



AAFMAA[®]

COMPASSION • TRUST • PROTECTION

Protecting Your Finances During the COVID-19 Crisis

Maintain stability, avoid future pitfalls, and recover your confidence



Our Mission: to be the premier provider of financial solutions for the American Armed Forces community.



Focusing exclusively on the needs of the military family, we work to provide innovative, personalized, and lifestyle appropriate financial solutions.



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Protect Your Finances During the COVID-19 Crisis



Maintaining
Your Financial
Readiness



Avoiding Future
Financial Pitfalls



Recovering
Your Financial
Confidence



Maintaining Your Financial Readiness



Assess Your Options

Reach out to lenders to see if they are offering lenient payment plans during this time, such as delayed payments, grace periods, payment forgiveness, or waived fees.

[Military One Source](#) is a great resource for overall financial readiness

[COVID-19 Military Support Initiative](#) provides resources and support including town halls

*IF YOU ARE IN NEED OF ASSISTANCE, YOU MUST
ASK FOR HELP*

What's in Your Financial Arsenal



401K



CDs, Mutual funds,
Stocks, Bonds, etc.



Savings accounts



Your home/
refinancing options

CARES ACT

March 27, 2020

Distributions for Individuals

- Up to \$1,200 per individual (based on income) and \$500 per child
- Pandemic unemployment support of \$600 a week
- Detailed information can be found on [AAFMAA](https://www.aafmaa.org).

Impacts on Qualified Accounts: 401(K), 403 (B), TSP, IRAs

- Coronavirus related distributions:
 - *Limited to \$100K to impacted individuals*
 - No 10% early withdrawal penalty
 - Repay tax free over 3 years or claim as income over 3 years
- Loan Relief
 - Impacted Individuals* can take loans up to 100% of account (Max of \$100K) and can delay loan repayment up to 1 year
- Temporary waiver of RMDs for 2020

*IMPACTED INDIVIDUALS ARE ANYONE DIAGNOSED WITH COVID-19, OR HAS SPOUSE OR DEPENDENT TEST POSITIVE, OR WHO EXPERIENCES ADVERSE FINANCIAL CONSEQUENCES BECAUSE OF COVID-19.

Utilize COVID-19 Relief Programs

- Take advantage of the delayed tax filing deadline
 - Now July 15. Read more at [IRS.GOV](https://www.irs.gov)
- Military relief organizations with specialized COVID-19 funds
 - [Army Emergency Relief](#); [Coast Guard Mutual Assistance](#); [Air Force Aid Society](#); and [Navy-Marine Corps Relief Society](#)
- Grants and low cost loans from credit unions and banks
- The Veteran's Administration has hardship assistance



Avoiding Future Financial Pitfalls



Life Insurance

DON'T CASH OUT JUST YET

Check with your insurance provider to see if you can take out a loan against your policy instead of cashing out completely. The outcome of this crisis is unknown. If your medical condition has changed it may be more difficult to obtain life insurance in the future.

Avoid Risky Financial Decisions

High Interest Loans

These loans might be tempting for the short-term relief, but you may find yourself in deeper financial trouble if you cannot pay them off right away.

Moving Around Investments

The market has been shown to right itself time and time again, so don't let fear of a dropping stocks control your investment strategy.



Social Security Draw?

- *If you are 62 or older (age 55 if disabled), you might want to consider starting social security.
- Consequences:
 - Up to 30% less if you start before your Full Retirement Age (FRA);
 - FRA depends on your birth year; typically age 67
 - Amount increases 8% annually until age 70 if you wait until after FRA.
- Coronavirus: on-line processing effective March 17th

*Consider reviewing our social security webinar at www.aafmaa.com/webinars.



Recovering Your Financial Confidence

Work with a Trusted Professional

- Develop an in-depth financial plan that can withstand future crisis.
- Find a Military-friendly planner who will understand your unique needs.
- Build up your savings account so you are prepared for any future unexpected emergencies.
- [Military Saves](#), [Military One Source](#), and [AAFMAA](#) offer great advice and resources to assist in this process.

Consider a Complimentary Financial Review with AAFMAA Wealth Management & Trust (AWM&T)

Quick Reference Guide

Courtesy of Association of Military Banks of America

- **Above all, don't panic!** Panic can drive poor financial choices. Seek help from financial professionals (PFMs, financial advisors, banks, etc.)
- Military families will feel an impact if one spouse loses an income, but **military pay will continue.**
- **Use your coping mechanisms!** You've been through this before when money has been tight, such as during a government shutdown. Encourage friends and family to follow your lead.



Prioritized List of Economic Resources



Courtesy of Association of Military Banks of America



Cost of Funds

- **CARES Act Stimulus Funds:**
 - One-time tax rebate (\$1,200 per adult; \$500 per child) if income qualifies
 - Furlough wages. Some employers will continue to pay wages with government help
 - Expanded unemployment benefits – must apply at State Unemployment Offices
- Personal **“emergency funds”** and savings accounts
- **Low-cost credit** – banks and credit unions are encouraged to offer small-dollar loans
- Reach out to Aid Societies (AF Aid Society, Army Emergency Relief, Navy-Marine Corps Relief Society, Coast Guard Mutual Assistance)
- CARES Act **early retirement account distributions** (taxable as ordinary income over 3 years, no 10% penalty, loss of tax-deferred growth during withdrawal period, 3 years to pay back, if desired)
- **Home Equity Line of Credit (HELOC)** (if available)
- **Liquidate investments** (consult financial advisor for tax and loss implications)
- **High-cost credit** (e.g., credit cards, payday loans, etc.) – limited to 36% MAPR under MLA



Summary

What is Your Readiness?

- Inventory current assets and utilize all tools in *your* financial toolbox.
- Access all programs available to you and your financial needs.
- Replace your emergency fund to ensure readiness for future.
- Seek advice from trusted sources

Many Aspects to this Crisis

- This webinar addressed your *financial resilience*
- Remember also:
- Take care of yourself through following the CDC guidelines for hygiene
<https://www.cdc.gov/coronavirus/2019-ncov/index.html>
- Take care of your family and friends by staying connected
- And, if you are able, take care of those in your community



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