Comparing Military vs. Civilian Pay

Armed Forces Mutual



O-3

Understand What You Earn to Create a More Secure Future

You've created a strong foundation for your military career and, while you might not know exactly what life will bring once you transition out of service, one thing is certain: your financial landscape could look very different. Knowing the changes you'll face between your military and civilian pay is crucial to maintaining your financial equilibrium — and it can help you better manage your savings and any debt repayment. It can also help you avoid significant tax bills in your first-year post-service.

Take a Closer Look at MIlitary vs. Civilian Pay

Here's how your income could change, comparing your current time in service to a civilian role.

#1 Mistake Servicemembers Make with Their Pay:

Failing to understand their tax position during service — and how civilian income or pension pay impacts their taxes after separation.

Prepare for Life Beyond the Military

Scan to download:
Build a Budget for the Future

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7 Financial Decisions Before Leaving the Service

	Active Duty Military Pay (O-3, 4 Years) (MFJ)		Civilian Equivalent
PAY	**MONTHLY**	**ANNUAL**	**ANNUAL**
Base Pay	$6,770	$81,240	$154,000
BAH (VA Area)	$3,957	$47,484	$0
BAS	$477	$5,726	$0
Gross Pay	$11,204	$134,450	$154,000
Fed Tax	($1.040)	($12,480)	($16,778)
FICA	($858)	($10,296)	($11,781)
State Tax (FL/TX -> VA)	$0	$0	($7,484)
TRICARE $0/Dental $32	($30)	($360)	($6,000)
Net Pay	**$9,276**	**$111,312**	**$111,957**

Figures as of 2026: Civilian Tax Calculator & Regular Military Compensation (RMC) Calculator

Need our assistance? Call 855-463-2184 or email memberbenefits@aafmaa.com.

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E-6



Understand What You Earn to Create a More Secure Future

You've made great strides in your military career and, while you might not know exactly what life will bring once you transition out of service, one thing is certain: your financial landscape could look very different. Knowing the changes you'll face between your military and civilian pay is crucial to maintaining your financial equilibrium — and it can help you better manage your savings and any debt repayment. It can also help you avoid significant tax bills in your first-year post-service.

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Scan to download:
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7 Financial Decisions Before Leaving the Service

	Active Duty Military Pay (E-6, 8 Years) (MFJ)		Civilian Equivalent
PAY	**MONTHLY**	**ANNUAL**	**ANNUAL**
Base Pay	$5,135	$61,620	$130,000
BAH (VA Area)	$3,957	$47,484	$0
BAS	$477	$5,726	$0
Gross Pay	$9,569	$114,828	$130,000
Fed Tax	($793)	($9,522)	($11,498)
FICA	($732)	($8,784)	($9,945)
State Tax (FL/TX -> VA)	$0	$0	($6,104)
TRICARE $0/Dental $32	($30)	($360)	($6,000)
Net Pay	**$8,013**	**$96,156**	**$96,453**

Figures as of 2026: Civilian Tax Calculator & Regular Military Compensation (RMC) Calculator

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E-8



Understand What You Earn to Create a More Secure Future

You've achieved a lot through your military career and, while you might not know exactly what life will bring once you transition out of service, one thing is certain: your financial landscape could look very different. Knowing the changes you'll face between your military and civilian pay is crucial to maintaining your financial equilibrium — and it can help you better manage your savings and any debt repayment. It can also help you avoid significant tax bills in your first-year post-service.

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Scan to download:
Build a Budget for the Future

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7 Financial Decisions Before Leaving the Service

	Active Duty Military Pay (E-8, 20 Years) (MFJ)		Civilian Pay	Civilian Pay & Pension
PAY	**MONTHLY**	**ANNUAL**	**ANNUAL**	**ANNUAL**
Base Pay	$6,995	$83,940	$175,000	$37,704 (High -3) + $126,000
BAH (VA Area)	$3,957	$47,484	$0	$0
BAS	$477	$5,726	$0	$0
Gross Pay	$11,429	$137,150	$175,000	$163,704
Fed Tax	($484)	($5,816)	($21,398)	($18,913)
FICA	($535)	($6,421)	($13,388)	($12,523)
State Tax (FL/TX -> VA)	$0	$0	($8,692)	($5,874)
TRICARE $0/Dental $32	($30)	($360)	($6,000)	($1,485)
Net Pay	**$10,410**	**$124,553**	**$125,522**	**$124,909**

Figures as of 2026: Civilian Tax Calculator & Regular Military Compensation (RMC) Calculator

Another Big Decision for E-8s: The Survivor Benefit Plan (SBP)

Will It Work for You or Against You?

The choice is up to you and your spouse, and you can make the decision easier by taking time to understand what SBP is, how much it costs to participate, what it covers, and how it protects your family.

Considerations

- Can you afford the cost?
- Who would be eligible for coverage (spouse, children, special needs child)?
- Could you use the peace of mind the program offers?
- What are the pros and cons?

Benefits

- COLA-adjusted growth
- Government subsidized
- Paid with pre-tax dollars
- No evidence of insurability required
- Paid up after 30 years
- Spouse age isn't considered in the annuity value

Downsides

- No returns if your spouse dies first
- No cash value
- Benefits are taxable
- Provides no residual estate
- Spouse payment ends if they remarry before age 55
- Your decision to enroll is permanent, with limited exceptions



#1 Biggest Decision You Need to Make:

Despite the common misconception that SBP is always expensive, choosing to participate in it could make sense for your situation.

Get More Insights and Answers

Scan to read:
What is the Survivor Benefit Plan?

Scan to read:
How to Access Your Military Service Records

Determine your monthly government premiums at actuary.defense.gov/Survivor-Benefit-Plans.

Need our assistance to understand more about your benefits?

Call us at 855-463-2184, or email memberbenefits@aafmaa.com.

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