Saving and Investing for Military Personnel

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The SEC's Office of Investor Education and Advocacy provides financial readiness briefings to units and commands throughout the military on the topics of saving and investing. To invite the SEC to brief your installation, email Outreach@SEC.gov. Here are ten suggestions to help service members build wealth and avoid scams. For more, check out 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. Learn about how to maintain a good credit score at the Consumer Financial Protection Bureau's website, Consumerfinance.gov.

2. **Make a Plan and Start Saving and Investing Early.** The best way to build wealth is by saving and investing over a long period of time. You can use the 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 *compounding* (when your original investment earns a return, and then, over time, your future returns also earn a return), starting as early as possible will have 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. That's free money! And, the TSP has very low fees. Learn more about the TSP at TSP.gov.

Be Cautious if Considering Crypto Assets. Crypto assets include digital investments like tokens, NFTs and cryptocurrencies. There are several risks to these types of investments, including the fact that they are speculative—in general, buyers can only profit if someone pays them more for the asset than they paid. You can lose some or all of the money you invest in crypto assets. Consider how much, if any, of your portfolio to devote to speculative investments.

Typically, holdings in crypto assets are not subject to FDIC or SIPA insurance, so you won't have the same investor protections that investments in stocks, bonds or the TSP have.

Also, fraudsters may exploit investors' fear of missing out (FOMO) to lure investors on social media into "crypto" investment scams. Fraudsters may post fabricated historical returns on their websites showing high investment returns. Depictions of investment accounts rapidly increasing in value and providing large returns are often fake. If you lose your crypto assets in a scam, or through theft or other loss, they may be gone for good. Learn more about investments involving "crypto" assets on Investor.gov.

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. To compare the cost of holding more than 30,000 funds, use FINRA's Fund Analyzer tool.

5. **Diversify.** 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 they typically pool money from many investors and then invest in a variety of stocks, bonds, or other assets.

6. **Always Check Out an Investment Professional, and an Investment, Before Investing.** Many scams involve so-called "professionals" who are not registered. You can find out if an investment professional is registered on Investor.gov. If registered, you can also see if they have a disciplinary history or customer complaints. Also, 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. Check whether an offering is registered by using the SEC's EDGAR database.

Time is Money. Start Saving and Investing as Early as You Can, and Here's Why:
Say your goal is to save $500,000 for retirement by 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 your mid-50s, you'd have to save more than $3,000 per month, more than 15 times the amount, to reach your goal by age 65. The bottom line—start investing now!

7. **Don't Play Games With Your Investing App.** Firms that offer investing apps should be registered if the apps help you buy or sell securities or give investment advice. You can generally find the name of a firm that offers investment advice and/or brokerage services through the investment app on the app's website. Make sure the firm is registered on Investor.gov. Also, be careful if your app gives you access to complex or risky investment strategies or products like options or margin trading—you could lose more than you invest! Remember that apps make more money if you trade more. Don't let an app's "gamified" nudges drive you to invest or trade more than your comfort level or plan.

8. **Be Alert to Fraud Targeting the Military.** The SEC has brought cases where scams targeted service members and their families—and in some cases the scammers even served in the military. The lesson: even if you know the person making the investment offer, be sure to check out both the investment and the investment professional's background.

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 about your investment or your investment professional, call the SEC's toll-free investor assistance line 800-732-0330 or email Help@SEC.gov. **If you see something that might be an investment fraud, submit a tip, complaint or referral at** SEC.gov/tcr.

The SEC is a member of the DoD's Financial Readiness Network. Order financial readiness resources or invite the SEC to brief your unit by emailing Outreach@SEC.gov.