
**UNITED STATES MARINE CORPS
THE BASIC SCHOOL
MARINE CORPS TRAINING COMMAND
CAMP BARRETT, VIRGINIA 22134-5019**

**FINANCIAL MANAGEMENT
B000037XQ
STUDENT HANDOUT**

Financial Management

Introduction Marine leaders should discuss the topic of finance with their Marines. The fundamentals of personal finance include net worth, financial goals, budgeting, tracking, saving, investing and debt management.

Importance Marines who pursue financial responsibility mitigate stress and are better prepared for deployments, family changes and transition to civilian life.

In This Lesson This lesson discusses the basics of financial responsibility and resources available to Marines.

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Learning Objectives

Terminal Learning Objectives

TBS-LDR-1006 Given a scenario, apply financial responsibility considerations, to set the example and guide Marines.

Enabling Learning Objectives

TBS-LDR-1006a Given an evaluation, identify the elements of the Leave and Earning Statement (LES) without omission.

TBS-LDR-1006b Given an evaluation, identify adverse financial management factors without omission.

TBS-LDR-1006c Given a scenario, develop a financial budget plan to reach desired goals within available means.

TBS-LDR-1006d Given an evaluation, identify financial management assistance resources without omission.

TBS-LDR-1006e Given an evaluation, identify the characteristics of the Thrift Savings Plan (TSP) without omission.

Financial Responsibility

The Marine Corps recognizes that the readiness of the entire force, and equally important, the welfare of individual Marines and their families, is enhanced when all Marines are knowledgeable and skilled in the separate tasks and challenges of personal finance.

To put yourself (and your Marines) on the path to good financial management, seek the assistance of a Personal Financial Manager (PFM).

The Navy, Air Force, Army and Marine Corps have a program called the **Personal Financial Management Program (PFMP)**. The objective of the Marines' PFMP is to help all Marines understand and develop skills to manage their income, expenses, savings, and credit to achieve near-term, intermediate, and long-term financial goals.

The program:

- Utilizes Personal Financial Educators (called PFMs in the Marine Corps)
- Financial educators are required to obtain and maintain a national recognized certification.
- Each branch of service's Personal Financial Educator will assist another member of a branch of service.

Personal Financial Management Program Offers:

- One-on-one counseling/coaching, workshops, brown bag luncheons and command/unit Training.
- A collaborative and comprehensive approach to personal financial management education, training, information and referral and counseling.
- Individualized assistance with an emphasis on financial independence, sound money management, debt avoidance and long-term financial stability.
- Training of E-6 (Staff Sergeant) and above (Command Financial Specialists-CFS).
- The SSgt or above must attend a one week financial education training program.
- CFSs then assists the command to establish, organize, administer, and disseminate financial management information.

https://www.manpower.usmc.mil/portal/page/portal/M_RA_HOME/MF/Personal%20and%20Professional%20Development/C_PFMP

The following topics are information and should be read prior to meeting with a PFM

Ten Tips for Living within Your Means

1. Make a personal budget and stick to it. Track your spending for two months to find out what your true expenses are as well as your monthly and yearly expenses, such as rent or mortgage payments, car insurance and payments, taxes, groceries, clothing, entertainment, and child care costs.

2. Think about your financial goals. Do you need to save for a child's college education? Pay off student loans? Buy a home? Would you like to decrease your debt? Increase your retirement savings? Figure out what your most important financial goals are.

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3. Pay attention to your financial habits and think of ways to overcome habits that are costing you too much. Do you buy yourself treats when you're feeling bad? Do you spend money to reward yourself?
 4. Cut back to no more than three major credit cards. Cancel accounts that don't offer competitive interest rates or that offer perks you don't need.
 5. Call your credit card companies and ask for a lower interest rate. Many companies will lower rates to keep your business.
 6. Always pay your credit card bills on time and pay the statement balance.
 7. Shop around for the best telephone / wireless rates and programs.
 8. Cut back on the number of times you eat out each week.
 9. Avoid impulse buys. If you see something you have to have, wait 24 hours before buying it. You may find that you don't really have to have it after all.
 10. Talk openly about finances with your family. Talk about your financial goals and come up with ideas together about how you can reduce expenses and increase savings.
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Net Worth

The first step when developing a personal financial plan is to determine your net worth. This is done by writing out your equity and liabilities side by side. Understand though, different equities and liabilities have different implications for your financial plan, so each category can be broken down further.

Equity:

- Retirement Assets (this includes your IRAs, TSP, 401ks, etc. These assets you should not expect to touch until retirement.)

- Investments (includes stocks, index funds, mutual funds, etc. These assets are not as liquid as cash, but are still readily available. They are, however more susceptible to market fluctuations and should not be used for short term savings.)

- Savings (savings accounts should be money set aside for emergency funds, short term savings, Certificates of Deposit. Multiple accounts are recommended to compartmentalize your money for various purchases, ie car fund, wedding fund, emergency fund, etc.)

- Checking (checking accounts should be used simply to move incoming money out to pay bills, invest, and save. The checking account will constantly fluctuate up and down. While enough money should be in the checking account to avoid overdrafts, it should not be used as a savings account.

Liabilities:

- Mortgages (having a mortgage is not a bad thing, and can be used to build your financial plan. It is important, however, to separate your mortgage liabilities from other liabilities.)

Net Worth (Continued)

-Debt (debt is considered anything (except mortgages) which is owed and you are paying interest on. It is important to know the interest being paid on each account, and placing them in order of the highest interest rate first. Ex: credit cards, car loans, etc.)

-Debt 0% (large expenses can sometimes be paid for with a special interest rate of 0%. These types of debts can be useful to help delay paying large sums of cash until the offer period is up. Credit such as this typically comes with high penalties if not paid off on time, and should be used with caution.)

-Revolving Debt (if you regularly use a credit card and pay the statement balance each month, this is considered revolving debt. By paying the statement balance, you avoid interest payments on the line of credit.)

Equity			Liabilities	
Retirement Investments			Mortgages	
Roth IRA	\$46,000		House	\$340,000
TSP Roth	\$10,400			
Investments			Debts	
Stocks	\$7,800		Car Balance 4.9%	\$10,900
Index Funds	\$3,400			
College Investments			Debt 0%	
529 Plan	\$8,100		Home Improvement Loan	\$4,700
			Store Buy Card	\$450
Savings			Van Balance	\$39,000
Emergency Fund	\$17,000			
Household Savings	\$10,100		Revolving Debt	
Regular Savings	\$5,700		AMEX	\$1,560
CD	\$5,200		VISA	\$250
Checking				
Checking	\$4,700			
Equity			Liabilities	
Retirement Investments	\$56,400		Mortgage	\$340,000
Investments	\$11,200		Debt	\$10,900
College Investments	\$8,100		Debt 0%	\$44,150
Savings	\$38,000		Revolving Debt	\$1,810
Checking	\$4,700			
Totals	\$118,400			\$396,860

Financial Goals

The next step to developing a financial plan is to develop financial goals. Once you have laid out what you have and what you owe, you can determine where you want to go from here. If you have high amounts of credit card debt, perhaps you delay savings and investments to pay this off. Perhaps you're saving for a new car, or a down payment on a house, or simply just increasing your emergency fund. Your financial goals should be broken down into the same categories as your net worth, and then be prioritized. Goals should include a timeline for when you want to achieve said goal, a monthly amount going towards the goals, and the balance of each account. Goals can and should be adjusted as necessary.

Budgeting

Your third step in developing a financial plan is to develop your budget. A budget is a plan for the upcoming month. You're planning the money you haven't spent *yet*. A budget in your head isn't a budget. To work, a budget needs to be on paper or a spreadsheet or something you can maintain monthly and track. If you already keep track of what you spend, it's a start, but it's not a budget. When you only track spending, you're always looking at the past and never looking forward. Budgets should take your goals into account, and be broken down into different categories. You can develop a budget as either pre-tax or post-tax. There are pros and cons to both. By making a pre-tax budget, you force yourself to watch your LES for changes in your taxes. This will help you catch and fix errors before they get out of hand. Additionally, TSP and other allotments are removed from your pay before it hits your bank account, so a pre-tax budget allows you to see where this money is going. A post-tax budget allows you to simply take the money deposited into your account on the 1st and 15th and plan off that.

To establish a budget you need to know:

- Exactly how much money you have coming in each month (disposable income).
- Exactly how much money basic living expenses cost you each month (rent or mortgage, utilities, transportation costs, food).
- How much money you spend on non-essential items like internet, cable, or dining out.

Your budget should be broken down into retirement savings, college savings, savings/investments, fixed expenses, and variable expenses. You should always seek to "Pay yourself first" by first budgeting your money towards retirement savings and savings and investments, then paying your bills. Your bills are broken down into fixed and variable expenses. The fixed expenses must be paid each month, while the variable is what's left.

(Figures are examples and shown off of a post-tax budget)

Income	Bi-Monthly	Monthly	Yearly
Pay	\$2,000	\$4,000	\$48,000
Retirement			
IRA	\$200	\$400	\$4,800
TSP	\$150	\$300	\$3,600
Totals	\$350	\$700	\$8,400
Savings/Investments			
Emergency Fund	\$100	\$200	\$2,400
Household Savings	\$50	\$100	\$1,200
Regular Savings	\$50	\$100	\$1,200
Index Funds	\$75	\$150	\$1,800
Totals	\$275	\$550	\$6,600
Fixed Expenses			
Rent/Mortgage		\$700	\$8,400
Cell Phone		\$75	\$900
Cable		\$100	\$1,200
Ops Fund Dues		\$15	\$180
Car Payment		\$150	\$1,800
Sewer		\$40	\$480
Car Insurance		\$75	\$900
Church Donations		\$50	\$600
Totals		\$1,555	\$18,660
Variable Expenses			
Electricity		\$150	\$1,800
Gas		\$150	\$1,800
Water		\$50	\$600
Food		\$500	\$6,000
Gas/Fuel		\$300	\$3,600
Clothes		\$200	\$2,400
Alcohol		\$50	\$600
Totals		\$1,050	\$12,600

Budget	Monthly	Yearly	Percentage
Income	\$4,000	\$48,000	100%
Retirement	\$700	\$8,400	17.5%
Savings/Investment	\$550	\$6,600	13.75%
Fixed Expenses	\$1,555	\$18,660	38.875%
Variable Expenses	\$1,050	\$12,600	26.25%

Savings

Having money puts you more in control in almost every area of life, and when you have that control, you make smarter decisions and have less stress.

Saving money is not a matter of math. You will only save money when it becomes a priority. Most people don't save like they should because they have competing goals. The goal to save isn't a high enough priority to delay that purchase of the coffee, new computer, or table. The acts of purchase, buy, and consume all the income away or, worse, go into debt to buy these things, trump the act of saving. Marines make enough to save money; it just has to become a big enough priority to do so.

Examples of things to save for:

Emergencies; Planned big purchases (car, furniture, vacation); Any purchases outside of your planned budget; Investments

Investing

Anyone interested in making money has the potential of putting the money they already have to work. The general goal of any investment is to earn interest, or increase the value, on the initial amount you invest.

The first step in any investment plan is to establish how much money you have with which to work. After establishing your goals and building your budget your next step is to create an investment plan and follow through with it. Many organizations offer savings tools - financial planning calculators that help you figure out how much you'll need and how to get there. The earlier you start investing, the longer your money has to accumulate interest and grow. Delaying investments by a few years could result in differences of hundreds of thousands of dollars upon retiring. Your investment goals can change and they should be reevaluated particularly when pay increases or decreases.

For retirement planning, you can take advantage of tax-deferred investment tools such as the Thrift Savings Plan, Deductible IRAs or a 401(k), which allow you to contribute pre-tax dollars to an investment plan. Roth TSP and Roth IRAs also allow you to contribute money on a post-tax basis, which under current law, allows tax free withdrawals.

The key to wise investing is time. The longer your investment accrues, or gains interest, the more money you'll earn toward your goal and the more flexible you can be with the amount you invest. The earlier you start, the faster your money will grow.

The amount you can regularly save and invest will depend on your income, expenses, and debts, but you can make investing a habit by establishing an allotment or an automatic bank withdrawal.

Before handing over a dime, ask about any management, administrative, or service fees associated with your chosen investment. These fees can eat up your money. Don't let a good sales pitch or a clever brochure disguise a bad investment. If you're not sure about a financial product, don't rush into it. The Security and Exchange Commission's (SEC's) Investor Alerts describe common investment scams.

<http://www.sec.gov/investor/alerts.shtml>

Thrift Savings Plan (TSP)

The Thrift Savings Plan (TSP) <https://www.tsp.gov> is a retirement savings and investment plan for Federal employees and members of the uniformed services, including the Ready Reserve. It was established by Congress in the Federal Employees' Retirement System Act of 1986 and offers the same types of savings and tax benefits that many private corporations offer their employees under 401(k) plans.

The TSP is a defined contribution plan, meaning that the retirement income you receive from your TSP account will depend on how much you (and your agency, if you are eligible to receive agency contributions) put into your account during your working years and the earnings accumulated over that time.

You may elect Roth or traditional TSP contributions. Traditional TSP contributions are deducted pre-tax (taxes are deferred until you withdraw your contributions). Roth TSP contributions are taken after-tax. If you elect to contribute to TSP, the contributions will be deducted from your pay account.

The fastest and easiest way to start or change TSP contributions is via **myPay** <http://mypay.dfas.mil>. Once you log in, click on the **Traditional and Roth TSP** link. Fill in the percentage amount you would like to save. It will take 30 days for your initial contribution to be made, at which point your TSP account will be established. TSP will then mail your account information (account number, PIN, temporary password) to the address you input into myPay. Initial contributions are made into the G Fund. After the account is established, members may then log onto their TSP accounts and adjust their allocations and distributions.

Ensure you know the contribution limits. The IRS has annual limits for TSP contributions. You can look up the annual limits on myPay.

Debt Management

Warning Signs of Too Much Debt

Moderate	Serious	Severe	Extreme
<ul style="list-style-type: none"> - Trouble paying for seasonal or unexpected expenses - No savings - Anxiety and arguments - Rising balances - Using credit to pay credit 	<ul style="list-style-type: none"> - Difficulty paying for essentials - Money runs out - Making minimum payments - Late notices - Using cash advances - Denied additional credit 	<ul style="list-style-type: none"> - Rotating unpaid bills - Threat of losing housing or utilities - Creditors threatening legal actions - Negative cash flow - Dishonesty with family 	<ul style="list-style-type: none"> - Survival endangered - Legal actions - Repossession - Foreclosure or eviction - Bankruptcy

Recovering from Debt:

Develop a workable budget

- Prioritize debts.
- Major items should be a top priority.
- Evaluate the need for that debt. Ex. Do you need that Acura or can it be sold to pay off the loan and get a less expensive vehicle?

Use a power payment plan

- After budgeting to get a positive cash flow, ensure that minimum payments are made on all monthly bills and then apply all remaining available funds to whichever debt has the smallest balance.
- When the smallest balance is paid off, apply the money used for that payment to the next bill on your list and keep the others the same.

Talk to your creditors

- Stay in contact. Let them know if there is a problem.
- Approach creditors with a plan once you determine how much you can pay.

Change your behavior

- Spend time thinking about how you got into debt to begin with...
- Are you living beyond your means?
Are you satisfying all your wants and sacrificing all your needs?
Are you an emotional spender or an impulse shopper?
Should you not use credit at all?

Debt Recovery Options to Avoid

Credit clinics/credit-repair services:

Many of these services charge up-front fees promising to “clean up your credit report” fast and get you out of debt. These services cannot do anything you cannot do for yourself. It is illegal for a company to charge a fee (up front) for this service. Violations should be reported to the FTC at: <http://www.ftc.gov>.

Debt consolidation loans:

In a consolidation loan, you take out one loan large enough to pay off several or all smaller loans. Consolidation loans may reduce the total amount of dollars expended each month on indebtedness, but the cost of credit (the interest paid) will increase because the repayment time has been extended- possibly at a higher interest rate. If indebtedness can be managed without a consolidation loan, it usually will save money in the long term. Note especially that behavior modification is critical for consolidation loans to work.

Debt settlement companies:

If you decide to try to settle a debt, do so yourself. Do not engage a debt settlement company because they cannot do anything that you cannot do yourself and they will charge significant fees. Your better option is to talk to a professional credit counselor. To locate a reputable company, the National Foundation for Credit Counseling has a website which lists approved credit counseling services <http://www.nfcc.org/>.

Debt Management (Continued)

Bankruptcy:

This often has been the last-resort option for protection from bill collectors, lawsuits and foreclosures, but legislative reforms are making it much harder to use this option to get a fresh start. Bankruptcy does not allow you to walk away from problems. It may severely affect your ability to get credit in the future. Also, It could have a negative impact on your career.

Credit:

When used appropriately, credit can be an excellent tool; but used the wrong way, it can wreak havoc on your financial situation, eventually affecting your ability to make future purchases such as vehicles, household appliances, and even a home. Credit itself is neither good nor bad, but how you use your credit determines whether you have good or bad credit.

To establish history one only needs to show a responsible payment history.

Wise Uses for Credit:

- Planned purchases
- Assets: home or education (something that will grow or increase in value over time)
- Paid off each month

Unwise Uses for Credit:

- Impulse buying
- Spending for status
- Retaliatory Spending
- Spending to feel good
- Purchasing consumables
- Everyday living expenses

When financial institutions make decisions to extend credit to a consumer, they look for both the ability and the willingness to repay debts. The factors they use to evaluate a borrower can be summarized as: character, capacity, and collateral.

Character: WILL you repay the debt? Creditors look at your credit history: how much you owe, how often you borrow, whether you pay bills on time, and whether you live within your means.

Capacity: CAN you repay the debt? Creditors ask for employment information: your occupation, how long you have worked, and how much you earn. They also want to know about your expenses: how many dependents you have, whether you pay alimony or child support, and the amount of your other obligations.

Collateral: WHAT IF you don't repay the debt? Creditors want to know what you have that can be used to back up or secure your loan, any other resources you have for repaying debt besides income, such as saving, investments or property.

Credit Reports.

A credit report is a detailed account of the credit, employment, and residence history of an individual. The report is used by a prospective lender to help determine the person's creditworthiness. Credit reports also list any judgments, tax liens, bankruptcies or similar matters of public record entered against the individual. Under current law, every American with a credit history can receive one free credit report each year from each of the big three credit reporting agencies. They are available online at <http://www.annualcreditreport.com>.

Debt Management (Continued)

What is a good credit score?

FICO Score	Category	Meaning
700 and up	Excellent	Qualify for very best interest rates and terms
600-699	Good	May not qualify for very best interest rate and terms
500-599	Risky	May have to pay at least two percentage points more than those in "excellent" category
400-499	Very Risky	Will probably have to pay maximum rate allowed by law

Service Members Civil Relief Act (SCRA)

SCRA is a program that provides certain protections from civil actions against servicemembers who are called to Active Duty. It restricts or limits actions against these personnel in the areas of financial management, such as rental agreements, security deposits, evictions, installment contracts, credit card interest rates, mortgages, civil judicial proceedings, income tax payments, and more.

<https://www.dmdc.osd.mil/appj/scra/scrahome.do>

Major Provisions

Six Percent Maximum Interest Rate. The SCRA provides that no obligation or liability incurred by a service member prior to entry onto active duty shall bear interest at an annual rate in excess of six percent. This provision does not apply to any debt incurred after entry onto active duty or to any guaranteed student loan. A lender may only get relief from the six percent cap by going to court and showing that the service member's ability to pay the contract interest rate is not materially affected by reason of military service. Upon such a showing, the court may make any order it deems just.

Delay of Court and Administrative Proceedings. The SCRA permits service members who are unable to appear in a court or administrative proceeding due to their military duties to postpone the proceeding for a mandatory minimum of ninety days upon the service member's request. The request must be in writing and (1) explain why the current military duty materially effects the service members ability to appear, (2) provide a date when the service member can appear, and (3) include a letter from the commander stating that the service member's duties preclude his or her appearance and that he is not authorized leave at the time of the hearing. This letter or request to the court will not constitute a legal appearance in court. Further delays may be granted at the discretion of the court, and if the court denies additional delays, an attorney must be appointed to represent the service member.

Service Members Civil Relief Act (SCRA) (Continued)

Termination of Leases. The SCRA permits termination of residential leases by active duty service members who subsequently receive orders for a permanent change of station (PCS) or a deployment for a period of 90 days or more. The SCRA also permits the termination of leases for motor vehicles leased for personal or business use by service members and their dependents. A pre-service motor vehicle lease may be cancelled if the service member receives active duty orders for a period of one hundred and eighty (180) days or more. The automobile lease entered into while the service member is on active duty may be terminated if the service member receives PCS orders to a (1) location outside the continental United States or (2) deployment orders for a period of one hundred and eighty days or more.

Eviction for Nonpayment of Rent. The SCRA affords military members and their dependents some protection from eviction, requiring the landlord to obtain a court order before an eviction. The court must find the member's failure to pay is not materially affected by his/her military service. Material effect is present where the service member does not earn sufficient income to pay the rent. Where the member is

materially affected by military service, the court *may* stay the eviction (three months unless the court decides on a shorter or longer period in the interest of justice) when the military member or dependents request it. There is no requirement that the lease be entered into before entry on active duty, and the court could make any other "just" order under. The requirements of this section are: (1) The landlord is attempting eviction during a period in which the service member is in military service or after receipt of orders to report to duty; (2) The rented premises is used for housing by the spouse, children, or other dependents of the service member; and (3) The agreed rent does not exceed \$2,465 per month in 2004. This amount will increase each year with inflation.

Default Judgment Protection. If a default judgment is entered against a service member during his or her active duty service, or within 60 days thereafter, the SCRA allows the service member to reopen that default judgment and set it aside. In order to set aside a default judgment, the service member must show that he or she was prejudiced by not being able to appear in person, and that he or she has good and legal defenses to the claims against him/her. The service member must apply to the court for relief within 90 days of the termination or release from military service.

Residency for Tax Purposes. The SCRA provides that a nonresident service member's military income and personal property are not subject to state taxation if the service member is present in the state only due to military orders. The state is also prohibited from using the military pay of these nonresident service members to increase the state income tax of the spouse.

Adverse Financial Management Factors

Management of personal finances presents an increasing challenge to Marines and their families. For some, the lack of basic consumer skills and training in how to prudently manage finances sets the stage for financial difficulty. Other contributing factors that magnify the impact on the military lifestyle are:

- High cost of living in some areas in the United States and overseas.
- Prevalence of easy credit and predatory lenders.
- High-pressure sales tactics.
- Clever and deceptive advertising techniques that include internet ads.
- Undisciplined buying and the tendency to live beyond one's means.
- Consumer rip-off schemes.

What to look for:

- Repeated borrowing from friends and co-workers
- Repeated use of Navy and Marine Corps Relief Society loans and grants
- Repeated use of advanced pay
- Lifestyle in excess of the individual's income

What to do:

- Foster a team approach between the Marine and unit leadership
- Refer the Marine to MCCS Personal Financial Management Specialist or unit Command Financial Specialist

Common Pay Problems:

- Overpayments and underpayments
- Unexpected repays (garnishments, overpayments)
- Pay problems related to PCS and deployments
- Changes in dependent status (marriages, children, etc.), exemptions incorrect
- Allotments not stopping or starting on time
- Too many allotments being used at once
- Improper use of government travel card or credit card
- Repayment of TA funds is required.
- Non-payment of Military Star Card resulting in garnishment of pay.

To avoid pay problems:

- Monitor your LES monthly.
- Update information on myPay and notify IPAC when there is a change in family status
- Keep RED current and update the information on myPay.
- Change income-tax withholding (federal and state).
- Closely monitor allotment start and stop requests, and keep copies of everything.
- Closely monitor budget/spending plan.

Adverse Financial Management Factors (Continued)

Consequences of Poor Financial Management.

There are a number of negative results of poor account management and financial mismanagement. They can and do have an influence on your career. Poor financial management can affect your ability to rent an apartment, obtain a loan, open a bank account or be considered for employment. It can cost money through hefty service charges, fees and fines. Consequences also include:

- Collections
- Garnishment
- Settlement
- Loss of security clearance
- Repossession
- Bankruptcy
- Foreclosure
- Career Opportunities
- Consideration for re-enlistment
- Duty assignments
- Promotions
- Discharge status

In extreme cases the offense is punishable under Uniform Code of Military Justice Articles 123a and 134, with a maximum sentence ranging from dishonorable discharge (for enlisted) or dismissal (for others) and up to five years confinement at hard labor. They also may receive an Under Other Than Honorable Conditions discharge for chronic financial irresponsibility.

How to Discuss Financial Responsibility with Your Marines

The following questions are suggested to facilitate a discussion on the topic of finances.

1. When was the last time you reviewed your leave and earnings statement (LES)? (Does the Marine understand how to find and read an LES?)
2. What pay related problems are you currently experiencing?
3. If you are experiencing pay related problems, what action has been taken to correct the issue, and what steps have been taken to prevent these issues from occurring in the future?
4. What special and/or incentive pay do you rate?
5. How, and by whom, will your finances be managed during the period of absence (e.g. deployment, Temporary Additional Duty (TAD))? Is the significant other involved in the finances?
6. Can you seek assistance from a trusted family member or friend during periods of deployment or TAD? Who is going to pay the bills while you are gone? Will you have consistent internet access to pay the bills? Does your bank offer deployment assistance? Is the Marine aware of the Service Members Civil Relief Act and Navy and Marine Corps Relief Society?
7. If you choose to get assistance from a trusted person, how much authority do you extend? Does the Marine understand the difference between general power of attorney and special power of attorney?
8. How do you plan for and cover unexpected expenses that may develop at home or the deployment location?
9. How can you best maximize the use of any increase of income?
10. Do you qualify for credit?
11. Have you established a credit history?
12. What have you used credit for?
13. When is the last time you checked your credit report and what is your credit standing? Is the Marine aware they can request one free report from each of the three credit reporting agencies per year?
14. Have you ever had to correct something on your credit report? If so, what was your experience of the process?

How to Discuss Financial Responsibility with Your Marines (Continued)

15. Who has viewed your credit report and when? Does the Marine know the difference between a hard and soft credit inquiry?
16. What places do you go to borrow money? Is the Marine aware of the predatory lenders act?
17. Have you, or do you need to recover from debt? If so, what was your experience?
18. Do you have checking/savings account(s) at a commercial bank, credit union or both?
19. What services does your financial institution offer?
20. What factors made you choose your banking needs?
21. When using ATM and/or Debit cards, how often do you balance your account?
22. How secure are your online banking procedures?
23. How aware are you with your financial institutions service charges and banking fees? Does your bank offer to reimburse for ATM fees? Overdraft Fees?
24. How long would it take you to save one to three months of pay for emergencies?
25. How much money would you save by eating in the mess hall with a meal card?
26. Are you aware of the concept of living 'within your means'?
27. What type of vehicle do you own or want?
28. Would you buy or lease? Why?
29. How much are your car payments, maintenance costs, tolls, additional overseas costs/warranty?
30. How much is your car insurance and can/will you be able to afford it?
31. What allotments if any, do you have?

Leave and Earning Statement (LES)

Your Leave and Earning Statement (LES) can be found on myPay. The LES is a comprehensive statement of a member's leave and earnings showing entitlements, deductions, allotments, leave information, tax withholding information, and Thrift Savings Plan (TSP) information. Your most recent LES can be found on myPay.

You should verify your pay each month. If your pay varies significantly and you don't understand why you should consult with your disbursing/finance officer.

For sound financial health, it's important to stay on top of your LES by paying attention to these items:

Know what your pay should be. Check the pay tables for base pay. Look for the current Basic Allowance for Subsistence, which is a payment to offset the cost of the service member's meals. Look up the Basic Allowance for Housing for your area if you are not living in government quarters. Also include any special or incentive pay, such as hostile fire pay or imminent danger pay, for which you qualify.

Know what changes should occur to your pay. These would be deductions (includes taxes, Medicare and Social Security) and allotments (which include payments to bank accounts, insurance, savings bonds, charity or repayments of debt, such as: delinquent taxes, unpaid spousal or child support, commercial debt and the like). If an expected change does not occur, be sure to contact your finance office as soon as possible to correct it.

Be aware of your leave balance. Service members earn 2.5 days per month and may lose unused leave over a certain balance.

Know that mistakes can happen. If you have been erroneously credited with pay over several pay periods, the overage could be deducted all at once, which may leave you suddenly with "no pay due."

Elements of the Leave and Earning Statement

How to read an LES:

MARINE CORPS TOTAL FORCE LEAVE AND EARNINGS STATEMENT

A ID INFO	1 NAME (LAST, FIRST, MI)		2 SSN	3 RANK	4 SERV USMC	5 PLT CODE	6 DATE PREP	7 PRD COVERED	8 PEBO	9 YRS	10 EAS	11 ECC	12 MCC DIST RUC		
B FORECAST AMOUNTS	13 DATE	AMOUNT	14 DATE	AMOUNT	C SPLIT PAY	15 START DATE	16 AMOUNT	17 BALANCE	18 POE	D DIRECT DEPOSIT/EFT/ADDRESS					
E LEAVE INFORMATION								F AVIATION PAY INFORMATION							
19 LV BF	20 EARNED	21 USED	22 EXCESS	23 BAL	24 MAX ACCRUAL	25 LOST	26 SOLD AS OF	27 CBT LV BAL	28 ASED	29 DIFOP TOTAL YRS MO	30 PRIOR DIFOP START	31 PRIOR DIFOP STOP	32 OPFLY GATE INFORMATION		
G TAX INFORMATION										H. RIGHTS OF MARINES INDEBTED TO THE GOVERNMENT YOU HAVE THE RIGHT TO:					
33 STATE TAX			34 FEDERAL TAX			35 FICA (SOCIAL SECURITY TAX)				-INSPECT AND COPY RECORDS PERTAINING TO DEBT -QUESTION VALIDITY OF A DEBT AND SUBMIT REFUTING EVIDENCE -NEGOTIATE A REPAYMENT SCHEDULE -REQUEST A WAIVER OF DEBT MORE INFORMATION ABOUT YOUR RIGHTS CAN BE OBTAINED FROM YOUR COMMANDING OFFICER VIA YOUR CHAIN OF COMMAND.					
STATE CODE			EXEMPTIONS			SSEC WAGES THIS PRD									
WAGES THIS PRD			WAGES THIS PRD			SSEC WAGES YTD									
WAGES YTD			WAGES YTD			SSEC TAX YTD									
STATE TAX YTD			FED TAX YTD			MEDICARE WAGES THIS PRD									
MEDICARE WAGES YTD			MEDICARE TAX YTD			MEDICARE WAGES YTD									
MEDICARE TAX YTD															
I ADDITIONAL BAH INFORMATION							J CAREER SEA PAY			K EDUCATION DEDUCTION			L ADMIN INFO		
36	37 BAH ZIP	38	39	40	41	42	43 DATE TOTAL CAREER SEA SVC			44 TYPE	45 MONTHLY AMT	46 TOTAL	47 PAY STATUS		
M RESERVE DRILL INFORMATION							N RESERVE RETIREMENT INFORMATION							48 PAY GROUP	49 CRA DATE
52 REG	53 REG FYTD	54 REG ANNYTD	55 ADD	56 ADD FYTD	57 ADD ANNYTD	58 BF ANNYTD	59 ACDU THIS PRD	60 DRILL THIS PRD	61 OTHER THIS PRD	62 MBR THIS PRD	63 END BAL ANNYTD	64 TOTAL SAT YRS	65 TOTAL RET PTS	66 RESERVE	67 DSSN
66 AFADBD		67 DEAF		68 TSP TAX DEFERRED			69 TSP TAX EXEMPT		70 TSP ROTH		71				
O Remarks															
BROUGHT FWD ENTITLEMENTS .00 BASIC PAY TAXABLE FOR FITW, SITW & FICA BAH (OFFICERS) BAH W/O DEPNB TOTAL DEDUCTIONS FITW (FED TAX) SOCIAL SECURITY MEDICARE SGLI \$400,000 TSGLI TSP TRADITIONAL DEFFERED TSP SAVINGS ALLOTMENT TOTAL PAYMENTS DATE DSSN YOU RUC/PRNO REGULAR PAYMENT REGULAR PAYMENT TOTAL CARRIED FWD .00															

Elements of the Leave and Earning Statement (Continued)

Section A – Identification Information

Box 1 – NAME. Last name, first name, and middle initial. Box 2 – SSN. Social Security Number.

Box 3 – RANK. Pay grade (Rank) for which basic pay is determined.

Box 4 – SERV. Branch of service (e.g., “USMC” or “USMCR”).

Box 5 - PLT Code. The section which assigned.

Box 6 - DATE PREP. Date Prepared. This is the date the LES was prepared by DFAS in Kansas City.

Box 7 - PRD COVERED. Period covered. Used to specify the span of days covered by this leave and earnings statement.

Box 8 – PEBD. Pay entry base date.

Box 9 – YRS. Years of service for pay purposes. Box 10

– EAS. Expiration of active service.

Box 11 – ECC. Expiration of current contract.

Box 12 - MCC-DIST-RUC. Monitor command code, district, and Reporting Unit Code (MCC-RUC for USMC, DIST-RUC for USMCR).

Section B – Forecast Amounts

Box 13 - DATE AND AMOUNT.

1. DATE. Date of midmonth payday.

2. AMOUNT. Forecast of amount due on midmonth payday of the upcoming month.

Box 14 - DATE AND AMOUNT.

1. DATE. Date of end-of-month payday.

Section C – Split Pay Date

Box 15 - START DATE. The date Split Pay Started. Box 16 – AMOUNT. The amount of Split Pay Elected.

Box 17 – BALANCE. The balance of Split Pay not received.

Box 18 – POE. Payment Option Election. The POE code is used to designate distribution of monthly pay.

Section D – Direct Deposit / EFT Address

This section contains the name and address of the financial institution where payments are being deposited.

Section E – Leave Information

Box 19 - LV BF. Leave brought forward. The number of days leave accrued at the end of the preceding period.

Box 20 – EARNED. Number of days leave earned during the period covered. Normally this will be 2.5 days.

Box 21 – USED. Number of days leave charged since the previous LES was prepared.

Box 22 – EXCESS. Number of days leave charged without entitlement to pay and allowance, in excess of leave that can be earned prior to ECC.

Elements of the Leave and Earning Statement (Continued)

Box 23 – BAL. Balance. The number of days of accrued leave due or advanced.

Box 24 - MAX ACCRUAL. Total number of days that can accrue based upon the ECC date. Value is obtained by using the 1st day of the month following the period covered, up to

and including the ECC date.

Box 25 – LOST. Number of days in excess of 60 days dropped due to the change in the fiscal year.

Box 26 - SOLD/AS OF. Number of lump sum leave sold during the career and the last date leave was sold.

Box 27 - CBT LV BAL. Reserved for future use.

Section F – Aviation Pay Information

Boxes 28 through 32 pertain only to Officers in the aviation field.

Section G – Tax Information

Box 33 - STATE TAX.

1. STATE CODE. State tax code. An alphanumeric code is used to identify the state (or territorial possession) designated by the member as his/her legal residence.

2. EXEMPTIONS. State tax exemptions. Marital status and number of exemptions claimed for state tax purposes.

3. WAGES THIS PRD. Total state taxable income for the period covered.

4. WAGES YTD. State taxable income year to date. This is the amount of taxable income earning by the Marine from the date of entry into service or from 1 January of the current year through the last day of the period covered.

5. STATE TAX YTD. State taxes year-to-date. Total amount of State income tax withheld for the year.

Box 34 - FEDERAL TAX.

1. EXEMPTIONS. Federal tax exemptions. Marital status and number of exemptions claimed for federal tax purposes.

2. WAGES THIS PRD. Total federal taxable income for the period covered.

3. WAGES YTD. Federal taxable income year to date. This is the amount of taxable income earned from the date of entry into service or from 1 January of the current year through the last day of the period covered.

4. FED TAX YTD. Federal taxes year-to-date. Total amount of Federal income tax withheld for the year.

Box 35 - FICA (SOCIAL SECURITY TAX).

1. SSEC WAGES THIS PRD. Social Security wages this period. Moneys earned during period covered that are subject to deduction under the Federal Insurance Contributions Act.

2. SSEC WAGES YTD. Social Security wages year-to-date. The amount of wages earned for the year that are subject to social security tax.

3. SSEC TAX YTD. Social Security tax year-to-date. The amount of social security tax withheld for the year. This includes withholding on the amount shown in Social Security wages this period.

Elements of the Leave and Earning Statement (Continued)

4. MEDICARE WAGES THIS PRD. Medicare wages this period. Moneys earned during period covered that are subject to deduction under the Old Age Survivors Disability Insurance.

5. MEDICARE WAGES YTD. Medicare wages year-to-date. The amount of wages earned for the year that are subject to Medicare tax.

6. MEDICARE TAX YTD. Medicare tax year-to-date. The amount of Medicare tax withheld for the year. This includes withholding on the amount shown in Medicare wages this period.

Section H – Rights of Marines Indebted to the Government

Section I – Additional BAH Information

Boxes 36 through 42 are no longer used. VHA and BAQ have been replaced with BAH which will be shown in Section O.

Section J – Career Sea Pay

Box 43.

1. DATE. The date career sea duty ended.

2. TOTAL CAREER SEA SVC. The total number of years, months, and days served on sea duty.

Section K – Education Deduction

Box 44 – TYPE. The educational program enrolled.

Box 45 - MONTHLY AMT. The monthly amount being deducted for the educational program.

Box 46 – TOTAL. The total amount that has been deducted for the educational program, this amount includes the current month.

Section L – Administrative Information

Box 47 - PAY STATUS. This code identifies the particular pay status on the last day covered by the LES.

Box 48 - PAY GROUP. A three digit code that identifies if an officer or enlisted. Box 49

- CRA DATE. Clothing Replacement Allowance date for active duty enlisted.

Box 50 - RESERVE ECC. Reserve Expiration of Current Contract.

Box 51 – DSSN. Disbursing Station Symbol Number. A number used to identify the servicing disbursing/finance officer account.

Section M – Reserve Drill Information

Box 52 – REG. Total regular and EIOD drills performed this period.

Box 53 - REG FYTD. Total regular and EIOD drills performed this fiscal year.

Box 54 - REG ANNYTD. Total regular and EIOD drills performed this anniversary year.

Box 55 – ADD. Total additional drills performed this period.

Box 56 - ADD FYTD. Total additional drills performed this fiscal year.

Box 57 - ADD ANNYTD. Total additional drills performed this for anniversary year.

Section N – Reserve Retirement Information

Box 58 - BF ANNYTD. Ending balance of retirement credit points for anniversary year from prior month.

Box 59 - ACDU THIS PRD. Total days active duty this period. Box 60

-
- DRILL THIS PRD. Total drills this period.
 - Box 61 - OTHER THIS PRD. Total all other credit points awarded this period. Box 62
 - MBR THIS PRD. Total membership points awarded this period.
 - Box 63 - END BAL ANNYTD. Total retirement credit points after this period for

Elements of the Leave and Earning Statement (Continued)

anniversary year-to-date.

Box 64 - TOTAL SAT YRS. Total satisfactory years credited for retirement purpose.

Box 65 - TOTAL RET PTS. Career total retirement credit points.

Section O – Remarks

Section O of the LES gives an itemized listing of entitlements, deductions, and payments, also explanatory remarks concerning specific LES data.

Entitlements. The Marine will receive entitlements based on the information mentioned in the above sections, their marital status, and dependents. The type and amount of the entitlement will be listed at the top of this section, along with a total. If there have been changes to either the type or the amount of the entitlement, this will be noted in this section, along with a note saying whether the entitlement was being stopped or started. For example, if a Marine is promoted, there will be an annotation stopping the amount of base pay under his old rank and another annotation starting the base pay of his current rank. These entitlements can include:

- * Basic Pay.
- * Pro/Sep Rations.
- * Clothing Replacement Allowance.
- * BAH.
- * Other types of special pay.

Deductions. This portion in section O, gives an itemized listing of what was deducted from your entitlements. Again, there will be an annotation for starting and stopping amounts as necessary, such as when you start, stop, or change and Allotment. If a Marine takes advanced pay, such as when he PCS's, the amount of the monthly will be noted here. These deductions can include:

- * Allotments.
- * Bonds.
- * Medicare.
- * Serviceman Group Life Insurance (SGLI).
- * Other special deductions based on the individual or Government needs.
- * FITW (Fed Tax).
- * Dental.
- * Social Security.
- * USN/MC Retirement Home.
- * Checkages.

Payments. This portions represents the last month's regular payments, which occurred on the first and the fifteenth.

Explanatory Remarks. This includes information that is not found on other parts of the LES, as well as information messages.

Financial Management Resources

Leaders Resource Guide

This guide provides key resources for Marines experiencing the impacts of stress. To help you navigate the resources, they are listed alphabetically within all categories that fit: Command Resources, Policy and Procedures, Educational and Media Materials, Resources for Family and Children, Treatment, and **Finance** and Legal. The guide is not all-inclusive; your local community may have additional resources.

<http://bhin.usmc-mccs.org/uploads/Leaders%20Resource%20Guide1.pdf>

Marine Net Course. M00PFM0000 Personal Financial Management

Military One Source. <http://www.militaryonesource.com>

MCO Leadership Development. <https://vcepub.tecom.usmc.mil/sites/ldp/finance>

Defense Finance and Accounting Services (DFAS) Website. <http://www.dfas.mil>

Approved External Resources

Defense Federal Credit Unions and Banks (On-installation)

On installation credit unions and banks are required to assist in financial education / counseling.

Navy Marine Corps Relief Society. <http://www.nmcrs.org>

- Private non-profit organizations
- Worldwide emergency assistance
- Education assistance programs
- Interest-free loans and grants
- Scholarships and interest-free loans for education
- Counseling

FINRA Investor Education Foundation. <http://www.finrafoundation.org>

- Credit Reports/Scores

Council of Better Business Bureaus (Military Line).

<http://www.bbb.org/us/military-line>

- Company reviews, ratings, data collection, and complaint and dispute resolution.
- Financial education, outreach, information, free consumer guides.

USAA Educational Foundation (not USAA bank).

<https://www.usaaedfoundation.org>

- Provides free information on financial management, safety concerns and significant life events.

Financial Management Resources (Continued)

Military Saves. <http://www.militarysaves.org>

- Social marketing campaign to save for all ages

Institute of Consumer Financial Education.

<http://www.financial-education-icfe.org>

- Online financial education: budgeting, children & money, credit card tips, credit file correction, identity theft, and quizzes.

Jump\$Start Coalition for Financial Literacy. <http://www.jumpstart.org>

- National Coalition of organizations for financial literacy
- Kindergarten through college-age youth

National Endowment for Financial Education. <http://www.nefe.org>**Smart About Money.** <http://www.smartaboutmoney.org>

-Major life events, economic survival tips, taxes, goals, tools, articles, and more.

MyRetirementPaycheck. <http://www.myretirementpaycheck.org>

-Explore Retirement Decisions

InCharge Institute of America. <http://www.incharge.org>

- Credit, housing, bankruptcy counseling (small fee)
- Interactive Financial football game, Sergeant Debt, ways to be debt free, preparing for natural disasters.

National Military Family Association. <http://www.nmfa.org>

- Information for spouses who want to become financial educators (FINRA Financial Counselor Fellowship)
- Links to other financial assistance
- Military Spouse Scholarships

North American Securities Administrators Association. <http://www.nasaa.org>

- Variety of online investor education resources (investing, saving, retirement planning) for all ages to avoid scams, frauds and invest with confidence.

Employee Benefit Research Institute. <http://www.ebri.org>

- Higher level of education

Choose to Save. <http://www.choosetosave.org>

-Free saving tools, Magic of Compounding, Saving, Retirement

National Foundation for Credit Counseling. <http://www.nfcc.org>

- Provides free and/or affordable services, financial literacy courses, youth mentoring and more.
- Member of Council on Accreditation and in 50 states and Puerto Rico

References

Reference	Title
SECNAVINST 1740.4	Department of the Navy Personal Financial Management (PFM) Education, Training and Counseling Program
OPNAV INST. 1740.5A	Personal Financial Management (PFM) Education, Training and Counseling Program

Notes
