meals. This is commonly referred to as "living on the economy".

Soldiers living on the economy receive full per diem for their meals and are reimbursed the actual cost of their room (as long as the room does not exceed the maximum lodging rate for the area). Remember, it is best to verify the per diem rates for the area prior to departing. The per diem rates for all geographic areas are available in the appropriate appendices to the JFTR, volume I, and on the Internet at: <http://www.dtic.mil/perdiem/pdrates.html>.

Short Trips: Per diem is not authorized for trips of 10 hours or less (including duty performance and travel in both directions). If a soldier purchases commercial meals during a one-day trip of less than 10 hours, however, the cost of the meals can be claimed as reimbursable expenses on a travel voucher (up to a maximum of two meals, depending on the times of travel shown on the voucher).

Extended TDY: Soldiers who have a government charge card may arrange for their payments to be suspended when in an extended TDY status (more than 30 consecutive days). The traveler should have the credit card manager at their unit inform the card company of their extended TDY status. The card company will suspend payment until the traveler returns. In some cases, soldiers may file an interim travel voucher every 30 days if they do not have a government charge card.

Once soldiers complete their travel, they must file a final travel voucher. Remember to include all advance payments received from all interim travel voucher settlements filed during the TDY period.

TRAVEL VOUCHER (DD Form 1351-2)

Probably no other form has caused so much confusion to so many soldiers as the DD Form 1351-2. Proper completion of the form requires no more than a few minutes and most of the questions are self-explanatory. Instructions on completing the DD Form 1351-2 are outlined below. An example of a completed DD Form 1351-2 follows the instructions.

Completion Instructions:

Block 1: PAYMENT REQUIRED BY, check Electronic Fund Transfer (EFT). All AD soldiers receive EFT payments and RC soldiers should apply for it when they inprocess at their unit. DOD policy for travel payments

requires all travel payments to military personnel be by EFT. When soldiers in-process at their first duty assignment or a new duty assignment, they should establish EFT payments for their travel pay.

Split-Disbursement Payment Option Available for DoD Travelers

The Department of Defense introduced a new payment option for its travel cardholders. The split-disbursement option allows DoD travelers to elect a split-disbursement when submitting their travel settlement. Part of the payment is sent via electronic funds transfer to the travel card contractor and the rest is forwarded directly to the traveler's designated account.

If used correctly, the split-disbursement option eliminates the cardholder's burden and cost of writing and mailing personal checks for travel payments. In addition, the use of direct deposit speeds the reimbursement process and reduces both administrative costs and account delinquencies. While this payment option will benefit all DoD travelers, it will be of particular value for those on long-term temporary duty submitting interim travel settlements, as it allows the travel card contractor to be paid directly.

Travelers wishing to elect the split-disbursement option simply need to determine the amount charged to their travel card during the billing period and specify that amount on the travel voucher (DD Form 1351-2) in block 3c. For example, if \$300 is charged to the DoD travel card for official business expenses and the split-disbursement option is used, the traveler designates this in block 3c as "SPLIT \$300". In the event that less money is designated than needed to cover charges to the card, the traveler is responsible for paying the difference.

Note the split disbursement option is located in this block.

Block 2: TYPE OF PAYMENT, should be checked as TDY/TAD (DD Form 1610) or Other (e.g., AT, ADT, ADSW) depending on the type of duty ordered to perform.

Block 3: Is for Disbursing Officer (DO) use only.

Blocks 4 - 8: Self-explanatory.

Block 9: TRAVEL ORDER NUMBER is the order number found in block 22 on the DD Form 1610 (Request and Authorization for TDY Travel of DOD Personnel) or the order number of an automated order.

Block 10: PREVIOUS PAYMENTS ADVANCES, should be filled in when a travel advance was received (in the example, "\$300.00, Disbursing Office Voucher number 108432, 5 May 93, Fort McCoy, WI").

Block 11: ORGANIZATION AND STATION, represents the name and location of the soldier's unit.

Block 12 - 14: Are only used when a PCS move occurs.

Block 15: ITINERARY must be completed as follows:

- (a) **Year, day, month, and time of departure** (using the 24 hour clock) from permanent duty station or place from which ordered to duty.
- (a-c) **Date and time of arrival and departure at each place where mode of transportation changes, intermediate stopovers occur (such as overnight stays), or where duty is performed.** Please note it is not necessary to show each airport if there are plane changes between the point of origin and the destination.
- (d-e) For each entry, **the mode of travel and the reason for stopping** must be shown, using the codes on the back of the form (e.g., "PA" = private automobile, "TD" = temporary duty, etc.).
- (f) **The number of government meals available** while at the duty location must be entered in column 1, even if it is zero. All can be entered in place of a number, if three government meals a day were available at the duty location.
- (g) **POC MILES**, if travel is by privately owned conveyance, the mileage for each leg of the journey should be entered in column 4.

Block 16: REIMBURSABLE EXPENSES, must include the date of the expense, a brief description, and the amount claimed. Each item must be listed separately in this section to include airline tickets. If per diem is payable, it is not necessary to list meals in this block; meal reimbursement is automatically computed as part of the per diem. If additional space is needed to list expenses refer to block 30 on the reverse side of the travel voucher.

Block 17: LEAVE, if leave or a pass is taken in conjunction with TDY or a PCS move it will be listed in this block. A copy of the approved leave/pass form must be attached to the DD Form 1351-2 as a supporting document.

Block 18: POC (Privately Owned Conveyance) TRAVEL, will be checked as applicable. **OWN/OPERATE** applies to the person who is authorized to drive his/her vehicle and receive mileage allowances for that use. **PASSENGER**, when checked by the person riding with the owner/operator, will receive per diem for the travel time, but not mileage.

Block 19: GOVERNMENT TRANSPORTATION REQUEST (GTR)/MILITARY TRANSPORTATION AUTHORIZATION (MTA), is used when a soldier obtains a GTR or MTA and the points between which transportation was furnished. When no GTR/MTA is used, write "**No GTR**" or "**NONE**" in this block.

Block 20: LONG DISTANCE TELEPHONE CALLS will be used if long distance phone calls are authorized in performance of official duty. An approving official must sign this block. The actual cost of the telephone calls are itemized in block 16 as a reimbursable expense.

Blocks 21 and 22 are self-explanatory.

Blocks 23 - 29 are reserved for the finance travel section personnel.

Required Enclosures:

- a. Five copies of the orders and any amendments.
- b. Traveler's copy of each GTR/MTA, ticket, or receipt for unused GTR/MTA or ticket.
- c. Statement of nonavailability for government quarters and/or mess.
- d. Copy of travel advance and DA Form 31, leave form, for any leave taken in conjunction with travel.
- e. **Receipts.** The original and one copy of the lodging receipt are **ALWAYS** required to substantiate lodging expenses. Credit card slips **ARE NOT** acceptable as receipts.
- f. The original and one copy of all receipts are also required for any miscellaneous expense of \$75.00 or more, such as taxi fares, registration fees, parking and tolls, and communication services.
- g. **Car Rental Costs.** In order to be reimbursed for rental car expenses the travel order must authorize a rental car and an original receipt and one copy of the billing is required.

A completed sample copy of a DD Form 1351-2 is provided on the next page. Refer to the instructions above for questions as to what information should go in each block.

PRACTICAL EXERCISES

CHAPTER 4 - TRAVEL CLAIMS

1. What form is used by soldiers to file for reimbursement of travel expenses?
2. What is per diem?
3. Under the "Lodging Plus" system of per diem, what are soldiers reimbursed for?
4. Before a soldier can be reimbursed for travel, what must they have?

CHAPTER 5

FINANCIAL READINESS AND DEPLOYABILITY

This chapter explains the steps soldiers must take in preparing themselves and their family for deployments. It will be much harder to monitor finances during a deployment, so soldiers must protect themselves and their family soldiers from financial hardships associated with deployments.

In this chapter's dialogue, SPC Johnson, a single soldier, is asking her platoon sergeant, SFC Mills, about how to manage her finances and what changes, if any, will occur during a deployment.

QUESTIONS: SPC Johnson

ANSWERS: SFC Mills

Q. How will I get paid or be able to pay my bills if I deploy?

A. We should all have our finances set up so we can deploy without making changes. Now is the time to organize your money so that you won't have to make changes immediately prior to or during a deployment.

You will continue to be paid by the same system and your money will be electronically transferred to your designated SURE PAY account. It is best to establish a checking account and request an automated teller machine (ATM) card for your account. This will allow you to pay your bills with checks and to access your money from most of the ATMs located throughout the world.

Q. O.K., but how do I pay my bills if I am in a combat zone? What if I deploy to a remote site and cannot rely on the mail system?

A. This is where SURE PAY and a checking account will make your life a lot easier. Allotments are a good way to pay fixed debts such as car payments, mortgages, and installment loans because you have a beginning and end date for each of these payments. However, only AC soldiers can establish allotments and are limited to six discretionary allotments. For any bills beyond those six you will have to consider some other method of payment.

Most financial institutions will make payments through electronic fund transfer (EFT) if you ask them. The financial institution charges you a nominal fee for this service, but this service will ensure that your bills are paid on time. Thus, you will not incur any late payment charges, worry about delays in the mail system, or damage your credit rating because of late payments stemming from your deployment.

You may also coordinate with your creditors (car payment, insurance, mortgage, etc.) and set up a draft payment - where the company draws a set amount of money from your account each month. Normally there is no fee for this service.

Once you have decided how you will pay your bills when deployed, you need to establish the payment system. I would also recommend you have a list of all of the mailing addresses and amounts of your bills. You should also have the mailing address, phone number, and account number(s) of your financial institution(s). You should take your checkbook and your ATM card with you when you deploy, so you will be able to access your money when needed.

Q. So, once I get the word I'm deploying should I start all of my allotments? Or should I start them now?

A. If you plan to use allotments to pay certain bills you should start them right away. For instance, you recently purchased a new car. Therefore, the easiest way to repay your car loan would be through an allotment. If you have not already started an allotment, you should consider doing it now. This way it will be one less worry you will have when we deploy because your payments will continue to be made once you deploy.

If you wait until you receive the order that we are deploying, the finance office will be processing a lot of paperwork from other soldiers who waited until the last minute, so yours may take a lot longer to process. If this happens, it may result in late payments being made to your account. Again, it is better to establish EFT payments for your bills through your financial institution prior to your deployment. They will not be as busy as the finance office and will ensure that your bills are paid on time in your absence.

Q. Suppose I do not get any of this done. Won't I get a chance to do at least some things right before I deploy?

A. That's a tough question to answer. The finance office plans to provide last-minute help, but if everyone waits, there could be a lot of confusion, and some soldiers might not get what they need. In addition to the soldiers deploying, the finance office will also be getting ready to deploy so they can offer support on the battlefield. These preparations to deploy will limit their support in the office.

Waiting until the last minute is not wise. If you are deploying, you will have many important things to worry about other than your finances. So, prepare your finances now as if you are deploying tomorrow to ensure that you are financially prepared when you do deploy. Remember, once your unit deploys to a remote site, it may take several weeks to change your pay option or start new allotments.

Q. Do my entitlements change during a war or deployment?

A. Good question. Yes, your entitlements do change when you deploy. First, if you are receiving BAS, it may terminate once you deploy since you will have to eat field rations during a war or deployment determined by Congress for each deployment.

You may also be eligible for the additional pay and allowances listed below:

- **Foreign Duty Pay (FDP):** Payable to enlisted soldiers. Rate of pay is determined by the soldier's grade.
- **Imminent Danger Pay (IDP):** Payable to all soldiers within a specified geographic area at a flat monthly rate.
- **Family Separation Allowances (FSA):** Payable to all soldiers, with dependents, who are away from their family for more than 30 consecutive days.

Q. When do I get my FSA?

A. Soldiers are eligible for FSA when they have been separated from their families for more than 30 consecutive days. On the 31st day the soldier receives payment, which is retroactive to the first day of the deployment. FSA payments continue after the 31st day until the soldier redeploy.

Q. Will my taxes change? Also, how do I file my tax return when I'm deployed?

A. Yes, your taxes also change during war and when serving in an area designated as a combat zone (CZ) or qualified hazardous duty area (QHDA). A CZ or QHDA is established by Presidential Executive Order. Once the executive order is signed by the President implementing the CZ/QHDA tax exclusion, all military pay received by enlisted soldiers and warrant officers is no longer subject to withholdings of Federal and State* income tax.

Officers eligible for the CZ/QHDA tax exclusion are exempt from paying Federal and State* taxes on all military pay received up to the maximum rate of pay for the Sergeant Major of the Army plus \$150.

* State laws vary and soldiers should check with their state for latest information.

MARRIED SOLDIERS

Q. Let's say I am married. How can I provide financially for my spouse and kids during a deployment?

A. The best way to ensure that your spouse and children are taken care of financially is to prepare in advance and ensure you maintain an up-to-date family care plan. There is no substitute for prior planning. One way to financially prepare your spouse is to have separate checking accounts for you and your spouse.

If you choose to maintain separate checking accounts you may want to have a joint account that is used by both you and your spouse when you are not deployed. The second account should be an individual account for you that has a monthly amount deposited sufficient to cover your financial expenses while you are deployed. I would highly recommend using this system because it eliminates a lot of problems for couples who try to maintain a single, joint account during deployments or periods of separation due to military service.

Q. What if I take my spouse to a foreign country, a war breaks out, and my spouse has to leave in a hurry? Won't I already be fighting? Who will take care of my spouse? How will my spouse get money?

A. Your family care plan should outline the arrangements you have made to care for your dependents when you are deployed.

You should also ensure that your spouse has on-hand a DD Form 1337 (Authorization/Designation for Emergency Pay and Allowances), which makes your spouse eligible for non-combatant evacuation payment equal to 2 months' advance on your pay. You must pay back this advance, but in an emergency, it will give your spouse some money to cover basic expenses like getting an apartment, renting a car, etc., when your spouse gets to a safe place.

Another source of support for your family members is the family support group in your unit. A family support group is a formally recognized and chartered volunteer group of unit family members, supported by unit officers and enlisted personnel. The group provides information to and support for families and soldiers of the unit, especially during periods of separation.

Q. How can my spouse get a copy of my LES when I deploy?

A. Your spouse should contact the rear detachment commander of your unit, who will coordinate with the finance office and the battalion PAC. It is possible for you and your spouse to each receive a copy of your LES during your deployment. In order to ensure your spouse doesn't encounter any problems in obtaining a copy of your LES, a power of attorney should state that your spouse is authorized to pick-up a copy of your LES.

Q. Is there anything else I need to know about deploying?

A. Yes, you should always have a current will, especially if you have a family. If you go to war and are listed as missing in action (MIA) or a casualty, your family could have problems claiming your belongings unless you have a will. Again, go to the JAG office to have your will prepared for free. You should prepare a will immediately. Do not wait until you receive the order that you will be deploying to prepare a will.

Remember, we might not have the support of a full finance office in a combat zone - - we may just have small finance teams come out to our location. These teams do not have the capability of a full finance office to work out very complex problems on the spot. Therefore, it may take a little bit longer to get your pay straight if it is not right before we deploy. So make sure you do everything you can now -- **BEFORE** we deploy.

FAMILY CHECKLIST

In addition to preparing financially for deployments, there are certain things soldiers and family members should take care of in anticipation of a deployment. On the following pages are several family deployability checklists. All units should have something similar, but it may not be distributed until the time of deployment. Since these

checklists cover just about everything soldiers will need to do before deploying, soldiers should use them now as an aid in preparing themselves and their families for any upcoming deployments.

<i>Comments</i>	<i>MEDICAL</i>
	Are immunizations for each member of the family up to date?
	Where are the health and dental records for each family member?
	Who should the family contact if they need medical assistance? What is the phone number? (i.e. tracer, Other Insurance Plans, etc.).

<i>Comments</i>	<i>FINANCE</i>
	Does the spouse have continuous access to money? (Power of attorney, joint accounts, or allotments)
	Is the amount of money available through SURE PAY or allotment sufficient to meet all the necessities to run a household?
	If the family must move during deployment, is there enough money to make the move?
	Make a list of all types of accounts you have to include account numbers, names and addresses.
	Where are the bank books and statements maintained?
	Does the family have a safety deposit box? If so, where is the box? Where are the keys? Who has signature access to it?
	Make a list of all credit card accounts to include account numbers, payment addresses, and phone numbers.
	Prepare the spouse to take over full responsibility for the family's financial affairs. If unable to manage the affairs, list the designated person who is responsible for managing the financial affairs in the soldiers' absence.
	Who is the point of contact if allotments don't arrive on time? Give the allotment 3 - 4 days to arrive after the normal time.
	Make a list of all outstanding creditors. Include account numbers, address, and phone numbers. Typical expenses include: rent, telephone bill, water and sewage, electricity, trash disposal, insurance, taxes, utilities, car payment, credit cards, other debts (bank loan, furniture payments, etc.), child care, investments, and cable television.

<i>Comments</i>	<i>TRANSPORTATION/AUTOMOBILE</i>
	Is the spouse familiar with the responsibilities of operating the automobile?
	What is the name and address of the finance company holding the lien on the automobile(s)?
	Is the vehicle insurance paperwork in the car with the registration?
	Where is the vehicle's title? Is the registration or a copy of it in the vehicle?
	Does the spouse have a valid driver's license? When does it expire?
	When is the renewal date for the license plates and/or safety inspection?
	Does the spouse have insurance to drive the vehicle?
	Is a duplicate set of keys available? Where?
	Is the spouse able to make emergency repairs on the car if the situation arises (overheating, flat tire, dead battery, etc.)?
	Is the automobile equipped with a spare tire?
	If a member of an auto club that provides roadside assistance, ensure phone number and policy number are current.
	If the spouse does not drive, what transportation is available?
	Who can the family members call for emergency transportation?

<i>Comments</i>	<i>HOUSING</i>
	Ensure the spouse knows the location of the electrical control box, water control valve, and gas control valve and how to operate each.
	Make sure the family has a duplicate set of house keys and knows the location where they are kept.
	Make a list of emergency phone numbers for fire, police, and post engineer service desk (if living in government quarters).
	The name and address of a point of contact for the spouse to call in case of emergency repairs.

<i>Comments</i>	<i>LEGAL/ADMINISTRATIVE</i>
	Are family members' identification cards up to date?
	Where and how does the family member replace identification cards?
	Does the spouse have a power of attorney to take necessary action on important family matters in the soldier's absence during any special situation that might arise?
	Where is/are the power(s) of attorney kept?
	Does the spouse have a copy of the marriage certificate?
	Does the spouse have copies of birth certificates?
	Are there copies of any adoption papers, divorce decrees, or court orders awarding custody of children? If so, where are they?
	Does everyone in the family have a valid social security number?
	Does the spouse have copies of federal and State tax records? How does the spouse get a copy of the soldier's W-2 form? Who will prepare the family's tax return?
	Where are the insurance policies?
	Does the family know the location of the stocks, bonds, or securities?

<i>Comments</i>	<i>LEGAL/ADMINISTRATIVE</i>
	Does the spouse know the location of any deeds of land the family owns? Are all important documents in a safe place? If so, where?
	Do both the soldier and the spouse have up-to-date wills? Where are they?
	If the family is on a housing list, have they given the housing office telephone numbers where the spouse can be reached during the soldier's absence?
	The following are important documents that should be available during a soldier's absence: current identification cards, marriage certificates, birth certificates, divorce decree, automobile tags/title/registration, wills/burial plan, powers of attorney, property deeds or lease agreements, insurance policies (auto, home, life, etc.), adoption papers, letters of naturalization, passports, immunization records, and unit family support handbook.

IMPORTANT NUMBERS

The families of deployed soldiers should always know emergency telephone numbers for the ambulance, police, fire department, poison control center, family practice clinic or doctor, and unit rear detachment commander. They should also know the soldier's specific unit and his social security number.

PRACTICAL EXERCISES

CHAPTER 5 - FINANCIAL READINESS AND DEPLOYABILITY

1. What additional entitlements do soldiers receive when they deploy?
2. How do taxes change for soldiers deployed to a designated combat zone?
3. What is the best way to protect families from financial hardship when soldiers deploy--joint or separate checking accounts?
4. How does a spouse get a copy of your LES when the soldier deploys?
5. What are some important documents the spouse should keep on-hand or in a safe place while you are on a deployment?

CHAPTER 6 BANKING AND CREDIT

This chapter describes some of the services available at financial institutions to help soldiers manage their money. The subjects covered include credit and interest, loans, credit cards, debit cards, checking and savings accounts, Automated Teller Machines (ATMs), and electronic fund transfers (EFTs).

In the chapter dialogue, PV2 Walker is talking to his section sergeant, SSG Nelson.

QUESTIONS: PV2 Walker

ANSWERS: SSG Nelson

Q. Since I have SURE PAY, all my money goes right to my bank. I've heard they can help you manage your money. Is this true?

A. Well, banks, credit unions, savings and loan companies, and other financial institutions all provide basic banking and investment services. These services include loans, credit cards, checking, and savings accounts. So, they can help you manage your money, but you need to talk to an account representative at your financial institution to see which services best fit your needs. Also, before you talk to an account representative you need to know a few of the most common banking terms like credit and interest.

Q. I think I know what credit is, but could you explain it, just to be sure?

A. Credit is when you borrow money now and promise to pay it back at a later date. The most common form of credit is a personal loan. Normally, you apply for a personal loan from your financial institution for a specific amount of money.

Once your loan is approved you pay back a specific amount of money on a monthly basis until the loan is repaid in full. The monthly repayment amount is determined by the total amount borrowed plus the amount of interest charged divided by the number of months you have to repay the loan.

Q. I know that interest is the charge I have to pay to borrow money, but what is the importance of comparing different interest rates? Is it really that important?

A. Yes, it is very important to compare interest rates and to try and get the lowest interest rate possible when applying for a loan. The higher the interest rate, the more money you have to repay. Let's go through an example so you have a clearer understanding.

Let's say you borrow \$2,000 from a credit union, with repayment due over the next year. We'll compare two interest rates 15% and 20%.

For the loan with the 15% rate, you will pay \$300 interest ($.15 \times 1 \text{ yr} \times \$2,000 = \$300$). The monthly loan repayment amount will be \$191.66 per month for 12 months ($\$300/12 = \191.66).

For the loan with the 20% rate, you will pay \$400 interest ($.20 \times 1 \text{ yr} \times \$2,000 = \$400$). The monthly loan repayment amount will be \$200 per month for 12 months ($\$400/12 = \200).

Picking the loan with the 15% interest rate saves you \$100 in interest costs and reduces your monthly payments by \$8.33.

LOANS

Q. I want to buy a car. I can get a loan from my bank, right?

A. Yes, your bank, credit union, or financial institution should be your first stop, but you should also compare

financing rates at your dealer. Sometimes a dealer can be as competitive as your financial institution and may offer additional incentives or rebates.

Truth-in-lending laws obligate lenders to explain the facts about your loan. Here is some information that the lender must tell you:

- The amount you will pay each month
- The number of payments you will have to make
- The total amount of all of your payments
- The amount of interest you will pay
- The yearly interest rate they will charge you

If your financial institution doesn't give you all this information in writing AND explain it so you can understand it, tell them to wait. Before you sign any papers, go to your legal office and have a lawyer explain it to you.

Q. Do I have to fill out any specific paperwork at the bank in order to apply for a loan?

A. Yes, you will need to fill out a loan application. Application forms vary from one financial institution to another, but all forms ask for basic information, such as the following:

Loan Information

- Amount requested
- Purpose of the loan
- Amount of your down payment
- Individual versus joint application
- Collateral or security (This will be the car you are buying or the item(s) you own that you are using to secure the loan. The lender can take away the item(s) if you don't repay the loan in accordance with your loan agreement.)

Personal Information

- Date of birth
- Social security number
- Marital status
- Number and ages of dependents
- Present and previous addresses and years lived at those addresses
- Telephone number
- Name and address of nearest relative not living with you

Employment Information

- Present and previous employers
- Business telephone number
- Length of employment
- Your position/title/grade/rank
- Your supervisor/commander's name and phone number

Financial Information

- You need to bring proof of your income (e.g. LES)
- The name and address of your current financial institution
- Checking and savings account numbers
- Current balances of each of your accounts
- Proof of any other sources of income (e.g., part-time job, alimony, child support)
- Names, addresses and account numbers of present and past creditors

- Monthly payments and current balances of all credit accounts
- Monthly rent/mortgage payment
- Name of landlord or mortgage company

Co-Applicant or Co-Signer Information

- Name, address, and social security number
- Present and previous employers
- Length of employment and salary

Remember that the loan application gives the financial institution an overall view of your financial stability. Whether you get the loan or not depends on whether the staff at the financial institution thinks you can repay it. They base their decision on the information you supply and your past credit history.

Q. You said something about co-applicant and co-signer. What are they?

A. A co-applicant is a person who is applying for the loan with you, like your spouse. Many young soldiers have one or both of their parents sign as co-signer(s). The co-signer is the person who will be responsible for the loan if you fail to pay. Having someone with a good credit history act as co-signer could help you get the loan. This person cannot be in your chain of command.

Q. Does the financial institution need anything else?

A. They need a copy of the purchase agreement and the name of the recipient of the money - either you or the company where you are buying the car. They will also need the name of the company you are going to buy your insurance from in case the car is wrecked or stolen. Your insurance will usually cover whatever remains of your loan balance; if it doesn't, you will have to pay the difference.

Q. After I fill out the loan application, what happens next?

A. The financial institution staff will review and verify the information on the application and run a credit check. A credit check is used to verify your credit history and to ensure that you have not defaulted on any loans or previous credit agreements in the past. If the financial institution determines you will be able to repay the loan based upon this information, you will get the loan.

The financial institution could deny you credit for several reasons. The most common reason is your income does not qualify you for the loan amount you requested. Other reasons include having other outstanding debts that would make repaying this loan too difficult, having "bad" credit as a result of not paying off a previous loan, or having a poor payment history on your credit report.

That is why it is so important to establish good credit and maintain it. The best ways to establish good credit are by taking small loans, opening credit card accounts, and paying all of your loan payments and bills on time.

Q. Is there anything else I need to know about getting a loan?

A. Yes. On a big purchase like a car, you will probably need a down payment. The larger the down payment the less money you will need to borrow, which will reduce your monthly payment and the amount of interest you will pay.

Although borrowing money is a way to buy what you want now and pay for it later, you must make sure that you can afford to pay back the money you borrow on a monthly basis. The best way to make sure that you will be able to repay your loan without any problems is to develop a budget and include this payment in your budget; we'll talk more about budgets in the next chapter.

Q. With my salary, I do not think I will have enough money to buy a car in a year, so I think I'll lease a car. Is there anything I should know about a car lease or is a car lease the same as applying for a personal loan?

A. Well, first consider how much it costs to own a car. In addition to your car payment you have to budget for your registration, insurance, maintenance, gas, and other applicable taxes. Don't just compare the simple sticker prices; think about the *long-term costs of ownership before you purchase a vehicle*. After deciding on a car, look at your budget to see if you can afford the expenses associated with owning the car.

If you are planning to purchase a new car, more than likely, you will have to apply for a car loan to finance the cost of your new car. One way to reduce the cost of financing a new car is to start saving now for your down payment. Saving as much as you can for the down payment will help you reduce the total cost of purchasing your car in the long run. The larger your down payment the less money you'll have to borrow, which will reduce the amount of interest you will pay over the life of the loan, as well as the amount of your monthly payment.

Leasing is like a long-term car rental, which means you are paying for the use of the car during your lease. Before you sign a lease agreement you should read it and make sure you understand the terms of the lease. If you do not understand the lease take it to your JAG office and have a legal officer review the lease and explain it to you so that you understand it before you sign it. Many car leases have hidden clauses, which end up costing a soldier more in the long run than their monthly lease payment. So, it is important to completely understand the terms of your lease.

NOTE: In the past soldiers have gone to a car dealer and left thinking they had signed a purchase agreement whereas in reality they had signed a lease agreement. The soldier makes payments for 2 years on the assumption they are purchasing the car. At the end of the 2-year period, they receive a bill for the balance, which is known as a balloon payment, due on the car. A balloon payment must be paid in full or the balance due must be refinanced, which causes a lot of financial problems for soldiers.

At the end of your car lease, you normally have three options: return the car to the dealer, purchase the car in cash, or finance the balance due on the lease to purchase the car.

If you choose to turn-in the car to the dealer from whom you leased the car, you will normally have to pay for any "wear and tear" on the car such as scratches, nicks in the paint, damage to wheel covers, and any other damages. These charges are assessed based upon the terms of your lease agreement and are normally very expensive. Most soldiers do not read the fine print before signing their lease agreement and are unprepared for "wear and tear" charges. When the lease expires and the soldier returns the car, these additional expenses create a financial hardship for the soldier. **Read and completely understand your lease agreement prior to signing.**

Your second option is to purchase the car from the dealer and pay cash. The final purchase price is calculated based upon the original cost of the car minus the amount you paid during your lease minus any depreciation costs. By paying cash, you save yourself any interest charges.

The third option is to purchase the car by financing the balance due on the lease. The car is now a used car. Interest rates for a used car loan are a few percentage points higher than the interest rates for a new car loan. The higher interest rate can make it more difficult for you to qualify for the loan. Furthermore, the repayment schedule is shorter. Thus, you end up paying more in interest charges over a shorter repayment schedule, which means your monthly car payment is going to be higher.

Q. Is there any other way to buy expensive things other than having to wait and save?

A. Yes, the only other way to purchase expensive things without saving in advance is to purchase them on credit. The most common form of credit is a credit card. When you use a credit card you purchase items and are billed later for your purchases. Normally, you have a 25-day interest free grace period when you use your credit card to purchase items. Most credit cards require the prior month's balance to be paid in full for new purchases to qualify for the grace period.

If you pay off the balance of your credit card by the due date you will not pay any interest on your purchases. You can choose to pay the minimum amount due and the balance will be carried over until the next billing cycle. If you

carry a credit card balance from month to month you pay interest on the unpaid balance. Interest rates vary on credit cards so compare interest rates before applying for a credit card.

Another way to purchase items is to use layaway plans at the post exchange and department stores. A layaway plan allows you to pick out specific merchandise that the store will package and put into storage for you to pick-up at a later date. The store will have you fill out a layaway slip, which outlines your payment plan. Once the final payment is made you pick-up your merchandise and take it home. Some layaway plans charge a service fee, ranging from \$1 to \$5. Layaway plans are not as convenient as credit cards, but you do not pay interest on your purchases.

CREDIT CARDS

Q. I know about credit cards; just about everyone has one, but I'm not sure I know how they work. Could you explain them to me?

A. All credit cards have a spending limit. The company sets the limit, and you cannot exceed this amount in purchases and cash advances.

Q. What happens if I go over the limit?

A. The credit card company can refuse to pay for the purchase. If they approve the purchase, they will not approve further purchases until your balance is back under the limit. Also, many credit card companies impose a penalty charge if you go over the limit. The penalty charge normally ranges from \$25 to \$35.

Q. How do I pay back the money?

A. You will receive a monthly statement, which will show your credit card purchases, your balance, the minimum monthly payment, and the date the next payment is due. You can pay off the balance by the payment date and avoid paying any interest charges. If you opt to pay the minimum monthly payment or any amount greater than the minimum but less than the balance you will be charged interest on the balance you carry forward. The sooner you pay off your balance, the less interest you will pay.

Q. What else is there to know about credit cards?

A. Credit card companies charge different rates of interest, and some of them even charge a yearly membership fee. It is very important to shop around for the lowest interest rate and a no fee credit card. Each credit card has its own specific rules, which you should always read and understand before you sign anything.

Remember, a credit card works just like a loan. Don't use the money unless you are positive you can pay it back. Look at your budget before you use your credit card to make sure you can afford the payments.

Q. So, is this the same way my Government Travel credit card works?

A. No, there are some differences between your Government Travel credit card and your personal credit card. First, your Government Travel credit card is not a credit card - you cannot carry your balance forward. Your government Bank of America card should only be used for official travel expenses, such as lodging, rental cars or meals. It is **not** for your personal use.

The balance on your travel card should be paid in full when you receive the monthly bill from Bank of America. If you file your travel claim right away, you should get your reimbursement check before the Bank of America card bill is due.

It is important to understand how to use your government Bank of America card and to use it correctly. If you misuse your travel card or become delinquent on your account, you could get into serious trouble with your chain of command.

Q. Will the credit card company reduce my interest rate if I am in good standing?

Yes, if you have been in good standing with your credit card company for more than a year, most will lower the interest rate 1-2% upon request.

DEBIT CARDS

Debit cards look just like a credit card and have either the Visa or Mastercard logo, but a debit card is not a credit card. Your bank or financial institution issues a debit card. Whenever you use your debit card to make a purchase, the amount of your purchase is electronically debited from your checking account within a day of making the purchase.

Debit cards truly offer the best of both worlds. A debit card offers you the convenience of making purchases with a piece of plastic without the temptation and ability to run up credit card debt. Debit cards keep you from spending money you don't have and help you live within your means.

Important Note: If you choose to use a debit card it is essential to balance your checking account on a monthly basis. When you balance your account you will subtract your debit card purchases as well as cleared checks and ATM withdrawals. Balancing your checking account on a monthly basis will help you avoid any unnecessary bounced check fees that may occur as a result of forgetting to subtract any debit card purchases or ATM withdrawals.

CHECKING ACCOUNTS

Q. I'm thinking of opening a checking account, but the different types of accounts confuse me. Which account is best for me?

A. There are several types of checking accounts offered by most financial institutions. The three basic types of accounts are standard, interest bearing, and premium checking accounts.

A standard checking account is a full service account. This type of account offers unlimited check writing, ATM deposits, and withdrawals.

An interest bearing checking account pays interest on your average daily checking account balance. A minimum balance must be maintained in order for interest to be paid. This amount varies from one financial institution to another. An interest bearing checking account also offers the same benefits as a standard checking account.

Premium checking accounts require account holders to maintain a minimum balance of \$10,000 in their account. This balance can be attained through any combination of savings, money market, and time deposits. This account offers all of the same benefits as both a standard and interest bearing checking account, but also offers additional benefits. These additional benefits include a no fee credit card with a reduced interest rate, free checks, reduced interest rates on personal loans and other benefits. The additional benefits and minimum balance vary from one financial institution to another.

Each of these accounts can be opened as either a joint account or an individual account. On a joint account two people can write checks and have access to the money in the account. The biggest advantage of a joint account is that both people have access to the money in case of an emergency. The biggest disadvantage is that it is more difficult to manage and balance a joint account, because there are two people writing checks on the same account.

On an individual account only the person who opened the account can write checks and access the money in the account. The advantage of an individual account is that it is easier to manage and balance because there is only one person who has access to writing checks on the account.

Remember, before you open your checking account discuss the various options with an account representative. The account representative will explain the different types of accounts and outline any additional costs or service fees

connected with the different accounts. The bottom line is your personal financial situation will determine what type of account will be best for you.

Q. How is having a checking account better than not having one?

A. A checking account allows you to write checks. Checks are a very convenient way to pay bills in person or through the mail. Remember that checks are like cash. Do not let anyone you don't trust have access to your checkbook.

Q. Banks aren't the only places that offer checking accounts, are they?

A. No, most financial institutions have them. For example, savings, and loan companies and credit unions have "share draft" accounts; these work just like standard checking accounts at a regular bank. Service charges and different account types will vary from one institution to another.

Q. When I look at financial institutions, how do I know which one to choose? I'm sure they aren't all the same.

A. All of them offer the same basic services, but before you decide, make sure you shop around a little bit. See what each will charge you on a monthly basis to open and maintain your account with them.

Some have a monthly service charge, some charge a small fee each time you write a check, and some charge the same no matter how many checks you write. Pick a financial institution that's convenient and will charge you the least money. Here are some questions you should ask when shopping around for your checking account:

- Will I receive a deposit slip for my SURE PAY?
- Will I receive my canceled checks with my monthly statement?
- Do I have to maintain a minimum balance to avoid a fee?
- Is there a monthly service charge, a fee for writing checks or both?
- Will my account be federally insured?

It is important to choose a financial institution that can serve you regardless of your location. Remember, you will PCS every 2 to 3 years. Many banks and credit unions now provide online services also.

Q. What do I have to do to open a checking account?

A. It's simple. First, you fill out an application and complete a signature card. Sign your name on the signature card the same way you will sign your checks. The financial institution will use your signature card to verify the signature on the checks written on your checking account.

Then, you make your first deposit. The teller will give you a temporary check register and enough temporary checks to last until you receive your personalized checks and check register. It is a good idea to have your personalized checks printed with your rank, name, and address.

Do not have your SSN imprinted on your checks. It could be used by someone else to open a line of credit in your name and cause you a lot of problems. When you cash checks at a government facility, take the time to write your SSN on your check.

Q. Is there a minimum amount required to open an account? How do I make additional deposits?

A. Yes, most financial institutions have a minimum amount required to open an account. Different financial institutions require different amounts.

After your initial deposit, you will fill out a deposit slip each time you make a deposit. The teller will verify the amount of the deposit and give you a receipt. Keep this receipt; it is the only record you have as proof of depositing money into your account. In case of a mistake at your bank, you will need all receipts to verify your deposits. If

your SURE PAY is directly deposited to your checking account, it is important to keep copies of your LESs. Your LES is the only receipt you have to verify that a SURE PAY deposit was made to your account.

WRITING A CHECK

BOB JONES **2048**
DATE 28 Nov 2003
PAY TO THE ORDER OF Texas Bell \$ 200.00
Two Hundred and no/100-----
DOLLARS
FIRST NATIONAL BANK
October Phone Bill Bob Jones
⑆00 2100 66⑆ 770⑆ 964076⑆ 2121

Q. Can you show me how to write a check?

A. Sure. Let's use one of my checks. I need to pay my telephone bill, which is \$200. The first thing I do is put the date in the upper right hand corner of the check. Then, I start to fill it out.

After the words "Pay to the order of," you write in the name of whom the payment is to, in this case--Texas Bell. In the next block to the right you write the amount in number form, \$200.00. Then you write the amount in word form, forty and NO/100, on the line underneath the "Pay to the order of" block. Then, you can make a note in the lower left corner of the check. I will write "October Phone Bill" on this one. Another good idea is to write the account number of the bill you are paying on this line. It helps the company know to credit your account. The last step is to sign the check. Make sure you sign it the same way your signature appears on your signature card. Some creditors will also require you to write additional information (e.g. your home and duty phone numbers) on the top of the check.

You should also left-justify the numbers and writing on the check. What this means is that you should write the numbers right up against the dollar sign and the words right up against the side of the check. If you don't, someone can tamper with the check and change the amount.

Q. What happens if I make a mistake writing a check?

A. You write "VOID" in large letters across the check and record it in your check register.

Q. How do I keep track of the money in my checking account? It sounds like it would be hard.

A. When you open your account, your financial institution will give you a check register. You will enter all checking account transactions into your check register (checks used, checks voided, deposits, service charges, ATM transactions, debit card charges, etc.). Fill out your check register as soon as possible after writing each check or completing any transaction that effects your account balance.

Filling out the check register properly is very important because this is where you keep track of your account balance. Let's look at my check register and I'll show you how to record the check I just wrote to Texas Bell.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT / DEBIT (-)	T	FEE (-) IF ANY	DEPOSIT / CREDIT (+)	BALANCE
797	11/10	Phone Bill	40.00		N/A	N/A	710.00

Moving from left to right, start with the number column and fill in the check number, continue moving to the right and fill in the information requested in each of the columns. Now, you will notice there is a different column for checks, fees, and deposits. Make sure you put the right information in the correct column. Then, adjust the balance column to reflect your new balance. Always balance your check register and remember to make sure you have enough money in your account before you write any checks.

Q. How do I know if my financial institution's record of my account matches mine?

A. Your financial institution will send you a statement once a month that will show everything that has been posted to your account. They may also, depending on the institution, send your canceled checks back to you. Use the statement or the canceled checks when balancing your account.

The statement has a cutoff date. Any transactions after that date will appear in your records but not on your statement. To balance your account you have to take the ending balance on your statement and subtract/add any transactions that took place after the cutoff date.

The balance you come up with should match the balance reflected in your check register.

Q. O.K., what if the balances don't match?

A. Go over the procedure again to see if you added anything wrong. If you still can't figure it out, visit or call your financial institution and talk to an account representative.

Q. What happens if someone, either me or the financial institution, makes a mistake?

A. Your financial institution has thousands of accounts they have to monitor, and you have only yours. What does this mean? It means it is your responsibility to make sure that your balance is correct. That is why it is very important to keep all your deposit slips and to keep your check register up to date.

If you make a mistake, make sure you correct it as soon as possible. If you believe your bank committed the error, contact a bank representative as soon as possible to fix the problem.

Q. What kind of trouble can I get into if I bounce one or more checks?

A. Well, there are several things that can happen:

- Your bank and/or the organization you wrote the check to may charge you a fee of \$25 or more for each check you bounce.
- You may damage your credit rating.
- Your name may appear on a bad checklist.
- You may have your on-post check cashing privileges suspended for 6 months, a year or indefinitely.

- You may receive a formal reprimand.
- It may be reflected on your next evaluation report.
- You may get an Article 15.
- You may lose rank.
- You may receive a court-martial.
- You may be barred from reenlistment.
- You may be involuntarily separated from the Army.
- If intentional, you can be prosecuted by both civilian and military authorities.

As you can see, bouncing checks can be serious business. If you are worried about this, you may want to get overdraft protection.

Overdraft protection is a line of credit that you apply for at your financial institution. Once approved you will be given a credit limit, which is the amount of overdraft protection you qualify for. Your financial institution will cash checks that exceed your account balance up to your credit limit.

Your overdraft protection works just like a loan except for the way the interest rate is calculated. The interest rate is calculated at a daily rate, which starts accruing from the date the check clears your account and continues until your balance is paid in full.

Your financial institution will send you a monthly bill for your overdraft protection. This bill is similar to a credit card bill and will outline your charges, the balance due, the minimum amount due, and the payment due date. You can pay the minimum amount due or any amount greater than the minimum amount up to the full balance due. The sooner you pay off your balance the less you will pay in interest charges.

Overdraft protection can save you the added expense of "bounced" check fees, but it is very expensive and should only be used in the event of an emergency.

SAVINGS ACCOUNT

Q. A savings account sounds like a good idea. How do I start one?

A. Opening a savings account is similar to opening a checking account. You need to fill out an application and complete a signature card. Once you open your account, you will get an account number and a passbook to record your account balances.

Make sure you keep your account number handy and ensure that you verify your account number every time you make a deposit. If you put down the wrong account number on a deposit slip, you may be depositing money into a account belonging to someone else.

You will get a monthly account statement. Balance your savings account in the same way you balance your checking account. Make sure you account for any transactions you made after the statement cutoff date. If your records do not match your statement, balance your account again, and if your balance still does not match, see or call a representative from your financial institution right away.

Q. Which type of account is better for me to have, a checking account or a savings account?

A. It depends upon your personal situation, but normally a checking account is a convenient way to pay your creditors (credit card companies, utility companies, telephone companies, etc.) through the mail. Most creditors will not accept cash for monthly payments.

Also, a checking account allows you to write checks for cash at all government facilities allowing you immediate access to cash. You can have both a checking and savings account for the best of both worlds. It seems as though we've covered a lot of material, do you have any other banking questions?

Q. Yes, I got a money machine card from my bank last week. How do I use it?

A. These cards are commonly called ATM cards because they only work in Automated Teller Machines (ATMs), which are discussed in the next section. Prior to receiving your card you should have received your personal identification number (PIN) from your financial institution that issued your ATM card. It is best to memorize your PIN and keep it in a safe place, separate from your ATM card.

To use your card go to an ATM and insert your card. After you insert your card, you will be asked to enter your PIN. After you enter your PIN a menu will appear with a list of options. Choose the option you want to use (e.g., withdraw cash from checking) and follow the directions that appear on the screen.

Note: Remember when using an ATM to record all deposits and withdrawals that affect your account in your account register or passbook so that you can maintain your current balance.

AUTOMATED TELLER MACHINES (ATMs)

Automated Teller Machines (ATMs) were first introduced in the United States in 1971. ATMs originally dispensed cash and offered balance inquiries. Now ATMs offer an array of advanced functions, which essentially provide 24-hour banking services.

Although ATMs are an excellent way to get cash fast, you have to be careful when using them. The account balance on the machine is only as current as the information your bank has. If you have written checks recently, and they have not yet cleared your bank, your balance will not reflect these checks, and the machine will tell you a balance that is too high. If you withdraw money from your account in excess of your "real" balance (e.g., the balance from your checkbook register) the checks that have not reached the bank will bounce.

When you withdraw cash from an ATM that is part of your financial institution there is usually no fee for using the ATM. When you withdraw cash from an ATM that is **not** a part of your financial institution, you are charged an administrative processing fee. Many times the financial institution that owns the ATM and your financial institution will both charge you an administrative fee. These charges add up quickly. Plan ahead so you can avoid having to use an ATM owned by another financial institution. Just remember, ATMs are like anything else that pertains to your money. Make sure you have the money in your account when you are writing a check or making an ATM withdrawal. Remember to subtract all ATM withdrawals and ATM fees from your checkbook register.

PRACTICAL EXERCISES

CHAPTER 6 - BANKING AND CREDIT

1. What information **MUST** a financial institution explain to loan applicants?
2. What is a co-applicant/co-signer of a loan? Why is it advantageous to have one?
3. What are some things to consider before getting a credit card?

You are SPC Bob Jones. Use the blank checks and check register provided to prepare your answers to questions 4 through 9. Make sure to post each transaction in the check register.

b. 6 March - \$47.92 to Vernon Power and Light for utilities.

BOB JONES	2048
DATE _____	
PAY TO THE ORDER OF _____	\$ _____
	DOLLARS
FIRST NATIONAL BANK	

⑆00 2100 66⑆ 770 ⑆ 964076 ⑆ 2121	

c. 8 March - \$50.00 check for cash at the PX , Fort Dix, New Jersey).

BOB JONES	2048
DATE _____	
PAY TO THE ORDER OF _____	\$ _____
	DOLLARS
FIRST NATIONAL BANK	

⑆00 2100 66⑆ 770 ⑆ 964076 ⑆ 2121	

d. 11 March - \$149.68 for groceries at the Commissary (made out to DMPO, Fort Finance, Arizona).

BOB JONES	2048
DATE _____	
PAY TO THE ORDER OF _____	\$ _____
	DOLLARS
FIRST NATIONAL BANK	

⑆00 2100 66⑆ 770 ⑆ 964076 ⑆ 2121	

7. 15 March - You get paid \$616.89 for mid-month payday.

8. 15 March - \$456.67 is automatically deducted from your bank account to pay back a loan.

9. What is the balance in your checking account?

10. Copies of SPC John Culpepper's bank statement appear on the next two pages. The third page has a copy of his check register. Today is 7 April 20XX what is the current balance of your checking account?

STATEMENT OF ACCOUNT

P.O. Box 27364
Rockville, AZ 76544

FINANCE BANK

John F. Culpepper

STATEMENT DATE

ACCT# 846530274

CHECKING ACCOUNT SUMMARY FOR 846530274 CULPEPPER, John F.

PREVIOUS STATEMENT WAS DATED 2/27/XX	BALANCE WAS	165.64
DEPOSITS AND OTHER CREDITS:	2 TRANSACTIONS	TOTAL 1,233.78
CHECKS AND OTHER DEBITS:	8 TRANSACTIONS	TOTAL 1,291.35
BALANCE ON STATEMENT:		108.07

CHE CK S PAID		
DATE	AMOUNT	NUMBER
3/1	50.00	266
3/11	220.00	267
3/10	50.00	269
3/17	149.68	270
3/20	100.00	271
3/28	15.00	27

OTHER DEBIT S		
DATE	TRANSACTION DESCRIPTION	AMOUNT
3/4	ATM WITHDRAWAL	200.00
3/15	AUTOMATIC TRANSFER	456.67
3/19	ATM WITHDRAWAL	50.00

CREDIT S		
DATE	TRANSACTION DESCRIPTION	AMOUNT
3/1	CHECKING ACCOUNT - US ARMY	616.89
3/15	CHECKING ACCOUNT - US ARMY	616.89

ALL CHANGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
	DATE	DESCRIPTION OF TRANSACTION	PAYMENT / DEBIT (-)	T	FEE (-) IF ANY	DEPOSIT / CREDIT (+)	BALANCE 115.64
+	3/1	Sure Pay				616.89	616.84
		Deposit					732.53
-	3/4	ATM	200.00				(200.00)
		Withdrawal					532.53
267	3/6	Rent Payment	220.00				(220.00)
							312.53
268	3/6	Vernon Power	47.92				(47.92)
							264.61
269	3/8	Finance	50.00				(50.00)
		Cash					214.61
270	3/11	Finance	149.68				(149.68)
		Commissary					64.93
+	3/15	Sure Pay				616.89	616.89
		Deposit					681.82
-	3/15	Loan Deduction	456.67				(456.67)
		(Bank Loan)					225.15
271	3/17	AAFES	100.00				(100.00)
		Cash					125.15
-	3/19	ATM	50.00				(50.00)
		Withdrawal					75.15
272	3/20	Tim Kress	15.00				(15.00)
		Hockey Tickets					60.15
273	3/24	AAFES	34.76				(34.76)
		PX Items					25.39
274	3/27	AAFES	10.21				(10.21)
		Snacks					15.18
+	4/1	Sure Pay				616.89	616.89
		Deposit					632.07
275	4/4	Rent Payment	220.00				(220.00)
							412.07
276	4/6	Vernon Power	53.16				(53.16)
		& Light					358.91

CHAPTER 7 BUDGETING AND INVESTMENTS

This chapter explains how to develop a budget for both single and married soldiers. This chapter will also outline how soldiers can get the most out of their money by planning what they spend, what they save, and what they invest. Investment options will be discussed briefly at the end of this chapter.

BUDGET FOR THE SINGLE SOLDIER

PVT McMillan is talking to her first sergeant, 1SG Holmes. She is trying to find a better way to manage her money every month.

QUESTIONS: PVT McMillan ANSWERS: 1SG Holmes

Q. My money seems to just disappear and I do not know where it all goes. Can you show me a way to keep track of my money and to develop a plan for saving my money?

A. This is a common problem. The best way to track your money is to develop a budget. A budget can help you identify where your money is going and can help you develop a plan to save money.

It is important to develop good saving habits now so that you have money saved for emergencies (e.g., unexpected car and home repairs). Saving money also allows you to have money available to make any special purchases you may want. You may also want to begin saving and investing now for your long term financial security. In order to start saving and investing your money now you will have to examine your current spending habits and may have to change your spending habits to accomplish these goals.

Q. I may have to change my spending habits. What does that mean?

A. Getting those late night goodies at the closest place, even though it's more expensive, or buying things that are "cool" whether you need them or not are spending habits that may need to be changed. This is impulse buying, and it will eat up your pay in a hurry if you are not careful. Stop and determine if you really need the item and can afford it before you make the purchase. Again, this is where a budget comes in handy.

Q. Having a budget makes sense. How do I make one?

A. The first thing you need to do is make a list of all of your expenses. Then determine your financial goals. Some examples are future security, a vacation, new car, or stereo system. Put them in priority, starting with the one you want or need the most.

Q. What I really want is a new stereo system, but the one I want costs \$800. There is no way a private can save that much money is there?

A. It's easier than you think. You took the first step by finding out the cost of the stereo. Now you need to develop a budget and a savings program to see if you can afford it. The key is to put away a little bit of money each month.

Q. Where do I start?

A. Look at your LES to see how much you earn each month. Then list the bills you have each month; these are "fixed expenses". Examples of fixed expenses are items like car payments, loans, and insurance payments. You have to pay these bills before you do anything else with your money.

Other expenses to consider are food, clothing, recreation, and transportation. These costs are variable expenses but they can really add up if you do not limit your spending for such items.

O.K., let's work on a budget for you. First, write down your goal. In this case it is a new stereo. Now make a list of your expenses, starting with your fixed expenses.

Q. Well, I am currently paying \$40 a month for a television I have in layaway at the PX, which will be paid for in 3 months, and I send my mother \$100 a month. Can you think of anything else?

A. If those are your only expenses that do not change from month to month, continue on to your other expenses like food, transportation, and clothing.

Q. As far as food goes, I eat on post at the dining facility most of the time. Normally on the weekends I spend money for pizza and hamburgers, and sometimes I buy breakfast. Should I count that?

A. Definitely. After you incorporate these things into your budget, you will be surprised just how much you spend on them. Now, buying clothes is another thing that can sneak up on you and take a big bite out of your paycheck if you are not careful.

Q. I have plenty of clothes, but some of them are getting old.

A. Figure out how much you spend on civilian clothes a month. Include the cost of dry-cleaning and upkeep. Do not spend more for these items than you allowed for in your budget. Watch for sales; you can buy good clothes at low prices if you watch for sales. Try to avoid impulse buying -- do not buy those expensive pants that you do not really need just because they will look good on you. Now, the next thing we need to look at is your transportation costs.

Q. I use the bus to go into town once in a while, and sometimes I give my buddies' gas money. I would say no more than \$40 a month. Should I put any other expenses in my budget?

A. Absolutely. Decide what you want to spend for those miscellaneous things like magazines and video games. Let's call these "incidental expenses."

Q. Well, I will try \$100 a month for incidental expenses. What's next?

A. Recreation expenses. Figure out how much you spend each month to relax and have a good time.

Q. I like to go out, and I usually spend \$125 a month. Now, how can I manage to save \$800?

A. If you save \$100 a month, you will have the \$800 in just 8 months. You should also save some money for unexpected emergencies.

Q. I was thinking about putting another \$50 a month into a savings account. Will I be able to afford it?

A. Sure. Let's add it to your list. Now, let's total up these numbers and see what we have.

Q. My expenses and savings add up to \$700. Now what?

A. Figure out how much money you get every month. Check your LES.

Q. Last month I made \$710 after taxes. I do not have any additional income. What next?

A. Total your expenses plus your savings and subtract this total from your monthly income.

Q. Well, take away \$700 and I have \$10 left. That does not seem good.

A. Yes, but remember -- you will also be putting away \$150 a month into savings. You said that you were not putting any money away now. So, you are actually doing much better.

Q. Can I use the same budget for more than 1 month?

A. Yes. I recommend you review your budget after 3 months to see how your actual costs compare with your estimates. Also, adjust your expenses as your income, debts, and priorities change. Remember that your budget should be flexible.

Q. What if I do not spend my money the way this budget shows?

A. You can change your budget as your situation changes. Your budget should be flexible to reflect changes in your income and expenses. In 3 months you will make your final layaway payment on the television you have in layaway and you can subtract that \$40 from your expenses, which will increase your income by \$40 per month. Your budget will fail unless you invest the time and effort to make it work. An outline of the budget we have prepared for you appears below.

BUDGET	
GOAL: \$800 for Stereo	
Expenses & Savings	
TV Payment	\$ 40
Mother	\$100
Food	\$100
Clothing	\$ 45
Transportation	\$ 40
Incidentals	\$100
Recreation	\$125
Savings (Stereo)	\$100
Savings (Other)	<u>\$ 50</u>
TOTAL	\$700
Income	\$710
Minus Expenses/Savings	- <u>\$700</u>
BALANCE	\$ 10

TRANSPORTATION

Q. All of this reflects my life right now, but I am thinking of buying a car. What are some things I need to consider before I buy a car?

A. There is more to having a car than making car payments and paying for gas. One major expense is automobile insurance.

Q. What other costs will I have?

A. You will have to purchase your license plates, pay your vehicle tax and register your car. Once you have selected a car, ask the legal office to look at the purchase and loan papers before you sign.

Q. What if the car needs repairs all of a sudden? How do I plan for that?

A. You have to put car repairs as expenses in your budget. All cars need general maintenance like oil changes, tune-ups, new tires, and so forth. Even if you take good care of your car, it may break down from time to time. So, you have to set aside some money for repairs.

HOUSING

Q. I live in the barracks, so my housing expenses are next to nothing. What happens if I cannot get a room in the barracks?

A. If government quarters are not available you'll get BAH and BAS. Refer to chapter 1 to review the eligibility for each of these entitlements.

Q. Do I need to know anything else about living off post?

A. Yes. First, you must go to the housing referral office. They will give you a list of apartments and houses for rent in the area. Some posts have a program with landlords and utility companies to waive some deposits. Check with housing referral before you rent.

Before you move in, you may have to pay a deposit. A deposit is usually equal to 1 month of rent. You must pay the first month of rent in addition to the deposit. You may also have to pay deposits on your electricity, gas, water and telephone. Your landlord can tell you the required deposits. These deposits are not cheap so before you move off post be sure to save enough money to cover all of your deposits.

Q. Is there anything else?

A. Other things you may have to pay for are electricity, gas, heat, water and sewer, garbage pickup, telephone, cable TV, furniture, curtains, appliances, and laundry.

Q. Doesn't the rent include these things?

A. It depends on the landlord's policy. Some may include all or some of these things in the rent while others may have you pay for utilities directly to the utility company. When you shop around for a place to live, compare what utilities and services the rent includes.

If you pay your utility charges separately, be careful to use only what you need. You pay based on what you use. Make sure you think about the consequences before you turn up the heat or air conditioning because you are being billed based upon the amount you use.

Your rent should be the same every month, unless your landlord increases it. Before signing your lease review it to see if/when your landlord can increase your rent.

Q. What is a lease?

A. A lease is a written agreement that explains the terms of your rental. It tells what you can do with your apartment and what the landlord can do to and for you. Make sure that you understand your lease and can follow it before you sign it. Finance determines your eligibility for housing allowances based upon the terms of your lease.

Always make sure that your lease has a military clause. This clause will allow you to break your lease if the Army suddenly decides to PCS you to another post or deploys you. Without this clause, you may lose some or all of your deposit by breaking your lease. It is a good idea to have the legal office go over your lease with you before you sign it.

Q. What happens if the landlord does not give me back my deposit, even if I clean the apartment before I leave?

A. If you have any trouble getting your deposit back, go to the legal office for assistance. They will help you interpret your lease and determine your eligibility for a refund.

Q. Is there anything else I need to know?

A. Yes. You really have to watch your telephone bill. Long distance phone calls add up in a hurry. You should call during off-hours and get a good long distance calling plan. Make sure you check with your phone company, and shop around for the best long distance rates.

Then, there is the matter of furniture. You will need some. Again, resist the impulse to purchase all of the furniture you may need or want using a credit card because you will incur a large debt. You may have trouble repaying this debt in addition to all of your other expenses associated with living off post.

You may want to consider buying used furniture and household items. You can get some good deals at garage and estate sales and the post thrift shop.

Q. You have given me a lot of things to consider. How will I know when it is time to move off post and which apartment is right for me?

A. You will know when it is the right time for you to move off post, but remember it is a costly move. So, now is the time to start saving your money and preparing yourself financially to move off post when the time comes. When you decide to move, take your time, look at all factors and do your best to make the right choices.

BUDGET FOR THE MARRIED SOLDIER

In this dialogue PFC Warren is talking to his platoon sergeant, SFC Jackson. He is trying to find a better way to budget his money every month.

QUESTIONS: PFC Warren
ANSWERS: SFC Jackson

Q. Can you help me with a budget for my family and me? I have a wife and a daughter.

A. Sure. Tell me some of your major expenses.

Q. Housing is probably the biggest one, but we spend a lot on food, too. We always spend a lot more than my BAS. How can we control how much we spend on food?

A. One big advantage you have is the commissary. As a rule, you can get food there for less than just about anywhere else. Still, make sure you compare prices. Some stores sell different items cheaper than other stores; always look out for sales at the local grocery stores off post. During some sales, you can get things cheaper than the commissary. When you can, buy things where they cost the least. Coupons are another way to save money when shopping at the commissary or the local grocery stores.

Plan your meals in advance, make a grocery shopping list and buy only what you need. This will help you avoid impulse buying with food--do not go shopping when you are hungry.

Now, let's talk about a budget for you. Do you have a specific goal or purpose for your savings?

Q. Yes, we would like to go on a vacation to visit my parents. The cost of transportation and food should be \$300 -- we will be staying at my parents' house.

A. O.K., \$300 isn't too bad. Now, let's start looking at your fixed expenses that you pay each month. A fixed expense is an expense that is the same every month.

Q. Our rent is \$450 and our utilities are \$70. Food runs about \$300 a month. My car payment is \$290 a month. Gas, oil, and repairs usually cost about \$25 per week so that's a \$100 per month. My car insurance costs \$60 a month.

A. O.K., these are your only fixed expenses on a monthly basis. Now you need to list your variable expenses. A variable expense is an expense that varies from month to month. Some examples are clothing, phone bills, and anything else you pay for on a monthly basis.

Q. I would guess clothing costs are about \$75 per month, cable television is \$25, baby-sitting is \$40, and our phone bill is usually about \$45. Oh, I also give \$40 a month to my church. I go to school on post, which normally costs about \$130 a month for the courses and books. I usually take the family out to dinner and the movies once a month. This normally costs \$50 a month. This is all I can think of but can you think of anything else?

A. The only other thing I can think about is the money you and your spouse need for pocket money and incidentals. What is the monthly amount of pocket money for each of you?

Q. We each spend about \$15 a week. That comes out to \$120 a month. What's next?

A. Now it is time to think about your vacation. You said you would need \$300 to cover your expenses. If you can put away \$75 a month, you would have the money in just 4 months.

Q. I would like to start putting some money into savings, maybe about \$50 a month. Is that a good idea?

A. That is a great idea. Now, if you cannot think of anything else, let's add up the things on your list.

Q. All of these expenses and savings add up to \$1,920. What now?

A. Figure out what your income is.

Q. Well, I make \$1,428 after taxes per month, and my spouse earns \$520 after taxes per month doing part-time work. So our combined income is \$1,948. That's \$28 more than my expenses. Now I have to stick to my budget. Is there anything else I need to know?

A. Yes. Do not forget to go over your budget on the next page with your spouse. You both have to plan together to make it work. Remember, this budget is not set in stone. If it is not working out, you can change it. Just be flexible and make sure you stick to some kind of budget.

BUDGET
GOAL: VACATION (\$300)

Rent	450
Utilities	70
Food	300
Transportation	450
Clothing	75
Cable TV	25
Babysitting	40
Telephone	45
Church	40
School	130
Recreation	50
Incidentals	120
Savings (Vacation)	75
Savings (Other)	<u>50</u>

TOTAL Expenses and Savings \$ 1,920

Income Minus Expenses and Savings

Me	1,428
Wife	<u>520</u>

TOTAL Income \$ 1,948

Income	1,948
Minus Expenses and Savings	- <u>1,920</u>

REMAINING BALANCE \$ 28

Q. I know I am going to PCS soon. Should I put that into my budget?

A. Yes. The Army will pay you for your PCS move, but there are a lot of out of pocket expenses associated with a PCS move. So it is a good idea to put some money into savings for your PCS move. Additionally, you may incur some incidental costs that will not be reimbursed.

Before you make any plans you should talk to someone at your local finance office to find out what entitlements you will receive when you PCS. Also, you should check the per diem rates for the geographic area where you are transferring.

Q. What major expenses will I incur when I PCS?

A. The major PCS expenses are:

- Hotel or motel bills at your old duty station prior to leaving, while you are traveling, and at your new duty station until you find housing.
- Security Deposits for housing and utilities and other expenses associated with moving into a house or apartment.
- Transportation, meals, laundry, etc.

Q. Do I need to keep any records of my PCS?

A. No. On a PCS move, you are paid a flat per diem rate so you will not need any records for your travel voucher.

Q. Is that all I need to know about PCSing?

A. No. Do not forget about your SURE PAY account. You need to decide if you want to open a new account at your next duty station. Remember never close your old account until your first SURE PAY deposit is made to your new one.

Remember, you do not have to switch financial institutions when you PCS. If you are happy with the financial institution where you have an established account, stick with it.

EMERGENCY SITUATIONS

Q. What about emergencies? If something happens and I have emergency money problems, what do I do?

A. If you plan and save for emergencies your savings can keep you out of a tight spot when emergencies happen. But if you get stuck, there are places to get help.

First, come and see me. I can explain a few options where you can go for help. Army Emergency Relief (AER) and American Red Cross (ARC) are two of the major organizations that can provide help. If you are out of town you can obtain assistance at any military installation by going to the family assistance office. The family assistance office will coordinate with AER to obtain any assistance that you are eligible for.

Q. What assistance can AER and the ARC provide in an emergency situation?

A. These organizations provide assistance in emergency situations that include stolen or lost money, funeral expenses, travel expenses (for valid emergency leave), emergency car repairs, fire or other disaster, clothing replacement, and other situations that cause money problems for you and your family.

Q. Is there anything else I need to know about getting help in an emergency?

A. Yes, your first sergeant and commander can tell you of other places where you can get help when you need

additional assistance. While, AER and the ARC often provide assistance in the form of an interest free loan, which must be paid back, they also offer additional forms of financial assistance that do not have to be repaid. Additionally, these organizations provide other forms of non-financial assistance to soldiers (e.g., food baskets, vouchers for use at the commissary).

BUDGET FOR EVERYONE

Soldier: First Sergeant, I've implemented a pretty decent budget in my opinion, but I want to start planning for my retirement. I've been told that I need to start saving as much as possible. How much should I save?

First Sergeant: Retirement planning can be a little trickier than simply putting your budget in place. Sure you'll have to decide how much of your budget you want to dedicate to your retirement, but you also have to know how much you think you will need in retirement. There are many different calculators that can be found on various web sites which can tell you, based on your expected rate of return, how long it will take for you to reach your retirement income. They also take inflation into consideration, which is very important. Today's dollar may only be worth \$.50 by the time you retire.

I recommend a simple plan using an IRA (Individual Retirement Account). Currently you can contribute up to \$3000 per year to your IRA, and depending on your choice of IRA, your contributions may be tax deductible. You may also supplement that plan with the new TSP (Thrift Savings Plan). The great thing about the TSP is that you can contribute to it without reducing the amount that you may contribute to an IRA.

Soldier: This is all very confusing. How and where should I get started?

First Sergeant: I believe that you should always pay yourself first. This means that you should first use the calculators to decide how much you will need to save for retirement. You can also calculate the amount that you will have to contribute monthly to attain your goal. Try to budget for that amount. You may not be able to commit the required amount right away. You may have some bills that prevent you from contributing the full amount. You have to commit yourself to living within your means, and ensuring that you contribute money to your retirement account and your fixed bills before you begin spending on discretionary purchases. This may be difficult at first because you may have significant credit card and other consumer debts. If you commit yourself to paying off your consumer debts, you will quickly reduce your bills and increase the contributions to your retirement account.

I would also enlist the assistance of a financial management professional. Many people try unsuccessfully to manage their own portfolios, which can cause significant heartache. An experienced manager may be able to advise you on the types of investment vehicles you should use to best fit your situation. Your best tool, however, is education. Educate yourself on the different investment vehicles and their expected rate of return. Go to the financial management professional as an educated consumer, and you will probably leave with a plan that suits you.

Investments

Now that I have a budget for saving money do I have to keep my savings in a saving account? What other options do I have for the money in my savings account?

Holiday Club Accounts: These are special purpose savings accounts where you contribute a specific amount of money each week for several months. You withdraw the money at the end of the period. Interest rates and periods of the account vary. Holiday club accounts are available at most financial institutions, and they are a fairly low risk investment, unless the financial institution itself is at risk.

Negotiable Order of Withdrawal (NOW) Accounts: These are checking accounts that pay interest. You must maintain a minimum balance to earn interest and avoid extra charges. Deposits and withdrawals are unlimited, but you will pay fees if your account balance drops below the minimum balance. NOW accounts are available at most financial institutions. These are also low risk, unless the financial institution itself is at risk.

Certificates of Deposit (CDs): When you buy a CD, you agree to leave your money in the CD for a specific period of time, and you will earn interest on the money. If you cash in a CD before it matures, you must pay a penalty for early withdrawal. CDs pay higher interest rates than savings accounts, and the rate increases in time. The longer the period of the CD, the higher your yield will be. CDs are available from most financial institutions and brokerage firms. These are also a low risk investment.

Money Market Deposit Accounts (MMDAs): These accounts earn rates that vary with market conditions. The rate will rise as market interest rates rise and fall accordingly. They require a minimum balance that varies depending upon the institution. If your balance drops below the minimum, you may get a lower interest rate or have to pay a monthly fee. You may usually make only six pre-authorized withdrawals per month of which only three may be payable to a third party. They are available at most financial institutions and brokerage firms. MMDAs are risky because the money is invested in the money market as opposed to sitting in a savings account at a financial institution.

Stocks: When you buy a stock, you become part owner of a company's assets. The value of your shares will rise or fall depending on how well the company does. If the company is successful, the stock price will increase, and you will be able to sell your shares on the stock market for a profit. You can also invest in stocks that pay dividends, distributions of the company's earnings to the shareholders. Stocks are available through brokerage firms, which will buy and sell your stocks according to your wishes. These are a fairly risky investments because you are taking a chance that the company is going to do well.

Government Bonds: A bond represents a loan from the investor to a government entity. The government agrees to pay back the loan, plus a specific amount of interest, after a certain time. U.S. Treasury bonds are the safest, and there are several different kinds (savings bonds are the most common), depending on the period and the amount of investment. States, cities, and towns also issue bonds. Like stocks, these are available through brokerage firms. They are less risky than stocks because there is a guaranteed payback in maturity.

Corporate Bonds: If you buy a corporate bond, you loan your money for the corporation to use. They will pay you back the money plus a fixed amount of interest when the bond matures. Investors buy and sell bonds before they reach maturity because their worth fluctuates with the market interest rate. If you hold on to the bond until full maturity, interest rate changes will not affect your yield since the bond itself has a fixed interest rate. Bond investments are also available through brokerage firms. These are similar in risk to buying stocks because you are "betting" that the company will do well in the future.

Mutual Funds: In a mutual fund, many investors pool their money toward a common goal. After you invest money, you will own a certain amount of shares of the mutual fund. These funds are managed by knowledgeable people, who invest in a diversified list of various stocks, bonds, bills, etc. Mutual Funds allow the average small investor the opportunity to benefit from the knowledge of these investors and to reduce their personal risk. There are different types of funds. Some charge money to join, some charge monthly fees, some do not charge you unless you take money out of the fund, and some do not charge fees at all (except a small management fee). You can invest in mutual funds through a brokerage firm, or you can deal directly with the managers of the fund. Several financial journals and publications frequently publish advertisements and listings of mutual funds, performance records, and phone numbers. Mutual funds are generally less risky than stocks and bonds because they have investments in several companies and industries. The more widespread or diverse the fund, the less risky it is.

There are many types of mutual funds. The most common are Growth, Growth and Income, and International or Global funds. Having a variety of funds can help balance out your portfolio and prevent significant loss if the stock market should plummet.

Money Market Mutual Funds: These are mutual funds that pool money from many investors and invest in short term items, such as Treasury bills, certificates of deposit, banker's acceptance, and commercial paper. Money market funds provide income and liquidity. You can add money to the account at any time, and they pay interest on a daily basis. Your yield depends on fluctuations in the money market. They are available at most financial institutions and brokerage firms. These investments are fairly risky because money markets fluctuate just like other markets, and they are just as unpredictable.

Individual Retirement Accounts (IRAs): IRAs are a good way to prepare for retirement. You do not pay taxes on the investment until you withdraw the money. You can have as many separate IRAs as you want. You can even transfer money directly from one IRA to another. IRAs are an excellent way to put aside money each week or each month in preparation for your retirement and are available through most financial institutions. Just as other investments run through a financial institution, IRAs are fairly safe, as long as the financial institution itself is not at risk. There are two different types of IRAs: Traditional and Roth. They differ in a couple of ways. ROTH IRA's offer no withdrawal penalties if the account has been open for five years and the taxpayer is at least 59 1/2 or is using the withdrawal for college or to buy a first home. There is no requirement to start taking money by 70 1/2 years of age like the traditional IRA. In addition, there are no tax-deductible contributions in a Roth IRA.

Tangible Investments: A tangible investment is not one that you can see and touch. Some examples are real estate, gold, silver, gemstones, and collectibles (stamps, coins, trading cards, antiques, art, etc.). When you invest in tangible investments, you are counting on the value of that asset to increase over time, due to the scarcity of and demand for the asset. It is difficult to assess the risk of most tangible investments, but the larger ones, such as gold and silver, will reflect the risk of their markets.

Thrift Savings Plan: This plan is similar to a 401K plan, which allows you to invest money before taxes are taken out (up to a certain amount). Soldiers are allowed to save up to 8% of their base pay not to exceed \$11,000 per year. Soldiers may invest in one of the five funds available. Money that is contributed to the TSP is not taxed. In most cases it compounds tax free until it is withdrawn. For more information please log on to www.tsp.gov.

A Word About Dollar Cost Averaging: No one can honestly predict the ups and downs of the market. To ensure that you purchase your stock and / or mutual funds at the best average price, it behooves you to purchase on a regular (monthly) basis.

Bottom Line: After you create a realistic budget, the money that is leftover should be placed in one or more of the aforementioned investments. Do not forget that it is probably a good idea to break your savings into three categories: Investments, Life Insurance, and Emergency money (Savings account or CDs). The investments should be geared toward your goals or the goals of you and your family. The Life insurance is a pillar that covers unknown situations that may occur in life, and the Savings or Emergency account takes care of items or situations that apply to your life to include: Car repairs, plane tickets, or perhaps a piece of furniture you want to purchase. Avoid credit card debts. Wait until you have the money to make a purchase.

The key is start young and in small steps. As promotions come, you should increase your savings with a portion of your higher salary. You cannot just rely on Social Security anymore. You have to be financially proactive, and disciplined. Good luck to you and your family.

PRACTICAL EXERCISES

Chapter 7 - Budgeting and Investments

Section I: Single Soldier Budget. PVT Hawkins lives in the barracks and eats the majority of her meals in the dining facility. She wants to take a vacation on a cruise ship to the Bahamas. She talked to a travel agent, and the trip will cost her \$1,320. She wants to go on the trip in about a year.

PVT Hawkins makes \$720 a month after taxes. She has the following expenses:

- \$36.67 a month for a stereo brought at the PX
- \$100 a month for an allotment to her brother
- \$45 a month for transportation
- \$35 a week for recreation
- \$25 a week for food
- \$90 a month for incidental expenses
- \$40 a month on clothing
- \$50 a month into a savings account

1. How much does PVT Hawkins have to save each month to take her vacation in a year?
2. Prepare a budget for PVT Hawkins in the space provided below.

<p><u>Single Soldier Budget</u></p>
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Section II: Married Soldier Budget. SPC Martin is married, has one child, and lives in an apartment off post. She wants to buy a new stereo at the PX, and it costs \$600. With the Layaway Plan at the Post Exchange she can spread

the payments out over 1 year (\$50 a month). She makes \$1,350 a month after taxes. Her husband makes \$600 a month after taxes. They have the following expenses:

- \$350 a month for rent
- \$70 a month for electricity
- \$50 a month for gas (heat & stove)
- \$80 a month for food
- \$20 a week for gas (automobile)
- \$150 a month for car insurance
- \$216.67 a month for a car payment
- \$40 a week for child care
- \$40 a month for clothing
- \$200 a month for incidental expenses
- \$100 a month for recreation
- \$46.70 a month for furniture payment
- \$20 a month into a savings account
- \$80 a month into a college fund

1. Prepare a budget for SPC Martin and her family in the space provided on the next page.

<p><u>MARRIED SOLDIER BUDGET</u></p>

Section III - Multiple Choice.

1. Who can help soldiers who have a financial emergency?
 - a. Your supervisor
 - b. Your commander
 - c. American Red Cross
 - d. All of the above
2. What type of investment are soldiers making when they loan money to the government and the government pays them interest?
 - a. Corporate bonds
 - b. Mutual funds
 - c. Government bonds
 - d. Money market accounts
3. What type of investment involves many investors pooling their money toward a common goal?
 - a. Certificates of Deposit (CDs)
 - b. Mutual funds
 - c. Stocks
 - d. Holiday club accounts
4. An example of a tangible asset is:
 - a. Stocks
 - b. Insurance premiums
 - c. Bonds
 - d. Silver
5. Which of the following should you consider before making an investment?
 - a. Liquidity
 - b. Yield
 - c. Risk
 - d. Initial investment
 - e. All of the above

CHAPTER 8
ANSWERS TO PRACTICAL EXERCISES

Chapter 1 - Pay, Allowances, and Deductions

(1) Q. What is Basic Allowance for Quarters (BAH)? When does a soldier receive BAH?

A. BAH is money the Army pays soldiers for housing when government quarters are unavailable. Soldiers will get the partial rate if they live in single-type government quarters. If soldiers live off post, they will get the full rate, at the with or without dependents rate, depending on whether or not they have family members. If soldiers live in family-type government quarters, they will not receive any type of BAH.

(2) Q. Does a soldier get more BAH if they have dependents?

A. Soldiers with family members, living off post, receive BAH at the "with dependents" rate, which is higher than the "without dependents" rate.

(3) Q. When are soldiers paid Basic Allowance for Subsistence (BAS)?

A. BAS is paid to all officers. Enlisted soldiers are paid BAS (separate rations) if they are stationed somewhere without a dining facility or if authorized to mess separately.

(4) Q. How often do soldiers get a Clothing Allowance?

A. Enlisted soldiers receive a clothing monetary allowance every year, at the end of their anniversary month of entering the Army. Active duty officers receive \$200 one time, when they first come on active duty. Reserve officers can receive \$200 when they are first appointed; they can receive an additional \$100 as often as every 2 years, after the completion of more than 90 consecutive days' of active duty training.

(5) Q. Other than CFC, AER, American Red Cross contributions, and savings bonds, how many allotments can soldiers have?

A. In addition to these allotments soldiers are authorized six discretionary allotments.

(6) Q. What entitlements do soldiers have to pay taxes on?

A. Soldiers must pay taxes on any entitlements that end in the word "pay". Most allowances **are not taxable** except for CONUS COLA, which is taxable.

(7) Q. How many days of leave can soldiers cash in when they reenlist? What are the restrictions?

A. Enlisted soldiers can cash in up to 30 days of leave when they reenlist, as long as they reenlist within 3 months of their ETS. Only 60 days of leave can be cashed in throughout their entire career. Officers can cash in up to 60 days of leave when they separate from the Army.

CHAPTER 2 - ACTIVE COMPONENTS (AC) ENTITLEMENTS

Section I: Refer to the LES on page 27.

(1) Q. Where is the social security number recorded on the LES?

A. The social security number is in the "ID" section. 012-34-9999

(2) Q. How much did SSG Harris get paid during this pay period?

A. \$1505.86 (EOM PAY block in "SUMMARY" section).

(3) Q. How much money did SSG Harris receive for his mid-month pay?

A. \$992.84 (recorded as MM in the "DEDUCTIONS").

(4) Q. What are SSG Harris' total deductions on his LES?

A. \$1434.97 (bottom of "DEDUCTIONS" section).

(5) Q. How much federal tax was withheld from SSG Harris' pay this month?

A. \$179.35 (located in "DEDUCTIONS" section).

(6) Q. How much State tax has been withheld from SSG Harris's pay this month?

A. \$78.87 (located in "DEDUCTIONS" section).

(7) Q. Which state does SSG Harris pay his taxes?

A. Georgia (located in "STATE TAX" section).

(8) Q. How much money does SSG Harris receive for BAS?

A. \$228.16 (located in the "ENTITLEMENTS" section)

(9) Q. What is the name of SSG Harris's financial institution?

A. Third National Bank ("REMARKS" section).

Section II: Refer to the mid-month NPA statement

(11) Q. What is the purpose of an NPA?

A. The NPA reflects the soldiers mid-month pay. DFAS-IN also uses it to provide all soldiers with important financial information.

(12) Q. Who gets an NPA?

A. Only soldiers who receive a mid-month pay get an NPA. Soldiers will receive an NPA if something has changed since their last LES or if there is important information in the remarks section that all soldiers should receive.

CHAPTER 3 - RESERVE COMPONENT (RC) AND ARMY NATIONAL GUARD (ARNG) PAY ENTITLEMENTS

(1) Q. What is the name of the Reserve Component (RC) pay system?

A. The Reserve Component pay system is the Defense Military Pay Office - Reserve Component (DMO-RC).

(2) Q. The RC pay system can pay up to how many times per month?

A. The DMO-RC system pays up to eight times per month.

(3) Q. Who has a RC soldier's most current pay information; the soldier or the unit?

A. The soldier.

(4) Q. When can a reservist receive a LES?

A. A reservist will receive an LES for duty performance. A reservist will also receive a LES when an administrative change is made to their Master Military Pay Account (MMPA).

(5) Q. What should a reservist check on their LES every month?

A. Reservists should read each LES carefully to ensure that they are receiving the proper pay for duty performed as well as to review any administrative changes that have been processed in their MMPA.

(6) Q. When reservists are deployed, what should they do if they have a pay problem?

A. Reservists who are deployed and experience pay problems should use their Chain of Command to try and resolve the pay problem at the lowest level.

(7) Q. What Act was enacted in 1940 by Congress at the beginning of World War II to protect and offer relief to "those who dropped their affairs to answer their country's call to duty"?

A. The Soldiers' and Sailors' Civil Relief Act (SSCRA).

(8) Q. What organization assists reservists who experience reemployment problems after being mobilized for active duty?

A. The National Committee for Employer Support of Guard and Reserve.

Chapter 4 - Pay, Allowances, and Deductions

(1) Q. What form is used to file for reimbursement of travel expenses?

A. DD Form 1351-2.

(2) Q. What is per diem?

A. Per diem is a daily allowance to pay for the cost of food, lodging and incidental expenses.

(3) Q. Under the "Lodging Plus" system of per diem what are soldiers reimbursed for?

A. Under the "Lodging Plus" system soldiers are reimbursed for lodging, meals, and incidental expenses.

(4) Q. Before soldiers can be reimbursed for travel, what must they have?

A. Before soldiers can be reimbursed for travel, they must have orders for travel and duty.

Chapter 5 - Financial Readiness and Deployability

(1) Q. What additional entitlements do soldiers receive when they deploy?

A. Deployed soldiers may be eligible for foreign duty pay, imminent danger pay, family separation allowance, and a daily incidental per diem rate.

(2) Q. How do taxes change for soldiers deployed to a designated combat zone?

A. If serving in an authorized combat zone, enlisted soldiers and warrant officers do not pay any State or federal taxes. Officers do not pay taxes on the amount equal to the senior enlisted soldier's base pay.

(3) Q. What is the best way to protect families from financial hardship when soldiers deploy -- joint or separate checking accounts?

A. Separate checking accounts.

(4) Q. How does a spouse get a copy of your LES when the soldier deploys?

A. Your spouse should contact the soldier's rear detachment commander.

(5) Q. What are some important documents the spouse should keep on hand or in a safe place while you are on a deployment?

A. Important documents include current identification cards, marriage certificate, birth certificates, divorce decree, automobile tags/titles/registration, wills/burial plan, property deeds/lease documents, powers of attorney, insurance policies (auto, home, life, etc.), adoption papers, letters of naturalization, passports, immunization records and a copy of the unit family support handbook.

CHAPTER 6 - BANKING AND CREDIT

(1) Q. What pieces of information MUST a financial institution explain to loan applicants?

A. Truth-in-lending laws require financial institutions to tell the following information to loan applicants: amount of monthly payments, number of monthly payments, total dollar value of all payments, yearly interest rates and the total dollar value of all interest payments.

(2) Q. What is a co-applicant/co-signer of a loan? Why might it be advantageous to have one?

A. A co-applicant/co-signer is someone who will sign the loan with the applicant and share the financial responsibility of the loan.

(3) Q. What are some things to consider before getting a credit card?

A. Before getting a credit card, look at the different interest rates, annual fees, and service charges.

Section II

You are SPC John F. Culpepper. Use the blank checks and check register provided to prepare your answers to question 4 through 9. Make sure to post each transaction in the check register.

(4) Q. 1 March - You get paid \$616.89 by SURE PAY. Post this in the check register.

A. See the check register on the next page.

(5) Q. 4 March - You take \$200 out of the automated teller machine (ATM) at your bank. Post this in the check register.

A. See the check register on the next page.

(6) Q. You have the following bills due on the following dates. Write the checks on the blank checks provided and post them in your checkbook register.

A. (a - d) See checks on the following pages and the check register on the next page.

(7) Q. 15 March - \$616.89 is deposited in your checking account for mid-month pay. Post this transaction in your check register.

A. See the check register on the next page.

(8) Q. 15 March - \$456.67 is automatically deducted from your bank account to pay back a loan.

A. See the check register on the next page.

(9) Q. What is the balance in your checking account?

A. \$225.15 (See account record below check register.)

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT / DEBIT (-)	T	FEE (-) IF ANY	DEPOSIT / CREDIT (+)	BALANCE
							115.64
+	3/1	Sure Pay				616.89	616.89
		Deposit					732.53
-	3/4	ATM	200.00				(200.00)
		Withdrawal					532.53
267	3/6	Rent Payment	220.00				(220.00)
							312.53
268	3/6	Vernon Power	47.92				(47.92)
		& Light					264.61
269	3/8	DMPO Finance	50.00				(50.00)
		Cast					214.61
270	3/11	DMPO Finance	149.68				(149.68)
		Commissary					64.93
+	3/15	Sure Pay				616.89	616.89
		Deposit					681.82
-	3/15	Loan Deduction	456.67				(456.67)
		(Bank Loan)					225.15

BUDGET-SINGLE SOLDIER

Goal: \$1,320 for Vacation

Expenses and Savings

Stereo Payment	\$	36.67
Allotment (Sister)	\$	100.00
Transportation	\$	45.00
Recreation	\$	140.00
Food	\$	100.00
Incidental Expenses	\$	90.00
Clothing	\$	40.00
Vacation Savings	\$	110.00
Savings (Other)	\$	50.00
Total Expenses and Savings	\$	711.67
Income minus Capitalize	\$	720.00
minus Expenses & Savings	- \$	711.67
Remaining Balance	\$	8.33

Section II - Married Soldier Budget. SPC Martin is married, has one child, and lives in an apartment off post. She wants to buy a new stereo at the PX, and it costs \$600. With the layaway plan at the Post Exchange she can spread the payments out over 1 year ($\$600/12 = \50 per month). She makes \$1,350 a month. Her spouse makes \$600 a month. They have the following expenses:

\$350	a month for rent
\$70	a month for electricity
\$50	a month for gas (heat & stove)
\$320	a month for food
\$20	a week for gas (automobile)
\$150	a month for car insurance
\$216.67	a month for car payment
\$40	a week for child care
\$40	a month for clothing
\$200	a month for incidental expenses
\$100	a month for recreation
\$46.70	a month for furniture payment
\$20	a month into a savings account
\$80	a month into a college fund

(1) Q. Prepare a budget for SPC Martin and her family in the space provided on the following page.

A. The budget prepared for SPC Martin is on the following page.

BUDGET-MARRIED SOLDIER		
Goal: \$600 for Stereo		
Expenses and Savings		
Rent	\$	350.00
Electricity	\$	70.00
Gas (Heat and Stove)	\$	50.00
Food	\$	320.00
Gas (Auto)	\$	80.00
Car Insurance	\$	150.00
Car Payment	\$	216.67
Child Care	\$	160.00
Clothing	\$	40.00
Incidentals	\$	200.00
Recreation	\$	100.00
Furniture Payment	\$	46.70
Stereo Payment	\$	50.00
Savings (Other)	\$	20.00
College Fund	\$	80.00
Total Expenses and Savings	\$	1,933.37
Income:		
SPC Martin	\$	1,350.00
Spouse	\$	600.00
Total Income	\$	1,950.00
Total Income	\$	1,950.00
minus Expenses and Savings -	\$	1,933.37
Remaining Balance	\$	16.63

Section III - Multiple Choice.

(1) Q. Who can help soldiers who have a financial emergency?

A. e. All of the Above

(2) Q. What type of investment are soldiers making when they loan money to the government and the government pays them interest?

A. c. Government Bonds

(3) Q. What type of investment involves many investors pooling their money toward a common goal?

A. b. Mutual Fund

(4) Q. An example of a tangible asset is?

A. d. Silver

(5) Q. Which of the following should you consider before making an investment?

A. e. All of the Above

APPENDIX A

Section I

This section is for the Active Component Basic Combat Training (BCT), Advanced Individual Training (AIT), or One Station Unit Training (OSUT) commander.

Soldiers will have their pay processed and disbursed through one central location, the Defense Finance and Accounting Service (DFAS). All soldiers receive pay through either the Defense Military Pay Office - Active Component (DMO-AC) or Reserve Component (DMO-RC). All AC enlisted are paid by DMO-AC and all RC enlisted are paid by DMO-RC.

Commanders should be aware of some administrative differences between the two pay systems so they can minimize soldiers' confusion.

- Reserve Component soldiers have **NO OPTION** to choose a mid-month pay. They must receive a mid-month pay and an end-of-month pay. Active Component soldiers can opt to receive only an end-of-month pay.
- Reserve Component soldiers **CANNOT** have allotments taken out of their pay under the DMO-RC system.
- Reserve Component soldiers earn leave, but DMO-RC does not keep track of leave.
- Reserve Component soldiers receive their LESs at an address designated in their Master Military Pay Account (MMPA).
- Army National Guard (ARNG) soldiers have an additional deduction on their LES: State-Sponsored Life Insurance (SSLI). They may also have Servicemember's Group Life Insurance (SGLI).
- The **BRANCH** block in the "ID" section should properly identify Reserve Component soldiers as USAR or ARNG.
- All Reserve Component soldiers, like all the Active Component soldiers, must sign up for SURE PAY.

NOTE: For a detailed explanation of the Reserve Component LES, see chapter 3.

The local finance office has on-line access to DMO-AC and DMO-RC. Therefore, any problems or discrepancies can and should be handled locally. All Active Component finance offices have had training on the DMO-RC system and processing. The capability to resolve soldiers' RC pay issues locally and quickly does exist.

Furthermore, a complete pay history, or Master Military Pay Account (MMPA) exists for every soldier in the Army, regardless of which pay system they are on. Finance clerks in **ANY** finance office can access this information.

Soldiers can avoid making needless trips to the finance office if commanders brief them early about the differences in the two pay systems. Use this chapter and chapter 8 in conjunction with platoon-level discussions to train soldiers.

Section II

This section is written for the Reserve Component unit commander.

As of 1 January 1994, Reserve Component soldiers receive pay by the Defense Military Pay Office - Reserve Component (DMO-RC). This is the same pay system as Joint Service Software - Reserve Component (JSS-RC); only the name is different. Commanders should also be aware that Active Component soldiers receive their pay by another system, DMO-AC (Active Component).

The Army uses DMO-AC to pay Active Guard Reserve (AGR) soldiers. Commanders will be most concerned with the DMO-RC system for their Inactive Duty Training (IDT) assemblies.

NOTE: Soldiers on Initial Active Duty Training (IADT), either regular or spilt option, will receive their pay by DMO-RC, even if they are on active duty for more than 180 days. This means soldiers' Initial Entry Training (IET) pay history will appear in their Master Military Pay Accounts (MMPAs) on the DMO-RC system.

Units receive a monthly paper copy of each soldier's MMPA. Units will not receive copies of LESs for distribution, as in the past. The impact of this is two-fold: (1) Units will have a tremendous amount of pay information at their disposal, and (2) units will not lose training time to LES distribution. Commanders must remind their soldiers they are the only ones who receive a copy of their LES. They alone will have the most current information pertaining to their pay.

Soldiers must also understand they may receive up to eight LESs in a given month. A LES is produced every time an action is posted to a soldier's pay account. Some administrative changes to a pay account also produce a LES.

There are eight pay account updates per month. For example, a promotion or address change will generate an "advisory" LES, which the Army will mail to the soldier's home address. If any further information about duty performed is posted to the pay account during a specific update, then the system will automatically generate a payment.

This system will work to the soldiers' advantage with timely processing. Soldiers performing duty at certain times of the month will receive their pay quicker, if and only if, their units submit the required data in a timely manner. Generally, once the applicable information leaves the unit, payment should be processed and received within 2 weeks.

The pay office has on-line capability to research any pay problem soldiers encounter. They can directly access the DFAS mainframe computer that is responsible for paying the entire Army.

This new pay system has many advantages and differences over the obsolete Joint Uniform Military Pay System - Reserve Component (JUMPS-RC) that commanders may be familiar with. Here are the primary differences:

- There are now eight times a month that soldiers can have their pay processed, instead of just one.
- With SURE PAY (Electronic Funds Transfer - EFT), soldiers can have their pay safely and quickly deposited into their bank accounts for immediate access.
- Finance offices can access 12 months of historical pay data "on the spot", greatly enhancing pay problem research.
- Units now receive a copy of each soldier's MMPA every month.
- Units will receive a RC Master Military Pay Account (MMPA) History Report (UHO22-2405) which details such issues as individual IDT and AD performance data, bonus information, reenlistments, and much more.
- All LESs go directly to the soldiers' homes, **NOT TO THE UNIT.**
- There will no longer be a payday at the end of annual training; soldiers will have all pay deposited in their bank accounts.
- DFAS **WILL COLLECT** State taxes from all soldiers for all pay, including annual training.
- The Army will deduct federal taxes at the daily rate, rather than a fraction of the monthly rate. The net effect of this change is that RC soldiers have more taxes taken out of their pay than in the past.

- DFAS will assess any request for additional tax withholding at the daily rate. For example, a \$50.00 additional withholding request will generate a \$200.00 deduction for a MUTA 4. That same request will result in a \$750.00 deduction for a normal 15-day annual training. Your soldiers will probably not need additional tax withheld under the daily tax rate.

- The chain of command for USAR soldiers with pay problems is:

Unit Administrator
USAR Headquarters

USAR soldiers should not address problems to the RCPSOs or to the OCAR office located at DFAS.

- The chain of command for ARNG soldiers with pay problems is:

Unit Headquarters
USPFO
National Guard Bureau (NGB)

- There are five USAR RCPSOs (three located within CONUS and two located OCONUS). There are 54 State ARNG USPFOs, and there is worldwide finance support available that can access Reserve Component soldiers' pay accounts and input pay data.

Section III

This section contains a checklist for the Reserve Component unit commander to give to soldiers, who have been mobilized and deployed, upon their redeployment. This checklist will assist unit commanders in preparing soldiers for completing their final travel voucher, DD Form 1351-2. Commanders should stress to their soldiers the importance of using this checklist as a guide in preparing their final traveler voucher to minimize the number of incorrect travel vouchers being submitted. Also, by submitting a correct travel voucher, the soldier will receive his travel payment in a timely manner.

Unit Commander's Travel Voucher Checklist		
The following information is provided to assist Unit Commanders in preparing soldiers for completing their final travel settlement. A good rule of thumb is to have soldiers "keep every document" associated with the deployment.		
Required	Documents	Explanation
Yes No Yes No Yes No Yes No	Unit Mobilization Orders- Unit Demobilization Orders- Any amendments to orders- Any TDY orders issued- <i>1 Copy of each order</i>	The travel section will use the orders to verify reporting dates.
Yes No	DA Form 31 Request and Authority for Leave <i>1 Copy of each DA Form 31</i>	Soldier's entitlements change when a soldier is on leave.
Yes No	Travel Advances <i>1 Copy of each travel advance</i>	The soldier will receive a computer printout that summarizes each advance and a computerized sheet that shows the calculation of entitlements. The soldier must provide a copy of every advance received while deployed. Providing a copy of the calculation sheet will help prevent an improper payment.
Yes No	DD Form 1351-2: Accrual Payments <i>1 Copy of each DD Form 1351-2</i>	These are interim travel settlements received during the deployment.

Yes No	Statement of Non-Availability for Meals <i>1 Copy of each Statement of Non-Availability or the memorandum from the Commander</i>	This document allows the soldier to eat his/her meals off post and receive reimbursement. It is issued by the installation. In some cases, a control number will be issued by the installation to each soldier in lieu of the Statement of Non-Availability. If this is the case, this number must be annotated at the top of the final DD Form 1351-2 travel settlement voucher. Also, a soldier's orders may state that "Full Per-Diem Authorized". If this is the case, a statement on Non-Availability or a control number is not required. The Commander may also certify that meals are not available. If this is the case, a signed memo must accompany the final settlement voucher. Additionally, include a copy of any other statements regarding missed meals or a change in per diem status.
Yes No	Lodging Statement <i>1 Copy of each Lodging Statement</i>	Soldiers should always contact the billeting office at the TDY installation. If lodging is not available at the installation, soldiers may receive statements of nonavailability from the billeting office, or they must prepare a statement of record that lodging was unavailable. A control number for the soldiers' statements will be issued by the billeting office.
Yes No	Transportation <i>1 Copy of each</i>	A copy of each TR (government issued ticket) or commercial ticket must accompany the final travel voucher. If a soldier is required to pay for transportation to and from meals, he must have a statement listing the cost of transportation for each meal. Reimbursement for transportation costs for more than one meal per day must have the approval of the Commander, NTE 3 meals per day. Additionally, the statement of non-availability for transportation must be attached to the settlement voucher.
Yes No	U.S. Post Office Shipping <i>1 Copy of all receipts</i> <i>1 Copy of Commanders Authorization</i>	If a soldier ships items home from the deployment area, he/she must provide the receipt. Transportation will determine what items are authorized for shipment. A memo from the Commander authorizing the shipment is also required.
Miscellaneous Information		
<ol style="list-style-type: none"> 1. Save all receipts. Place them in an area where they won't get lost. 2. Anything claimed under \$75.00 does not require a receipt (unless otherwise noted). 3. When completing the DD Form 1351-2, ensure that the itinerary is complete, with no missing periods of time. <i>Incomplete itineraries and missing documents will result in the return of the soldier's travel voucher for corrective action.</i> 4. Include any other statements or official documents associated with each soldiers travel (DA Form 4187, memorandums, etc.). 		
RANK: NAME: SSN:		

GLOSSARY

AAFES - Army and Air Force Exchange Service
AC - Active component
ACS - Army Community Services
ADSW - active duty for special work
AER - Army Emergency Relief
AGR - Active Guard and Reserve
AIT - advanced individual training
ARNG - Army National Guard
AT - annual training
ATM - automated teller machine
AWOL - absent without leave
BAH - basic allowance for housing
BAS - basic allowance for subsistence
BCT - basic combat training
CD - Certificate of Deposit
CFC - Combined Federal Campaign
COLA - cost of living allowance
CONUS - Continental United States
CONUS COLA - Continental United States cost of living allowance
DFAS - Defense Finance and Accounting Service
DMO-AC - Defense Military Pay Office - Active Component
DMO-RC - Defense Military Pay Office - Reserve Component
DVA - Department of Veterans Affairs
EFT - electronic fund transfer
ETS - expiration of term of service
FDP - foreign duty pay
FICA - Federal Insurance Contributions Act
FSA - family separation allowance
GPLD - government property lost or damaged
GTR - government transportation request
ID - identification
IDP - imminent danger pay
IDT - inactive duty training
IET - initial entry training
IRA - individual retirement account
JAG - Judge Advocate General
JFTR - Joint Federal Travel Regulation
LES - leave and earning statement
M&IE - meals and incidental expenses
MMDA - money market deposit account
MMMF - money market mutual fund
MMPA - master military pay account
MTA - military transportation authorization
MUTA - multiple unit training assemblies
NOW - negotiable orders of withdrawal
NPA - net pay advice
OSUT - one station unit training
PAC - Personnel and Administration Center
PCS - permanent change of station
PIN - personal identification number
POC - privately owned conveyance
POV - privately owned vehicle

PSRC - Presidential Selected Reserve call-up
PX - post exchange
RCPSO - Reserve Component pay support office
SGLI - Servicemember's Group Life Insurance
SSCRA - Soldiers' and Sailors' Civil Relief Act
SSLI - State-sponsored life insurance
TDY - temporary duty
TLA - temporary lodging allowance
TLE - temporary lodging expense
TPC - training pay category
USAR - United States Army Reserve
USERRA - Uniformed Services Employment and Reemployment Rights Act
USSH - Uniformed Soldiers' and Sailors' Home
USPFO - United States Property and Fiscal Officer
UTAs - unit training assemblies

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TC 21-7
14 AUGUST 2003

By Order of the Secretary of the Army:

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Acting Chief of Staff

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