



Financial Frontline

www.JointServicesSupport.org/FMAP

Hello! Below is the weekly Financial Frontline Information for 16 May 2012. This information is to provide you- the soldier, airman, veteran, retiree, family member or supporter of our armed forces financial readiness information. It does not replace the advice of your chain of command, your legal counsel or financial consultant. It does however, supplement, issues the National Guard Bureau finds important. Just so you know up front, I am not an attorney, a CPA, a financial planner or work for the IRS. If you have questions that are outside of my expertise, I do refer them to the appropriate person.

Did you know?

The National Guard has a FMAP Face book Page! Search for us by "National Guard Financial Management Awareness Program". We look forward to being your FRIEND!

On this day 16 May 1866 - The U.S. Congress authorized the first 5-cent piece to be minted.

On this day in 1920; Joan of Arc was canonized in Rome.

On this day in 1939 - The Philadelphia Athletics and the Cleveland Indians met at Shibe Park in Philadelphia for the first baseball game to be played under the lights in the American League.

Did you know that on 16 May 1965, Spaghetti-O's went on sale? This by far, is the most important revelation of this day! (Ask any 5 year old and they will agree!)

On this day in 1863, the Union army seals the fate of Vicksburg by defeating the Confederates at the Battle of Champion Hill, Mississippi. Union General Ulysses S. Grant had successfully run the Confederate gauntlet at Vicksburg and placed the Army of the Tennessee south of the stronghold, the Rebels' last significant holding on the Mississippi River. But he did not move directly on Vicksburg because he knew Joseph Johnston was assembling a Confederate force in Jackson, Mississippi, 40 miles east of Vicksburg.

Instead, Grant advanced toward Jackson and prevented Johnston from uniting with the Vicksburg garrison, headed by John C. Pemberton. After boldly attacking and defeating the Confederates at Jackson, Grant left William T. Sherman's corps to hold Johnston at bay. The Confederates were divided not only by Grant's army, but also by conflicting strategy. Johnston wanted Pemberton to head into northern Mississippi to join forces with his own army. But Pemberton insisted on sticking close to Vicksburg and defending the city.

Grant sent his other two corps, commanded by James McPherson and John McClernand, to take on Pemberton. They found the Confederates on Champion Hill, about halfway between Jackson and Vicksburg. There, some 30,000 Union troops attacked 20,000 Confederates. The battle swayed back and forth, but the Federals eventually gained the upper hand. Pemberton's men were forced to retreat, and one division was completely cut off from the rest of the army. Pemberton fell back into



Vicksburg, where Grant followed and soon bottled the Confederates. A six-week siege ensued, and Vicksburg fell on July 4.

Last Edition Trivia Answers:

1. Who was the only bachelor president? James Buchanan
2. Who was the heaviest president? William Howard Taft
3. Who was the oldest elected president? Ronald Regan
4. Which president was NOT born or did NOT die on the 4th of July? All; except Coolidge, Adams, Jefferson and Monroe
5. Which president was related by either blood or marriage to eleven other presidents? FDR
6. Which president was the youngest person to become president? Theodore Roosevelt
7. Who was the only person to become president without having been elected? Gerald Ford
8. Which president was elected to 2 non-consecutive terms? Grover Cleveland

New General Trivia:

1. What was the last battle of the Napoleonic Wars?
2. The world's first postage stamp was introduced in what year?
3. When the first Burger King Restaurant opened in 1954, how much did a hamburger cost?
4. How long did the Hundred Years' War last?
5. Who was the first Prime Minister of the United Kingdom?
6. What is the earliest surviving system of laws?

You must answer at least 5 of them correctly to receive a booklet "A Salute to Smart Investing".

I'm stuck in my couch. Can you assist?

Yes, there was a day I was in the military and felt I was financially secure. I knew I had separate rations (now known as BAS), and of course I had a housing allowance. I had a steady paycheck, could go to school on Uncle Sam's dime and the world was mine. Then 1993; returned from a nice holiday in Somalia to find out my tiny family had endured a traumatic event. My future endeavors at the 10 year mark, slowly evaporated. Before I knew it, it was 1994, and I had to take care of my then five year old daughter and had to leave the military. Car note, rent, bills, and child care – you name it; I had it. Then the paychecks stopped coming in. Thank goodness I was marketable and found rapid employment. It also helped that I married my now ex husband and my finances were back on track. But there was a period of time that I would look in my couch for change. My daughter needed milk money or I needed fuel to get to work. I was too proud to ask mom and dad for a loan or to borrow it from a friend. I was going to support my daughter and me no matter the circumstance. The couch, the recliner and the washer and dryer were my friends. I would find change, a dime here or a quarter there. I would make sure we were provided for. Back then, we didn't have payday loans



or car title loans. But now, look around any active component military installation and if it's not a pawn shop, it's a pay day loan.

The ads are on the radio, television, the Internet, even in the mail. They refer to payday loans, cash advance loans, check advance loans, post-dated check loans, or deferred deposit loans. The Federal Trade Commission, the nation's consumer protection agency, says that regardless of their name, these small, short-term, high-rate loans by check cashers, finance companies and others all come at a very high price.

Here's how they work: A borrower writes a personal check payable to the lender for the amount the person wants to borrow, plus the fee they must pay for borrowing. The company gives the borrower the amount of the check less the fee, and agrees to hold the check until the loan is due, usually the borrower's next payday. Or, with the borrower's permission, the company deposits the amount borrowed — less the fee — into the borrower's checking account electronically. The loan amount is due to be debited the next payday. The fees on these loans can be a percentage of the face value of the check — or they can be based on increments of money borrowed: say, a fee for every \$50 or \$100 borrowed. The borrower is charged new fees each time the same loan is extended or "rolled over." The federal Truth in Lending Act treats payday loans like other types of credit: the lenders must disclose the cost of the loan. Payday lenders must give you the finance charge (a dollar amount) and the annual percentage rate (APR — the cost of credit on a yearly basis) in writing before you sign for the loan. The APR is based on several things, including the amount you borrow, the interest rate and credit costs you're being charged, and the length of your loan.

A payday loan — that is, a cash advance secured by a personal check or paid by electronic transfer is very expensive credit. How expensive? Say you need to borrow \$100 for two weeks. You write a personal check for \$115, with \$15 the fee to borrow the money. The check casher or payday lender agrees to hold your check until your next payday. When that day comes around, either the lender deposits the check and you redeem it by paying the \$115 in cash, or you roll-over the loan and are charged \$15 more to extend the financing for 14 more days. If you agree to electronic payments instead of a check, here's what would happen on your next payday: the company would debit the full amount of the loan from your checking account electronically, or extend the loan for an additional \$15. The cost of the initial \$100 loan is a \$15 finance charge and an annual percentage rate of 391 percent. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow the \$100.

Alternatives to Payday Loans

Before you decide to take out a payday loan, consider some alternatives.

1. Consider a small loan from your credit union or a small loan company. Some banks may offer short-term loans for small amounts at competitive rates. A local community-based organization may make small business loans to people. A cash advance on a credit card also may be possible, but it may have a higher interest rate than other sources of funds: find out the terms before you decide. In any case, shop first and compare all available offers.
2. Shop for the credit offer with the lowest cost. Compare the APR and the finance charge, which includes loan fees, interest and other credit costs. You are looking for the lowest APR. Military personnel have special protections against super-high fees or rates, and all consumers in some states and the District of Columbia have some protections dealing with limits on rates. Even with these protections, payday loans can be expensive, particularly if you roll-over the loan and are responsible for paying additional fees. Other credit offers may come with lower rates and costs.
3. Contact your creditors or loan servicer as quickly as possible if you are having trouble with your payments, and ask for more time. Many may be willing to work with consumers who they believe are acting in good faith. They may offer an extension on your bills; make sure to find out what the charges would be for that service — a late charge, an additional finance charge, or a higher interest rate.
4. Contact your local consumer credit counseling service if you need help working out a debt repayment plan with creditors or developing a budget. Non-profit groups in every state offer



credit guidance to consumers for no or low cost. You may want to check with your employer, credit union, or housing authority for no- or low-cost credit counseling programs, too.

5. Make a realistic budget, including your monthly and daily expenditures, and plan, plan, plan. Try to avoid unnecessary purchases: the costs of small, every-day items like a cup of coffee add up. At the same time, try to build some savings: small deposits do help. A savings plan — however modest — can help you avoid borrowing for emergencies. Saving the fee on a \$300 payday loan for six months, for example, can help you create a buffer against financial emergencies.
6. Find out if you have — or if your bank will offer you — overdraft protection on your checking account. If you are using most or all the funds in your account regularly and you make a mistake in your account records, overdraft protection can help protect you from further credit problems. Find out the terms of the overdraft protection available to you — both what it costs and what it covers. Some banks offer “bounce protection,” which may cover individual overdrafts from checks or electronic withdrawals, generally for a fee. It can be costly, and may not guarantee that the bank automatically will pay the overdraft.

The bottom line on payday loans: Try to find an alternative or search your couch. If you must use one, try to limit the amount. Borrow only as much as you can afford to pay with your next paycheck — and still have enough to make it to next payday.

Protections for us Military Consumers:

Payday loans (and certain other financing) offered to service members and their dependents must include certain protections, under Federal law and a Department of Defense rule. For example, for payday loans offered after October 1, 2007, the military annual percentage rate cannot exceed 36%. Most fees and charges, with few exceptions, are included in the rate. Creditors also may not, for example, require use of a check or access to a bank account for the loan, mandatory arbitration, and unreasonable legal notices. Military consumers also must be given certain disclosures about the loan costs and your rights. Credit agreements that violate the protections are void. Creditors that offer payday loans may ask loan applicants to sign a statement about their military affiliation. Even with these protections, payday loans can be costly, especially if you roll-over the loan. You instead may be able to obtain financial assistance from military aid societies, such as the Army Emergency Relief, Navy and Marine Corps Relief Society, Air Force Aid Society, or Coast Guard Mutual Aid. You may be able to borrow from families or friends, or get an advance on your paycheck from your employer. If you still need credit, loans from a credit union, bank, or a small loan company may offer you lower rates and costs. They may have special offers for military applicants, and may help you start a savings account. A cash advance on your credit card may be possible, but it could be costly. Find out the terms for any credit before you sign. You may request free legal advice about a credit application from a service legal assistance office, or financial counseling from a consumer credit counselor, including about deferring your payments.

Military consumers can contact the Department of Defense, toll-free 24 hours a day, 7 days a week, at 1-800-342-9647, or at www.militaryonesource.com. Information on the Department of Defense rule, alternatives to payday loans, financial planning, and other guidance is available.

Check your Credit Score!!! LAST MONTH!!!!

In support of the National Guard Bureau, **Financial Industry Regulatory Authority (FINRA)**, **FINRA Investor Education Foundation (which is part of FINRA)** has once again provided us with the opportunity to check our credit score and credit analysis **free of charge**. From **1 April 2012 to 31 MAY 2012** every service member and family member alike, should take advantage of this wonderful service! Checking your credit through this site does NOT go against your credit history. After 31 March, there will be a new code to check your score.



Simply go to www.saveandinvest.org/militarycenter, click on "Free Credit Score & Analysis", then click on "Register for Your Free FICO Credit Score" button, and on the next screen, where it asks for your Financial Educator Code, put in **NGUU8CBN**. The code is good through the end of May 2012. Complete all the required fields on the next few screens and you will find out your credit score as well as an analysis of your credit report and how to improve your credit and credit score.

Also, FINRA has sponsored various "How to" Video's. Members of the FMAP team were invited to review these videos for content and applicability to the National Guard. They are great videos and appreciate all that FINRA has done to support our Nations heroes. Check out their website to view these videos at:

<http://www.saveandinvest.org/MilitaryCenter/P126000>

THANK YOU FINRA and the FINRA Investor Education Foundation for this wonderful program and supporting our service members! We are very fortunate to have such capabilities provided to our military families!

A few final thoughts...

This weekend, many places will be offering "free" or discounted rates at places of interest in recognition of Armed Forces Day. From the National Parks, to Kings Dominion, Big Lots, and Toyota – you name it – there may be something discounted or free. Take advantage of it! You EARNED it! But do you know why? On August 31, 1949, Secretary of Defense Louis Johnson announced the creation of an Armed Forces Day to replace separate Army, Navy and Air Force Days. The single-day celebration stemmed from the unification of the Armed Forces under one department -- the Department of Defense. Each of the military leagues and orders was asked to drop sponsorship of its specific service day in order to celebrate the newly announced Armed Forces Day. The Army, Navy and Air Force leagues adopted the newly formed day. The Marine Corps League declined to drop support for Marine Corps Day but supports Armed Forces Day, too. (Thanks MARINE CORPS!)

In a speech announcing the formation of the day, President Truman "praised the work of the military services at home and across the seas" and said, "It is vital to the security of the nation and to the establishment of a desirable peace." In an excerpt from the Presidential Proclamation of Feb. 27, 1950, Mr. Truman stated:

Armed Forces Day, Saturday, May 20, 1950, marks the first combined demonstration by America's defense team of its progress, under the National Security Act, towards the goal of readiness for any eventuality. It is the first parade of preparedness by the unified forces of our land, sea, and air defense.

The theme of the first Armed Forces Day was "Teamed for Defense." It was chosen as a means of expressing the unification of all the military forces under a single department of the government. Although this was the theme for the day, there were several other purposes for holding Armed Forces Day. It was a type of "educational program for civilians," one in which there would be an increased awareness of the Armed Forces. It was designed to expand public understanding of what type of job is performed and the role of the military in civilian life. It was a day for the military to show "state-of-the-art" equipment to the civilian population they were protecting. And it was a day to honor and acknowledge the people of the Armed Forces of the United States.

According to a *New York Times* article published on May 17, 1952: "This is the day on which we have the welcome opportunity to pay special tribute to the men and women of the Armed Forces ... to all the individuals who are in the service of their country all over the world. Armed Forces Day won't be a matter of parades and receptions for a good many of them. They will all be in line of duty and some of them may give their lives in that duty."



The first Armed Forces Day was celebrated by parades, open houses, receptions, and air shows. In Washington D.C., 10,000 troops of all branches of the military, cadets, and veterans marched past the President and his party. In Berlin, 1,000 U.S. troops paraded for the German citizens at Tempelhof Airfield. In New York City, an estimated 33,000 participants initiated Armed Forces Day "under an air cover of 250 military planes of all types." In the harbors across the country were the famed mothballed "battlewagons" of World War II, the *Missouri*, the *New Jersey*, the *North Carolina*, and the *Iowa*, all open for public inspection. Precision flying teams dominated the skies as tracking radar was exhibited on the ground. All across the country, the American people joined together to honor the Armed Forces.

For questions, comments or complaints, don't hesitate to write us here at the National Guard. I strive to answer everyone timely - I'm human. Until next time...

Respectfully,
Jennifer

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