**Pay Changes Are Coming**

Ever had your military pay goofed up? …a delay in drill or AT pay, unit didn’t submit your drill information, wrong BAH, DEERS dependents not correct, where’s the re-enlistment bonus, an over payment and recoup, etc. Everyone has! **Surprise**, it will happen again! I’m warning you, here comes another 2020 problem. This one will keep on taking into 2021.

**A Sandwich**

The “*Sandwich Technique”*; a tool manager’s (and Personal Financial Counselors) use to deliver unpleasant news, resolve a conflict, address a troubling situation, or make a constructive complaint. It's easy and effective. Compliments and positive statements *“sandwich”* each side of the unpleasant news, making it easier to digest.

**Here’s Your Financial Sandwich**

* GOOD NEWS - A Net Increase: 01Sep - 31Dec. POTUS signed an Executive Order 08Aug. Effective 01Sep, a “Payroll tax deferral” allows employers to stop the withholding your payroll tax - 6.2% of base “FICA” / ‘OASDI” Social Security. It will be left in your net pay. Employers will continue to pay their share for you.

You will see this 6.2% increase in your net pay starting in mid-September.

* BAD NEWS - A Net Decrease: 01Jan - 31Apr. That 6.2% increase will be recouped. The gain you got, will be taken right back starting in mid-January.
* GOOD NEWS - Another Increase 01Jan: POTUS budget submitted for Congressional approval has a 3% increase in basic pay, building on the 3.1% increase in Jan 2020. This will help offset some of the recoup pain.

**So What? Now What?**

This salary sandwich is one you will have to eat. Long term, it’s a win: plus 3% 01Jan -Short term, it’s the “I get” of 6.2% for four months, followed by “they take” it all back.

*“I hate to say,* *I told you so, …but I told you so!*” This is such an easy time to nag at you about **EMERGENCY FUNDS**. Financial “Well-Being” has at its foundation, an emergency fund. The stuff will hit the fan with January’s $$ recoup. **Surprise**, it will happen again.

What if you saved the “extra” pay Sep - Dec… and spent it down Jan - Apr. Break even.

In January start saving that 3% in an emergency fund. Don’t eat the pay sandwich again.

I promise you, “$\_it” will hit the fan again. Contact me. I can help you prepare for it

**George**

George Katsinis, AFC®

Personal Financial Counselor for the Oregon National Guard