

MarketWatch

Leaving the military? Here's a financial checklist for returning to civilian life

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Soon-to-be veterans must get their finances in order before leaving the military



Getty Images

There are a few things to get financially situated before leaving the service.

Transitioning to the civilian workforce after serving in the armed forces is difficult for veterans, who must look for fitting jobs, persuade hiring committees and balance a new routine and budget.

Even before exiting the military, veterans must assess their [current finances](#), what living arrangements and financial goals they have for when they leave and determine what skills they intend to highlight when they search for a new job.

"It is not always as easy as folks think it is," said John Pickens, executive director of VeteransPlus, a financial education organization for active duty servicemembers and veterans based in Clearwater, Fla.

The unemployment rate of the more than 21 million men and women veterans last year ranged from 1.9% in Iowa to 7.7% in Washington, D.C. Of those veterans, 495,000 were unemployed, and 57% were age 45 and older, 37% were 25 to 44 years old and 5% were 18 to 24. About 20% of the total number of veterans last year had a disability connected to their service, and made up a 5.4% unemployment rate.

Veterans often must get used to a new routine after they leave the service, which may include a new [neighborhood they've moved into](#), a new type of job they've never had before, going back to school and even learning what to wear now that they aren't restricted to a uniform, experts say. Some may begin preparing while they are still active duty, and perhaps overseas, creating resumes, applying to jobs and creating a budget, but most are usually getting situated after they have left. [Programs](#), including those under the Department of Defense and Department of Veteran Affairs, exist to encourage smooth transitions.

"The worst time to start doing these things is the day you leave the service," said George Reilly, principal and financial adviser at Safe Harbor Financial Advisors in Occoquan, Va.

Here are a few of the items soon-to-be veterans should add to their to-do list before taking off their boots for the last time:

Build a budget before you go

Servicemembers looking to leave the military should understand their finances and what upcoming expenses they will have when they enter the civilian world, experts said. Along with big or obvious expenses, such as schooling, a home or a car, budgets should include how much to allocate toward [entertainment spending](#), like cable TV and electronics, as well as clothing, Pickens said. "Clothing, shoes... you have to buy a lot more than you think you do," Reilly said. Veterans should also be honest about what they need versus what they want right away - a car might be necessary, but not a new one, for example. Veterans should avoid predatory lending scams and maintain a strong credit score, too. VeteransPlus created [Yellow Ribbon Compass](#), a free money management tool similar to Mint, for veterans to organize and view their financial accounts.

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Know your benefits

Unless a veteran stays in the service for more than 20 years, they do not receive a pension. They can contribute to a [Thrift Savings Plan](#), a retirement plan for federal employees and members of the uniformed services. There are a few other benefits, including the [VA Home Loan program](#), which offers lower interest rates and higher debt-to-income ratios for veterans looking to buy a home. As part of the GI Bill, veterans and their dependents also receive benefits to go back to school, though many still incur [student loan debt](#). Veterans should visit the [Veterans Benefits Administration](#) website to learn more.

Update, or create, a resume

For some servicemembers, it may not be as hard to find a similar job in the civilian workforce, such as a truck driver or chef. For infantry members, it may be more difficult, in which case they should determine the skills they have and would like to apply to a new job or career. "There are things you did in the military to make you a good employee, like understanding the mission, like being punctual, being able to follow orders, being able to work as a team," Pickens said. They may also need to prove to employers they're capable of the job, since companies may be concerned about post-traumatic stress disorder or any injuries that could affect employment, he said. Along with accentuating skills on a [resume](#), those planning to leave the service should update their credentials, including their security clearance. "Realistically, people don't retire from the military and retire-retire," Reilly said. "It is a transitional state."

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