

## Reserve Income Replacement Program (RIRP) Fact Sheet

The Reserve Income Replacement Program (RIRP) was developed to provide specific payments to eligible members of the National Guard and Reserve who are involuntarily serving on active duty (the term active duty includes full-time National Guard duty) and who are experiencing a monthly active duty income differential of more than \$50.00, as determined by the member's Service Secretary.

An active duty income differential is the difference between the average monthly civilian earned income of the member before mobilization and the member's total monthly military compensation while involuntarily mobilized, when the member's average monthly civilian income exceeds the total monthly military compensation.

RIRP is an entitlement that must be paid to all eligible service members. To be eligible for RIRP payments, the member must be currently serving on active duty in an **involuntarily** status and have:

- Completed 18 consecutive months of active duty, or
- Completed 24 months of active duty during the previous 60 months, or
- Been involuntarily mobilized for 180 days or more within six months of the previous involuntary period of active duty of more than 180 days

RIRP is effective as of August 1, 2006, the first full month following the 180-day period after enactment of P.L. 109-163. Income replacement payments will be made only for **full** months of qualifying involuntary active duty performed from August 2006 through December 2009.

The first RIRP payments for eligible service members will occur in September 2006, for duty performed in August 2006 (the first full month authorized for payments). RIRP payments will be made to an eligible member on a monthly basis. RIRP payments may not exceed \$3,000 per month.

For more information please refer to their website:

[www.defenselink.mil/ra/html/rirp\\_factsheet.html](http://www.defenselink.mil/ra/html/rirp_factsheet.html)

## THRIFT SAVINGS PLAN

In the military you can enroll in the Thrift Savings Plan (TSP). For more information about contributions and earnings go to [www.tsp.gov](http://www.tsp.gov).

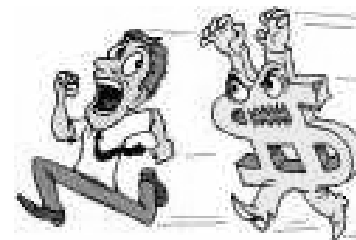
While a SM is deployed there are several areas concerning taxes that he/she and their tax preparer must be familiar with. A great resource to find this information is through the IRS website, [www.irs.gov](http://www.irs.gov). There are Tax-free zones, tax exempt pay, tax preparation extensions and more!



Military One Source is a great resource for a multitude of information and assistance from mental health counseling to financial, house or apartment hunting to locating a new car. A Service Member can also do their taxes on-line for free at this site. For more information you can go to [www.militaryonesource.com](http://www.militaryonesource.com) or call toll free at (800) 342-9647.

**SCRA** (Servicemember's Civil Relief Act) - Become familiar with this law as it will assist you in reduction of loan interest rates and protect you from creditors while your SM is on Active Duty! For more information go to: [www.defenselink.mil/ra/mobil/pdf/scra.pdf](http://www.defenselink.mil/ra/mobil/pdf/scra.pdf)

# YOUR FAMILY BUDGET



## NOTES, HINTS AND TIPS!

### Managing your money successfully...

WHY BUDGET?

HOW DO I BUDGET?

### Financially surviving deployment!

- **Don't overspend!**
- **Save as much as possible...**
- **Credit Cards aren't money (or your friend!)**
- **Plan ahead, be "money wise"!**
- **Budgets are flexible and may be adjusted as needed**



For more information about budgeting or assistance in setting up a budget or debt management plan please call your FAC!

**Minnesota Military Family Assistance Center**  
**Jeff Gay, FAC Specialist**  
**500 Timmerman Drive**  
**Marshall, MN 56258**

(651) 268-8475 Office  
(320) 295-3741 (24/7 Cellular)  
[jeff.gay@mn.ngb.army.mil](mailto:jeff.gay@mn.ngb.army.mil)

Information contained herein is to be used as a guide only. Percentages may vary due to individual family situations and geographical location.

## Why Budget?

### **Keeping Track:**

There is only so much money from month-to-month. Question: where does it all go? A sizeable portion pays for housing, food and basic living. Another portion pays for transportation. But where does the rest go?

Budgeting allows you to track your monthly expenditures so that you can plan key savings strategies for important short- and long-term goals.

### **Limit Your Spending:**

Having a financial budget may find that about 5-10% of your total spending may be for purchases that are not needed.

Think about it. What could you do with that extra 5-10%? Perhaps your future plans include buying your first home, going back to school, saving for your child's college, paying down debt or simply setting aside cash for a special trip. A budget will identify expenses that can be cut so that you can set goals on making important long-term savings.

### **Discipline Yourself:**

Your goal is to rid yourself of instant gratification (the symptom of credit card use). The budget sets guidelines on what and when items can be purchased.

### **Setting Goals:**

Budgeting supports your financial goals, which may include:

- saving for your first home
- paying down debt
- preparing to go back to school
- planning for retirement

Good budgeting skills add these goals into the budget.

### **Prepare for Emergencies:**

Question: if you were to lose your job, how long could you survive on available funds?

If you had to stretch those funds, what reductions can you make in your existing monthly expenses?

That is the key benefit of a budget. It helps prepare for emergencies with established expense reduction plans.

## What's In The Budget

### **Income:**

The budget starts with how much money you bring home on a monthly basis. Income sources include:

- employment income
- alimony received
- investment income
- social security
- support payments
- savings

How much income should be allocated for the budget?

- > Your goal should be around 90-98% or less
- > The remaining 2-10% of your income gets allocated for savings

### **Housing Expenses:**

Housing expenses will likely be your largest expense item, especially if you own a home. Housing expenses include:

- mortgage payment with escrow (taxes, insurance)
- monthly rental payment if you do not own
- utility services (electric, gas, oil, water, sewage, garbage, etc.)
- telephone, internet, cable
- house repairs and maintenance

How much for the budget? About 32-35% of income if you own; 15-20% if you rent

### **Transportation:**

Transportation expenses include:

- auto loan payments
- auto insurance
- fuel expenses
- maintenance and repairs
- taxes, licensing
- parking
- public transportation

How much for the budget? About 9-12% of income

### **Family or Personal Care:**

Family care expenses include:

- family care insurance (health, disability, life, dental, other care)
- doctor, dental, eye care, hospital visits
- veterinarian expenses
- prescriptions and over-the-counter medications
- child care
- elder care
- health clubs

How much for the budget? About 8-19% of income; 15-25% for full child/elder care services

### **Living Expenses:**

Home living expenses include:

- food
- home living supplies
- school and work lunches
- snacks, vendors
- clothing
- education-related expenses
- home services (cleaning, gardening)
- postage and paper supplies

How much for the budget? About 27-35% of income

### **Family Recreation:**

Recreation expenses include:

- dining out
- movies out and rentals
- outside entertainment
- cigarettes, beer, wine, liquor
- birthdays and holidays
- vacation travel
- weekend, day trips
- gambling, lottery tickets

How much for the budget? About 4-6% of income

### **Obligations:**

Obligation expenses include:

- credit card payments
- student loan payments
- home equity line or loan payments
- personal loan payments
- alimony, child support payments
- judgment or liens
- other assessed taxes
- charitable donations

How much for the budget? About 18-28% of income (your goal is to reduce this percentage)

### **Savings:**

Savings include:

- |                      |   |
|----------------------|---|
| — 401K contributions | — investments                             |
| — IRA contributions  | — savings (personal, college, retirement) |

How much for the budget? About 2-10% of income (goal is to increase this percentage)