

Financial Moves for Military Families

Military families face many challenges — one of which is the need to build and manage their financial resources. If you are connected to the military, either as an active member or as part of a family, what are some of the issues you face? And what opportunities are available to you?

To begin with, when trying to save and invest for retirement, military families encounter two main difficulties. First, many military service members don't remain in the armed forces long enough to earn a pension. And second, because military families move around so much, military spouses often don't stay at a job long enough to become eligible to receive employer contributions to retirement plans or to become vested in these plans.

However, military spouses who couldn't fully participate in employer-sponsored retirement plans in the past now have a new opportunity. As part of 2022 legislation known as SECURE 2.0, small employers — defined as having 100 or fewer employees earning at least \$5,000 in annual compensation — can receive a tax credit of up to \$500 for three years if they make military spouses eligible for a defined contribution plan, such as a 401(k), 403(b), SEP IRA and SIMPLE IRA. The credit is available for the year in which the military spouse is hired, plus the two following taxable years.

Spouses' contributions to retirement plans can certainly be one part of the retirement income picture for military families. But military members may also want to contribute to the Thrift Savings Plan, which functions much like 401(k) plans in the private sector. Specifically, if you're in the military, you can make pre-tax contributions, or after-tax (Roth) contributions, or both. By visiting the Thrift Savings Plan's website at www.tsp.gov,

you can learn about investing in the plan, and you can find tips on various life events, such as buying a house.

Another savings opportunity is available for military personnel who have served in designated combat zones. If you're eligible, you can deposit up to \$10,000 and receive a 10% interest rate — an amount far above the rates typically paid by traditional savings accounts and even high-yield savings accounts. You can learn more about this program at www.dfas.mil/MilitaryMembers/sdp/.

And you may also be able to gain valuable financial benefits for education through the Post-9/11 GI Bill. Even if you're a veteran who doesn't plan to go back to school, you may be able to transfer the GI Bill's benefits to your spouse or child. To find out more about this program, go to www.va.gov and hit the "apply for education benefits" link.

Finally, health insurance is another financial issue that military personnel and their families need to consider. If you're still on active duty, you have to enroll in TRICARE, and if you're veteran, you are likely still eligible for TRICARE coverage, along with your VA benefits. But there are different TRICARE options available, so you'll want to find the plan that's right for your needs. To familiarize yourself with what's available, visit www.tricare.mil.

By making the right financial moves, military families like yours can go a long way toward achieving the dignity and security you deserve. Make sure you're exploring all your opportunities.

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