



The Ultimate Guide to

HANDLING “MURPHY” AND PLANNING FOR THE UNEXPECTED



ARMY FAMILY

YOUR MONEY, YOUR FUTURE

It's no secret that military life can throw wrenches in things like your plans, schedules, routines, and work flow. The uncertainty and instability caused by Murphy's Law can also make it difficult to manage your finances or plan for your future. How can you maintain a budget and keep momentum toward your goals while also keeping an eye out for unexpected expenses? Whether you're wanting to start saving for retirement or needing to replace the family car, here are a few ideas for meeting your financial responsibilities without derailing financial plans.



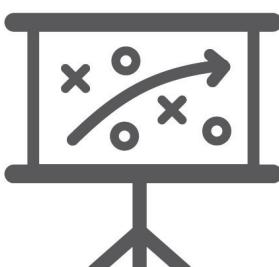
GO FOR THE GOAL

- Write out a detailed list of your long and short term financial goals and objectives with as many specifics as possible. There's likely a hierarchy, from big picture goals to smaller objectives, but it's important to factor in each one to build a list of financial objectives that are **realistic** and **attainable**.
- Create a budget that allows you to attach specific dollar amounts to your goals. Having an idea of your financial resources will allow you to have a clearer path toward reaching your objectives.
- Make a plan of action. There are many unknown variables, but making plans to support what you do know about (upcoming deployments or births, for example) keeps you from feeling overwhelmed or blindsided by any new obstacles that may appear.
- Have a timeline. Outline your long-term and short-term goals and attach a realistic timeframe to reaching each one. This helps to give you a structure to work from and also gives you a clear vision of your financial path.



MAKE A "MURPHY" FUND

You never know when you might have to drop everything and fix the air conditioning or buy a new set of tires for your car. And what if the AC goes out, the car breaks down and the washing machine stops working in the same week? Unexpected expenses can really add up, so putting away money into an emergency fund can be a financial game changer. Instead of using a credit card for these emergencies, start building a "Murphy" Fund.



The [USAA Educational Foundation](#) recommends working toward saving \$1,000. If that number seems too high to manage at once, consider auto-transferring \$20 per pay cycle into a savings account. The ultimate, long-term goal, is to have 3-6 months of living expenses saved in an interest-bearing savings account or money market. Forget about the money until you need it, and work toward building your savings back up after you do.

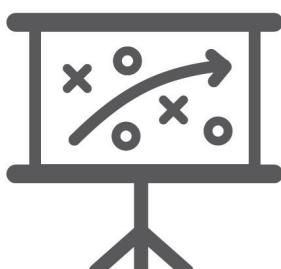


WHIP YOUR BUDGET INTO SHAPE

- **Track your finances.** In order to plan ahead, it's important to have a clear picture of your current expenses. From groceries, to cable, to that new pair of shoes in the closet – map out a month's worth of your family and personal purchases.

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- **Decide where the money *should go*.** Recommended allotments include:
 - Savings and investments: 10-15% of pre-tax pay
 - Housing expenses (rent, mortgage, maintenance): less than 25% of gross pay
 - Transportation (car payments, insurance, maintenance): less than 10% of gross pay
- **Build a Plan.** After monitoring your finances for a few months, you might notice some spending patterns or excesses. Keeping your goals in mind, decide what splurges or unneeded expenses are weighing down your monthly budget and cut them.
- **Make adjustments.** PCS orders, promotions or deployments may bring changes to your finances, so take another look at your budget when life events occur and fine tune your finances to meet your needs.

MANAGE YOUR DEBT

Even with a “perfect” plan or budget, you might acquire some debt over time. Take the following steps toward financial freedom:

1. **Stop the bleeding.** Discontinue using credit cards and start using only the money you have (cash, debit) to make purchases and manage your expenses.
2. **Build a safety net.** This is where your rainy-day, “Murphy” fund also comes in handy to help you stay afloat while you get your spending and budgets back under control.
3. **Confront your debt.** Make a list of everything you owe and current expenses.
4. **Know and adjust your cash flow.** Using the budget you’ve created, know what is available to you. Get honest about needed expenses and make cuts in your budget where necessary. Keep in mind upcoming life events or foreseen costs and make adjustments when necessary.
5. **Pay it down.** With the money freed up from cuts to your budget, begin paying off outstanding debts. Tackle the debt with the highest interest rate first, while applying the minimum payments to other outstanding debts.

RESOURCES

[USAA Educational Foundation](#)

[Military OneSource Financial Counseling](#)

[Army Emergency Relief \(AER\)](#)

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Special thanks to Mandi Moynihan of the USAA Educational Foundation for her expertise and support in creating this guide.

THANKS FOR JOINING US.

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