



SEC

OFFICE of INVESTOR
EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

Saving and Investing for Military Personnel

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The SEC's Office of Investor Education and Advocacy is issuing this updated Investor Bulletin to help military personnel make informed savings and investing decisions and avoid common scams. Here are ten suggestions that can help you understand the basics and protect your hard-earned money. For more, check out [Investor.gov/military](https://www.investor.gov/military).

1. Pay Off High-Interest Debt. Few investments pay as well as paying off high-interest debt on credit cards or other loans. You should also take steps to improve your credit score, which can help when applying for a new job or mortgage, or when renting an apartment. Learn about how to maintain a good credit score at the Consumer Financial Protection Bureau's website at [Consumerfinance.gov](https://www.consumerfinance.gov).

2. Make a Plan and Start Saving and Investing Early. The best way to attain financial security is by saving and investing over a long period of time. You can use the SEC's [Savings Goal Calculator](https://www.investor.gov/savings-goal-calculator) on Investor.gov to see how much you need to save each month to meet your goals. Because of the power of compound interest (interest calculated on the initial principal and also on interest already earned), starting as early as possible will have tremendous long-term benefits.

3. Take Advantage of the Thrift Savings Plan (TSP). The TSP is the federal government's version of a 401(k) and one of your best options for retirement savings. Contributions can be automatically deducted from your pay and provide tax advantages either today (traditional TSP account) or in the future (Roth TSP account). Under the Blended Retirement System, your contributions to

the TSP are matched up to five percent after two years of service. That's free money! And, the TSP has very low fees. The TSP website, [TSP.gov](https://www.tsp.gov), explains the benefits available to the military and you can sign up for TSP using [MyPay](https://www.tsp.gov/my-pay).

Be Cautious if Considering Digital Assets.

The rapid growth of the Initial Coin Offering (ICO) market and digital assets presents individual investors with many questions. But remember: any investments that promise high returns, claim to have little or no risk, or use social media or high pressure sales tactics are often scams. You should never make an investment unless you understand the risks. Also, tread carefully if an investment touts a celebrity endorsement or claims to have government approval or sponsorship. Investor.gov has a [Spotlight on ICOs and Digital Assets](https://www.investor.gov/spotlight-on-icos-and-digital-assets) page—check it out before you invest.

4. Don't Ignore Fees. All investments have fees, and they vary from product to product and from firm to firm. Even small differences in these costs can significantly impact the earnings and growth of investments over time.

5. **Diversification is Important.** By picking a mix of investments, you may be able to limit your losses and reduce the ups and downs of your returns without sacrificing much in potential gains. Mutual funds, Exchange Traded Funds (ETFs), and lifecycle funds can help you diversify since these are investments that typically pool money from many investors and then invest in a variety of stocks, bonds, other securities or assets.
6. **Always Check Out an Investment Professional Before Investing.** Many cases of investment fraud involve so-called “professionals” who are not properly registered. You can find out if an investment professional is registered by using the free database on [Investor.gov](https://www.investor.gov). If registered, you can also see if he or she has a disciplinary history or customer complaints. Questions? Call the SEC’s toll-free investor assistance line at 800-732-0330.
7. **Be On the Lookout for Fraud.** Any offer or sale of securities must either be registered with the SEC or exempt from registration. Otherwise, it is illegal. While many companies that do not register or file reports with the SEC may be exempt from registration, you assume more risk when you invest in a company about which little or no information is publicly available. You should always check whether an offering is registered with the SEC by using the SEC’s [EDGAR database](https://www.edgar.gov), or by contacting the SEC’s toll-free investor assistance line at 800-732-0330.

If you see something that might be an investment fraud, submit a tip, complaint or referral at www.sec.gov/tcr.

8. **Be Alert to Fraud Targeting the Military.** “Affinity” frauds target members of groups, such as older investors or religious or ethnic communities, and even the military. The SEC has brought cases where scams targeted military members and their families—

and in some cases the scammers had even served in the military. The lesson is that even if you know the person making the investment offer, be sure to check out both the investment and the investment professional’s background—no matter how trustworthy the person seems.

Time is Money. It’s Best to Start Saving and Investing as Early as You Can, and Here’s Why:

Say your goal is to save \$500,000 for retirement age 65—by starting at age 25 and investing in the TSP or a mutual fund averaging 7 percent a year, you’d only have to contribute a little more than \$200 per month. If, however, you didn’t begin saving until age 50, you’d have to save more than \$1,600 per month, nearly 8 times the amount, to reach your goal by age 65. The bottom line—start investing now—even if in small amounts!

9. **Be Wary of an Investment that Sounds Too Good to be True.** Claims that an investment is a “can’t miss” opportunity or promises “guaranteed” returns are classic warning signs of fraud. Be alert to any promise of high returns with little or no risk. Remember, the potential for higher returns typically comes with higher risk. Never invest before you have a chance to think about it and do research. No legitimate investment requires a rash decision.
10. **Contact the SEC If You Have Questions:** If you have questions about investing, or about how to check the license or registration of an individual or firm, call the SEC’s toll-free investor assistance line 800-732-0330 (dial 1-202-551-6551 if calling from outside of the United States) or email Help@SEC.gov.

The SEC participates in the Department of Defense’s Financial Readiness Network and regularly conducts investor education briefings at military bases. If interested, contact Outreach@SEC.gov.

The Office of Investor Education and Advocacy has provided this information as a service to investors. It is neither a legal interpretation nor a statement of SEC policy. If you have questions concerning the meaning or application of a particular law or rule, please consult with an attorney who specializes in securities law.