



NOFAL INSURANCE & WEALTH · CLIENT EDUCATION

Military Pay, Benefits & Wealth-Building Foundations Guide

Twenty-nine plain-English guides to what the military pays you, how to build wealth on it, the benefits to claim while you serve, the veterans' benefits to secure on the way out, and how to protect all of it. Written by a former submarine officer, using 2026 figures.

Know

YOUR PAY

Build

WHILE YOU SERVE

Leave

ON YOUR TERMS

Keep

WHAT YOU EARNED

2026 EDITION

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Why I Wrote This



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Principal Advisor and Co-Founder, Nofal Insurance and Wealth. U.S. Navy, 2014–2025 — submarine officer across two sea tours, finishing as chief engineer aboard USS Boise. Commissioned through NROTC at Vanderbilt.

I made this guide because it is **what I wish someone had handed me** years ago.

I commissioned out of Vanderbilt in 2014 and spent the next eleven years in the submarine community — two sea tours, finishing as chief engineer aboard USS Boise. My wife, Katerina, and I started that career about \$150,000 in debt, most of it her student loans. We didn't have guidance or help when it came to anything related to financial management. Nobody sat us down and explained how military pay worked, what to do with it, or which benefits were worth chasing.

So I went looking, and over eleven years I aggressively chased every strategy I could find. I maxed out the Roth TSP and a Roth IRA. I transferred my GI Bill at six years, and Katerina earned her graduate degree on it. I earned my MBA on the Navy's Graduate Education Voucher. We kept Tennessee as our legal residence by design, so no state taxed our pay anywhere the Navy sent us, and we invested the difference from day one. We made every move a partial PPM. I bought five houses (two with VA loans, two conventional and one commercial) and sold one. My own federal student loans were forgiven through PSLF. I managed Katerina's multiple rollovers and her FERS. I bought cars and motorcycles at a discount and sold them for a profit. I invested in crypto and traded options, derivatives and leveraged products, and learned how fast they can swing both ways. And when a veterans' benefit or a spousal FERS entitlement didn't make sense to me, I reached out to my congressmen and senators about it. Through all of it we lived below our means — while still enjoying life — because I wanted our base established before we had kids.

I pay close attention to detail, and I question anything that doesn't add up. I don't share any of this to impress anyone. None of it was secret. Every piece is written down somewhere in a regulation, a pay table or a benefits page — it just isn't written down in one place, and nobody hands it to you. My goal is to teach those lessons to the people following in my footsteps: learn my lessons, and learn from my mistakes.

That is what this guide is: the pays and benefits available to you while you're in, how to get off to a great foundational start with them, how to leverage your veterans' benefits on the back end of your service to the maximum extent practicable, and how to protect all of it. It is written for the E-3 reading a first LES and for the O-4 deciding whether to stay, and it says so plainly wherever the rules treat officers and enlisted members differently.

Military members sacrifice so much, for the best of intentions. You deserve nothing but the best resources and guidance to fully leverage the opportunities you have earned.

And thank you for your service. I know how hollow that sentence can sound, so let me say what I mean by it. Thank you for the watches nobody saw and nobody will ever thank you for. For the birthdays and the first steps you watched on a screen, weeks late. And to the spouse who moved the household, restarted a career from zero and held the whole thing together while you were gone — that was a real price, and you paid it too.

Hani Nofal

Hani Z. Nofal, MBA, EA, CEP® · Principal Advisor and Co-Founder
Brentwood, Tennessee · October 2026

How to use this guide

- 1 Start with the example.** Most guides open with a service member and real 2026 pay figures. Find the one closest to your rank and situation.
- 2 Look for "From my career."** The black notes are what I actually did, in my own words — next to the rule that made it possible.
- 3 Check the date.** Pay tables, limits and rates change every January. Sources and as-of dates are in each footer.
- 4 Watch the officer / enlisted tags.** Most rules are identical for everyone. Where they differ, the guide marks it.

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Your Pay & Your First Moves

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Important. This guide is for education only and is not legal, tax, investment, insurance or VA-benefits advice, or a recommendation to buy or sell any product. My own experience reflects my family's circumstances and the markets we happened to invest through. They are not typical, not a projection, and not a promise of what any reader will achieve. Investing involves risk, including loss of principal. Nofal Insurance and Wealth is the marketing name for Nofal Insurance Services LLC (a licensed insurance agency) and Nofal Financial Group LLC (a Tennessee-registered investment adviser); it is not affiliated with or endorsed by the Department of Defense, the Department of Veterans Affairs or any military service. We are not accredited to prepare VA claims; help is free through an accredited Veterans Service Organization. Figures as of October 14, 2026.

What We Actually Did

Over eleven years I chased everything I could find. Some of it paid off and some of it cost me. Here's all of it, so you can **learn from both**.

This is not a model portfolio or a recommendation. It's what Katerina and I actually did with what the Navy made available, wins and mistakes, roughly in the order we did them. Each one points to the guide that explains the rule behind it.

- 2014
COMMISSIONING

Started about \$150,000 in debt

Mostly Katerina's student loans, and no guidance on anything related to financial management. Start by learning what you're actually paid, and how much of it is never taxed.

GUIDES 01 · 03
- Career
MOST YEARS

Maxed the Roth TSP and a Roth IRA

50% C, 30% S, 20% I for most of my career, plus the backdoor Roth. Tax-free allowances keep taxable income low, which is what makes Roth so powerful in uniform.

GUIDES 04 · 05
- Every
DUTY STATION

Kept Tennessee as our legal residence, by design

Federal law lets you, and now your spouse, keep a home state wherever the orders send you. No state taxed our pay anywhere we lived, and we invested the difference from day one.

GUIDE 06
- Every
PCS

Treated each move as a pay event

DLA, plus TLE stateside and TLA overseas while BAH kept running. Government rates coordinated with local hotels, vehicles weighed empty and full, and a partial PPM every time.

GUIDE 07
- Off duty
GEV · GI BILL

MBA on the Navy's voucher; GI Bill transferred at six years

Katerina earned her graduate degree on my GI Bill. Because I was still on active duty, she didn't get the housing allowance. Know that before you plan around it. The transfer can only be made in uniform.

GUIDES 09 · 10
- PSLF
STUDENT LOANS

My own loans forgiven through PSLF

Military service is qualifying employment. It doesn't track itself. Certify employment and check the payment count every year, and never refinance federal loans into a private loan if you're counting on it.

GUIDE 03
- Five
HOUSES

Bought five houses, sold one

Two with VA loans, two conventional, one commercial. The VA loan means no down payment, no monthly mortgage insurance, and an entitlement you can reuse. Keep a house when you move and you become a landlord; read that page first.

GUIDE 08
- On the side
CARS · MOTORCYCLES

Bought at a discount, sold for a profit

You make your money on the purchase price. At the dealership off base, the Military Lending Act's 36% cap does not cover the loan on the car you buy.

GUIDES 03 · 13
- Markets
CRYPTO · OPTIONS

Traded crypto, options and leveraged products

Some of it made money and some of it lost money, fast. That swing showed me how volatile a single investment can be. It's why I cap any one holding at 10% of the portfolio, counting all of crypto as one.

GUIDE 04
- Spouse
ROLLOVERS · FERS

Managed Katerina's multiple rollovers and her FERS

Military spouses change jobs with every set of orders, and every job can leave an account behind. Track them, consolidate them, and know what each employer's plan actually owes you.

GUIDES 12 · 22
- Congress
WHEN IT DIDN'T ADD UP

Reached out to my congressmen and senators

About veterans' benefits and Katerina's FERS entitlements. When a rule makes no sense or an agency is stuck, caseworkers in your representative's and senators' offices can help you get an answer.

GUIDE 29
- 2025
SEPARATION

Left active duty after eleven years

And built this firm, so the next family gets handed the playbook instead of having to assemble it.

PART 3 · GUIDES 15-21

My rules

- 1

Invest the difference from day one

Allowances you don't spend and taxes you don't owe only build wealth if you invest them.
- 2

Roth, generally through the 22% federal bracket

Pay the tax while your taxable income is low. From the 24% bracket up, weigh traditional.
- 3

Never sign a loan above 10% APR without your command financial specialist

Free on every installation. I used 8% in my day.
- 4

No single holding above 10% of your portfolio

Index funds aside; all of crypto counts as one holding.
- 5

Document every medical issue while you serve

A condition with no entry in your record is a claim you fight for later (Guide 17).
- 6

Live below your means, and still live

We enjoyed those years. We also put the difference to work, because we wanted our base built before kids.

If you take one thing from this page

Your **real compensation** is far larger than your basic pay, a large share of it is tax-free, and the system pays people who read the instructions.

Start with Guide 01. Already mid-career? Guide 26 is a checklist by career stage. Find your year and work backward.

Read this part too. These are my family's choices, shaped by our circumstances and by the markets we happened to invest through. They are not typical, not a projection, and not a promise of what you or anyone else will achieve. An all-stock allocation like mine can lose a third or more of its value in a single year (the C Fund fell 37% in 2008). Crypto, options and leveraged products can lose most or all of what you put in, quickly; my own crypto positions swung hard both ways, and nothing here recommends trading them. The rules above are my rules of thumb, not advice for your situation.

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Start here, by situation

Your first year in uniform Read your LES, set the TSP to 5%, fix your state of residence, build the first month of cash. Guide 01 · Guide 03 · Guide 04 · Guide 05	Deploying to a combat zone Tax-free pay, the Savings Deposit Program, 0% on federal loans, the Roth window. Guide 02 · Guide 03 · Guide 04 · Guide 05	Orders in hand (PCS) DLA, TLE/TLA, the partial PPM, child care, the spouse's license and relicensing money. Guide 07 · Guide 11 · Guide 12 · Checklist 5
Buying or keeping a house BAH, the rent-or-buy math, the VA loan twice, the landlord years, the state tax that follows the house. Guide 08 · Guide 06 · Guide 23	A new baby DEERS in 90 days, SGLI and DD 93, parental leave, the dependent care FSA, MCCYN, a will with a guardian. Guide 11 · Guide 28 · Checklist 2	Your spouse's career Licenses that travel, hiring preference, the residency election, FERS and the 401(k)s left behind. Guide 12 · Guide 06 · Guide 22
Deciding at the 6-, 10- and 12-year marks GI Bill transfer, continuation pay, funded degrees, the sabbatical, stay-or-go math. Guide 10 · Guide 14 · Guide 09 · Checklist 3	Leaving before twenty The transition clock, separation pay, TAMP and the health bridge, VGLI, the VA claim, the TSP decision. Guide 15 · Guide 16 · Guide 20 · Guide 22	Retiring at twenty High-3 or BRS, the lump sum, SBP, retiree TRICARE, CRDP and CRSC, state taxes on retired pay. Guide 14 · Guide 19 · Guide 18 · Guide 23
Joining the Guard or Reserve Points, the gray area, TRICARE Reserve Select, RCSBP, USERRA. Guide 16 · Guide 22	A rated veteran What each rating opens, the funding-fee waiver, VA care, CHAMPVA and the HSA trap, hiring preference, the parks pass. Guide 18 · Guide 20 · Guide 22 · Guide 25	Something went wrong A scam, a wrong DD-214, a denied claim, a pay error — and when to bring in Congress. Guide 27 · Guide 29 · Guide 17

How the numbering works. Guides 01–26 follow a career in order; Guides 27–29 protect all of it. Each guide stands on its own, and every "Guide NN" mention in the text is a link. Figures carry their as-of dates in each footer; the book's figures are as of October 14, 2026.

HOW TO READ THIS PAGE

Everything here is as of October 14, 2026. Most of these numbers reset on a calendar (pay, BAH, DLA, TSP and IRA limits on January 1; VA rates and retired pay on December 1; per diem on October 1), and each guide's footer carries the as-of date for its own figures. Where this page and a guide disagree, the guide's footer wins.

Pay

Raise, January 1, 2026	3.8%	01
BAS, enlisted / officer	\$476.95 / \$328.48	01
Hostile fire pay (from Oct. 1)	\$450	02
Imminent danger pay (from Oct. 1)	\$275 · \$9.16/day	02
Family separation allowance	\$300	02
Officer combat-zone cap, Oct.–Dec.	\$11,166.90 + danger pay	02
Savings Deposit Program	10% on \$10,000	02
Partial BAH, E-4 in barracks	\$8.10	01
SGLI, \$500,000 incl. TSGLI	\$26 / month	11
Leave sold in a career, at most	60 days	01

Moving and family

DLA, E-5 / O-3 with dependents	\$3,548.02 / \$4,041.88	07
TLE, days / daily cap	21 / \$290	07
Travel per diem, from Oct. 1	\$181 / day	07
Pet move, CONUS / overseas	\$550 / \$2,000	07
Spouse relicensing + business move	\$1,000 + \$1,000	12
Dependent care FSA / health FSA	\$7,500 / \$3,400	11
HSA, self / family	\$4,400 / \$8,750	20
MCCYN provider rate cap, full-time	\$2,000 / month	11
TRICARE Select family cap, Group B	\$1,324	11
FSGLI, \$100,000, spouse under 35	\$4.00 / month	11

Leaving and retiring

Pension multiplier, High-3 / BRS	2.5% / 2.0%	14
Retiree COLA, Dec. 1, 2025 / Dec. 1, 2026	2.8% / 3.6%	14
BRS lump-sum discount rate	6.46%	14
SBP premium / annuity	6.5% / 55%	19
Separation pay, full rate	10% × yrs × 12 mo.	16
Medical retirement line, DoD rating	30%	16
Reserve retirement: good year / age	50 points / 60	16
CHCBP, family, per quarter	\$5,339	20
Retiree TRICARE Prime, family, Group B	\$927 / year	20
VGLI, \$500,000 at 30–34	\$40 / month	21

Saving and taxes

TSP, your own contributions	\$24,500	04
TSP catch-up 50–59, 64+ / 60–63	\$8,000 / \$11,250	04
TSP annual additions ceiling	\$72,000	02
BRS: automatic / match	1% / up to 4%	04
IRA, each person / at 50+	\$7,500 / \$8,600	05
Roth IRA phase-out, single / joint	\$153–168k / \$242–252k	05
Standard deduction, single / joint	\$16,100 / \$32,200	04
Saver's Credit (last year), 50% tier	AGI ≤ \$24,250 / \$48,500	05
Child tax credit	\$2,200	06
Moving mileage (PCS), from July 1	\$0.235	07

Education and law

Tuition assistance, per semester hour	\$250	09
TA annual cap (Army, AF, SF, USMC)	\$4,500	09
Officer TA obligation	2 years	09
GI Bill private-school cap, AY 2026–27	\$30,908.34	10
GI Bill transfer: served / owed	6 yrs / 4 yrs	10
Navy WEPS-PT, tuition a year	up to \$40,000	09
SCRA interest cap, pre-service debt	6%	13
Military Lending Act cap	36%	13
Direct Loans in a hostile-fire area	0%, 60 months	03
Fraud reports by military consumers, 2025	117,278	27

Veterans benefits

VA compensation, 10% / 100%	\$180.42 / \$3,938.58	18
30% / 70% (veteran alone)	\$552.47 / \$1,808.45	18
From Dec. 1, 2026, 10% / 70% / 100% (our arithmetic)	\$187 / \$1,874 / \$4,080	18
DIC, surviving spouse / from Dec. 1	\$1,699.36 / \$1,761	18
VA funding fee, first / later use, 0 down	2.15% / 3.3%	08
BDD claim window	180–90 days out	17
Claim for full back pay	within 1 year	17
CRDP threshold	20 years + 50%	18
Tennessee property-tax relief, value covered	\$175,000	23
CHAMPVA retroactive claims, from notice	180 days	20

Dates that matter in the year ahead

October 14, 2026 · The 2027 Social Security COLA was announced: **3.6%**. Military retired pay and SBP rise by it on December 1, 2026, in the December 31 payment; VA compensation and DIC follow once Congress passes the annual Veterans' COLA Act (pending that day).

November 1, 2026 · ACA marketplace open enrollment begins; VGLI premium holiday begins (through January 31, 2027); the Series I bond rate resets.

November 9 – December 8, 2026 · TRICARE Open Season. **November 9 – December 14** · Federal Benefits Open Season (FEDVIP, FSAFEDS).

December 2026 · 2027 BAH rates and TRICARE costs are published; the FY2027 defense bill sets the January raise (3.6% by formula unless Congress enacts the larger targeted raise).

January 1, 2027 · New pay table, BAH, DLA, TSP and IRA limits, TRICARE costs; the Saver's Match replaces the Saver's Credit for tax year 2027.

Every January · Reset your TSP percentage so the limit lands in December, fund the IRA, re-check the LES against the new table (**Guide 26**).

OI

PART 1

Your Pay & Your First Moves

What the military actually pays you, where the first dollars should go, and the handful of early decisions that compound for twenty years. Start here.

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	Basic pay, allowances, the tax advantage and how to read your LES	
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THE EXAMPLE (NORFOLK, VIRGINIA)

Alex is a Navy petty officer second class, an E-5 with over four years in, married to Jordan, with one child. Basic pay is \$3,946.80 a month in 2026. That is the number Alex quotes when someone asks about pay, and it is a little over half of what the Navy actually pays. The rest arrives as allowances that are never taxed. What is the whole package worth?

What Alex is actually paid

A FULL YEAR AT 2026 RATES

Basic pay  \$47,362

Housing (BAH)  \$29,160

Food (BAS)  \$5,723

 Taxable  Tax-free

SHARE OF \$82,245 IN TOTAL CASH

Taxable 58%

Tax-free 42%

\$82,245

Total cash a year, or \$6,853.75 a month

42%

Tax-free, and free of Social Security and Medicare tax too

Computed: $12 \times \$3,946.80$ basic pay, \$2,430 BAH (Norfolk, E-5 with dependents) and \$476.95 enlisted BAS.

Three kinds of money

KIND OF PAY	FEDERAL INCOME TAX	SOCIAL SECURITY & MEDICARE	PENSION AND TSP MATCH
Basic pay Set by pay grade and years of service	Taxable	Yes, 7.65%	Yes. Both are figured on basic pay alone
Allowances Housing (BAH, or OHA overseas), food (BAS), dislocation, family separation, clothing	Tax-free 26 U.S.C. §134	No	No
Special and incentive pays, bonuses Sea, submarine, flight, hazardous duty; reenlistment bonuses	Taxable, except in a combat zone	No	No, but they can go into the Thrift Savings Plan (TSP)

Two consequences. A tax-free dollar is worth more than a salary dollar (next card). And allowances build nothing for later: a pension is a percentage of basic pay, so 42% of Alex's cash never shows up in a retirement check. One allowance is taxable: the stateside cost-of-living allowance, CONUS COLA ([Guide 02](#)).

What a civilian salary would have to be

Basic pay (taxable) \$47,362

Allowances (tax-free) \$34,883

Total cash \$82,245

Civilian salary to match about \$90,500

How it is computed. Filing jointly, \$47,362 less the \$32,200 standard deduction leaves \$15,162 of taxable income: the 10% bracket, which ends at \$24,800, with 12% above it. A civilian keeps \$34,883 only after paying those rates plus 7.65% Social Security and Medicare, which takes about \$43,200 of salary.

Computed; an illustration, not a DoD figure. Assumes no other household income and ignores tax credits. State income tax would push the number higher.

DoD's name for this yardstick is **Regular Military Compensation (RMC)**: basic pay, BAH, BAS and the federal tax advantage. The Congressional Research Service puts RMC at \$89,148 for an E-5 and \$85,567 for an O-1 on January 1, 2026. DoD's 2025 pay review, the 14th Quadrennial Review of Military Compensation, placed it at the **83rd percentile** of comparable civilians for enlisted members and the **76th** for officers. RMC leaves out special pays, the TSP match, health care and the pension.

Officer or enlisted: what differs

Pay tables	One table each for enlisted members (E-1 to E-9), warrant officers (W-1 to W-5) and commissioned officers (O-1 to O-10). OFFICER With more than four years of prior enlisted or warrant service, an officer is paid on the O-1E to O-3E rates, which keep rising after the regular rates level off.
Food (BAS)	ENLISTED \$476.95 a month. OFFICER \$328.48, or \$148.47 less. Indexed to USDA food costs, not to the pay raise.
Housing (BAH)	ALL RANKS Set by pay grade, duty-station ZIP code and whether you have dependents; not by how many, and not by your rent. Norfolk in 2026, with dependents: \$2,430 for an E-5, \$2,694 for an O-3.
Uniforms	ENLISTED A cash clothing replacement allowance every year, paid in your anniversary month. OFFICER A one-time \$400 initial uniform allowance; after that, officers buy their own.
Combat zone	ENLISTED and warrant officers exclude all pay from income tax. OFFICER Commissioned officers exclude up to \$11,166.90 a month plus their hostile fire or imminent danger pay: \$11,391.90 through September 30, 2026, and \$11,441.90 or \$11,616.90 from October 1 (Guide 02).
The same for all	The 3.8% raise on January 1, 2026; hostile fire pay (\$450 since October 1, 2026) and imminent danger pay (\$275); the family separation allowance (\$300); TSP matching under the Blended Retirement System; 30 days of leave a year.

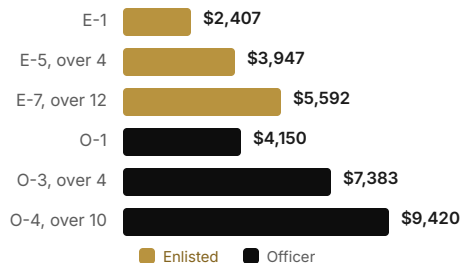
2026 basic pay at a glance

PAY GRADE AND YEARS OF SERVICE	MONTHLY	ANNUAL
ENLISTED E-1, after 4 months	\$2,407.20	\$28,886
E-3, under 2 years	\$2,836.80	\$34,042
E-4, over 3	\$3,482.40	\$41,789
E-5, over 4	\$3,946.80	\$47,362
E-6, over 8	\$4,612.80	\$55,354
E-7, over 12	\$5,591.70	\$67,100
WARRANT W-2, over 8	\$6,051.00	\$72,612
OFFICER O-1, under 2 years	\$4,150.20	\$49,802
O-2, over 2	\$5,446.20	\$65,354
O-3, over 4	\$7,382.70	\$88,592
O-4, over 10	\$9,420.00	\$113,040

Monthly rates effective January 1, 2026, after a 3.8% raise for every grade. They sit on top of the junior-enlisted pay table that was rebuilt on April 1, 2025. Annual figures are 12 x monthly, rounded. The 2027 raise was not final when this guide went to print: 3.6% by the statutory formula unless Congress enacts the larger targeted raise in the pending defense bill.

How pay grows

MONTHLY BASIC PAY, 2026



- **Promotion is the big lever.** E-1 to E-5 over 4 lifts basic pay 64%; O-1 to O-3 over 4 lifts it 78% (computed from the table).
- **Longevity** steps arrive at over 2, 3, 4, 6, 8, 10 and 12 years, and on from there, counted from your pay date.
- **The annual raise** each January tracks private-sector wage growth by law, unless Congress sets another figure.
- **Plateaus.** E-4 pay stops climbing at over 6 years, E-5 at over 12, O-1 at over 3 and O-2 at over 6.

Eight lines worth checking every month

The Leave and Earnings Statement (LES) posts to myPay every month. Field labels below follow the DFAS guide to the Army LES; your service's statement may label or place a field differently.

- 1 **State of legal residence** · STATE TAXES, FIELD ST
The state DFAS withholds tax for. It follows your legal residence, which does not change with orders ([Guide 06](#)).
- 2 **TSP percentage** · BASE PAY RATE
Under the Blended Retirement System, **5% of basic pay** draws the full match. Special, incentive and bonus pay carry their own rates. Confirm Roth or traditional ([Guide 04](#)).
- 3 **SGLI**
\$26 a month buys the full \$500,000. Coverage on a spouse is a separate deduction ([Guide 11](#)).
- 4 **BAH rate and dependency status** · BAQ TYPE, BAQ DEPN, VHA ZIP
Right ZIP code, right with- or without-dependents rate. A wrong rate is an overpayment, and overpayments are collected back.
- 5 **Leave** · CR BAL, USE/LOSE
CR BAL is today's balance. USE/LOSE is what disappears on October 1 if you do not take it.
- 6 **Pay date and DIEMS** · PAY DATE, YRS SVC, DIEMS
The pay date (pay entry base date) sets your longevity raises. DIEMS, the date you first entered service, sets your retirement system.
- 7 **Retirement plan** · RET PLAN
Anyone who entered on or after January 1, 2018 is in the Blended Retirement System. Earlier entrants are High-3 unless they opted in during 2018 ([Guide 14](#)).
- 8 **Entitlements, allotments and remarks**
Special pays should start and stop with the duty. You may run up to six discretionary allotments. REMARKS carries notices; read it.

If something looks wrong, take the LES to your finance office the same week. An error repeats every payday it runs, and overpayments are collected back, often in one bite, whether or not you noticed them.

Leave is pay too

You earn **2.5 days a month**, 30 paid days a year. Up to **60 days** carry past October 1; anything above that is lost. Certain deployments let you hold up to 90 for a time.

Leave can be sold at reenlistment, separation or retirement, but only **60 days in a whole career**, at **basic pay only**, and the payment is taxed.

ALEX, 30 DAYS OF LEAVE

Sold \$3,946.80

Basic pay only, taxable

Taken \$6,853.75

Basic pay, BAH and BAS keep running, and you get the days off

Computed from Alex's 2026 monthly pay. Terminal leave follows the same math ([Guide 15](#)).

Questions we get

"Did junior enlisted get a bigger raise in 2026?" No. It was 3.8% for every grade. The larger increase came in 2025: about 15% in total for E-1 to E-4, and the 2026 table is built on it.

"Rents fell here. Will my BAH drop?" Not while your eligibility is unchanged. Individual rate protection holds your rate until a PCS, a reduction in grade or a change in dependency status.

"I live in the barracks. Where is my BAH?" Without dependents and in government quarters, you receive partial BAH: \$8.10 a month for an E-4 in 2026.

"Do special pays count toward retirement?" No. The pension and the TSP match are figured on basic pay alone.



THE EXAMPLE (NORFOLK, VIRGINIA)

Alex, the Navy E-5 from [Guide 01](#), deploys for seven months on a ship that will spend part of the cruise inside the Arabian Peninsula combat zone. On top of \$3,946.80 of basic pay come career sea pay, up to \$275 a month of imminent danger pay and, after more than 30 days apart, the \$300 family separation allowance. Which are taxed, which stop when the ship comes home, and what happens to a reenlistment bonus signed out there?

The pays most people meet

PAY	WHO GETS IT	CURRENT MONTHLY RATE	TAXED?
Hostile fire / imminent danger pay	ALL RANKS In a designated area. Imminent danger pay accrues at \$9.16 a day; hostile fire pay covers the month. Never both in the same month	\$450 hostile fire · \$275 imminent danger, since Oct. 1, 2026 (both were \$225 before)	Yes*
Hardship duty pay, location	ALL RANKS Designated hardship locations	\$50 or \$100 ; the \$150 tier ended Oct. 1, 2026. Capped alongside hostile fire or imminent danger pay	Yes*
Family separation allowance	ALL RANKS With dependents, apart more than 30 days: deployment, ship, unaccompanied tour, long TDY	\$300 since January 1, 2026 (it was \$250)	No
Career sea pay	ENLISTED OFFICER Separate tables, by pay grade and cumulative sea time	\$50 to \$750 (Navy and Marine Corps; Army and Air Force tables differ)	Yes*
Submarine duty pay	ENLISTED OFFICER Separate tables, by grade and years	\$85 to \$600 enlisted; \$320 to \$475 warrant; \$255 to \$950 officer	Yes*
Aviation incentive pay	OFFICER Rated officers, by years of aviation service. ENLISTED Aircrew have separate tables	Up to \$1,000 under DoD policy; Air Force enlisted flyers up to \$600	Yes*
Hazardous duty incentive pay	ALL RANKS Parachute, demolition, flight deck, toxic fuels and similar duty; up to three at once	\$150 ; \$225 for military free-fall	Yes*
Special duty assignment pay	ENLISTED Run by the services mainly as an enlisted incentive for demanding billets	\$75 to \$450 is the range DoD reports being paid	Yes*
Foreign language proficiency bonus	ALL RANKS Annual test in a needed language; by law the rates cannot differ by rank	Up to \$1,000 , and \$12,000 a year	Yes*

*Taxable unless earned in a combat-zone month (next page). None of these pays is subject to Social Security or Medicare tax, and none counts toward the pension. These are the rates now in force; several tables have not moved since 2014–2021 and none follows the annual raise. Hostile fire and imminent danger pay were \$225 from 2003 until October 1, 2026, when DoD raised them to the ceilings in 37 U.S.C. §351. A pay that keeps running after you no longer meet its criteria becomes a debt.

Bonuses

Who is offered what	ENLISTED Enlistment bonuses, up to \$75,000 by law, and the selective reenlistment bonus, which DoD caps at \$30,000 per year of new obligation. OFFICER Retention bonuses are community-specific (aviation, nuclear, surface warfare, health professions); each service sets the offer.
How it is paid	Lump sum, installments, or a combination. Leave early and the unearned part is collected back.
Withholding	Federal tax is generally withheld at a flat 22% , whatever your bracket. The difference settles on your return.
The combat-zone rule	Reenlist or extend in a month you serve in a combat zone and the whole bonus is tax-free, later installments included . Commissioned officers are limited by the monthly cap (next page).

ILLUSTRATION: WHAT ALEX KEEPS OF A \$30,000 LUMP-SUM BONUS

Kept once the return is filed \$26,593

Signed in a combat-zone month \$30,000

Computed at Alex's 2026 brackets from [Guide 01](#): \$9,638 taxed at 10% and \$20,362 at 12%, or \$3,407 of federal tax. Assumes a joint return; the bonus stacks on basic pay.

COLA and other allowances

CONUS COLA	Taxable. Paid at stateside duty stations where non-housing costs run more than 7% above the national average. It is small: DoD's own example is an E-6 drawing about \$41 a month.
Overseas COLA	Tax-free. Offsets higher prices overseas, Alaska and Hawaii included. It can move every pay period with exchange rates, so it is not a number to build a budget on.
TDY per diem	Lodging plus meals and incidentals at the local rate, with 75% of the meals rate on the first and last travel days. A reimbursement, not income.
Moving	Dislocation allowance, temporary lodging and travel pay are tax-free (Guide 07).



\$11,166.90 + danger pay

2026 monthly cap on the tax exclusion for commissioned officers: \$11,391.90 through September, then \$11,441.90 (imminent danger) or \$11,616.90 (hostile fire). Enlisted members and warrant officers have no cap

10%

Savings Deposit Program interest, a year, on up to \$10,000 per deployment

\$72,000

2026 ceiling on total TSP additions, yours plus the government's; reachable only with combat-zone pay

\$300 /mo

Family separation allowance, tax-free, after more than 30 days apart

Combat zone tax exclusion

Serve **one day** of a month in a designated combat zone and your military pay for the **whole month** leaves federal taxable income.

ENLISTED

And warrant officers: everything, with no ceiling. Basic pay, special and incentive pays, bonuses signed there, leave earned there.

OFFICER

Commissioned officers exclude up to the top enlisted basic pay rate, \$11,166.90, plus the hostile fire or imminent danger pay received that month (\$450 or \$275 since October 1, 2026).

Who the cap touches

An O-3 over 4 earns \$7,382.70 plus danger pay, all of it excluded. An O-5 over 20 earns \$12,032.70 plus danger pay, so **\$865.80 a month** stays taxable whatever the danger-pay rate (computed).

Still withheld

Social Security and Medicare tax on basic pay.

Where

The Arabian Peninsula, Afghanistan and Kosovo areas, the Sinai Peninsula and named direct-support countries. The IRS keeps the list.

Where tax-free pay can go

Roth TSP **\$24,500**

Roth IRA (and again for a spouse) **\$7,500**

Savings Deposit Program **\$10,000**

Total TSP room, incl. the \$24,500 **\$72,000**

Never taxed, in or out Deposit tax-free, interest taxable Contributions tax-free, earnings taxable

Roth TSP

Zone pay goes in untaxed and qualified withdrawals come out untaxed. The cap stays **\$24,500** in 2026, zone or no zone.

Roth IRA

Nontaxable combat pay counts as compensation, so **\$7,500** can go in for you and \$7,500 for a spouse, even in a year with no taxable pay.

Savings Deposit Program

Open after more than 30 days in a designated area (or one day in each of three straight months). 10% a year on up to **\$10,000**; interest stops 90 days after you leave and **is taxable**.

Traditional TSP, above \$24,500

Only tax-exempt contributions from zone pay may pass the limit, up to **\$72,000** in all, counting the service's 1% and match. Contributions are never taxed; their earnings are.

Before you go

ELECTIONS AND PAPERWORK

- Two TSP elections**
One percentage for basic pay, another for special, incentive and bonus pay. Choose Roth or traditional for each.
- Legal assistance office**
A will and powers of attorney, free.
- Family separation allowance**
File DD Form 1561 with your finance office.

While you are there

START WHAT ONLY THE ZONE ALLOWS

- Read the LES, then open the SDP**
Hostile fire pay, family separation and the tax exclusion should all have started. The Savings Deposit Program opens through finance once you are eligible.
- Reenlistment window open?**
The month you sign decides whether the bonus is taxed.
- Student loans**
Ask the servicer for 0% interest; send an LES showing hostile fire pay ([Guide 03](#)).

After you are home

CLOSE IT OUT CLEANLY

- Pays that should have stopped**
Anything still running becomes a debt.
- Reset the TSP percentages**
Reaching \$24,500 before December stops the match ([Guide 04](#)).
- The tax return**
Excluded pay is in W-2 box 12, code Q. Deadlines extend at least 180 days past your last day in the zone.

Two credits to check

Earned Income Tax Credit. You may elect to count nontaxable combat pay as earned income (2026 maximum: \$4,427 with one child, \$7,316 with two). It can raise or lower the credit, so run the return both ways.

Saver's Credit. Combat pay is not in AGI, so a deployment year can qualify you: 50% of up to \$2,000 in the TSP or an IRA, AGI up to \$24,250 single or \$48,500 joint. Final year: 2026.

Questions we get

"I am a warrant officer. Am I capped?" No. Warrant officers, commissioned or not, stand with enlisted members here; the cap applies to commissioned officers.

"My ship was in the Red Sea for two days. Does that count?" One day of service inside a designated zone makes that whole month's pay excludable. Your finance office applies the exclusion; check the LES.



THE EXAMPLE (FORT CAMPBELL, KENTUCKY)

Sam is an Army specialist, an E-4 with over three years in, single, living in the barracks. Basic pay is \$3,482.40 a month in 2026, there is no rent, and there is a car payment. By age 24, **50 to 60%** of people who entered service carry auto debt, against 29% of civilians (CFPB, 2020), and a third of serving families have less than \$500 set aside (MFAN, 2025). Where does the first spare dollar go, and in what order?

How much cash, and where

BUILD IT IN THIS ORDER

One month of expenses, first
Then clear debt above about 10%

Three to six months of expenses
The Defense Department's own guidance for a military family

Beyond six months
Cash beyond this belongs invested (Guides 04 and 05)

The paycheck lands on the 1st and the 15th whatever the economy does, so reserves are not really about losing a job. They are about costs that arrive in a lump and are reimbursed late, or never: **a move** — more than 60% of families who moved in the past two years paid over \$1,000 out of pocket, a military-family survey found (Guide 07) — **a spouse's income gap** in a new state (Guide 12), emergency leave travel, a car repair, and separation itself (Guide 15).

WHERE IT CAN SIT · OCTOBER 13, 2026

Top high-yield savings rates about **4.00–4.27%**; a 3-month Treasury bill **4.26%**, a 6-month bill **4.34%**; a Series I savings bond issued May 1 to October 31, 2026, **4.26%**. The average savings account pays **0.65%**. Yields move. DoD's guidance is to keep emergency money where there is no penalty for taking it out, and to automate the transfer.

What to pay off first

WHAT MONEY COSTS, AND WHAT IT EARNS

Credit card	22.15%
Personal loan	11.86%
New car, 60 mo.	7.14%
Mortgage, 30 yr.	7.40%
Cash in savings	4.27%

■ Card ■ Loans ■ What cash earns

Federal Reserve G.19, second quarter 2026: card rate for accounts assessed interest, 24-month personal loan, 60-month new-car loan. Mortgage: Freddie Mac, week of October 8, 2026. Savings: top listed rate, October 13, 2026.

A RULE OF THUMB, NOT A RULE

Above ~10%	Clear it first. A card at 22.15% costs more than five times what the same money earns at 4.27%.
5% to 10%	Split. Pay it down and invest at the same time; neither is clearly ahead.
Under ~5%	Pay the scheduled amount and put the surplus to work instead.
Why 10%? I used 8% when rates were lower; today, 3–4 points above prime.	

The order of operations ALL RANKS

- 1 Save one month of expenses, then attack debt above 10%**
Keep it in a separate account so it is not spendable. Then the cards, highest rate first.
- 2 The TSP, to 5% of basic pay**
Under the Blended Retirement System the service adds 1% automatically and matches up to 4% more. For Sam, putting in **\$174.12** a month draws a **\$139.30** match, on top of the \$34.82 automatic 1% the Army pays either way (computed; Guide 04).
- 3 A Roth IRA**
A second tax-free account, **\$7,500** in 2026, on top of the TSP limit. A spouse with no paycheck can have one too (Guide 05).
- 4 Back to the TSP**
Up to **\$24,500** of your own money in 2026, spread across all twelve months: reach the limit in November and December's match never arrives.
- 5 Three to six months of cash — then everything else**
A taxable account, a 529 for a child, extra principal on a mortgage.

Where it bends. A deployment year changes the order: tax-free pay makes Roth contributions unusually cheap, and tax-exempt traditional contributions do not count against the \$24,500 limit, so the \$72,000 annual-additions ceiling becomes reachable (Guide 02).

The protections you already have

36%	The Military Lending Act caps the all-in rate on most credit opened while you serve, and covers spouses. It does not cover a loan to buy the vehicle it is secured by — most of the financing sold near the gate (Guide 13).
6%	The Servicemembers Civil Relief Act caps interest on debt taken on before service. Interest above 6% is forgiven, not deferred. Private lenders need your written request and orders (Guide 13).
0%	The relief societies — Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society, Coast Guard Mutual Assistance — make interest-free loans and grants, confidentially and without fees, often the same day.

Before the dealership. The Consumer Financial Protection Bureau found service members finance about **\$39,000** on a new vehicle, roughly \$2,200 more than civilians and with about \$1,100 less down, and that more than **70%** buy add-on products.



FROM MY CAREER

Katerina and I graduated college about \$150,000 in debt, most of it her student loans. PSLF forgave mine. We invested the difference from day one, and kept one rule: never sign a loan above 10% APR without seeing a command financial specialist.

The plans, after July 1, 2026

PLAN	WHERE IT STANDS IN OCTOBER 2026
SAVE	Gone. Exit notices began July 1, 2026; you get at least 90 days to choose another plan, and choosing nothing means a standard, balance-priced one. Interest resumed Aug. 1, 2025, and the forbearance months do not count toward forgiveness.
RAP	New, open since July 1, 2026 to Direct Loan borrowers: a percentage of adjusted gross income, forgiven after 360 payments . It counts toward Public Service Loan Forgiveness.
IBR	Survives , by statute, for borrowers whose loans were all made before July 1, 2026: 10% of discretionary income, forgiven at 20 years; 15% and 25 years if you borrowed before July 1, 2014.
The rest	PAYE and ICR close no later than July 1, 2028 , and published accounts differ on where borrowers still in them are moved. The new Tiered Standard plan runs a fixed 10, 15, 20 or 25 years by balance; only its 10-year schedule counts toward forgiveness.

The one-way door. A new Direct Loan or a consolidation on or after July 1, 2026 ends IBR, PAYE and ICR for **all** your loans; a consolidation also gives up the 6% cap ([Guide 13](#)).

Why military pay helps

Income-driven payments run on **adjusted gross income**, and BAH, BAS, overseas allowances and combat-zone pay never reach it.

RAP charges 1% to 10% of *all* AGI in \$10,000 bands, less **\$50 a month per dependent**. Unpaid interest is waived.

ALEX'S MONTHLY PAYMENT · ILLUSTRATION

On AGI of \$47,362  **\$107.87**

If allowances counted  **\$498.30**

Computed illustration, not a servicer quote. Alex, a Navy E-5 over 4; basic pay \$3,946.80 a month; no other household income; one dependent. AGI = 12 × basic pay = \$47,362 → the 4% band → \$1,894.46 a year, \$157.87 a month, less \$50. [Guide 01](#) put Alex's total cash at \$82,245: the 8% band, \$498.30 a month, **\$4,685 a year more**.

Two levers. Traditional TSP contributions cut AGI, and the payment with it. So does a combat-zone year: **ENLISTED** and warrant officers exclude all of it, **OFFICER** commissioned officers up to \$11,166.90 a month plus danger pay ([Guide 02](#)).

Public Service Loan Forgiveness

- ✓ **Active duty is qualifying employment**
The regulation names the Armed Forces and the National Guard. **120 qualifying payments** on Direct Loans, under an income-driven plan, RAP or the 10-year standard schedule.
- ✓ **Deferment and forbearance months count**
Military service deferment, post-active-duty student deferment, Guard duty and DoD loan-repayment forbearance.
- ! **Buy back the gaps**
Months in a non-qualifying forbearance, the SAVE one included, can be bought back when that brings you to 120.
- ✗ **It does not track itself**
Certify employment with the PSFL Help Tool and check the count every year.

Deployed, or tempted to refinance

- ✓ **0% in a hostile-fire area — if you ask**
No interest for up to **60 months** on Direct Loans first disbursed on or after **October 1, 2008**, while you draw hostile fire or imminent danger pay. Not automatic: send orders or an LES ([Guide 02](#)).
- ✓ **6% on anything borrowed before service**
Federal and private. Federal servicers apply it from the Defense Department database; a private lender needs a written request with your orders ([Guide 13](#)).
- ✗ **Refinancing federal loans into a private loan**
Irreversible, and usually the most expensive student-loan decision a service member can make. It ends PSFL, RAP and IBR, the 0% benefit, military deferments and death or disability discharge, and turns unpaid interest into principal.
- ✗ **Sitting in deferment "to save money"**
Interest still accrues and capitalizes; members in military deferment averaged 2.5 years there. An income-driven payment is often small, and it counts toward the 120.

Questions we get

"Which plan, for forgiveness?" The one with the lowest qualifying payment you can sustain: every dollar above it is a dollar forgiveness would have covered.

"Does BAH raise my payment?" No: it is not in adjusted gross income. A bonus does, unless it was earned in a combat zone ([Guide 02](#)).

"Is forgiveness taxed?" Not under PSFL, and not a discharge for death or total and permanent disability after December 31, 2025, though that return must carry a valid Social Security number. Time-based forgiveness under IBR or RAP is taxable again from 2026.

Free help you already have

- **A personal financial counselor** on your installation, required wherever 2,000 or more active-duty members are stationed, with nothing to sell.
- **Military OneSource** counseling and **MilTax** software, 800-342-9647, including 365 days after you separate.
- **Free electronic credit monitoring** for active-duty and Guard members at all three nationwide bureaus.



THE EXAMPLE (NORFOLK, VIRGINIA)

Alex is a Navy E-5 with over four years in, married to Jordan, one child, and covered by the Blended Retirement System (BRS). Basic pay is \$3,946.80 a month in 2026. Putting 5% into the Thrift Savings Plan (TSP) costs Alex \$197.34 a month. The Navy adds a 4% match (\$157.87) on top of the automatic 1% (\$39.47) it pays whether Alex contributes or not — another \$197.34 in all. How much goes in, Roth or traditional, and which funds?

The BRS match

ALL RANKS Under BRS the service pays into your TSP two ways, both figured on **basic pay only** — not BAH, BAS, special pays or bonuses.

YOU CONTRIBUTE	AUTOMATIC	MATCH	GOVERNMENT TOTAL	GOING IN
0%	1%	0%	1%	1%
1%	1%	1%	2%	3%
3%	1%	3%	4%	7%
5% or more	1%	4%	5%	your % + 5%

ALEX AT 5%: \$394.68 A MONTH GOES IN, HALF OF IT ALEX'S

Alex 5% · \$197.34	1%	Match 4% · \$157.87
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Automatic 1% Starts after **60 days** of service, even if you contribute nothing. It vests at **two years**; leave sooner and it is forfeited with its earnings.

Matching Starts after **two years and one day** of service and is yours at once: dollar for dollar on your first 3%, 50 cents on the dollar on the next 2%. Both stop at separation, or at **26 years** of service.

Do not max out early

The match is figured **every pay period**, with no year-end true-up. Reach the \$24,500 limit before December (under age 50) and your contributions stop. So does the match.

Usual cause	A large bonus contribution early in the year. Those dollars are never matched.
What it costs	An O-3 over 4 who hits \$24,500 in November loses $4\% \times \$7,382.70 =$ \$295.31 of December match. Computed.
The fix	Pace it: $\$24,500 \div 12 = \$2,041.67$ a month, and 5% or more of basic pay in December.
Age 50+	Extra contributions spill into the catch-up limit and can still earn the match.

Check this today: members who entered from January 1, 2018 through September 30, 2020 were enrolled automatically at **3%**, not 5%, and stay there until they change it. For Alex, 3% would leave \$39.47 of match behind every month.

Roth or traditional?

Traditional contributions skip income tax now and are taxed when withdrawn. **Roth** contributions are taxed now; contributions and earnings come out tax-free once you are 59½ and five years past January 1 of the year of your first Roth contribution. The question is whether your tax rate is lower now or later. Early in a military career it is usually lower now, because BAH and BAS never enter taxable income.

2026 FEDERAL BRACKET ON BASIC PAY ALONE (COMPUTED)

PROFILE	BASIC PAY, YEAR	TAXABLE INCOME	BRACKET
E-4 over 3, single (Sam)	\$41,789	\$25,689	12%
E-6 over 8, married, two children	\$55,354	\$23,154	10%
O-1 under 2, single	\$49,802	\$33,702	12%
O-3 over 4, married	\$88,592	\$56,392	12%
O-3 over 4, single	\$88,592	\$72,492	22%

Basic pay × 12, less the 2026 standard deduction (\$16,100 single, \$32,200 joint), against the 2026 brackets. Assumes no other taxable income, a spouse with no income, no traditional TSP contributions and no combat-zone months; federal tax only. The E-6 family's \$2,315 of tax is erased by \$4,400 of child tax credit.

A quick rule

10–22% bracket	Roth usually wins. A traditional deduction saves at most 22 cents on the dollar, and nothing for the E-6 family, whose tax is already zero.
24% and up	The case for traditional grows: senior officers, high-earning two-income couples, a home state that taxes income. Many split.
Combat zone	Roth usually wins: tax-free pay goes in untaxed and comes out untaxed (Guide 02).
Watch	Roth does not cut AGI, which income-tested credits use (Guide 05), but has no required minimum distributions.

THE GOVERNMENT'S MONEY IS ALWAYS TRADITIONAL

Automatic and matching dollars land in your traditional balance however you designate your own. Since January 2026 the TSP allows **in-plan Roth conversions** (\$500 minimum): taxed as income, paid for with money outside the TSP, and irreversible.

\$24,500

2026 limit on your own contributions, traditional and Roth combined

\$8,000

Catch-up at ages 50–59 and 64+; \$11,250 at ages 60–63

\$72,000

Annual additions, yours plus the government's; reached only with combat-zone pay (**Guide 02**)

\$150,000

2025 FICA wages (basic pay only) above this make catch-ups Roth-only. Enlisted pay never reaches it

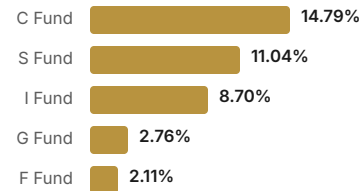


The five funds

FUND	WHAT IT HOLDS	2025 COST	10-YEAR	SINCE INCEPTION
G	U.S. Treasury securities; principal protected	0.034%	2.76%	4.65% (1987)
F	U.S. bonds (Bloomberg U.S. Aggregate index)	0.035%	2.11%	5.30% (1988)
C	Large U.S. companies (S&P 500 index)	0.035%	14.79%	11.34% (1988)
S	Small and mid-size U.S. companies	0.051%	11.04%	9.42% (2001)
I	Non-U.S. stocks, developed and emerging	0.048%	8.70%	6.01% (2001)

Past performance, not a projection. Annualized, after expenses, as published by the TSP for periods ended December 31, 2025. **The I Fund changed indexes in 2024**, so its earlier returns reflect a different, developed-markets-only index.

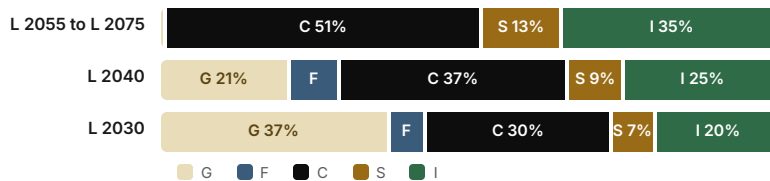
Ten years, annualized



Past performance, not a projection. These ten years were unusually kind to U.S. stocks: the C Fund's 14.79% is well above its 11.34% since 1988.

Lifecycle (L) funds

Each L Fund blends the five funds and shifts from stocks toward the G and F Funds as its target year nears. The default for a member in their twenties is not conservative: **L 2055 through L 2075 were about 99% stocks** on December 31, 2025.



Check where old money sits

Members who entered on or after January 1, 2018 with no investment election on file go into the L Fund that fits their age.

Entered before 2018

The uniformed-services default was the **G Fund** until then. BRS opt-ins got an L Fund only for deposits after the election; older money may still sit in G.

Why it matters: at the 10-year returns above, \$10,000 grew to about \$13,130 in G and \$39,720 in C (computed; past performance). **Check new money and the old balance.**

FROM MY CAREER



I maxed out the Roth TSP at 50% C, 30% S and 20% I for most of my career. My rule: Roth, generally through the 22% federal bracket.

What I did, not a recommendation. My other rule: no single stock or coin above 10% of the portfolio (index funds aside), with all of crypto counted as one.

Building your own mix

If you will not check it, the L Fund for your target year is a reasonable default. Building your own? Decide three things, in this order, and never pick funds by last year's returns.

- When you need the money.** Money for a house in three years does not belong in the C, S or I Funds.
- How bad a year you can sit through.** A stock-heavy mix can lose a third or more in a year; selling locks in the loss.
- One rebalance a year.** Reset to your target each January.

Growth illustration

Hypothetical, computed. Alex's 2026 basic pay (\$47,361.60 a year) held flat for 20 years; the government adds 5% a year, \$47,362 in all; year-end deposits; a constant **7% return — an assumption, not a forecast.** Nominal dollars, before taxes and fees.

Alex at 5% → \$194,161



Alex at 15% → \$388,322



At a constant 5% the two cases end at \$156,606 and \$313,211; at 9%, at \$242,303 and \$484,605. Real returns are never constant. Not a projection or a guarantee.

Questions we get

"Can I borrow from my TSP?" Yes, while in pay status: 12–60 months for any purpose (\$50 fee) or 61–180 months for a primary residence (\$100), at the G Fund rate. At separation you may keep paying or pay it off; a foreclosed loan is a taxable distribution.

"Does my spouse have a say?" Yes. Your spouse must consent to loans and in-service withdrawals. And a will does not control the TSP; the beneficiary form does.

"What happens when I leave the service?" With \$200 or more you can leave it, roll it over, or withdraw. Cashing out before 59½ means income tax plus a 10% penalty on the taxable part, unless you separate in or after the year you turn 55. Keeping it, rolling it to an IRA, or splitting it is worked through in **Guide 22**, page 2.

"Should I use the mutual fund window?" It takes a \$40,000 account and a \$10,000 first transfer, and costs \$132 a year plus \$28.75 a trade: 1.32% a year on \$10,000 (computed).



THE EXAMPLE (GROTON, CONNECTICUT)

Chris is a Navy O-3 with over four years in, stationed in Groton and married to a civilian who earns \$165,000. Basic pay is \$88,592 in 2026 and the Roth TSP is already full ([Guide 04](#)). The couple's income for Roth IRA purposes is \$253,592 — past the 2026 joint cut-off of \$252,000, so neither may contribute straight to a Roth IRA. Illustration. There is still a legal way in.

Why a second Roth account

The TSP and an IRA have separate limits; one does not use up the other. A joint return can also fund an IRA for a spouse with no paycheck — the **spousal IRA**.

TAX-FREE ROOM FOR 2026

Roth TSP (Guide 04)		\$24,500
Your Roth IRA		\$7,500
Spousal Roth IRA		\$7,500

A couple under 50 shelters **\$39,500** across the two; \$32,000 for the member alone. Computed.

Contributions first	Roth IRA withdrawals come out contributions first : the money you put in is the first money back out.
Start the clock	The Roth TSP five-year clock does not carry over . A Roth IRA's runs from January 1 of the first year you funded one — open it early.

2026: what you may put in

ITEM	2026
IRA limit, each person	\$7,500 · \$8,600 at 50+
Couple under 50, two IRAs	\$15,000
Roth phase-out, single	\$153,000–\$168,000
Roth phase-out, joint	\$242,000–\$252,000
Married filing separately	\$0–\$10,000

These ranges use modified adjusted gross income, which never includes BAH, BAS or combat-zone pay. **Traditional TSP** contributions lower it; Roth contributions do not.

Military pay alone rarely reaches them: an O-5 over 16 earns \$136,696 of basic pay. It takes a second income, a large taxable bonus, real investment income — or filing separately.

The backdoor, step by step

- 1 Contribute without taking a deduction**
Up to **\$7,500** into a traditional IRA. Anyone may contribute at any income; only the *deduction* phases out — at \$81,000–\$91,000 single and \$129,000–\$149,000 joint in 2026, because active duty counts as covered by a workplace plan.
- 2 Convert it to a Roth IRA**
There is **no income limit on conversions**. Any untaxed amount you move is taxed — with a nondeductible contribution, that is only the earnings.
- 3 File Form 8606**
Part I for the contribution year, Part II for the conversion year. It proves the money was already taxed. Missing it costs **\$50** — and, worse, tax twice on your own money.

The trap — the pro-rata rule: every traditional, SEP and SIMPLE IRA you own counts as one account, valued on **December 31 of the conversion year**. Hold \$92,500 of pre-tax IRA money, convert \$7,500, and only **7.5%** comes out tax-free — $\$7,500 \div \$100,000$, computed.

The TSP fixes the pro-rata problem

The TSP accepts rollovers of **pre-tax** money from traditional, SEP and SIMPLE IRAs into your traditional balance, while you serve or after you separate. Move that balance in before December 31 and the December 31 snapshot is zero, so the conversion is clean. The TSP will not take after-tax basis, so the basis stays in the IRA where it belongs.

- ! It does not run the other way**
The TSP does not accept a rollover from a Roth IRA, even if you have a Roth TSP balance.
- ! There is no “mega backdoor” here**
The TSP takes only two kinds of contribution from you, traditional and Roth, both against the same \$24,500 limit. It publishes no after-tax, non-Roth contribution type, so the route some civilian plans allow does not appear to exist.



FROM MY CAREER

I maxed a Roth IRA alongside the Roth TSP, and used the backdoor Roth to keep funding it.

In a combat-zone year

ALL RANKS Nontaxable combat pay counts as compensation for IRA purposes (IRC §219(f)(7)); the amount is on Form W-2, box 12, code Q. A member whose pay is all tax-exempt can still fund a \$7,500 Roth IRA and a \$7,500 spousal Roth IRA.

It is also the cheapest year to convert: with no other taxable income a single filer's first **\$16,100** is absorbed by the 2026 standard deduction and the next \$12,400 taxed at 10%; jointly, \$32,200 then \$24,800. Computed. See [Guide 02](#).

The credit that ends

2026 is the Saver's Credit's last year: up to 50% of the first \$2,000 you save, on AGI up to \$24,250 single or \$48,500 joint, fading out at \$40,250 and \$80,500. TSP counts; nonrefundable.

From 2027 a **Saver's Match** replaces it: paid into a retirement account instead of your tax bill, with lower ceilings (\$35,500 and \$71,000), and it cannot go into a Roth account.



THE EXAMPLE (NORFOLK, VIRGINIA)

Morgan is a Navy chief petty officer, an E-7 with over 16 years in, a legal resident of Tennessee, stationed in Virginia, married to a civilian who works there. Say the household has \$75,000 of taxable military pay — basic pay plus special pays — and \$70,000 of spouse wages: \$145,000, with BAH and BAS already out of it. Tennessee is Morgan's legal residence and the couple elects it, so Virginia taxes neither the pay nor the wages. As Virginia residents they would owe \$6,967 a year.

The rule

ALL RANKS The Servicemembers Civil Relief Act, **50 U.S.C. §4001(a)(1)**, does most of the work: a service member "shall neither lose nor acquire a residence or domicile for purposes of taxation ... by reason of being absent or present in any tax jurisdiction ... solely in compliance with military orders." Orders move you; they do not move your tax home.

Your military pay	§4001(b): military compensation is not income from sources within a state you are not domiciled in. Only your state of legal residence may tax it.
Your other income	Not covered. A civilian side job, a rental, a business — taxed where it is earned or where the property sits.
Your car	§4001(d), (g): personal property, including motor vehicles, has no situs in the duty state, and "taxation" covers vehicle licenses and fees. Counties want proof: Fairfax County, Virginia asks for a current LES.
No bracket push	§4001(e): the duty state may not use your military pay to raise the tax on your other income. §4025 protects your voting residence the same way.

What it is worth

ONE COUPLE, \$145,000, FIVE HOME STATES — STATE INCOME TAX FOR A YEAR

Hawaii	\$7,959
Virginia	\$6,967
Georgia	\$6,280
California	\$5,149
Tennessee	\$0

Illustration, computed by us from published state brackets; not drawn from the author's own returns. \$75,000 of taxable military pay plus \$70,000 of spouse wages, married filing jointly, no dependents, each state's standard deduction, tax year 2025 law (the last year with final published forms); local and payroll taxes ignored. Effective rates run 3.6% to 5.5%. Hawaii's standard deduction is scheduled to rise for 2026, which would lower its figure. The bars show the tax as if the couple were fully taxable residents; several of these states do not tax their own residents' military pay while they are stationed elsewhere (page 2).



FROM MY CAREER

By design, Katerina and I kept Tennessee as our legal residence for my entire career: no state taxed our pay anywhere we lived, and we invested the difference from day one.

How legal residence is really established

Legal residence, or domicile, is "that place where you have your permanent home and to which, whenever you are absent, you have the intention of returning." Changing it takes three things at once, in the words of DD Form 2058: **physical presence** in the new state, the simultaneous **intent** to make it your permanent home, and **abandonment** of the old one.

- The evidence the form itself lists**
Registering to vote; buying a home or a residential lot; titling and registering your vehicles; notifying your former state; making a new will. "Generally, unless these steps have been taken, it is doubtful that your State of legal residence/domicile has changed."
- Home of record is not legal residence**
Home of record is where you entered service; it fixes travel allowances and barely ever changes. Legal residence decides who taxes your pay, and is changed through your pay office on a DD 2058 — never retroactively, so a mid-year change means two part-year returns.

You cannot choose a state you never lived in. Filing the form is evidence, not proof; the burden of proof is yours. An Army legal assistance office puts it plainly: back taxes, interest and penalties, and members "have been court-martialed, tried in civilian courts, and given huge fines." Legal assistance is free — use it first.

Your spouse chooses too

Three laws built this: the **Military Spouses Residency Relief Act** (2009), a **2018** act dropping the requirement that the spouse had ever lived in the member's state, and the **Veterans Auto and Education Improvement Act of 2022**, in force from tax year 2023.

FOR ANY TAXABLE YEAR OF THE MARRIAGE, YOU MAY USE

The member's residence or domicile
50 U.S.C. §4001(a)(3)(A)

The spouse's residence or domicile
§4001(a)(3)(B)

The permanent duty station
§4001(a)(3)(C)

You need not pick the same one — Virginia Tax says so. To stop withholding, the spouse gives the employer the duty state's certificate: Virginia's **VA-4**, California's **DE 4**, Maryland's **MW507M** (**Guide 12**).

What it does not cover

The protection reaches **military compensation** and a spouse's income "for services performed." That is wages. It stops there.

- **Rental income** is taxed where the property sits. Keep the house after a move and you file a nonresident return there every year (**Guide 08**).
- **Your own civilian side job** in the duty state is not protected. Only military pay is.
- **A spouse's business income** varies: New York excludes most of it, while North Carolina may tax income from a partnership, S corporation or sole proprietorship with North Carolina sources.
- **Payroll taxes are not income taxes.** California still charges a protected spouse's wages for unemployment insurance and state disability.

Two footnotes: Tennessee's tax on interest and dividends — the Hall tax — is repealed for tax years beginning January 1, 2021. And Washington, a no-wage-tax state, taxes long-term capital gains and enacted a 9.9% tax on income above \$1 million effective January 1, 2028; a lawsuit and a Nov. 3, 2026 repeal vote are pending.

States at a glance

NO BROAD TAX ON WAGES — NINE STATES

Alaska · Florida · Nevada · New Hampshire · South Dakota · Tennessee · Texas · Washington · Wyoming. New Hampshire's remaining tax, on interest and dividends, was repealed from 2025.

ROWS CONFIRMED ON THE STATE'S OWN REVENUE DEPARTMENT SITE

STATE	HOW IT TREATS ITS OWN RESIDENT'S ACTIVE-DUTY PAY
Wisconsin	Basic, special and incentive pay subtracted in full since 2021
Pennsylvania	Exempt when earned on active duty outside the state
California	Nonresident while stationed outside California on PCS orders
New York	Exempt if you meet its three-part nonresident test (30 days or fewer)
New Jersey	Taxable unless that test is met; a barracks or a ship is not a home
Oregon	Pay earned outside Oregon, plus up to \$6,000 of the rest
Virginia	Up to \$15,000 of basic pay, phased out by \$30,000
Hawaii	Active-duty pay is taxed

Every other state: ask its revenue department. Compiled lists disagree with the states themselves: some still show Wisconsin taxing active-duty pay, which it has not since 2021.

Federal breaks only the military gets

Allowances	BAH, BAS, overseas housing and cost-of-living, dislocation and travel are outside gross income (Guide 01).
Combat zone	ENLISTED and warrant officers exclude all pay for any month with a day in the zone. OFFICER Commissioned officers: capped at \$11,166.90 a month plus their hostile fire or imminent danger pay (Guide 02).
Moving costs	Repealed for civilians, kept for active duty on PCS orders: Form 3903; 20.5 cents a mile to June 30, 2026, then 23.5 cents (Guide 07).
Earned income credit	You may elect to count nontaxable combat pay as earned income — all or nothing, each spouse separately.
Child tax credit	\$2,200 per qualifying child for 2026, up to \$1,700 refundable; a Social Security number is required.
Selling a home	The two-of-five-years test is suspended for up to 10 years of qualified duty 50 miles or more away (Guide 08).
Deadlines	Combat-zone service extends filing, paying and IRA contributions by 180 days after you leave, plus the days left.

Seven mistakes that undo it

- ✗ **Claiming a state you never lived in**
Presence, intent and abandonment, or it is not yours.
- ✗ **Confusing home of record with legal residence**
One fixes travel entitlements; the other, your state tax.
- ✗ **Registering to vote where you are stationed**
Voting plus other ties can make you taxable there.
- ✗ **Taking a resident-only benefit in the duty state**
Resident tuition, a hunting license, a homestead exemption.
- ✗ **Letting the spouse's certificate lapse**
Maryland's expires every December 31; North Carolina's runs to February 15.
- ✗ **Skipping the nonresident return**
Rental, business and real-property income is taxed where it sits.
- ✗ **Inconsistency**
A license from one state, a car registered in a second, a vote in a third — the biggest mistake of all.

Questions we get

"I am stationed in a state with no income tax. Can I switch to it?" Only if you genuinely make it home. Being stationed there supplies the presence; the intent has to be real and the old state abandoned.

"Do we have to become residents to get in-state tuition?" No. 20 U.S.C. §1015d gives resident tuition at public colleges in the state of your domicile or your duty station, for you, your spouse and your children.

"Can my spouse and I use different states?" Yes. Virginia Tax says a couple need not pick the same one; the election is made on each state return.

"Where is the free help?" MilTax files a federal return and up to five state returns free, with no income limit, for **365 days** after separation.

02

PART 2

Capitalizing While You Serve

The benefits that pay the most are the ones nobody announces. Every move, every school, every tour has money attached — if you know to claim it.

07	Every PCS Is a Pay Event	p. 20
	DLA, TLE and TLA, travel pay, and the partial personally procured move (PPM)	
08	BAH, Renting vs. Buying & the VA Loan	p. 22
	How BAH works, the rent-or-buy math on a short tour, and using the VA loan more than once	
09	Getting Paid to Learn	p. 24
	Tuition assistance, funded graduate programs, credentials and the sabbatical	
10	The GI Bill & the Transfer Rule	p. 26
	What it pays, who can use it, and the election you can only make in uniform	
11	Protecting Your Family While You Serve	p. 27
	SGLI, survivor benefits, TRICARE, FSAs, child care and emergency help	
12	Your Spouse's Career & Benefits	p. 30
	Licenses that travel, scholarships, hiring preference, the residency election, FERS and old 401(k)s	
13	The Law on Your Side	p. 32
	The Servicemembers Civil Relief Act and the Military Lending Act	
14	Stay or Go: What the Pension Is Worth	p. 33
	High-3 vs. Blended Retirement, continuation pay, the lump sum and the stay-or-go math	



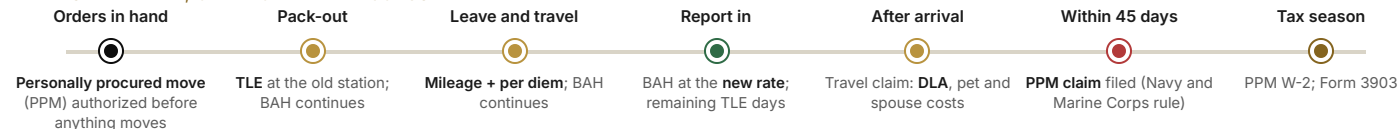
THE EXAMPLE (NORFOLK, VIRGINIA, TO SAN DIEGO, CALIFORNIA)

Alex, a Navy E-5, drives from Norfolk to San Diego on orders in August 2026 with Jordan and their 4-year-old. Claimed in full, the move pays a \$3,548.02 dislocation allowance, \$1,269 of mileage for two cars at \$0.235 a mile, \$3,204 of per diem and about \$5,820 of temporary lodging: roughly \$13,800 while BAH keeps running. Illustration: 2,700 official miles; four lodging days at the Norfolk ceiling, seventeen at the San Diego cap.

What every move pays

ALLOWANCE	WHAT IT COVERS, AND THE RULES THAT MATTER	2026 AMOUNT
Dislocation allowance (DLA)	A flat payment toward setting up a new household; one per fiscal year, with limited exceptions. Not paid on a first move without dependents, to a member without dependents who moves into the barracks or a ship, or on the final move at separation or retirement.	\$3,548.02 E-5 with dependents \$4,041.88 O-3 with dependents Tax-free
Temporary lodging expense (TLE)	Lodging and meals near either station on a move within the continental U.S. (CONUS): 21 days since November 27, 2024 (some official pages still say 14); 7 days when moving overseas. Up to 60 only in areas DoD designates (housing shortage, declared disaster, surge in assigned members), with the lodging part reduced by BAH.	Up to \$290 a day per family, lodging tax included. Tax-free. Room repaid at cost, plus a flat meal amount; the gain is that BAH keeps running too.
Temporary lodging allowance (TLA)	The overseas version, Alaska and Hawaii included: ordinarily up to 60 days on arrival and the last 10 days before departure. A kitchen in the unit halves the meal portion.	Local per diem, scaled to family size; no \$290 cap. Tax-free
Mileage allowance (MALT)	Per official mile, not odometer, for up to two vehicles. DoD adopted \$0.235 for travel on or after July 1, 2026 (PDTATAC memo, July 30, 2026); \$0.205 before that.	\$0.235 a mile from July 1, 2026
Travel per diem	One travel day per 350 miles (400 miles or fewer is one day), paid for the days you actually travel, up to the number authorized.	\$181 a day (\$178 before Oct. 1, 2026); dependents 75% or 50%. Tax-free
Pet transportation	Receipts for moving one cat or dog, quarantine included.	Up to \$550 CONUS ; \$2,000 overseas
Spouse costs	Spouse relicensing and business relocation costs, through December 31, 2029.	Up to \$1,000 + \$1,000 per move

WHAT IS PAID WHEN, ON A MOVE WITHIN CONUS



What stacks, and what does not

PAID TOGETHER

- ✓ **BAH + DLA + standard TLE**
No offset. BAH continues through leave, travel and temporary lodging, at the old rate until you report (confirm with finance).
- ✓ **Mileage + per diem + DLA + a PPM payment**
- ✓ **Overseas: BAH or OHA + COLA + TLA**

NEVER TOGETHER

- ✗ **TLE and per diem on the same day**
- ✗ **Extended TLE at the full lodging rate**
Past day 21 the lodging part is reduced by BAH.
- ✗ **Per diem for days you did not travel**
Drive it faster and fewer days are paid.
- ✗ **TLA after you move in**
Or lodging while you stay with family: then only the meal portion is paid.

Officer or enlisted

ALL RANKS Lodging, mileage, per diem, pet and spouse payments never depend on rank. Two things do:

WITH DEPENDENTS	2026 DLA	WEIGHT
ENLISTED E-1 to E-6	\$3,548.02	8,000–11,000 lb
WARRANT W-2	\$3,643.75	13,500 lb
OFFICER O-1	\$3,085.23	12,000 lb
OFFICER O-3	\$4,041.88	14,500 lb

Weights as republished from the Joint Travel Regulations (JTR) table, not read directly (legal ceiling 18,000 lb); your counseling paperwork governs.

FROM MY CAREER



I claimed the dislocation allowance and temporary lodging — TLE stateside, TLA for up to 60 days overseas — while BAH kept running. I coordinated government rates with local hotels so the lodging stayed inside the reimbursement. And I weighed our vehicles and made every PCS a partial PPM.

How the money works

Move your own household goods and the government pays you **100% of its constructed cost**: what it would have paid a contractor to move the same weight. DoD's fact sheet is plain: "You can keep any money not spent, minus taxes."

Partial PPM Movers take most of it; you move the rest. The combined weight must stay inside your allowance.

Tax The payment is wages. DFAS withholds **22%** federal tax on the amount above your documented moving expenses, so keep receipts. The W-2 is mailed, not posted to myPay.

Advance, deadline Up to **60%** of the estimate can be advanced; service rules differ. File within **45 days** (Navy and Marine Corps rule) or the advance is collected back from your pay.

ILLUSTRATION: \$2,000 CONSTRUCTED COST (ASSUMED)

Costs \$400	Tax \$352	Left over \$1,248
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\$2,000 less \$400 of receipts is \$1,600 taxable; 22% withheld is \$352; the payment is \$1,648 and the W-2 shows \$1,600.

A partial PPM, step by step

- 1 Get counseled and authorized before you move anything**
With orders in hand, apply through the move system or your transportation office. The signed DD Form 2278 is the authorization. **No authorization, no payment.**
- 2 Weigh empty**
Certified scale; ticket signed by the weighmaster, with your name, ID and the vehicle. Every vehicle and every trip needs its own pair of tickets.
- 3 Load household goods only**
Trailers, towed vehicles, campers and RVs are not household goods. Professional gear, up to 2,000 lb for the member and 500 lb for a spouse, stays outside your weight allowance only if it was itemized and approved at counseling.
- 4 Weigh full**
No passengers at either weigh-in; tanks full both times, or no fuel added in between. That is the Navy's written rule; ask your transportation office for your service's.
- 5 Keep both tickets and every receipt**
Truck or trailer rental, packing materials, weighing fees, hired labor and tolls count. Meals, lodging, insurance and anything mileage pay already covered do not.
- 6 File the claim**
DD Form 1351-2 with orders, tickets, receipts and vehicle registration.

Lodging at the government rate

TLE and TLA repay the **lesser** of what the room cost, tax included, and a ceiling: your family percentage times the local per diem lodging rate. At or under the ceiling the room is repaid in full. Above it, the difference is yours.

ALEX'S FAMILY AT 125% (TWO ADULTS 100%, CHILD UNDER 12 +25%)

PER DAY, 2026	NORFOLK	SAN DIEGO (AUG-SEP)
GSA lodging / meals rate	\$110 / \$68	\$199 / \$86
Lodging ceiling, tax included	\$137.50	\$248.75
Meal portion, no receipts needed	\$85.00	\$107.50
Most TLE pays	\$222.50	\$290 cap: room to \$182.50

- Government lodging first.** TLE requires you to use available quarters; get a non-availability confirmation number before you book a hotel.
- Ask for the rate.** Ask hotels whether they extend the government (per diem) rate to a family on PCS orders, price the room with tax, and keep the itemized, zero-balance receipt.
- Kitchens and family.** Overseas, a kitchen halves the TLA meal portion, except the first and last day; TLE has no kitchen reduction. Stay with family or friends and only the meal portion is paid.
- Family size sets the ceiling:** 100% for two people, plus 35% for each further dependent 12 or older and 25% for each one younger. A member alone gets 65% of both rates under TLE, but 100% of lodging and 65% of meals under TLA.

Advance pay: read before you take it

One month of basic pay, up to three with justification, interest-free. It is repaid from your pay at one-twelfth a month; 24 months only for severe hardship, with your commander's approval.

It is a loan against your own paycheck. Illustration: three months of Alex's \$3,946.80 basic pay is \$11,840.40 before deductions; repaying it takes \$986.70 a month for a year.

DLA can be advanced with nothing to repay. **Advance BAH**, up to three months, covers a deposit or advance rent on a lease.

Common mistakes

- ✗ Moving first, asking later**
From the Air Force guide: "No weight tickets, no incentive, no exceptions."
- ✗ Going over the weight allowance**
PPM and shipment share one allowance; you pay the excess.
- ✗ Quoting old numbers**
14 days of TLE; 95% or 130% for a PPM. The 130% rate ended September 30, 2025.

Questions we get

"Is this double-dipping?" No. Each allowance pays for a different cost: setting up a household, a roof while you wait, the drive, the truck. The regulations say exactly which payments cannot overlap (previous page). Real weights and real receipts are the system working as written; passengers on the scale or padded receipts are a false claim.

"Can we deduct what the military did not cover?" Yes. The moving deduction ended for most civilians, but active-duty members moving under PCS orders still use IRS Form 3903 for unreimbursed costs of moving household goods and of travel, lodging included, meals not. Costs an allowance covered, or PPM expenses already used against the taxable payment, cannot be deducted again.



THE EXAMPLE (GROTON, CONNECTICUT, TO PEARL HARBOR, HAWAII)

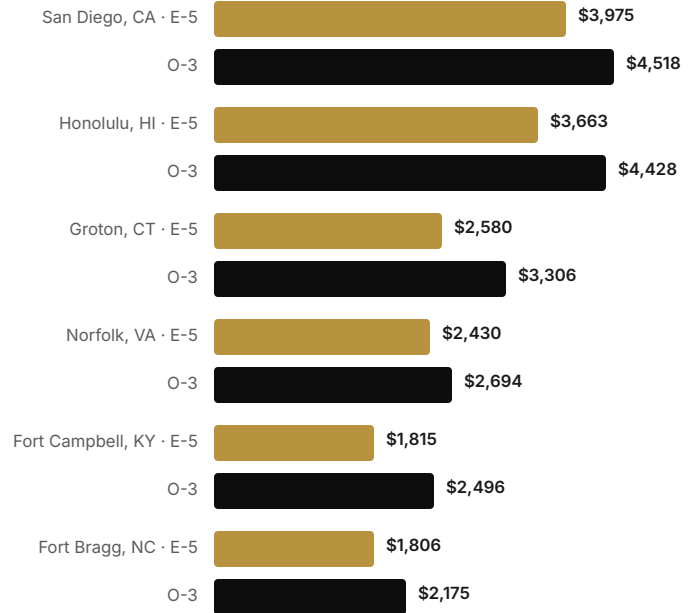
Chris, a Navy O-3 with over four years in, married with two children, owns a first home in Groton bought with a VA loan, and has orders to Pearl Harbor. BAH with dependents rises from \$3,306 a month in Groton to \$4,428 in Honolulu (2026). Three questions arrive with the orders: sell the Groton house or keep it as a rental, rent or buy on a three-year tour, and can the VA loan be used again while the first one is still open?

How BAH works

What sets it	ALL RANKS Pay grade, with or without dependents (not how many), and the ZIP code of your duty station , not of the home you choose.
Built from	Median local rent plus average utilities for a housing type matched to your grade. Mortgage costs are left out by design.
2026	Up 4.2% on average from January 1, 2026; from +0.2% (San Diego) to +7.4% (Groton) in the areas at right.
Your share	BAH is set to cover about 95% of cost. The 5% you absorb is a flat \$93 to \$212 a month by grade and dependency status, figured on national averages, not on your rent.
Rate protection	Your rate cannot fall while you stay put. It resets at a PCS, a reduction in grade or a change in dependency status; a promotion does not break it.
Spend less, keep it	BAH is tax-free and paid in full whatever you spend. Rent below it and the difference is yours; rent above it and you pay. Overseas, OHA repays actual rent up to a ceiling, so there is nothing to keep.

2026 BAH with dependents

MONTHLY, EFFECTIVE JANUARY 1, 2026



■ E-5 with dependents ■ O-3 with dependents

Republished 2026 rate tables; confirm your own rate in the DoD BAH calculator. The same E-5 draws more than twice as much in San Diego as at Fort Campbell, so a payment that fits one duty station may not fit the next.

Rent or buy on a three-year tour

6.2 years

National break-even: how long you must own before buying beats renting

9.3 years

Virginia Beach–Norfolk

23.4 years

San Diego

Zillow, August 2026 (July data). Nashville is 8.4 years; even the quickest large metros in the release take longer than a standard three-year tour.

You pay to get in and you pay to get out. A 2026 survey of agents put the average total commission at **5.46%**, before title fees, transfer taxes and repairs.

Illustration. A \$400,000 home, zero down, with the 2.15% funding fee financed, is a \$408,600 loan: \$2,650 a month at 6.75% for 30 years. After 36 payments you still owe **\$394,605**. With 7% selling costs the home must sell for \$424,307, about **6% more than you paid**, before you can leave closing without writing a check. The rate and selling costs are assumptions, not forecasts.

Buying fits a short tour mainly when you expect to own the home long after you leave: as a rental whose numbers work on their own, or because you plan to come back.

The landlord you become

! Vacancy and management

Managers typically charge 8–12% of rent, plus 50–100% of a month's rent to place a tenant. Every empty month is yours.

! Your tenants have SCRA rights

A service member can end a lease on PCS orders or a deployment of 90 days or more, and you may not charge an early termination fee.

! Your own SCRA shield is thin

The 6% interest cap and foreclosure protection cover debts from before service, not a home bought on active duty (see [Guide 13](#)).

! State tax follows the house

Rent is taxed by the state where the property sits. Residency rules protect military pay, not rental income (see [Guide 06](#)).

! The next mortgage

VA underwriting lets rent on the home you are leaving offset that home's payment only. It is not extra income.



FROM MY CAREER

We bought five houses during my eleven years in the Navy (two with VA loans, two conventional and one commercial) and sold one.

What it is

A mortgage from a private lender with a VA guaranty behind it. You are eligible after **90 continuous days** on active duty; Guard and Reserve members after six creditable years or 90 days of non-training active service.

- **No down payment** when the price is not above the appraised value, and **no mortgage insurance**. No prepayment penalty.
- **One to four units**, if you live in one of them.
- **You must intend to live there**, normally within 60 days of closing. A spouse's occupancy satisfies it. Moving out later on PCS orders and renting it is allowed; buying purely as a rental is not.
- **Assumable**. A buyer can take over your loan and its rate, with the servicer's approval.

GETTING ENTITLEMENT BACK

Sell and pay off the loan. **Pay it off and keep the house:** a one-time restoration, after which every home must be sold before more is restored. **Let an eligible veteran assume it** and substitute their entitlement. None of it is automatic; request it with the Certificate of Eligibility.

Rate context, October 9, 2026 (Optimal Blue averages of locked rates): 30-year VA 7.129%, conforming 7.388%, before the funding fee.

The funding fee

PURCHASE, BY DOWN PAYMENT	FIRST USE	LATER USE
Less than 5%	2.15%	3.3%
5% to under 10%	1.5%	1.5%
10% or more	1.25%	1.25%
Streamline refinance (IRRRL) or assumption	0.5%	0.5%

Percent of the loan amount; it may be financed. Same for active duty, veterans, Guard and Reserve, through June 8, 2034. On a \$400,000 zero-down loan: **\$8,600** first use, **\$13,200** later use. On a \$400,000 later purchase with 5% down, the fee is 1.5% of the \$380,000 loan: \$5,700.

NO FEE AT ALL IF

- you receive VA disability compensation, or are eligible for it but draw retired or active-duty pay instead;
- you are a surviving spouse receiving DIC, or on active duty with a Purple Heart shown on or before closing;
- you are still serving and hold a pre-discharge claim's **proposed or memorandum rating dated before closing**.

The refund rule, precisely: the fee is refunded only if VA later awards compensation with an effective date **before your closing date**. Compensation cannot start earlier than the day after separation, so if you close while still serving, a rating that arrives after closing earns neither a waiver nor a refund (see [Guide 17](#)).

Using it twice: the math

With full entitlement there has been no VA loan limit since January 1, 2020. County limits matter only while some entitlement is still charged: a loan is open, a paid-off loan was never restored, or VA paid a claim. **Illustration:** a first home with a \$350,000 zero-down VA loan, kept as a rental; a second purchase in 2026 in a county at the \$832,750 baseline limit.

Entitlement used on the first home (your COE shows it)	25% × \$350,000 = \$87,500
Most VA will guarantee in the new county	25% × \$832,750 = \$208,187.50
Entitlement remaining	\$120,687.50
Zero-down ceiling on the second home (× 4)	\$482,750
\$832,750 limit	First loan, still open \$350,000 Zero-down room \$482,750

Above the ceiling a lender may require a down payment. The later-use fee on \$482,750 is 3.3%, or **\$15,930.75**; 5% down cuts the rate to 1.5%.

Keeping the first house

Sell a home you lived in for 24 months of the last five years and up to **\$250,000** of gain (\$500,000 joint) is tax-free. A rental fails that test three years after you move out.

The military exception, section 121(d)(9): while you or your spouse serve on qualified official extended duty, stationed at least 50 miles from the house or living in government quarters under orders, you may elect to **suspend the five-year clock for up to 10 years**.

- ! **Only while serving**
Landlord years after separation are not suspended.
- ! **One property at a time**
- ! **Depreciation comes back**
Depreciation for the rental years is taxed at up to 25% at sale. The exclusion never covers it.

Common mistakes, and two questions we get

Forgetting the later-use fee. It is 3.3%, not 2.15%, with under 5% down — even if your entitlement was restored.

Closing before the rating is dated. On a \$400,000 first-use loan, \$8,600 that never comes back.

"A buyer wants to assume my loan." Get the servicer's approval first, a release of liability and, if the buyer is an eligible veteran, a substitution of entitlement. Without it your entitlement stays tied up until the loan is paid off.

"Who pays my buyer's agent?" Under VA Circular 26-24-14 a veteran may pay a reasonable buyer-broker fee, but it cannot be rolled into the loan.



THE EXAMPLE (A SHORE TOUR, ANY SERVICE)

A Navy lieutenant with six years in starts a shore tour and wants a master's degree. So does the chief petty officer who runs the lieutenant's division. Tuition assistance pays \$250 a semester hour. Beyond it, the Navy funds a part-time master's at up to \$40,000 a year of tuition and fees, full-time study at a civilian university, and seats for senior enlisted. Every service has its own versions. Who may apply, and what does each cost in added service?

What the services will pay for

PROGRAM	WHO IS ELIGIBLE	WHAT IT COSTS YOU
Full-time graduate school Navy WEPS (was FSEP) · Army ACS	OFFICER Navy Warfighter Education and Professional Studies (WEPS), the 2026 successor to Fleet Scholars (FSEP): unrestricted line and information warfare lieutenants and lieutenant commanders at a civilian university; under 30 seats a year. Army Advanced Civil Schooling (ACS) : no more than 17 years of service at entry.	Navy: three years. Army: three days of service for each day in school
Navy part-time master's WEPS-PT, formerly the Graduate Education Voucher (GEV)	OFFICER An off-duty master's with up to \$40,000 a year of tuition and fees paid, for lieutenants and lieutenant commanders of the unrestricted line, restricted line and information warfare communities. ENLISTED Senior enlisted sailors hold ten of the 49 seats for 2026-27.	Three times the months of schooling, 36 at most
Naval Postgraduate School (NPS) · AFIT	OFFICER Officers of every service attend NPS; the sponsoring department pays. ENLISTED With a bachelor's degree, enlisted members may enter NPS technical master's and cyber programs; NPS calls the openings extremely limited. Enlisted-to-AFIT puts Air Force NCOs in resident degrees.	Set by your service; the DoD floor for officers is three months per month of first-year school
Funded law school Army FLEP · Navy LEP	OFFICER ENLISTED The Army takes lieutenants and captains with two to five years of service and sergeants through sergeants first class with four to eight , up to 35 a year; you stay on active-duty pay. The Navy typically selects four officers a year.	Army: two years for each year of law school
War and staff colleges	OFFICER Intermediate level (staff college) is an O-4 gate; senior level (war college) is O-5 and O-6 . Resident courses run about ten months and most award a master's. Senior enlisted have their own academies.	About ten months in residence; obligation set by your service
Industry and fellowships	ENLISTED Army NCO Training With Industry runs sergeant to master sergeant, and SECNAV Tours with Industry takes E-6 to E-9 as well as O-3 to O-6 for 10 to 12 months. OFFICER Olmsted Scholars study abroad for two years in a foreign language; Secretary of Defense Executive Fellows are O-5 and O-6 only.	Army NCO program: 30 months of service remaining
Instructor duty Academies · ROTC	OFFICER Teaching tours often come with a funded master's. West Point rotating faculty are captains to lieutenant colonels: two years of graduate school, then three teaching. The Naval Academy sends line lieutenants to 12 months of graduate school before two years teaching. AFIT lists faculty-pipeline seats for the Air Force Academy . ENLISTED Instructor billets follow each service's screening rules.	West Point: three years per year of school; plan on eight years in all
Commissioning programs STA-21 · MECEP · Green to Gold	ENLISTED STA-21 (Navy): citizenship, no waivers; a degree inside 36 months. MECEP (Marine Corps): E-5 and above, three years in, 12 college credits; pay continues, tuition is yours. Green to Gold (Army): GT score of 110, two years served; one option stays on active duty.	A new obligation on commissioning

What a degree costs in time

MONTHS OF SERVICE OWED · COMPUTED ILLUSTRATION

Tuition assistance, officers	24
Navy part-time master's, the maximum	36
Navy full-time master's, 24 months	36
Army ACS master's, 24 months	72
Army funded law school, 3 years	72

Inputs: Navy, three months per month of school, capped at 36. Army ACS, three days per day. Army law school, two years per year of a three-year degree (our assumption).



FROM MY CAREER

I earned my MBA on the Navy's Graduate Education Voucher.

In 2026 the voucher became the part-time track of WEPS, above.

Read it before you sign

- Whether a new obligation runs alongside the service you already owe, or is added after it, **depends on the program**. Leaving early usually means repaying a prorated share. Seats and rules reset every year.

Tuition assistance

\$250

per semester hour, the **DoD-wide rate** (about \$166 a quarter hour)

\$4,500

a fiscal year in the **Army, Air Force and Space Force**

2 years

of service owed by **officers** after the last funded course

OFFICER

Every service: two years of active duty after the last funded course (Army and Air Force reserve-component officers, four). The Army includes warrant officers above WO2. Leave early and the Navy, for one, recoups 100%.

ENLISTED

No service obligation in any service's rules we reviewed; the Coast Guard says so outright.

Timing

ALL RANKS A funded course must end before you separate: Army, at least 60 days before the separation date; Marine Corps enlisted, an EAS 60 days past the course end; Navy enlisted under 16 years, six months between the course start and EAOS; Air Force base guidance, two weeks before DOS. Nothing funded can start a few weeks before you get out.

Army limits

18 semester hours a fiscal year; career caps of 130 undergraduate and 39 graduate hours.

Navy, Marine Corps

The same \$250 rate. The Navy caps semester hours instead of dollars: 18 a fiscal year and 120 in a career. The Marine Corps caps \$4,500 a fiscal year. Both public pages are years old, so confirm limits with your education office.

Army, since March 19, 2026: every request needs command approval at least five days before the term starts, and failing or dropping two courses in one fiscal year suspends you for a year.

Credentialing (COOL)

Credentialing Opportunities On-Line pays for civilian licenses and certifications, in service only.

- ! **Army: \$2,000 a year, enlisted and warrant officers**
Cut from \$4,000, and **commissioned officers became ineligible on March 19, 2026**. One credential a year, three in ten years. Skip the exam and you repay the training.
- ! **Air Force: \$4,500 for a career, enlisted only**
A lifetime cap, not an annual one. Requires a 5-skill level.
- **Navy and Marine Corps**
Both run COOL programs; we could not confirm current dollar caps, so check your service's COOL site.

SkillBridge

Training with a civilian employer inside your **last 180 days**, on full pay and benefits, for no more than 180 days. Commander approval is mandatory, and the Air Force and Space Force now cap it by rank: 120, 90 or 60 days since March 31, 2026 (see **Guide 15**).

The Career Intermission Program

A sabbatical written into law. You leave active duty for **up to three years** for a degree, a family, a business or a sick parent, and then come back. **OFFICER** **ENLISTED** The Navy does not limit it by rate or community; the Army opens it to officers, warrant officers and sergeants through master sergeants.

Pay while away

Two-thirtieths of basic pay, about 6.7%. For an O-3 over 4 that is \$492 a month in 2026 (computed from \$7,382.70). Special pays and bonuses stop.

Health care

TRICARE continues for you and your dependents, with commissary and exchange access.

What you owe

One month of service for each month away. The FY2022 defense act cut it from two for one, effective December 27, 2021; several official pages still show the old ratio.

Retirement

The time does **not** count. Officers are not considered for promotion while away, and the service may recall you early.

Navy details

Apply **12 months ahead** of your rotation date. One funded move within the continental U.S.; up to 60 days of leave carry forward.

Sequence matters

1 · Tuition assistance and credentialing

in service only; unused dollars expire at separation

2 · Funded programs

paid for in added service, not GI Bill months

3 · GI Bill, after you separate

36 months, with a housing allowance

- Tuition assistance does **not** use up GI Bill entitlement; **Top-Up does**.
- Using the Post-9/11 GI Bill on active duty **forfeits the housing allowance** for those months (see **Guide 10**).
- Every credit not taken on tuition assistance is one you later buy with a finite 36 months.

Questions we get

"I'm enlisted. Is any graduate funding open to me?" Yes, though it is bounded: NPS technical master's seats, Enlisted-to-AFIT, Army funded law school for E-5 to E-7, SECNAV Tours with Industry for E-6 to E-9, and the Navy's senior enlisted part-time seats.

"Can I study during a career intermission?" Yes, but not on tuition assistance. The Navy does not authorize it during the program; the Post-9/11 or Montgomery GI Bill may be used instead.

"What is Top-Up?" A VA payment for course costs that tuition assistance does not cover, charged against your GI Bill. VA ties it to the Montgomery GI Bill; an Army page also names the Post-9/11 GI Bill. Confirm with VA first.

"When does the officer obligation start?" In the Army, at the end of the final course paid for with tuition assistance, so each new class moves the date.



THE EXAMPLE (DANA, SEPARATING AT ELEVEN YEARS)

Dana is a Navy lieutenant commander, 33, leaving after eleven years, with children she hopes to send to college. At her six-year mark she could have moved her Post-9/11 GI Bill into their names; the four more years that election requires would have been served by year ten. She never filed, and once she separates the option is gone: no later transfer, no waiver, no appeal.

What the Post-9/11 GI Bill pays

ACADEMIC YEAR 2026-27 · 100% TIER

Entitlement	36 months. Full rate after 36 months of active service; 50% after 90 days
Public school	In-state tuition and fees, uncapped
Private or foreign	Up to \$30,908.34 a year
Books	Up to \$1,000 a year
Housing	The E-5 with-dependents BAH for the ZIP code where you attend class. In Norfolk that rate is \$2,430 a month in 2026
Expiration	None, if your last separation was on or after January 1, 2013
Two periods of service	With two or more qualifying periods of active duty, up to 48 months combined with the Montgomery GI Bill (the <i>Rudisill</i> decision)

ALL RANKS The benefit is the same for every pay grade. It is earned by days of active service since September 10, 2001, not by rank.

The transfer rule

YEARS OF SERVICE



- ✓ **Six years in, four more owed**
You need **six years** of service on the day the request is approved and must agree to **four more from the date of election**. Members already eligible to retire owe the same four. A Purple Heart lifts the six years, not the while-serving rule.
- ✓ **A spouse can start now; a child cannot**
Children may use transferred months only after you complete **ten years**, once they have a diploma or turn 18, and before they turn 26. Separate at nine and a half years and, outside a few separations the rules except, they never can.
- ! **One month to every dependent**
After you leave you may move months among people already named, or take them back. You may **not add anyone new**. Naming every dependent in DEERS, even for one month, keeps that right for life.



FROM MY CAREER

I transferred my GI Bill at six years, and Katerina earned her graduate degree on it. She didn't receive the housing allowance, because I was still on active duty.

Catches

Housing allowance	None on active duty, and none for a spouse using transferred months while the sponsor still serves. Children do receive it. It also requires more than a 50% rate of pursuit.
Online-only study	Half the national average, up to \$1,261 a month.
Yellow Ribbon	Covers the gap above the private-school cap: the school contributes and VA matches it. 100% tier only . Since August 2022, active-duty members at that tier and their spouses qualify too.
Veteran Readiness & Employment	Chapter 31 needs only a 10% rating (20% before discharge) and has no time limit for anyone discharged since 2013. Price it against the GI Bill before assuming the GI Bill wins.
In-state tuition	Federal law (38 U.S.C. §3679(c)) requires public colleges to charge in-state tuition to VA education-benefit users living in the state, whatever their formal residency; many states go further. Tennessee's Helping Heroes Grant adds \$1,000 a semester full-time (\$500 part-time) for campaign-medal holders without a bachelor's degree (confirm with TSAC).

Questions we get

"I'm past 16 years. Am I locked out?" No. DoD announced that limit in 2018 and Congress overruled it in the FY2020 defense act. No maximum years of service applies today.

"I retire at 20 next year and never transferred." The four years run from the date of election, so the last practical day to file was four years before your retirement date.

"Can I change my mind later?" Yes. You can change the months or revoke them in milConnect, for any months a dependent has not yet used.

"Does it expire for my family?" Not for a spouse, if you separated on or after January 1, 2013. A child must use it before turning 26.

Cannot be reopened. The request must be submitted and approved while you serve. After separation there is no transfer, no waiver and no retroactive election.



THE EXAMPLE (NORFOLK, VIRGINIA)

Alex is a Navy E-5 with over four years in, married to Jordan, with a 4-year-old. For \$26 a month Alex carries \$500,000 of life insurance; \$4 more adds \$100,000 on Jordan. If Alex did not come home, what would the family receive, and is it enough?

SGLI

ALL RANKS · AUTOMATIC · \$26 A MONTH

\$500,000 of term life for \$26 a month: \$25 plus \$1 for traumatic-injury cover (rates since July 1, 2025). One price for every rank, age, job and tobacco status.

- ✓ **Automatic, in \$50,000 steps**
Change the amount and your beneficiaries in SOES, the online SGLI system inside milConnect.
- ✓ **No war or aviation exclusion**
Many private policies carry one.
- ⚠ **It ends with your service**
Free for 120 days after you separate, then it must be replaced (see [Guide 21](#)).

Family Coverage (FSGLI)

SPOUSE UP TO \$100,000 · CHILDREN FREE

Your spouse: up to **\$100,000**, never more than your own SGLI. **Each child: \$10,000, free**, to 18 (22 if a student). Civilian spouses are enrolled automatically; dual-military couples apply.

MONTHLY PREMIUM FOR \$100,000

Under 35	■ \$4.00
35–39	■ \$4.70
40–44	■ \$6.20
45–49	■ \$8.50
50–54	■ \$13.50
55–59	■ \$23.00
60 and over	■ \$40.00

TSGLI

TRAUMATIC INJURY · \$1 A MONTH

The rider on SGLI pays **you**, not your survivors: **\$25,000 to \$100,000** per traumatic event, set by VA's schedule of losses.

- ✓ **On duty or off duty**
It need not happen at work or in a combat zone.
- ⚠ **Three tests**
SGLI in force; the loss within 730 days of the injury; you survive seven full days.
- ✗ **Not covered**
Illness, self-inflicted injury, unprescribed drugs, injury while committing a felony.

What survivors receive after an active-duty death ALL RANKS

BENEFIT	2026 AMOUNT	WHAT TO KNOW
Death gratuity	\$100,000 , tax-free	Same for every rank, usually paid within days, to whoever is named on DD Form 93.
SGLI	Up to \$500,000 , tax-free	A lump sum or 36 monthly payments, to whoever is named in SOES.
Survivor Benefit Plan	≈ 41% of high-3 basic pay	Automatic, with no premium, for a line-of-duty death. Taxable. No longer reduced by DIC.
DIC from VA	\$1,699.36/mo + \$421 per child	Tax-free; rises 3.6% on December 1, 2026. Child amount stops at 18. With a child under 18, add \$359 a month for two years.
Housing	365 days	Rent-free in government quarters, or 365 days of BAH paid as a lump sum.
TRICARE	3 years at active-duty rates	Then retiree rates for the spouse. Children keep active-duty rates until they age out.
Fry Scholarship	36 months each	Tuition, housing and books for the spouse and each child; a child gives up DIC while using it.
Social Security	75% of the parent's benefit	For each child, generally.

For survivors: the HEART Act lets SGLI and the death gratuity go into a Roth IRA, above the normal annual limits, within one year of receipt.

Is \$500,000 enough?

No official rule of thumb exists. VA's method: debts owed, plus the **income gap** over time, minus assets.

ILLUSTRATION: ALEX'S FAMILY

Basic pay + BAS + BAH, 2026	\$6,854/mo
DIC, one child (\$1,699.36 + \$421)	– \$2,120
SBP, at most (41.25% of basic pay)	– \$1,628
Monthly gap	\$3,105
SGLI + gratuity, \$600,000, covers it	≈ 16 years

Our arithmetic, not advice; no growth or inflation. VA's \$359 transitional benefit is left out (early gap about \$2,746); real SBP is lower. Social Security and Jordan's pay narrow the gap.

Paperwork that overrides your will

- 1 **SOES decides who gets SGLI**
Not your will. An ex-spouse named years ago is still paid; a divorce removes no one.
- 2 **DD Form 93 is a separate form**
It directs the death gratuity, in 10% shares. Updating one does not update the other.
- 3 **Naming a minor child outright**
The money then goes to a court-appointed guardian: cost and delay. A trust can be named instead.
- 4 **Wills and powers of attorney are free**
At the installation legal assistance office, including a guardian for your children.

Adding private term

- **War clause.** Ask what is paid for a death in a war zone.
- **Aviation and hazardous duty:** non-commercial aircraft, diving, parachuting, explosives.
- **Leaving service:** does the price or coverage change?
- **Level premium** or age-banded, rising every five years like VGLI?
- **Our conflict:** our agency earns commissions on private insurance it places. Buy from any provider.



TRICARE for your family, 2026

Your own care is free. Your family picks **Prime** (assigned provider, referrals, \$0) or **Select** (any authorized provider; deductible and copays). Neither has an enrollment fee.

NETWORK CARE	PRIME	SELECT, GROUP B	SELECT, GROUP A
Deductible E-4 AND BELOW	\$0	\$66 / \$132	\$50 / \$100
Deductible E-5+ ALL OFFICERS	\$0	\$198 / \$397	\$150 / \$300
Primary / specialty / urgent visit	\$0	\$19 / \$33 / \$26	\$28 / \$39 / \$28
Emergency room / hospital stay	\$0	\$52 / \$79	\$103 / \$24.50 a day*
Most a family pays in a year	as Select	\$1,324	\$1,000

Group B: sponsor joined in 2018 or later. **Group A:** before 2018. Deductibles: individual / family. *\$25 minimum per admission.

Prescriptions **\$0** at a military pharmacy. Home delivery (90 days): **\$14** generic, **\$44** brand. Retail network (30 days): **\$16** and **\$48**.

Family dental **E-4 AND BELOW** **\$8.79** one person, **\$22.85** family, a month. **E-5+ OFFICERS** **\$11.72** one person, **\$30.47** family.

Adult children Covered to 21 (23 as a full-time student). Then TRICARE Young Adult to 26: **\$794** a month for Prime, **\$363** for Select.

Deadline: register a newborn in DEERS within **90 days** (120 overseas). From day 91 TRICARE stops paying the baby's claims until it is fixed.

Two FSAs most families skip

ALL RANKS Active-duty and full-time Guard and Reserve (AGR) members can set pay aside **before income tax, Social Security and Medicare** through FSAFEDS. Enroll **every year** in Open Season, Nov. 9 to Dec. 14, 2026. HSA rules: **page 48**.

\$7,500

Dependent Care FSA, 2026

\$3,400

Health Care FSA, 2026

Child care Per household: day care, preschool, after-school care and day camp for a child **under 13**. **No carryover:** spend by March 15, claim by April 30.

Health care Per employee: copays, **braces**, glasses, contacts, over-the-counter medicine. Only **\$680** carries over, so a family on Prime may have little to claim.

Illustration, Alex and Jordan: \$7,500 of preschool through the FSA, at 12% income tax plus 7.65% Social Security and Medicare, saves **\$1,474** a year. The child-care tax credit instead would be 35% of \$3,000: \$1,050. The same dollars cannot count twice.

When money is short

- ✓ **Your relief society first: interest-free loans and grants**
Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society, Coast Guard Mutual Assistance: rent, utilities, car repair, emergency travel, often the same day. An Army commander or first sergeant can approve up to \$2,000 (**Guide 03**).
- ✓ **Basic Needs Allowance**
For members with dependents, past initial training, whose household income last year was under **200% of the federal poverty guidelines**. BAH counts unless your service excludes part of it (high-cost area or demonstrated need). Ends after 2027.
- ✓ **WIC, at home and overseas**
Pregnant and postpartum women, infants and children to age 5. States may exclude part of military pay for WIC; SNAP does not.
- ✓ **Free help with nothing to sell**
Installation financial counselors, Military OneSource at 800-342-9647, MilTax, legal assistance, free credit monitoring.
- ✗ **Payday, title and high-fee installment loans**
The Military Lending Act caps them at 36%. Legal is not the same as cheap (**Guide 13**).

The 90-day clock on every change

A **qualifying life event** opens **90 days** to change TRICARE plans: marriage or divorce, a birth or adoption, a death, a PCS to a new ZIP code, a child leaving for college or aging out, activation, retirement or separation, gaining or losing other coverage. **Update DEERS first** — nothing else works until you do.

Miss it and you wait for TRICARE Open Season: **November 9 to December 8, 2026** for the 2027 plan year.

Living far out **TRICARE Prime Remote** covers a family more than 50 miles or an hour from a military hospital or clinic, at \$0 with a referral. From February 28, 2026 those families pay **\$0 pharmacy copays** stateside.

Vision Family members on a TRICARE plan may buy **FEDVIP vision** coverage in the Federal Benefits Open Season, which runs on its own dates. Dental is the separate TRICARE program above, not FEDVIP.

Questions we get

"Prime or Select?" Prime costs nothing if you follow the referral rules. Select buys your choice of provider for the deductible and copays above.

"Prime without a referral?" You pay 50% after a \$300 / \$600 deductible, and none of it counts toward the cap.

"Jordan is between jobs. Can we still use the Dependent Care FSA?" Only for care while both of you work, or while Jordan is a full-time student. The election cannot exceed the lower earner's income.

"We are both in uniform. Are we covered twice?" Each of you has your own SGLI. Covering each other through FSGLI is not automatic for marriages since January 2, 2013.

On base

Fees follow **total family income, not rank**. Weekly fee per child, standard-rate installation, 2025–26:

Up to \$45,000	\$54
\$45,001–\$65,000	\$88
\$65,001–\$90,000	\$121
\$90,001–\$115,000	\$155
\$115,001–\$145,000	\$195
\$145,001–\$175,000	\$236

Twelve income categories, \$54 to \$236 a week. High-cost installations charge a little more, low-cost a little less.

TWO THINGS TO DO EARLY

- **Get on the list.** One system, [MilitaryChildCare.com](https://militarychildcare.com), holds every request worldwide. Ask as early as pregnancy: the waiting list is the reason the program at right exists.
- **Count the leave.** A birth or adoption brings **12 weeks** of parental leave, not charged against your leave balance, to be used within a year, with some extensions. DoD also reimburses up to \$2,000 of qualifying costs per adoption (\$5,000 a year).

Off base: the program that closes the gap

Military Child Care in Your Neighborhood (MCCYN) pays a community provider the difference between the income-based fee you would have paid on base and what that provider actually charges. It is the answer when the installation has a waiting list, or is simply too far away.

Who qualifies	Each service sets its own test; the Army's is typical — you are wait-listed for or far from on-base care, <i>and</i> you are a single parent, dual-military, or your spouse works or is in school (60 days' grace while looking). If a base space is offered, take it: fee assistance is for families the system cannot seat.
What you pay	The same income-based fee as the chart at left, stated monthly: \$234 to \$1,023 a month in fiscal 2026, and up to \$1,062 at nearly 70 high-cost installations.
What DoD pays	The rest of the provider's rate, counting rates up to \$2,000 a month per child full-time and \$1,000 part-time since January 1, 2026. Anything a provider charges above that cap is yours.
Which providers	Licensed, inspected within the last 12 months, and nationally accredited . MCCYN-PLUS accepts a provider in a state quality-rating program instead — eighteen states plus two counties as of mid-2025, Virginia and Tennessee among them, and the list keeps growing.
How to claim it	Request care at MilitaryChildCare.com , then apply for fee assistance. Child Care Aware of America runs it for most services; the Navy moved its own to Navy Child and Youth Programs. The money goes to the provider , monthly against attendance sheets — never to you.

Illustration. A provider charging \$1,600 a month, a family in the \$115,001–\$130,000 band: you pay **\$672** — the \$155 weekly fee, monthly — and MCCYN pays the provider the other **\$928**. Had that provider charged \$2,300, you would pay \$672 plus the \$300 above the cap.



FROM MY CAREER

We used MCCYN to offset our child-care costs while we were in Hampton Roads.

Care in your own home

A five-year pilot pays fee assistance for a **nanny-type provider in your house**, 30 to 60 hours a week — nights, weekends and rotating shifts included, which no center covers.

Twelve regions: the National Capital Region, Hawaii, San Diego, **Norfolk**, San Antonio, Colorado Springs, Seattle–Tacoma, Jacksonville–Mayport, Fort Walton Beach, Fayetteville, Las Vegas and Alaska.

You find the provider. They must clear FBI and state background checks and complete 32 hours of training. Request it through [MilitaryChildCare.com](https://militarychildcare.com).

Questions we get

"Our base has space, but we prefer a provider near home." Then fee assistance is not available. Turning down an offered space ends it.

"My spouse is job-hunting." The Army allows 60 days while looking. Confirm your own service's rule before you enroll a child.

"Can I use the Dependent Care FSA as well?" Only what *you* actually pay is your expense; the part DoD pays the provider is not. Ask your tax preparer before you set the election.

"When does the money move?" The provider is paid monthly, within 7 to 10 business days of sending in the attendance sheet. You keep paying your own share directly.



THE EXAMPLE (NORFOLK, VIRGINIA)

Jordan is married to Alex, a Navy E-5, and holds a state professional license. Virginia is Jordan's third state in five years. Each move has meant a new application, new fees and a gap in pay. In a 2025 survey, 29.9% of military spouses were unemployed, and about 40% of those who had moved in the past year. What has the law changed, and what will the services pay for?

What a move does to a career

MILITARY SPOUSE UNEMPLOYMENT · SURVEY



Military Family Advisory Network survey of 10,089 respondents, fielded October 2025 to January 2026, as reported by Military Times (June 24, 2026). DoD's 2026 state-policy materials cite about 20%.

35%

of military spouses work in a field that **requires a license** (DoD, 2026)

68%

of active-duty families call two incomes **vitaly important** (Blue Star Families, 2025)

Free: SpouseWorks (formerly SECO) offers master's-level career coaching by phone, 800-342-9647, and a job board of partner employers.

Licenses travel now

Since January 2023 the Servicemembers Civil Relief Act has covered professional licenses, and the section was **rewritten in December 2024**. When you move because of military orders, a license in good standing **is considered valid in the new state**, at the same scope of practice, once you apply. It covers the member's own licenses too.

1 Send three things to the new state's board

Proof of the orders, your marriage certificate, and a notarized affidavit: who you are, that you are in good standing everywhere you have been licensed, and that you have read and will follow the new state's rules.

2 Thirty days

If the board cannot act within 30 days it may issue a **temporary license** with the same rights. It may run a background check first.

! What changed in December 2024

The rule that the license be used in the two years before the request **is gone**, and **attorney licenses are now covered**.

✗ Where it does not apply

A license that was revoked, disciplined or is under investigation in any state. Where an interstate compact covers your profession, the compact governs instead.

Money for moves and school

- ✓ **Up to \$1,000 to relicense, each move**
Plus a separate **\$1,000 for moving a business**. Claimed through the member's service, with receipts. Ends for costs after **December 31, 2029** (see [Guide 07](#)).
- ✓ **SpouseWorks Scholarship: up to \$4,000**
Formerly MyCAA. Up to \$2,000 a fiscal year toward a license, certification or associate degree. Official sources conflict on which sponsor pay grades qualify; check current eligibility at Military OneSource.
- ✓ **In-state tuition**
Public colleges must charge in-state rates to spouses and children where the member is domiciled **or stationed**, and keep charging them while you stay enrolled after a move.

Hiring

- ✓ **Federal jobs without competing**
An agency may appoint an active-duty member's spouse noncompetitively. Congress repealed the 2028 sunset in December 2024 and extended the authority through at least December 31, 2033; OPM's regulation has not caught up and still reads that eligibility narrows to one appointment per PCS from January 1, 2029. Confirm on USAJOBS.
- ✓ **Military Spouse Preference, DoD jobs**
Separate: you must be on the sponsor's PCS orders and married before the report date.
- ✓ **Employer partnership and fellowship**
Partner employers pledge to hire and retain military spouses; the SpouseWorks Fellowship is 12 paid weeks with a host employer.
- ! **Unemployment pay after a PCS**
Rules differ by state. Ask the state workforce agency before you resign.

Taxes and retirement

- ✓ **The residency election**
For any tax year of the marriage you may use the member's domicile, your own, or the duty station for state taxes. Wages qualify; rental income does not (see [Guide 06](#)).
- ✓ **A spousal IRA**
On a joint return a spouse with no paycheck can still put up to **\$7,500** into an IRA for 2026 (see [Guide 05](#)).
- ✓ **A credit worth telling an employer about**
An employer with 100 or fewer staff that lets a military spouse into its retirement plan within two months of hire, fully vested, earns **up to \$500 a year for three years**.
- ✓ **Life insurance**
Family SGLI covers a spouse for up to \$100,000 (see [Guide 11](#)).
- ✓ **Your own retirement accounts**
Every job can leave a 401(k) behind, and federal service runs on FERS. Page 2 of this guide covers both.

Questions we get

"Does the license law help a service member?" Yes. It covers a license held by the member or the spouse, as long as the move is because of military orders.

"Does any of this depend on rank?" **ALL RANKS** The license law, relicensing money, hiring authority and tax election are the same for every pay grade. The scholarship is the open question: Military OneSource now says all ranks and pay grades, while an Army benefits page reviewed in July 2026 still lists limits.



THE EXAMPLE (GROTON, CONNECTICUT, TO PEARL HARBOR, HAWAII)

Casey is married to Chris, the Navy O-3 from [Guide 05](#), and has worked three years for a federal agency at Groton under the Federal Employees Retirement System (FERS). The orders to Pearl Harbor end that job. Casey also has two 401(k)s from earlier employers, one in each of the last two states. What do three years of FERS actually owe, what should happen to the civilian TSP, and where should the old accounts go?

FERS in one column

You pay in	4.4% of salary if first hired in 2014 or later (FRAE), 3.1% if hired in 2013, 0.8% before that — on top of Social Security.
The pension	1% × high-3 salary × years of service; 1.1% if you retire at 62 or later with 20 years.
Vesting	Five years of civilian service before any annuity is payable. Military buy-back years (Guide 22) add to the annuity but do not count toward the five.
The civilian TSP	An automatic 1% and up to a 4% match, like BRS. The match is yours at once; the automatic 1% vests after three years of civilian service (two for a few positions), not the two years BRS uses.
Leaving under five years	A refund of your own contributions with interest (SF 3106) is the only option. Take it and the years are gone from the computation — unless you are rehired and redeposit it with interest (5 U.S.C. §8422(i)).
Leaving at five or more	Leave the money in for a deferred annuity at 62 (or at your minimum retirement age with ten years, reduced 5% a year under 62), or take the refund. A deferred annuity is figured on the high-3 you had when you left and does not grow until it starts.

The PCS decision, in order

- 1 Ask for a transfer first.**
A federal job at the new station keeps FERS and the TSP running with no break. Military Spouse Preference applies when you relocate on the sponsor's orders, and the noncompetitive authority (page 1) lets any agency hire you without an announcement. Remote work counts: OPM's February 2025 memo exempts remote-working military spouses from return-to-office plans.
- 2 Leave without pay is a request, not a right.**
Agencies may grant LWOP to follow orders; nothing entitles you to it. Executive Order 14100 encourages up to five days of administrative leave for the move itself.
- 3 Do not take the refund by reflex.**
Casey's three years count toward the five-year test and the high-3 only if the contributions stay in or are redeposited later. A \$6,600 refund (three years at 4.4% on \$50,000) buys a lifetime of lost credit.
- 4 The civilian TSP stays yours.**
Keep it, or combine it with a uniformed-services TSP after separating from one of the two — done in My Account; tax-exempt combat-zone money cannot move into a civilian account.
- 5 Keep the paper.**
Your SF 50s and leave and earnings statements prove the service if you come back ten years later.

The accounts left behind: consolidate them

RULE	WHAT IT MEANS
Direct rollover	Trustee to trustee: no withholding, no 60-day clock. Always ask for this.
Indirect rollover	A check to you from an employer plan arrives with 20% withheld ; you have 60 days to redeposit the full amount, replacing the 20% from your own pocket, or the shortfall is taxed (and penalized under 59½).
Like to like	Roth 401(k) → Roth IRA or Roth TSP only. Pre-tax → traditional IRA, the TSP, or a Roth IRA with the tax due. A Roth IRA can never go back into a plan or the TSP.
Once a year	The one-rollover-per-12-months rule reaches only IRA-to-IRA indirect rollovers. Direct rollovers and plan-to-IRA moves are unlimited.
Into the TSP	The TSP accepts pre-tax money from IRAs and employer plans at any time — one low-cost account, and the December 31 IRA balance that spoils a backdoor Roth goes to zero (Guide 05).
Into an IRA	More choice, and an adviser can manage it. You give up the TSP's age-55 withdrawal rule and its federal creditor shield; IRAs are protected in bankruptcy to \$1,711,975 (April 2025).
Small balances	Plans may push out balances under \$7,000, often into a default IRA you never chose. Track every account; name a beneficiary on each.

FROM MY CAREER



I managed Katerina's multiple rollovers and her FERS. When a spousal FERS entitlement didn't make sense to me, I took it to our congressmen and senators ([Guide 29](#)).
What I did, not a recommendation.

Questions we get

- "Can my spouse's old 401(k) go into my TSP?"** No. The TSP takes rollovers only of the participant's own money. Each of you consolidates your own accounts.
- "Is a deferred FERS annuity worth waiting for?"** Five years at a \$60,000 high-3 is \$3,000 a year from 62 (computed), with no increases before it starts. Small, but it costs nothing to keep, and a later federal job adds to it.
- "We are both federal employees."** Each FERS account and each TSP account stands alone; the rules on this page apply to each of you separately.

Our conflict. Nofal Financial Group manages IRAs for a fee, so recommending a rollover to an account we manage benefits us. Any rollover recommendation from an adviser is fiduciary advice under the Advisers Act; ours comes with a written comparison of the plan you would leave and the account you would open ([Guide 22](#), page 2).



THE EXAMPLE (ORDERS OVERSEAS)

A Marine corporal, E-4, enlisted with an **\$8,000 credit-card balance at 22.15%** and a car loan. He rents off base and has just **received orders overseas**. Federal law caps the interest on that old debt at 6%, lets him end the lease and the phone contract without penalty, and limits what lenders may charge him on new credit. None of it happens until he asks.

6%

interest cap on debt **from before you served** (Servicemembers Civil Relief Act)

36%

all-in cap on most credit **opened while you serve** (Military Lending Act)

0%

on federal Direct Loans while you draw **hostile fire pay**, up to 60 months

12 months

after service during which a foreclosure still **needs a court order**

The Servicemembers Civil Relief Act (SCRA) ALL RANKS

PROTECTION

WHAT IT DOES, AND THE LIMIT THAT CATCHES PEOPLE

6% interest cap

Interest above 6% is **forgiven, not deferred**, and the payment must fall by that amount. **Only for debt you took on before entering service**, alone or jointly with a spouse: mortgages during service plus one year, everything else during service only. On the corporal's card that is about \$1,290 a year (computed: $\$8,000 \times 16.15$ points).

Residential lease

End it on entering service, on PCS orders, or on a deployment of 90 days or more. **"PCS" expressly includes separation and retirement**. A monthly lease ends 30 days after the next rent is due, with no early-termination charge.

Vehicle lease

End it on entering service under orders of 180 days or more, on a PCS from the continental U.S. to anywhere outside it (Alaska and Hawaii included), or on a deployment of 180 days or more. You must **return the vehicle within 15 days** of the notice.

Eviction

No eviction without a court order; on request the court stays the case 90 days, or another period it finds just, where service **materially** affects your ability to pay. **Dependents are covered**. Applies to rent up to **\$10,542.60** a month in 2026.

Foreclosure and repossession

A foreclosure on a pre-service mortgage is invalid without a court order during service **and for 12 months after**. Repossession needs a court order where a deposit or installment was paid before you entered.

Phone, internet, cable, gym, home security

Cancel with no early-termination fee on orders that move you for 90 days or more to a place the contract does not serve. A **dependent** may cancel too.

How to invoke it

- 1 Write, and attach your orders**
A letter to each creditor or landlord with a copy of your orders. Nothing is automatic.
- 2 Mind the 180 days**
The 6% request may be sent during service or **up to 180 days after it ends**. It reaches back to the day you were called to service.
- 3 Use the free lawyer**
Your legal assistance office reviews these letters at no cost. A creditor that ignores one faces damages, attorney fees and federal penalties.

Separate, and better: federal Direct Loans made since October 1, 2008 carry **0% interest** for up to 60 months while you draw hostile fire pay, even if you borrowed during service (**Guide 03**).

The Military Lending Act

The cap

A **36% Military Annual Percentage Rate** that counts finance charges, credit insurance, add-ons and fees.

Who

ALL RANKS Active-duty members, Guard and Reserve members on orders of more than 30 days, **and their spouses** and certain dependents.

Covered

Payday and vehicle-title loans, credit cards, overdraft lines and most installment loans taken out on active duty.

Not covered

Mortgages and home-equity loans, and **a loan to buy a vehicle that is secured by that vehicle**.

Banned terms

Prepayment penalties, mandatory arbitration, required allotments.

The gap at the dealership. Dealer financing and the add-ons sold with it sit outside the 36% cap (**Guide 03**).

Questions we get

"Does the 6% cap cover the card I opened last year?" No. It reaches only debt from before you served; new credit falls under the 36% cap. Refinancing an old loan while you serve turns it into new debt and gives up the 6% cap.

"What if I am sued while deployed?" A court may not enter a default judgment until it appoints an attorney for you, and one entered during service can be reopened if you apply within 90 days after you leave.



THE LINE THAT DECIDES IT

Find your DIEMS — Date of Initial Entry into Military Service — on your LES, not your commissioning date. Before January 1, 2018: the legacy High-3 pension, a 2.5% multiplier and no TSP match. On or after: the Blended Retirement System (BRS), a 2.0% multiplier but up to 5% of basic pay from the government every payday and a mid-career bonus. The opt-in window ran for calendar year 2018 only, for members with under 12 years of service, and closed permanently.

Two systems, and the date that picks yours

	LEGACY HIGH-3	BLENDED RETIREMENT (BRS)
Who is in it	First became a member before January 1, 2018 (and after September 7, 1980)	First became a member on or after that date — or opted in during 2018
Multiplier	2.5% × years of service	2.0% × years of service
At 30 years	75% of high-3 (87.5% at 35 years)	60% of high-3 (70% at 35 years)
Retired pay base	The average of your highest 36 months of basic pay . Identical in both systems	
Government money in the TSP	None	1% automatic plus up to a 4% match · Guide 04
Mid-career bonus	None	Continuation pay at 7 to 12 years
Lump sum at retirement	Not available	25% or 50%, irrevocable · next page
Annual COLA	Full for both: 2.8% on Dec. 1, 2025; 3.6% on Dec. 1, 2026	

A third group still exists. A member who took the \$30,000 Career Status Bonus at fifteen years is on **CSB/REDUX**: a 40% multiplier at twenty years and COLAs a full point below the rest, until a recomputation at 62 restores the multiplier and the missed increases — after which the reduced COLAs resume. No bonus could be paid after December 31, 2017, so no one new can join.

The pension at twenty years

High-3 is basic pay only. Not BAH, not BAS, not flight, sea or submarine pay, not a bonus. Then the multiplier: each full extra month counts as 1/12 of a year, and leftover days are dropped.

E-7 · HIGH-3 OF \$6,118.50

Legacy  **\$3,059**

BRS  **\$2,447**

O-4 · HIGH-3 OF \$10,473.80

Legacy  **\$5,236**

BRS  **\$4,189**

O-5 · HIGH-3 OF \$11,606.30

Legacy  **\$5,803**

BRS  **\$4,642**

 Legacy, 50% of high-3  BRS, 40%

Partial years count exactly. Twenty years and seven months is 20 + 7/12 = 20.583 years: 51.46% legacy, 41.17% BRS. Any leftover days are dropped.

Monthly, before any Survivor Benefit Plan premium (**Guide 19**).

Illustration, computed on the 2026 pay table held static: the last 36 months before twenty years are 12 at the Over-16 rate and 24 at the Over-18 rate. A real high-3 spans three annual pay tables and will be lower. Retired pay is rounded down to the next whole dollar.

Officer or enlisted changes the math

OFFICER O-4 basic pay **freezes at the Over-18 rate of \$10,509.90** and never rises again: Over 20, Over 22 and Over 40 are the same cell. Past eighteen years an O-4 gains pension only through the multiplier. O-5 pay climbs to the Over-22 rate of \$12,394.80, then freezes too.

ENLISTED E-7 pay keeps stepping: **\$6,245.70 at 20 years, \$6,475.20 at 22, \$6,598.20 at 24, \$7,067.40 at 26.** An E-7 who stays past twenty gains from the multiplier *and* a rising high-3 at once. “One more tour” is a different question for a senior enlisted member than for a field-grade officer.

Statutory pay caps apply only to officers. Basic pay for commissioned officers may not exceed the federal Executive Schedule — \$15,408.30 a month for O-6 and below in 2026. That cap is not what flattens the O-4 and O-5 rows; those grades simply run out of longevity steps. Enlisted pay has no such cap.

Continuation pay BRS ONLY

A bonus paid once, mid-career, in exchange for more service. It is the piece of BRS that most nearly replaces the half-point of multiplier that was given up.

The window	Not less than 7 and not more than 12 years of service. The floor moved from 8 to 7 in the FY2024 defense act, so some service pages still say 8.
The amount	Statute allows 2.5 to 13 times monthly basic pay on active duty, 0.5 to 6 times for drilling reservists. Each service picks its own point in the window and its own multiplier, every calendar year.
2026, confirmed	Army: applications open at 7 years; 2.5× active and AGR, 0.5× Guard and Reserve. Air Force Reserve: 0.5×. Both carry a four-year obligation from the date you accept. Other services publish their own message — check yours.
Tax	Taxable as a bonus — but an agreement signed in a month you serve in a combat zone is excluded from income, later installments included (Guide 02). Paid as a lump sum or in up to four installments; it can go into the TSP.

At 2.5 times, computed from the 2026 pay table: an E-6 over 8 receives **\$11,532**; an O-3 over 8 receives **\$20,313.75**. Neither raises your pension — continuation pay is not basic pay.

\$36,708

A year, for life, for Ray, the Army E-7 of **Guide 15**, at twenty years on legacy High-3, before any SBP premium

≈\$2.4M

The same stream over a **40-year retirement** at a 2.3% COLA. Illustration, not a projection

3.6%

The **December 1, 2026 COLA**, announced October 14, paid in full to High-3 and BRS retirees. REDUX gets 2.6%

\$0

From the pension at **nineteen years and eleven months**. The benefit does not vest in parts

What you keep if you leave before twenty

- ✓ **Under BRS: the whole TSP balance, including the government's share**
The automatic 1% vests at **two years**; matching dollars are yours the moment they land. Walk away at nineteen years and the account goes with you (**Guide 04**). This is the trade BRS made for the half-point of multiplier.
- ✗ **Under legacy High-3: nothing from the pension**
No partial credit, no refund, no deferred benefit. Nineteen years and eleven months pays the same as one day.
- ✓ **Either way, the rest of the career still counts**
The Post-9/11 GI Bill (**Guide 10**), VA compensation if you are rated (**Guides 17–18**), the VA home loan (**Guide 08**), and the access that outlasts the uniform (**Guide 25**).
- **The Guard and Reserve door stays open**
Twenty **qualifying years** — 50 points or more in a year — still earn a non-regular retirement, paid from age 60, or earlier for certain mobilized service. Years of service for pay are total points ÷ 360, so the check is a fraction of an active-duty pension at the same grade. **Guide 16**, page 3 works through the points, the gray area and what it pays.
- ! **Do not plan around early retirement**
Congress extended the Temporary Early Retirement Authority to **December 31, 2030**, but it exists only when a service opens a program, and it cuts retired pay by up to 5%. As of October 2026 no service has an open program: the Marine Corps says its approval authority ended December 31, 2025, and the Army says its program has ended.

The lump sum, honestly

A BRS retiree may take **25% or 50%** of the discounted value of their retired pay as cash, dropping the monthly check to 75% or 50% until **age 67**. The election is due 90 days before retirement. It cannot be reviewed, challenged or undone.

THE TWO NUMBERS THAT DECIDE IT

6.46% is the rate DoD discounts the stream at in 2026. **About 47 cents** is what the cash is worth, in our model, on each nominal dollar of retired pay given up.

A BRS E-7 (not Ray, who is on High-3) retiring at **42**, modeled. On \$2,447 a month, a 50% election pays roughly **\$231,500** now and **\$1,223 a month** until 67. To come out ahead you would have to earn 6.46% a year, after tax, for twenty-five years — against a stream that is government-guaranteed and indexed to inflation. Statute sets that rate from studies of service members' own impatience, not from a market.

The trap inside the trap. Your Survivor Benefit Plan premium is still 6.5% of the **full base amount** while you collect half the check (**Guide 19**). The lump sum is also closed to medical retirees and to anyone leaving with fewer than twenty years.



FROM MY CAREER

I left active duty in May 2025 at eleven years, short of a pension.

The honest comparison

Do not hold a salary offer up against basic pay. **Guide 15** runs the arithmetic for Ray, an Army E-7 at twenty years, and Dana, a Navy O-4 leaving at eleven: Ray's \$107,600 of military cash needs about **\$121,400** of civilian salary to match it once the tax-free allowances are replaced, and Dana's needs about **\$166,300**.

Then add what is missing from both columns: family health coverage, and — for anyone who reaches twenty — a check that arrives every month for life, costs no premium, and rises with the Consumer Price Index each December 1.

And what the pension is not. It is not a balance you own. You cannot borrow against it, leave it to a child, or cash it out, except through the lump sum above, at the price shown there. Only the Survivor Benefit Plan continues it, and only to the people the statute allows.

Three numbers, in the end. Your multiplier, your high-3 and the years you actually serve. The first was fixed by a date on your DIEMS line. The second is basic pay alone, whatever else the LES shows. Only the third is still yours to decide.

Questions we get

"Which system am I in?" Your LES retirement-plan field reads BRS or "blended" if you entered on or after January 1, 2018 or opted in during 2018. The date that governs is DIEMS — not your commissioning date and not your pay entry base date (**Guide 01**).

"Does my sea pay or my bonus raise the pension?" No. The base is basic pay alone. For a mid-grade member, allowances are a quarter to a third of total cash and build nothing toward retirement (**Guide 01**).

"Is BRS simply worse?" The defined benefit is a fifth smaller at any length of service. What replaces it starts in year two and is portable: up to 5% of basic pay every payday, kept whether you serve four years or thirty. Which is better depends on how long you stay and what the TSP earns (**Guide 04**).

"Is continuation pay automatic?" No. You apply, in the year and at the multiplier your service publishes, and you take on more service: the law requires at least three years, and the services currently set four.

"I am at eighteen years and hate my job." Two more years adds 5 points of multiplier under legacy, 4 under BRS. For an O-4 those points land on a base that has already frozen; for an E-7 they land on one still climbing. Price it, and price the health coverage with it (**Guide 20**).

"Can I take the lump sum and still elect SBP?" Yes — and the premium is figured on the full base amount, not on the reduced check. That is the single most expensive detail in the election (**Guide 19**).

03

PART 3

Leaving Well

Separation and retirement run on deadlines that cannot be reopened. This part puts them in order, from two years out to one year after.

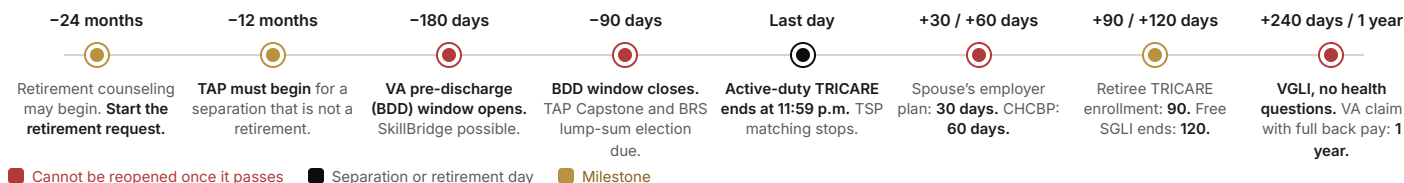
15	The Transition Clock	p. 36
	The timeline from 24 months out, terminal leave, SkillBridge and the civilian-offer math	
16	Three Ways Out	p. 38
	Separation, retirement, medical retirement and the Guard and Reserve door — and what each one pays	
17	Document It, Then File It: The VA Claim	p. 41
	Records while you serve, the pre-discharge claim, and how ratings combine	
18	The Rating Ladder	p. 43
	What each threshold gets you, concurrent receipt, and benefits for survivors	
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21	Life Insurance After Service	p. 49
	SGLI to VGLI, private term and VALife — and the 240-day window	



THE TWO EXAMPLES FOR PART 3

Ray is an Army sergeant first class (E-7), 41, coming up on 20 years at Fort Campbell. He entered in 2006, so he is on the legacy High-3 pension. Married, two children. **Dana is a Navy lieutenant commander (O-4), 33, with 11 years in, separating this year with no pension.** She entered in 2015 and opted into the Blended Retirement System (BRS) in 2018. Both are hypothetical; their pay is the published 2026 table. What has to happen, and by when?

The clock, counted from your last day in uniform



FROM MY CAREER

I left active duty in May 2025, at eleven years. Part 3 is written from that side of the decision.

Five doors that close behind you

- The GI Bill transfer**
Elected only while serving, with six years in and four more owed. After separation there is no transfer, no waiver and no appeal. **Guide 10.**
- The pre-discharge VA claim (Benefits Delivery at Discharge, BDD)**
File **180 to 90 days** out and the exams happen while you are still in. Inside 90 days the claim is processed after you leave. **Guide 17.**
- SGLI to VGLI**
Free SGLI ends 120 days out. VGLI asks no health questions for **240 days** from separation; after that you must prove good health. **Guide 21.**
- Terminal leave**
Once you are out, unused leave can only be sold, and sell-back is capped at **60 days per career.** The comparison is at right.
- Retiree TRICARE**
90 days after retirement to enroll, 12 months to do it retroactively. Miss both and it is space-available care until open season. **Guide 20.**

Terminal leave beats selling it back

Sold leave pays **basic pay only**, is taxable, and does not count as service. Terminal leave is still active duty (10 U.S.C. §701(d)): BAH, BAS, TRICARE and SGLI continue, and leave still accrues.

RAY, 45 DAYS OF LEAVE	SELL IT	TAKE IT
Basic pay	\$9,369	\$9,369
BAH + BAS	—	\$4,081
TRICARE, SGLI, ID card	end	continue
60-day career cap used	45 days	none

Computed: 2026 monthly rates ÷ 30 × 45. Basic pay \$6,245.70; Fort Campbell BAH with dependents \$2,244; BAS \$476.95.

When selling still makes sense: the cash is needed now, or a civilian start date cannot move.

The Transition Assistance Program (TAP)

When it starts	Retiring: as early as 24 months out. Separating: no later than 365 days out. If you learn late, it starts at once.
First meeting	One-on-one, in person or by video. A self-assessment places you in one of at least three pathways.
The core days	One day from your service, one on VA benefits, one on employment, then two days on a track you choose: employment, education, vocational training or entrepreneurship.
Capstone	Commander-verified, no later than 90 days out.
Your spouse	May join the financial and home-loan sessions.

SkillBridge: 180 days is a ceiling

Train with an approved civilian employer inside your **last 180 days** while DoD keeps paying salary, allowances and benefits. Your commander must approve it, and it does not guarantee a job.

DEPARTMENT OF THE AIR FORCE MAXIMUMS, FROM MARCH 31, 2026

E-1 to E-5 · O-1 to O-3	120 days
E-6 to E-7 · O-4	90 days
E-8 to E-9 · O-5	60 days

OFFICER **ENLISTED** Air Force O-6: by exception only. Space Force: 120 days; 90 for E-9 and O-5 and above. The Army went to three rank tiers in April 2025. Confirm your own service's current message.

Total compensation, 2026

RAY · E-7 OVER 20 · \$107,600 TOTAL CASH

Basic pay \$74,948

BAH + BAS \$32,651

DANA · O-4 OVER 10 · \$150,498 TOTAL CASH

Basic pay \$113,040

BAH + BAS \$37,458

■ Taxable basic pay ■ Tax-free allowances (26 U.S.C. §134)

Bars are drawn to the same scale. So that the two compare on one rate, BAH is shown for both at the 2026 Fort Campbell with-dependents figure (E-7 \$2,244 a month, O-4 \$2,793); BAH follows your duty-station ZIP, so look up your own.

Two consequences most people miss. Your pension is computed on basic pay alone (10 U.S.C. §1407), so **30 cents of every dollar** Ray is paid builds nothing toward it.

And Social Security wages for a service member are basic pay only (26 U.S.C. §3121(i)(2)). Allowances, special pays and bonuses never enter Social Security either. **Guide 01** sorts every line of pay into taxable and tax-free.

What a civilian offer has to beat

ANNUAL, 2026	RAY	DANA
Basic pay (taxable)	\$74,948	\$113,040
Allowances (tax-free)	\$32,651	\$37,458
Total cash	\$107,600	\$150,498
Taxable salary needed to replace the allowances	\$46,413	\$53,245
Civilian salary to break even	≈\$121,400	≈\$166,300

Illustration, computed: allowances ÷ (1 – 0.22 – 0.0765), added to basic pay. The 22% marginal rate plus 7.65% FICA is **an assumption, not a published figure**. It fits a two-income household or a single filer; a couple on one military income is likelier in the 12% bracket, which puts Ray's break-even nearer \$115,600. Substitute your own bracket and any state income tax. Still missing from both columns: TRICARE, 30 days of paid leave a year, and in Ray's case the pension.

And if Ray retires, add this

\$36,708

A year, for life, indexed to inflation, **before any SBP premium** (\$3,059 a month)

≈\$2.4M

The same stream over 40 years at a 2.3% COLA. **Illustration, not a projection.**

A civilian employer would have to hand Ray roughly **\$121,400 of salary plus a fully funded, inflation-indexed pension and family health coverage** to match what he is walking away from. That is the honest comparison, not basic pay against a job offer. **Guide 14** puts a price on the pension.

The first 120 days out, and the year after

- ✓ **Before your last day**
File the pre-discharge VA claim and get a full copy of your medical record. Settle health coverage: a marketplace application filed before you separate can start the day after TRICARE ends. Retiring? The SBP election is signed and notarized first (**Guide 19**).
- **Week 1**
TSP contributions and the BRS match have stopped; the balance may stay in the TSP if it is at least \$200. Store DD-214 copies at home, online and with your county.
- ! **Days 1 to 120**
A spouse's employer plan by **day 30**. CHCBP or the marketplace by **day 60**. Retiree TRICARE by **day 90**. Free SGLI, and the spouse's right to convert family coverage, end at **day 120**. Enroll in VA health care: no deadline and no premium, though some care carries a copay (**Guide 20**).
- ! **Days 120 to 240**
VGLI with no health questions closes at **day 240**, counted from separation and not from the end of free SGLI (**Guide 21**).
- ✓ **The first year**
File any VA claim inside one year to keep an effective date of the day after discharge. Rebuild the budget on civilian take-home pay. Redo the estate plan: an SGLI beneficiary form is not a will.

Questions we get

"The offer matches my basic pay plus BAH. Is that a raise?" Usually not. The BAH and BAS were tax-free and outside Social Security tax; the same dollars as salary are taxed both ways. Run the table above with your own numbers.

"Can I work a civilian job on terminal leave?" In most cases yes, subject to your service's rules and ethics restrictions. You are still on active duty, so military pay and allowances continue alongside the new paycheck.

"Does selling leave add to my retirement?" No. Sold leave is not service for any purpose (37 U.S.C. §501(c)). Terminal leave is active service and counts.

"Is SkillBridge a right?" No. It needs your commander's approval, most services cap it by rank, and your service may require the core TAP days first.

"Do I get house-hunting days?" Retirees and members separated involuntarily may be granted permissive TDY for relocation. DoD says members leaving at the end of a normal term are not eligible. Day counts vary by service.



THE EXAMPLE (RAY AND DANA, FROM GUIDE 15)

Dana, the Navy O-4, separates voluntarily at 11 years. She gets her final pay, payment for unused leave and her TSP balance, and nothing else: no separation pay, and no transitional health coverage (TAMP), which requires an involuntary separation or one of six other specific triggers. **Ray, the Army E-7, retires at 20.** He gets retired pay for life, TRICARE for his family, a Survivor Benefit Plan (SBP) election and a retiree ID card. A third door opens only if a doctor refers you to the disability evaluation system, and that door has a threshold written on it: 30%. A fourth door, leaving active duty for the Guard or Reserve, is on page 3 of this guide.

What each door actually pays

	VOLUNTARY SEPARATION	INVOLUNTARY SEPARATION	20-YEAR RETIREMENT	MEDICAL SEPARATION (DOD RATING UNDER 30%)	MEDICAL RETIREMENT (DOD RATING 30% OR MORE)
Cash at exit	None	10% × years × 12 months' basic pay	None	Years × 2 months' basic pay	None
Retired pay	No	No	Yes, for life	No	Yes, for life
TRICARE	Ends at 11:59 p.m. on the last day	TAMP for 180 days, then CHCBP	Retiree TRICARE, family included	TAMP for 180 days, then CHCBP	Retiree TRICARE, family included
SBP eligibility	No	No	Yes	No	Yes
Commissary, exchange, MWR	With any VA rating, 0% included		Yes	With any VA rating	Yes
Retiree ID card	No	No	Yes	No	Yes
VA offset or recoupment	—	Gross less tax withheld; no combat exception	Retired pay waived for VA pay, unless CRDP or CRSC	Only against the same disability; none if combat-incurred	Retired pay waived for VA pay, unless CRDP or CRSC
Tax on the exit payment	—	Taxable, and stays taxable even after a later VA rating	—	Exclude 100% once VA compensation is awarded	—
Strings attached	None	Three years in the Ready Reserve	None	None	No CRDP if under 20 years

TAMP is 180 days of premium-free transitional TRICARE; CHCBP is premium-based continuation coverage ([Guide 20](#)). CRDP and CRSC are the two ways a retiree keeps both retired pay and VA compensation ([Guide 18](#)).

Officer or enlisted: where the exits differ

The formulas	ALL RANKS Separation pay, severance, the 30% line, the 6-to-20-year band and the Ready Reserve agreement are the same for every grade.
What triggers it	OFFICER Usually twice failing selection for promotion ("up or out"). ENLISTED An involuntary discharge or a denied reenlistment.
Officer-only bars	OFFICER No separation pay if you asked in writing not to be selected, or declined continuation that would have reached retirement.
Prior-enlisted officers	OFFICER O-1E to O-3E have their own pay table. Separation pay and severance are computed from it.
Selling leave	ENLISTED A one-time election to be paid for up to 30 days that would otherwise be lost above a 90-day balance. It counts against the 60-day cap; officers have no equivalent.

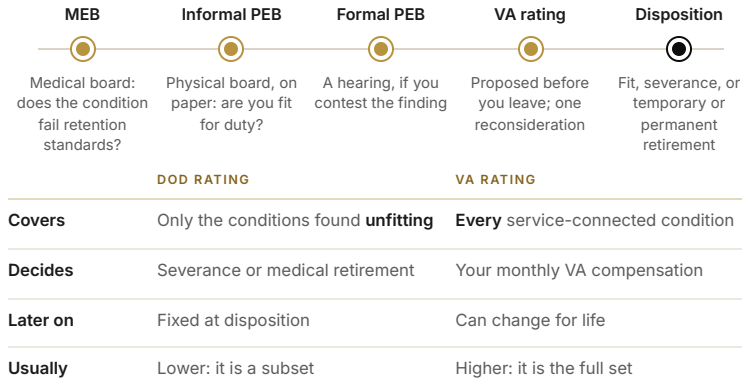
Separation pay: full, half or nothing

- ✓ **Full**
Honorable discharge, and you were fully qualified to stay: a denied reenlistment or continuation, a force reduction, or officer "up or out."
- ⓘ **Half**
Honorable or general discharge, and not fully qualified for retention: weight control, parenthood or custody, failing minimum retention standards, among others.
- ✗ **Nothing**
Leaving at your own request or in a first term, misconduct, unsatisfactory performance, an other-than-honorable discharge, or declining the Ready Reserve agreement.

Every case needs at least 6 and fewer than 20 years of active service, and a written agreement to serve three years in the Ready Reserve. Ask which rate applies before you plan around a number.

The disability evaluation system

A doctor, not you, refers you in. One set of exams then serves two agencies that are answering different questions.



A member with a **20% DoD rating** and a **90% VA rating** has not been shortchanged. The two numbers measure different things from the same exams. This is the most common misunderstanding in the process.

The line at thirty percent

One step in the DoD rating, **20% versus 30%**, separates a taxable lump sum and 180 days of TAMP from **retirement**: retired pay, family TRICARE for life, SBP eligibility and a retiree ID card. With **20 or more years**, an unfit finding means retirement whatever the rating.

HOW MEDICAL RETIRED PAY IS FIGURED

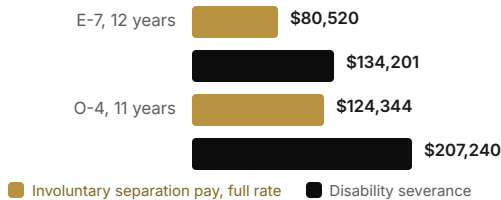
Retired pay base × the **higher** of your DoD rating (75% maximum) or years of service × 2.5% (2.0% under the Blended Retirement System, BRS).

TWO RULES THAT SURPRISE PEOPLE

- Medically retired with **fewer than 20 years**: **no CRDP**, however high the VA rating. **CRSC is still available** for a combat-related disability, capped at what a longevity retirement at your actual years would pay (24% of high-3 at 12 years under BRS).
- The temporary retired list lasts at most **three years** (if placed on it since January 1, 2017), with a re-exam at least every 18 months and a pay floor of half the retired pay base.

This is where counsel matters. A Formal PEB is a hearing, and you are entitled to be represented at it.

The two lump sums, sized



Illustration, computed from 2026 basic pay: E-7 over 12, \$5,591.70 a month; O-4 over 10, \$9,420.00. Half rate: \$40,260 and \$62,172.

Separation pay	10% × years × 12 months' basic pay. Extra full months count as twelfths of a year.
Severance	Years × 2 months' basic pay. Six months or more rounds up to a year; the floor is 3 years (6 if combat-incurred) and the cap is 19.

Two lump sums, two tax outcomes

	DISABILITY SEVERANCE	INVOLUNTARY SEPARATION PAY
Tax withheld when paid	None if combat-related, or with a proposed VA rating at separation	Yes, at the flat supplemental-wage rate
Recouped from VA pay	Yes, but only against pay for the same disability	Yes, against compensation generally
Amount recouped	The amount received	Gross, less the federal tax withheld
Combat exception	Yes: nothing is recouped (separations on or after Jan. 28, 2008)	None
After a later VA award	Exclude 100% from income; refund available	Remains taxable, permanently

A refund of tax withheld on severance comes from DFAS if the VA award is processed by December 31 of the year paid; after that, from the IRS on Form 1040-X.

Questions we get

"Will VA really take my separation pay back?" Yes. By law (10 U.S.C. §1174(h)) VA withholds compensation until the gross amount, less the federal tax withheld, is recovered, and DoD says waivers are not authorized. Bills introduced in August 2026 to end this have not been enacted.

"Is medical retired pay tax-free?" Not automatically. For anyone who joined after September 24, 1975, it is excluded from income only up to the part paid for a combat-related injury or, if greater, the VA compensation you would be entitled to. The rest is taxable (IRS Pub. 525).

"Is anyone paying people to leave voluntarily?" The voluntary separation pay authority (10 U.S.C. §1175a) now runs through December 31, 2030. Whether your service has an open window is a separate question; check its current personnel messages.

"Can you represent me at the board?" No. We do not represent anyone before the disability evaluation system or the VA and are not accredited to do so. You may accept an informal finding or demand a Formal PEB.

"Do I get a final move?" Yes, one. Separating: to your home of record or entry, within 180 days. Retiring: anywhere in the U.S., within 3 years.



THE EXAMPLE (DANA, FROM GUIDE 15)

Dana, the Navy O-4 separating at eleven years, could affiliate with the Navy Reserve instead of walking away from the pension entirely. Nine more qualifying years — a drill weekend a month and two weeks a year — would complete twenty, and a retired check would start at 60, earlier for certain mobilizations. What does the fourth door pay, what does it cost, and what fills the years in between?

50

points make a good year; twenty good years earn the pension

360

points equal one year for pay in the retired-pay formula

60

age the check starts, three months earlier per 90 days mobilized since 2008

90 days

to elect RCSBP after the 20-year letter, or Option C is elected for you

How a reserve retirement is earned

A good year	50 points or more in a retirement year. Twenty good years earn the pension (10 U.S.C. §12732).
Points	15 for membership, 1 for each drill period (a drill weekend is usually four) and for each day of annual training or other active duty; inactive points are capped at 130 a year.
Active duty counts	Every day of prior active service is one point, so a year is 365 and Dana brings about 4,015 points through the door.
The formula	Total points ÷ 360 = years for pay. Then 2.5% a year (BRS 2.0%) × the high-36 months of basic pay (10 U.S.C. §§12733, 12739).
When it starts	Age 60 , reduced by three months for each aggregate of 90 days of qualifying active duty served in a fiscal year (or two consecutive fiscal years) since January 28, 2008, but never below 50 (§12731(f)).
The pay base	The 36 months before the check begins, at the pay tables then in force, as if you had been on active duty. Longevity keeps accruing in the gray area, so the base grows with every pay raise (§1407(d)).

DANA, MODELED ON THE 2026 TABLE

Eleven active years	4,015 points
Nine reserve years at 77 points (15 + 48 drills + 14 days)	693 points
Years for pay: 4,708 ÷ 360	13.08
Multiplier under BRS: 13.08 × 2.0%	26.2%
Monthly check from 60, on an O-4 over-20 base of \$10,509.90	\$2,749

Computed on the 2026 pay table held static; the real base uses the tables in force at 60, and promotion to O-5 would raise it. Under legacy High-3 the same points pay 32.7%, or \$3,437.

While you drill

- ✓ **Pay.** One-thirtieth of monthly basic pay per drill period, so a four-drill weekend is about 13% of a month's pay; annual training pays full active-duty rates (37 U.S.C. §206).
- ✓ **Health care.** TRICARE Reserve Select, 2026: \$57.88 a month for you, \$286.66 for the family.
- ✓ **BRS continues.** The automatic 1% and up to 4% match on drill pay; continuation pay at 0.5× monthly basic pay for drilling Army members (2026).
- ✓ **Your civilian job is protected.** USERRA: up to five cumulative years of service, training excepted, with reemployment on the "escalator" (Guide 22).
- ⚠ **Took separation pay?** You already owe three years in the Ready Reserve (page 1). Drilling turns an obligation into points.

The gray area: 20-year letter to age 60

- ⚠ **No retired pay yet,** and no TRICARE at retiree rates. TRICARE Retired Reserve costs \$645.90 a month for you and \$1,548.30 for a family in 2026; a civilian employer plan is usually cheaper.
- ✓ **Retired Reserve ID card** (DD Form 2): commissary, exchange, MWR and Space-A.
- ✗ **The RCSBP election is due within 90 days of the Notice of Eligibility.** Option A defers, B pays a survivor from your 60th birthday, C pays at once on death. Make no election and you are enrolled in Option C at the maximum spouse level, with the premium deducted later (Guide 19).
- ✓ **At 60:** retired pay with full COLAs each December, and retiree TRICARE for the family. At 65, TRICARE For Life with Medicare.

Before you affiliate

- ✓ **Ask what the bonus costs.** Affiliation bonuses change every fiscal year and carry an obligation of their own; leave early and the unearned share is collected back.
- ✓ **Get your active points on the record.** Check the retirement points statement every year. A missing drill is a missing point, and a short year can fall under 50.
- ✓ **SGLI keeps running.** Drilling members of the Ready Reserve carry full-time SGLI at the same \$26, so the 240-day VGLI clock in Guide 21 does not start while you drill.
- ✓ **Mobilizations do double duty.** Ninety days of qualifying active duty since 2008 adds 90 points and moves the pension three months earlier.

Questions we get

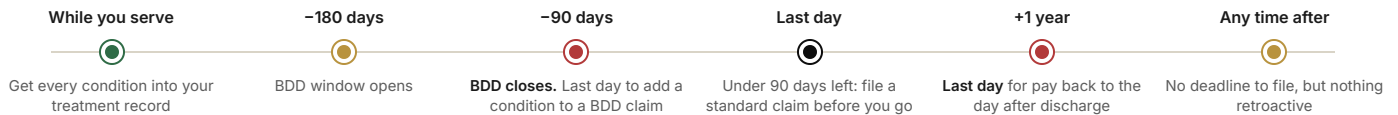
- "Does an IRR year count?"** Only if it reaches 50 points. Membership alone is 15, so a year with no drills, correspondence courses or active duty is usually not a good year.
- "Guard or Reserve?"** The retirement math is identical. The Guard adds state duty under Title 32 and state benefits — Tennessee funds tuition for its Guard members — and a governor who can call you up; the Reserve answers only to the federal chain.
- "Can I retire before 60?"** Each aggregate 90 days of qualifying active duty since January 28, 2008 moves the start three months earlier, to 50 at the earliest; TRICARE at retiree rates still waits for 60.



THE EXAMPLE: WHY EARLY

Dana, the Navy O-4 from Guide 15, plans to buy a house soon after she separates. Filing through Benefits Delivery at Discharge (BDD) puts her VA exams on the calendar while she is still on active duty. It also has cash value: a proposed or memorandum rating issued **before her loan closes** waives the VA funding fee, about **\$8,600** on a \$400,000 zero-down first purchase. Separating without filing risks that waiver and, after a year, the back pay. The window is 180 to 90 days before her last day.

The filing clock



Document it while you are still in

- ✓ **Get it on the record when it happens**
Service connection needs evidence of an in-service event, injury or illness (38 C.F.R. §3.303). A sick-call visit writes that entry. An injury you worked through leaves none.
- ✓ **Separation Health Assessment, Part A**
Your own medical history, required for BDD and the disability evaluation system since April 1, 2023. The fuller it is, the less you rebuild later.
- ✓ **A complete copy of your treatment record, for yourself**
Entrance physical, every periodic health assessment, inpatient and outpatient notes, and the three that get missed: **traumatic brain injury, behavioral health and dental records.**
- ✓ **Buddy statements are evidence**
VA Form 21-10210. Someone you served with who saw the incident, or a spouse who has watched the condition worsen, counts as lay evidence.
- ✓ **A 0% rating is a win, not a loss**
It pays nothing, but it formally grants service connection: a later claim need only show the condition worsened. It also brings free VA care for that condition, 10-point federal hiring preference, and commissary and exchange access.

Four routes in

ROUTE	WHEN	WHAT YOU GET
BDD	180 to 90 days before separation	Exams while still serving; VA aims to decide within 30 days after discharge
Standard claim before discharge	Fewer than 90 days left	File before you go; it is processed after you separate. The old "Quick Start" name is gone.
Claim after separation	Within one year of discharge	Effective date reaches back to the day after discharge : every month of back pay
Any time after that	No deadline, ever	Effective date is the day VA receives the claim. Nothing retroactive.

FULLY DEVELOPED OR STANDARD

On VA Form 21-526EZ you may send all your evidence at once and certify there is no more. VA calls that a fully developed claim. If VA later needs other non-federal records, it simply handles the claim as a standard one. There is no penalty for trying.

Intent to file

The ten-minute safeguard. VA Form **21-0966**, a saved online application, or a documented oral statement to VA holds your effective date for **one year** while you gather evidence. It costs nothing.

- Name only the benefit (compensation), not your conditions.
- One per benefit at a time; a second inside the year has no effect.
- It also works for a Supplemental Claim.
- If no complete claim follows within the year, VA takes no further action.

Who can use BDD

Full-time active duty, including Guard, Reserve and Coast Guard members, with a known separation date 180 to 90 days away, and available for VA exams for 45 days after filing.

Not eligible: seriously ill or injured, loss of a body part, terminally ill, awaiting discharge while hospitalized, needing a character-of-discharge decision, or needing an exam abroad other than at Landstuhl or Camp Humphreys. In the disability evaluation system (**Guide 16**), that process supplies your rating instead.

The funding-fee tie-in

\$8,600

The 2.15% VA funding fee on a **\$400,000** first purchase with nothing down

Waived if you receive, or are eligible to receive, VA compensation, or hold a proposed or memorandum rating from a pre-discharge claim **before closing**. A rating that arrives later earns a refund only if its effective date is before the closing date. **Guide 08.**



How ratings combine

Ratings are **combined**, not added. VA starts with the most disabling condition, then applies each next rating to what is left of the whole person. A 60% rating leaves you 40% efficient; a further 30% takes 30% of that 40.

STEP	RUNNING TOTAL
Start with the highest rating, 50%	50
Add 30% of the remaining 50	65
Add 20% of the remaining 35	72
Round to the nearest ten, once, at the very end	70%

50 + 30 + 20 is 100 on paper and **70%** at VA. Values ending in 5 round up. VA's own examples: 40 and 20 combine to 52, paid as 50%; 60, 40 and 20 combine to 81, paid as 80%.

Paired limbs. When both arms, both legs or paired muscles are rated, the two are combined, 10% of that value is added, and the result is treated as one disability before further combining (38 C.F.R. §4.26).

2026 monthly rates

VETERAN ALONE · EFFECTIVE DECEMBER 1, 2025

10%	\$180
20%	\$357
30%	\$552
40%	\$796
50%	\$1,133
60%	\$1,435
70%	\$1,808
80%	\$2,102
90%	\$2,362
100%	\$3,939

Look at the last step. Going from 90% to 100% raises the payment by **67%**, by far the largest jump on the ladder. **ALL RANKS** The rates ignore rank: an E-4 and an O-5 with the same rating are paid the same.

From December 1, 2026 every rate rises **3.6%**, the COLA announced October 14, 2026: about **\$187** at 10%, **\$1,874** at 70% and **\$4,080** at 100%, first paid December 31. Our arithmetic, not VA's table, which VA posts before the first payment.

What a family adds

SPOUSE AND TWO CHILDREN	MONTHLY	A YEAR
30%	\$698	\$8,382
50%	\$1,377	\$16,523
70%	\$2,150	\$25,805
100%	\$4,428	\$53,137

Dependents are added only at 30% and above. Below that, a spouse and children change nothing. All of it is tax-free: at an assumed 22% marginal rate, 70% for this family equals about **\$33,000** of pre-tax salary.

Computed by VA's method: the spouse-and-one-child rate plus the amount for a second child under 18. At 70%, \$2,074.45 + \$76.00; about \$2,228 from December 1, 2026.

If the decision is wrong

LANE	NEW EVIDENCE?	DEADLINE	TIMING
Supplemental claim	Required: new and relevant	None. Within a year keeps your effective date	58.3 days average, September 2026
Higher-level review	Not permitted	One year from the decision letter	125-day goal
Board appeal	Depends on the docket	One year from the decision letter	365-day goal, direct review

A change in the law, the PACT Act for instance, is itself a basis for a supplemental claim, with no new evidence required. The Board has three dockets: direct review (no new evidence, no hearing), evidence submission (90 days to add evidence) and a hearing with a Veterans Law Judge.

Getting help, and what it may cost

An **accredited Veterans Service Organization (VSO) is free, always.** By regulation, VSOs may not receive fees. You appoint one on VA Form 21-22.

No one may lawfully charge you for preparing your initial claim.

Accredited attorneys and claims agents may charge only for work done after VA has issued a decision. Fees at or below 20% of past-due benefits are presumed reasonable; above 33⅓% they are presumed unreasonable.

Unaccredited "claim consultants" who charge up front are operating outside the fee rules. Check anyone against VA's accreditation search before you sign.

We are not accredited by VA and do not prepare, present or prosecute claims. We refer clients to accredited VSOs.

Questions we get

"I have been out for years and never filed. Is it too late?" No. There is no deadline. The effective date becomes the day VA receives your claim or your intent to file, so each month of waiting is a month of pay that cannot be recovered.

"Can I add a condition after I file BDD?" Yes, until day 90 before discharge. Conditions added after that may not be processed until you have separated.

"How long does a claim take?" VA's published average for disability claims was 68.2 days in September 2026, and the figure changes monthly. BDD's goal is a decision within 30 days after separation.

"I took separation pay. Does that touch my VA compensation?" Yes. VA withholds compensation until the payment is recovered, with different rules for severance and for separation pay. See **Guide 16**.



THE EXAMPLE (CLARKSVILLE, TENNESSEE)

Ray, the Army sergeant first class retiring at 20 years, leaves with a 70% combined rating: knees, back, hearing and sleep apnea, documented across four deployments. For a veteran with a spouse and two children that is **\$2,150 a month, tax-free**, in 2026 (computed by VA's published method: the \$2,074.45 rate with a spouse and one child, plus \$76.00 for a second child under 18), and about \$2,228 after the 3.6% adjustment due December 1, 2026. But the rating decides more than the check. Each step up the ladder opened something else, and two of the steps decide whether Ray keeps his full pension as well (page 2).

What opens at each threshold

Each rung adds to the ones below it. The dollar figure on each rung is the 2026 monthly rate for a veteran alone, effective December 1, 2025. On December 1, 2026 each rises **3.6%** (the COLA announced October 14): about \$187, \$572, \$1,174, \$1,487 / \$1,874 and \$4,080, our arithmetic until VA posts its table.

0%

\$0 a month

Service connection, established. Pays nothing, and is still worth having: free VA care for that condition, a **10-point federal hiring preference**, and commissary, exchange and MWR access. A later claim need only show that the condition has worsened, not prove the link to service again.

10%

\$180.42

The first money, and the funding fee disappears. Receiving compensation, or being eligible to receive it, waives the **VA home loan funding fee**: about \$8,600 on a \$400,000 zero-down first purchase (see [Guide 08](#)). VA health care Priority Group 3. Compensable ratings go to the top of most federal hiring lists (see [Guide 22](#)). For a retiree with a combat-related disability, Combat-Related Special Compensation (CRSC) becomes possible (page 2).

30%

\$552.47

Your family starts counting. Dependents are added to the rate for the first time; below 30%, a spouse and children change nothing. Priority Group 2. Federal agencies may appoint a veteran rated 30% or more **noncompetitively, at any grade**, and the Office of Personnel Management must approve any decision to pass one over.

50%

\$1,132.90

Priority Group 1, and concurrent receipt. No VA medication copays either (outpatient visit copays already end at 10%). And a 20-year retiree rated 50% or higher receives **CRDP**, Concurrent Retirement and Disability Pay: full retired pay and full VA compensation, with no waiver at all (page 2).

60 / 70%

\$1,435.02 / \$1,808.45

The unemployability threshold. One disability at 60%, or a combined 70% with at least one at 40%, opens **TDIU** (total disability based on individual unemployability): paid at the 100% rate while the rating on paper stays where it is. Below those percentages it is still available through an extraschedular referral.

100%

\$3,938.58

The top of the schedule, and what permanence adds. Any needed VA dental care. When a total rating is also found **permanent**, the family gains **CHAMPVA** health coverage (see [Guide 20](#), and read the HSA warning on [page 48](#) before the family enrolls) and **Chapter 35** education benefits for the spouse and children, VA schedules no routine re-examinations, and Space-A travel opens (see [Guide 25](#)).

100% three different ways

100% schedular Your combined rating reaches 100% under the combining table (see [Guide 17](#)).

TDIU Paid at the **100% rate** with a lower rating, because service-connected conditions prevent substantially gainful work. The rating itself stays the same. Apply on VA Form 21-8940.

Permanent and total (P&T) A finding that the total disability is **reasonably certain to continue for life**. It attaches to either of the above, and it is what unlocks CHAMPVA and Chapter 35.

Total is not the same as permanent. The regulation says it in one line: "Total disability may or may not be permanent." P&T is a finding VA adds, not a percentage.

Above the schedule

Special monthly compensation (SMC) pays more than the schedule for specific losses and care needs: loss or loss of use of a hand, foot or creative organ, blindness in one eye, deafness in both ears, being housebound, or needing aid and attendance.

VETERAN ALONE, MONTHLY	2026	DEC. 1, 2026*
SMC-K , added to any rating from 0% to 100%; up to three awards	+\$139.87	+\$145
SMC-S , housebound	\$4,408.53	\$4,567
SMC-L , including aid and attendance	\$4,900.83	\$5,077

* After the 3.6% COLA announced October 14, 2026; our arithmetic until VA posts its table.

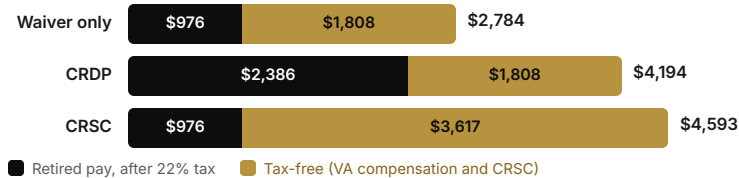
Free help with any of this. Accredited Veterans Service Organizations prepare and file claims at no charge (see [Guide 17](#)). We are not accredited by VA and do not prepare claims.

CRDP or CRSC: Ray at 70%

The default is a **waiver**: retired pay is given up, dollar for dollar, for VA compensation. That is not a loss. It converts **taxable** pension into **tax-free** compensation at par. Two programs undo the trade and pay both. This illustration uses the 2026 veteran-alone rate (\$1,808; Ray's family rate is \$2,150) and assumes his whole rating is combat-related.

MONTHLY	WAIVER ONLY	CRDP	CRSC
Retired pay (taxable)	\$1,251	\$3,059	\$1,251
CRSC (tax-free)	—	—	\$1,808
VA compensation (tax-free)	\$1,808	\$1,808	\$1,808
Gross	\$3,059	\$4,867	\$4,867
After tax, at an assumed 22%	\$2,784	\$4,194	\$4,593

WHAT RAY KEEPS EACH MONTH, AFTER AN ASSUMED 22% FEDERAL TAX



The after-tax trap. The gross is identical, but CRSC is worth **\$398 a month more after tax**, about \$4,800 a year, because it is tax-free and CRDP is taxable. DFAS pays whichever is higher by gross unless you elect otherwise, and you can switch during the annual open season, usually in January.

TWO PROGRAMS, SIDE BY SIDE

	CRDP	CRSC
Who	20-year retiree, 50% or more	Any retiree with a compensable, combat-related disability
Pays	All the retired pay you waived	Only the combat-related share, capped at the amount waived
Apply?	No. It is automatic	Yes , to your own branch of service
Taxable	Yes	No
Divisible in divorce	Yes	No

ALL RANKS VA compensation is a flat rate, the same for an E-7 and an O-5. So the waiver takes **59%** of Ray's \$3,059 pension but **31%** of an O-5's \$5,803 at 20 years (computed), and concurrent receipt restores a larger share of an enlisted retiree's pay.

If you die first

Dependency and Indemnity Compensation (DIC) is a separate, tax-free VA benefit for a surviving spouse: **\$1,699.36 a month** in 2026 (about \$1,761 from December 1, 2026), plus **\$421 per child** under 18 (about \$436).

It is payable where death was service-connected, and *also* where a veteran **rated totally disabled continuously for the ten years before death** (five, if since discharge) dies of something else. A separate \$360.85 is added where the veteran was totally disabled (TDIU counts) for the eight full years before death and married to the survivor for those same eight.

It no longer cancels SBP. Since January 1, 2023 a surviving spouse receives the full Survivor Benefit Plan annuity *and* full DIC. If Ray elects full SBP and his death qualifies for DIC, that is \$1,682.45 (taxable) plus \$1,699.36 (tax-free): **\$3,381.81 a month**, before any amounts for children (computed; see [Guide 19](#)).

Questions we get

"Do I have to apply for CRDP?" No. DFAS pays it automatically. CRSC is the one you apply for, through your branch of service, showing the disability came from a Purple Heart injury, armed conflict, hazardous service, conditions simulating war or an instrumentality of war.

"I already get CRDP. Is CRSC worth applying for?" If any of your rating is combat-related, price it. You may receive one or the other, never both, and the better one depends on how much of the rating qualifies and on your tax rate.

"I was medically retired at 12 years. Which do I get?" No CRDP at all under 20 years, however high the rating. CRSC is still open for a combat-related disability (see [Guide 16](#)).

"What about Dana, separating at 11 years?" With no retired pay to offset, the question never arises. Her rating still opens VA health care, the funding-fee waiver and the commissary.

"Can VA re-examine me and reduce the rating?" It may, at any time. But it schedules no routine exams where a disability is static or permanent, has gone five years without material improvement, or, barring unusual circumstances, the veteran is over 55.

Four things almost everyone gets wrong

- 1 Commissary access is not a 100% benefit**
Since January 1, 2020, **any** service-connected rating, including **0%**, brings commissary, exchange and MWR privileges. So do a Purple Heart and former prisoner-of-war status (see [Guide 25](#)).
- 2 Compensation is invisible to your tax return**
It never enters adjusted gross income, so it does not raise Medicare's income-related premiums (IRMAA) or the taxation of Social Security benefits. One exception: **Supplemental Security Income is means-tested**, and compensation counts there.
- 3 It is creditor-proof, with one exception**
VA compensation is exempt from attachment and creditors' claims. It **can** be garnished for alimony and child support, but only to the extent it replaces retired pay you waived.
- 4 The Gulf War "December 31, 2026 deadline"**
A VA regulation (38 C.F.R. §3.317) still says an undiagnosed Gulf War illness must appear to a degree of 10% by that date. **Congress removed the basis for that cutoff in 2022:** the PACT Act rewrote 38 U.S.C. §1117 to cover a qualifying chronic disability "that became manifest to any degree at any time," and VA has not yet conformed the regulation. Do not let the date rush or discourage a claim.



THE EXAMPLE (CLARKSVILLE, TENNESSEE)

Ray's legacy High-3 pension at 20 years is \$3,059 a month, and it stops the day he dies. (The figure is computed from the 2026 pay table; see [Guide 14](#).) The Survivor Benefit Plan (SBP) is how part of it keeps going to his spouse for life. He must elect before his first day of retired pay, the election is irrevocable once retired pay starts, and anything less than full coverage needs his spouse's notarized signature. What does it cost, what does it pay, and how does it compare with insuring the same risk privately?

How it works, and what it costs Ray

6.5%

The premium, as a share of the base amount you elect. Deducted from retired pay before tax

55%

The annuity to your spouse, for life, adjusted for inflation. Taxable to the survivor

8.46 to 1

Annuity to premium (55 ÷ 6.5). Fixed in statute: identical for an E-5 and an O-6

You elect a **base amount**, from \$300 a month up to your full gross retired pay. Everything else follows from it. The mechanics never change with rank; only the size of what the family would lose does.

RAY · BASE AMOUNT \$3,059	MONTHLY	ANNUAL
Premium at 6.5% (pre-tax)	\$198.84	\$2,386
Survivor annuity at 55% (taxable)	\$1,682.45	\$20,189

360 premiums, in 2026 dollars \$71,581, recovered by **42.5 months** of annuity

ALL RANKS An O-4 with a legacy pension of \$5,236 a month pays \$340.34 for a \$2,879.80 annuity; larger numbers, the same 42.5 months. A spouse who outlives the retiree by three and a half years has recovered every premium ever paid, measured in 2026 dollars.

Paid up. Premiums stop once you have made 360 monthly payments *and* reached age 70, whichever is later. Coverage then continues for life, free.

Four rules that catch people

- ❗ **Your spouse must consent, notarized**
To decline SBP, to cover less than full retired pay, or to cover a child but not the spouse. A DD Form 2656 signed *after* retirement, or signed by the spouse before the member, is invalid. DFAS then defaults you to full coverage and starts deducting premiums.
- ❗ **"Paid up" is the later of 360 payments and age 70**
Not simply age 70. Ray, retiring at 41, is paid up at 71; an O-5 retiring at 45 pays until 75. The coverage continues after the premiums stop.
- ❗ **There is one exit: months 25 through 36**
The year that begins on the second anniversary of your first retired pay. Your spouse must concur in writing, no premium is refunded, and you generally cannot rejoin.
- ❗ **Not everyone pays the flat 6.5%**
Members who entered before March 1, 1990, Chapter 61 medical retirees and reserve retirees pay whichever of two formulas is cheaper. Reserve retirees elect separately, within 90 days of the 20-year letter.

The lump-sum trap. A Blended Retirement System retiree who takes 25% or 50% of the pension as cash still pays the SBP premium on the full base amount, while collecting a reduced check until age 67 (see [Guide 14](#)).

The widow's tax is gone. Until 2020 a surviving spouse who received VA Dependency and Indemnity Compensation (DIC) had the SBP annuity cut dollar for dollar. Congress phased the offset out across 2020–2022 and **eliminated it entirely on January 1, 2023**: survivors now receive the full SBP annuity *and* full DIC (see [Guide 18](#)). The Special Survivor Indemnity Allowance is no longer paid, because the problem it patched no longer exists.

Comparing it with life insurance

SBP premiums come out **before tax** and the annuity is **taxable**: structurally a traditional IRA. Life insurance is bought with after-tax dollars and generally pays out income-tax-free. Run the comparison **after tax** on both sides.

- SBP pays for as long as your spouse lives and rises with inflation. Its premiums end when you are paid up; the coverage does not.
- The decision turns on the chance your spouse outlives you, by how long, and what other income the survivor would have.
- The honest counterargument is what 30 years of premiums could have earned elsewhere, not the headline ratio.

SBP is a government program and no one earns a commission on it. Our agency does earn commissions on private life insurance it places, so weigh any comparison, ours included, with that in mind.

Questions we get

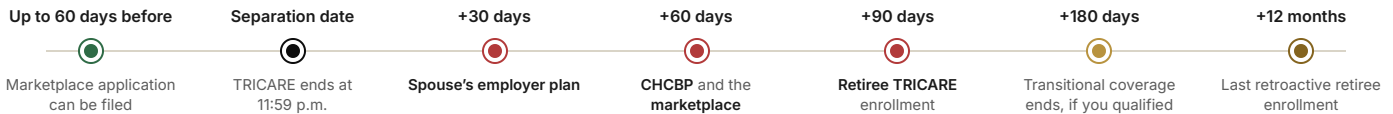
- "I will be single when I retire. Have I missed it?"** No. If you marry or gain a child later you may elect coverage then, but the election must be received within one year of the event.
- "What does it cost to add our children?"** Very little when a spouse is covered, because a child is paid only if the spouse is no longer eligible. In the Department of Defense's own example the add-on is \$0.01 a month on a \$1,000 base amount. The factors depend on ages, and DFAS computes them. Children are generally covered to 18, or to 22 as full-time students.
- "What if my spouse remarries after I die?"** Remarriage before age 55 stops the annuity, and it restarts if that marriage ends. Remarriage at 55 or later changes nothing.
- "Can I get in later, during an open season?"** Do not plan on one. The only recent open season ran from December 23, 2022 to January 1, 2024, and the fiscal 2026 defense authorization act created no new one.
- "My divorce decree requires SBP for my former spouse."** Former-spouse coverage replaces spouse coverage; you cannot cover both. If you do not make the election, your former spouse may ask DFAS to deem it, within one year of the court order.



THE EXAMPLE (RAY AND DANA)

"Your TRICARE eligibility ends at 11:59 p.m. on your last duty day." That is TRICARE's own sentence, and for Dana, the Navy lieutenant commander leaving voluntarily at 11 years, it is the whole story. Finishing your obligated service and separating fits none of the seven transitional-coverage categories, so her family is uninsured at midnight unless she has already arranged something. **Ray's family keeps TRICARE for life** because he is retiring. Even so, it is not automatic: he has 90 days to enroll.

The windows, in order



Who actually gets the 180 free days

The Transitional Assistance Management Program (TAMP) is **premium-free TRICARE for 180 days** from your separation date. The qualifying list is closed. You qualify if you are:

- Separating **involuntarily** under honorable conditions, including under a voluntary separation incentive or separation pay program
- A Guard or Reserve member leaving after **more than 30 consecutive days** of active duty for a preplanned mission or contingency operation
- A Guard member leaving after more than 30 consecutive days of Title 32 duty for a declared disaster or emergency
- Separating after **stop-loss** for a contingency operation
- Separating after agreeing to stay on for less than a year for a contingency operation
- Receiving a sole survivorship discharge
- Leaving regular active duty and agreeing to join the **Selected Reserve**

Finishing your enlistment and leaving is not on that list. Terminal leave does not help either: you are still on active duty during it, so no clock starts until your actual separation date. Confirm your own case with a transition counselor.

The bridge, and its price

OPTION	DEADLINE	2026 COST
CHCBP, the Continued Health Care Benefit Program TRICARE Select-equivalent coverage for 18 months (36 for a former spouse)	60 days after TRICARE or TAMP ends	\$2,103 a quarter, individual \$5,339 a quarter, family
Affordable Care Act marketplace	60 days, and you may apply up to 60 days before you separate	Varies
Spouse's employer plan	30 days only	Often the cheapest

The most commonly missed deadline in the whole transition. The marketplace gives you 60 days. A spouse's employer plan gives you 30. Someone who assumes "sixty days" and asks to join a spouse's plan on day 45 is locked out until that employer's next open enrollment.

What the bridge costs Dana. Family CHCBP at \$5,339 a quarter is **\$21,356 a year** (computed), and it must be elected within the 60 days or it is gone for good. The military offers no COBRA; CHCBP is its equivalent.

Marketplace subsidies changed. The enhanced premium tax credits expired on December 31, 2025. For 2026 the cutoff at 400% of the poverty level is back, so a separating officer with a working spouse may receive no subsidy at all, and the caps on repaying excess advance credits are gone. Still expired as of October 13, 2026, with no extension enacted; confirm before relying on it.

Three moves before your last day

- 1 File the marketplace application before you separate**
The special enrollment period runs 60 days before, as well as 60 days after, you lose coverage. Apply ahead and civilian coverage can begin the day after TRICARE ends, with no gap at all.
- 2 Ask for the spouse's employer plan within 30 days**
Federal law requires the request within **30 days** of losing coverage. Not 60.
- 3 Apply for VA health care, whatever else you do**
Enrollment is free, has no deadline, and VA typically decides in under a week. It covers you, not your family (page 2). A disability claim is filed separately (see [Guide 17](#)).

If you are retiring, like Ray

- **90 days** from your retirement date to enroll in TRICARE Prime or Select with no break in coverage.
- Missed it? You may ask for **retroactive enrollment** up to 12 months from the retirement date.
- Missed both? Space-available care at military hospitals and clinics only, until the next open season (November 9 to December 8, 2026) or a qualifying life event.
- **Dental and vision** come through FEDVIP, the federal dental and vision program, not TRICARE. Enroll between 31 days before and 60 days after your retirement date.

Retiree TRICARE, 2026

ALL RANKS Costs turn on when you first entered service, not on rank. **Group A** entered before January 1, 2018; **Group B** on or after. Prime assigns you a primary care manager and requires referrals; Select lets you see any TRICARE-authorized provider.

ANNUAL	PRIME A	SELECT A	PRIME B	SELECT B
Enrollment, individual	\$381.96	\$186.96	\$462.96	\$594.96
Enrollment, family	\$765.00	\$375.00	\$927.00	\$1,191.00
Deductible, family (network)	\$0	\$300	\$0	\$397
Catastrophic cap, family	\$3,000	\$4,381	\$4,635	\$4,635
Primary care visit	\$26	\$38	\$26	\$33
Specialty care visit	\$39	\$52	\$39	\$52

ANNUAL FAMILY ENROLLMENT FEE

Select, Group A	\$375
Prime, Group A	\$765
Prime, Group B	\$927
Select, Group B	\$1,191

■ Group A ■ Group B

Check that fourth column twice. For Group B retirees, Select costs *more* in enrollment fees than Prime, and adds a deductible and higher cost-shares on top. Group A is the opposite: Select has the cheaper fee, but a catastrophic cap \$1,381 higher. Out of network, Group B Select doubles the family deductible to \$794.

PHARMACY, 2026	GENERIC	BRAND	NON-FORMULARY
Military pharmacy, up to 90 days	\$0	\$0	—
Home delivery, 90 days	\$14	\$44	\$85
Retail network, 30 days	\$16	\$48	\$85

At 65, TRICARE For Life takes over: no enrollment fee, and generally nothing out of pocket for services both Medicare and TRICARE cover. It requires Medicare Part A *and* Part B, and you pay the Part B premium. Decline Part B at 65 and TRICARE coverage ends entirely.

VA health care is not insurance

It is a parallel system of care, and it covers **you only**, never your spouse or children. Enrollment has no deadline, costs nothing, and counts as qualifying coverage under the Affordable Care Act.

YOUR STATUS	PRIORITY GROUP
50% or more, or TDIU	Group 1: no copays at all
30% or 40%	Group 2
10% or 20%, former POW, Purple Heart	Group 3
Combat-theater service after Nov. 11, 1998; discharged on or after Oct. 1, 2013	Group 6, for 10 years from discharge

2026 copays where they apply (none for visits at a 10%+ rating): **\$15** primary care, **\$50** specialty care, and **\$5, \$8 or \$11** for a 30-day drug supply, capped at **\$700** a year. Care for a service-connected condition is always free, including at 0%.

CHAMPVA: the family's version

Coverage for the **spouse and children of a veteran rated permanently and totally disabled** from a service-connected condition, or who died from one. A **\$50 / \$100** deductible, a **25%** cost share and a **\$3,000** annual cap.

You cannot choose between them. Anyone eligible for TRICARE is barred from CHAMPVA, so a military retiree's family uses TRICARE. CHAMPVA matters most to families of veterans who *separated* and were later rated permanent and total (see **Guide 18**).

One HSA warning. TRICARE (any plan), CHAMPVA and a spouse's general-purpose health FSA block HSA contributions for whoever they cover, used or not. VA care blocks you for three months after use, unless you have a VA disability rating or the care was preventive, dental or vision. Full rules, and the CHAMPVA enrollment trap: **page 48**.

Questions we get

"I left before 2013 and never enrolled in VA care. Too late?" No; there is no deadline to apply. But the special enrollment period for combat veterans who separated between September 11, 2001 and October 1, 2013 closed on September 30, 2023, so you now qualify on ordinary grounds, such as a rating or income.

"I have a rating and I am retiring. VA or TRICARE?" Commonly both. They are complements, not substitutes: VA for service-connected care at no cost, TRICARE for the family and the civilian network.

"Does VA care cover dental?" Only in narrow classes, such as a 100% rating or a compensable dental condition. Other enrolled veterans may buy the VA Dental Insurance Program at full premium.

"Can I keep other insurance alongside VA care?" Yes. VA does not bill Medicare or Medicaid. It does bill private insurance for care of conditions that are not service-connected.

Free, enrolled or not

Veterans Crisis Line: dial 988, then press 1. Under the COMPACT Act, eligible veterans receive free emergency suicide care at any VA or non-VA facility, up to 30 days inpatient and 90 days outpatient, without being enrolled in VA health care.

Vet Centers offer free readjustment counseling to veterans who served in a combat theater, among others, and to their families. No VA enrollment and no disability rating are required.



FROM A RECENT CASE (DETAILS CHANGED)

A veteran rated 100% permanent and total made his wife eligible for CHAMPVA. She kept funding the HSA at her job and enrolled two years later. CHAMPVA paid her old medical bills back to the day she first became eligible — and every HSA dollar she had put in since that day became an excess contribution: two amended returns, a 6% excise tax for every year it stayed in, and a taxable withdrawal to fix it. Being **eligible** for CHAMPVA does nothing to an HSA. Being **covered** by it does, and the coverage reaches back.

The 2026 limits

\$4,400

HSA, self-only
+\$1,000 at 55+,
either plan

\$8,750

HSA, family
Spouses share
one limit

\$3,400

Health care FSA
Up to \$680
carries over

\$7,500

Dependent care
FSA
Per household

ACTIVE DUTY No HSA on TRICARE, but active-duty and AGR members can use both FSAs through FSAFEDS ([Guide 11](#)). An HSA needs a high-deductible health plan and nothing else: it is tested on the first day of every month, so one month of other coverage costs that month's share of the limit.

EMPLOYER MONEY COUNTS

\$1,500

You can still add \$7,250

Employer contribution (illustration) against the 2026 family limit of \$8,750. It counts toward your limit, not on top of it. Check box 12, code W on your W-2.

Over the limit?

6%

a year

Excess HSA contributions are not deductible and are taxed 6% for every year they stay in the account (Form 5329). Take out the excess **and its earnings** by your filing deadline, including extensions, and you avoid the 6%; the earnings are taxable. Pull it out after the deadline and the withdrawal is taxable even if you spend it on medical care.

An excess that spans two tax years means two amended returns. Catch it early: the first month of other coverage is the month to stop the payroll deduction.

Can you still fund an HSA?

IF YOU HAVE

WHAT IT MEANS FOR YOUR HSA

 Spouse's general FSA	Blocks you for its plan year if it covers your expenses, as most do
 Limited-purpose FSA	Works. Limited to dental, vision and preventive care
 Dependent care FSA	Works. It pays for child care, not medical care
 TRICARE, any plan	Blocks you, even with a civilian high-deductible plan
 CHAMPVA	Blocks the spouse or child it covers, used or not — from the date coverage begins, which is retroactive (right)
 VA health care	Blocks 3 months after you use it, unless you have a service-connected disability rating or the care was preventive, dental or vision (IRS Notices 2004-50, 2008-59)
 Medicare, any part	Blocks you. Enrolling after 65? Part A can backdate up to 6 months, so stop contributing 6 months before you apply

The CHAMPVA interlock

Who it touches. The spouse and children of a veteran rated permanently and totally disabled from service, or who died of a service-connected condition, when they are not TRICARE-eligible — typically the family of a veteran who separated without retiring ([Guide 18](#)).

1 Coverage reaches back.

CHAMPVA eligibility begins on the effective date of the permanent-and-total rating (or the death). Enroll later and CHAMPVA still covers care from that first date; you have 180 days from the approval notice to file the old claims (38 C.F.R. §17.276).

2 So does the HSA block.

HSA eligibility is tested month by month. Backdated coverage makes those months disqualified months, and every contribution in them an excess — the same result the IRS spells out for retroactive Medicare.

3 Planning to enroll? Stop the HSA first.

End contributions before the application goes in, and weigh the old claims you would recover against the cost of unwinding the HSA.

4 Already enrolled?

Excess still inside the filing deadline, with extensions, can come out with its earnings and avoid the 6%. HSA money you spent on bills CHAMPVA later reimbursed is no longer a qualified withdrawal; ask the custodian about repaying it as a mistaken distribution (Notice 2004-50, Q&A-37).

Our reading. The IRS states the retroactive rule only for Medicare and never names CHAMPVA, which is simply a non-high-deductible health plan. Applying the monthly test to backdated CHAMPVA months is our interpretation; take it to your tax preparer before you rely on it.



THE EXAMPLE (DANA, SEPARATING AT 33)

Dana carries \$500,000 of Servicemembers' Group Life Insurance (SGLI) for \$26 a month. It stays in force, free, for 120 days after she separates, and then it is gone. The clock for replacing it without health questions runs from that same day, not from the end of the 120: **240 days from separation** to convert to Veterans' Group Life Insurance (VGLI) with no proof of health, and out to one year and 120 days only if she can show she is healthy. Her husband's coverage under Family SGLI has a clock of its own.

Every date counts from the day you separate



From SGLI to what comes next

SGLI today	\$500,000 maximum for \$26 a month all-in (\$25 plus \$1 for traumatic injury coverage). ALL RANKS One price at every rank and age. The rate was cut about 17% on July 1, 2025 (see Guide 11).
After separation	120 days of free coverage. Then nothing.
VGLI	Term life from \$10,000 up to the SGLI amount you held. 240 days to apply with no health questions ; you may apply out to 1 year and 120 days, but after day 240 you must prove good health. Priced on age alone, with no tobacco or gender rating. Coverage can be raised by \$25,000 after one year and then every five years, up to \$500,000, until age 60.
Family SGLI (FSGLI)	Spouse up to \$100,000, never more than your own SGLI; children \$10,000 each at no cost. A spouse has 120 days to convert to an individual permanent policy, through a participating insurer rather than through VA.

What it means for Dana. At 33, \$500,000 of VGLI costs **\$40 a month**, against the \$26 she pays for SGLI today. It becomes \$50 at 35, \$70 at 40 and \$425 at 60.

What VGLI costs as you age

\$500,000 OF VGLI, MONTHLY, BY AGE BAND

29 and under	\$30
30–34	\$40
35–39	\$50
40–44	\$70
45–49	\$95
50–54	\$145
55–59	\$250
60–64	\$425
65–69	\$690
70–74	\$1,075
75–79	\$1,925
80 and over	\$2,200

VA's published rates, effective July 1, 2025. The premium steps up with every five-year age band.

Premium holiday. VA is waiving VGLI premiums from November 1, 2026 through January 31, 2027; coverage continues and nothing is owed for those months.

How to think about it

- ✓ **Apply inside the 240 days first**
Inside the window VGLI cannot turn you down. Applying keeps the guaranteed option in hand while you shop.
- ✓ **Then price both**
VGLI is priced on age alone and climbs steeply. Private term insurance is medically underwritten and priced on your health. Which costs less depends on your health and age at separation; the guarantee matters most to a veteran who could not pass underwriting.
- ⚠ **Read the exclusions before you replace anything**
SGLI and VGLI have no war exclusion. Many private policies carry war or non-commercial aviation clauses, which matters if you are joining the Reserve or taking contract work overseas.

We do not sell VGLI or VALife, and we do not recommend an insurer here. Our agency earns commissions on private insurance it places, which is a conflict of interest. You may buy coverage from any provider.

VALife

VA's guaranteed-acceptance **whole life** policy: open to any veteran with a service-connected rating, **including 0%**, at age 80 or younger, in \$10,000 steps up to **\$40,000**. No health questions. The premium is fixed at your age when you apply and never increases. It replaced Service-Disabled Veterans Life Insurance (S-DVI) on January 1, 2023; S-DVI is closed to new applicants.

Read this before switching. VALife has a **two-year waiting period**; die inside it and beneficiaries receive only the premiums paid plus interest. The protection that let holders of the older S-DVI policy keep it during that wait **closed on December 31, 2025**. An S-DVI holder who converts now loses S-DVI on approval and is effectively uncovered for two years.

04

PART 4

Veteran for Life

Benefits that outlast the uniform: federal hiring, state programs, business certifications, and access you keep for good.

22	Working After Service	p. 51
	Veterans' preference, buying back your military time, reemployment rights, and your TSP after service	
23	State Benefits & Tennessee in Detail	p. 53
	Retired-pay taxes, property-tax relief, tuition and licenses	
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	VetCert, set-aside contracts and surplus property	
25	Access for Life	p. 55
	Parks, commissary and exchange, Space-A travel and ID cards	
26	The Career Checklist	p. 56
	What to do in your first year, at every move, at every milestone and on the way out	



THE EXAMPLE (TENNESSEE)

Dana, the Navy lieutenant commander separating at eleven years, accepts a job with a federal agency. Two things decide what her service is worth there: the hiring preference she carries, if any, and whether those eleven years count toward a federal pension. They count only if she pays a deposit of 3% of the basic pay she earned in uniform.

Going to work for the government

PREFERENCE	WHO CARRIES IT
5-point (TP)	Service in a war, or in a campaign or expedition with an authorized medal, or more than 180 consecutive days (not training) touching Sept. 11, 2001–Aug. 31, 2010. Most who enlisted after Sept. 7, 1980 also need 24 continuous months
10-point CP	A compensable VA rating of 10% to under 30%
10-point CPS	A compensable VA rating of 30% or more
10-point XP	Any lesser service-connected disability, including 0% , or a Purple Heart

Service that began after August 31, 2010 earns no 5-point preference on length alone; it takes a campaign medal or a service-connected disability. CP and CPS names go to the **top of the register**, except for professional and scientific jobs at GS-9 and above.

OFFICER Retired at O-4 or above: no preference in appointment unless you are a disabled veteran.

THREE DOORS THAT SKIP THE USUAL COMPETITION

30% or more	An agency may appoint you noncompetitively at any grade , with no announcement. OPM must approve any pass-over.
VRA	Veterans Recruitment Appointment, up to GS-11 : disabled veterans, campaign or service-medal holders, and anyone within three years of active duty. Converts after two years.
VEOA	The Veterans Employment Opportunities Act opens jobs limited to current federal employees to any preference eligible, or to anyone with three years of continuous active service. Access to compete, not points.

The buy-back nobody explains

3%

of the **basic pay you earned in uniform**, not of your federal salary (3.25% for 1999, 3.4% for 2000)

0 years

credited under the federal pension (FERS) if the deposit is **never paid**

A federal civilian employee can **buy back active-duty years** so they count toward a FERS annuity. Each year adds 1% of your high-3 average salary (1.1% at 62+ with 20 years), for life.

Illustration, computed: the deposit is \$3,000 on each \$100,000 of basic pay earned. Eleven years × 1% × an assumed \$100,000 average salary adds \$11,000 a year.

1 Request your earnings record

OPM Form RI 20-97. The form says to allow about 40 business days.

2 Pay early, and before you leave federal service

Interest-free for two years from your first civilian appointment; after that, interest accrues on any unpaid balance.

Military retirees generally must **waive retired pay** to get civilian credit for the same years. Model it; never assume it.

Five civilian years first. A FERS annuity needs at least 5 years of creditable *civilian* service. Bought-back military years add to the annuity; they do not count toward the five.

USERRA in five lines

The reemployment law for Guard and Reserve members, and for anyone else who leaves a civilian job, federal or private, to serve. **ALL RANKS**

1 Tell them before you go

Advance notice, **written or verbal**, from you or an officer of your service.

2 Five years per employer, with large exceptions

Required training, an initial service obligation and involuntary activations **do not count** against the limit.

3 Report back on the clock

The deadline depends on how long you were gone (see the timeline at right). A disqualifying discharge ends the right.

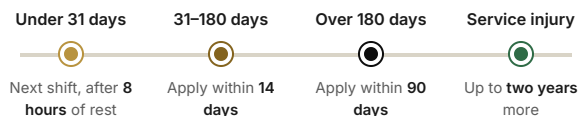
4 You return to the escalator, not the chair

You are owed the job you **would have reached** had you never left, with its seniority, status and pay. The escalator also moves down if a layoff would have reached you anyway.

5 Coverage and contributions continue

Employer health coverage may continue up to **24 months** at no more than 102% of the premium, with no waiting period on return. Retirement contributions can be made up over **three times your service, capped at five years**, and the employer owes its match.

How long you have to report back



Questions we get

"Does preference guarantee me the job?" No. It adds points to a passing score or moves your name up the list. You still have to qualify, with an honorable or general discharge.

"Is state hiring the same?" No. Tennessee, for one, guarantees an interview and breaks ties for the veteran; it awards no points (see **Guide 23**).

"Should Dana pay the deposit if she may not stay?" Her call. The facts: without it FERS credits none of her eleven years, and the price is set by old military pay, not her new salary.



THE EXAMPLE (DANA, SEPARATING AT ELEVEN YEARS)

Dana leaves with a \$160,000 TSP (illustration): a Roth balance, a traditional balance holding the BRS match, and a few thousand dollars of tax-exempt combat-zone contributions. Within weeks an adviser offers to “consolidate it into something more flexible.” A firm — ours included — would earn a fee managing that money in an IRA, and nobody earns anything on a TSP account. What does the TSP do better, what does an IRA do better, and which moves cannot be undone?

What the TSP does better

- ✓ **Cost**
A net expense ratio of 0.034% in 2025: about \$3.40 a year on \$10,000. An IRA beats it only if you buy index funds and pay no one to manage it.
- ✓ **The G Fund**
Principal-guaranteed Treasury securities with a market-rate yield, available nowhere else.
- ✓ **The age-55 rule**
Separate in or after the year you turn 55 and TSP withdrawals carry no 10% penalty. Roll the money to an IRA and you wait until 59½.
- ✓ **A federal creditor shield**
TSP balances cannot be attached, levied or garnished except for child support, alimony, restitution and federal tax (5 U.S.C. §8437(e)). An IRA relies on state law, and on the \$1,711,975 bankruptcy exemption.
- ✓ **It takes money in for life**
Pre-tax IRAs and old employer plans can be rolled into the TSP at any age, which also clears the pro-rata trap for a backdoor Roth ([Guide 05](#)).
- ✓ **Flexible withdrawals since 2019**
Installments, partial withdrawals and in-plan Roth conversions (\$500 minimum), all online.

What an IRA does better

- ✓ **Choice**
Any fund, ETF, bond or stock. The TSP offers five funds, the L Funds, and a mutual fund window that costs \$132 a year plus \$28.75 a trade ([Guide 04](#)).
- ✓ **Someone can manage it for you**
The TSP gives no adviser trading authority over your account; an IRA can be managed, for a fee that is the reason this page exists.
- ✓ **Estate and withdrawal flexibility**
Inherited-IRA rules, charitable distributions from 70½, and withdrawals in any amount at any time.
- ⚠ **Required distributions**
Traditional balances, TSP or IRA, must start paying out at 73. Roth IRAs never do, and Roth TSP balances have been exempt since 2024 — so this is no longer a reason to move Roth money.
- ⚠ **Cost is the whole question**
A 1% advisory fee on \$160,000 is \$1,600 a year against the TSP's \$54. Over twenty years that difference compounds into a large share of the account; the fee has to buy planning worth more than that.

The fee, over twenty years

Dana's \$160,000, a constant 6% gross return, no withdrawals. Computed; an assumption, not a forecast.

\$509,900

In the TSP at its 0.034% expense ratio

\$424,500

In a managed IRA at a 1% annual fee (5% net)

\$85,300

What the fee costs — the planning it buys has to be worth more

The rules that decide

- 1 **Like to like.**
Roth TSP goes to a Roth IRA; traditional to a traditional IRA, or to a Roth IRA with the tax due. A Roth IRA can never come back into the TSP.
- 2 **Direct rollover only.**
A payment made out to you from the TSP carries 20% withholding, and you have 60 days to replace it from your own pocket.
- 3 **Tax-exempt money moves last.**
The TSP pays taxable money first; tax-exempt combat-zone contributions move only if the rollover exceeds the taxable portion and the receiving plan accepts them. Ask the TSP before requesting a split between a Roth and a traditional IRA.
- 4 **You can split the decision.**
Keep part in the TSP (a balance of \$200 or more stays open) and roll part; nothing requires all or nothing.
- 5 **Your spouse signs.**
A uniformed-services or FERS participant's spouse must consent to a withdrawal or rollover when the vested balance is above \$3,500.
- 6 **The beneficiary form governs.**
The TSP's own form, not your will, decides who inherits it; so does each IRA's ([Guide 28](#)).

Our conflict, in writing

Nofal Financial Group manages IRAs for an asset-based fee. Recommending that you move a TSP to an account we manage benefits us. A registered investment adviser owes you a fiduciary duty on that recommendation under the Advisers Act, and we document the comparison — costs, investments, services, guarantees, creditor protection and your own needs — before you sign anything.

The TSP is often the better deal. Sometimes an IRA is. The answer depends on what you will pay and what you need, not on who is asking.

Questions we get

“Should I cash it out to pay off the house?” Income tax on the taxable part plus a 10% penalty under 55 (TSP) or 59½ (IRA). Price the house against that first.

“I rolled to an IRA years ago. Can I go back?” Pre-tax IRA money, yes, at any time. Roth IRA money, never.

“Dana takes a federal job. Two accounts?” A uniformed-services and a civilian TSP can be combined after separating from one of them; tax-exempt money cannot enter the civilian account.



THE EXAMPLE (FORT CAMPBELL)

Ray, the Army sergeant first class retiring at twenty years, will draw \$3,059 a month — \$36,708 a year — of retired pay for life. (His VA compensation is tax-free everywhere and is not in these figures; [Guide 18](#).) Federal tax follows the retired pay everywhere. State tax does not. The federal law that let him keep one legal residence through every move stops protecting him the day he leaves active duty; from then on the state where he actually lives decides how much of that pension it taxes, what it charges on his house, and what it gives a veteran.

How states tax military retired pay in 2026

WHERE	TREATMENT OF MILITARY RETIRED PAY
No tax on wages	Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee , Texas, Washington, Wyoming. Nothing to exempt: none taxes wages or retired pay.
Georgia	Up to \$65,000 exempt at any age , beginning with tax year 2026. Age tiers applied through 2025.
Virginia	Up to \$40,000 of military benefits subtracted, 2025 and later, with no age test. Survivor Benefit Plan payments count.
Vermont	Fully exempt at federal adjusted gross income of \$125,000 or less; phased out by \$175,000. New for 2025.
California	Up to \$20,000 excluded for tax years 2025–2029, and only if income is \$125,000 or less (\$250,000 joint). The rest is taxed.
District of Columbia	No reduction for military retired pay.

Only rows we could check against an official source are shown. As of October 2026, every other state with an income tax gives retired pay at least a partial break, but amounts, age tests and income limits change most years.

What Ray's pension would face

STILL TAXABLE BY THE STATE, OF \$36,708 A YEAR

Tennessee	\$0
Georgia	\$0
Virginia	\$0
Vermont	\$0
California	\$16,708
D.C.	\$36,708

Illustration, computed: retired pay minus each exclusion at left, under 2026 rules, assuming income below the Vermont and California limits. It is the amount exposed to tax, not the tax.

The second paycheck is separate. Five of these six tax the wages from a civilian career. Tennessee does not. Popular web lists are often a year or two out of date, so confirm with the state's revenue department for the year you file.

In Tennessee

\$175,000

of home value covered by 2026 property-tax relief

\$10

lifetime hunting and fishing license

\$0

state tax on wages, retired pay or investment income

Property-tax relief goes to a homeowner VA rates **permanently and totally disabled**, or with service-connected paraplegia, loss of two or more limbs or legal blindness, or totally disabled as a former prisoner of war — and to a surviving spouse who has not remarried. There is no income limit. **It is a reimbursement, not an exemption:** you pay the bill and the state pays you back; tax on value above \$175,000 is still owed. Apply through your **county trustee no later than 35 days after the delinquency date**.

- **The \$10 license** is for residents 30% or more disabled by war service, or rated 100% permanent and total.
- **One free disabled-veteran plate**, registration fee waived, and a veteran designation on your driver's license with an original or certified DD-214.
- **State jobs:** a guaranteed interview, and the tiebreaker when qualifications are equal. It is not a points system.
- **School:** anyone using VA education benefits at a Tennessee public college while living here pays in-state tuition. The Helping Heroes Grant adds \$1,000 a semester full-time for veterans with certain campaign medals and no bachelor's degree (see [Guide 10](#)).

How to find your own state's list

- **Your state's department of veterans affairs**
The starting point for licenses, plates, tuition and hiring rules. Many states also fund county veterans service officers.
- **The Army's benefits library**
MyArmyBenefits keeps a dated page for every state and territory, useful whatever your branch.
- **The revenue department and the county**
Confirm income tax with the state, and property-tax relief with the county assessor or trustee, for the current year.

Questions we get

"Can I keep my old legal residence after I retire?" Not by staying away. Once you leave active duty, residence follows where you actually live.

"Does relief follow the house if we rent it out?" Generally no. These programs cover a primary residence, and rent is taxed by the state where the house sits.

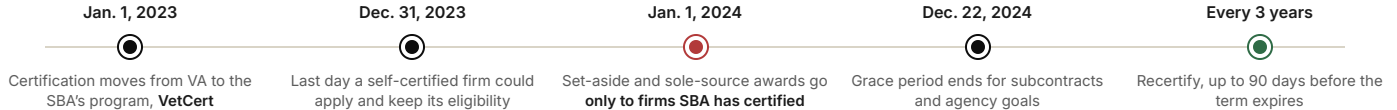
"Is a state that exempts my pension also easy on my TSP?" Not necessarily. Some exempt military retired pay and still tax traditional TSP withdrawals. Ask both questions.



THE EXAMPLE (TENNESSEE)

Ray retires from the Army at twenty years with a 70% VA rating, forms a Tennessee LLC he owns outright and runs himself, and wants to sell to the federal government. Any veteran can own a veteran-owned small business; his rating also qualifies the firm as service-disabled veteran-owned. But only the Small Business Administration (SBA) can certify it, checking a box no longer counts, and the ownership test fails structures that look harmless — such as holding the company through another LLC.

How self-certification ended



Two certifications, one program

	VETERAN-OWNED (VOSB)	SERVICE-DISABLED (SDVOSB)
Owns and controls 51%+	One or more veterans	One or more veterans VA rates as service-disabled
Contracts it opens	Sole-source and set-aside contracts at VA , under its Vets First program	Sole-source and set-aside contracts across the federal government
Federal goal	None of its own	5% of prime and subcontract dollars
Sole-source cap	VA's own rules apply	\$8.5 million in manufacturing; \$5 million in any other industry
Both	Must be small under the SBA size standard for the firm's industry code; are certified for three years; may receive federal surplus property.	
ALL RANKS The rules are the same for every branch and pay grade. Older sources still quote a 3% goal and \$7 million and \$4.5 million ceilings; those figures are out of date.		

What the SBA checks

- ❗ **Ownership is direct**
The veteran owns the 51% **personally** — not through a holding company, another entity or, with limited exceptions, a trust.
- ❗ **Ownership is unconditional**
No side arrangement that could shift the benefits of ownership to someone else.
- ✅ **Control is real**
The veteran holds the **highest officer position** — managing member of an LLC, general partner, or control of the board — and makes both the long-term and the day-to-day decisions.
- ✅ **Two humane exceptions**
A spouse or appointed caregiver may help run the firm of a veteran who is permanently and totally disabled. A surviving spouse who inherits may keep SDVOSB status for **ten years** if the veteran was rated 100% or died of a service-connected disability, three years otherwise.

From DD-214 to first contract

- 1 Set up the company to pass the test**
Ownership, titles and the operating agreement must meet the rules above first.
- 2 Register in SAM.gov**
Required to do business with the federal government, and **free**. You receive a 12-character Unique Entity ID. Activation can take up to ten business days, so start early; renew every 365 days.
- 3 Choose your industry (NAICS) codes**
"Small" is defined code by code. SBA's general rule is 500 or fewer employees for most manufacturers and average receipts under \$7.5 million for most other firms, with exceptions by industry.
- 4 Apply to VetCert at certifications.sba.gov**
SBA confirms veteran and disability status with VA. The regulation sets no deadline for a decision, so apply well before you need it.
- 5 Compete**
Once SAM shows the firm as SBA-certified, contracting officers may use the set-aside and sole-source authorities. Certification makes you eligible; it does not find the work.

Surplus property

Since 2019 the SBA and the General Services Administration have given veteran-owned small businesses access to **federal surplus property** — distributed through each state's surplus agency, at a nominal service-and-handling cost.

The step-by-step — SAM.gov, VetCert and Tennessee's surplus application — is in the "Federal Contracts & Surplus Property" guide of our separate *Financial Planning & Investment Management Foundations Guide*.

Questions we get

"My holding company owns the business. Can it be certified?" Not as structured. Restructure, with counsel, before you apply.

"Do I need a disability rating?" Not for VOSB, which opens VA's set-asides and surplus property. The government-wide set-asides need SDVOSB.



THE EXAMPLE

Dana separates at eleven years with no retiree ID card, and still leaves with more access than she expects. A free lifetime pass to more than 2,000 federal recreation sites. Online exchange shopping. And if VA grants her any service-connected rating, even 0%, the commissary, exchanges and recreation facilities on any installation. Ray, retiring, adds space-available flights.

The Parks

FREE FOR LIFE SINCE NOV. 11, 2020

A free **lifetime pass** for every veteran — Guard and Reserve included, with no minimum period of service stated — and for Gold Star families.

HOW IT WORKS

- ✓ **Entrance and day-use fees**
At 2,000+ sites of six federal agencies, for you and everyone in your vehicle. Not camping, tours or permits.
- ✓ **Get it in person or as a digital pass**
Both are free. Show a DoD ID, a Veteran Health Identification Card (VHIC), VA's digital Veteran ID Card, or a license with a veteran designation.
- ! **Mail costs money**
USGS charges **\$10** to process a mailed order; Recreation.gov charges **\$7.50** to ship a card.

ALSO FREE

The **Military Annual Pass**, for current members and dependents. The **lifetime Access Pass**, for anyone with a permanent disability — no rating percentage required.

Free for life Whole vehicle \$10 by mail

Commissary, Exchange, MWR

ANY SERVICE-CONNECTED RATING

On January 1, 2020, in-person shopping and recreation facilities opened to veterans with **any service-connected rating, 0% included**, plus Purple Heart recipients, former prisoners of war and designated primary family caregivers.

HOW IT WORKS

- ✓ **The card that gets you on base**
A VHIC marked SERVICE CONNECTED, PURPLE HEART or FORMER POW.
- ! **What it costs**
The 5% commissary surcharge applies to every shopper. DoD's fact sheet also lists a card fee: 1.9% credit, 0.5% PIN debit.
- ✓ **Online exchanges, since 2017**
Open to every honorably discharged veteran. The veteran only; no uniforms, alcohol or tobacco.

COMMONLY MISSED

This is **not a 100% benefit**. DoD's eligible range is 0% to 90%; retirees and veterans rated 100% already had full privileges.

0% counts VHIC required Veteran only online

Space-A Travel

FREE SEATS, LOWEST PRIORITY

Space-available seats on military aircraft **cost nothing** and are never guaranteed. Six categories board in order.

WHO FLIES WHERE

- ✓ **While serving**
Category III on ordinary leave, dependents included. Category IV: unaccompanied dependents on morale leave while the sponsor is deployed 30+ days.
- ✓ **Retirees: Category VI**
Family members with an ID card may fly when the retiree travels with them.
- ! **100% permanent and total: Category VI**
Within the continental U.S., or directly between it and Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands, Guam and American Samoa. Requires a DD Form 2765 or its successor ID.

BEFORE YOU PLAN AROUND IT

Whether a 100% veteran's dependents may fly along is disputed; VA says no. Ask the terminal.

Free Category VI Never guaranteed

Who gets what

	SEPARATED, HONORABLE	RATED 0-90%	100% P&T	RETIREE
Lifetime parks pass	Yes	Yes	Yes	Yes
Online exchanges	Yes	Yes	Yes	Yes
Commissary, exchange, MWR in person	No	Yes	Yes	Yes
Space-A travel	No	No	Category VI, U.S. routes only	Category VI
ID that proves it	VHIC, Veteran ID Card or state license	VHIC with marking	DD Form 2765 or successor ID	Retired DoD ID

ALL RANKS None of this depends on rank. Purple Heart recipients and former prisoners of war shop in person at any rating.

Your IDs

DoD ID card	Retirees keep one, marked "Retired." It is all the proof of veteran status you need.
VHIC	Issued when you enroll in VA health care . Its markings open the installation gate.
Veteran ID Card	From VA, for anyone with an honorable or general discharge. Digital only since September 2022.
State license	A veteran designation; rules vary by state. Tennessee asks for an original or certified DD-214.
DD-214	The source document for all of them. Keep copies at home, in secure digital storage and with your county recorder (many record it free).

One card does most of the work. The VHIC comes only with enrollment in VA health care (see **Guide 20**). It proves veteran status at a park gate and, with a service-connected marking, opens an installation gate.



HOW TO USE THIS PAGE

Nothing here waits on a deployment, a promotion board or a good commander: every item is triggered by a date or an event you can see coming. Alex, the Navy E-5 at Norfolk with over four years in, has passed two of the milestones below and has five ahead. Each line names the guide that explains it, so the page is an index as well as a checklist.

The milestones the calendar sets for you

60 days	2 years	6 years	7-12 years	10 years	20 years	26 years
Automatic 1% starts	Matching begins; the 1% vests	GI Bill transfer opens	Continuation pay window	Children may use transferred GI Bill	The pension	TSP matching stops
At 2 years	Blended Retirement matching begins after two years and one day , and the automatic 1% the service has been paying since day 60 vests. Leave sooner and that 1% is forfeited with its earnings. Guide 04.					
At 6 years	The Post-9/11 GI Bill may be transferred: six years served and four more owed from the date of election . A spouse may begin using it as soon as it is approved. It can be elected only while you serve. Guide 10.					
At 7 to 12 years	Continuation pay , Blended Retirement System (BRS) only — at least 2.5 times monthly basic pay in exchange for four more years. Each service picks its own point in that window and publishes its multiplier every calendar year. Guide 14.					
At 10 years	Children may use transferred GI Bill months, once they hold a diploma or turn 18 and before they turn 26. Separate at nine years and six months and, outside a few separations the rules except, they never can. Guide 10.					

Your first 90 days

- Set the TSP to at least 5% of basic pay**
The automatic 1% starts at day 60 whatever you do; the 4% match at two years and a day. Choose Roth or traditional too. **Guide 04.**
- Check the state of legal residence on your LES**
It does not change because your orders did, and a wrong code sends money to the wrong state all year. **Guides 01, 06.**
- Fill in SOES and DD Form 93, and enroll the family in DEERS, the enrollment database**
SOES directs \$500,000 of SGLI, DD 93 the \$100,000 death gratuity; a will controls neither. Register a newborn in DEERS within **90 days**. **Guide 11.**
- Save one month of expenses, then attack debt above 10%**
At the dealership off base, the Military Lending Act's 36% cap does not cover the loan on the car you buy. **Guides 03, 13.**

Every January

- Read the new pay table**
The raise lands on January 1 — **3.8%** for 2026. Confirm your grade, your years and your BAH rate against it. **Guide 01.**
- Reset the TSP percentage, and fund the Roth IRA**
\$24,500 and **\$7,500** in 2026. Pace the TSP across twelve months: hit the limit in November and December's match is gone. **Guides 04, 05.**
- File, and file free**
MilTax costs nothing, including for 365 days after you separate. Confirm your residency election and your spouse's. **Guide 06.**
- Re-read every beneficiary form after a marriage, birth or divorce**
SOES, DD 93, the TSP and any IRA each name their own. A divorce removes no one. **Guide 11.**

Every PCS

- Get counseled and authorized before anything moves**
No signed authorization, no payment for a personally procured move (PPM). **Guide 07.**
- Claim the dislocation allowance and temporary lodging**
DLA is **\$3,548.02** for an E-5 with dependents, tax-free; TLE runs **21 days** stateside at up to \$290 a day, with BAH running underneath. **Guide 07.**
- File the move claim fast: 45 days in the Navy and Marine Corps**
Empty and full, from a certified scale; keep every receipt. **Guide 07.**
- Re-request child care as soon as orders drop**
MilitaryChildCare.com holds every request worldwide; fee assistance off base is a second application. **Guide 11.**
- Two easy misses at the new station**
The spouse's relicensing money, up to **\$1,000** a move plus \$1,000 to move a business, through 2029 (**Guide 12**). And on the LES: BAH follows the new ZIP, your **legal residence does not** (**Guides 06, 08**).

Every combat-zone deployment

- Open the Savings Deposit Program as soon as you are eligible**
10% a year on up to \$10,000, through finance. Interest runs 90 days past your departure and is taxable. **Guide 02.**
- Check on the LES that the pays started**
Enlisted members and warrant officers exclude all pay; commissioned officers are capped at **\$11,166.90** a month plus their danger pay. Family separation allowance is **\$300** a month after more than 30 continuous days. **Guide 02.**
- Put untaxed pay where it is never taxed again**
Roth TSP, a Roth IRA funded from nontaxable combat pay, or traditional contributions running to the **\$72,000** ceiling. **Guides 02, 04, 05.**
- Ask your student-loan servicer for the 0% rate**
Federal Direct Loans carry no interest for up to 60 months while you draw hostile fire pay. Not automatic. **Guides 03, 13.**

4 years

of service still **owed** on the day you elect the GI Bill transfer — so elect it four years out

90 days

out: the **pre-discharge VA claim** window closes and the BRS lump-sum election is due

240 days

after separation: the last day for **VGLI with no health questions**

1 year

after separation: a VA claim filed inside it reaches back to **the day after discharge**

4+ years out

- ❗ **Elect the GI Bill transfer**
The four-year obligation runs from the date of election, so it must be made while four years remain. Afterward there is no transfer, no waiver, no appeal. **Guide 10.**
- ⦿ **Name every eligible dependent**
One month each keeps the right to move months among them for life. You may never add anyone new. **Guide 10.**
- ⦿ **Decide about a twentieth year**
On active duty the pension is twenty years or nothing. **Guide 14.**

24 to 12 months out

- ✅ **Start the Transition Assistance Program**
Retiring: as early as 24 months out, when the retirement request starts too. Separating: no later than **365 days** out. **Guide 15.**
- ✅ **Run the stay-or-go math on total compensation**
Not on basic pay. Add tax-free allowances, health care, 30 days' leave and any pension accrual before you compare. **Guides 14, 15.**
- ✅ **Ask for a complete copy of your medical record**
And get every complaint on the record while you are still in. A condition with no entry is a claim you will fight for later. **Guide 17.**
- ✅ **Confirm DIEMS and your pay entry base date**
One sets your retirement system, the other your longevity pay. **Guides 01, 14.**

180 to 90 days out

- ❗ **File the pre-discharge (BDD) claim**
The window is **180 to 90 days** out, and the exams happen while you are still in. Inside 90 days the claim is worked after you leave. **Guide 17.**
- ⦿ **Line up SkillBridge, if your commander approves**
Inside the last 180 days, and capped by rank in some services. No job is guaranteed. **Guide 15.**
- ⦿ **Choose terminal leave or sell-back**
Sold leave pays basic pay only, is taxable, counts as no service, and the career cap is **60 days**. Terminal leave is still active duty. **Guide 15.**
- ❗ **The BRS lump-sum election is due at 90 days**
25% or 50%, irrevocable and unreviewable. Read **Guide 14** before you sign it. **Guide 14.**

The last 90 days

- ❗ **Settle health coverage before your last duty day**
TRICARE ends at 11:59 p.m. A spouse's employer plan is a **30-day** window; the marketplace gives 60, and may be filed up to 60 days early. **Guide 20.**
- ✅ **TAP Capstone, commander-verified**
No later than 90 days out. **Guide 15.**
- ❗ **Sign the Survivor Benefit Plan election**
Before your first day of retired pay. Anything less than full coverage needs your spouse's notarized signature; a form signed afterward is invalid. **Guide 19.**
- ⦿ **Dental and vision are a separate program**
Retirees enroll in FEDVIP from 31 days before to 60 days after the retirement date. **Guide 20.**

The first 120 days

- ❗ **Retiree TRICARE within 90 days**
Twelve months to do it retroactively; miss both and it is space-available care until open season. **Guide 20.**
- ❗ **Free SGLI ends at day 120**
So does a spouse's right to convert Family SGLI to an individual policy. **Guide 21.**
- ✅ **Enroll in VA health care**
There is no deadline and enrolling costs nothing. It is separate from TRICARE and separate from a claim. **Guide 20.**
- ⦿ **Check the DD-214 before you sign it, then store three copies**
Every later benefit — hiring preference, the buy-back, state programs — starts from that form. Keep copies at home, in secure digital storage and with your county recorder. **Guides 22, 29.**

The first year

- ❗ **VGLI with no health questions closes at day 240**
Counted from separation, not from the end of free SGLI. Price private term against it before then. **Guide 21.**
- ❗ **File any VA claim inside one year**
That keeps an effective date of the day after discharge. Accredited veterans service organizations help at no charge. **Guide 17.**
- ✅ **Rebuild the budget and redo the estate plan**
Civilian take-home pay has no tax-free allowances in it, and a beneficiary form is not a will. **Guides 03, 28.**
- ⦿ **Claim what is now yours for life**
Hiring preference and the service deposit (**Guide 22**), state programs (**Guide 23**), business certification (**Guide 24**), the parks pass and exchange (**Guide 25**).
- ⦿ **Decide what to do with the TSP**
Keep it, roll it to an IRA for more choice, or split it; read **Guide 22** first. We manage IRAs for a fee, a conflict of interest.

We built this because we needed it.

Financial planning, investment management and insurance under one roof in Brentwood — with a client base that is heavily military, for the obvious reason. Fees and conflicts are disclosed in writing before you sign anything. **A first conversation costs nothing**, and you can leave it with this checklist filled in against your own dates.

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05

PART 5

Protect What You Built

A scam, a missing signature or an error nobody fixes can undo much of what Parts 1 through 4 help you build. These three guides cover how to protect it.

27	Scams, Credit & Your Identity	p. 59
Free credit freezes and alerts, the scams aimed at uniforms, and what to do if it happens		
28	Legal Readiness: Wills & Powers of Attorney	p. 60
Free military wills and powers of attorney, and the forms that override your will		
29	When the System Gets It Wrong	p. 61
Pay and record errors, correction boards, and how congressional casework works		



THE EXAMPLE (A TEXT FROM "FINANCE")

Sam, the Army E-4 living in the barracks, gets a text saying his last travel claim was overpaid and must be repaid today by gift card, or a debt letter goes to his commander. It's an imposter scam: a name he trusts, a deadline, and a payment method no agency uses. He calls finance at the number on its official website and owes nothing.

117,278

fraud reports filed with the FTC by military consumers in 2025

\$1,100

median loss to an **imposter scam**, the largest category: 53,466 reports and over \$249 million

\$10,000

median loss to **investment fraud**: only 4,674 reports, yet over \$235 million lost

42,134

identity-theft reports from military consumers in 2025

Your free defenses

ALL RANKS

TOOL	WHAT IT DOES	WHO AND HOW
Credit freeze	Lenders cannot see your file, so no new credit opens in your name until you lift it. It does not lower your score. The strongest of the four.	Anyone. Free. Lasts until you lift it; place it at all three bureaus.
Active-duty alert	Creditors must take extra steps to verify it is you, and your name comes off prescreened credit-offer lists for two years.	Active duty. Free. One year, renewable for a longer deployment; one bureau notifies the other two.
Free electronic credit monitoring	Notice of material changes to your file, such as a new account, an address change or a new limit.	Active duty assigned away from your usual duty station, and Guard members. Enroll with each bureau.
Fraud alert and your reports	A fraud alert makes creditors verify your identity. Your reports show any account you did not open.	Anyone. Free. Alert lasts one year; reports weekly at AnnualCreditReport.com.

The scams aimed at uniforms

- **Imposters** posing as a commanding officer, Army CID or DFAS, with a deadline and a threat.
- **Romance** contacts who need money for airfare to visit you, or claim to be deployed themselves.
- **Benefits callers** who tell a veteran there is money waiting, for a fee.
- **Investment "coaches"** who claim to be a fellow service member or veteran, show you fake growth, and keep you paying in.

Watch how they want to be paid. Scammers ask for gift cards, wire transfers, payment apps or crypto because that money is hard to get back.

If it already happened

- 1 **Stop paying, then call the bank or card issuer**
Use the number on the back of the card, not one you were sent.
- 2 **Freeze all three bureaus**
Equifax, Experian and TransUnion, each separately.
- 3 **Report it**
Fraud at ReportFraud.ftc.gov. Identity theft at IdentityTheft.gov, which builds a personal recovery plan.
- 4 **Bring in the free help**
Your legal assistance office (**Guide 28**) and a command financial specialist or personal financial counselor on base.



FROM MY CAREER

My rule on credit: never sign a loan above 10% APR without first sitting down with your command financial specialist.

What I did, not a recommendation. The Military Lending Act's 36% cap does not cover the loan on the car you buy (**Guide 13**).

Questions we get

"Should I pay for identity-theft protection?" Check what you'd be paying for first. The freeze, alerts, monitoring and weekly reports above are free.

"Will a freeze get in the way when I PCS?" Briefly. Lift it online before you apply for a lease, loan or utilities, then put it back.



THE EXAMPLE (BEFORE A DEPLOYMENT)

Alex, the Navy E-5 at Norfolk, deploys in the spring. Jordan will need to renew the lease and re-register a car while he is gone, and they have a four-year-old. One appointment at the legal assistance office, free, produces a special power of attorney for each task and a will that names a guardian. Then Alex updates SOES and his DD Form 93, because the will controls neither.

\$0

for a will, powers of attorney, an advance directive and a notary at a **military legal assistance office**

50 states

must give a properly made **military will** and **military power of attorney** legal effect, whatever their own formalities

3

forms that **override your will**: SOES for SGLI, DD Form 93 for the death gratuity, and each TSP and IRA beneficiary form

I

task per **special power of attorney**. It covers only what you write into it

The documents, and what each one controls ALL RANKS

DOCUMENT	WHAT IT DOES	WHAT TO KNOW
Will	Names a guardian for your children and directs property that has no beneficiary form. Without one, state law decides both.	Prepared by a legal assistance attorney as a military testamentary instrument, it is valid in every state (10 U.S.C. §1044d).
Special power of attorney	Lets someone do one named thing: sign a lease, sell or register a car, pick up household goods, close on a house.	Use one per task, and give each an end date.
General power of attorney	Lets your agent do nearly anything you could do with your money and property.	Powerful and easy to misuse. Give it only to someone you would hand your bank card to.
Advance medical directive	Your instructions on medical care, and who decides if you cannot.	Also free and recognized under federal law (10 U.S.C. §1044c).
Beneficiary forms	Decide who receives SGLI, the \$100,000 death gratuity, the TSP, IRAs and private life insurance.	They beat the will. A divorce removes no one; re-read them after every marriage, birth or divorce (Guide 11).

Before you walk in

- **Bring:** ID, orders if a deployment or move drives the request, names and addresses of everyone you will name, and the exact task for each special power of attorney.
- **Decide:** a guardian and a backup for each child, and who manages money left to a child.
- **Single parent or dual-military with children?** Your service also requires a family care plan naming who takes the children on short notice. Make the will match it.
- **After:** store originals where your spouse or executor can reach them, and tell them where.

Where the free office stops

Legal assistance attorneys advise and draft on personal legal matters for those eligible, generally service members, retirees and their dependents, as staffing allows. They usually prepare wills, not living trusts, and do not represent you in civilian court.

Time to see a private estate-planning attorney: you have children and assets to pass on, own rental or out-of-state property or a business, or support a family member with special needs.

Notaries are free too. Legal assistance offices notarize, and federal law gives military notaries the general powers of a notary public (10 U.S.C. §1044a).

Questions we get

"We are young and own almost nothing. Do we need a will?" If you have a child, yes. A will is the only document that names who raises them.

"Is a will enough if we have children?" Often not. A will goes through probate, a public court process on the court's timeline; SGLI, the TSP, IRAs and life insurance pass by beneficiary form instead. A funded revocable living trust passes the rest privately, outside court, on a schedule you set, such as in stages at ages you choose. With children and assets to pass on, a trust is usually worth setting up with a private estate-planning attorney.

"Is a power of attorney still good after I come home?" Until the date written on it, or until you revoke it in writing and tell everyone who relied on it. Revoke the ones you no longer need.



THE EXAMPLE (A RECORD THAT IS WRONG)

Dana, the Navy O-4 from Guide 15, separates and finds her DD-214 leaves off a deployment that matters for her VA claim. She asks her separation activity to correct it first. If that stalls, the Board for Correction of Naval Records is the formal fix, and her representative's caseworker can ask the Navy for a status. None of it costs her anything.

No one

may restrict a service member from **communicating with a Member of Congress** or an Inspector General (10 U.S.C. §1034)

3 years

from discovering an error to **apply to your service's correction board**; the board may waive it in the interest of justice

1 year

from a VA decision letter to ask for a **higher-level review** or appeal to the Board (**Guide 17**)

\$0

for **congressional casework**. Your representative's and senators' offices don't charge for it

The way up, in order

ALL RANKS

STEP	WHERE IT GOES	WHAT MAKES IT WORK
1 • The office that made it	Your finance office for pay, your personnel or separation activity for records, VA for a claim. Ask for the fix in writing.	Dates, names, copies — starting with the LES that shows it.
2 • The formal process	A DD Form 215 corrects a DD-214. VA has three review lanes: supplemental claim, higher-level review, Board appeal.	Each lane has its own evidence rules and deadlines (Guide 17). Meet them.
3 • The Inspector General	For wrongdoing, mismanagement or reprisal, not a disagreement with a decision.	Protected by law, like a contact with Congress (10 U.S.C. §1034).
4 • The correction board	Each service's Board for Correction of Military (Naval) Records can change a record when the error or injustice is proven. Apply on DD Form 149.	Usually after other remedies are used up. Three years from discovery, waivable (10 U.S.C. §1552).
5 • Congress	A caseworker in your representative's or senators' office sends a congressional inquiry to the agency.	A signed privacy release, your documents and a one-page summary. They can press; the agency still decides.



FROM MY CAREER

When a veterans' benefit or a spousal FERS entitlement for Katerina didn't make sense to me, I reached out to my congressmen and senators about it.

The one-page casework letter

- Who you are**
Name, service, status and contact. Start with the offices for your legal residence.
- What happened, with dates**
The agency, the decision or error, and the dollar amount if there is one.
- What you already did**
Every request and every answer, with copies attached.
- What you are asking for**
One ask, stated plainly. Sign the office's privacy release.

Before you escalate

- **Read the rule yourself.** Most of this guide's sources are public; quote the one that applies.
- **Keep a log:** date, name and what was said. A documented error is easier to fix.
- **Stay courteous.** You will likely need the same office to make the fix.

Never pay anyone to "expedite" a federal claim or record. VA claim help is free through accredited service organizations, and correction boards charge no fee.

Questions we get

"Will contacting Congress hurt my career?" Federal law bars reprisal for a protected communication with a Member of Congress (10 U.S.C. §1034). If you believe it happened, report it to an Inspector General.

"Can a caseworker overturn a decision?" No. A caseworker can ask questions and press for an answer; the agency still decides.



FROM HANI Z. NOFAL, MBA, EA, CEP® · U.S. NAVY 2014–2025

I pay close attention to detail, and I question anything that doesn't add up. These are the rules that came out of it.

- 1** Invest the difference from day one

Your tax-free allowances and every raise you don't spend are only worth something once they're invested. We lived below our means, still enjoyed life, and put the difference to work from the start. **Guides 01, 03**
- 2** Roth, generally through the 22% federal bracket

Tax-free allowances keep a service member's taxable income low, so pay the tax now while it is cheap: Roth TSP and Roth IRA. From the 24% bracket up, I'd weigh traditional. **Guides 04, 05**
- 3** Never sign a loan above 10% APR without your command financial specialist

The conversation is free on every installation. Buying a car off base? The Military Lending Act's 36% cap does not cover the loan on the car you buy. I used 8% when rates were lower; today the line is about 3–4 points above prime. **Guides 03, 13**
- 4** No single holding above 10% of your portfolio

Index funds aside, and I count all of crypto as one. Crypto taught me how fast one investment can swing. **Guide 04**
- 5** Document every medical issue while you serve

Service connection needs evidence of an in-service event. A sick-call visit writes that entry; an injury you worked through leaves none. **Guide 17**
- 6** Read the rule yourself — and push when it doesn't make sense

Every benefit I used was written down somewhere. When something didn't add up, I asked, all the way up to my congressmen and senators. Federal law says no one may restrict you from contacting Congress. **Guide 29**

These are my rules of thumb, not advice for your situation. They reflect my family's circumstances and the markets we happened to invest through, they are not typical, and are not a projection or a promise. Crypto, options and leveraged products can lose most or all of what you put in. Start with the checklist for where you are: early career, mid-career, the final year, every PCS, or your medical record.

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FROM HANI Z. NOFAL, MBA, EA, CEP® · U.S. NAVY 2014–2025

This is what I wish someone had handed me years ago.

Your first 90 days

- ☐ **Set the TSP to at least 5% of basic pay**
The automatic 1% starts at day 60 whatever you do; the 4% match at two years and a day. Roth usually wins. [Guide 04](#)
- ☐ **Check the state of legal residence on your LES**
It doesn't change because your orders did. A wrong code sends money to the wrong state all year. [Guides 01, 06](#)
- ☐ **Fill in SOES and DD Form 93; enroll family in DEERS**
SOES directs \$500,000 of SGLI, DD 93 the \$100,000 death gratuity. A will controls neither. Register a newborn in DEERS within 90 days. [Guide 11](#)
- ☐ **Freeze your credit at all three bureaus**
Free, and it lasts until you lift it. Lift it briefly when you apply for a lease or loan. [Guide 27](#)
- ☐ **Read your LES every month**
Know what you are actually paid, and how much of it is never taxed. [Guide 01](#)

Debt

- ☐ **Save a month's expenses, then attack debt over 10%**
Build the cushion first, then pay down the expensive debt. [Guide 03](#)
- ☐ **Never sign a loan above 10% APR without your command financial specialist**
Free on every installation. [Guide 03](#)
- ☐ **Buying a car off base? Know the loan rules**
The Military Lending Act's 36% cap does not cover the loan on the car you buy. [Guides 03, 13](#)
- ☐ **Student loans: certify PSLF employment every year**
Military service is qualifying employment. Ask your servicer for 0% interest while you draw hostile fire pay — it isn't automatic. [Guide 03](#)

Build EVERY YEAR

- ☐ **Fund a Roth IRA**
\$7,500 in 2026, alongside the TSP. Tax-free allowances are what make Roth so powerful in uniform. [Guide 05](#)
- ☐ **Reset the TSP every January**
\$24,500 in 2026. Pace it across twelve months: hit the limit in November and December's match is gone. [Guide 04](#)
- ☐ **Invest the difference**
Live below your means, and still live. Put every raise you don't spend to work. [Guide 03](#)
- ☐ **File free with MilTax**
It costs nothing. Confirm your residency election and your spouse's. [Guide 06](#)

Protect

- ☐ **Get every injury and complaint on the record**
Go to sick call. A condition with no entry is a claim you fight for later. [Guide 17](#)
- ☐ **Get a free will and powers of attorney**
Free on base; it names who raises your children. With children and assets, ask an attorney about a trust. [Guide 28](#)
- ☐ **Re-read every beneficiary form after a marriage or birth**
SOES, DD 93, the TSP and any IRA each name their own. [Guide 11](#)
- ☐ **Never pay anyone by gift card, wire or crypto**
Scammers ask for these because the money is hard to recover. [Guide 27](#)

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Several of the biggest decisions of a career come due in these years, and some of them have deadlines you can't get back.

Milestones

- ☐ **At 6 years: transfer the GI Bill**
Six years served and four more owed from the date of election. It can be elected only while you serve. [Guide 10](#)
- ☐ **Name every eligible dependent**
Allot each one month to keep the right to move months among them. You may never add anyone new. [Guide 10](#)
- ☐ **At 7 to 12 years: continuation pay (BRS only)**
At least 2.5 times monthly basic pay for four more years. Each service sets its own point and multiplier. [Guide 14](#)
- ☐ **At 10 years: children may use the GI Bill**
Transferred months, once they hold a diploma or turn 18, and before 26. [Guide 10](#)
- ☐ **Run stay-or-go math on total compensation**
Not on basic pay. Allowances, health care, 30 days of leave and pension accrual all count. [Guide 14](#)

Get paid to learn

- ☐ **Apply for a funded degree**
Funded graduate programs and the Navy's WEPS. They are competitive, and open to more people than apply. [Guide 09](#)
- ☐ **Use tuition assistance every year**
\$250 a semester hour, up to \$4,500 a fiscal year (caps vary by service). Officers: each funded course adds a two-year service obligation. Fail or drop two courses in one fiscal year and you are suspended for a year. [Guide 09](#)
- ☐ **Get licenses and certifications paid for**
Credentialing Opportunities On-Line (COOL) pays for civilian licenses and certifications — in service only. [Guide 09](#)
- ☐ **Know the sabbatical exists**
The Career Intermission Program lets you leave active duty for up to three years, for a degree, a family or a business, and come back. [Guide 09](#)

Grow

- ☐ **Roth, generally through the 22% bracket**
My rule of thumb. From the 24% bracket up, weigh traditional. [Guides 04, 05](#)
- ☐ **No single holding above 10% of the portfolio**
Index funds aside; all crypto counts as one. [Guide 04](#)
- ☐ **In a combat zone? Use every tax-free dollar**
Savings Deposit Program: 10% a year on up to \$10,000. Put untaxed pay in the Roth TSP or a Roth IRA. [Guide 02](#)
- ☐ **Use the VA loan again**
The entitlement is reusable. Most people who have it don't know that. [Guide 08](#)

Protect

- ☐ **Re-read every beneficiary form after a marriage, birth or divorce**
A divorce removes no one. [Guide 11](#)
- ☐ **Update your will before every deployment**
And a special power of attorney for each task your spouse will need. [Guide 28](#)
- ☐ **Keep documenting every medical issue**
Keep going to sick call for every new injury or condition, including on deployment. [Guide 17](#)
- ☐ **Spouse moving with you?**
Relicensing and business relocation costs: up to \$1,000 + \$1,000 per move, through 2029. [Guide 12](#)

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I left active duty in May 2025 at eleven years. Several of these deadlines can't be reopened, so don't wait on them.

24 to 12 months out

- ☐ **Start the Transition Assistance Program**
Retiring: as early as 24 months out. Separating: no later than 365 days out. [Guide 15](#)
- ☐ **Get a complete copy of your medical record**
Entrance physical, every periodic assessment, and the three that get missed: TBI, behavioral health and dental. [Guide 17](#)
- ☐ **Confirm DIEMS and your pay entry base date**
One sets your retirement system, the other your longevity pay. [Guides 01, 14](#)

180 to 90 days out

- ☐ **File the pre-discharge (BDD) claim**
The window is 180 to 90 days out, and the exams happen while you're still in. [Guide 17](#)
- ☐ **Line up SkillBridge, if your commander approves**
Inside the last 180 days. It does not guarantee a job. [Guide 15](#)
- ☐ **Choose terminal leave or sell-back**
Sold leave pays basic pay only, is taxable, and the career cap is 60 days. [Guide 15](#)

The last 90 days

- ☐ **BRS lump-sum election (if retiring)**
25% or 50%, irrevocable. Read before you sign. [Guide 14](#)
- ☐ **Sign the Survivor Benefit Plan election (if retiring)**
Before your first retired pay. Less than full coverage needs your spouse's notarized signature. [Guide 19](#)
- ☐ **Settle health coverage before your last duty day**
TRICARE ends at 11:59 p.m. A spouse's employer plan is a 30-day window. [Guide 20](#)

The first 120 days

- ☐ **Check the DD-214 before you sign it; keep copies in three places**
Home, cloud and your county recorder. [Guides 22, 29](#)
- ☐ **Free SGLI ends at day 120**
So does a spouse's right to convert Family SGLI. [Guide 21](#)
- ☐ **Enroll in VA health care**
No deadline, and it costs nothing. Separate from TRICARE and from a claim. [Guide 20](#)
- ☐ **Retirees: TRICARE within 90 days; FEDVIP for dental and vision**
FEDVIP runs from 31 days before to 60 days after the retirement date. [Guide 20](#)

The first year

- ☐ **VGLI with no health questions closes at day 240**
Counted from separation. Price private term against it first. [Guide 21](#)
- ☐ **File any VA claim inside one year**
That keeps an effective date of the day after discharge. Accredited VSOs help for free. [Guide 17](#)
- ☐ **Rebuild the budget**
Civilian take-home pay has no tax-free allowances in it. [Guide 03](#)
- ☐ **Redo the estate plan**
A beneficiary form is not a will. [Guide 28](#)
- ☐ **Claim what is yours for life**
Hiring preference, the service deposit, state programs, business certification, the parks pass and exchange. [Guides 22–25](#)
- ☐ **Decide what to do with the TSP**
Keep it, roll it to an IRA for more choice, or split it; read [Guide 22](#) first. We manage IRAs for a fee, a conflict of interest. [Guide 22](#)

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FROM HANI Z. NOFAL, MBA, EA, CEP® · U.S. NAVY 2014–2025

I treated every move as a pay event: DLA, temporary lodging while BAH kept running, government rates at local hotels, and every vehicle weighed.

Orders in hand

- ☐ **Get counseled and authorized first**
For a personally procured move (PPM), DD Form 2278 is the authorization. No authorization, no payment. [Guide 07](#)
- ☐ **Re-request child care as soon as orders drop**
MilitaryChildCare.com holds every request worldwide; off-base fee assistance is a second application. [Guide 11](#)
- ☐ **End the lease and contracts with your orders**
The SCRA lets you end a residential lease on PCS orders. Never sign a separate waiver. [Guide 13](#)
- ☐ **Read advance pay before you take it**
It is an interest-free loan against your own paycheck, repaid over a year. [Guide 07](#)
- ☐ **Advance the right money instead**
DLA can be advanced with nothing to repay; advance BAH, up to three months, covers a deposit or advance rent. [Guide 07](#)

What it pays 2026 AMOUNTS

- ☐ **Dislocation allowance**
\$3,548.02 for an E-5 with dependents, tax-free. [Guide 07](#)
- ☐ **Temporary lodging**
TLE: 21 days, up to \$290 a day; TLA overseas: up to 60 days. Both repay lodging; BAH keeps running. [Guide 07](#)
- ☐ **Mileage and per diem**
\$0.235 a mile from July 1, 2026; \$181 a day per diem from Oct. 1, 2026, one travel day per 350 miles. [Guide 07](#)
- ☐ **Pets and spouse**
Up to \$550 for a pet stateside (\$2,000 overseas). Spouse relicensing and business costs up to \$1,000 + \$1,000, through 2029. [Guides 07, 12](#)
- ☐ **Professional gear stays outside your weight**
Up to 2,000 lb for you and 500 lb for a spouse, but only if itemized and approved at counseling. [Guide 07](#)

The move

- ☐ **Weigh empty, then weigh full**
Certified scale, signed tickets, for every vehicle and every trip. No passengers. [Guide 07](#)
- ☐ **Keep every receipt**
Truck rental, packing materials, weighing fees, hired labor and tolls count. [Guide 07](#)
- ☐ **Government lodging first, then ask hotels for the government rate**
Get a non-availability number before you book. Keep the itemized, zero-balance receipt. [Guide 07](#)

After you arrive

- ☐ **File the PPM claim within 45 days**
Navy and Marine Corps rule; confirm yours. [Guide 07](#)
- ☐ **Check the LES**
BAH follows the new ZIP. Your legal residence does not. [Guides 06, 08](#)
- ☐ **Deduct what the military didn't cover**
Active-duty members still use IRS Form 3903 for unreimbursed moving costs. [Guide 07](#)
- ☐ **Lift your credit freeze only as long as you need**
Lease and utilities, then put it back. [Guide 27](#)
- ☐ **Know what never stacks**
TLE pays only for nights you pay for lodging, never on a per diem day, and TLA stops once you move in. [Guide 07](#)

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FROM HANI Z. NOFAL, MBA, EA, CEP® · U.S. NAVY 2014-2025

Document every medical issue while you're in. Your disability claim depends on it.

While you serve EVERY TIME

- ☐ **Go to sick call when it happens**
Service connection needs evidence of an in-service event, injury or illness. A sick-call visit writes that entry. An injury you worked through leaves none. **Guide 17**
- ☐ **Tell the provider everything**
Every symptom, every time it comes back, and make sure it gets written down. **Guide 17**
- ☐ **Keep your own log**
Dates, what happened, who saw it. It helps you request the right records later. **Guide 17**
- ☐ **Ask witnesses now, while you're together**
A buddy statement (VA Form 21-10210) from someone who saw the incident, or a spouse who watched it worsen, is evidence. **Guide 17**

On the way out

- ☐ **Fill in the Separation Health Assessment fully**
Part A is your own medical history, required for BDD and the disability system since April 1, 2023. The fuller it is, the less you rebuild later. **Guide 17**
- ☐ **File the pre-discharge (BDD) claim 180 to 90 days out**
Exams happen while you are still serving. **Guide 17**
- ☐ **Not ready? File an intent to file**
VA Form 21-0966 holds your effective date for one year while you gather evidence. It costs nothing. **Guide 17**
- ☐ **File within one year of discharge**
Back pay reaches to the day after discharge. After that, nothing is retroactive. **Guide 17**

Get the whole record

- ☐ **Request a complete copy of your treatment record**
Entrance physical, every periodic health assessment, inpatient and outpatient notes. **Guide 17**
- ☐ **And the three that get missed**
Traumatic brain injury, behavioral health and dental records. **Guide 17**
- ☐ **Keep a copy of everything you submit**
Every form, letter and record, dated. **Guide 17**

Know the rules

- ☐ **A 0% rating is a win**
It grants service connection, free VA care for that condition and hiring preference. **Guide 17**
- ☐ **Help is free**
Accredited VSOs never charge. No one may lawfully charge you to prepare an initial claim. **Guide 17**
- ☐ **A rating before closing waives the VA funding fee**
Worth about \$8,600 on a \$400,000 zero-down first purchase. **Guides 08, 17**

Getting help

- ☐ **Check anyone against VA's accreditation search before you sign**
Unaccredited "claim consultants" who charge up front are operating outside the fee rules. **Guide 17**
- ☐ **A change in the law can reopen your case**
A new law, the PACT Act for instance, is itself a basis for a supplemental claim, with no new evidence required. **Guide 17**

Want the whole playbook? This page comes from the **Military Pay, Benefits & Wealth-Building Foundations Guide**: 29 plain-English guides on what you are paid, how to build on it, how to leave well and how to protect all of it. A first conversation costs nothing.

629.333.2233

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HOW TO USE THIS PAGE

Every number here was checked against the organization's own website on October 13, 2026. Numbers, addresses and even program names change (SECO became SpouseWorks; SkillBridge moved to skillbridge.mil). If a line does not connect, the guide beside it names the office you are looking for. Nothing on this page costs money to use.

Pay, retirement and taxes

WHO	HOW	GUIDE
DFAS · military pay, myPay	888-332-7411 · mypay.dfas.mil	01
Thrift Savings Plan · ThriftLine	877-968-3778 · tsp.gov	04
DTMO · BAH and per diem lookups	travel.dod.mil (Allowances; Per Diem)	07
Military OneSource · MilTax, counseling, SpouseWorks	800-342-9647 · militaryonesource.mil	03
Personal financial counselors · DoD FINRED	finred.usalearning.gov; your installation	03
IRS · military tax page; free VITA sites	irs.gov/individuals/military · 800-906-9887	06
Social Security	800-772-1213 · ssa.gov	15
OPM · FERS, the military deposit	888-767-6738 · opm.gov	22

Veterans benefits

WHO	HOW	GUIDE
VA benefits · claims, status, DIC	800-827-1000 · va.gov (MyVA411: 800-698-2411)	17
VA health care · enrollment	877-222-8387 · va.gov/health-care	20
Veterans Crisis Line · 24/7	Dial 988, press 1 · text 838255	20
GI Bill · education	888-442-4551 · va.gov/education	10
VA home loans · COE, funding fee	877-827-3702 · va.gov/housing-assistance	08
CHAMPVA	800-733-8387 · va.gov (family and caregiver benefits)	20
Accredited representatives · VSO search	va.gov/ogc/apps/accreditation	17
VetCert, SAM.gov, VBOCs · business	certifications.sba.gov · sam.gov · sba.gov/vboc	24

Health care and insurance

WHO	HOW	GUIDE
TRICARE East · Humana Military	800-444-5445 · tricare.mil	11
TRICARE West · TriWest	888-874-9378 · tricare.mil	11
TRICARE For Life · WPS	866-773-0404	20
Pharmacy · Express Scripts	877-363-1303 · militaryrx.express-scripts.com	20
SGLI, VGLI, FSGLI · OSGLI	800-419-1473 · va.gov/life-insurance	21
FEDVIP · dental and vision · BENEFEDS	877-888-3337 · benefeds.gov	20
FSAFEDS · the two FSAs	877-372-3337 · fsafeds.gov	20

Family, legal and emergency help

WHO	HOW	GUIDE
Legal assistance office · wills, POAs, SCRA letters	legalassistance.law.af.mil (all services)	28
MilitaryChildCare.com · every request worldwide	855-696-2934 (help desk)	11
Child Care Aware · MCCYN fee assistance	800-424-2246 · childcareaware.org	11
Army Emergency Relief	866-878-6378 · armyemergencyrelief.org	03
Navy-Marine Corps Relief Society	800-654-8364 · nmcrs.org	03
Air Force Aid Society	703-972-2650 · afas.org	03
Coast Guard Mutual Assistance	800-881-2462 · mycgma.org	03
SkillBridge	skillbridge.mil	15

Credit, fraud and identity

WHO	HOW	GUIDE
Your free credit reports · weekly	AnnualCreditReport.com	27
Credit freezes · all three bureaus	equifax.com · experian.com · transunion.com (search "freeze")	27
Report fraud · FTC	ReportFraud.ftc.gov	27
Identity theft · recovery plan	IdentityTheft.gov	27

Tennessee

WHO	HOW	GUIDE
Tennessee Department of Veterans Services	615-741-2345 · tn.gov/veteran	23
Property-tax relief · Comptroller, county trustee	615-747-8871 · comptroller.tn.gov (Tax Relief)	23
Nofal Insurance & Wealth · Brentwood	629-333-2233 · nofalinsuranceandwealth.com	—

Before you call anyone for money. Installation financial counselors, legal assistance, relief societies, VSOs and every office on this page are free. Anyone charging a fee to "expedite" a claim, a record or a benefit is working outside the rules (Guide 29).

The acronyms you will meet most, in one place.

The military runs on initials. Each guide spells a term out where it matters most; when one appears without its name, look it up here.

ACA	Affordable Care Act	FSA	Family Separation Allowance, or a flexible spending account	SBA	Small Business Administration
ADSO	Active-duty service obligation	FSGLI	Family Servicemembers' Group Life Insurance	SBP	Survivor Benefit Plan
AGI	Adjusted gross income	GEV	Graduate Education Voucher (now WEPS-PT)	SCRA	Servicemembers Civil Relief Act
AGR	Active Guard and Reserve (full-time Guard and Reserve)	HDP-L	Hardship duty pay, location	SDP	Savings Deposit Program
APR	Annual percentage rate	HFP	Hostile fire pay	SDVOSB	Service-disabled veteran-owned small business
BAH	Basic Allowance for Housing	HSA	Health savings account	SELRES	Selected Reserve
BAS	Basic Allowance for Subsistence	IBR	Income-Based Repayment	SGLI	Servicemembers' Group Life Insurance
BDD	Benefits Delivery at Discharge (the pre-discharge VA claim)	IDES	Integrated Disability Evaluation System	SMC	Special monthly compensation
BRS	Blended Retirement System	IDP	Imminent danger pay	SOES	SGLI Online Enrollment System
CHAMPVA	Civilian Health and Medical Program of the VA	IDT	Inactive duty training (a drill period)	TA	Tuition assistance
CHCBP	Continued Health Care Benefit Program	IRA	Individual retirement account	TAMP	Transitional Assistance Management Program
COLA	Cost-of-living adjustment or allowance	IRMAA	Medicare's income-related monthly adjustment amount	TAP	Transition Assistance Program
CONUS	The continental United States	LES	Leave and Earnings Statement	TDIU	Total disability based on individual unemployability
COOL	Credentialing Opportunities On-Line	LWOP	Leave without pay	TDY	Temporary duty
CRDP	Concurrent Retirement and Disability Pay	MALT	Monetary allowance in lieu of transportation (mileage)	TERA	Temporary Early Retirement Authority
CRSC	Combat-Related Special Compensation	MCCYN	Military Child Care in Your Neighborhood	TLA	Temporary lodging allowance (overseas)
DD 93	Record of Emergency Data	MEB	Medical Evaluation Board	TLE	Temporary lodging expense (stateside)
DD-214	Certificate of Release or Discharge from Active Duty	MFAN	Military Family Advisory Network	TRR	TRICARE Retired Reserve
DEERS	Defense Enrollment Eligibility Reporting System	MLA	Military Lending Act	TRS	TRICARE Reserve Select
DFAS	Defense Finance and Accounting Service	MSP	Military Spouse Preference	TSGLI	Traumatic injury protection under SGLI
DIC	Dependency and Indemnity Compensation	MWR	Morale, Welfare and Recreation	TSP	Thrift Savings Plan
DIEMS	Date of Initial Entry into Military Service	MyCAA	My Career Advancement Account	TYA	TRICARE Young Adult
DLA	Dislocation allowance	NDAA	National Defense Authorization Act	USERRA	Uniformed Services Employment and Reemployment Rights Act
DOS	Date of separation	NOE	Notice of Eligibility (the 20-year letter)	VA	Department of Veterans Affairs
DTMO	Defense Travel Management Office	NUA	Net unrealized appreciation	VALife	Veterans Affairs Life Insurance
EAOS	End of active obligated service (ETS in the Army: expiration term of service)	P&T	Permanent and total (a VA disability finding)	VEOA	Veterans Employment Opportunities Act
FEDVIP	Federal Employees Dental and Vision Insurance Program	PCS	Permanent change of station	VetCert	SBA Veteran Small Business Certification
FERS	Federal Employees Retirement System	PEB	Physical Evaluation Board	VGLI	Veterans' Group Life Insurance
FICA	Social Security and Medicare payroll tax	PPM	Personally procured move	VHIC	Veteran Health Identification Card
FRAE	FERS-Further Revised Annuity Employee (the 4.4% contribution tier)	PSLF	Public Service Loan Forgiveness	VOSB	Veteran-owned small business
		RAP	Repayment Assistance Plan	VR&E	Veteran Readiness and Employment
		RCSBP	Reserve Component Survivor Benefit Plan	VRA	Veterans Recruitment Appointment
		RMC	Regular military compensation	VSO	Veterans Service Organization
				WEPS	Warfighter Education and Professional Studies (Navy)