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Servicemembers on the Move

Changes impacting budget, housing, and banking needs

Servicemembers and their families typically move to a new duty station every two to four years, causing changes to financial, housing, and banking needs. Just like a military operation, it is important to revisit budgets, consider what will be needed at the new location, and anticipate any adjustments in spending for a smooth transition. In addition to location, scammers know servicemembers are constantly having to make changes and often target them, so it is important to keep information and money safe during these shifts. Here are some things to consider when making the move or separating from the military. Whether you are a veteran, active-duty, or one of the millions of Americans who moves each year, we have some tips for you.

Take a look at your household budget

With a move, changes will likely occur to your expenses, so it is important to revisit your budget. There could be changes to housing or gas prices, or expenses related to auto insurance, utilities, or food, depending upon your new duty station location. Anticipating and understanding the impact of these changes to your budget in advance will allow

you adequate time to analyze your options. Then, you can adjust your family spending in order to preserve or increase your rate of savings. A budget that prioritizes setting money aside for savings will have long-term financial benefits that include reduced stress related to money concerns, ability to reduce or eliminate costs associated with lending, and reduced deposit account fees over your entire lifetime. Some great ideas on how to review your budget can be found in the [FDIC Consumer News: Time to Take a New Look at Your Money Habits](#).

Changes to housing

Be sure to review your housing options at your new duty station. This includes the decision on whether to rent or buy housing. Housing options can vary or may be limited at your new location. When considering the rent versus buy decision, some things to consider include:

Is home ownership the right option for me?

Beyond the initial outlay of money for down-payment and closing costs, there are maintenance time commitments and costs (such as, appliance replacement, repairs, lawn care, etc.); property taxes and special assessment costs to cover infrastructure improvements; and potentially additional utility costs that are incurred when buying, as opposed to renting.

When renting, the property owner is typically responsible for maintenance and appliance replacement, due to normal wear and tear. Additionally, some utilities may be included in your monthly rent payment that would lessen your overall utility expense. You will most likely be contractually responsible to maintain renters insurance in your rental agreement in the event of any damage to your possessions and to provide temporary housing reimbursement should your rental unit become uninhabitable. If you have household goods that will not fit into your

rental unit, check into the cost of adding a garage unit as part of your rental contract as opposed to renting at a storage unit facility.

What is the initial cost of buying a home and annual cost compared to renting, and how long would it take to break even on purchasing versus renting?

When comparing the cost of housing to renting, include all cash outlays associated with each option. The initial home purchase and ongoing home-ownership expenses, and initial and ongoing rental costs, should be included. This would include, but is not limited to property taxes, loan interest, loan points, loan application and underwriting costs, mortgage insurance premiums, possible private mortgage insurance premiums or Veterans Affairs (VA) funding fees, property hazard insurance premiums, flood insurance premiums; maintenance costs, homeowner association fees; and your down payment. Some of these costs can be offset or lessened with deductions at tax time. You can add back any home-purchase assistance funds that you receive associated with your initial move or monthly stipend. If the break-even point is beyond the date of your anticipated duty station assignment or staying in that particular home, you may want to give more consideration to renting.

Once you have defined an area for possible schooling, shopping, and safe, secure housing, you will need to evaluate what fits within your budget. Securing an affordable payment is important — a payment you can make every month based on your budget. When you consider this payment amount, bear in mind other housing costs such as renters' or homeowners' insurance and utilities. [FDIC Estimate What I Can Afford for Housing](#) can help with understand your housing expense.

Ultimately, you need to decide whether you are comfortable with the amount of your monthly financial obligations, as they will affect your discretionary income. Discretionary income is the money left over at the end of the month once you have paid all of your contractual obligations and funded your monthly savings goal. [FDIC Consumer News: Thinking About Buying Your First House](#) has good tips for how to start the home purchase process, if you are looking to buy a home. Also, [FDIC Consumer News: Financial Success While In the Military](#) talks about consumer protection laws specific to servicemembers and loans.

Evaluating banking needs

Check to see if your banking needs can be met in your new location by the bank you currently use. Are there services you need offered at your new duty station that may not transfer? If so, you may need to shop around for the financial products and services available in your new neighborhood. Make sure you understand the terms and conditions of the banking products and services you select and keep track of how you use them. This can help you keep costs down, especially fees. [FDIC Consumer News: Overdraft and Account Fees](#) has information to help with shopping for a new bank account. Be wary of merchants who require you to use the military allotment payment system for payment of contracts. Approval of your financing cannot be conditioned upon setting up a military allotment payment. See [CFPB – What is the Military Lending Act and what are my rights?](#)

For more consumer resources, visit [FDIC.gov](#), or go to the [FDIC Knowledge Center](#). You can also call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). Please send your story ideas or comments to ConsumerNews@fdic.gov. You can [subscribe](#) to this and other free FDIC publications to keep informed!

Protecting Servicemembers from scams

Unfortunately, scammers target the very servicemembers who protect us. Be careful if someone calls, texts, or emails you asking for your personal information or money. Be sure to talk to everyone impacted by the move. Before sending money or providing any personal information, make sure you verify and trust the party requesting it. [FDIC Avoiding Scams and Scammers](#) and [Federal Trade Commission \(FTC\) Military Consumer](#) has tips and ideas on how not to become a scam victim.

When servicemembers manage their financial, housing, and banking needs, it can go a long way to making them feel secure wherever they go.

Additional Resources:

[CFPB: Protecting Servicemembers from Abuses of the Military Allotment System](#)

[CFPB: Office of Servicemember Affairs](#)

[Military OneSource: Financial Counseling Services for a Secure Future](#)

[Military OneSource: Tax Resource Center](#)

[Military OneSource: Take Command of Your Move with These Tips](#)

[VA: Change Your Address with the Veterans Affairs](#)

[VA: Veterans Experiencing Homelessness](#)

[Veterans United: Mortgage Insurance and VA Loans](#)

