BUILDING WEALTH

Time To Plan For Your Future

A GUIDEPOSTS OUTREACH PUBLICATION

Guideposts

Guideposts, founded by Dr. Norman Vincent Peale and his wife, Ruth Stafford Peale, in 1945, is a nonprofit interfaith ministry dedicated to helping people from all walks of life achieve their maximum personal and spiritual potential. Its inspirational products and programs spring from two major beliefs: that true stories are a powerful way to motivate people to lead better lives and that faith in God can be strengthened by applying spiritual truths to daily life.

Guideposts strives to fulfill our mission by providing inspirational publications free of charge to hospitals, nursing homes, churches, military personnel, correctional facilities and other organizations that serve the public. In addition, we invite readers to send us their prayer requests–by mail, by phone or via the Internet. Every working day, Guideposts staff and volunteers pray for those requests by name and need.

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DoD photo by Spc. Kayla F. Benson, U.S. Army/Released

The starting point of all achievement is desire.

—Napolean Hill

Investing Basics

Understanding Wealth

"Having money" and "building wealth" are two different things. Having an income is great… it pays the bills… but that's money that goes into your pocket and right back out. Wealth is things like savings, property, and investments. It's resources you can use to create and take advantage of opportunities in life.

And that's why building wealth usually doesn't happen overnight, or in a year, or even three years. It's a series of steps that you take over time. The steps are simple to explain, but a lot harder to do. You have to discipline yourself to make wealth-building a lifelong pattern. If you do, you'll keep getting better at it as time goes on.

What Is Investing?

Putting money in a savings account is one way to make it grow. Investing is another.

The main idea behind investing is to put money you've saved into things you think will go up in value over time. Things like stocks, or bonds, or real estate. The trick is to buy when the price is low, then try to sell when the price is high. That's how you make a profit.

One big difference between saving and investing is that investing always involves risk. If the value of your investment goes up, you could earn more than you would in a savings account. But if the value goes down, you could lose some or even all of your money. That's why you should never invest money that you can't afford to lose.

And that's why before you invest, we want to make sure you know the basics of investing and how it works.

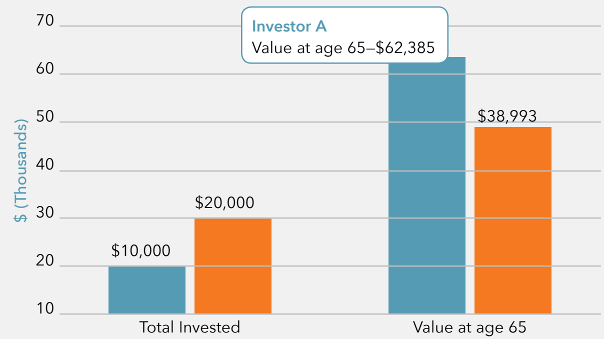
Start As Early As You Can

To take advantage of the power of compounding, it pays to start investing as soon as you can. Compounding is the addition of interest on interest already earned or charged. The earlier you start, the easier it can be to achieve your financial goals.

Let's look at an example. Investor A invested $1,000 per year for 10 years, beginning at age 30. Investor B also invested $1,000 per year, but began at age 45 and did so for 20 years.

Even though Investor A saved less money—half as much as investor B—Investor A had more money—over 50% more—at the time of retirement, all because of starting earlier.

Investor	A	B
Begins savings at age:	30	45
Savings:	$1,000 per year for 10 years	$1,000 per year for 20 years
Value at age 65:	$62,385	$38,993



Putting Time On Your Side

Although Investor A invested significantly less than Investor B, the extra years of compounding interest are what boosted Investor A's bottom line.* Investor B will now have to save considerably more to catch-up. This is the cost of waiting, a cost that quickly adds up. It doesn't matter what age you are—

*Based on an average rate of return of 6% and compounded annually.

more time is on your side if you start saving for retirement today.

The results presented are hypothetical and may not reflect the actual growth of your own savings or investments. These values assume all dividends and earnings are reinvested and no withdrawals are made. The chart does not factor in fees or taxes which would reduce the overall value.

The Rule of 72

Here's a helpful way to estimate the amount of time or the interest rate you would need to double your money on savings or an investment. It's called "The Rule of 72."

72 / interest rate =
Years to double your money

Let's say you have an investment that's earning 8% per year. Start with the number 72 and divide it by the interest rate, eight. Seventy-two divided by eight equals nine. This means it would take about nine years for your original investment to double. Try another example for yourself.

The Rule of 72 may help you determine the appropriate level of funding for your investments. ■

Get Started With Investing

Ready To Invest?

Learn the basic guidelines for smart investing and how to get started. Most financial advisors say you're ready to invest if you have:

1. Enough savings to cover three to six months of expenses
2. Debts low enough that you can comfortably pay them

Before you start to invest, be sure you're prepared to cover your expenses in case of an emergency, a sudden illness, or if your spouse loses a job. To get started with investing, it can be helpful to work with professionals. Start with your financial institution—many offer investment products and guidance.

How To Get Started With Investing

Want to start investing? Here are the first five steps to take.

1. **Cover your expenses.** Make sure your expenses and debts are manageable so you can comfortably pay them. Set aside enough money in your savings account to cover three to six months of expenses.

2. **Set goals.** Make an investing plan. List your financial goals and how much time you have to reach them.
3. **Weigh risk.** Determine how much risk you are comfortable taking.
4. **Determine mix.** Decide on the mix of investments you want to maintain in order to reach your goals.
5. **Decide how much money.** Determine how much money you will invest every month and make a commitment to follow through.

Guidelines For Smart Investing

Always research before you invest. Base your decisions on facts, not emotions. Consider seeking guidance from investment professionals.*

Diversify. Divide your money among different types of investments to reduce your risk. Have a balance of different types of investments in a variety of companies and industries—and you may want to consider diversifying your portfolio globally as well.

*The material provided is for information only and is not intended to provide specific investment advice to any individual for any particular purpose. For advice related to your personal situation, you should consult an investment and tax professional.

Buy and hold. Some investors overreact to news items they read or "hot stock tips." They start trading all the time, buying and selling investments very quickly in an attempt to make quick gains. These strategies rarely work and can put you in serious danger of losing your money. Stay objective and focus on the long-term. Be an investor, not a gambler. Avoid the impulse to react to sudden changes in the market or to buy the latest hot stock.

Keep track. Whether you invest online or through a professional, it's important to keep track of your investments. A fast and convenient way is through online account access offered by many investment brokerage companies. This service allows you to view balance and transaction information, transfer money, contact customer service and more. It's usually provided for free.

Decide when to sell. One of the keys to successful investing is deciding when to sell investments that are doing poorly as well as those that have increased in value. To cut your potential losses and maximize your gains, consider setting strict guidelines for yourself regarding the specific price, either high or low, at which you will sell.

Revisit and adjust. Review your portfolio on a regular basis to see which investments have significantly increased or dropped in value. It also may make sense to reduce your exposure to investments that have appreciated and add to investments that have performed less well to keep your portfolio aligned with your investment plan.

Periodically rebalancing your portfolio can also help instill the useful discipline of buying low and selling high. This idea is simple, but can be challenging to do consistently.

Stick with your plan. Periodically review your investing plan so that you don't lose sight of your goals. Adjust your portfolio as needed to maintain the mix of investments you want at your target level of risk.

Pay attention to costs. Taxes, fees, inflation, and other costs can all affect your return on an investment. It's wise to consult with an investment professional and your tax advisor regarding the best way to minimize these costs. ■

Photos courtesy of Brandon Young

A Better Man

With hard work and God's help, he found himself becoming the man he'd always wanted to be.

By Guideposts Digital Editors

"Push-ups, now, Private!"

The 75th Ranger Regiment recruiter barked at Private Brandon Young. For weeks, Young had been dropping by his office and leaving his name to volunteer to become a ranger. Young was 18, fresh out of basic training and weeks into Airborne School. Going into Ranger Indoctrination was the next step to operate at the most elite level in the U. S. Army. Young thought his enthusiasm would impress the recruiter. It didn't.

In the sticky Georgia heat at the Fort Benning Army base, Young spent the entire recruiting brief doing push-ups.

SERVING HIS COUNTRY Young's intense Ranger training paid off…and led to an unexpected career move.

Growing up in Fremont, California, the youngest of three, he always dreamed of serving his country. When Young was 11, his father abandoned the family and Young was thrust into adulthood at an early age.

When he was old enough, he got a job to help his mom, who worked four jobs. As they scrimped and saved, he felt isolated from his classmates in the wealthy Bay Area. In high school, he had his future planned out: He would pursue the most elite and demanding assignments the Army could offer.

He excelled in basic training and was chosen as platoon guide over 40 recruits. Taking on tasks he'd never heard of before was challenging, but he remembered what his mother taught him: *Never quit. Ever.* Now the persistence that helped him push through obstacles seemed to be ruining his chance to be a Ranger.

A week after the recruiter ordered push-ups, he walked toward Young with a clipboard. "Young! Pack your bags," the recruiter said. "You're going to Ranger Indoctrination."

Ranger Indoctrination was the most intense training Young had ever gone through, but he graduated and was assigned to the 2nd Ranger Battalion in Fort Lewis, Washington. "I was very much at home. It was the first time I felt like I belonged," he says.

One night in 2000, he met a beautiful young woman named Kelly. By July 2001, he had proposed. They planned to marry in December. Then the country was attacked on September 11th. They married a few days later and a week after the wedding, he deployed to the Middle East.

"I looked back and I saw God was guiding me throughout the whole journey."

After a month, he was able to call Kelly. He could feel her excitement through the satellite phone. She was pregnant. His heart swelled and then deflated. They were going to have their first child. And he was thousands of miles away.

On June 14, 2002, he listened through the phone as his wife gave birth to their son. Pacing around while serving in Bagram, Afghanistan, he could only visualize what his family looked like.

"The one thing I never wanted to be as a father was absent, and that was the very first thing I was. That hurt me in a very profound way," he says.

Over the next two years, he deployed three times. While he was excelling as a Ranger, his family life was falling apart. When he returned home, his 15-month-old son barely knew him.

There were times his family only made ends meet because of his tax-free combat pay. "I was focusing on saving, but when you're in the military and you have a young family, you're scraping," he says. In a good month, he'd have $50 left over to take his wife out.

Financial stress was not the only problem. There were things in Young's life he hadn't dealt with, from childhood to war. He remembered feeling abandoned and unworthy when his father left. He never wanted his son to feel like that. Something had to change.

He once dreamed of being a soldier. Now a new dream emerged, "which was the family that I had this opportunity to be a part of, if I could just get out of my own way, and be present," he says. Young made the toughest decision he's ever made when he asked his command for a break from the deployment cycle.

Young moved to Fort Benning to be an instructor at the 75th Ranger Regiment Ranger Indoctrination Program. Kelly became pregnant again. This time, he was there, holding Kelly's hand when their daughter was born. He knew he'd made the right call.

He started to work on himself and his marriage. Thanks to counseling and conversations with Christian friends, he realized that, despite feeling abandoned, God loved him.

FAMILY FIRST Brandon with wife Kelly, son Jared and daughter Elliott.

"I looked back and I saw God was guiding me throughout the whole journey," he realized.

He no longer had to bury the pain of his past or the heartbreak of war. He could be a better man for his wife and children because God found him worthy just the way he was. Understanding that, he eventually left the Army for a job in the private sector.

Young and Kelly joined a church in Colorado that offered a Financial Peace course. They created a monthly budget, avoided credit card debt, paid tithes and saved.

"It was a blessing. Not only did we become grounded in solid financial principles, but for the first time in our marriage, we were on the same page," he says.

Young describes faith as "being the real engine of transformation." As he and his wife deepened their faith and managed their finances together, he became more emotionally available and present.

The closer he got to God, the more he desired a career that felt more meaningful. He took a job working for a veterans' charity that came with a 60 percent pay cut.

By saving everything they could, selling off a timeshare and planning meals, they were able to afford the income change.

After years of working with vets, Young is now the Chief Advancement Officer for the Tennyson Center for Children, a nonprofit organization serving children healing from trauma. Young is still as determined as he was when he was an 18-year-old, doing push-ups in the heat, but now he understands that he doesn't have to look outside himself to feel whole. Now he helps children who've suffered learn what he has learned:

"What happened in the past does not have to be your reality for the future. You are loved." ■

Managing Your Portfolio

Portfolio Management Strategies

Once you start investing, you need to manage your portfolio, or the collection of investments that you own. Here are several good strategies for managing your portfolio in ways that can help reduce your risk and increase your investing success.

Diversification. An investing strategy designed to reduce risk by combining a variety of investments (such as stocks, bonds and real estate). Having a variety of investments makes it less likely that all of them will move up and down at the same time or at the same rate.

In a portfolio of stocks, diversification means reducing the risk of any individual stock by holding stock in a variety of companies.

Mutual funds offer one way to diversify if you choose funds that represent a variety of industries and companies.

Asset allocation. Asset allocation means investing in different broad categories (or "classes") of investments. The three major classes in the investment markets are stocks, bonds and cash. Each of these

StevePB/Pixabay.com

performs differently in response to market changes.

According to some financial advisors, asset allocation can account for roughly 80% of the variability in an investment portfolio's performance.

To determine the right asset allocation for you, you need to consider factors such as your financial goals, your tolerance for risk and your investing time horizon. Discuss these factors with your investment advisor. Adjust your asset allocation strategy annually or when your personal circumstances or financial goals change.

Rebalancing. Because investment values tend to rise and fall, the percentages you have allocated to specific asset classes (stocks, bonds, savings accounts) may not remain consistent with your original intentions over time. Be sure to review your investments against your target asset allocation at least annually.

> For example: Assume you started with an asset allocation of 50% bonds and 50% stocks. If your stocks have consistently increased in value during the last five years but the value of your bonds have remained flat, you may find that your stocks have grown to represent 70% of your portfolio. To maintain your original asset allocation, you may wish to sell some stock, and purchase additional bonds to achieve a 50%-50% split.

Dollar cost averaging. This is a technique that can help soften the effect of market ups and downs on your portfolio, and take much of the emotion and guesswork out of investing. You invest a set amount of money on a regular basis over a long period of time, regardless of what the price of the investment is. When the value of the investment is up, you buy fewer shares; when the value of the investment is down, you buy more shares. The result is that you will acquire most of the shares at a below-average cost per share.

Matching Investments to Your Situations

When should you consider having a larger portion of your portfolio in stocks, bonds, or in savings accounts or certificates of deposit (CDs)?

Consider stocks when:

- You have a relatively long investment time frame—five to 10 years or longer.
- You want the potential to make substantial returns on your investments to reach your goals.
- You have the risk tolerance to handle major ups and downs in the market.

Consider bonds when:

- Your goal is to preserve your assets.
- You have a mid- to long-term investment timeframe.
- You can withstand some fluctuation in asset values on the way to achieving your goals.
- You need an income stream from your investments.

Consider a savings account or CD when:

- You don't mind a minimal return on your money.
- You may need to access a significant portion of your money in the near term.

A savings account or a certificate of deposit (CD), may be better suited to meet a short-term goal (buying a car), while stocks, bonds and mutual funds are best for long-term planning and saving (retirement).

About individual retirement accounts (IRAs)

A retirement plan is a way to set aside money for the future and avoid spending it now. Contributing to a retirement plan can help you save more, save more often and start saving now. That gives your money-more time to grow. Consult with your employer and a retirement planning expert to discuss what retirement plan options are available to you.

One common type of retirement plan is the Individual Retirement Account (IRA). The term IRA is also used to describe the broader category of individual retirement arrangements, including trusts, custodial accounts and annuities. An IRA is a good investment for money you don't need right away and can afford to invest for a period of time.

A Traditional IRA is an account that holds investments you've made (for example, CDs, mutual funds or stocks) to help pay for your retirement. If you have earned income, you can contribute up to age 70½ and your contributions may be tax deductible. The major

benefit is that the government doesn't tax the interest you earn until you withdraw it, normally when you retire. This can help your account compound faster to give you more money at retirement.

A second type of IRA is called a Roth IRA. These IRAs offer an advantage for seniors—you may contribute to it at any age as long as you have earned income and meet certain income limitations.

When you open this type of IRA, you make after-tax contributions, but the money you withdraw after retirement may be free from federal taxes.

Your Portfolio: Conservative Or Aggressive?

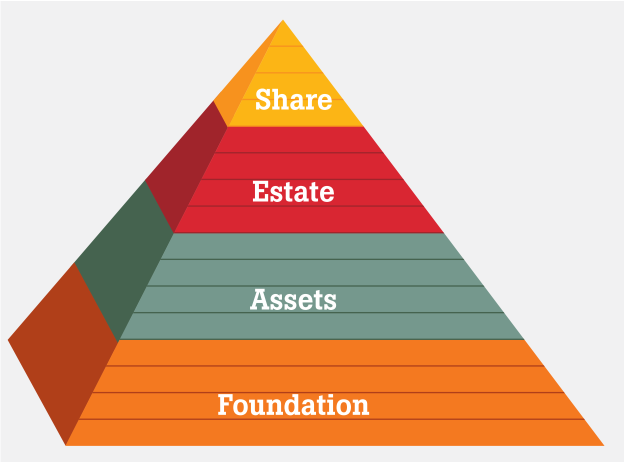
In general, stocks have greater potential for growth and total return compared to bonds. On the other hand, bonds offer greater potential for stability and income compared to stocks. For this reason, most financial advisors agree that a portfolio more heavily weighted with stocks is more "aggressive" and one with more bonds is more "conservative."

Review the different types of portfolio mixes. And ask an investment professional to help you create a portfolio that best meets your goals, timeline, and risk tolerance. ■

How to Build Wealth

The Wealth-Building Pyramid

A pyramid divided into four sections. The bottom, and largest section, is labeled foundation. The next layer is labeled assets. The next layer is labeled estate and the top layer is labeled share.



Foundation. The foundation layer is cash flow. Before someone can truly begin building wealth, he or she must consistently generate enough income to handle month-to-month expenses. It's also a good

idea to have enough savings set aside to cover at least three to six months of living expenses, in case of a financial emergency.

Assets. Once the cash flow foundation is in place, you can begin to invest in assets—investments such as real estate or stocks. To build wealth, the value of what you own (assets) needs to be more than the amount you owe to others (liabilities). Investing in assets that appreciate (go up in value) over time can allow you to retire with a comfortable lifestyle at some point in the future.

Estate. The next layer is your estate, the wealth you'll pass on to your family and other beneficiaries. If you're a business owner, this could include your business.

Share. At the pinnacle of the pyramid are your legacy goals, or your philanthropic goals—the many positive ways you might share your wealth by giving back to your community.

Remember that your wealth-building pyramid needs a solid foundation—a foundation you provide by being a good money manager, establishing credit and managing *your* finances wisely.

Three Pillars Of Wealth

Think of wealth as a building with three pillars. The three pillars of wealth are: real property assets, investments and entrepreneurship.

Real property assets. The first pillar of wealth building is "Real Property Assets" (your personal residence and investment real estate) because in general, real estate has the potential to appreciate in value. You can also gain financial flexibility if you're able to borrow money using your home as security. For more about real property assets, see the topic *Buying a Home* at handsonbanking.org/military/buying-home.

Investments. The second pillar is investments—for example, a retirement account where you have stocks and bonds. For more about investing, see Investing Basics and Get Started With Investing in this booklet.

Entrepreneurship. And the third pillar, for many people, is entrepreneurship—owning a business of your own.

Patriot Express loans are available to help military service members to start a business. These loans are offered through the Small Business Administration especially for military service members. Talk to

the small business lending department of your current bank for more information.

For more about starting, managing, and growing your own business, see the *Hands on Banking* course at handsonbanking.org/entrepreneurship.

The Big Picture: Your Financial Plan

Seeing the big picture can help you reach your financial goals. Professionals can help you create your plan. Financial planning means creating a long-term vision and clear goals for the future you want. Creating a financial plan helps you see what you're trying to achieve and how all of the major pieces of your financial world add up into one complete picture relative to your goals.

Major pieces of your financial plan include:

- Your job, military career or business
- Your spending plan
- Your bank accounts
- Major assets you own
- Debts you owe
- Real estate
- Insurance
- Investments
- Estate planning for the next generation

Brian A Jackson/Shutterstock.com

Take advantage of professional advice. Some financial services companies will answer basic financial questions for free, or create a basic financial plan for as little as a few hundred dollars. You may have to pay for some planning services, but financial advice doesn't have to be expensive.

Paying for financial planning advice now can be a bargain if it helps you make smart financial choices that pay off in the long run. ■

Retirement Planning

Retirement is as individual as you are

Most of us would like to retire someday feeling comfortable and confident that we can take care of ourselves financially. You may need to support yourself and your family financially for a retirement that lasts decades! So it makes sense to create a retirement plan and start to implement that plan as early as you can.

When it comes to creating a retirement strategy, there's no such thing as "one size fits all." Everyone's circumstances and financial situation are a little different. With your own personal strategy, you'll know how much you can afford to spend each month and not outlive your retirement savings.

As a service member, you have a unique set of finance and retirement options to consider when you begin planning your retirement strategy.

Military Retirement Benefit Options

Keep in mind, no matter which military retirement plan you have, it will probably not be enough to provide for everything you'll need during your retirement. So planning ahead and understanding your options is important.

Military retirement pay. Service members who remain on active duty or serve in the Reserves or Guard for a sufficient period of time (usually a minimum of 20 years) may retire and receive military retirement pay. To better understand your eligibility for retirement and what you can expect to receive from the military during retirement, visit the retirement information on the Department of Defense website.

Thrift Saving Plan (TSP). Contributing to the Thrift Saving Plan can help you increase your retirement savings. Every federal employee, including military members, may contribute to a TSP. The traditional TSP offers the same type of savings and tax benefits as a 401(k) plan.

Roth TSP. Military members may also contribute to a Roth TSP, which is a way to save for retirement and pay your taxes now so your withdrawals in retirement are tax-free.

Defined benefit plans. A pension, also known as a defined benefit plan, is a type of retirement plan in which an employer contributes to a common asset pool of funds set aside for employees' future benefit. These funds are invested on the employees' behalf.

The employees receive the funds upon retirement.

A defined benefit plan provides a specific income for retired employees, either as a lump sum or as a pension (an annual lifetime payment). The amount usually depends on the employee's age at retirement, final salary, and the number of years on the job.

Build a Retirement Strategy Team

Creating a retirement strategy is a great first step, and there are a number of people who can help you. Think of these individuals as your retirement strategy team. Take advantage of the information and advice they can offer you.

Remember, lots of good information is available about retirement planning at low or no cost—in books, magazines and on the web—but if you do pay someone to advise or assist you, be sure you understand how (and how much) you'll be charged.

Some financial services companies will answer basic financial questions for free, or create a basic financial plan for a few hundred dollars. You may have to pay for some planning services, but financial advice doesn't have to be expensive. And paying for that advice now can be a bargain if it helps you make smart financial choices that pay off in the long run. ■

The U.S. Military's
Blended Retirement System

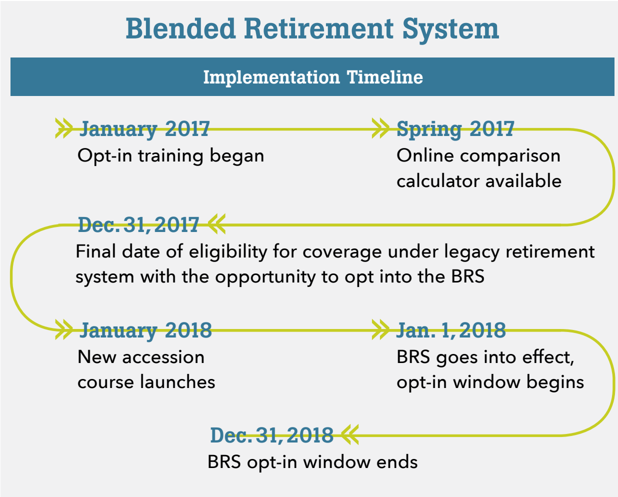
An Introduction

In this special section, you'll learn what the Department of Defense's new Blended Retirement System (BRS) is, when it goes into effect, how you can directly benefit, and where you can go online to learn more, take courses, and opt-in.

What is the Blended Retirement System? The Military's new retirement system, the Blended Retirement System (BRS), goes into effect January 1, 2018. With this new retirement plan, eligible service members will receive automatic and matching TSP contributions and mid-career compensation incentive. This is in addition to monthly annuities for life after 20 years of service.

Active Component Members with fewer than 12 years of service and Reserve Component Members with fewer than 4,320 retirement points will be eligible to opt-in to BRS or remain under the current retirement system. Eligible members must opt-in to the new system during calendar year 2018.

The Department of Defense (DoD) has initiated



an 18-month-long multiple-stage financial education training curriculum to fully prepare Active and Reserve component members and their families for the implementation of BRS. (See the chart above for a timeline of BRS implementation.)

Information about all BRS courses—including how to sign up and enroll—is located on the DoD's online training management system site: Joint Knowledge Online, found at jko.jten.mil/support.html.

Key Points About the
Blended Retirement System

The DoD's Office of Financial Readiness (OFR) notes these seven key BRS points:

1. Members serving before January 1, 2018, are grandfathered under the legacy retirement system. Members must physically opt into the BRS. No current member will be automatically changed to the BRS. Those who enter the military on or after January 1, 2018, will be automatically enrolled in the BRS.

2. Serving as of December 31, 2017, active-duty members with fewer than 12 years or National Guard and reserve members with fewer than 4,320 retirement points may opt into the BRS.

3. Under the BRS, about 85% of members will receive government retirement benefits upon separation, including those who do not reach 20 years to qualify for military retired pay.

4. Under the legacy retirement system, the defined annuity benefit is computed as 2.5% times years served times average of highest 36 months of basic pay. Under the BRS, you still can receive a defined annuity, if you complete 20 years; however, the multiplier is reduced to 2.0%.

5. When enrolled in the BRS, members will receive an automatic 1%, and up to 4%, DoD matching contributions. For opt-in members, automatic and matching contributions begin immediately. For new accessions, there is a waiting period.

6. When a service member reaches eight to 12 years of service, active-duty members will be eligible for a cash incentive of 2.5 to 13 times their regular monthly basic pay, and National Guard and reserve members will be eligible for .5 to 6 times their monthly basic pay (as if serving on active duty), in return for a commitment of at least three more years of service.

7. Members may elect to receive a 25% or 50% lump sum payment of their retired pay discounted to the present value in exchange for reduced monthly retired pay until full Social Security retirement age.

Find more information on BRS at the OFR's Facebook page, Facebook.com/DoDFINRED/.

Blended Retirement System
Frequently Asked Questions

FAQ # 1: How is the military retirement system going to change?

Answer: The National Defense Authorization Act for Fiscal Year 2016 created a new military retirement system that blends elements of the legacy retirement system with government automatic and matching contributions to the TSP. Service members should have a familiarity with the new Blended Retirement System, as many of the elements of the legacy retirement system remain in some form. The Blended Retirement System retains the traditional defined-benefit annuity, but adjusts the years-of-service multiplier from 2.5% to 2.0% for calculating monthly retired pay. In addition, the Blended Retirement System contains the TSP, which includes the government's automatic 1%, and up to an additional 4%, matching contributions to a service member's TSP account. The law also included a Continuation Pay provision to encourage service members to continue serving in the Uniformed Services at the mid-career point. Continuation Pay is a direct cash payout, like a bonus, in return for a commitment of four more years of service. The DoD is currently working on the implementation policy for the new Blended Retirement System. Changes will go into effect January 1, 2018. Always check with your Human Resource/Workforce Management/Personnel servicing office for the latest information.

FAQ # 2: Who is affected by the Blended Retirement System?

Answer: New accessions on or after January 1, 2018, will automatically be enrolled in the new Blended Retirement System. For those Active Component service members who joined after 2006, but before Jan. 1, 2018, and Reserve Component service members with less than 4,320 retirement points as of December 31, 2017, they will have the choice of whether to stay with the legacy retirement system or opt into the new Blended Retirement System. No service member will be automatically moved to the Blended Retirement System.

FAQ # 3: How will service members be notified if they are eligible for opting in to the Blended Retirement System?

Answer: Eligible service members were notified beginning in November 2016 by their Uniformed Service about opting into the Blended Retirement System. Additional notifications throughout calendar year 2017 will remind eligible service members that they will be able to opt-in beginning in January 2018.

FAQ #4: Why is this a good thing for service members?

Answer: Blended retirement will benefit a large majority of the force. Currently, approximately 81 percent of those members who join the military leave with no retirement benefit. Under the Blended Retirement System, about 85 percent of service members will receive a retirement benefit, even if they don't qualify for monthly retired pay.

FAQ #5: If a service member is eligible for the Blended Retirement System do they need to do anything?

Answer: If a service member is eligible to opt into the Blended Retirement System they will be required to complete the opt-in training course. After completing the opt-in course, service members in the Army, Air Force and Navy that wish to remain under the legacy retirement system do not need to take any action. Additional guidance will be provided for the Marine Corps, United States Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps at a later date. However, no one will be automatically moved to the Blended Retirement System. For service members that utilize the Defense Finance and Accounting Service (DFAS), they will utilize MyPay to opt into the new Blended Retirement System anytime between January 1, 2018, through December 31, 2018. Service members joining on or after January 1, 2018, will be automatically enrolled in the Blended Retirement System.

FAQ #6: If I elect to opt into the new Blended Retirement System can I change my mind later?

Answer: The decision to opt-in is irrevocable. It cannot be changed at a later date.

Blended Retirement System Resources

Department of Defense Blended Retirement System

http://militarypay.defense.gov/BlendedRetirement

DoD Office Of Financial Readiness Social Media

/DoDFINRED /DoDFINRED DoDFINRED

Summary

Planning For The Future

Develop a plan to achieve your goals by writing down your financial goals and identifying the steps you need to take to achieve them. This will help you turn your wishes into reality.

Your Best Next Steps

When you're financially ready, get started with investing. Consider using the guidelines we've given you to help manage your risk.

Remember that building wealth is all about investing in things that will hopefully go up in value over time. Whether it's real estate or stocks, try to "buy low and sell high." That's how you make a profit.

Finally, consider creating your own financial plan. Looking at the big picture of your financial situation can help you get clear about your goals and how you're going to reach them…including retiring someday. ■

A Plan To Reach My Financial Goals

Goal #1
Amount needed
Target completion date
Additional funding options
Action items

Goal #2
Amount needed
Target completion date
Additional funding options
Action items

Goal #3
Amount needed
Target completion date
Additional funding options
Action items

Resources

American Corporate Partners (ACP)	www.acp-usa.org/veterans
Consumer Information	www.consumer.ftc.gov
Free Credit Report	www.annualcreditreport.com
Hands on Banking	www.handsonbanking.org
Military Saves	www.militarysaves.org
My Money	www.mymoney.gov
National Endowment for Financial Education (NEFE)	www.nefe.org
National Foundation for Credit Counseling (NFCC)	www.nfccdebtrelief.org/military
Operation Gratitude	www.operationgratitude.com
Scholarship America	www.scholarshipamerica.org/wellsfargovets
Volunteers of America	www.voa.org/veterans
Warriors to Summits	www.warriorstosummits.org
Work Vessels for Vets	www.workvesselsforveterans.org

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