



How to Save and Invest Your Disability Benefits:

A Guide for Warriors in Transition



How to Save and Invest Your Disability Benefits

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

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

Benefits vs. Windfall

Your benefits may feel like a windfall at first. But understand that they're meant to compensate you for your service-connected injuries and help guard against the potential loss of future earning power.

If you're the one who's injured, you might not be able to take on a job that pays what you would like. If you're the spouse of someone who's injured, you may have to cut back your work, or even leave your job, to care for your loved one. You should realize that you'll need to rely on these benefits and use them carefully.

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

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

Getting Started

Use this list of contacts to get started on obtaining your benefits. If you need help with getting more information or with applying for benefits, talk first with your case manager, personal financial manager or a Veteran Service Officer.

Benefit	Where to Learn More
VA Insurance <ul style="list-style-type: none">▶ Traumatic Injury Protection (TSGLI)▶ Service members' Group Life Insurance (SGLI)	www.insurance.va.gov (800) 419-1473
VA Disability Compensation, Pension and Vocational Rehabilitation Programs VA Benefits for Survivors of Service members <ul style="list-style-type: none">▶ Dependency and Indemnity Compensation▶ Death Pension▶ Death Gratuity Payment	www.vba.va.gov (800) 669-8477
DOD Disability Compensation <ul style="list-style-type: none">▶ Combat-Related Special Compensation (CRSC)▶ Concurrent Retirement and Disability Pay (CRDP)	https://www.dfas.mil/retiredmilitary.html (800) 321-1080
Social Security Disability Benefits and Supplemental Security Income	www.ssa.gov (800) 772-1213
State Unemployment Insurance	https://www.dol.gov/general/topic/unemployment-insurance (866) 4-USA-DOL (866) 487-2365



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

Steps to Smart Money Management



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

Know Your Income and Expenses

Keep track of your income and your expenses for every month. Write down what you and others in your family earn, and then your monthly expenses.

Use these calculators and worksheets to help you start a spending plan:

- www.saveandinvest.org/military-everyday-finances/start-spending-plan
- www.saveandinvest.org/file/document/spending-plan-worksheet

Your Financial Goals



What do you want to accomplish in life that costs money? Different goals will have different time frames.

Learn to set SMART Goals:

- www.saveandinvest.org/military-everyday-finances/set-smart-goals
- www.saveandinvest.org/file/document/military-financial-essentials-financial-goals-worksheet

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

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

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

- For a broker or investment adviser, use FINRA BrokerCheck at www.finra.org/brokercheck or call toll-free: (800) 289-9999, or contact the Securities and Exchange Commission at (800) SEC-0330.
- For an insurance agent, check with your state insurance department. You'll find contact information through the National Association of Insurance Commissioners (NAIC) at www.naic.org or by calling toll-free: (866) 470-NAIC.
- CFTC's SmartCheck, online at www.smartcheck.gov, offers more tools for checking the background of a variety of financial professionals.
- For all sellers, be sure to call your state securities regulator. You can find that number at the North American Securities Administrators Association's web site at www.nasaa.org or by calling (202) 737-0900.

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

Be sure to ask lots of questions, including:

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

Regardless of your trust or ties, or prior dealings with the professional, do your homework. It's up to you to verify information and use it to protect your investment dollars.

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

Learn to “Ask and Check” before making any financial investment.

- www.saveandinvest.org/protect-your-money/ask-and-check

And use these resources to learn to spot and avoid fraud:

- www.saveandinvest.org/protect-your-money/spot-and-avoid-fraud

Wrapping It All Up

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

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

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

For more more tools and worksheets visit:

- www.saveandinvest.org/tools-and-resources/calculators-and-worksheets

Once you set a spending plan, track your spending:

- www.saveandinvest.org/military-everyday-finances/track-your-spending
- www.saveandinvest.org/file/document/military-financial-essentials-pay-day-expense-tracking-worksheet

Savings Calculator

Use our savings calculator to see how a consistent approach to investing can make your money grow. Whether saving for a house, a car, or other special purchase, the savings calculator will help you determine the right amount to save on a regular basis to achieve your goal.

- https://tools.finra.org/savings_calculator/

Loan Calculator

Use this calculator to determine the monthly payment for a fixed-rate loan. For car loans, determine if a longer term makes sense. Your monthly payment will drop though your total cost will rise. For a mortgage, run it twice to compare two offers or the merits of refinancing. See how much a monthly payment drops by reducing the interest rate by just one half of one percent.

- <https://tools.finra.org/loan/>

The Financial Industry Regulatory Authority (FINRA) regulates one critical part of the securities industry—brokerage firms doing business in the United States. Through the FINRA Investor Education Foundation, we provide military families the tools and information they need to make critical saving and investing decisions with confidence. FINRA and the FINRA Foundation do not sell investment products, promote products or firms, or offer specific investment advice. For more information, visit www.SaveAndInvest.org/Military.



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