

Command Financial Specialists

Identity Theft

Thrift Savings Plan (TSP)

- *What is TSP?*
- *How does TSP work?*
- *How will this impact my taxes?*
- *Is this the same thing as military retirement pay?*
- *What's the difference?*
- *How much may I contribute?*
- *How are my contributions invested?*
- *How do I control where the money goes?*
- *Can I withdraw money before I leave the military?*
- *What happens to this money after I leave the military?*
- *Is there a penalty for early withdrawal?*
- *This seems complicated. Can anyone explain it to me?*
- *How do I enroll?*
- *When may I enroll?*
- *Where do I find more information?*

Military Saves Week

- *Why should I join?*
- *Who is eligible?*

Predatory Lending Resources and Links

Command Financial Specialists

Command Financial Specialists (CFS) are members of the military who has been appointed by the commanding officer to provide financial education and training, counseling and information referral at the command level. Command Financial Specialists are trained to establish, organize and administer the command's personal financial management (PFM) program. The CFS should be the first stop for the Military member who has questions or issues about financial readiness.

The OPNAV Instruction 1740.5B regulation outlines the responsibilities and functions of the CFS. The CFS should meet the following qualifications:

- Minimum pay grade will be E6 for enlisted; W2/O1 for officers.
- Be highly motivated and financially stable. Meet screening criteria for financial stability, as determined by examination of debt to income ratio and review of most current credit reports.
- Demonstrate competency in public speaking/facilitator forums.
- Be designated, in writing by the Commanding Officer as outlined in OPNAVINST 1740 series.
- Successfully complete the CFS training course provided by an authorized Family Center using CFS Training Courseware developed by Commander, Navy Installations (CNI) (N21) and Naval Education and Training Command (NETC).
- Have at least one year remaining onboard present command at time of CFS course.
- Participate in continuing education including, but not limited to, periodic CFS forums and CFS refresher training at least every three years.

Identity Theft

- Identity theft is the fastest growing crime in America. More than 9.9 MILLION victims were reported last year, according to a Federal Trade Commission survey! What is identity theft? Identity theft is a crime in which an imposter obtains key pieces of your personal information, such as your Social Security Number or driver's license number, and uses it for his or her own personal gain. The Federal Trade Commission has a website that will provide you with tools and resources to protect you from identity theft or help you if your identity has been stolen: www.ftc.gov/idtheft.
- In October 1998, Congress passed the Identity Theft and Assumption Deterrence Act of 1998 (Identity Theft Act) to address the problem of identity theft. Specifically, this Act makes it a federal crime when anyone knowingly transfers or uses, without lawful authority, a means of identification of another person with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or local law.
- Identity theft is a serious crime. People whose identities have been stolen can spend months or years—and their hard-earned money—cleaning up the mess thieves have made of their good name and credit record. In the meantime, victims may lose job opportunities, are refused loans, education, housing or cars, or even get arrested for crimes they didn't commit. Learn how to minimize your risk or recover from identify theft. Go to the Support Center for help with CNIC applications and the website.

Thrift Savings Plan (TSP)

One of the basic needs of living independently is the need to have a sound financial plan. The sooner you begin following a financial plan, the better off you'll be. Today is not too soon to start thinking about your financial future. Even if you've only been in the Navy a few months, you can - and should - be making plans for your eventual retirement. There are countless financial plans available to Sailors who wish to seek them. One of the easiest plans to get started with is the Thrift Savings Plan. If you don't already have a sound financial plan, TSP is a good place to start. Investing in your future doesn't take a large amount of cash, so even if you are on a budget you can benefit from TSP.

What is TSP?

The Thrift Savings Plan (TSP) is a savings and investment plan, similar to a civilian 401(k). The purpose of TSP is to provide additional retirement income. You don't pay federal (and, in most cases, state) income taxes on your contributions or earnings until you withdraw the money - usually at retirement, when you are in a lower tax bracket.

How does TSP work?

Military have the flexibility to contribute as little as 1 percent of your base pay - plus any amount of incentive or special pay, including bonus pay. Your TSP contributions are taken out of your pay before taxes are computed. You can diversify your TSP investments among five different investment funds.

How will this impact my taxes?

The money you invest in TSP is taken out of your pay before federal income tax and, in many cases, state income taxes are calculated. It's called a before-tax contribution. The result is that the amount used to calculate your taxes each year is smaller; therefore, you pay less in taxes.

Is this the same thing as military retirement pay?

No. This is an investment plan, not a traditional benefit. The money you contribute to TSP and any earnings on that investment are yours to keep - even if you do not serve the 20 years usually necessary to receive military retirement pay. This does not replace your retirement benefit. Think of it as an additional investment toward your retirement.

What's the difference?

Military retirement pay is a defined benefit program. The benefit you receive is based on how many years you served and your rank at the time of retirement. It has nothing to do with contributions and earnings. TSP, on the other hand, is a defined contribution plan. The amount of money in your TSP account is determined by how much you contribute to the plan during your working years and the earnings on those contributions.

How much may I contribute?

Active duty military may contribute a percentage of their base pay earned each month. In addition, you may contribute up to 100 percent of any bonus, special or incentive pay you receive.

How are my contributions invested?

You can invest any portion of your TSP account in five investment funds: Government Securities Investment (G) Fund; Fixed Income Investment (F) Fund; Common Stock Index Investment (C) Fund; Small Capitalization Stock Index Investment (S) Fund; and International Stock Index Investment (I) Fund. There are also 5 Life Cycle funds which invest according to the timeline you expect to need to withdraw funds. To find out more about these funds, set up an appointment with a Financial Educator (FE) at the FFSC, talk to your Command Financial Specialist (CFS) or visit the TSP Web site.

How do I control where the money goes?

Upon receipt of your first contribution, TSP will send you an introductory letter and a Personal Identification Number (PIN). Once you receive your PIN, you will be able to use the TSP Web site to allocate your contributions in any of the five investment funds. If you do not indicate otherwise, TSP will invest your contributions in the G Fund.

Can I withdraw money before I leave the military?

Generally, no. This is a long-term retirement savings plan. However, the law grants two exceptions for in-service withdrawals. You can do it if you're age 59 or older, or if you can document financial hardship. Talk to a Financial Educator or Command Financial Specialist. The TSP loan program might provide a better option.

What happens to this money after I leave the military?

You've got a few options. After separation, you may choose to leave your money in TSP. You may also transfer all or a portion of your account to another retirement plan such as an IRA or 401(k). Or you can purchase a TSP annuity.

Is there a penalty for early withdrawal?

Yes. Again, this is money for your retirement, not for your mid-life crisis Jaguar. While you're in the service, any money you withdraw before age 59 for financial hardship is subject to the IRS' 10 percent early withdrawal penalty, plus regular income tax. If you separate from the military before age 55, you can transfer your TSP money to a traditional IRA or eligible employer plan, like a 401(k), without penalty. If you separate from the military at age 55 or older, your withdrawal will not be subject to penalty.

This seems complicated. Can anyone explain it to me?

Yes. Visit your FFSC and talk to a Financial Educator or talk to your Command Financial Specialist.

How do I enroll?

TSP enrollment forms are available at your local FFSC, Personnel Support Detachments (PSD), Ships Personnel Office, Reserve Center or online at the [TSP Web site](#). Fill out the form, and turn it in to the servicing pay or personnel office. You may also enroll online through the [MyPay Web site](#).

When may I enroll?

Active duty can start, stop, or change your contributions at any time. Your TSP election will stay in effect until you submit another election or until you separate from the uniformed services. Consequently, if you elect to contribute from bonus pay, your election will cover future installments or any other bonus pay to which you become entitled until you specify otherwise. (This form only applies to regular contributions. If you are age 50 or older and want to make catch-up contributions, use Form TSP-U-1-C, Catch-Up Contribution Election.)

Where do I find more information?

For more information about TSP, set up an appointment with your local Personal Financial Manager, talk to your Command Financial Specialist or visit the [TSP Web site](#).

Military Saves Week

What is Military Saves?

Military Saves is a social marketing campaign to persuade, motivate, and encourage military families to save money every month, and to convince leaders and organizations to be aggressive in promoting automatic savings. The campaign is a growing network of organizations and individuals committed to helping and supporting military members and their loved ones build personal savings arsenals to provide for their immediate and long term financial needs.

Military Saves was developed and tested by its non-profit sponsor, Consumer Federation of America (CFA) and the military services from 2003 to 2006 and launched throughout the Department of Defense (DoD) on February 25, 2007. It is part of two larger campaigns -- the DoD Financial Readiness Campaign, and the national America Saves campaign.

For the last several years, the last week of February has been designated as Military Saves Week throughout Department of Defense. While it is an ongoing campaign, the entire military community comes together to focus on financial readiness during Military Saves Week.

The campaign's lifeblood is in its partners, organizations that see the value in working together to empower members, employees, customers, and clients to become financially stable through saving, debt reduction, and wealth-building over time.

Why should I join?

You'll be a part of a global movement dedicated to personal financial stability. Financial stability is about a lot more than knowledge -- it takes consistent action over time. Most of us do better when we have a supportive environment. Military Saves is a campaign to make every military community that supportive environment. When enough military members, civil servants, contractors, retirees, other veterans, family members, military organizations, private organizations, and companies belong to Military Saves, the entire military culture will be changed. The U.S. Armed Services will have become a saving community!

"Military Savers" are encouraged to start saving whatever amount they are comfortable with (even if just \$20.00 a month). Suggested goals to consider include saving 1 to 3 months worth of net income in an Emergency Savings Account, and / or establishing a retirement savings plan using tools such as TSP or an IRA account.

In a saving community, people encourage each other to save money regularly and habitually. They discourage excessive spending on non-necessities. Financial institutions help people save by offering incentives and other perks. Systems change to favor saving over not saving.

All over America people just like you are proving that you don't have to be rich to build wealth. As members of Military Saves, they are paying off their debts, and saving to reach their financial goals. We can help with tips and tools to help you set goals, develop strategies to reach those goals, and to start saving. So what are you waiting for? [Enroll in Military Saves](#) and start making your dreams a reality.

Who is eligible?

Active duty, National Guard and Reserve service members, DoD civilians, retirees, veterans, defense contractors, and family members of all ages. Anyone interested may contact their Command Financial Specialist or local Fleet and Family Support Center to learn more about Military Saves.

Predatory Lending

Payday Lending (sometimes called a "cash advance") is the practice of using a post-dated check or electronic checking account information as collateral for a short-term loan. To qualify, borrowers need only personal identification, a checking account, and income from a job or government benefits, like Social Security or disability

payments. Research shows that the payday lending business model is designed to keep borrowers in debt—not to provide one-time assistance during a time of financial need.

For information, visit the [Federal Trade Commission website](#).

Signs of a Predatory Payday Loan

Before you fall victim, check out the typical warning signs of a predatory payday loan. Remember, it's your money and someone else wants a "large piece" of it. Protect yourself and your family.

- I. **Triple digit interest rate**
Payday loans carry very low risk of loss, but lenders typically charge fees equal to 400% APR and higher.
- II. **Short minimum loan term**
75% of payday customers are unable to repay their loan within two weeks and are forced to get a loan "rollover" at additional cost. In contrast, small consumer loans have longer terms.
- III. **Single balloon payment**
Unlike most consumer debt, payday loans do not allow for partial installment payments to be made during the loan term. A borrower must pay the entire loan back at the end of two weeks.
- IV. **Loan flipping** (extensions, rollovers or back to back transactions)
Payday lenders earn most of their profits by making multiple loans to cash-strapped borrowers. 90% of the payday industry's revenue growth comes from making more and larger loans to the same customers.
- V. **No consideration of borrower's ability to repay**
Payday lenders encourage consumers to borrow the maximum allowed, regardless of their credit history. If the borrower can't repay the loan, the lender collects multiple renewal fees.

Resources and Links

- **Auto Safety**
www.nhtsa.dot.gov (National Highway Traffic Safety Administration)
- **Banks**
www.occ.treas.gov (Complaints about banks)
- **Better Business Bureau**
www.bbb.org
- **Car Buying**
www.consumerreports.org (Car prices, quality)
- **Charities**
www.give.org (BBB Wise Giving Alliance)
- **Consumer Financial Protection Bureau**
<http://www.consumerfinance.gov/>
- **Credit Report**
www.annualcreditreport.com
- **Government Agencies**
www.ftc.gov (Federal Trade Commission)
www.fdic.gov (Federal Deposit Insurance Corporation— handles questions about deposit insurance coverage and complaints about FDIC-insured state banks, which are not members of the Federal Reserve System.)
- **Identity Theft**
www.ftc.gov/idtheft
- **Military Saves**
[Military Saves Website](#)
- **Retirement**
Social Security Administration: www.ssa.gov
Thrift Savings Plan: www.tsp.gov
- **Taxes**
Internal Revenue Service: www.irs.gov