

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

## STANDARDIZED CURRICULUM

### CHAPTER 5: **Military Pay, Allowances and Benefits**



#### INTRODUCTION

Military Pay, Allowances and Benefits is a 90-minute program designed to familiarize learners with military compensation so that they will be able to verify information on their Leave and Earnings Statement (LES) and correct common pay problems. Also discussed is the value of the complete military compensation package.

#### LEARNING OBJECTIVES

Upon completion of this course, learners should be able to:

- Identify elements of the military pay system.
- Describe various military allowances.
- Describe military allotments and deductions from pay.
- Identify forms of non-cash compensation received by Marines.
- Recall options available to solve common pay problems and issues.

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### PREPARATION AND PROCEDURES

#### Activities with Handouts:

- “LES Match”: Matching activity in which learners identify the sections of an LES; also uses “Understanding Your LES” handout.

#### Additional Handouts:

- “Military Compensation Checklist and Resources”
- “Session Evaluation”

#### Materials:

- Military Pay, Allowances and Benefits PowerPoint slides
- Pens, pencils and markers
- Chart paper or a whiteboard

#### Registration:

Registration ensures that you have an adequate number of materials on hand and that guest speakers are prepared if they have handouts or giveaways for their audience. Program registrants should be contacted by phone or e-mail two to three days before the program to verify participation. Sign-in is advised to track attendance.

If possible, ask learners to bring their most current LES to this class.

#### Target Audience:

The target audience is military personnel and family members with a basic knowledge of personal financial management.

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### KEY TERMS

- **Allotments:** An allotment is a designated amount of money that is automatically distributed for you, from your pay. There are many reasons to have an allotment, including setting aside funds for family, or paying off a loan from the military, or paying for your life insurance premiums. There are two types of allotments: discretionary and non-discretionary. You can have up to six discretionary allotments per month, and any number of non-discretionary allotments, as long as the total allotments per month are 15 or fewer.
- **Allowances:** Military allowances are available in addition to military pay for members of the armed services at home or abroad, living with or without dependents. Allowances help meet costs for housing, clothing, living expenses, travel and per diem. Pay and allowances are based on factors that may include duty station geographic location, occupation, deployment status and pay grade. Congress determines actual allowance levels each year via the Military Appropriations Act and the Military Authorization Act.
- **LES:** Leave and Earnings Statement
- This chapter contains many terms that are defined within the written content.

### QUALITY ASSURANCE PROCEDURES

To assure accurate and current information as well as a quality presentation:

- Headquarters (HQ) and installation PFMs will review the curriculum annually or when there have been consequential changes to content regarding laws, regulations or military programs that could have a significant impact on Marines and their families. HQ will then update the curriculum.
- Distribute session evaluations to participants at the end of each workshop. Results should be tabulated and retained to measure the effectiveness of information provided at the session, in the program content, and of the delivery of the presentation.

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### CONTENT OUTLINE (90 MINUTES TOTAL)

1. Welcome and Introduction (5 minutes)
  - a. Overview
2. The Military Pay System (20 minutes)
  - a. Learner Activity: “LES Match”
  - b. Split Pay
  - c. Marine Cash Card
  - d. Understanding Your LES
  - e. Cash Compensation
  - f. Special and Incentive Pays
3. Allowances (15 minutes)
  - a. Housing Allowance: BAH
  - b. Housing Allowance: COLA
  - c. Housing Allowance: MIHA
  - d. Housing Allowance: OHA
  - e. Other Allowances: BAS
  - f. Other Allowances: FSA
  - g. Other Allowances: Clothing
  - h. Travel Allowances
  - i. Permanent Change of Station Allowances
4. Allotments and Deductions (10 minutes)
  - a. Discretionary Allotments
  - b. Restrictions to Allotments
  - c. Non-discretionary Allotments
  - d. Deductions
  - e. Taxes

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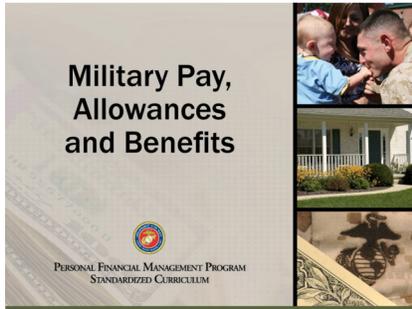
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5. Non-cash Benefits (15 minutes)
  - a. Retirement
  - b. Survivor Benefits
  - c. Medical and Dental
  - d. Life Insurance
  - e. Disability Compensation
  - f. Education Assistance
  - g. Leave
6. myPay and MOL (5 minutes)
  - a. What is myPay?
  - b. myPay Functions
7. Other Pay Issues (5 minutes)
  - a. Common Pay Problems
  - b. Solutions
  - c. Repayment Options
8. Wage Comparison (Military to Civilian) (10 minutes)
  - a. Single LCpl Over 3
  - b. Single LCpl Over 4
  - c. Married GySgt Over 12
  - d. Single Capt Over 8
9. Resources and Summary (5 minutes)

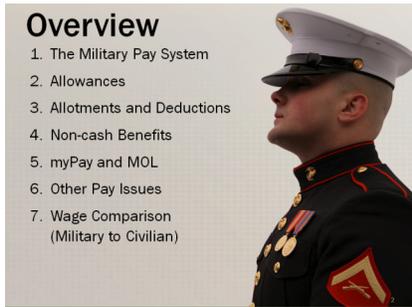
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### SLIDE 1: INTRODUCTION



### SLIDE 2: OVERVIEW



### INSTRUCTOR NOTES:

1. Introduce yourself and have the audience introduce themselves.
2. Introduce the topics to be covered in this session.
3. Distribute the “Military Compensation Checklist” handout to learners and tell them they can mark items they may need to review or do, now or in the future. Most of the items on the checklist will be discussed during the session. The checklist can serve as an excellent financial guide throughout their career.

### SECTION BACKGROUND INFORMATION

Why is it important that we know about the elements of military compensation?

- **To know what you are currently entitled to receive.**
- **To know what you need to do as your circumstances change.** Financial hardships can occur when you do not understand how much pay you are entitled to and what to expect. Frequently, such hardships occur because you are not aware of the need to inform your disbursing office about certain events.
- **To keep current on changes in the pay system.** Military pay is governed by many rules that change in order to recruit and retain qualified personnel. If key information is missing or inaccurate, you may be compensated incorrectly. Knowledge and understanding of your pay will help you determine when a mistake occurs, how to correct it and enable you to reach a quicker resolution.
- **To encourage you to pay more attention to your pay.** Don’t let receiving a steady paycheck cause you to be complacent about monitoring your pay and benefits. As you learn more about your pay, benefits and LES, you will be better able to manage them. Fluctuations in pay can complicate your financial situation and perhaps catch you off-guard. Many events occur in your life that necessitate pay and benefit changes, from deploying or transferring, to getting married or re-enlisting, and everything in between. Maintaining awareness of how the military pay system works, knowledge of your entitlements and the ability to check your LES for accuracy will help you to avoid problems with your pay.

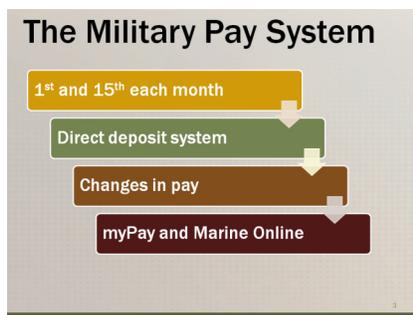
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### The topics covered in this session are:

1. The Military Pay System
2. Allowances
3. Allotments and Deductions
4. Non-cash Benefits
5. myPay and MOL
6. Other Pay Issues
7. Wage Comparison (Military to Civilian)

### SLIDE 3: THE MILITARY PAY SYSTEM



### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

#### When You Are Paid

All Marine Corps members are paid on the 1st and 15th of each month. If the date falls on a holiday or a weekend, you will normally receive your pay on the workday before the holiday or weekend.

#### Direct Deposit System

Through direct deposit, net pay amounts are sent to the financial institution you designate. These payments are sent via electronic funds transfer from Defense Finance and Accounting Service Cleveland (DFAS-CL). It is your responsibility to ensure that the account selected for direct-deposit payments is open and in good standing.

#### Changes in Pay

There are many events that will cause changes in pay. These must be made by you on myPay or reported to the local pay and personnel offices:

- Allotment changes, starts or stops.
- Tax changes, including changes in exemptions, state of legal residence or additional withholding.
- Assignment or termination of government quarters for members with dependents.
- Marriage, divorce or other change in dependency status.
- Relocation.

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### myPay and Marine Online

You can access your LES and related information via myPay and Marine Online. We will look at myPay in more detail later in this presentation. Similar functions to those available on myPay are also available on Marine Online.

### SLIDE 4: SPLIT PAY



### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

#### There are two types of Split Pay:

**While on deployment or in garrison outside the United States:** Split pay allows deployed Marines and Marines permanently stationed outside the United States to receive a payment at their duty location while the remainder of their pay is deposited at the financial institution of their choice. Split pay is available to members (1) serving on a deployment serviced by a Marine Corps Finance Officer; (2) serving on a deployment serviced by a Navy Finance Officer; (3) permanently stationed in garrison outside the United States and paid by a Marine Corps Finance Officer (e.g., Okinawa and Iwakuni); and (4) permanently stationed in garrison outside the United States and paid by a Navy Finance Officer. Marines serving on deployments may elect to receive amounts less than the amount they had elected to receive on paydays. The remainder of this amount, called the requested split pay amount (RSPA), will accrue in the split pay account throughout the deployment. Marines serving in garrison outside the United States who elect to participate in the split pay option must receive their selected RSPA each payday, regardless of whether they are provided payday service by a Navy or Marine Corps Finance Officer. Members permanently assigned aboard a naval ship must also receive their selected RSPA each payday. There is not an option for these members to receive less than their elected RSPA on payday.

**Onboard Ships:** Ships have a split pay option in which you can designate a portion of your pay to be deposited to the ATM aboard ship, with the remainder going to the

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designated direct-deposit financial institution where the money can earn interest. The ship-based pay option is similar to a debit ATM card in function and appearance; the card can be used to retrieve money stored in onboard ATMs. The system is aimed at providing the convenience and ease of living cash-free to personnel assigned aboard a ship, and freeing up the disbursing and other retail offices from the labor-intensive payment and reporting mechanisms used aboard ship. If you elect the split pay option, a portion of your pay will be sent to your Marine Cash account each payday. Cashless ATMs aboard ship provide 24-hour-a-day, seven-day-a-week access to Marine Cash accounts. Cashless ATMs also provide 24/7 access to bank and credit union accounts ashore and the ability to move money electronically to and from Marine Cash accounts and bank and credit union accounts. The electronic purse replaces bills and coins for purchases on the ship. The card's magnetic strip provides access off the ship to funds in Marine Cash accounts at more than 23 million locations in more than 210 countries and territories globally and at more than 1 million ATMs in more than 120 countries worldwide. By providing electronic access to all pay and allowances, Marine Cash improves on the traditional financial services available to Marines.

### SLIDE 5: MARINE CASH CARD

**Marine Cash Card**

- ◆ Encrypted PIN
- ◆ Multiple incorrect entries blocks use
- ◆ Vending machines without PIN up to \$25
- ◆ Lost cards are "hot-listed"
- ◆ \$1000 maximum
- ◆ Max amount to card is \$400 daily
- ◆ <http://fms.treas.gov/navycash/index.html>
- ◆ Other deductions



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Some of the features of the Marine Cash card are:

- Navy/Marine Cash magnetic strip and e-purse are protected by an encrypted PIN.
- Entering your PIN incorrectly three times blocks card. Your disbursing office can unblock it. Entering PIN incorrectly 10 times permanently blocks the card and the card must be replaced.
- Vending machines do not require a PIN, but the maximum amount that can be accessed without a PIN is \$25.

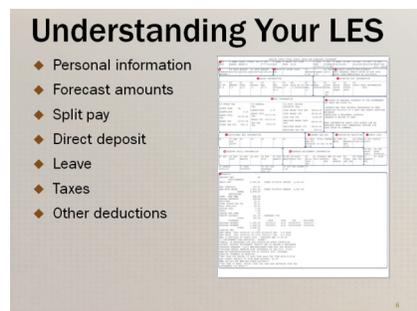
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- When reported lost or stolen, Marine Cash cards are placed on a “hot-list” and electronically blocked at all card-reading devices. “Hot-list” info is also distributed to financial networks ashore.
- The maximum amount that can be placed on the card is \$1,000.
- The maximum amount that can be transferred from your home bank or credit union to your Marine Cash account each day is \$400.

To learn more about the Marine Cash card and how to apply go to: <http://fms.treas.gov/navycash/index.html>.

### SLIDE 6: UNDERSTANDING YOUR LES



#### INSTRUCTOR NOTES:

1. Conduct the learner activity described below.
2. Use the information in the column to the right to guide your discussion.

#### Learner Activity: LES Match

**Purpose:** To reinforce information on the LES by matching information with the correct LES section.

**Time:** 10 minutes

**Materials:** “LES Match” and “Understanding your LES” handouts.

#### SECTION BACKGROUND INFORMATION

**What is the LES?** The Leave and Earnings Statement (LES) is a monthly statement showing all pay changes and information for the month, including entitlements (pays and allowances), deductions and allotments, and pay-related remarks.

**Who is responsible for LES information?** Your pay is your responsibility. You should verify the information on your LES each month. If your pay varies and you do not understand why, see your local disbursing office or go to myPay to investigate the changes. If you need to contact DFAS directly, contact information can be found on the myPay website-<https://mypay.dfas.mil>.

#### Section A: Identification Information

**Section B:** Forecast Amounts — four blocks that forecast the pay the Marine will receive in the upcoming month.

**Section C:** Split Pay — four blocks which describe any split pay option the Marine may have selected. The split pay option allows Marines enrolled in the direct deposit program to receive a portion of their pay at their duty locality each payday. This amount is called the requested split pay amount (RSPA). The remainder of pay due will be direct deposited to the Marine’s bank account. Not all Marines are eligible for this option. The Marine needs to contact the Administration Office for eligibility requirements.

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**Procedure:** Distribute both handouts and instruct learners to match the 10 descriptions on the “LES Match” handout with the correct LES sections on the “Understanding Your LES” handout. Review answers once the learners have completed the activity.

**Answers:**

1. A
2. G
3. N
4. G
5. D
6. E
7. I
8. N
9. G
10. O

**Section D:** Direct deposit/EFT address — the name, address, routing number and account number of the financial institution to which the Marine’s pay is directly deposited.

**Section E:** Leave Information — reflects the Marine’s leave information.

**Section F:** Aviation Pay Information — five blocks, information for Marine aviators (pilots and flight crew).

**Section G:** Tax Information — three blocks that provide information on tax deductions. Some states will exempt military from having to pay state income tax. The Marine should verify the state qualifications with his/her state of legal residence.

**Section H:** Lists the rights of Marines indebted to the government.

**Section I:** Additional BAH Information — seven blocks; currently only Block 37 is used, which shows the ZIP code for BAH entitlement.

**Section J:** Career Sea Pay — shows the special pay available to Marines in certain pay grades upon permanent or temporary assignment to sea duty. Career sea pay rates are based on the amount of sea duty accumulated by the Marine.

**Section K:** Education Deductions — three blocks which show the enrollment in Montgomery GI Bill (MGIB) or Veterans Educational Assistance Program (VEAP) along with the amount contributed and monthly amount paid.

**Section L:** Administrative Information — five blocks that list administrative information such as pay status and group.

**Section M:** Marine Corps Reserve Drill Information — six blocks with information on the number of drills performed in the period.

**Section O:** Remarks — itemizes the listing of entitlements, deductions and payments. It also has explanatory remarks concerning specific LES data.

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### SLIDE 7: CASH COMPENSATION



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

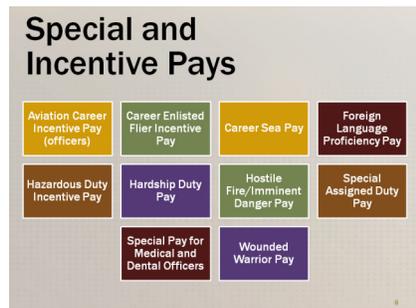
### SECTION BACKGROUND INFORMATION

Items listed as “pay” are taxable unless received in a designated combat zone or imminent-danger area. There are three basic types of pay in your military compensation package.

- Base pay
- Special pay
- Incentive pay

**Base pay:** This taxable pay is determined by rank and years of service. This is the portion of pay on which your military retirement is calculated. Raises are earned upon promotion or advancement for years of service.

### SLIDE 8: SPECIAL AND INCENTIVE PAY



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**Special and incentive pays:** These pays are given to qualified members who possess specific or unique skills, or skills determined to have critical shortages. They can be based on an annual lump-sum bonus, monthly pay or pay when the duty is performed. These types of pays come in three main categories:

1. Special recognition pays are monthly cash payments for duty performed.
2. Skill incentive pays are retention tools that are paid monthly on a long-term basis.
3. Critical skill and re-enlistment bonuses are a retention tool that usually requires an additional service obligation and are lump-sum annual cash bonuses.

Special and incentive pays you may see on your LES include:

- **Aviation Career Incentive Pay (officers):** Aviation career incentive pay is restricted to regular and Reserve Marines who hold, or are in training leading to, an aeronautical rating or designation and who engage and remain in aviation service on a career basis.

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- **Career Enlisted Flier Incentive:** Career enlisted flyer must perform operational flying duties for six of the first 10 years, nine of the first 15 years, and 14 of the first 20 years of aviation service to be eligible for continuous monthly incentive pay.
- **Career Sea Pay:** If you are an active-duty Marine on sea duty, you are entitled to career sea special pay, at a monthly rate of up to \$730. Your actual pay rate depends on your rank and number of years served at sea (sea duty), and ranges from \$70 to \$730. If you have served 36 consecutive months of sea duty, you are also entitled to a career sea pay premium for the 37th consecutive month and each subsequent consecutive month of sea duty served by such member. The monthly amount will not exceed \$350.
- **Foreign Language Proficiency Pay:** This incentive pay is earned by an officer or enlisted member of the United States armed forces who is entitled to basic pay, has been certified within the past 12 months (or 12 months plus 180 days when called or recalled to active duty in support of a contingency operation) to be proficient in a foreign language and meets one of the following conditions:
  - Qualified in a career military linguist specialty (career linguist) as defined by the secretary of the military department concerned.
  - Received training under regulations prescribed by the secretary of the military department concerned designated to develop such proficiency.
  - Assigned to military duties requiring such proficiency.
  - Proficient in a foreign language for which the secretary of the military department concerned has identified a critical need.

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- **Hazardous Duty Incentive Pay**

**Non-Air Crewmembers:** Marines who perform flying duty as non-crewmembers, parachute jumping, demolition of explosives, handle toxic fuels, engage in flight deck duty or experimental stress duty and so on earn \$150 per month. There is one exception to the \$150 per month for parachute jumping, and that is the authority to bestow \$225 per month for HALO jumps.

Marines who meet the requirements for more than one type of hazardous duty pay during the same period are entitled to receive a maximum of two types of hazardous duty pay. This presumes that the individual in question was assigned to a unit whose mission involves the performance of both types of hazardous duties.

**Air Crew members:** Marines who perform flight duties as aircrew members and meet their services operational requirements are eligible for a form of hazardous duty incentive pay, more commonly known as flight pay.

- **Hardship Duty Pay:** Additional compensation paid to Marines assigned to locations where living conditions are substantially below those conditions in the continental U.S. (CONUS).
- **Hostile Fire Pay/Imminent Danger Pay:** A Marine may be entitled to Hostile Fire and Imminent Danger for any month in which they are entitled to basic pay and in which they are:
  - Subject to hostile fire or explosion of hostile mines;
  - On duty in an area in which a Marine was in imminent danger of being exposed to hostile fire or explosion of hostile mines and in which, during the period he was on duty in that area, other members of the uniformed services were subject to hostile fire or explosion of hostile mines;

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- Killed, injured or wounded by hostile fire, explosion of a hostile mine, or any other hostile action; or
- On duty in a foreign area in which he was subject to the threat of physical harm or imminent danger on the basis of civil insurrection, civil war, terrorism or wartime conditions.
- **Special Assigned Duty Pay:** If you are an enlisted member who is entitled to basic pay and are performing duties which have been designated as extremely difficult or involving an unusual degree of responsibility in a military skill, you may, in addition to other pay or allowances to which you are entitled, be paid special duty assignment pay.
- **Special Pay for Medical and Dental Officers:** If you are a health professional officer, you may be entitled to several special pay. The following is a list of special pay for health professionals:
  - Active-Duty Agreement
  - Variable Special Pay Tables (Medical and Dental Officers)
  - Board Certified Special Pay (Dental and Medical Officers)
  - Additional Special Pay (Dental Officers)
  - Incentive Special Pay
  - Multi-Year Retention Bonus
- **Wounded Warrior Pay:** The wounded warriors pay is a comprehensive program of special pays adjustment to normal pay and benefits, including Combat-Related Injury & Rehabilitation Pay (CIP) and the Pay and Allowance Continuation (PAC). For a complete overview of the wounded warriors program and benefits go to:  
[www.dfas.mil/militarypay/woundedwarriorpay.html](http://www.dfas.mil/militarypay/woundedwarriorpay.html).

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Pays may be based on pay grade, years of service, deployments, years of aviation experience, billet or military occupational specialty (MOS), location of billet, qualifications or any combination of these. Some of these entitlements must be recertified annually to verify that you still qualify for them.

### SLIDE 9: ALLOWANCES



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

You may receive allowances to cover living expenses, housing, travel and moving expenses. These are mostly non-taxable items. Allowances are based on different circumstances and criteria, varying from whether you have dependents to whether you are authorized to live off base. If you have received pay(s) or allowance(s) that you are not entitled to, notify the disbursing office immediately and put the money into savings until the Marine Corps comes to collect it, which they will do. Never take anything you do not have coming to you.

There are three basic types of allowances:

1. Housing allowances
2. Living expense allowances
3. Moving or travel expense allowances

### SLIDE 10: HOUSING ALLOWANCE: BAH



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**Basic Allowance for Housing (BAH):** BAH is paid to those authorized to live off base. It is based on rental costs by pay grade, location, cost of living in the area and dependency status, and is designed to reflect comparable civilian housing costs for those with similar salary and location. BAH is designed to allow a standard quality of housing regardless of where you live in the U.S. Members assigned suitable government quarters will have their pay debited for the full BAH amount, in most cases. BAH offers two rates, one with dependents and one without. BAH rates are published on the Defense Travel Management Office website, [www.defensetravel.dod.mil/site/bah.cfm](http://www.defensetravel.dod.mil/site/bah.cfm).

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BAH can be used for the Military Housing Privatization Initiative (MHPI), which is used to help the military improve the quality of life for Marines and other service members by improving the condition of housing. The MHPI was designed and developed to attract private sector financing, expertise and innovation to provide necessary housing faster and more efficiently than traditional military construction processes would allow. Marines receive a basic allowance that they can use to live in private sector housing or privatized housing. BAH pay, referred to as “rent,” in privatized housing covers refuse collection, water and sewer, and common area grounds and facility care. Depending on the specific provisions of the project documents, electric, gas and other heating costs may be paid from the member's utility allowance, and renter's insurance may be paid by the developer (however, the member is responsible for the payment of any deductible). Rent does not pay for telephone or cable service.

**BAH-DIFF:** BAH-DIFF is the difference between the with- and without-dependents Basic Allowance for Quarters (BAQ) rates as of Dec. 31, 1997, increased by the average pay raise percentage each year.

BAH can be limited for Marines authorized BAH on the basis of child support payments:

1. If a member is assigned to single-type government quarters or a housing facility under a uniformed service's jurisdiction and is authorized BAH solely by reason of the member's adequate child support payment, the member is authorized only BAH-DIFF. A member is not authorized BAH-DIFF if the child support payment is less than the member's applicable pay grade BAH-DIFF amount.
2. A member not assigned to government quarters, who is authorized BAH or OHA on behalf of a dependent solely on the basis of child support payment, is authorized a with-dependent housing allowance (either BAH or OHA).

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3. A member is not authorized BAH or OHA solely on the basis of the member's child support payment when the child/children is/are in another active-duty member's custody (including a former spouse), who is assigned to government owned/leased family-type quarters (does not include privatized quarters) or is in receipt of a with-dependent housing allowance or on behalf of the child/children

**BAH PARTIAL:** Paid to Marines without dependents who live in government quarters.

**BAH II (Reserve Component/Transit):** BAH-II (RC/T) is the housing allowance for members in particular circumstances, for example, reservists on active duty less than 30 days. It also applies when a member is in transit from selected areas where no prior BAH rate existed. It does not vary by geographic location. BAH-II (RC/T) was set based on the old BAQ, which was based on the national average for housing. BAH-II is published annually and is determined by increasing the previous year's table by the percentage growth of housing costs.

### SLIDE 11: HOUSING ALLOWANCE: COLA

**Housing Allowance: COLA**



Cost of Living Allowance

- ◆ CONUS
- ◆ OCONUS

**INSTRUCTOR NOTES:**  
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

There is a cost of living allowance (COLA) for overseas and certain U.S. locations designed to offset the additional expenses of being assigned to a high cost of living area.

**CONUS COLA** - Compensates for a portion of excess non-housing costs incurred by uniformed Marines in CONUS locations, where non-housing costs are at least 8 percent above the CONUS average.

**Overseas COLA** - A supplemental allowance to offset the higher prices of non-housing goods and services overseas. It is designed to allow Marines overseas to purchase the same level of goods and services as if they were stationed in CONUS.

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### SLIDE 12: HOUSING ALLOWANCE: MIHA



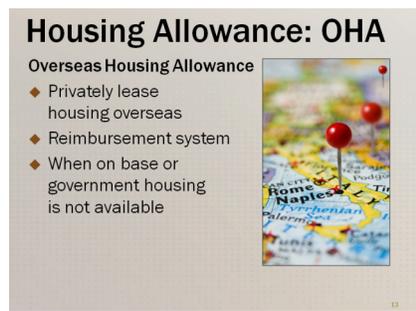
**INSTRUCTOR NOTES:**  
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### SECTION BACKGROUND INFORMATION

**MIHA:** There is a move-in housing allowance (MIHA) designed to assist with covering the costs of setting up a household overseas. MIHA is adjusted by your location. There are different types of MIHA:

- **MIHA miscellaneous** is a fixed-rate, lump-sum payment to offset expenses to make dwellings habitable. Examples of some items this allowance would pay for are: the purchase of supplemental heating equipment, wardrobes, transformers, etc. This amount will equate to approximately 2 percent of total Overseas Housing Allowance.
- **MIHA for rent** is a dollar-for-dollar payment made in the field for customary or legally required rent-related expenses such as rental agent fees. These are non-refundable charges paid or to be paid by a Marine in conjunction with procuring off-base housing.
- **MIHA for security** is an actual expense component paid for security-related enhancements to a physical dwelling when quarters must be modified to minimize exposure to a terrorist or criminal threat.

### SLIDE 13: HOUSING ALLOWANCE: OHA



**INSTRUCTOR NOTES:**  
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**OHA:** Overseas housing allowance (OHA) enables military members assigned overseas to privately lease housing. This program encompasses a reimbursement system designed to partially defray housing costs when on-base or government-leased housing is not available. You can calculate your OHA at:  
[www.defensetravel.dod.mil/site/ohaCalc.cfm](http://www.defensetravel.dod.mil/site/ohaCalc.cfm).

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

## STANDARDIZED CURRICULUM

### SLIDE 14: OTHER ALLOWANCES: BAS

**Other Allowances: BAS**

Basic Allowance for Subsistence

- ◆ Flat monthly rate
- ◆ Enlisted – meal deduction
- ◆ Officers pay cash for meals



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**BAS:** Basic Allowance for Subsistence (BAS) is designed to offset costs for your meals. It is paid to all active-duty personnel except those in boot camp or initial entry training. All enlisted Marines are paid the full monthly rate, but those required to eat in the mess hall will have most of the allowance automatically withdrawn from pay to cover the cost of their meals (meal deduction). Officers collect BAS and then pay cash for meals, including those eaten in government dining facilities.

### SLIDE 15: OTHER ALLOWANCES: FSA

**Other Allowances: FSA**

Family Separation Allowance

- ◆ FSA – R (Restricted)
- ◆ FSA – S (Ship)
- ◆ FSA – T (Temporary)



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**FSA:** Family Separation Allowance (FSA) provides compensation for added expenses incurred because of an enforced family separation under certain conditions. FSA is payable in a monthly amount of \$250 (2010). You should refer to the DoD Financial Management Regulation Volume 7a for specific restrictions and qualifications for receipt of FSA. A member can only be paid for one type of FSA at a time. FSA is not authorized unless the separation is involuntary due to military orders. In other words, the dependent(s) must not be entitled to travel to the new duty station at government expense.

FSA cannot be paid when a military member is legally separated from their spouse (unless there are other qualifying dependents). FSA cannot be paid for separation from dependent children, if the children are in the legal custody of another person. FSA does not accrue to a member if all of the dependents reside at or near the duty station. If some (but not all) of the dependents voluntarily reside near the duty station, FSA may accrue on behalf of those dependents who do not reside at or near the duty station.

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Not more than one monthly allowance may be paid with respect to a married military couple for any month. Each member may be entitled to FSA within the same month, but only one can receive payment. Payment is usually made to the member whose orders resulted in the separation. If both members receive orders requiring departure on the same day, then payment goes to the senior member. Types of FSA are:

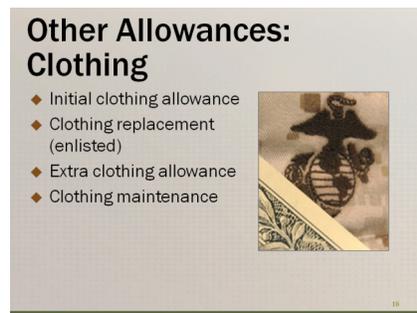
- **FSA-R (Restricted):** Transportation of dependents, including dependents acquired after the effective date of orders, is not authorized at government expense, and the dependents do not live in the vicinity of the member's homeport/permanent duty station. Transportation of dependents is authorized at government expense, but member elects an unaccompanied tour of duty because a dependent cannot accompany the member to that homeport/permanent station due to certified medical reasons, regardless of the date on which the member first made the election to serve an unaccompanied tour. For FSA-R, a member can continue to receive FSA if the dependents visit them for no longer than three months. Facts clearly must show that the dependents merely are visiting (not changing residence) and that the visit is temporary and not intended to exceed three months.
- **FSA-S (Ship):** The member is on duty aboard a ship, and the ship is away from the homeport continuously for more than 30 days.
- **FSA-T (Temporary):** The member is on temporary duty (TDY) or temporary additional duty (TAD) away from the permanent station continuously for more than 30 days, and the member's dependents are not living at or near the TDY station. This includes members who are required to perform a period of the TDY before reporting to their initial station of assignment.

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For FSA-S (when the ship is in a port) and FSA-T, social visits cannot exceed 30 days or entitlement to FSA is lost. If transportation of dependents is authorized at government expense but member elects an unaccompanied tour of duty because a dependent cannot accompany the member to or at that homeport/permanent station due to certified medical reasons, FSA is payable. FSA is payable for temporary duty/training even before proceeding to the initial duty assignment. This means that new recruits, who attend basic training and/or job training when they first join the military, receive FSA once they have been separated from their dependent(s) for more than 30 days.

### SLIDE 16: OTHER ALLOWANCES: CLOTHING



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

There are four main types of clothing allowance:

- **Initial Clothing Allowance:** Officers and enlisted members are entitled to an initial clothing allowance. Officers, however, are entitled to the allowance only once (with a few exceptions).
- **Cash Clothing Replacement Allowance:** This allowance is payable only to enlisted members annually following initial clothing allowance on the anniversary month. This is for the replacement of uniforms based on normal wear and tear.
- **Extra Clothing Allowance:** This allowance is for situations in which Marines may need additional uniforms or are required to have civilian clothing to perform their duties.
- **Military Clothing Maintenance Allowance:** This allowance is for replacement and maintenance of military items during and after three years of active duty. If there is a break in service, the Marine starts over with the initial clothing allowance upon returning to the service. The Cash Clothing Replacement Allowance and Military Clothing Maintenance Allowance will be distributed as applicable.

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### SLIDE 17: TRAVEL ALLOWANCES



#### INSTRUCTOR NOTES:

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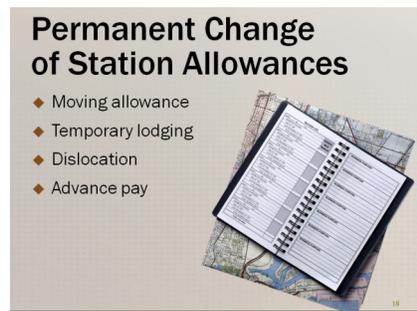
#### SECTION BACKGROUND INFORMATION

**Travel allowances:** The government pays for expenses associated with orders requiring travel, usually after the travel is completed. A government-issued travel charge card is usually used while you are traveling and to obtain funds from an ATM. Types of travel allowances:

- **Mileage/transportation:** based on the distance traveled, where you have been ordered to go and how you were directed to travel.
- **Per diem:** based on the normal costs for meals, hotels and other incidental expenses during travel and at your destination. Per diem rates are set by city and vary by the going rate for areas that cost more to travel to than the standard rates. You can find the per diem rates for your travel at: [www.gsa.gov/portal/category/21287](http://www.gsa.gov/portal/category/21287).
- **Miscellaneous:** baggage fees, tips and other authorized expenses associated with your travel.

With travel orders you can get advance payment of per diem and prepaid transportation tickets. You must fill out a travel claim of your expenses and any advance payments that you received.

### SLIDE 18: PERMANENT CHANGE OF STATION ALLOWANCES



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

#### SECTION BACKGROUND INFORMATION

**Moving allowances:** Under Permanent Change of Station (PCS) orders which require you to move, you are entitled to moving allowances to cover expenses such as:

- Shipment of personal goods.
- Temporary lodging.
- Vehicle mileage and highway tolls.
- Meals during the move.

You may have your goods shipped by a commercial moving company or move your belongings yourself. The Personally Procured Move (PPM) pays you directly for up to 95 percent of what it would cost the government to move you. Any money you earn above the actual cost is

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

## STANDARDIZED CURRICULUM

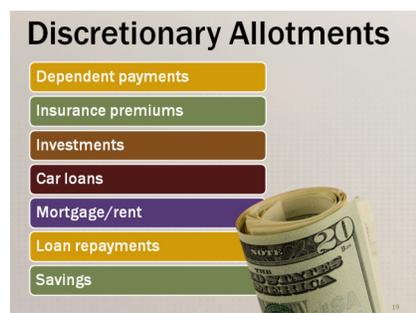
taxable. Shipments arranged by the transportation office are paid directly by the government to the carrier and are not taxable, since you do not receive any compensation.

**PCS allowances:** Provided for members who are moving their household. This includes:

- Temporary Lodging Expenses (TLE): provides for the temporary cost of housing while in transition. It is payable for 10 days in CONUS and five days when going OCONUS.
- Temporary Lodging Allowance (TLA): payable up to 60 days OCONUS.
- Dislocation Allowance (DLA): varies by pay grade and dependency status. DLA is not an advance and does not have to be repaid.

**Advance pay:** Members are authorized certain advance pay when moving; however, it is necessary to apply for it. You can get up to three months of advance pay and you can receive up to three months advance BAH (CONUS) and 12 months OHA (OCONUS) when moving into non-government housing.

### SLIDE 19: DISCRETIONARY ALLOTMENTS



**INSTRUCTOR NOTES:**  
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

An allotment of pay is provided to help you adjust your personal and family finances to military service. It is a convenience and a privilege not to be exploited or abused. Some allotments can have an indefinite time-frame, while others can have a specified time-frame. Discretionary and non-discretionary are the two types of allotments.

**Discretionary allotments:** For discretionary allotments, members specify the individual, institution or business to receive the allotment. No more than six discretionary allotments are allowed. Examples of discretionary allotments include:

- Voluntary payments to dependents or other relatives. Military members may authorize allotments to dependents, relatives or a divorced spouse.

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- Payments of premiums for commercial life insurance on the member or the member's spouse or children. Allotments are authorized for all military service members to pay insurance premium. Eligible allotments are: U.S. Government Life Insurance and National Service Life Insurance, commercial insurers and The Navy Mutual Aid Association.
- Deposits to financial institutions, mutual fund companies or investments. Members may authorize allotments of pay to financial organizations for credit to the account of the member.
- Car-loan payments. Officers and enlisted members may authorize an allotment for payment of car or personal loans.
- Mortgage or rent. Members may authorize allotments of pay for mortgage or rent payment to a financial institution, mortgage company, Realtor or landlord.
- Payments to repay a loan from a loan or finance company. All enlisted members are authorized to make these types of allotments.
- Deposits into the savings deposit program. Active-duty officers and enlisted members may authorize an allotment into the Savings Deposit Program and are processed in accordance with the Marine Corps' procedural instructions.

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### SLIDE 20: RESTRICTIONS TO ALLOTMENTS

#### Restrictions to Allotments

- ◆ Minors
- ◆ Mentally incompetent
- ◆ Power of attorney
- ◆ Awaiting trial by court-martial
- ◆ Returned absentee, deserter or prisoner
- ◆ Fraudulent enlistment
- ◆ Reduced pay of allotter

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

#### SECTION BACKGROUND INFORMATION

##### Some restrictions apply to allotments:

**Minors** – Allotments (except bonds) are not made payable to children under 16.

**Mentally Incompetent Persons** – Appointed guardians or the institution can receive an allotment where the mentally incompetent person is confined.

**Power of Attorney** – A general power of attorney is not allowed to establish, change or stop an allotment. A member must specifically designate a special power of attorney to make changes to allotments.

**Member Awaiting Trial by Court-Martial** – Members cannot register allotments between the date that a court-martial is ordered and the date of the approval or disapproval of the sentence. Standing allotments are discontinued when it is necessary to permit the collection of the forfeiture in the monthly amount specified and the time limitation stated by the court-martial, or if the member is sentenced to forfeit all pay and allowances. Prisoners are able to register allotments if the amount of the pay and allowances not forfeited is sufficient to cover the deductions.

**Returned Absentee, Deserter and Prisoner** – Allotments are not registered for a returned absentee or deserter unless DFAS has verified the member's pay status.

**Fraudulent Enlistment** – Pay and allowances are not allotted when pay is suspended pending final action on determination of fraudulent enlistment.

**Reduced Pay of Allotter** – Allotments are discontinued when a reduction in grade or stoppage of pay does not leave sufficient funds for allotments in force.

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### SLIDE 21: NON-DISCRETIONARY ALLOTMENTS



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**Non-discretionary allotments:** Non-discretionary allotments are made to a specifically designated agency or purpose. There is no limit to the number of non-discretionary allotments a member can have. Non-discretionary allotments are limited to:

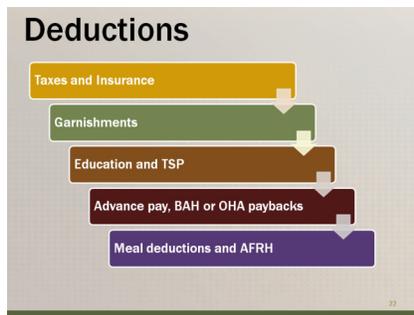
- **Savings bonds.** If you wish to start or continue purchasing savings bonds through payroll deduction, you must establish an account through TreasuryDirect.gov. Then you may use myPay to start an allotment to TreasuryDirect by clicking on the allotment option at the Main Menu.
- **Relief repayments.** Repayment of loans to the Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society and American Red Cross.
- **Government indebtedness.** Payment of delinquent federal, state or local income or employment taxes; commercial debt; delinquent travel charge card debt.
- **Charity.** Members are authorized to make charitable contributions by allotment to the Army Emergency Relief, Navy-Marine Corps Relief Society, the Combined Federal Campaign or affiliates of the Air Force Assistance Fund.
- **Child and spousal support.** When a member on extended active duty has failed to make support payments, an attentive DFAS site with proper notification will start a statutorily-required child or child and spousal support allotment from the members pay and allowance.
- **Assistance Funds.** The post-Vietnam era Veterans Educational Assistance Program provides assistance on a contributory basis to those eligible members entering the armed forces on or after Jan. 1, 1977, and before July 1, 1985, who might otherwise be unable to obtain higher education.

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- **Debts for Non-Discretionary Allotments.** Payment of delinquent federal, state or local income or employment taxes, or other debts.
  - **Commercial Debt:** When a member fails to pay debts owed to a commercial creditor, the creditor can make application for recovery of this debt.
  - **Delinquent Travel Charge Card or Military Star Card Debt:** When a member fails to pay debts due on their charge card, the heads of agencies have the authority, upon written request of a federal contractor, to collect the debt.

### SLIDE 22: DEDUCTIONS



**INSTRUCTOR NOTES:**  
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Deductions are amounts taken from your paycheck. Most deductions are automatic. There are a few types of deductions:

**Taxes:** Includes state and federal income tax and Social Security and Medicare tax (FICA). Some military members do not have to pay state income tax, because some states do not have income tax and some states exempt residents serving in the armed forces. This is based on your home of record. Even though the military assigns you to a different state, you are allowed to maintain your original home of record if you choose.

**Insurance:** Includes Servicemembers' Group Life Insurance (SGLI and FS-GLI) and the dental health plan.

**Garnishments:** An involuntary deduction taken from your pay as a result of legal action against you. When a garnishment is ordered, the government is required to withhold money from your check to pay your debts.

**Other pay withholding:** You also can choose to have pay withheld from your check for things like educational assistance programs or the Thrift Savings Plan. You choose the amount to be deducted. This also is where you will see advance pay and BAH or OHA paybacks.

**Meal deductions:** Marines may be charged for meals provided by a government facility. This fee will be deducted from monthly pay.

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**Armed Forces Retirement Home Assessment:** The Armed Forces Retirement Home (AFRH) is an independent establishment in the executive branch. The purpose of the Retirement Home is to provide residences and related services for retired and former members of the armed forces who meet the eligibility requirements of the AFRH. The AFRH includes the Armed Forces Retirement Home – Washington (Soldiers’ and Airmen’s Home) and the Armed Forces Retirement Home – Gulfport (Naval Home). Under Title 37, United States Code, monthly deductions from pay, in an amount not to exceed \$1, are set by the secretary of defense after consultation with the chief operating officer for the AFRH. The deductions of pay are deposited in the AFRH Trust Fund. Service members subject to this deduction are regular enlisted, warrant officers, limited duty officers of the armed forces, and the Coast Guard when operating as a military service to the Navy.

### SLIDE 23: TAXES

**Taxes**

- ◆ FICA
  - Social Security
  - Medicare
- ◆ Federal Income Tax
- ◆ State Income Tax

Remember the Volunteer Income Tax Assistance program is available to help you!

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Serving in the military has some big tax advantages: Allowances are not taxed, FICA is applied to base pay only and many members are exempt from paying state income taxes. These and other benefits can provide a significant tax advantage. Let’s take a look at your taxes in more detail.

#### FICA Deductions

Social Security taxes, or Federal Insurance Contributions Act (FICA) deductions, are withheld from all military members’ basic pay. This is separated into Social Security and Medicare contributions. The programs — Social Security’s Old-Age, Survivors and Disability Insurance (OASDI) and Medicare’s Hospital Insurance (HI) — are financed primarily by employment taxes. The OASDI tax rate for wages paid in 2011 is set by statute at 4.2 percent for employees to pay and 6.2 percent for employers to pay, each for a total of 10.4 percent deposited in the program. For HI program, employers and employees each pay 1.45 percent, for a total of 2.9 percent of your pay deposited into the program.

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### **Federal Income Taxes**

Federal Income Tax Withholding (FITW) is based on all pays (not allowances and not just base pay, like FICA). The amount withheld is determined by how you filled out your W-4 form, available at your local disbursing office or on myPay. The federal income tax system is pay as you go, meaning that as you earn your money, you must pay taxes on it.

**Withholding:** The goal of paying your federal taxes should be to pay your fair share and break even, so that when tax returns are due April 15, you do not owe, and are not owed, any money. Some people like to over-withhold so they get a big refund. That is an option if you do not have the discipline to save. Just realize that you are making an interest-free loan to the government, instead of having that money to use on a monthly basis to pay bills or invest. If you have the discipline, withhold only what you must, and save and invest the rest so you can earn a return on your money.

**W-4 Form:** Look at your LES, under the headings Fed Taxes/State Taxes, Marital Status (M/S) and Exemptions (EX) (sections G and I). This is for marital status and the number of exemptions you are claiming. Is it correct? Many Marines forget to update this form and have taxes withheld at too high a rate. This is one of the most common problems financial counselors see, and it is the easiest way to get more money into your paycheck.

### **State Income Taxes**

Your military compensation may be subject to income-tax withholding for the state you claim as your legal residence. Treat state taxes like federal taxes — do not pay any more than you must. If you are a resident of a state with an income tax, and the state does not exempt military pay, check your LES marital status and exemptions and keep this current and correct as well.

The Servicemembers Civil Relief Act provides that a member of the armed forces who is a legal resident of one state but who is living in another solely by reason of military orders is not liable to the second state for

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income taxes on military income. However, non-military income from the second state is legally taxable by the state.

The following states do not presently have an income tax, but some of these states do have intangible personal property tax or tax-only dividend and interest income:

- Alaska
- Florida
- Nevada
- New Hampshire\*
- South Dakota
- Texas
- Tennessee\*
- Washington
- Wyoming

\*New Hampshire and Tennessee tax only dividend and interest income.

### **Volunteer Income Tax Assistance Program**

Remember, at tax time the Volunteer Income Tax Assistance (VITA) program is available to help you fill out your federal income-tax forms (and possibly state forms) and may even be able to file your taxes electronically for you.

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

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### SLIDE 24: NON-CASH BENEFITS

#### Non-cash Benefits

##### Immediate:

- ◆ MCCS programs (PFM)
- ◆ Tax advantage
- ◆ Commissary/Exchange
- ◆ Chaplain and legal services
- ◆ Workout facilities
- ◆ Recreation services
- ◆ Medical and dental
- ◆ Education assistance

##### Deferred:

- ◆ Retirement
- ◆ Veteran's medical, dental and education assistance
- ◆ Disability
- ◆ Home mortgage assistance
- ◆ Life insurance
- ◆ Survivors Benefits

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

There is more to your pay than just the dollars showing up in your account each month. In fact, the military has one of the best benefits systems available from any employer in this country. Some of these benefits you can take advantage of immediately and some are available to you upon retirement.

#### Immediate non-cash benefits include:

- Marine Corps Community Services (MCCS) educational programs and resources, such as PFM
- Tax advantage resulting from the tax-free status of allowances
- Commissary and Exchange privileges
- Chaplain and Legal services
- Leave
- Base gym and workout facilities
- MCCS/Morale, Welfare and Recreation services and programs
- Medical care for members and dependents
- Education assistance

#### Deferred non-cash benefits include:

- Retirement
- Veteran's medical and dental
- Veteran's education assistance
- Disability compensation
- Home mortgage assistance
- Life insurance plans
- Survivor Benefits

On the next few slides we will briefly review several of the major non-cash benefits.

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

## STANDARDIZED CURRICULUM

### SLIDE 25: RETIREMENT

**Retirement**



- ◆ Retirement Pay
  - Final Pay
  - High-3 Year Average
  - REDUX
- ◆ Thrift Savings Plan
- ◆ Savings Deposit Program
- ◆ Survivor Benefit Plan

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Normally, you must serve for 20 years to become eligible for retirement pay in the form of a pension plan. The longer you serve, the more retirement pay you will receive. The percentage amount of your base pay varies depending upon the plan in effect at your date of entry. You also continue to receive commissary and exchange rights, and low-cost health insurance.

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

The Thrift Savings Plan (TSP) is a defined-contribution retirement plan available through the U.S. government. Participation in TSP provides automatic savings. There are numerous benefits to the program, the most significant of which is the pre-tax deduction. This means that you are lowering your overall tax bill.

The Savings Deposit Program (SDP) allows eligible Marines to earn 10 percent interest on up to \$10,000. Marines must be receiving Hostile Fire Pay and be deployed a minimum of 30 consecutive days in a designated combat zone, or at least one day in each of three consecutive months. Interest in the account accrues quarterly. You may deposit all or part of un-allotted pay including bonuses into the SDP. Modifications have been made to TTC660/000 to allow a Marine to elect to participate in SDP up to 90 days prior to deployment. This will allow SDP to automatically begin after 31 days of reporting to an eligible zone. Interest can accrue for up to 90 days after the Marine leaves the eligible zone.

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In addition, Marines in a combat zone may withdraw amounts of interest accrued over \$10,000 on a quarterly basis. Here are two examples:

1. Interest earned on \$6,000 invested in SDP during an eight-month period calculated quarterly would total \$408.38.
2. If a Marine invests \$1,000 dollars initially in SDP and contributes \$700 per month for one year, their total investment would be \$9,400 and interest accrued would be \$569, for a total of \$9,969.

**Ten Percent Adds Up!** The table below shows the impressive gains from even short-term deposits to an account earning 10 percent, compared to placing it in a regular savings account or doing nothing.

Deposit Amt.	Int. Rate	Term	Earned Interest
\$10,000	10%	10 months	\$857.91
\$10,000	4%	10 months	\$337.24
\$10,000	0%	10 months	\$0.00

Before you retire, you must make an election for Survivor Benefit Plan (SBP) and premiums will be deducted from your retirement pay. Each of the elections: Spouse, Spouse and Child, Child, Former Spouse, Former spouse and child, or decline are all valid elections. Each of these cannot be changed after you retire.

While on active duty, the spouse and children are entitled to SBP/DIC offset at no cost to you. When a member dies from a service connected disability, either while on active duty or after retirement, family members may be eligible for monthly, nontaxable DIC (Dependency and Indemnity Compensation) payments through the Department of Veteran's Affairs.

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Effective 1 Dec 2008, DIC payments to a surviving spouse is \$1154 and \$286 for each child under age 18. DIC payments to children do not affect SBP payments.

The MCCS through their PFMP also provides counseling and an educational presentation on insurance and retirement planning.

### SLIDE 26: SURVIVOR BENEFITS

**Survivor Benefits**

- ◆ Fallen hero
- ◆ Burial
- ◆ Travel and move
- ◆ BAH
- ◆ Accumulated leave
- ◆ Social security
- ◆ DIC
- ◆ Education benefits
- ◆ Limited medical and dental



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#### INSTRUCTOR NOTES:

Use the information in the column to the right to guide your discussion.

### SECTION BACKGROUND INFORMATION

#### Survivor benefits include:

- Fallen hero compensation (death gratuity of \$100,000)
- Burial and funeral benefits
- Round-trip travel and household goods move
- 12 months' BAH or 12 months of housing
- Arrears in pay and accumulated leave
- Social Security survivor benefits include a \$255 burial benefit. Other benefits for surviving spouses are first payable at age 60; at age 50 if the surviving spouse is completely disabled; or at any age if and as long as there are children under the age of 16. Surviving spouses with dependent children who qualify receive monthly payments.
- Dependency and Indemnity Compensation (DIC) are tax-free monthly payments administered by the Department of Veterans Affairs (VA). Payments may be available for surviving spouses who have not remarried, unmarried children under 18, disabled children, children between 18-23 who are attending a VA approved school, and low-income parents of deceased Marines.
- Veterans Affairs Dependents' Educational Assistance (DEA) provides monthly benefits for education and training opportunities up to 45 months for surviving spouses not remarried before age 57 and dependent children ages 18-26.

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- Continuing medical and dental benefits without cost for three years after the death of the Marine. After three years, the family is eligible for medical and dental coverage at the military retiree rates, if they choose to continue coverage.

To ensure that survivors get all the benefits to which they are entitled, it is critical that you keep your Record of Emergency Data (RED) in the Service Record Book (SRB)/Officer Qualification Record (OQR) up to date. The RED is the form used to apply for dependency allowance and to document family member data. The important information on your RED should be updated whenever there are changes in family member status. The family members you designate to receive your death gratuity and any unpaid allowances also are listed on your RED.

The HQMC Casualty Section implements and manages the Casualty Assistance Program. This includes long-term assistance, military funeral honors, benefits and entitlements.

### SLIDE 27: MEDICAL AND DENTAL

**Medical and Dental**

- ◆ TRICARE and United Concordia
- ◆ No cost to active duty
- ◆ DEERS registration
- ◆ TRICARE
  - Prime
  - Standard
  - Extra
- ◆ [www.tricare.mil](http://www.tricare.mil)
- ◆ [www.tricare dentalprogram.com](http://www.tricare dentalprogram.com)



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#### INSTRUCTOR NOTES:

Use the information in the column to the right to guide your discussion.

### SECTION BACKGROUND INFORMATION

Medical and dental benefits are provided through TRICARE. TRICARE offers comprehensive, affordable health coverage with several plan options, a robust pharmacy benefit, dental options, special programs and demonstrations. The dental portion of coverage is contracted out to another carrier. Currently, that carrier is United Concordia.

TRICARE is available to active-duty Marines and retirees of the seven uniformed services, their family members, survivors and others who are registered in the Defense Enrollment Eligibility Reporting System (DEERS). Sponsors are automatically registered in DEERS. The sponsor must enroll their family members. When there is a change in information, each family member's eligibility record must be updated separately.

TRICARE is also available to members of the National Guard and Reserves and their families, and benefits will vary depending on the sponsor's military status.

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Registration in DEERS is the key. You can confirm or establish your eligibility for TRICARE through the DEERS website <https://www.dmdc.osd.mil/appj/address/login/SelectLogin.do> or call (800) 538-9552.

TRICARE offers several health plan options to meet your needs. Plan availability depends on who you are and where you live. There are three basic programs to choose from: TRICARE Prime, TRICARE Extra and TRICARE Standard.

Active-duty Marines must enroll in one of the Prime options. However, not all TRICARE plans require you to enroll to participate. If you are using the following health plan options, coverage is automatic as long as you are registered in the DEERS:

TRICARE Standard and Extra

TRICARE Standard Overseas

TRICARE For Life (must have Medicare Part A and B)

Use the links below for more information:

TRICARE Overview: [www.tricare.mil](http://www.tricare.mil)

TRICARE Dental: [www.tricaredentalprogram.com](http://www.tricaredentalprogram.com)

# PERSONAL FINANCIAL MANAGEMENT PROGRAM

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### SLIDE 28: LIFE INSURANCE

#### Life Insurance

- ◆ Service member
  - SGLI
- ◆ Family members
  - FSGLI
- ◆ Remember to keep beneficiary up to date



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

#### SECTION BACKGROUND INFORMATION

Servicemembers' Group Life Insurance (SGLI) is a term insurance policy with coverage of up to \$400,000 per member. You can determine the amount of your coverage by checking your LES in the “deductions” section. If there is no deduction listed for SGLI, then you are not covered. When you leave the service, coverage ends after 120 days or it can be converted to another type of insurance.

FSGLI is life insurance coverage for your whole family. Providing you are covered by SGLI, your children will be automatically covered at \$10,000 per child at no cost to you. Your spouse may be covered up to \$100,000 or the dollar amount of your coverage, whichever is less. The cost for this coverage varies by age.

Make sure that the beneficiary designated for your policy is accurate. Funds will be paid to whoever you have listed as your beneficiary, so be certain to update this information if you have a change in your family member status. A will does not affect the beneficiary of life insurance, nor does a RED. To make changes to your beneficiary information, you will need to complete an election form (Veterans Affairs Form SGLV-8286). Check with your personnel detachment or office for more information.

### SLIDE 29: DISABILITY COMPENSATION

#### Disability Compensation

- ◆ Service-related
- ◆ Tax-free
- ◆ Amount varies with severity and family obligations



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

#### SECTION BACKGROUND INFORMATION

The military provides disability compensation that can provide you lifelong support if injuries or diseases happened while on active duty or were made worse by active military. A service-related disability may qualify for more than \$3,100 in monthly benefits. Also, the discharge must be under other than dishonorable conditions. Benefits are tax-free and depend on your level of disability and number of dependents. You may be paid additional amounts if: you have severe disabilities or loss of limb(s); you have a spouse, child(ren) or dependent parent(s); you have a seriously disabled spouse.

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### SLIDE 30: EDUCATION ASSISTANCE



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

The military provides you and your family several opportunities to fund education while you are in the military and after you become a veteran. While on active duty, Tuition Assistance (TA) is a benefit paid to eligible members of all services. Each service is authorized to pay 100 percent for the tuition expenses of its members. Criteria for eligibility, obligated service, application processes and restrictions are set by each service. TA is not a loan; it is compensation you earn.

The Marine Corps maximum amount paid for tuition assistance is 100 percent tuition and fees, not to exceed \$250 a semester credit hour, or \$166 a quarter credit, and \$4,500 each fiscal year.

The GI Bill covers several programs that are administered by the VA. The newest is the Post-9/11 GI Bill.

GI Bill programs are designed for active-duty, Guard and Reserve service members, veterans and their families to earn a degree, certification, vocational training or attend a trade school. The programs differ depending on the user's status; students can receive a monthly tax-free benefit which covers up to 100 percent of their tuition, fees, books and living expenses. Certain GI Bill programs, like the Montgomery GI Bill, can be used to pay for independent study programs, required continuing education units, licensing, certification, apprenticeship and on-the-job training programs.

Additionally, Marines enrolled in the Post-9/11 GI Bill program can transfer unused educational benefits to their spouses or dependents. The benefit is for any member of the armed forces (active duty or Selected Reserve, officer or enlisted) on or after Aug. 1, 2009, who is eligible for the Post-9/11 GI Bill. Marines may transfer the individual's entitlement to: the individual's spouse; one or more of the individual's children; or any combination of spouse and child. A family member must be enrolled in DEERS.

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In support of military families, military spouses may qualify for Military Spouse Career Advancement Account (MyCAA) funds, allowing them to spend up to \$4,000 for career training. The MyCAA program is open to all eligible spouses under the following guidelines:

- Spouse of an active-duty Army, Navy, Air Force or Marine Corps service member, or activated Reserve member in pay grades E1-E5, W1-W2 or O1-O2.
- If the spouse of National Guard and Reserve member, the sponsor must be on federal Title 10 active-duty orders as reported in DEERS.
- Spouses of Guard/Reserve members in an alert, transition assistance, or post-deployment status are not eligible.
- MyCAA accounts will be limited to the new \$4,000 maximum benefit with a \$2,000 fiscal year cap.
- Funding is limited to only associate degrees, certifications and licensure programs.

### SLIDE 31: LEAVE

**Leave**

- ◆ 2.5 days a month
- ◆ 30 days a year
- ◆ Accrue 60 days
- ◆ Sell back leave
- ◆ Terminal leave



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

You earn 2.5 days of leave every month, for a total of 30 days per year. Depending on duty requirements, you also are provided leave on federal holidays. You may accrue leave up to 60 days. Leave in excess of 60 days must be taken or lost by the start of the fiscal year (Oct. 1). If you are deployed in a year, you may accrue more than 60 days in that year.

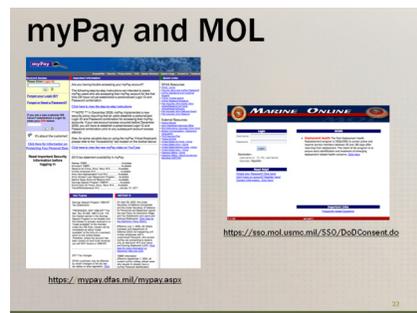
Leave can be "sold back" at the time of re-enlistment, separation or retirement. For each day of leave you have saved, you can sell it back for one day's base pay and it is taxable as income. You can sell back a maximum of 60 days of leave during a career. It does not have to be all at one time. For example, one could sell back 10 days of leave during their first re-enlistment, then 10 days during their next re-enlistment, etc. If you are staying in the military, you may want to wait to sell back your leave because if you sell back leave based on an E-4 you will receive significantly less money than if you sell back leave based on E-8 pay.

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If you re-enlist while in a combat zone, money received for selling leave is tax free. Instead of selling back leave, you can take "terminal leave" when you are discharged or retire. An advantage of taking terminal leave is you do not pay the taxes on the sold back leave and while on terminal leave, you continue to receive full pay to include base pay, housing allowance, food allowance, and any special pays until your official date of discharge.

### SLIDE 32: MYPAY AND MOL

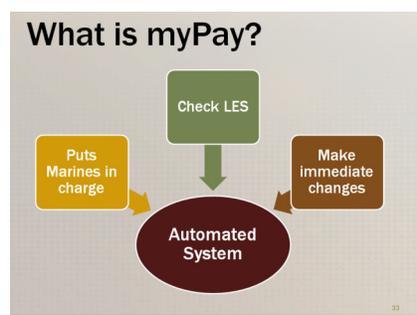


**INSTRUCTOR NOTES:**  
Use the information in the column to the right to guide your discussion.

### SECTION BACKGROUND INFORMATION

You can access your LES and related information via myPay and Marine OnLine. Let's look at myPay in more detail. Similar functions to those available on myPay are also available on Marine OnLine.

### SLIDE 33: WHAT IS MYPAY?



**INSTRUCTOR NOTES:**  
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

**myPay** is an automated system that puts you in control of processing certain discretionary pay data items without using paper forms. You can also get your pay and tax statements, and travel advice of payment using myPay. You can access your account anytime day or night to change or review your current information or to check your LES. You will use a login ID and password to access your pay account on myPay. If you are not able to access myPay, you should address this issue immediately with your local disbursing office.

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### SLIDE 34: myPAY FUNCTIONS

**myPay Functions**

- ◆ Access your LES
- ◆ Start or stop allotments
- ◆ Arrange direct deposits
- ◆ Change income-tax withholding
- ◆ Enroll and contribute to TSP
- ◆ Contribute to SDP
- ◆ Travel voucher advice of payment
- ◆ Change e-mail and personal data
- ◆ Access and print W-2



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

#### What can I do on myPay?

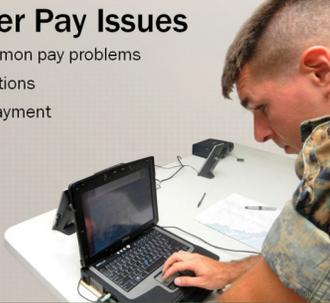
**myPay** has these functions to allow members to manage their money better and to make the pay system more efficient:

- Access current and previous LES (your last 12 months).
- Start or stop change allotments.
- Start or change direct deposit.
- Change income-tax withholding.
- Start, stop or change contributions to the Thrift Savings Plan.
- Contribute to the Savings Deposit Program.
- Get travel voucher Advice of Payment.
- Change e-mail address and other personal settings.
- Access and print W-2 form.

### SLIDE 35: OTHER PAY ISSUES

**Other Pay Issues**

- ◆ Common pay problems
- ◆ Solutions
- ◆ Repayment



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Let's quickly discuss a few other pay issues you may encounter:

- Common pay problems
- Solutions
- Repayment

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### SLIDE 36: COMMON PAY PROBLEMS

#### Common Pay Problems

- ◆ Overpayments and underpayments
- ◆ Unexpected repayments
- ◆ PCS and deployment pay issues
- ◆ Changes in dependent status
- ◆ Starting and stopping allotments
- ◆ Too many allotments
- ◆ Government travel card or credit card misuse
- ◆ TA funds repayment
- ◆ Non-payment of Military Star Card

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

#### SECTION BACKGROUND INFORMATION

Occasionally, you may have a problem regarding your pay:

- 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 your government travel card or credit card for items such as: book and magazine subscriptions, membership fees, training and conference fees, higher education expenses, theme parks, management consulting services, automobile purchases; car repairs and services, clothing, lingerie, outerwear, shoes and furniture, hair services, cosmetics, tattoos and massages, emergency medical services, office supplies, computers, televisions or digital equipment, any service or product obtained for personal, family or household purposes, excessive cash advances not commensurate with official travel, charges while not in an official travel status.
- Repayment of TA funds is required. You are required to pay back for: failing (F) grades, non-passing (N) grades, incomplete (I) grades in effect longer than six months, non-reimbursable fees paid for canceled courses, and voluntary withdrawal (W) grades.
- Non-payment of Military Star Card resulting in garnishment of pay.

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## STANDARDIZED CURRICULUM

### SLIDE 37: SOLUTIONS



#### INSTRUCTOR NOTES:

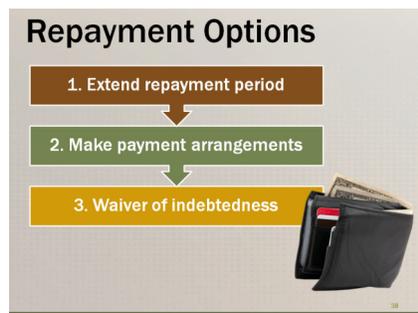
Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

Here are some tips to avoid pay problems sneaking up on you:

- Monitor your LES monthly.
- Update information on myPay and notify IPAC immediately when there is a change in family status (marriage, birth, death, divorce).
- 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.
- Do not use government credit cards for unauthorized expenses, as mentioned above.

### SLIDE 38: REPAYMENT OPTIONS



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

If you receive pay or allowances to which you are not entitled, the government will recover the money. Ideally, you would be instructed to set aside any money received to which you are not entitled. In reality, however, the money is often spent, and when the government recoups the money, it becomes a financial hardship for the Marine. There are limited options to you when a government indebtedness repayment will create a hardship.

**Extend the repayment period:** Contact disbursing or DFAS to arrange for a longer repayment period. You will need to explain your situation and may need command backup for the reasons why you need more time to pay.

**Make payment arrangements:** Again, contact DFAS or disbursing to see if an arrangement can be made that is more favorable to your financial situation.

**Waiver of Indebtedness:** This allows a bit of breathing room to sort out your finances. All pay and allowances

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return to their original amount for a period of time. This is a complicated form and must be approved by the command. This is not to be taken lightly. The indebtedness issue must be resolved, but this extra time can provide you with an opportunity to work out a repayment plan that is easier on your budget. You must act quickly to stop funds from being deducted from your pay.

### SLIDE 39: WAGE COMPARISON



#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

While you are in the military you may wonder how your pay would compare with your civilian counterparts.

An April 2010 report by the Government Accountability Office (GAO) on active duty military compensation shows how a Marine's pay and other benefits compares to a civilian job.

The basis for a Marine's compensation is regular military compensation which consists of basic pay, housing allowance, subsistence allowances, and federal income tax advantage. Specifically, the amount of cash compensation that a Marine receives varies based on rank, time of service and dependency status.

Beyond regular military compensation, some Marines may, depending on the conditions of their service, receive one or more of the authorized special and incentive pays and the combat zone tax exclusion. A Marine's paycheck can vary and fluctuate based on factors such as deployment to combat zones, receipt of re-enlistment or extension bonuses, or other changes to their duty conditions. Other benefits that add to a Marine's total compensation range from family health care coverage and education assistance to installation-based services such as child care, youth and family programs. To explain its pays and the value of its benefits, DOD provides active duty Marines with an annual statement of military compensation.

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### SLIDE 40: WAGE COMPARISON

#### Pay Comparison Single LCpl Over 3

Marine Corps Pay		Civilian Pay (\$21/hr)	
Base pay	\$1923.00	Base pay	\$3665.87
BAH	1419.00		
BAS	323.87		
Taxes	-233.17	Taxes	-674.54
FICA	-147.11	FICA	-280.44
		SDI	-40.33
		Medical	-183.00
NET PAY	\$3285.59	NET PAY	\$2487.56
			<798.03>

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

This slide compares the pay of a single lance corporal with more than three years of service to that of a civilian receiving pay of \$21 per hour working 40 hours per week. Marines receiving base pay, BAH and BAS at the single rate in this example receive nearly \$800 per month more than their civilian counterpart. Notice on this slide the amount of medical insurance the civilian counterpart has deducted from his monthly pay.

### SLIDE 41: WAGE COMPARISON

#### Pay Comparison Single LCpl Over 4

Marine Corps Pay		Civilian Pay (\$25/hr)	
Base pay	\$2414.40	Base pay	\$4391.27
BAH	1653.00		
BAS	323.87		
Taxes	-329.86	Taxes	-935.21
FICA	-184.70	FICA	-335.93
		SDI	-48.30
		Medical	-183.00
NET PAY	\$3876.71	NET PAY	\$2888.83
			<987.88>

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

On this slide, a comparison of a single lance corporal with more than four years of service to a civilian making \$25 per hour shows a difference of nearly \$1,000. Notice the difference in taxes and FICA paid to these two individuals. Taxes and FICA are calculated from base pay. The civilian counterpart pays around \$750 more in taxes and FICA.

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## STANDARDIZED CURRICULUM

### SLIDE 42: WAGE COMPARISON

#### Pay Comparison Married GySgt Over 12

Marine Corps Pay		Civilian Pay (\$36/hr)	
Base pay	\$3699.00	Base pay	\$6230.87
BAH	2208.00		
BAS	323.87		
Taxes	-422.62	Taxes	-954.31
FICA	-282.97	FICA	-476.66
		SDI	-68.54
		Medical	-467.00
NET PAY	\$5525.28	NET PAY	\$4264.36
			<1260.92>

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

A married gunnery sergeant with more than 12 years of service receives a net pay of \$5,525.28. His civilian counterpart who is receiving \$36 per hour has a net pay of \$4,264.36. Notice on this slide the amount of medical insurance paid to cover the married civilian of \$467 that is deducted from the pay. The difference of \$1,260.92 per month is a substantial amount.

### SLIDE 43: WAGE COMPARISON

#### Pay Comparison Single Capt Over 8

Marine Corps Pay		Civilian Pay (\$44/hr)	
Base pay	\$5373.90	Base pay	\$7681.94
BAH	2085.00		
BAS	223.04		
Taxes	-1328.75	Taxes	-2305.79
FICA	-411.10	FICA	-587.67
		SDI	-84.50
		Medical	-206.00
NET PAY	\$5942.09	NET PAY	\$4497.98
			<1444.11>

#### INSTRUCTOR NOTES:

Discuss the points on the slide using the information in the column to the right.

### SECTION BACKGROUND INFORMATION

The comparison between a single captain with more than eight years of service is more than \$1,400 in this calculation. Notice the difference in taxes and FICA. The Marine is taxed on his base pay of \$5,373.90, and the civilian counterpart who makes \$44 per hour is taxed on base pay of \$7,681.94. The amount of taxes and FICA are more than \$1,100.

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### SLIDE 44: RESOURCES

**Resources**

- Command Financial Specialist
- Marine Corps Community Services
- Local Disbursing Office
- Base Legal Services Office
- TRICARE Health Benefits Advisor
- Navy-Marine Corps Relief Society

#### INSTRUCTOR NOTES:

1. Discuss the points on the slide using the information in the column to the right.
2. Tell the learners that on the back of the “Military Compensation Checklist” handout is a list of helpful websites.

### SECTION BACKGROUND INFORMATION

There are many resources available to help you with your military benefits. In addition to the list of websites on your handout, you can see these people for assistance:

- Command Financial Specialist
- Marine Corps Community Services
- Local disbursing office
- Base Legal Services Office
- TRICARE health benefits advisor
- Navy-Marine Corps Relief Society

### SLIDE 45: SUMMARY

**Summary**

1. The Military Pay System
2. Allowances
3. Allotments and Deductions
4. Non-cash Benefits
5. myPay and MOL
6. Other Pay Issues
7. Wage Comparison

Good financial planning starts with adequate income. Know what you are entitled to because... Your pay is your responsibility!

#### INSTRUCTOR NOTES:

1. Distribute the “Session Evaluation” handout to participants. Ask that they complete it and return it to you before they leave.
2. Recap the discussion you’ve had during the session.
3. Answer any remaining questions.

### SECTION BACKGROUND INFORMATION

You should now feel better informed about what compensation you are entitled to receive and how to resolve any issues that arise regarding your pay.

Remember that good financial planning starts with adequate income.

Your pay is your responsibility!

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