

Better Money Habits®

# Military Families Transitioning to Civilian Life

# Managing household finances



# What you need to know

Better Money Habits®

1

Talk to  
your spouse.

2

Establish an  
emergency fund.

3

Define the  
long-term plan.

4

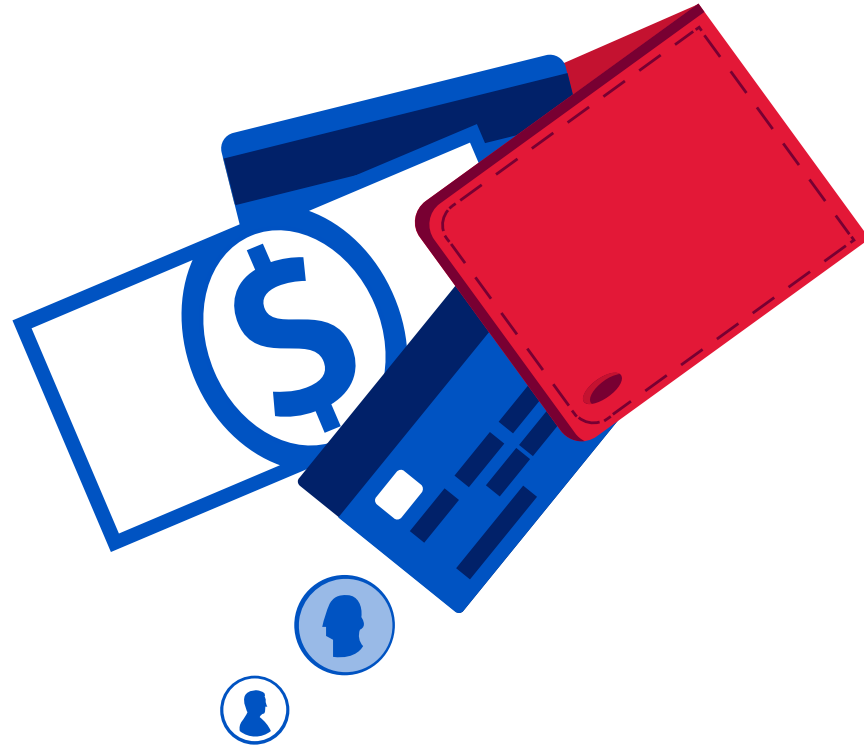
Plan the  
short-term goals.



# Step 1: Talk to your spouse

**Honesty and cooperation are key. There's no one right approach.**

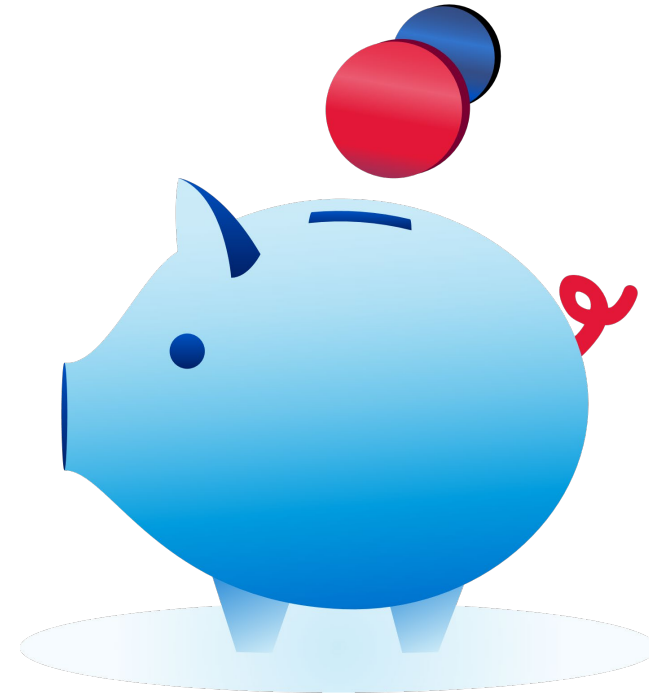
1. Talk about current finances.
2. Consider shared expenses.
3. Identify debts.
4. Define financial goals.
5. Decide where to cut spending.
6. Set dates to review spending and progress.



## Step 2: Establish an emergency fund

What is it and why is it important?

- Life can be unexpected, but bills must get paid.
- Avoid getting into debt to deal with emergencies.
- Try to save for three months of expenses.
- Account must be stable and accessible.



## Step 2: Establish an emergency fund *(continued)*

How do you do it?

- **Take it day by day:** Pick a realistic number and start today.
- **Pick something and cut it:** Find one or two specific things to cut.
- **Use automated features:** Set up automatic transfers.
- **Don't let debt get in the way:** If your debt is manageable, consider allotting funds to both debt and savings.
- **Keep your funds accessible:** Create a separate savings account.
- **Add money each month:** Steadily increase the balance until you have enough to cover three to six months of expenses.

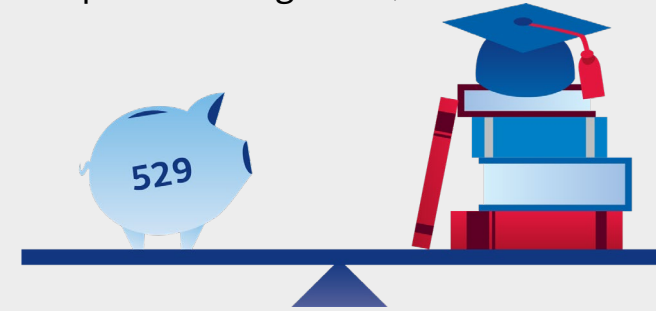




# Step 3: Define the long-term plan

1. Put retirement savings before kids' education.
  - Fund your company retirement plan.
  - Student financial aid doesn't look at retirement savings.
2. Save for kids' college tuition (529 plans).
3. Tackle other long-term goals, like care for aging parents.

Average annual cost of tuition and fees  
at a private college: \$41,540



Students have access to a wide variety of loans,  
but there are no loans for retiring parents.

Source: College Board, 2023–2024

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------



# Step 4: Plan the short-term goals

## List five-year goals

- Vacations, new cars, home remodels, weddings
- Open separate savings accounts or sub-accounts
- Make weekly or monthly contributions

## Get creative

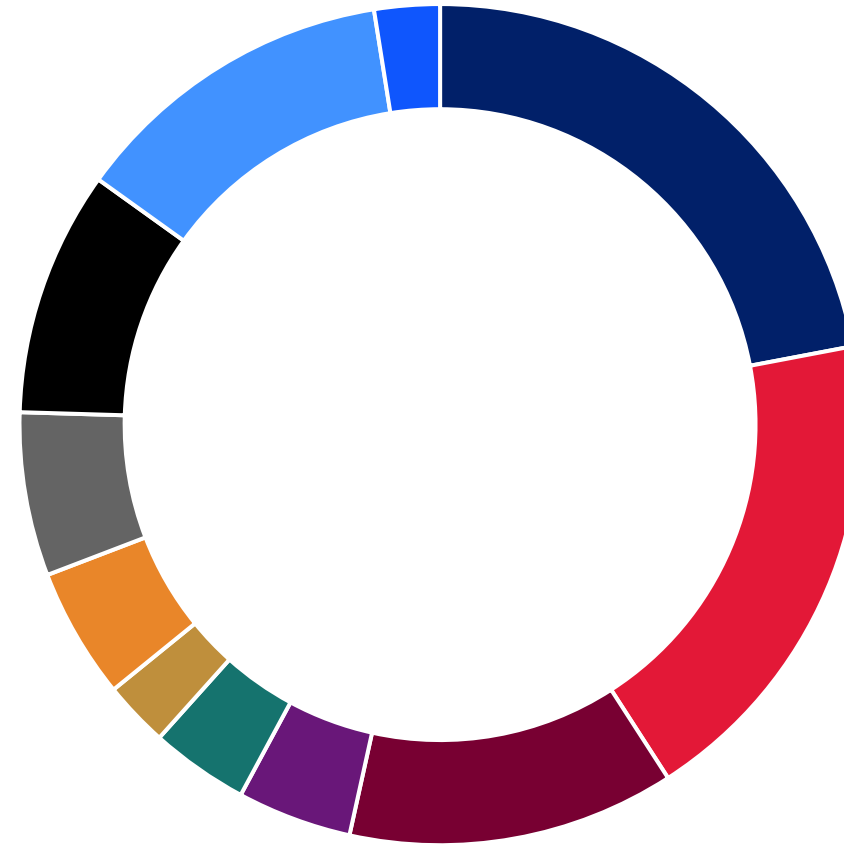
- Have a garage sale
- Start a side hustle
- Prepare your meals instead of eating out
- After paying off car, redirect payments into savings





# Example of a balanced budget

- Housing (20%–35%)
- Food (15%–30%)
- Transportation (6%–20%)
- Utilities (4%–7%)
- Insurance (4%–6%)
- Personal Care (2%–4%)
- Health (2%–8%)
- Clothing (3%–10%)
- Savings (5%–15%)
- Personal Debt (10%–20%)
- Misc. (1%–4%)



1

Open and honest communication is key to good household financial management.

2

Establishing an emergency fund is an important first step.

3

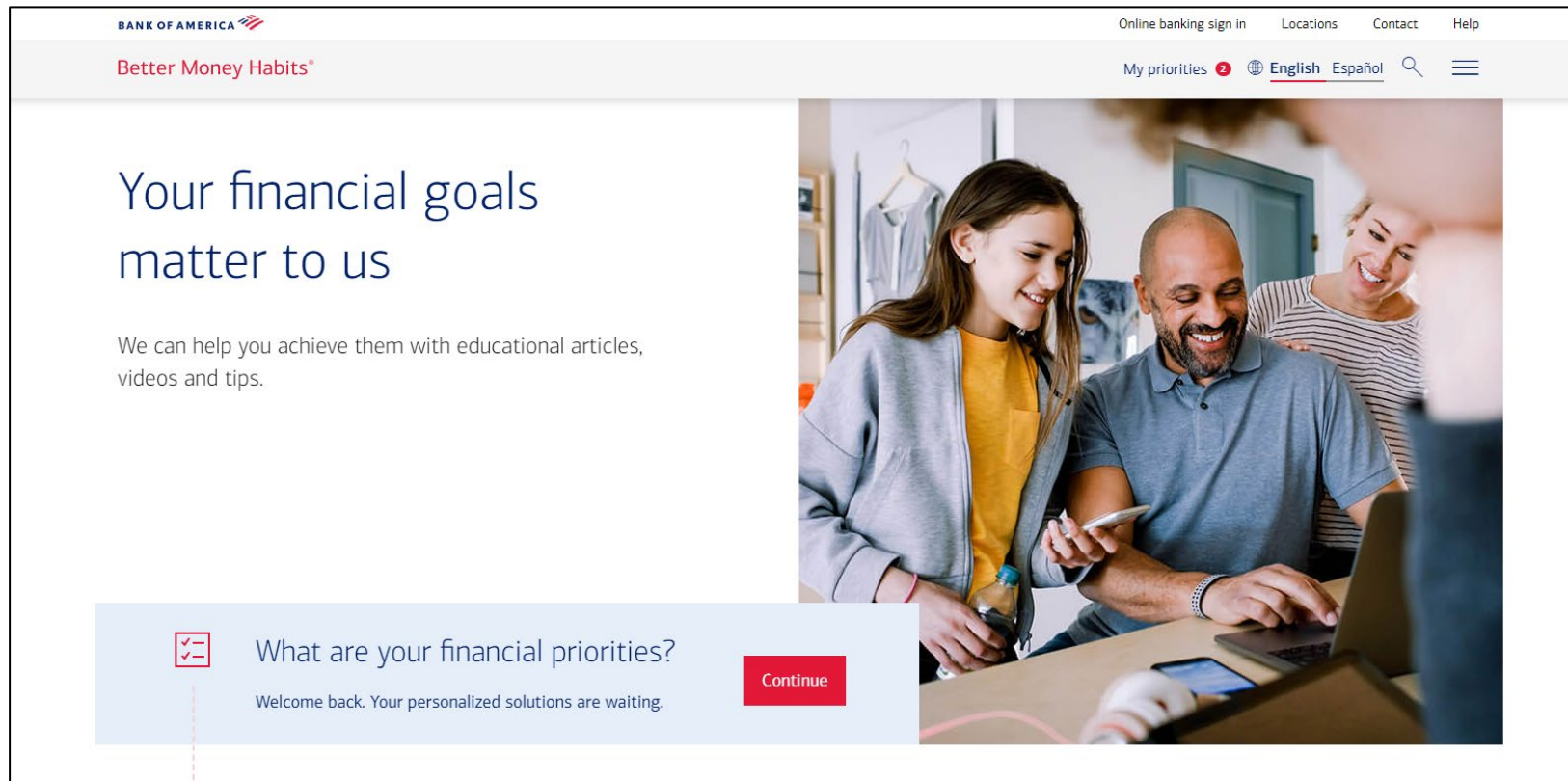
Save money by prioritizing and cutting unnecessary expenses, and don't let debt get in the way.

4

Define your long-term financial goals and outline a savings plan to get there.

5

Address shorter-term goals, outline a plan and find creative ways to save toward them.



BetterMoneyHabits.com

# Thank you

The material provided on this presentation is for informational use only and is not intended for financial or investment advice. Bank of America and/or its affiliates assume no liability for any loss or damage resulting from one's reliance on the material provided. Please also note that such material is not updated regularly and that some of the information may not therefore be current. Consult with your own financial professional when making decisions regarding your financial or investment management.

© 2024 Bank of America Corporation.

PRES-02-24-0396.A | MAP6465380 | 03/24

