How to Save and Invest Your Disability Benefits:

A Guide for Warriors in Transition

SaveAndInvest.org

How to Save and Invest Your Disability Benefits

You or your spouse may be entitled to benefits due to service-related injuries. You'll need to find out whether you or your loved ones are eligible. The process of obtaining these benefits can be complicated—you may receive some automatically, while you may have to apply for others.

This brochure identifies where to get information about different types of benefits and how to start managing them with confidence. Don't be afraid to ask lots of questions. And be sure to visit *www.SaveAndInvest.org/Military* for even more information on financial topics relevant to military servicemembers and their families.

Getting Started

Use this checklist to get started on obtaining your benefits. If you need help with getting more information or with applying for benefits, talk first with your case manager or personal financial manager.

Benefit	Where to Learn More
VA Insurance ➤ Traumatic Injury Protection (TSGLI) ➤ Servicemembers' Group Life Insurance (SGLI)	*www.insurance.va.gov* (800) 669-8477
VA Disability Compensation, Pension and Vocational Rehabilitation Programs VA Benefits for Survivors of Servicemembers ➤ Dependency and Indemnity Compensation ➤ Death Pension ➤ Death Gratuity Payment	*www.vba.va.gov* (800) 827-1000
DOD Disability Compensation ➤ Combat-Related Special Compensation (CRSC) ➤ Concurrent Retirement and Disability Pay (CRDP)	*www.dfas.mil/retiredpay.html* (800) 321-1080
Social Security Disability Benefits and Supplemental Security Income	*www.ssa.gov* (800) 772-1213
State Unemployment Insurance	*www.workforcesecurity.doleta.gov* (866) 4-USA-DOL (866-487-2365)

Benefits vs. Windfall

Your benefits may feel like a windfall at first. But understand that they're meant to compensate you for your service-connected injuries and help guard against the potential loss of future earning power. If you're the one who's injured, you might not be able to take on a job that pays what you would like. If you're the spouse of someone who's injured, you may have to cut back your work, or even leave your job, to care for your loved one. You should realize that you'll need to rely on these benefits and use them carefully.

Benefits can come in a lump sum payment or in monthly payments. If it's a lump sum, don't buy that fancy car yet. Take a few months or even a year to decide how to use it wisely. In the meantime, be sure to put your money in a safe place, such as an interest-bearing savings account, until you decide what to do with it.

With monthly payments, think about whether you could save and invest part of the payments for future goals or expenses. You may be surprised how much those monthly payments can grow due to the power of compound interest. Of course, compound interest can also do wonders for lump sum payments that are invested wisely.

Steps to Smart Money Management

- **Step back and take a deep breath.** Take some time to think. Resist the urge to splurge on a car, wide-screen TV or other expensive items or gifts.
- **Take stock of your financial situation.** Gather your personal and financial documents together so that you can assess what you have, what you owe, what benefits you will receive, and when any of the benefits will end. Be sure to include discharge papers, personnel and medical records, compensation and entitlement packages for you and your spouse, and statements from your financial institutions (including banks, credit unions, credit card companies, other lenders, brokerage firms or mutual funds).
- **Build a budget or spending plan.** Chart out what benefits you will receive and build a budget or spending plan. Ask yourself and your family what may be some tough questions, such as:
  - How long must my benefits and funds last?
  - If my spouse or I can't return to work, to what extent do these benefits replace our former income?
  - Have I paid off my high-interest debt, such as credit cards?
  - What are my monthly income and expenses? What can I save on? You can use the worksheet in the back of this pamphlet to help you.
  - What are my future goals—to pay off debt, a down payment for a house, a comfortable retirement, a car? Write them down and rank them in order of importance. You can use the worksheet in the back of this pamphlet to help you.
  - How much do I need to save and invest in order to meet my goals?

- **Think about whether you need help.** Some people feel comfortable researching investment options and setting up accounts on their own. Others prefer getting help from financial professionals. If you decide you need some help, your first stop should be with your case manager and personal financial manager (PFM) or command financial specialist. To obtain contact information for your installation's PFM, visit *militaryinstallations.dod.mil*.

  When you are ready to invest, get some unbiased guidance from your installation's PFM on approaches to investing and the elements of risk versus return that might affect your investment decisions. Then, you can begin to look at investing on your own or by using the services of an outside investment professional, such as a broker, investment adviser, accountant, insurance agent or financial planner. You can ask family, friends and colleagues for recommendations about these professionals. Try to get several names and, if possible, meet with them face-to-face before engaging them. Be sure to ask lots of questions, including:

  - What licenses, professional qualifications or designations do you have?
  - Have you or has your firm ever been charged with wrongdoing or disciplined by any kind of regulator? For accountants, any actions by a state board of accountancy?
  - How long have you and your firm been in business?
  - How do you get paid? Do you receive commissions on products I buy? A percentage of the amount of my assets you manage? A flat fee? Any other method?

- **Beware of frauds and scams.** Your benefits may make you a target for scams. Often, you can avoid fraud by asking questions and researching any investment professionals or investments you are considering. Beware of the warning signs—including promises of quick profits, "guaranteed" returns or pressure to send money immediately.

Always do a background check if you're considering an investment professional.

A legitimate investment professional must be properly licensed. Here's how to make sure they are:

- For a broker, use FINRA BrokerCheck at *www.finra.org/brokercheck* or call toll-free: (800) 289-9999.
- For an investment adviser, use the SEC's Investment Adviser Public Disclosure Web site at *www.adviserinfo.sec.gov* or call toll-free: (800) SEC-0330.
- For an insurance agent, check with your state insurance department. You'll find contact information through the National Association of Insurance Commissioners (NAIC) at *www.naic.org* or by calling toll-free: (866) 470-NAIC.
- For all sellers, be sure to call your state securities regulator. You can find that number at the North American Securities Administrators Association's web site at *www.nasaa.org* or by calling (202) 737-0900.

Wrapping It All Up

Your new benefits may feel like a windfall, but think of your needs before you splurge. When you receive benefits, remember to:

- Take your time;
- Take stock of your financial situation;
- Build a budget or spending plan;
- Seek help if you need it; and
- Beware of predators with deals and schemes that promise too much—these are likely to be frauds and scams.

Ask plenty of questions, and don't feel intimidated. Make sure you understand the answers to the questions you have asked. Remember, your benefits are at stake.

For more help on planning your finances and investing, visit *www.SaveAndInvest.org/Military*.

Know Your Income and Expenses

Keep track of your income and your expenses for every month. Write down what you and others in your family earn, and then your monthly expenses. Include categories for savings and investments. Think about which expenses are needs, and which are wants.

Monthly Income And Expenses	
Income:	Food
Expenses:	Transportation
Savings*	Loans
Investments*	Insurance
Housing:	Education
Rent or Mortgage	Recreation
Electricity	Health Care
Gas/Oil	Gifts
Telephone	Other
Water/Sewer	
Property Tax	
Furniture	Total

* You may wonder why savings and investments are listed as expenses. Think of taking money out of circulation so that you cannot spend it, and you can see why. The good news is that it will work for you through the power of compound interest or economic growth so that you will have more to spend at a later time if necessary. This is the purpose of "paying yourself first."

Adapted from "Get the Facts: The SEC's Roadmap to Saving and Investing," available on the U.S. Securities and Exchange Commission's Web site at www.sec.gov.

Your Financial Goals

Try to step back from the demands of everyday life and think about the future. What do you want to accomplish in life that costs money?

Different goals will have different time frames. Try to divide yours into short-term (within a year), medium term (one to three years) and long-term (longer than three years) ones.

Write down your goals, and rank them in order of what's most important to you. Make them specific, achievable and measurable.

Goal	Achievement Date	Time Frame	Cost	Monthly Savings Needed

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