

# Managing Your Finances Po

# Managing Your Finances Post-Deployment

## Review and Update Your Financial Plan

- Review and re-establish your budget
  - Make adjustments in income amounts, increases in expenses, and your current financial situation
- Update your financial plan
  - Review and make adjustments to goals; add new goals and objectives
- Review and/or re-start insurance policies
  - Re-establish appropriate levels of coverage; shop around for the best value
- Postpone major purchases
  - Wait until you have a handle on your finances.

## Key Documents and Accounts to Review

- Credit report
- Power of attorney
- Other legal directives
- Insurance policies
- Military pay account
- Bank and Investment accounts

## Savings Deposit Program (SDP) Withdrawal

- You cannot close your account until you have left the combat zone, although your money will continue to draw interest for 90 days once you have returned home or to your permanent duty station. Your allotment will stop upon your departure from the combat zone.
- Your account will be closed, and all funds will be returned to you via direct deposit 120 days after leaving the combat zone.
- If your account contains more than \$10,000, you or your spouse can make quarterly withdrawals for the amount over \$10,000. The \$10,000 remains in the account until your eligibility terminates and the you withdraw the remaining funds in entirety.
- If you want your funds before the 120-period ends, your myPay account provides an automated request options for SDP participants. You can also request withdrawal by email, fax, or mail through DFAS.
- Funds will be transferred electronically to the direct deposit account on record but may be deposited in another account you identify or by hard copy check, if you request.

## Combat Zone Tax Exclusion

### Federal Taxes:

- Enlisted members and warrant officers:
  - All military pay, including hostile fire or imminent danger pay, is excluded from gross income
- Commissioned officers:
  - The monthly exclusion is capped at the highest enlisted pay, plus any hostile fire or imminent danger pay received
- Military pay earned while hospitalized as a result of wounds, disease, or injury incurred in the combat zone

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## Different Types of Excluded Pay

- Enlisted personnel, warrant officers, and commissioned warrant officers can exclude the following amounts from their income:
  - Active-duty pay earned in any month you served in a combat zone.
  - Imminent danger/hostile fire pay.
  - A reenlistment bonus if the voluntary extension or reenlistment occurs in a month you served in a combat zone.
  - Pay for accrued leave earned in any month you served in a combat zone. The DoD must determine that the unused leave was earned during that period.
  - Awards for suggestions, inventions, or scientific achievements you are entitled to because of a submission you made in a month you served in a combat zone.
  - Student loan repayments that are attributable to your period of service in a combat zone (provided a full year's service is performed to earn the repayment).

## Roth TSP in a Combat Zone Tax Exclusion (CZTE) Area

- Marines deployed to a combat zone can re-channel all retirement contributions to a Roth TSP and NEVER pay income tax on the contributions or the earnings on it...NEVER.
- Normally, the Marine is limited on the amount you can contribute to Roth TSP. The annual Elective Deferral Limit for 2019 it is \$19,000. This applies to combined total of traditional and Roth contributions. Marines deployed to a CZTE zone can redirect all retirement contributions to a Roth TSP via the annual additions limit.
- CZTEs are areas that POTUS designates by Executive Order as an area in which the US Armed Forces are engaging in combat. You do that by electing TSP's traditional contributions for any amount over the elective deferral limit up to the annual additions limit (for 2019 it is \$56,000) This limit includes all contributions (tax-deferred, after-tax, and tax-exempt), Agency/Service Automatic (1%) Contributions, and Matching Contributions. For 415(c) purposes, working for multiple Federal agencies or services in the same year is considered having one employer.
- **PRE - DEPLOYMENT:** Before deployment, you should go to myPay and suspend contributions to the TSP. Now ramp up the ROTH TSP contributions to \$19,000 elective deferral limit. Any amounts over will go into the Traditional TSP.
  - Caution: If you participate the Blended Retirement System (BRS) please talk with your Personal Financial Manager (PFM) and Command Financial Specialist (CFS). You want to be sure that you do not miss out on matching funds because of not making contributions.
- **POST DEPLOYMENT:** Once you have returned from deployment, review your finances. Ask yourself if you continue to invest or contribute this amount of my monthly income at this level. The answer may be...no. In that case, dial it down. Strike a balance. A general best practice is to invest at least enough to max the match in TSP at 5%.

- Roth Contributions can be withdrawn as tax-free earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased.
- Seek professional financial assistance from your Installation's PFMP Program.

## Income Tax Extensions

- All deadlines related to income taxes are extended if you served in a combat zone or a qualified hazardous duty zone.
- This extension covers both the member and the spouse (even if filing separately).
- Members deployed to a combat zone or deployed in support of contingency operations receive an automatic extension for filing and payment of any taxes owed until 180 days after returning from the combat zone.
- Members living outside the U.S., but not deployed to a combat zone or not in support of contingency operations receive an automatic two-month extension to file.
- Any military member may file IRS Form 4868 before the last day of the tax season to receive a six-month extension to file.