

Financial checklist for transitioning military members

There can be a lot to plan for when you leave the service. Creating a checklist can help you stay organized and make sure things go as smoothly as possible.

1 Set aside a transition fund

It may take you a few months to land the job you want. At the same time, you may face new expenses—like housing and transportation—that require cash up front. If you can, set aside enough money to cover a few months of basic expenses. Starting small and saving a few dollars a month can help you build towards this goal.



2 Know how far your civilian paycheck will go

Much of your civilian income will be subject to taxation, meaning your take-home pay will likely be less than the salary you were quoted in your job offer. Try to get a sense of how much you'll take home each month after taxes, and then create a budget that includes rent, food, car payments, debt repayment and any other expenses.

3 Understand how taxes will change

Your paycheck: You'll probably have more taxes withheld from your new civilian paycheck, but there are also a number of tax breaks available to help veterans and their families. For example, many VA benefits are tax-free, and a number of states offer property tax relief for veterans.

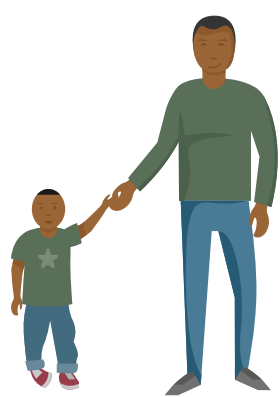
Filing taxes: From now on, you'll need to be more mindful of the IRS's April 15 deadline. While you may have received an automatic income tax return filing extension while serving in combat zones, as a civilian you must request more time if you're going to file your return after April 15. Extensions are generally granted until October 15, but you'll still have to pay any taxes you owe by April 15.

4 Take care of your health

Your health care coverage generally ends the day you exit the military, so you'll want to know your options for the future. For example, you may be able to continue your TRICARE coverage by paying out of pocket using the Continued Health Care Benefit Program, or you may qualify for group insurance through a new job. If you don't have a job lined up, you can also look into buying coverage via a state exchange.



5 Consider coverage to protect yourself and your loved ones



Protecting and providing for your loved ones is probably a high priority for you, but you may not have thought about life insurance as part of your financial plan. These plans may be offered through your employer, or you may want to explore an independent individual policy to ensure your family is covered even during any employment lapses. The VA offers a calculator to figure out coverage needs.

6 Know your VA benefits

The Department of Veterans Affairs offers a host of benefits to those transitioning out of the military, including:

- Financial and tuition assistance through programs such as the Post-9/11 GI Bill, the Montgomery GI Bill and the Veterans Educational Assistance Program
- Career counseling
- Home buying help via the VA home loan, which guarantees a portion of a mortgage or home loan, allowing you more favorable terms
- Financial assistance to accommodate a service-related disability

Check the VA website to see a full list of available benefits.



7 Start thinking about retirement



During your transition, your primary focus is likely your shorter-term needs, but it may also be a good time to start thinking about longer-term goals, like retirement. You may already have money set aside via the Thrift Savings Plan. As a civilian, you will have a new range of retirement investment options available to you—like employer-offered 401(k)s or 403(b)s. If you don't have access to employer plans, you can consider setting up an Individual Retirement Account (IRA).

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