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MONEY!



*A personal money perspective from
a former Army single soldier.*

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INTRODUCTION

Once upon a time, there existed a naïve 17 year old U.S. Army single soldier. Although intelligent and full of promise, he was TERRIBLE with money. But he wasn't alone...many single soldiers, sailors, and airmen shared a similar problem. Simply, personal financial management – are some military personnel doomed to spending failure? I think not!

As this soldier progressed along his military career, he received lots of help. His NCO support chain (non-commissioned officer) stepped in to provide leadership (wanted as well as unwanted). He also had a government-issued meal card. Meaning: after he spent all of his pay, the Army provided him three square meals per day.

This author **is** this single soldier...Yes, he learned. Fortunately, his credit and reputation wasn't irrevocably damaged. In this personal financial white paper, he shares hard-learned best practices for practical daily financial success.

What does Personal Financial Success look like?

A \$\$ Million dollars in the bank? Total elimination of debt – buying whatever I want without concern? Yes & No! These may be features of personal financial success, yet is not the end-all-be-all. My definition of personal financial success is this:

Having the financial resources to satisfy my essential debt obligations (food, housing, transportation), being able to provide for my loved ones and/or to give to others (i.e. charity), and to have more than enough left over for future long-term desired goals (i.e. attending college, purchasing a home, etc.).

You've heard it all before. Financial Gurus rooftop-shouting:

- Save 3 to 6 months of your income for emergencies.
- Never buy anything on impulse...mind your budget.
- Create a Budget!
- Don't just work for money – make money work for you.

Of course these norms, memes, and time-honored financial creeds are all well and good. Yet as a young Single Soldier (SS) [Sailor/Airman/Guardsman/Reservist], I cared less about these words of wisdom. I was young, single, RICH (a guaranteed monthly military paycheck), and *bullet-proof*. As I think back to my young-adult-military-youth, my personal finance challenges wasn't about education or the size of my paycheck. It was more about attitude, thinking, and mindset. Boiling down the ocean, I'd say that I was a "Free Spirit!" Another viewpoint is that I [as are many our Nation's Enlisted SS] had a money spirit that yearned to be free...without boundaries.

Other Stuff

To have a real conversation about the plight of **SS** personal finances, formal and informal research is required. The Rand Corporation was commissioned to perform a research study of the personal financial habits of military junior enlisted personnel [Assessing the Personal Financial Problems of Junior Enlisted Personnel (2002)]. The authors of the study found that 15% of junior enlisted experience money problems. Interestingly, this author's citing (with gratitude) of the NCO leadership's assistance with Soldier money matters, was found to be a detriment to Military personal financial management. Why? Because unscrupulous off-post retailers, salespersons, and financiers would leverage debt repayment by relying upon this very same NCO support chain to recoup full borrower/payee (SS) repayment.

Military work life also played an important factor in this equation. Stressful deployments, long workday schedules, and social norms contributed to SS overextended purchasing decisions. Referring back to this author's own youthful SS experience, credit was easy – basic obligations (food, clothing, shelter) was satisfied [courtesy of *Uncle Sam*].

Back in the day, The Military enjoyed the benefits of the Soldiers' and Sailors' Civil Relief Act (SSCRA). Congress originally enacted the law in 1940. However, the Bush [43rd] and Obama Administrations signed updates of the Act which became known as the Service Members Civil Relief Act.

Under the Act, Military personnel may qualify for:

- Reduced interest rate on mortgage payments.
- Reduced interest rate on credit card debt.
- Protection from eviction if your rent is \$1,200 or less.
- Delay of all civil court actions, such as bankruptcy, foreclosure or divorce proceedings. [source, Military.com]

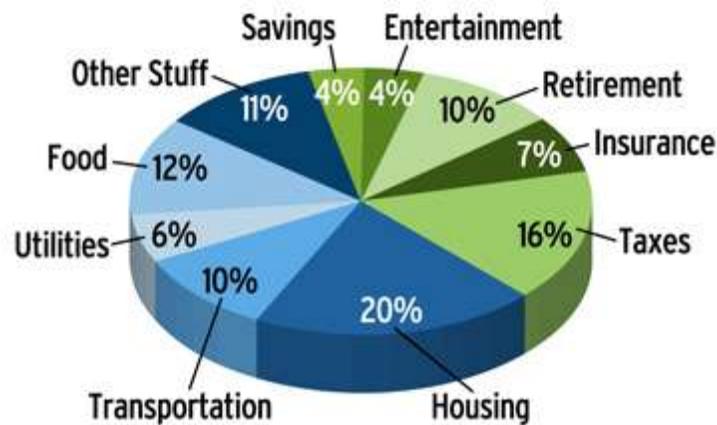
Additional factors, as cited by Rand Corporation, include the identification of Military personnel for formal and informal personal financial counseling (**p.f.c.**). Recalling military career as both a SS as well as Senior NCO Leader, candidates for **p.f.c.** were singled out. One is not suggesting a culture of shame and guilt, yet only personnel with money problems received the p.f.c.

The question raised is this: Could Military personnel of all ranks benefit from a formalized personal financial management training program?

Where Did the Money Go?

“Living paycheck-to-paycheck!” Some familiar? Both military as well as civilian (including Veterans) have expressed these sentiments. Yes, sentiments – emotions and feeling – rather than an unemotional statement. The very statement itself, rather than an expression, could be thought of as an affirmation.

The question is: “where [indeed] does our money go?” Military Spouse Magazine published an article written by J.J. Montanaro, a Certified Financial Planner (CFP) with USAA, **What Does Your Budget Pie Look Like?** Within the article, Montanaro suggested that our income can be sliced into 10 areas...similar to slicing a pie. [Note: SS personnel usually subsist and lodge on the fully-furnished government (military) installation. Thus, there is a false security of the need for relaxing personal and provisional budgeting for food, clothing, and shelter.]



Hip Pocket – Personal Finance – Wisdom

Now that we have discussed the mechanics of the techniques for successful personal money budgeting strategy and background, let's take a look at a simplified, **No-Brainer** Approach.

There are only THREE pieces for your unconscious financial success.

1. Be grateful for what [money] you have.
2. Lock down and put away necessary funds for fixed expenses.
3. Go ahead and spend – Play Responsibly!

Too much of the time, we complain because we don't believe that we don't have enough. "The other guy wears 'JORDANS' – how come I don't have? She wears the most fashionable clothes; I'm an E-3, but she is only an E-2! I don't get it...how come he drives a Lexus?" On and on it goes.

Here is a universal and spiritual truth. Those that are grateful – in everything – will receive more. On the other hand, those that are ungrateful will lose (some/none/all) – taken away and given to those that are grateful. Again, this philosophy is found within every culture, religion, nation, and financial literacy programming. Think of this way: You have a Lexus on an E-4 salary...yet without gratitude; it's possible that you could be missing out on an even greater benefit (i.e., being reassigned into a career-enhancing and exciting special duty assignment).

Second, dedicate the fixed monetary (money) funds for monthly expenses. Car payment? Lock the funds away; don't spend it. Saving up for a trip back home? Lock the funds away; don't spend it. Purchasing a new computer – on layaway – from the Base Exchange? Lock the funds away; don't spend it.

Most banking institutions will allow consumers to setup multiple accounts that can be managed online or via mobile app [lication]. These separate fixed expense funds – 'colors of money' – could be electronically deposited and managed. Banks refer to this practice as "Sweeping". This practice works! Yet, there is an even simpler way of accomplishing this...

Buy an inexpensive box of mailing envelopes. Start with four or five envelopes; label each envelope for its intended purpose. Remember that car payment that was mentioned earlier? Label that envelope, 'CAR PAYMENT'. Insert the Necessary Cash [preferably]; or insert a check or money order...remembering to deduct the funds immediately from your check register. Computer layaway: write, 'LAPTOP-LAYAWAY.' Use this labeling method for any or all of your fixed expense obligations. Trust me...it works!

Last but not least, **PLAY!!!** Being a strict Saver places a human being into an out-of-balance existence. Of course, we all know that **ALL-PLAY** is also out-of-balance and leads to disastrous personal finance management consequences. But too often, people shy away from personal budgeting and expense recording because they think that their PLAY-SPIRIT will be crushed. What do they then do (as did I and others as Junior Enlisted SS)? We live for the now; thinking that later, with age and maturity, we will then begin to save, save, save...living a chaste and celibate financial lifestyle. No wonder we are in money trouble during our early adulthood.

I'm advocating a Flip-the-Switch approach. That is, we purposely set aside funds for daily/weekly/monthly/yearly play activity. This is important to our PLAY soul and spirit. Once I began to understand this principle, I decided to use a clean mason jar. Wanting to vacation in Spain for the annual, *running with the bulls* festival, I used my dedicated ANNUAL play jar to gather the necessary funds. I easily and effortlessly saved up for the travel and expenses without sacrificing my fixed obligations or weekly dinner out with friends.

Bottom-line: You gotta pay your debts and expenses FIRST; you gotta save; you gotta play; and you gotta express gratitude. This won't always be as easy as it sounds here on paper, but it's the simplest and easiest method for successful personal financial management that I know of. Whatever system works best for your personal money management is the best way for you. As long as you use a System...Any System is OK!

Budgeting and Savings Tools

Savings Tips

- 1. Consider your needs vs. your wants. Think about items you purchase on a regular basis. These add up. Where can you save?**
 - Do you eat out at restaurants a lot?
 - Can you cut back on daily expenses, such as coffee, candy, soda, or cigarettes?
 - Do you have services you do not really need, such as cable television or a cell phone?
- 2. Set up a direct deposit and an automatic transfer to your savings account.**
 - When you get paid, put a portion in savings through direct deposit or automatic transfer.
 - If you have a checking account, you can sign up to have money moved into your savings account every month. What you don't see, you don't miss!
- 3. Pay your bills on time. This saves the added expense of:**
 - Late fees, extra finance charges
 - Disconnection fees for phone, electricity, or other services
 - Fees to reestablish connection if your service is disconnected
 - The cost of eviction, repossession and bill collectors
- 4. If you use check-cashing stores regularly, you might be paying \$3 - \$5 for each check you cash. Consider opening a checking account at a bank or credit union.**
- 5. If you get a raise or bonus from your employer, save that extra money.**
- 6. If you have paid off a loan, keep making the monthly payments to yourself. You can save or invest the money for your future goals.**
- 7. Avoid debt that does not help build long-term financial security. For example, avoid borrowing money for things that do not provide financial benefits or that do not last as long as the loan. Examples include: a vacation, clothing, and dinners out in restaurants.**
- 8. Save your change at the end of the day. Take that change and deposit it into the bank (every week or month).**
- 9. When you get a tax refund, save as much of it as possible.**
- 10. If your work offers a retirement plan, such as 401(k) or 403(b) plan that deducts money from your paycheck, join it! Most employers will match up to \$.50 on each dollar you contribute. The matched amount is free money!**

Source: Federal Deposit Insurance Corporation (FDIC); "Money Smart" Program

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About the Author

Joining the Military at the tender age of 17, Andre Milteer served 20 years as a Military Bandsman, Trainer, Unit Tax Advisor, Senior Trainer, Enlisted Commander, and a Licensed Military Child Psychological Associate. During his career, he earned three college degrees with attending “night school”, four nights per week over a 15 year period...all while serving on Active-Duty.

After his completing a successful and colorful military career, Milteer entered the Financial Services industry. Working primarily with Military Soldiers, Veterans, Retirees, and Families, he applied his military *lessons-learned* best practices, formal financial industry training, and a decade of service employment as an Insurance consultant with a Texas regional bank to assist and serve consumers.

Keenly understanding that personal financial management is more than budgeting, saving, and cutting back, Milteer has dedicated himself to teaching others about the psychology and philosophy of successful money management. His personal mantra about money is: '*Money is Important; Money is Freedom; Money is Peace!*'

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