



Flight Plan to Financial Freedom



Air Force Financial Readiness First Duty Station–Enlisted (FDS–E) Participant Guide

Last Amended November 2020



CFPB Financial Well-Being Scale Assessment

Part 1: How well does this statement describe you or your situation?

This statement describes me	Completely	Very well	Somewhat	Very little	Not at all
1. I could handle a major unexpected expense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am securing my financial future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Because of my money situation, I feel like I will never have the things I want in life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I can enjoy life because of the way I'm managing my money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I am just getting by financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I am concerned that the money I have or will save won't last	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2: How often does this statement apply to you?

This statement applies to me	Always	Often	Sometimes	Rarely	Never
7. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I have money left over at the end of the month	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I am behind with my finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. My finances control my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Tell us about yourself.

11. How old are you?	<input type="checkbox"/> 18-61	<input type="checkbox"/> 62+
12. How did you take the questionnaire?	<input type="checkbox"/> I read the questions	<input type="checkbox"/> Someone read the questions to me

<https://www.consumerfinance.gov/consumer-tools/financial-well-being/>



Flight Plan to Financial Freedom



Sample LES

This handout is published as a guide to inform you about your DFAS Leave and Earnings Statement (LES) and what it means to you. Each month, you will receive, or find on myPay, an LES showing entitlements, deductions and allotments.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																				
ID	NAME (Last, First, MI)				SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED								
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY								
Type		Amount		Type		Amount		Type		Amount		+ Amt Fwd								
A	BASE PAY				FEDERAL TAXES				DISCRETIONARY ALT				+ Tot Ent							
B	BAH				FICA-SOC SECURITY				DISCRETIONARY ALT				- Tot Ded							
C	CSP				FICA-MEDICARE				AFAF ALLOT				- Tot Allot							
D	BAS				SGLI FOR 250,000				TRICARE DENTAL				= Net Amt							
E	CRA				AFRH								- Cr Fwd							
F					MEAL DEDUCTION								= EOM Pay							
G					MID-MONTH-PAY															
H																				
I																				
J																				
K																				
L																				
TOTAL		5463.97		3103.35		240.29														
LEAVE		BF Bal	Emd	Used	Cr Bal	ETS Bal	LV Lost	LvPd	Use/Lose	FED TAXES	Wage Period	Wage YTD	M/S	Ex	Add Tax	Tax YTD				
FICA TAXES		Wage Period	Soc Wage YTD	Soc Tax YTD	Med Wage YTD	Med Tax YTD	STATE	St	Wage Period	Wage YTD	M/S	Ex	Tax YTD							
PAY DATA		BAQ Type	BAQ Depn	VHA Zip	Rent Amt	Share	Stat	JFTR	Depns	2d JFTR	BAS Type	Charity YTD	TPC	PACIDN						
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 Current											
		TSP YTD Deductions				Deferred				Exempt										
REMARKS:		YTD ENTITLEMENTS:				YTD Deductions:														
L		BAH BASED ON BANK NAME ACCOUNT #																		

DFAS Form 702, Jan 02

KEY TO SECTIONS

- A** Shows the period covered by this LES. This LES will reflect any changes to your pay that the Defense Finance and Accounting Service Cleveland (DFAS-CL) has processed. There may have been other changes to entitlements, but due to mail or processing delays, they are not reflected on this LES. In most cases, these changes will be reflected on the next LES.
- B** Displays all entitlements for the period covered. Any entitlements that were earned in previous months will be added to like entitlements or allowances.
- C** Displays all deductions from pay for the period covered. Any retroactive deductions will be added to like deductions.

D Displays all allotments deducted from pay for the period covered.

E Summarizes entitlements, deductions and allotments to provide the actual amount of money to be paid to the member on payday. Amount shown is the amount to be paid on the end-of-the-month payday.

"DIEMS" is the date you signed up for military service.

"RETPLAN" is the retirement plan under which you entered service.

F Provides the current status of your leave account.

"BF Bal" (brought forward leave balance) shows the number of days' leave carried forward from the previous fiscal year ending Sept. 30.

"Ernd" is the cumulative amount of leave earned this fiscal year or current term of enlistment if the service member reenlisted/extended since the beginning of the fiscal year.

"Used" is the cumulative amount of leave used this fiscal year.

"Cr Fwd" is the current leave balance as of the end of the period covered by the LES.

"ETS Bal" shows the projected leave balance to the Expiration Term of Service (ETS).

"Lv Pd" periodically will display any leave sold back to the Air Force.

"Use/Lose" is the projected number of days of leave that will be lost if not taken in the current fiscal year.

G Shows current federal tax information.

H Shows FICA information (Social Security tax plus Medicare tax).

I Shows current state tax information, including marital status and number of exemptions.

J Provides information for local disbursing use.

K Provides information on TSP contributions for the current year.

"Rate" boxes indicate the percentage of pay elected for contribution.

"Current" boxes indicate the contribution for this pay period.

L Provides information about changes in allotments, deductions or entitlements.

USEFUL WEBSITES:

www.militaryonesource.mil

www.dfas.mil/militarymembers.html

<http://militarypay.defense.gov>

REMEMBER

Your pay is your responsibility. Verify and keep your LES each month. If your pay varies significantly and you do not understand why, visit <http://mypay.dfas.mil/mypay.aspx>.



How to read an active duty Air Force Leave and Earning Statement

Your pay is your responsibility.

This is a guide to help you understand your Leave and Earnings Statement (LES). The LES is a comprehensive statement of a member's leave and earnings showing your entitlements, deductions, allotments (fields not used for Reserve and National Guard members), leave information, tax withholding information, and Thrift Savings Plan (TSP) information. Your most recent LES can be found 24 hours a day on **myPay**.

If members receive Career Sea Pay, the Sea Service Counter will still be displayed in the remark portion of the LES. The LES remains one page in length.

Verify and keep your LES each month. If your pay varies significantly and you don't understand why, or if you have any questions after reading this publication, consult with your disbursing/finance office.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																					
ID	NAME (LAST, FIRST, MI)				SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED									
	1				2	3	4	5	6	7	8	9									
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY									
TYPE				AMOUNT				TYPE				AMOUNT									
A B C D E F G H I J K L M N O	10				11				12				+ AMT FWD 13								
													+ TOT ENT 14								
													- TOT DED 15								
													- TOT ALMT 16								
													= NET AMT 17								
													- CR FWD 18								
													= EOM PAY 19								
													DIEMS		RET PLAN						
	TOTAL				20				21				22				23		24		
	LEAVE		BF BAL	ERND	USED	CR BAL	ETS BAL	LV LOST	LV PAID	USE/LOSE	FED TAXES		WAGE PERIOD	WAGE YTD	M/S	EX	ADD'L TAX	TAX YTD			
		25	26	27	28	29	30	31	32	33		34	35	36	37		38				
FICA TAXES		WAGE PERIOD		SOC WAGE YTD		SOC TAX YTD		MED WAGE YTD		MED TAX YTD		STATE TAXES		ST	WAGE PERIOD	WAGE YTD	M/S	EX	TAX YTD		
		39		40		41		42		43		44		45	46	47	48	49			
PAY DATA		BAQ TYPE		BAQ DEPN		VHA ZIP		RENT AMT		SHARE	STAT	JFTR	DEPN	2D JFTR	BAS TYPE	CHARITY YTD	TPC	PACIDN			
		50		51		52		53		54	55	56	57	58	59	60	61	62			
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 CURRENT					
		63		64		65		66		67		68		69		70					
		CURRENTLY NOT USED				TSP YTD DEDUCTIONS				DEFERRED				EXEMPT				CURRENTLY NOT USED			
		71				72				73				74				75			
REMARKS		YTD ENTITLE				YTD DEDUCT															
		76				77				78											

www.dfas.mil

Fields 1 - 9 contain the identification portion of the LES.

- **1 NAME:** The member's name in last, first, middle initial format.
- **2 SOC. SEC. NO.:** The member's Social Security Number.
- **3 GRADE:** The member's current pay grade.
- **4 PAY DATE:** The date the member entered active duty for pay purposes in YYMMDD format. This is synonymous with the Pay Entry Base Date (PEBD).
- **5 YRS SVC:** In two digits, the actual years of creditable service.
- **6 ETS:** The Expiration Term of Service in YYMMDD format. This is synonymous with the Expiration of Active Obligated Service (EAOS).
- **7 BRANCH:** The branch of service, i.e., Navy, Army, Air Force.
- **8 ADSN/DSSN:** The Disbursing Station Symbol Number used to identify each disbursing/finance office.
- **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.

- **10 ENTITLEMENTS:** In columnar style the names of the entitlements and allowances being paid. Space is allocated for fifteen entitlements and/or allowances. If more than fifteen 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.
- **11 DEDUCTIONS:** The description of the deductions are 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 fifteen are present the overflow will be printed in the remarks block. Any retroactive deductions will be added to like deductions.
- **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 fifteen allotments. If a member has more than one of the same type of allotment, the only differentiation may be that of the dollar amount.
- **13 +AMT FWD:** The amount of all unpaid pay and allowances due from the prior LES.
- **14 + TOT ENT:** The figure from Field 20 that is the total of all entitlements and/or allowances listed.
- **15 -TOT DED:** The figure from Field 21 that is the total of all deductions.
- **16 -TOT ALMT:** The figure from Field 22 that is the total of all allotments.
- **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.
- **18 - CR FWD:** The dollar value of all unpaid pay and allowances due to reflect on the next LES as the +AMT FWD.
- **19 = EOM PAY:** The actual amount of the payment to be paid to the member on End-of-Month payday.
- **20 - 22 TOTAL:** The total amounts for the entitlements and/or allowances, deductions and allotments respectively.
- **23 DIEMS:** Date initially entered military service: This date is used SOLELY to indicate which retirement plan a member is under. For those members with a DIEMS date prior to September 8, 1980, they are under the FINAL PAY retirement plan. For those members with a DIEMS date of September 8, 1980 through July 31, 1986, they are under the HIGH-3 retirement plan. For those members 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 member feels that the DIEMS date shown in this block is erroneous, they must see their local servicing Personnel Office for corrective action.
- **24 RET PLAN:** Type of retirement plan, i.e. Final Pay, High 3, REDUX; or CHOICE (CHOICE reflects members 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.

- **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 member was paid Lump Sum Leave (LSL).
- **26 ERND:** The cumulative amount of leave earned in the current fiscal year or current term of enlistment if the member reenlisted/extended since the beginning of the fiscal year. Normally increases by 2.5 days each month.
- **27 USED:** The cumulative amount of leave used in the current fiscal year or current term of enlistment if member reenlisted/extended since the beginning of the fiscal year.
- **28 CR BAL:** The current leave balance as of the end of the period covered by the LES.
- **29 ETS BAL:** The projected leave balance to the member's Expiration Term of Service (ETS).

- **30 LV LOST:** The number of days of leave that has been lost.
- **31 LV PAID:** The number of days of leave paid to date.
- **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.

- **33 WAGE PERIOD:** The amount of money earned this LES period that is subject to Federal Income Tax Withholding (FITW).
- **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.
- **36 EX:** The number of exemptions used to compute the FITW.
- **37 ADD'L TAX:** The member specified additional dollar amount to be withheld in addition to the amount computed by the Marital Status and Exemptions.
- **38 TAX YTD:** The cumulative total of FITW withheld throughout the calendar year.

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

- **39 WAGE PERIOD:** The amount of money earned this LES period that is subject to FICA.
- **40 SOC WAGE YTD:** The wages earned year-to-date that are subject to FICA.
- **41 SOC TAX YTD:** Cumulative total of FICA withheld throughout the calendar year.
- **42 MED WAGE YTD:** The wages earned year-to-date that are subject to Medicare.
- **43 MED TAX YTD:** Cumulative total of Medicare taxes paid year-to-date.

Fields 44 through 49 contain State Tax information.

- **44 ST:** The two digit postal abbreviation for the state the member elected.
- **45 WAGE PERIOD:** The amount of money earned this LES period that is subject to State Income Tax Withholding (SITW).
- **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.
- **48 EX:** The number of exemptions used to compute the SITW.
- **49 TAX YTD:** The cumulative total of SITW withheld throughout the calendar year.

Fields 50 through 62 contain additional Pay Data.

- **50 BAQ TYPE:** The type of Basic Allowance for Quarters being paid.
- **51 BAQ DEPN:** A code that indicates the type of dependent. A - Spouse C -Child D - Parent G - Grandfathered I -Member married to member/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 - Member married to member, child under 21
- **52 VHA ZIP:** The zip code used in the computation of Variable Housing Allowance (VHA) if entitlement exists.
- **53 RENT AMT:** The amount of rent paid for housing if applicable.
- **54 SHARE:** The number of people with which the member shares housing costs.
- **55 STAT:** The VHA status; i.e., accompanied or unaccompanied.
- **56 JFTR:** The Joint Federal Travel Regulation (JFTR) code based on the location of the member for Cost of Living Allowance (COLA) purposes.
- **57 DEPNS:** The number of dependents the member has for VHA purposes.
- **58 2D JFTR:** The JFTR code based on the location of the member's dependents for COLA purposes.
- **59 BAS TYPE:** An alpha code that indicates the type of Basic Allowance for Subsistence (BAS) the member 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
- **60 CHARITY YTD:** The cumulative amount of charitable contributions for the calendar year.
- **61 TPC:** This field is not used by the active component of any branch of service.
- **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.

- **63 BASE PAY RATE:** The percentage of base pay elected for TSP contributions.
- **64 BASE PAY CURRENT:** Reserved for future use.
- **65 SPECIAL PAY RATE:** The percentage of Specialty Pay elected for TSP contribution.

- **66 SPECIAL PAY CURRENT:** Reserved for future use.
- **67 INCENTIVE PAY RATE:** Percentage of Incentive Pay elected for TSP contribution.
- **68 INCENTIVE PAY CURRENT:** Reserved for future use.
- **69 BONUS PAY RATE:** The percentage of Bonus Pay elected towards TSP contribution.
- **70 BONUS PAY CURRENT:** Reserved for future use.
- **71** Reserved for future use.
- **72 TSP YTD DEDUCTION (TSP YEAR TO DATE DEDUCTION):** Dollar amount of TSP contributions deducted for the year.
- **73 DEFERRED:** Total dollar amount of TSP contributions that are deferred for tax purposes.
- **74 EXEMPT:** Dollar amount of TSP contributions that are reported as tax exempt to the Internal Revenue Service (IRS).
- **75** Reserved for future use

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.

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

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



Spending Plan Worksheet Checklist

Items you will need in order to complete your SPW:

Current Leave and Earnings Statement (LES)

Other pay statements

Record of any other monthly income

Monthly bills and payments

- Electricity and gas
- Phone (home and cell)
- Cable, satellite, and internet
- Water, sewage, and garbage
- Insurance

Debt payments

- Car loans
- Personal loans
- Student loans
- Credit cards
- Any other debt

Current bank statements

TO CALCULATE NET WORTH:

Current statements of investments (including TSP)

- Recent credit report
www.annualcreditreport.com
- Values of your home and any property
www.homegain.com

Value of your cars and vehicles

www.kbb.com

www.nada.com

www.edmunds.com

Other items that will be needed:

- *Spending Plan Worksheet*
- Calculator
- Scratch paper
- Pencils

Resources:

- Airman and Family Readiness Center personal financial counselors and educators
- Air Force Aid Society





Spending Plan Worksheet

Use this worksheet to record how much money you spent this month, then use the information to help you plan next month's spending.

Income	Monthly (Current)	Monthly (Goal)
Airman's income (salary after taxes, benefits and other deductions)	\$	\$
Spouse's income (salary after taxes, benefits and other deductions)	\$	\$
Other income (child support, second job, etc., after taxes)	\$	\$
Total monthly income	\$	\$

Transfers and Expenses	Monthly (Current)	Monthly (Goal)
Savings	\$	\$
Investments (401(k), IRA, etc.)	\$	\$
Payments on Debts (auto loans, credit cards, student loans, etc., but not mortgage)	\$	\$
Total monthly transfers and debt payments	\$	\$

HOUSING

Rent or mortgage	\$	\$
Renter's insurance or homeowner's insurance not included in mortgage	\$	\$
Utilities (electricity, gas, etc.)	\$	\$
Internet, cable and phones	\$	\$
Other housing expenses (pest control, lawn service, etc.)	\$	\$

FOOD

Groceries and household supplies	\$	\$
Meals out	\$	\$
Other food expenses	\$	\$

TRANSPORTATION

Auto/motorcycle insurance	\$	\$
Auto/motorcycle fuel	\$	\$
Auto/motorcycle service (maintenance, repairs, inspections, etc.)	\$	\$
Public transportation (Metro, bus, etc.) parking, tolls, ride sharing	\$	\$
Other transportation expenses	\$	\$

HEALTH

Medicines and supplements	\$	\$
Health insurance/deductibles/copays	\$	\$
Other health expenses (dentists, glasses, contacts, etc.)	\$	\$



PERSONAL AND FAMILY

Child care	\$	\$
Child support	\$	\$
Clothing and shoes	\$	\$
Laundry service/dry cleaning	\$	\$
Money given or sent to non-resident family members	\$	\$
Donations (charities, tithing, etc.)	\$	\$
Entertainment (movies, streaming services, magazines, etc.)	\$	\$
Vacations	\$	\$
Pets	\$	\$
Memberships and subscriptions	\$	\$
Other personal or family expenses	\$	\$

OTHER EXPENSES

Bank, credit card, ATM, and other fees	\$	\$
School costs (tuition, supplies, etc.)	\$	\$
Non-monthly expenses (life insurance, personal property taxes, etc.) ÷ 12	\$	\$
Gifts (estimated annual expenses ÷ 12)	\$	\$
Other expenses	\$	\$

UNCATEGORIZED EXPENSES

	\$	\$
	\$	\$
	\$	\$
Total monthly expenses	\$	\$

Actual Income		Actual Expenses		Actual Difference
\$	-	\$	=	\$
Income Goal		Expense Goal		Difference Goal
\$	-	\$	=	\$

If your income is more than your expenses, you have money left to save or spend. If your expenses are more than your income, look for expenses to reduce or cut.

Current Debt-to-Income Ratio %

Debt-to-Income Ratio Goal %

To calculate debt-to-income ratio:

Total Debt Payments ÷ Total Income x 100

Note: This calculation excludes mortgage debt.

NET WORTH

Total value of savings, investments, real estate, personal property	\$
- Total indebtedness (mortgage, car loans, student loans, etc.)	\$
= Net worth	\$





Choosing a Bank or Credit Union

There are many bank or credit union options available to you. You may have kept the same bank or credit union you used as a civilian, or you might be shopping for a financial institution that better meets your needs. When deciding on a bank or credit union, you should consider the following factors: convenience and accessibility; available services; fees, charges and requirements; security and, most of all, compatibility to your lifestyle and financial needs.

CONVENIENCE

For most people, convenience and accessibility are major factors in choosing a financial institution. The most convenient financial institutions offer numerous electronic banking options, have a large ATM network, offer all the services you need to manage your money, and can be accessed from locations across the United States or worldwide.

AVAILABLE SERVICES

What services are offered at your prospective bank or credit union? Look for an institution that offers a wide variety of services. Some services you might be interested in include:

Electronic banking options: Does the bank or credit union offer online bill pay, remote deposit or transfers? Can you access and manage your account with a cellphone or mobile app?

Overdraft protection: If you overdraw your account, what happens? You may be able to link your checking account to a savings account or line of credit to protect yourself.

Credit and investments: Does the bank or credit union offer credit cards, competitive loan rates, and investment services?

Interest: How much interest is paid on various accounts and when (daily, monthly, quarterly, yearly)? To compare rates offered locally to those from

financial institutions around the nation, visit www.bankrate.com.

Customer Support: Does the bank or credit union offer adequate customer support? Can you easily reach a customer support representative without having to go into a building or without a lengthy phone wait?

SERVICE CHARGES, FEES, AND REQUIREMENTS

All banks and credit unions have account requirements, fees, and service charges. You should fully investigate what those are and determine whether they are reasonable for your banking needs. By law, institutions must tell you about all applicable service charges that you will be charged. Here are some of the common service charges, fees, and requirements you might find when shopping for a bank or credit union:

Monthly service or maintenance fees: Although some institutions (more credit unions than banks) offer “free” checking, many charge a monthly service or maintenance fee. Additionally, on some accounts, you may be charged a service fee for going under a minimum balance. Be sure to find out whether the accounts you are considering require a minimum balance and the fee for going under this amount. If fees for minimum balances are charged, it may be more cost effective to have a non interest-bearing account and avoid the service fees.

Usage fees: Is there a usage fee charged when you go beyond a certain number of transactions or if you do not use the account for a certain length of time?

ATM fees: You will probably pay a fee or fees ranging from \$3-\$7.50 to use another bank’s ATM. Avoid excessive ATM fees by using a bank that does not charge you to use their ATM or see if your financial institution reimburses ATM fees.

Foreign transaction fees: These fees are charged per transaction and may also include a percentage of a cash advance or purchase. They are charged every time you

use a card to get cash at a foreign ATM (which usually offer the best currency exchange rates) or to make purchases abroad. Since deployment is an essential part of the military lifestyle, these should be carefully considered when choosing a bank or credit union.

Online banking or bill pay fees: Is there a charge for paying your bills online? Do you have to pay to sign up for online account or app services?

Check writing costs: What does it cost to purchase checks? Can they be ordered online? How many checks do you need to write each month, and is there a fee for writing checks?

Overdraft fees: What is the charge if there is not enough in the account to cover a check, transfer, or withdrawal? Financial institutions usually charge \$25 to \$35. The bank may overdraw the account to pay the check or honor the debit, or they may not honor it at all but still charge you the non-sufficient funds fee.

Overdraft protection: What are the costs associated with this service? This fee is typically between \$20 and \$30 each time the financial institution pays an overdraft transaction. You may also have to pay interest to use overdraft funds.

Ideally, you should maintain adequate funding in your account, making this service unnecessary.

Stop payment fees: If you make an error with a check or payment or cancel an order after a payment has been sent, you have the right to request that your bank or credit union stop payment on transactions that have not yet been processed. You must allow the bank sufficient time to carry out your request, and there is usually a charge for the service.

Fees for paper statements: With the move to electronic (paperless) statements, some banks and credit unions may now charge a fee for providing a paper copy of bank statements or for printing older statements. A good practice to avoid this fee is to routinely download and save your statements.

Fees for research assistance: If you need help with your account from a customer service representative, you may be charged for this service. The charge will usually occur if your account requires extensive work, often because your statement has not been reconciled for an extended period of time.

Fees to close an account: Some accounts will include fees, averaging from \$5 to \$25, for closing an account within the first 90 days.

COMPATIBILITY

Most importantly, a financial institution needs to be compatible with your lifestyle and banking needs. Service members and their families often have unique banking needs that cannot be met by all financial institutions. Here are things to consider when deciding whether a bank or credit union meets your needs:

Does it allow for direct deposit? Oddly, some small banks may not offer the option of military direct deposit.

Are you able to access your account(s) remotely? And ideally, can you access them from anywhere in the world, by computer or phone?

Can you deposit checks remotely and pay your bills online? If so, are there fees associated with these services?

Does your bank or credit union offer no-fee ATMs or ATM fee reimbursement (in case your bank does not have a branch or ATM when you move)? Many institutions offer interactive maps on their websites that let you search for branch offices, dedicated ATMs, and no-fee shared ATMs.

Does your bank or credit union offer deployment status services (e.g., interest rate reductions, bill deferment)? Although not offered at all financial institutions, you may find that some military banks and credit unions cater to deploying service members through a wide range of services and perks.

What are the bank's guidelines for honoring powers of attorney? Some financial institutions require a power of attorney to be filed in-person and in advance of a deployment.





Electronic Banking Safety

- › Never use public computers or wireless hotspots to conduct financial transactions.
- › Log out of accounts and close the browser after banking.
- › Use firewalls, anti-virus software, pop-up blockers, and security patches to prevent hackers from accessing your computer.
- › Do not open email or download attachments from unknown sources; this can allow spyware to download.
- › Use strong passwords consisting of a combination of letters and numbers, and use different passwords on all accounts.
- › Do not allow browsers to save account information (usernames or passwords).
- › Password-protect all electronic devices to prevent unauthorized access.
- › Sign up for account security services and ask to be notified when fraudulent activity is detected or account balances fall below a specified amount.
- › Keep a personal record of account transactions to help identify fraudulent transactions.
- › Report a lost or stolen phone immediately to the bank, not just the cell phone service provider, and arrange to deactivate the mobile banking service.



Financial Planning Association: www.fpanet.org

Kiplinger: www.kiplinger.com

Military Saves: www.militarysaves.org

National Endowment for Financial Education:
www.nefe.org

Save and Invest (FINRA Investor Education
Foundation): www.saveandinvest.org

FINANCIAL INFORMATION AND COUNSELING

Air Force Aid Society: <https://www.afas.org>

Air Force Airman & Family Readiness Program:
<http://www.afpc.af.mil/Airman-and-Family-Readiness/>

Consumer credit counseling: www.nfcc.org

GOVERNMENT AGENCIES

Board of Governors of the Federal Reserve
System: www.federalreserve.gov

Consumer.gov (Federal Trade Commission):
www.consumer.gov

Consumer Financial Protection Bureau:
<https://www.consumerfinance.gov/>

Federal Deposit Insurance Corporation:
<https://www.fdic.gov>

Federal Student Aid: <https://studentloans.gov/myDirectLoan/index.action>

Federal Trade Commission: <https://www.ftc.gov>

U.S. Bureau of Labor Statistics: www.bls.gov

U.S. Securities and Exchange Commission:
www.sec.gov

INVESTING RESOURCES

Books

- *Barron's Dictionary of Finance and Investment*

Terms

- *Get a Financial Life: Personal Finance in your Twenties and Thirties*, by Beth Kobliner
- *Investing from Scratch: A Handbook for the Young Investor*, by James Lowell
- *Making the Most of Your Money Now*, by Jane Bryant Quinn
- *Master Your Money Type*, by Jordan E. Goodman
- *Personal Finance*, by E. Thomas Garman and Raymond E. Forgue
- *The Millionaire Next Door (Series)*, by Thomas J. Stanley and William D. Danko
- *The Total Money Makeover: A Proven Plan for Financial Fitness*, by Dave Ramsey
- *The Truth About Money*, by Ric Edelman
- *Who's Afraid to be a Millionaire? Mastering Financial and Emotional Success*, by Kelvin Boston
- *Women and Money: Owning the Power to Control Your Destiny*, by Suze Orman

Newspapers and Magazines

- *Barron's*
- *Forbes*
- *Fortune*
- *Investor's Business Daily*
- *Kiplinger*
- *Money*
- *Wall Street Journal*

Websites

- *Businessweek*: www.bloomberg.com/businessweek
- *Dailystocks*: www.dailystocks.com
- *Earnings Whispers*: <https://www.earningswhispers.com>
- *Hoovers* (business intelligence database): www.hoovers.com
- *ICLUBcentral* (tools for investors and investment clubs): www.iclub.com

- **MarketWatch:** www.marketwatch.com
- **Morningstar:** www.morningstar.com
- **MSN Money:** www.msn.com/en-us/money
- **Saving for College (guide):** www.savingforcollege.com
- **The Motley Fool:** www.fool.com
- **Treasury Direct:** www.savingsbonds.gov
- **Value Line (research):** www.valueline.com
- **Zacks (research):** www.zacks.com

NO-SOLICITATION REGISTRIES

- **Phone Calls:** National Do Not Call Registry www.donotcall.gov 1-888-382-1222
- **Junk mail and email:** Direct Marketing Association www.DMAchoice.org
- **Credit or insurance offers:** www.optoutprescreen.com

PREDATORY LENDING

Center for Responsible Lending:
www.responsiblelending.org

Payday Loan Consumer Information:
www.PayDayLoanInfo.org

SAFETY REMINDERS

Protect your Personal Information

- Guard your Social Security number.
- Sign credit/debit cards when they arrive.
- Carry only the cards you need.
- Keep your PIN secret.
- Avoid obvious passwords.
- Store personal information in a safe place at home and at work.
- Do not give card numbers to strangers.
- Watch out for “shoulder surfer PIN spies.”
- Keep your receipts.
- Destroy documents that contain account information (when no longer needed).
- Protect your mail.

- Pay attention to your billing cycles and check statements against receipts.
- Check your credit report once a year.

Think Before you Click: Practice Safe Computing

- Protect your personal information online.
- Know who you are dealing with and do not give out personal information.
- Use anti-virus and anti-spyware software and a firewall, and update these programs regularly.
- Use strong passwords and keep them private.
- Back up important files securely.
- Be careful using public wireless networks (Wi-Fi).
- Lock and password protect your laptop, tablet, smart phone and mobile devices.

RETIREMENT

Choose to Save/American Savings Education Council: www.choosetosave.org/asec

Military OneSource: www.militaryonesource.mil

Social Security Administration: www.ssa.gov

Thrift Savings Plan: <https://www.tsp.gov>

U.S. Department of Defense Military Pay: <http://militarypay.defense.gov>

TAXES

Internal Revenue Service: www.irs.gov

The information provided herein does not constitute a formal endorsement of any company, its products, or services by the Air Force. Specifically, the appearance or use of external hyperlinks does not constitute endorsement by the Air Force of the linked websites, or the information, products, or services contained therein. The Air Force does not exercise any editorial control over the information you may find at these locations. This information provides informational resource material to assist military personnel and their families, to assist in identifying or exploring resources and options.





TSP Fund Summary

Thrift Savings Plan (TSP) allows each service member to invest a certain amount of money each month into one of 10 mutual funds.

G FUND

The Government Securities Investment Fund, which invests in special, non-traded U.S. Treasury securities guaranteed against any loss. The G Fund has a low level of volatility and (through the end of 2016) a 10-year average return of 2.63%.

F FUND

The Fixed Income Index Investment Fund invests in government and corporate bonds and is designed to track the Bloomberg Barclays Capital U.S. Aggregate Bond Index. The F Fund has a low-to-moderate level of volatility and a 10-year average return of 4.59%.

C FUND

The Common Stock Index Investment Fund, which invests in stocks in the Standard and Poor's 500 Index. The C Fund has a moderate level of volatility and a 10-year average return of 7.00%.

S FUND

The Small Capitalization Stock Index Investment Fund, which invests in small- and medium-size companies in the United States and is designed to track the Dow Jones Wilshire 4500 Completion Index. The S Fund has a moderate-to high-level of volatility and a 10-year average return of 8.13%.

I FUND

The International Stock Index Investment Fund, which invests entirely in non-U.S. companies and is designed to track the MSCI EAFE (Europe, Australasia, Far East) Index. The I Fund has a moderate-to-high level of volatility and a 10-year average return of 1.02%.

LIFECYCLE FUNDS

Lifecycle, or L Funds, consist of five prepackaged portfolios with professionally determined asset allocation among the G, F, C, S and I funds. The L funds are professionally managed to meet your retirement needs. Assets are rebalanced daily, maintaining your portfolio mix. Assets are reallocated quarterly (redistributed among the available funds), creating a more conservative (less risk) mix with age. When a fund reaches maturity (reaches the year it is named for), it rolls to the next more conservative fund and a new fund is added.

More on TSP fund returns can be found at:

<https://www.tsp.gov/InvestmentFunds/FundPerformance/returnSummary.html>.





Decisions, Decisions

1. Online savings estimator: <https://www.tsp.gov/PlanningTools/Calculators/howSavingsGrow.html>.
 2. Your monthly base pay (before taxes): _____
 3. Initial and monthly contributions at 1% (base pay x .01): _____ 2%: _____ 3%: _____ 5%: _____
 4. Add DoD automatic and matching contributions: + 2%: _____ 3%: _____ 4%: _____ 5%: _____
 5. Total monthly contributions: _____
 6. Total amounts: _____
- (Assume 7% interest compounded monthly for 20 years.)

Example

Percent of Base Pay Contributed by Airman	Percent of Base Pay Automatically Contributed by DoD	Airman Contribution Matched by DoD	Total Percent of Base Pay Contributed	Total Monthly Amount Contributed	Amount in TSP Account After 4 Years	Total Amount Contributed by Airman Over 4 Years	Total Amount of Earnings and DoD Contributions
0.0%	1.0%	0.0%	1.0%	\$23.78	\$1,312.88	\$0	\$1,312.88
0.5%	1.0%	0.5%	2.0%	\$47.56	\$2,625.75	\$570.72	\$2,055.03
1.0%	1.0%	1.0%	3.0%	\$71.34	\$3,938.63	\$1,141.44	\$2,797.19
1.5%	1.0%	1.5%	4.0%	\$95.12	\$5,251.50	\$1,712.16	\$3,539.34
2.0%	1.0%	2.0%	5.0%	\$118.90	\$6,564.38	\$2,282.88	\$4,281.50
2.5%	1.0%	2.5%	6.0%	\$142.68	\$7,877.25	\$2,853.60	\$5,023.65
3.0%	1.0%	3.0%	7.0%	\$166.46	\$9,190.13	\$3,424.32	\$5,765.81
3.5%	1.0%	3.3%	7.8%	\$185.48	\$10,240.43	\$3,995.04	\$6,245.39
4.0%	1.0%	3.5%	8.5%	\$202.13	\$11,159.44	\$4,565.76	\$6,593.68
5.0%	1.0%	4.0%	10.0%	\$237.80	\$13,128.76	\$5,707.20	\$7,421.56

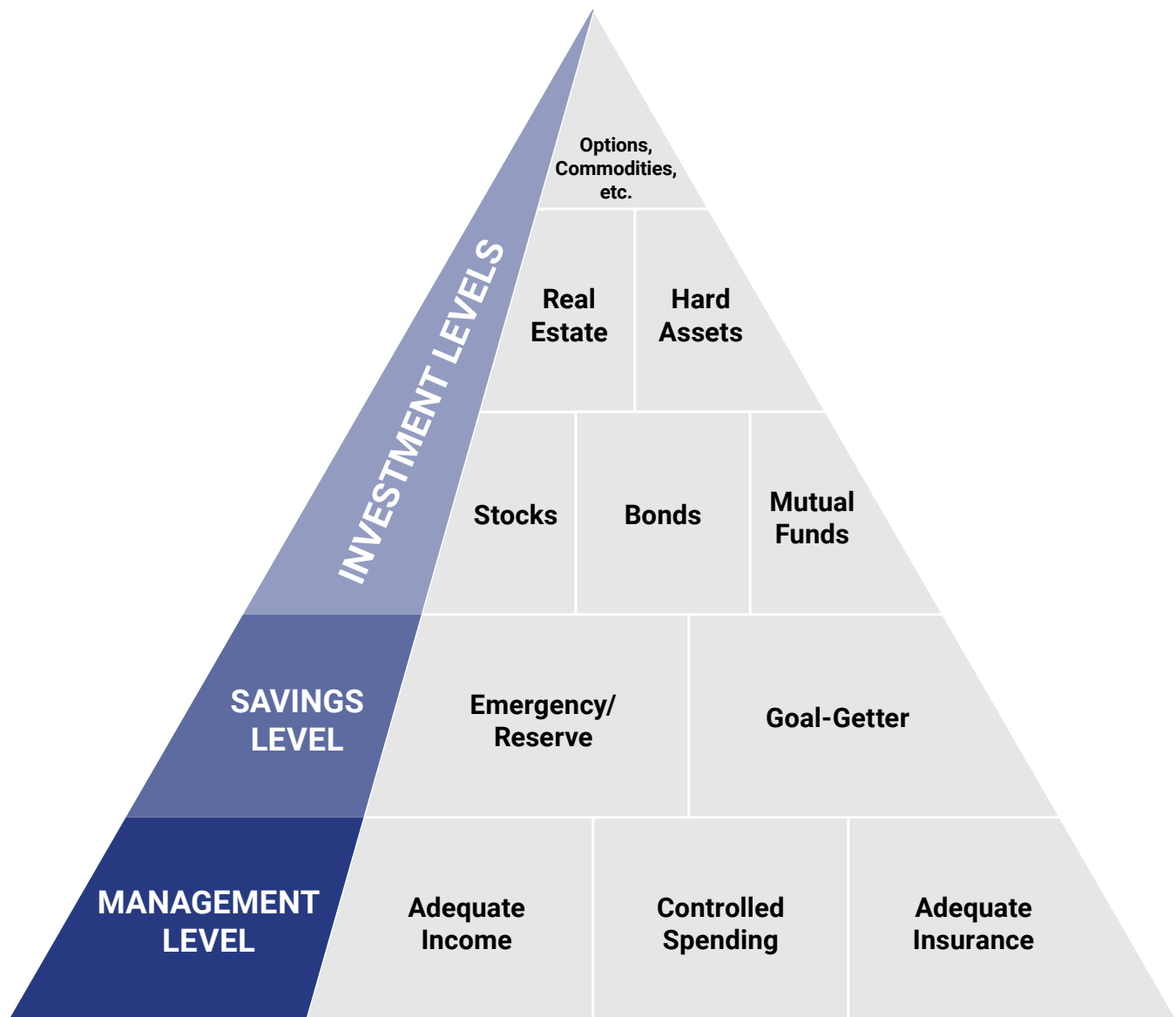
Notes:

1. Table based on the 2020 monthly base pay of an E4, over 2 years in the Air Force.
2. Assumed annual rate of return is 7.0%. Actual results may be higher or lower.
3. Table does not include cost-of-living adjustments or pay increases associated with expected promotions, both of which would drive contributions, earnings, and total amounts higher.





Financial Planning Pyramid





Sources of Help for Military Consumers

CONSUMER ORGANIZATIONS

Consumer Reports: www.consumerreports.org

Consumer World: www.consumerworld.org

Kelley Blue Book: www.kbb.com

NADA Car Guides: www.nada.com

CONSUMER PROTECTION

Better Business Bureau: www.bbb.org

Center for Responsible Lending:
www.responsiblelending.org

The Consumer Action Handbook:
<https://www.usa.gov/handbook>

Consumer safety tips: www.consumer.gov

Consumer Reports: www.consumerreports.org

Federal Trade Commission: www.ftc.gov

Free annual credit reports:
www.annualcreditreport.com

Internet Crime Complaint Center: www.ic3.gov

Military OneSource: www.militaryonesource.mil

National Association of Attorneys General:
www.naag.org

National Consumers League:
www.nclnet.org

National Consumers League Fraud Center:
www.fraud.org

National Legal Aid and Defender Association:
www.nlada.org

Network of consumer hotlines:
www.callforaction.org

Public Citizen: www.citizen.org

CREDIT REPORTING AGENCIES:

Equifax: <https://www.equifax.com/personal>

Experian: www.experian.com

TransUnion: www.transunion.com

Free annual credit report:
www.annualcreditreport.com

EMERGENCY FINANCIAL ASSISTANCE

Air Force Aid Society: <https://www.afas.org>

American Red Cross: www.redcross.org

FINANCIAL PLANNING AND EDUCATION

Air Force Aid Society: <https://www.afas.org>

Air Force Airman and Family Readiness Program:
<https://www.afpc.af.mil/Airman-and-Family-Readiness>

American Association of Individual Investors:
www.aaii.com

Association for Financial Counseling, Planning,
and Education: www.afcpe.org

Choose to Save: www.choosetosave.org

Financial Planning Association: <https://www.plannersearch.org>



Kiplinger: www.kiplinger.com

Military Saves: www.militarysaves.org

National Endowment for Financial Education:
www.nefe.org

Save and Invest (FINRA Investor Education
Foundation): www.saveandinvest.org

FINANCIAL INFORMATION AND COUNSELING

Air Force Aid Society: <https://www.afas.org>

Air Force Airman & Family Readiness Program:
<https://www.afpc.af.mil/Airman-and-Family-Readiness>

Consumer Credit Counseling: www.nfcc.org

GOVERNMENT AGENCIES

Board of Governors of the Federal Reserve
System: www.federalreserve.gov

Consumer.gov (Federal Trade Commission):
www.consumer.gov

Consumer Financial Protection Bureau:
<https://www.consumerfinance.gov>

Federal Deposit Insurance Corporation:
<https://www.fdic.gov>

Federal Student Aid: <https://studentloans.gov/myDirectLoan/index.action>

Federal Trade Commission: <https://www.ftc.gov>

U.S. Bureau of Labor Statistics: www.bls.gov

U.S. Securities and Exchange Commission:
www.sec.gov

INVESTING RESOURCES

Books

- *Barron's Dictionary of Finance and Investment Terms*

- *Get a Financial Life: Personal Finance in your Twenties and Thirties*, by Beth Kobliner
- *Investing from Scratch: A Handbook for the Young Investor*, by James Lowell
- *Making the Most of Your Money Now*, by Jane Bryant Quinn
- *Master Your Money Type*, by Jordan E. Goodman
- *Personal Finance*, by E. Thomas Garman and Raymond E. Forgue
- *The Millionaire Next Door (Series)*, by Thomas J. Stanley and William D. Danko
- *The Total Money Makeover: A Proven Plan for Financial Fitness*, by Dave Ramsey
- *The Truth About Money*, by Ric Edelman
- *Who's Afraid to be a Millionaire? Mastering Financial and Emotional Success*, by Kelvin Boston
- *Women and Money: Owning the Power to Control Your Destiny*, by Suze Orman

Newspapers and Magazines

- *Barron's*
- *Forbes*
- *Fortune*
- *Investor's Business Daily*
- *Kiplinger*
- *Money*
- *Wall Street Journal*

Websites

- *Businessweek*: www.bloomberg.com/businessweek
- *Dailystocks*: <http://search.dailystocks.com>
- *Earnings Whispers*:
www.earningswhispers.com
- *D&B Hoovers* (business intelligence database): www.dnb.com
- *ICLUBcentral* (tools for investors and investment clubs): www.iclub.com
- *MarketWatch*: www.marketwatch.com

- Morningstar: www.morningstar.com
- MSN Money: www.msn.com/en-us/money
- Saving for College (529 Plans): www.savingforcollege.com
- The Motley Fool: www.fool.com
- Treasury Direct: www.savingsbonds.gov
- Value Line (research): www.valueline.com
- Zacks (research): www.zacks.com

NO-SOLICITATION REGISTRIES

- Phone Calls: National Do Not Call Registry www.donotcall.gov 1-888-382-1222
- Junk mail and email: Direct Marketing Association www.DMAchoice.org
- Credit or insurance offers: www.optoutprescreen.com

PREDATORY LENDING

Center for Responsible Lending:
www.responsiblelending.org

Payday Loan Consumer Information:
www.PayDayLoanInfo.org

SAFETY REMINDERS

Protect your Personal Information

- Guard your Social Security number.
- Sign credit/debit cards when they arrive.
- Carry only the cards you need.
- Keep your PIN secret.
- Avoid obvious passwords.
- Store personal information in a safe place at home and at work.
- Do not give card numbers to strangers.
- Watch out for “shoulder surfer PIN spies.”
- Keep your receipts.
- Destroy documents that contain account information (when no longer needed).
- Protect your mail.
- Pay attention to your billing cycles and check statements against receipts.
- Check your credit report once a year.

Think Before you Click: Practice Safe Computing

- Protect your personal information online.
- Know who you are dealing with and do not give out personal information.
- Use anti-virus and anti-spyware software and a firewall, and update these programs regularly.
- Use strong passwords and keep them private.
- Back up important files securely.
- Be careful using public wireless networks (Wi-Fi).
- Lock and password protect your laptop, tablet, smart phone and mobile devices.

RETIREMENT

Choose to Save/American Savings Education Council: www.choosetosave.org/asec

Military OneSource: www.militaryonesource.mil

Social Security Administration: www.ssa.gov

Thrift Savings Plan: <https://www.tsp.gov>

U.S. Department of Defense Military Pay:
<https://militarypay.defense.gov>

TAXES

Internal Revenue Service: www.irs.gov

The information provided herein does not constitute a formal endorsement of any company, its products, or services by the Air Force. Specifically, the appearance or use of external hyperlinks does not constitute endorsement by the Air Force of the linked websites, or the information, products, or services contained therein. The Air Force does not exercise any editorial control over the information you may find at these locations. This information provides informational resource material to assist military personnel and their families, to assist in identifying or exploring resources and options.





Choosing a Credit Card

INFORMATION YOU SHOULD KNOW:

- Is there an annual fee? If so, how much? Can it be waived?
- What is the interest rate on any balances?
- If there is a low introductory rate, how long is it in effect? What rate will be charged after the introductory period?
- What is the grace period on purchases?
- What are the terms for balance transfers and cash advances?
- What additional fees apply, such as late payment fees, over-limit fees, and others? Are there other hidden charges, such as an increase in the interest rate in the event of a late payment?
- Are other “services” tacked on to your account for which you will have to pay? (Avoid high-priced add-ons such as credit life, credit disability, or credit unemployment insurance.)
- How widely is the card accepted and what are the overseas transaction rates?
- Does the card have a rewards program?

MANAGING YOUR CARD:

- Pay on time.
- Aim to pay more than the minimum amount due.
- Keep your balance low.
- If you have a high balance, consider a plan to pay off or reduce your credit card debt by using a power payment schedule.
- Call the credit card company and request that they lower your interest rate and eliminate your fees. It costs nothing to ask.
- Are you eligible for rate-reduction benefits under the Servicemembers Civil Relief Act (SCRA)?
- Check your statements monthly and report suspicious or fraudulent charges to your credit card company immediately.

CREDIT TERMS

Annual Percentage Rate (APR): APR is a measure of the cost of credit, expressed as a yearly rate. It must be disclosed before you become obligated on the account and shown on your account statements. The card issuer also must disclose the “periodic rate,” the rate applied to your outstanding balance to calculate the finance charge for each billing period.



Average Daily Balance: If you do not have a grace period, this is the most common finance charge calculation method. This calculation uses the average of your balance during the billing cycle to calculate your finance charges.

Balance Transfers: Many credit card companies offer incentives for balance transfers (i.e., moving your debt from one credit card to another). Many credit card issuers offer transfers with low introductory rates that rise significantly after the introductory period, and some issuers also charge balance-transfer fees.

Delinquency Rates: Some cards with low rates for on-time payments apply a very high APR if you are late a certain number of times in any specified time period. Information about delinquency rates should be disclosed in credit card applications.

Grace Period: The grace period lets you avoid finance charges by paying your balance in full before the due date. Without a grace period, the card issuer may impose a finance charge from the date you use your card or from the date each transaction is posted to your account.

Variable Rates: Some credit card plans let the issuer change the APR when interest rates or other economic indicators change. These rate changes also can raise or lower the finance charge on your account.

If you are considering a variable-rate card, the issuer must tell you that the rate may change, how much it may change and how frequently, and how the rate is determined.

USEFUL WEBSITES:

Bankrate.com: www.bankrate.com (comparison shopping for rates)

Consumer Financial Protection Bureau: www.consumerfinance.gov

Consumer Reports: www.consumerreports.org/cro/credit-cards/buying-guide.htm (card-buying guide)

Creditcards.com: www.creditcards.com (credit card industry ratings)

Federal Trade Commission: www.consumer.ftc.gov/topics/credit-and-loans





Credit Reports

WHAT IS A CREDIT REPORT?

A credit report is a detailed account of your credit, employment, and residence history. It also lists any judgments, tax liens, bankruptcies, or similar matters of public record entered against you. Lenders use credit reports to determine your creditworthiness.

HOW DO YOU GET YOUR CREDIT REPORT?

By federal law, you are entitled to a free copy of your credit report annually from each of the nationwide credit reporting companies: Equifax, Experian, and TransUnion. To order your free credit report, visit www.annualcreditreport.com or call (877) 322-8228. You may also obtain a free credit report/score from your local Airman and Family Readiness Center (A&FRC) personal financial counselor and educator.

You are also entitled to a free report if you are denied credit, insurance, or employment based on information in your report. You must ask for your report within 60 days of receiving notice of the denial. The notice will give you the name, address, and phone number of the credit reporting agency used to make the decision, and you should contact them directly.

Experian

(888) 397-3742
www.experian.com

TransUnion

(800) 916-8800
www.transunion.com

Equifax

(800) 685-1111
www.equifax.com

You can also request one free report a year if your report is inaccurate because of fraud, including identity theft. Otherwise, a credit reporting company may charge you a reasonable amount for another copy of your report within a 12-month period.

HOW OFTEN SHOULD YOU CHECK YOUR REPORT?

Check your credit report at least once a year for errors, negative information that could prevent you from obtaining a security clearance or mortgage, and signs of identity theft.

WHAT DOES A CREDIT REPORT CONTAIN?

Credit reports contain the following information:

- Identifying information, such as your name, Social Security number, date of birth, current and previous addresses, and employers.
- Information about your credit accounts, such as your balance and payment history.
- Any bankruptcies, foreclosures, liens, or judgments against you.
- Inquiries (i.e., when someone checks your credit report). This includes “hard” inquiries, where you applied for credit, or “soft” inquiries for background checks and preapproved offers.

HOW DO YOU CORRECT INFORMATION ON YOUR CREDIT REPORT?

Under federal law, both the credit-reporting agencies and the information provider (the person, company or organization that provides information about you to an agency) are responsible for correcting inaccurate or incomplete information in your credit report and must investigate items in question, usually within 30 days of notification. Dispute forms are provided on the credit reporting agencies’ websites, or you can request a hard copy.

Here are the basic steps for disputing inaccurate information:

- Write a letter to the credit reporting agency; explain each dispute and request an investigation to resolve issues. Send copies (not originals) of supporting paperwork.
- Send a similar letter of dispute to the creditor.
- Send all letters and materials by certified mail, return receipt requested.
- The reporting agency will initiate an investigation, contacting creditors to verify the accuracy of the information. If the information cannot be verified, it must be removed.
- When the investigation is complete, if changes were made to your credit report, the credit reporting agency must send you a free copy of your credit report.
- If the investigation uncovers an error, you have the right to request that a corrected version of your credit report be sent to everyone who received the report during the previous six months.

You can read additional information on how to correct information on your credit report at the Federal Trade Commission website: www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports.

WHAT DO I DO IF I SUSPECT IDENTITY THEFT?

If you find suspicious accounts or information on your credit report, it might be an indication of identity theft. If you suspect you are a victim of identity theft, contact the Federal Trade Commission at (877) IDTHEFT or www.consumer.gov. The FTC is the primary resource for information on identity theft.

For additional information on identity theft, see www.consumer.ftc.gov/features/feature-0014-identity-theft. You may also want to sign up for a Consumer Awareness course at your local A&FRC.





Warning Signs of Credit Abuse

Credit cards make spending easy and may encourage you to spend more than you can repay. The following are possible warning signs that you have taken on too much debt:

- You have less than one month's take-home pay in savings.
- You can only afford the minimum monthly payments on credit cards.
- You have more income committed to debt repayments each month than you did the month before.
- You are falling behind on payments and receiving late notices.
- You use credit to pay regular living expenses, like utilities.
- You are at or near credit limits on credit cards most of the time.
- Your debt-to-income ratio is more than 20% (or 36%, if mortgage payments are included in the calculation).



At this point, financial counseling is recommended to help initiate a plan of action to reduce debt. Things are reaching the critical stage when an individual or family is:

- Rotating bills by paying some this month, some next month.
- Borrowing or getting cash advances to make payments — using credit to pay credit.
- Denied additional credit due to problems on credit reports.
- Hiding bills or being dishonest with family members about debts.
- Seeking additional money from predatory lending sources, such as payday loans or refund anticipation loans.
- Having to rely on a debt-consolidation loan to reduce payments enough to meet monthly living expenses.

At the critical point, financial counseling is essential to establish a plan to reduce debt to a manageable level.

SOURCES OF HELP

- Airman and Family Readiness Center (A&FRC) personal financial counselors and educators
- Your local military credit union's financial counselors
- Nonprofit consumer credit counseling agencies
- Base legal office
- The Consumer Financial Protection Bureau (CFPB)
- Military OneSource





GETTING STARTED

Determine Debt Balance: The first step to managing your student loan debt is to understand where you stand with your debt. With military moves, address changes, variable due dates, and the passage of time, it is easy to lose track of one or more outstanding loans. It is important to know how much you owe, and to whom, so you can stay on top of repayment.

Identify Loan Servicers: Most students will have been issued multiple loans, each potentially assigned to a different servicer. A loan servicer collects payments from borrowers. Student loan servicers can include any or all colleges or schools attended, banks and other lenders, or private companies specializing in loan management. You should make sure you know who your loan servicers are and have contact information for them.

Consider Options: Most repayment plans are specific to one or more loan programs and cannot be used with others. There are a number of federal student loan programs, though most individuals will have been funded by just one or two of them. If you have multiple instances of the same loan type with different servicers, you must make the same request to each servicer.

Stay Current with Loan Payments: The standard repayment plan for student loans is 120 equal monthly payments, or 10 years. The interest rate on federal loans is fixed at the time a loan is signed and does not change during the life of the loan. Some private loans have adjustable rates. You should not reduce or change payments until you are directed to do so by your loan servicer. Delinquency and default on student loans can have severe negative consequences for future credit, housing options, and employability.

Build a Spending Plan: Knowing your current financial situation includes accounting for more than just your student loan debt. To ensure that you understand your overall financial status, you should make a budget or spending plan. This will help you see how your student loan payments and debt fit into your current spending.

STUDENT LOAN TYPES

FEDERAL LOANS

Federal student loans fall into two categories:

- **Direct Loans:** “Direct” means that the federal funding comes to the financial aid office of the school or college rather than being funneled through a commercial bank. Direct Loan programs include Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans. These loans may also be referred to as “Stafford Loans.”
- **Perkins Loans:** These are small, need-based loans for students with exceptional need. The money comes from the U.S. Department of Education but is serviced by the school or college that offers the loan.

PRIVATE EDUCATION LOANS

Privately issued student loans, also called “alternative” student loans, are interest-generating instruments promoted by banks and other lenders. Private loans offer fewer consumer protections and fewer opportunities to reshape payment terms. Like the loans people take out for houses and cars, a student’s credit score influences the terms of private loans, and repayment can begin immediately on disbursement. The loan’s terms may include increasing interest over time.

MANAGEMENT OPTIONS

Service members Civil Relief Act (SCRA): The SCRA caps the interest rate on debt obtained prior to your military service at 6% during periods of active duty. This includes student loans—federal and private—as well as consumer loans and credit cards. The SCRA also applies to National Guard and Reserve personnel, whether in state or federal service. Check with your installation legal services office about how the SCRA may apply to you.

College Loan Repayment Program (CLRP): Under the CLRP, enlisted Airmen may be eligible for assistance to repay postsecondary educational loans based upon their rate and the specific terms and conditions listed on their original enlistment contract. The Air Force will repay up to \$10,000 for student loans obtained prior to enlistment. The Air Force Reserves do not offer the CLRP program. Air National Guard members may be eligible for tuition assistance depending on the state in which they reside.

Public Service Loan Forgiveness: The Public Service Loan Forgiveness (PSLF) Program may help borrowers who intend to make the military a career or transition into jobs in the public or nonprofit sectors. If you qualify, the remaining balance of your federal Direct Loans may be forgiven. You must be employed full-time in a qualifying government or nonprofit public service organization, including military service, and make 120 qualifying payments (after October 1, 2007). To determine eligibility, you will need to submit an Employment Certification for Public Service Loan Forgiveness form.

Deferment: Under certain conditions, payment on the principal of student loans may be suspended for a period of time. Loans may be deferred for up to three years while borrowers continue their education, serve on active duty, or deal with a financial hardship. The loan servicer determines documentation requirements. Private lenders may have deferment options.

Forbearance: Forbearance, or the suspension of payments, may be granted to borrowers who do not qualify for deferment or have exhausted deferment options. Private lenders may have forbearance options.

Graduated Repayment: Graduated repayment structures a student loan so that the borrower pays less in the early years of repayment and more later on, presumably when the borrower is better established financially. The term of a graduated repayment plan is 10 years. Because the principal does not decrease as quickly, the total cost of borrowing at the end of 10 years will be higher than under a standard repayment plan.

Extended Payment: An extended payment plan can reduce payments by spreading them over a period of up to 25 years. Most federal loans qualify for extended repayment. However, the borrower must owe more than \$30,000 to be considered. Extended repayment plans can also be graduated. Payments will be lower with an extended payment plan, but the total cost of borrowing (principal plus interest paid) will be much higher.

Payment Reductions: Income-driven repayment options differ by the loan program(s) to which they apply, the conditions borrowers must meet, and the length of the payment schedule. They also have procedural and benefit differences. Options include the Revised Pay As You Earn Plan (REPAYE) and the Pay As Your Earn Plan (PAYE). With both plans the monthly payment is 10% of the borrower's discretionary income but never more than what the borrower would pay under the 10-year Standard Repayment Plan. Repayment period can be 20 to 25 years, depending on the loan and plan.

Consolidation Loans: Consolidation loans may be available to combine student loans into a single payment under one servicer. The effective interest rate is usually a little higher than what you have been paying, and the term of the loan may be extended—up to 30 years—which means that the cost of the borrowed money will be higher in the end. You can consolidate loans only once. Many financial experts advise to not consolidate federal student loans with private student loans because doing so can result in losing options such as federal protections, repayment options, and loan forgiveness.

Before you select a repayment option or loan consolidation, you should be aware of all your options and of the consequences of the option you select. Contact your loan servicer or private loan lender to discuss which option is best for your situation. The Federal Student Aid website (<https://studentaid.ed.gov/sa/repay-loans>) contains detailed information about repayment and consolidation loan options for federal student loans.

USEFUL WEBSITES

- Consumer Financial Protection Bureau (CFPB):
<https://www.consumerfinance.gov/paying-for-college/repay-student-debt/>
- Federal Direct Consolidation Loan:
<https://studentaid.ed.gov/sa/repay-loans/consolidation#page>
- Federal Student Loan Repayment Estimator:
<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>
- Federal Student Aid Repayment Options:
<https://studentaid.ed.gov/sa/repay-loans>
- Federal Student Aid Ombudsman:
<https://studentaid.ed.gov/sa/repay-loans/disputes/prepare>
- National Student Loan Data System (NSLDS):
https://www.nsls.ed.gov/nsls/nsls_SA/
- Public Service Loan Forgiveness Program:
<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>
- U.S. Department of Education Loan Default Resolution Group:
<https://myeddebt.ed.gov>

OTHER RESOURCES

CFPB Private Education Loan Ombudsman

Email: CFPBOmbudsman@cfpb.gov

Phone: 1-855-830-7880

TTY: 202-435-9835

Fax: 202-435-7888

<https://www.consumerfinance.gov/complaint/>

Federal Student Aid Ombudsman Group

Phone: 1-877-557-2575

Fax: 606-396-4821

Direct Consolidation Loan Application

Phone: 1-800-557-7392

TTY: 1-800-557-7395

<https://studentloans.gov/myDirectLoan/launchConsolidation.action?ga=2.78604756.1942761193.1527081349-555950422.1511901894>





Defending Against Identity Theft

WHAT IS IDENTITY THEFT?

Identity theft occurs when someone steals an individual's personal information and uses it without his or her permission to open fraudulent accounts and make unauthorized purchases. Identity theft is a serious problem that can ruin a person's credit and good name and can take much time, effort, and money to resolve. The Federal Trade Commission received just under 400,000 reports of identity theft in 2016.

Strategies for defending against identity theft must evolve constantly to keep up with thieves' inventiveness. Useful precautions include:

- Safeguarding mail. The greatest amount of information used in identity theft is found in the garbage and in the mailbox. Consumers should cut down on the amount of junk mail they receive (especially, opting out of unsolicited credit offers), and remember to shred everything that arrives anyway.
- Notifying creditors promptly of address changes, so bills and statements do not fall into the wrong hands.
- Immediately reporting new or replacement credit cards or checks, if they are late.
- Opting out of unsolicited credit offers, which may contain personal information.
- Safeguarding your wallet or purse, identification cards, and debit and credit cards.
- Taking receipts. Buyers should keep receipts to verify on your bank statements and then shred if they are not needed for tax purposes.
- Safeguarding checks, bank statements and pay records, both paper and electronic.
- Placing an active-duty alert on credit reports whenever deployed or away from the service member's usual duty station. An active-duty alert requires creditors to take steps to verify the identity of anyone applying for credit in the service member's name.
- Initiating a credit freeze on credit reports and restricting access to credit reports. This can be done at any time, not just during deployments.



- Closing any accounts that have been tampered with.
- Filing a police report, if victimized. The police report will show that the service member was a victim of identity theft if creditors try to get them to pay for debts they did not incur. Most credit card companies require a police report prior to starting any type of investigation or other action.
- Keeping a written record of who was spoken with, when and what was said when reporting or attempting to recover from identity theft.
- Contacting the Federal Trade Commission (FTC) at 1-877-ID-Theft or www.consumer.gov. The FTC serves as the federal clearinghouse for complaints by victims of identity theft.
- The FTC does not resolve individual consumer problems, but complaints from consumers help the FTC investigate fraud and can lead to law-enforcement action. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into the Consumer Sentinel Network, a secure, online database available to hundreds of civil and criminal law-enforcement agencies worldwide.

HOW DO I KNOW IF MY IDENTITY HAS BEEN STOLEN?

Most identity theft is detected when consumers see unfamiliar purchases or withdrawals from their credit or checking accounts. Some credit card companies also monitor customers' purchase for activity that seems out-of-the-ordinary and will lock the account until a representative can speak to the cardholder to verify the purchases.

Other indicators of identity theft may include:

- **Missing bills:** Most bills arrive about the same time every month. A missing bill could mean that someone has gotten access to that account and changed the address or has stolen the bill from the mailbox to gain personal information.
- **Mysterious trade lines on a credit report:** Credit reports should be checked regularly to verify that new, unauthorized accounts have not been opened.
- **Unsolicited cards or bills:** Receiving a credit card that was never applied for or a bill for products or services that were never received could be signs of identity theft. The recipient should call the bank or merchant immediately.
- **Credit denial:** Sudden denial of credit (such as a credit-card charge being denied at the point of sale) when they have never had problems could indicate that someone else is degrading the victim's credit record.





Service Members Civil Relief Act Simplified

Note: This handout provides a basic overview of the provisions of the SCRA. Due to the complexity of the act and regular changes to the provisions, Airmen should at contact their base legal office for specific questions and guidance.

WHAT IS THE SERVICEMEMBERS CIVIL RELIEF ACT?

In 2003, the Soldiers and Sailors Civil Relief Act was rewritten and renamed the Servicemember Civil Relief Act (SCRA). The law spells out protections for members of the U.S. military.



WHO IS COVERED?

Active-duty service members, Reservists, and members of the National Guard (when in active federal service) are protected under the law. SCRA (for all) begins on the first day of active duty, which means when the person leaves home for basic or occupational training. Some protections under the act extend for a limited time beyond active-duty discharge or release and are tied to the discharge or release date. Some of the act's protections extend to the member's dependents.

National Guard members recalled for state duty may be protected by the Servicemembers Civil Relief Act. Guard members are entitled to SCRA protection when called to state active duty under Title 32, if the duty is because of a federal emergency; the request for active duty is made by the president or secretary of defense; and the member is activated for longer than 30 days.

MAJOR LEGAL PROTECTIONS

Termination of cellphone contracts: The SCRA requires providers to suspend or terminate cellphone contracts without charging any early termination fee, if the service member's deployment prevents them from using their services. If the service member does not wish to cancel their service and will be deployed outside the United States, the provider must allow the service member to suspend their service at no charge without requiring an extension of the contract. Note that the service member must make the request to their provider before leaving on deployment.

Automobile leases: If a service member enters into an automobile lease before going on active duty, they may request termination of the lease when called to

active duty. Service members making a permanent change of station (PCS) move, or who deploy for a specified period of time, may also be able to terminate such leases.

Termination of residential leases: The SCRA allows a service member to terminate a residential lease entered into while in the military, if the member receives PCS orders or orders to deploy for a specified period of time.

Evictions from housing: Service members may seek protection from eviction under the SCRA. The rented or leased property must be occupied by the service member or their dependents, and the rent cannot exceed a certain amount, which is adjusted each year. The service member or dependent who has received notice of an eviction must submit a request to the court for protection under the SCRA. If the court finds that the service member's military duties have materially affected his ability to pay his rent on time, the judge may order a "stay" (postponement) of the eviction proceeding or make any other "just" order.

Relief from foreclosures: Depending on the service member's duty status and situation, the SCRA may provide protection against foreclosure. The SCRA prohibits the "sale, foreclosure, or seizure" without a court order of a service member's personal property as long as the debt was secured before the service member entered military service.

Installment contracts: The SCRA gives certain protections against repossessions under installment contracts. If the contract was entered into before going on active duty and at least one payment was made before that time, the creditor cannot repossess the property while the member is on active duty, nor can they terminate the contract for breach without a court order.

Six percent interest rate: If a service member's military obligation makes it difficult to pay on financial obligations such as credit cards, loans, mortgages, etc., the service member can have the interest rate capped at six percent for the duration of the service member's military obligation. Qualifying debts are debts that were incurred by the service member, or the service member and their spouse jointly, before going on active duty. Debts entered into after going on active duty are not protected by this provision of the law.

Court proceedings: If a service member is a defendant in a civil court proceeding, the court may grant a delay if he or she is deployed. The provision applies to civil lawsuits, suits for paternity, child custody suits, bankruptcy debtor/creditor meetings, and administrative proceedings.

Enforcement of obligations, liabilities, taxes: A service member or dependent may, at any time during or within six months after their service, apply to a court for relief of any obligation or liability incurred before active duty or for relief of a tax or assessment made before or during active duty. The court may grant stays of enforcement during which time no fine or penalty can accrue.





How to Complain Effectively

- See a personal financial counselor/educator at the Airman and Family Readiness Center (A&FRC) for guidance
- Save all purchase-related paperwork. Include copies (*do not send originals*) of receipts, repair orders, warranties, canceled checks, contracts, and any letters to or from the company.

If you have a problem:

1. Contact the business. Start with the salesperson with whom you dealt or the manager. Clearly and calmly describe the problem and the action you would like them to take. Document their response in writing.
2. Contact the company president or a representative of the manufacturer. Use the sample complaint letter below. Send it by certified mail and request a return receipt.
3. Contact industry trade associations.
4. Contact local and state consumer advocates for further assistance. Do not give up until you are satisfied. Use the resource list on the *Sources of Help for Military Families* handout to locate consumer-protection contacts.

In correspondence:

- Describe the purchase. Include the name of product and serial number.
- Include the date and place of purchase.
- State the problem. Give the history.
- Ask for specific actions. Include copies of documents.
- State how you can be reached.
- Allow time for action.
- Keep copies of all of your letters, faxes, emails, and related documents.





CAR BUYING You Tell Me

1. What should you do before you go to a dealership?

2. Name as many sources as you can for researching a vehicle.

3. List the pros and cons of purchasing new cars versus used cars.

4. List the pros and cons of purchasing from a dealership versus from a private owner.

5. List things that you would want to avoid doing at the dealership.





CAR BUYING

Determining Car Payments

When purchasing a vehicle, the most commonly asked question is:

“How much will my monthly payments be?”

The answer, of course, depend, on:

1. Amount financed
2. Number of months financed
3. Interest rate

Remember, the larger your down payment, the less your monthly payment.

To use the chart on the right to apply the following steps:

1. Locate the multiplier by cross-referencing the interest rate with the number of months you wish to finance for. For example:
6.5% at 36 months is .0306490,
6.5% at 48 months is .0237150,
and 6.5% at 60 months is .0195661.
2. Multiply the multiplier found in the chart with the total amount you plan to finance and you will have your monthly payment.

For example:

\$10,591.00 at 6.5% for 36 months =
\$10,591.00 x .0306490 = \$324.60 per month,

\$10,591.00 at 6.5% for 48 months =
\$10,591.00 x .0237150 = \$251.17 per month,

\$10,591.00 at 6.5% for 60 months =
\$10,591.00 x .0195661 = \$207.22 per month.

%	36 Months	48 Months	60 Months	72 Months
0.50%	0.0279926	0.0210471	0.0168794	0.0141016
1.00%	0.0282079	0.0212614	0.0170938	0.0143159
1.50%	0.0284251	0.0214777	0.0173100	0.0145321
2.00%	0.0286422	0.0216948	0.0175281	0.0147503
2.50%	0.0288613	0.0219139	0.0177471	0.0149806
3.00%	0.0290813	0.0221301	0.0179690	0.0151940
3.50%	0.0293022	0.0223558	0.0181919	0.0154188
4.00%	0.0295240	0.0225791	0.0184165	0.0156454
4.50%	0.0297469	0.0228035	0.0186430	0.0158739
5.00%	0.0299709	0.0230293	0.0188712	0.0161052
5.50%	0.0301959	0.0232565	0.0191012	0.0163375
6.00%	0.0304219	0.0234850	0.0193328	0.0165726
6.50%	0.0306490	0.0237150	0.0195661	0.0168096
7.00%	0.0308771	0.0239462	0.0198012	0.0170494
7.50%	0.0311062	0.0241789	0.0200379	0.0172902
8.00%	0.0313364	0.0244129	0.0202764	0.0175328
8.50%	0.0315675	0.0246483	0.0205165	0.0177783
9.00%	0.0317997	0.0248850	0.0207584	0.0180257
9.50%	0.0320329	0.0251231	0.0210019	0.0182750
10.00%	0.0322672	0.0253626	0.0212470	0.0185261
10.50%	0.0325024	0.0256034	0.0214939	0.0187792
11.00%	0.0327387	0.0258455	0.0217424	0.0190341
11.50%	0.0329760	0.0260890	0.0219926	0.0192909
12.00%	0.0332143	0.0263338	0.0222444	0.0195506
12.50%	0.0334536	0.0265800	0.0224979	0.0198112
13.00%	0.0336940	0.0268275	0.0227531	0.0200736
13.50%	0.0339353	0.0270763	0.0230098	0.0203390
14.00%	0.0341776	0.0273265	0.0232683	0.0206062
14.50%	0.0344210	0.0275780	0.0235283	0.0208743
15.00%	0.0346653	0.0278307	0.0237899	0.0211453





CAR BUYING Sources of Help

WHERE TO GET INFORMATION AND HELP

- A&FRC Financial Counselor
- Armed Forces Disciplinary Control Board
- Base Legal Office
- Better Business Bureau
- Consumer magazines
- Consumer protection agencies
- Credit unions—Car Buying Assistance Programs
- National Automobile Dealers Association (NADA)
- New and used car pricing guides (Edmunds, NADA, Kelley Blue Book)

ONLINE AUTO LOAN CALCULATORS

- **Autotrader.com**
<https://www.autotrader.com/calculators/?selectedTab=0>
- **Bankrate.com**
<https://www.bankrate.com/calculators/auto/auto-loan-calculator.aspx>
- **Edmunds.com**
<https://www.edmunds.com/calculators/>
- **NavyFederal.org**
<https://www.navyfederal.org/products-services/loans/auto/car-loan-calculator/>
- **USAA.com**
<https://www.usaa.com/cars/loan-calculator>

REMEMBER TO...

- Do your homework.
- Prepare a budget to know what you can afford.
- Keep it three separate transactions: the purchase, the financing, the trade-in.
- Have used cars checked by a trusted mechanic before purchase and do not forget to get a CARFAX report.
- Have the Air Force legal office check the contract before signing.
- Beware of the “tricks of the trade.”

USEFUL WEBSITES

www.annualcreditreport.com
www.autobytel.com
www.autotrader.com
www.bankrate.com
www.bbb.org
www.caranddriver.com
www.carfax.com
www.carmax.com
www.consumerreports.org
www.consumersunion.org
www.fueleconomy.gov
www.edmunds.com
www.epa.gov/greenvehicles/learn-about-green-vehicles (EPA Green Vehicle Guide)
www.iihs.org
(Insurance Institute for Highway Safety)
www.intellichoice.com
www.kbb.com
www.motortrend.com
www.nada.org

ONLINE “COST OF OWNERSHIP” INFORMATION AND CALCULATORS:

- Edmunds.com: <http://www.edmunds.com/tco.html>

The information provided herein does not constitute a formal endorsement of any company, its products, or services by the Air Force. Specifically, the appearance or use of external hyperlinks does not constitute endorsement by the Air Force of the linked websites, or the information, products, or services contained therein. The Air Force does not exercise any editorial control over the information you may find at these locations. This information provides informational resource material to assist military personnel and their families, to assist in identifying or exploring resources and options.





CAR BUYING Leasing vs. Buying

	Leasing	Buying
Ownership	You do not own the vehicle. You get to use it but must return it at the end of the lease unless you choose to buy it.	You own the vehicle and get to keep it at the end of the financing term.
Up-Front Costs	Up-front costs may include the first month's payment, a refundable security deposit, a capitalized cost reduction (like a down payment), taxes, registration, and other fees and charges.	Up-front costs include the cash price or a down payment, taxes, registration, and other fees and charges.
Monthly Payments	Monthly lease payments are usually lower than monthly loan payments because you are paying only for the vehicle's depreciation during the lease term, plus rental charges (such as interest), taxes, and fees.	Monthly loan payments are usually higher than monthly lease payments because you are paying for the entire purchase price of the vehicle, plus interest and other finance charges, taxes, and fees.
Early Termination	You are responsible for any early termination charges if you end the lease early.	You are responsible for any pay-off amount if you end the loan early.
Vehicle Return	You may return the vehicle at lease end, pay any end-of-lease costs, and walk away.	You may have to sell or trade the vehicle when you decide you want a different vehicle.
Future Value	The lessor has the risk of the future market value of the vehicle.	You have the risk of the vehicle's market value when you trade or sell it.
Mileage	Most leases limit the number of miles you may drive (often 12,000 to 15,000 per year). You can negotiate a higher mileage limit and pay a higher monthly payment. You will likely have to pay charges for exceeding those limits if you return the vehicle.	You may drive as many miles as you want, but higher mileage will lower the vehicle's trade-in or resale value.
Excessive Wear	Most leases limit wear to the vehicle during the lease term. You will likely have to pay extra charges for exceeding those limits if you return the vehicle.	There are no limits or charges for excessive wear to the vehicle, but excessive wear will lower the vehicle's trade-in or resale value.
End of Term	At the end of the lease (typically two to four years), you may have a new payment either to finance the purchase of the existing vehicle or to lease another vehicle.	At the end of the loan term (typically four to six years), you have no further loan payments.

Adapted from the "Keys to Vehicle Leasing" brochure (in English and Spanish), available from www.federalreserve.gov/pubs/leasing, or Publications Fulfillment, MS-127, Board of Governors of the Federal Reserve System, Washington, DC 20551, Telephone: (202) 452-3244 or (202) 452-3245.





CAR BUYING Tricks of the Trade

PUT TO RIDE:

When a salesperson cannot persuade you to buy today, he or she may insist that you leave your trade-in at the dealership, keep the new car overnight, and drive it home. This way, no other dealership can see your trade-in, your neighbors and relatives see the car, you fall in love with it, and you have a hard time saying no to purchasing the car when you have to bring it back the next day.

BAIT AND SWITCH:

When a dealership runs an ad with a picture of a well-equipped car and the price of a stripped-down model to entice you to come in. You are then shown the stripped-down model and quickly switched to the well-equipped one with a higher price tag.

LOWBALLING:

This occurs when the salesperson quotes you a price on a car that is lower than the current market price. This is done to assure that you will return before signing with anyone else just to see if the offer still stands. At this point, the salesperson will tell you that they cannot sell the car for that low a price because the sales manager will not allow it.

HIGHBALLING:

This is the same as lowballing, except that a high trade-in allowance figure is offered to you. Again, you come in later and the manager will not allow it.

PADDING:

Adding charges that increase the dealer's profit at the time you sign the contract (e.g., undercoating, protection packages, dealer-installed options, credit life insurance, disability insurance, extended warranties).

GOOD GUY/BAD GUY (MUTT AND JEFF ROUTINE):

When the salesperson plays the role of the good guy and the manager plays the bad guy to enhance the image of the salesperson. The salesperson and manager may even stage an argument in front of you, with the salesperson trying to persuade the manager to give you a lower price. Once you believe that the salesperson is on your side, you drop your guard and become an easy mark.

"YOUR CAR":

When the salesperson keeps referring to the car as "your car" to get you subconsciously to accept ownership of the car. Once accomplished, it is easier to get you to sign the contract.





If you are going to sit in the finance and insurance (F&I) office at a dealership, the editors of Edmunds.com suggest you watch out for these common pitfalls:

Pitfall No. 1:	Many consumers do not know what their credit rating is when they apply for an auto loan. The strength of their credit score largely determines what kind of interest rate they will receive. Therefore, it is critical to make sure your credit report is in the best shape possible before shopping for a car.	Solution:	Order a copy of your credit report and look for items that may stand in the way of you getting a good rate. Correct any issues or errors promptly. Are all of your lines of credit in good standing? Are there any signs of identity theft? The credit bureaus will tell you how to correct errors when you get your report.
Pitfall No. 2:	Many consumers are tempted to overspend once they get to the dealership.	Solution:	Bring a printout of your budget to the dealership as a reminder of what you planned on spending. Be sure to bring any printouts of pricing you have done.
Pitfall No. 3:	Most consumers arrive at the dealership without having researched the current interest rates being offered in the marketplace, so they have no idea if they are being offered a competitive rate.	Solution:	Use the internet as a research tool to compare rates. Check out websites such as bankrate.com for national averages, and the website of your own financial institution for its current rates.
Pitfall No. 4:	Most consumers arrive at the dealership without approved auto financing in hand. This is either because they are unaware of all the financing options available or they assume they will qualify for a low rate at the dealer. This approach deprives the consumer of bargaining power when it comes to negotiating the lowest possible interest rate.	Solution:	Become an “empowered buyer” by getting a no-obligation loan before visiting the dealership. Having your own loan could save you significant money. For example, a 60-month, \$26,000 loan at 4.49% can save a consumer about \$1,500 over the life of the loan, compared with a loan at 6.56%.
Pitfall No. 5:	Many dealers offer a choice between discounted (or zero percent) financing or a rebate, but not both. Consumers may erroneously assume that the zero-percent loan will deliver the most savings.	Solution:	Sometimes, it is better to take the cash rebate and apply it against the purchase price of the vehicle—and then use your own preapproved car loan to finance the vehicle. The savings chart below shows how a low-interest rate and a rebate can “beat” a zero-percent deal.

36-Month Car Loan Comparison *		
APR	0%	3.99%
Cost of car	\$20,000	\$20,000
Less equity in trade	\$4,000	\$4,000
Less rebate	\$0	\$2,000
Amount to finance	\$16,000	\$14,000
Monthly payment	\$444.44	\$413.27
Total cost	\$16,000	\$14,877.85
Savings	\$0	\$1,122.15

Pitfall No. 6:	The F&I officer may try to confuse you by intertwining different elements of your deal. For example, he or she may say, "We'll give you an extra-low price on the vehicle, but this interest rate is the best we can do."	Solution:	Consumers should unbundle the deal and keep it three separate transactions: the purchase, the trade-in, the financing. Avoid discussions that can take you off this track, such as how much you can afford to spend per month. With financing, focus on the APR, not the monthly payment.
Pitfall No. 7:	By the time they get to the finance department, many consumers are mentally worn out and do not review the contract thoroughly before signing. As a result, they may agree to buy things they did not plan to buy (such as an extended warranty, rust-proofing, etc.).	Solution:	Before you sign any papers or hand over any money, check the figures in the contract and understand all of the charges. The sudden appearance of extra fees should be questioned. Sometimes, dealers add extra fees—"junk fees"—to retake profit they have lost by selling cars at invoice.
Pitfall No. 8:	The consumer feels rushed, pressured and confused by the dealership's staff. In some cases, these buyers have second thoughts about completing the deal but sign the documents anyway.	Solution:	Consumers who feel out of their comfort zone should walk away. The buyer—not the seller—should be the one in control of the process. Remember, the federal "cooling off" law does not apply to cars.

If you do your homework ahead of time and know what to expect before entering the F&I office, the paperwork process can go quickly and easily. More importantly, you will receive a deal on your auto loan that you can feel good about for the life of the car.





ABOUT SPECIAL DEALER PROMOTIONS:

Does the advertised trade-in allowance apply to all cars, regardless of their condition?

Does a large trade-in allowance make the cost of a new car higher than it would be if you did not have a trade-in?

Is the dealer who offers high trade-in allowances and free or low-cost options actually giving you a better price on the car than another dealer who does not offer such promotions?

Does the dealer's invoice reflect the costs of options, such as rustproofing or waterproofing, that have already been added to your car?

What are other dealers charging for these options?

Does the dealer have other cars in stock without expensive added features? If not, can the dealer order one?

Are the special offers available only if you order rather than buying it off the lot?

Can you take advantage of all special offers simultaneously?

ABOUT LOW-INTEREST DEALER FINANCING:

Will you be charged a higher price for the car to qualify for the low financing?

Does the low-rate financing require a larger-than-usual down payment? Say 25% to 30%?

Are you required to pay the loan off in a shorter period of time? Say, 12 or 24 months, to qualify for the low-rate financing? If this is the case, your monthly payments will be higher.

Do you have to buy extra merchandise or services to qualify for the low-rate financing?

Is the financing available for a limited time only, and does it require that you take delivery of the car by a specific date?

Does the low interest rate apply to all cars or only to certain models in stock?

If a manufacturer's rebate is offered, are you required to give it to the dealer to qualify for the financing?





CAR BUYING

Three Deals of Car Buying

DEAL NO. 1

THE PURCHASE

HOW MUCH CAN YOU AFFORD?

- Total amount
- Down payment
- Monthly amount
- Prepare a spending plan
- Calculate debt-to-income ratio
- Check your credit report

WHAT TYPE OF CAR SHOULD YOU BUY?

- New or used
- Size and style
- Safety and performance
- Cost to insure

WHERE SHOULD YOU BUY?

- Dealership
- Private seller
- Internet
- Car-buying service

WHAT IS A FAIR PRICE?

- Invoice versus MSRP
- Library and Internet
- New and used car cost guides

EXERCISE YOUR LEGAL RIGHTS

- Read all the contract details
- Do not leave any blanks
- Do not buy unnecessary and unwanted items
- Use the power of the pen
- Have Legal Assistance Office review the contract before signing
- Take action if you have a complaint

DEAL NO. 2

THE FINANCING

WHERE WILL YOU FINANCE?

- Credit unions
- Bank
- Dealership
- Finance companies

HOW MUCH WILL THE MONEY COST?

- Simple interest
- Add-on interest

AVOID COMMON PITFALLS

- Know your credit rating
- Know what current interest rates are
- Get pre-approved
- Know the best deal available
- Do not be rushed or pressured

NEGOTIATE A GREAT DEAL

- Do your homework
- Take your time
- Limit the information you give out
- Shop twins
- Ask for discounts
- Take a road test
- Avoid unnecessary add-ons
- 180-degree Turn

KNOW THE "TRICKS OF THE TRADE"

- Put to ride
- Lowballing and highballing
- Bait and switch
- Padding
- Mutt and Jeff routine
- "Your car"

DEAL NO. 3

THE TRADE-IN

TRADING VS. SELLING

WHAT IF YOU OWE MORE THAN THE CAR IS WORTH?

WHAT IS A FAIR PRICE?

- What is the dealer willing to pay?
- Only negotiate after you are done with your purchase and financing on your new vehicle.





Check Your Insurance IQ

1. How does insurance protect us against the risk of bad things happening?
 - a. Avoiding risk
 - b. Reducing risk
 - c. Transferring risk
 - d. Preventing risk
2. When choosing renters insurance, it is best to opt for this type of coverage to get the most value for lost items:
 - a. Actual cash value
 - b. Replacement value
 - c. Estimated value
 - d. Projected value
3. What is the maximum life insurance provided by the government to service members through SGLI?
 - a. \$100,000
 - b. \$200,000
 - c. \$300,000
 - d. \$400,000
4. This automotive insurance pays for your legal responsibility to others for bodily injury or property damage.
 - a. Liability insurance
 - b. Property insurance
 - c. Medical insurance
 - d. Uninsured motorist insurance
5. This type of insurance pays a death benefit and includes a savings vehicle.
 - a. Term insurance
 - b. Whole-life insurance
 - c. Health insurance
 - d. Long-term care insurance
6. This type of life insurance covers beneficiaries for a period with a specific starting and ending date.
 - a. Term insurance
 - b. Whole life insurance
 - c. Variable life insurance
 - d. Universal life insurance
7. This may added to a homeowners or automotive policy to cover claims above average limits.
 - a. Umbrella policy
 - b. Liability policy
 - c. Long-term care policy
 - d. Whole life policy
8. When an Airman marries or has a child, which is an important step they should take without delay?
 - a. Reviewing life insurance policies for current market value
 - b. Registering new dependents in DEERS.
 - c. Reducing all insurance policies
 - d. Adding an umbrella policy to standard insurance
9. When separating from the military, what is typically the most expensive insurance to replace?
 - a. Auto insurance
 - b. Renters insurance
 - c. Life insurance
 - d. Health insurance
10. This resource will help you best determine your life insurance needs.
 - a. Insurance salesperson
 - b. Insurance calculator
 - c. Insurance quote
 - d. Insurance policy



SAMPLE COMPLAINT LETTER

Your Address
Your City, State, ZIP Code
Date

Name of Contact Person, if available
Title, if available
Company Name
Consumer Complaint Division (**if you have no specific contact**)
Street Address
City, State, ZIP Code

Dear (**Contact Person**):

Re: (**account number, if applicable**)

On (**date**), I (**bought, leased, rented, or had repaired**) a (**name of the product, with serial or model number or service performed**) at (**location, date, and other important details of the transaction**).

Unfortunately, your product (**or service**) has not performed well (**or the service was inadequate**) because (**state the problem**). I am disappointed because (**explain the problem. For example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented, etc.**).

To resolve the problem, I would appreciate your (**state the specific action you want – money back, charge-card credit, repair, exchange, etc.**).

Enclosed are copies of my records (**include receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers, and any other documents**).

I look forward to your reply and resolution to my problem and will wait until (**set a time limit**) before seeking help from a consumer-protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (**home and/or office numbers with area code**).

Sincerely,

(**Your Name**)

Enclosure(s)

