



Managing Family Finances During Military Deployment

Preparing for Changes in Pay, Unexpected Expenses, and Financial Emergencies

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When Payday Isn't Quite Enough

The good news about military service is that payday always comes around. The bad news, particularly for young military families, is that sometimes there is more month left at the end of the paycheck.

Deployment can complicate that familiar problem. While a soldier or sailor is thousands of miles from home, the family must continue paying its bills, maintaining the household, and coping with unexpected expenses. The automobile has no sympathy for military orders, and a broken water heater is unlikely to wait until the deployed spouse returns.

I discuss the fundamentals of household budgeting in my article "**Financial Planning for Military Families**," included in the *Military Family Life* section of this collection. Here, however, I want to concentrate on the financial circumstances peculiar to deployment.

The objective is simple: arrange the family's finances so that money problems do not become another burden during an already stressful separation.

Start With What You Know

Military compensation is generally predictable, although deployment may change the amount deposited into the family checking account. Before departure, both spouses should review the service member's Leave and Earnings Statement (LES). Determine the regular take-home pay, recurring deductions, allotments, and any changes expected during deployment.

Certain assignments may qualify for additional compensation, including Family Separation Allowance, hostile fire or imminent danger pay, and other special entitlements. Qualifying combat-zone service may also provide federal income tax benefits.

However, **not every deployment qualifies for these payments or tax advantages.** Eligibility depends upon the assignment, location, and applicable regulations.

Ask the unit's administrative or finance office which entitlements apply, when they should begin, and when they will end. Avoid committing additional money to household expenses until the expected changes actually appear in the pay statement.

Prepare a Deployment Spending Plan

A deployment spending plan should account for both the family's expenses at home and the service member's needs overseas. Begin with predictable expenses: housing, utilities, insurance, automobile payments, childcare, groceries, and other recurring obligations. Some costs may decline during deployment, but others can increase. Additional childcare, transportation, or household assistance may offset whatever savings result from having one fewer adult at home.

Next, establish a reasonable allowance for unexpected expenses. Automobile repairs, appliance failures, and medical or household emergencies do not disappear because a family member is deployed.

The deployed spouse may also need money for personal necessities, communications, recreation, and occasional purchases. Agree beforehand on how those expenses will be handled.

Finally, decide how any additional deployment income will be used. Some families may choose to reduce debt or increase savings. Others may set aside money for a family vacation after homecoming. The important thing is to make those decisions together rather than allowing extra income to disappear through unplanned spending.

Make the Household Financially Independent

One of the most important preparations is ensuring that the spouse at home can manage the family's finances without unnecessary obstacles. Both partners should understand which accounts pay the bills, when payments are due, and how to access financial records. Review account ownership, payment arrangements, and any authorization needed to conduct business while the service member is away.

Automatic bill payments can be especially useful, provided sufficient funds remain in the account and someone monitors transactions regularly. A deployment is also an excellent time to review account security, contact information, and procedures for reporting suspicious activity.

Do not assume that marriage alone grants access to every financial account or authority to complete every transaction. Confirm those arrangements with the financial institutions involved.

Prepare for Murphy's Law

Before departure, consider preventive maintenance on the family automobile, heating and cooling equipment, and major household appliances. You cannot prevent every breakdown, but replacing worn tires or repairing a troublesome furnace before deployment may spare the family an expensive emergency later.

Maintain a list of dependable repair services and trusted contacts. Establish an emergency fund that the spouse at home can access immediately. If a serious financial problem develops, military families may be eligible for assistance through organizations such as Army Emergency Relief, the Navy-Marine Corps Relief Society, or the Air Force Aid Society.

These organizations may provide emergency assistance according to their eligibility requirements. Knowing where to seek help before an emergency occurs is considerably better than searching for assistance afterward.

Take Care of Taxes and Legal Authority

Deployment can complicate income tax filing, especially when the service member is overseas during the filing season.

Before departure, organize tax records and determine who will prepare and submit the family's return. Military families may qualify for free tax assistance through Military OneSource's MilTax program or installation tax assistance services.

Some service members serving in qualifying combat zones receive special automatic extensions for filing and paying federal income taxes. Other taxpayers may request an ordinary filing extension using IRS Form 4868.

If one spouse needs authority to handle tax matters for the other, obtain appropriate guidance. IRS Form 2848 authorizes eligible representatives to act before the IRS; it is not a substitute for every type of power of attorney. A properly drafted military or civilian power of attorney may be needed for other financial transactions.

The installation legal assistance office can help service members understand which documents are appropriate.

For more detailed information, see my article **"Income Taxes and Military Families: What Every Service Member Should Know."**

Review Insurance and Beneficiaries

Before deployment, review life insurance coverage, beneficiary designations, and emergency contact information.

Servicemembers' Group Life Insurance (SGLI) provides life insurance coverage to eligible military personnel. Service members can review coverage and beneficiary information through the SGLI Online Enrollment System.

Make sure the designated beneficiaries reflect current family circumstances. Marriage, divorce, the birth of a child, or the death of a previously designated beneficiary may require updates.

The service member should also review DD Form 93, the Record of Emergency Data. This document serves purposes separate from SGLI beneficiary designations, so updating one does not automatically update the other.

These are unpleasant matters to contemplate before deployment, but responsible financial preparation includes protecting the family against circumstances everyone hopes will never occur.

Don't Forget the Homecoming

A successful deployment financial plan should extend beyond the anticipated return date.

Additional deployment-related compensation may stop when eligibility ends, and the family's spending patterns will change as the service member returns home. Recalculate the household budget rather than assuming that deployment income will continue.

If possible, set aside something for the reunion. A modest vacation, a special family outing, or simply a few days together can provide a welcome reward after months of separation.

However, resist the temptation to celebrate with major purchases that leave the family struggling financially after the excitement subsides.

Financial Preparation Is Family Preparation

Military deployment places enough strain upon families without adding avoidable financial uncertainty.

A little advance planning can make a considerable difference. Understand the compensation, establish access to accounts, prepare for emergencies, review insurance and legal documents, and agree on how money will be managed during separation.

Above all, remember that the spouse remaining at home must have the authority and resources to keep the household functioning independently.

The deployed service member has an important mission to accomplish. The family at home has one, too.

Good financial preparation allows both to concentrate on those responsibilities without wondering whether the next unexpected bill will become a crisis.