



MILITARY SAVES PARTNER RESOURCE PACKET
VOLUME 4 ISSUE 3

PCS MOVES AND HOME OWNERSHIP
APRIL 27TH - JUNE 6TH

Military Saves' goal is to promote the importance of savings and encourage servicemembers and families to take financial action. To help the people you serve save more successfully and to promote the importance of savings throughout your footprint, we have put together this resource packet with you in mind.

This resource packet contains a sample article, suggestions for social media content, and tools and resources designed to help you communicate with the public, your audience, and with other organizations about how to financially prepare for Permanent Change of Station (PCS) moves, saving for and maintaining a home, and renting. Look for new packets from Military Saves every six weeks.

This resource packet includes:

1. [Sample Article](#)
2. [Facebook and Twitter Posts](#)
3. [Tools and Resources](#)

We encourage you to use this material to:

- Augment the savings information you already provide to others;
- Encourage individuals to [take the Military Saves pledge](#), thereby creating and committing to a basic savings or debt reduction plan and;
- Position your organization as "in front" of the savings message and the need to save, particularly in uncertain economic times.

SAMPLE ARTICLE

Use this content for your blog, newsletter, email communications, or any other publication.
You can either rewrite the information or use as a guest post.

5 Bad Reasons to Jump into Real Estate: Why Active Duty Military May Want to Wait to Buy a House

By Gretchen Gorline, AFC®, FINRA Military Spouse Fellow

It's spring, the time of year when flowers are blooming, the weather is warming up...and thousands of military members and their families are preparing to PCS to a new duty station. As soon as those orders drop the search for a home begins, faster than you can type "ahrn.com" (the Department of Defense-sponsored housing referral site) into an internet browser.

With that home search comes the ubiquitous question: rent or buy? While it's true that home ownership is the main path to wealth for most Americans, and that home equity represents more than four-fifths of the typical person's wealth, there is a time and place for everything. For young military families, buying real estate may not make sense. A better plan might be to rent while saving for a future home purchase.

Before applying for a mortgage, consider why certain home buying truisms may not always be valid for the unique situation of military life.

1. Interest rates are near historic lows! Spend any time perusing the business news and it appears that there is a sale on mortgages. Yes, rates are incredibly low and this cheap credit is a good incentive to buy. However, a mortgage is just one part of the cost of buying a home. Consider also the down payment, closing costs, and any immediate move-in costs (painting, appliances, new furniture...) and it becomes quickly apparent that a home buyer also needs to have some cash on hand to make the purchase happen – often in the range of \$10,000 to \$20,000, depending on the cost of the house.

2. A house is a great investment. Yes, it can be, however, when you add up the total cost of home ownership – the interest paid on a mortgage, the necessary maintenance and improvement, the insurance costs – and the numbers might indicate otherwise. Especially when most military members don't stay in one place long enough to pay off the mortgage, and the costs of selling the house in a few years' time will likely eat away at any equity that is accumulated.

3. My monthly mortgage payment would be less than what landlords are charging for rent. Stop and do the math. A quick calculation of the mortgage payment doesn't tell the whole story. That number includes only the amount paid on the principal of the loan and the interest. A house payment is defined as PITI – Principal, Interest, Taxes and Insurance. What are property taxes for that home? What will home owner's insurance cost? And for a traditional mortgage, expect to pay PMI (Private Mortgage Insurance) if the down payment is less than 20%. If you use a VA loan, you won't pay PMI, but you will have a funding fee. Add these things up, along with possible maintenance costs (usual estimates are 3-5% of the value of the home) and the total will be a little closer to the true costs. Remember, with a rental when the furnace goes out or a tree falls on the fence, the repair expenses are covered by the landlord instead of you.

4. Bring on the handyman's special. Watching home improvement shows on TV might spark some interest in a new hobby that involves paint, demolition or power tools, but be realistic. What will that cost? Will the new assignment bring with it deployments, TDY's or just long hours at work? Home maintenance can be quite time consuming, and taking on additional improvement projects might be difficult. And what if short notice orders drop right after gutting the kitchen?

5. We'll just sell when we PCS again. This reason causes probably the most difficult financial challenge for any military family. What if the house doesn't sell? Is there room in the budget for two house payments? Is being a landlord – even from hundreds of miles away – something that is appealing?

According to the latest Gallup research, homeownership is still the goal of most Americans; however it may not be wise for servicemembers and their families to just jump into it without weighing all the implications. Homeownership is a fantastic wealth-building opportunity and most likely will be a financial goal at some point for a military family, but servicemembers should perhaps consider the strategy of saving automatically for their eventual home purchase, especially if all their active-duty years are spent as renters.

Military Saves, managed by the nonprofit Consumer Federation of America (CFA), seeks to motivate, encourage, and support servicemembers and military families to save money, reduce debt, and build wealth. Learn more at militarysaves.org.

SAMPLE SOCIAL MEDIA POSTS

Share the following messages with your Facebook & Twitter followers.

#SavingsTipTuesday

Get the biggest bang for your #BAH bucks w/ these simple steps: <http://ow.ly/LBlwP> @MilitarySaves #SavingsTipTuesday #rent #housing

What's right for your #military lifestyle and #budget: living on or off base? <http://ow.ly/LBsHd> @MilitarySaves #SavingsTipTuesday

Know your #BAH #budget when searching for a #rental home. <http://ow.ly/LBuBn> @MilitarySaves #SavingsTipTuesday #military

Don't lose track of your #TSP when you #PCS - update myPay with your new address. <http://ow.ly/LByRT> @MilitarySaves #SavingsTipTuesday

#Saving for a home? Plan to #save for these overlooked costs of home ownership: <http://ow.ly/HNSza> @MilitarySaves #SavingsTipTuesday

Plan ahead & manage expenses for your next #PCS w/ tips from @USAA Ed Foundation <http://ow.ly/LLOH4> @MilitarySaves #SavingsTipTuesday

Additional Posts

The easiest way to #save is automatically. Transfer \$ to a #savings account every paycheck @MilitarySaves

Help yourself by #saving money, reducing #debt, & building #wealth. Take the #Military Saves Pledge! <http://ow.ly/DP8gU> @MilitarySaves

Savers w/a plan are 2x more likely to save for #retirement, have #emergency #savings, & stick to a #budget @MilitarySaves

Create #financial goals & strive for milestones. Positive outcomes start with a goal & vision. <http://ow.ly/HNSTr>

#SavingsFactFriday

Overseas #PCS moves are expensive - expect to spend up to \$8K. #Save for your move! <http://ow.ly/LBiIQ> @MilitarySaves #SavingsFactFriday

A #mortgage may not make sense if you're active duty #military; find out why. <http://ow.ly/LBqZJ> @MilitarySaves #SavingsFactFriday

Costs of #homeownership: Active duty #military may owe on 2 households after #PCS. <http://ow.ly/LBw5w> @MilitarySaves #SavingsFactFriday

65% of #military personnel live off base. Plan for your new #BAH when you #PCS <http://ow.ly/LBMZF> @MilitarySaves #SavingsFactFriday

An emergency fund can help reduce the risk of late mortgage payments & foreclosure. <http://ow.ly/LBXwn> @MilitarySaves #SavingsFactFriday

#Servicemembers struggling w/ #mortgage payments may qualify for HAMP modification <http://ow.ly/LEWIB> @MilitarySaves #SavingsFactFriday



TOOLS & RESOURCES

Share the following tools and resources with your audience and with other organizations.

Military Saves Resources

- [5 Bad Reasons to Jump into Real Estate](#)
- [5 Tips for Finding a Great Rental Home](#)
- [8 Overlooked Costs of Homeownership](#)
- [Can Lack of Emergency Savings Lead to Mortgage Problems?](#)
- [Changing Where You Stay? Make the Change to your Thrift Savings Plan \(TSP\) Account in myPay](#)
- [Decision Making: Living On or Off Base](#)
- [Gearing Up for a PCS This Summer? Give Your Finances a Check-Up](#)
- [How to Make Sure You Have a Smooth Move](#)
- [How to Overcome Unexpected Expenses When Moving Overseas](#)
- [Stretch Your BAH With These 6 Simple Steps](#)

Other Resources

- [Department of Veterans Affairs](#)
 - [VA Home Loans](#)
- [InCharge Debt Solutions](#)
 - [Defending Your Home](#)
 - [Military Money: Home Ownership](#)
- [Making Home Affordable](#)
 - [Military Resources](#)
- [Military OneSource](#)
 - [Moving](#)
- [SaveAndInvest.org](#)
 - [How to Shop for a Mortgage](#)
 - [PCS Financial Tips for Military Families](#)
- [The USAA Educational Foundation](#)
 - [Buying, Refinancing or Renting a Home](#)
 - [Planning Your PCS](#)

Research

- [Blue Star Families](#)
 - [2014 Military Family Lifestyle Survey](#)
- [FINRA Investor Education Foundation](#)
 - [2012 Military Financial Capability Survey](#)
 - [Millennials in the Military - An Examination of Financial Capability](#)