



CFS

COMMAND FINANCIAL
SPECIALIST

Morgan Wayne Case Studies

★
Instructor Guide

I. INTRODUCTION

This chapter will allow the class to practice core CFS functions either individually or in teams through various scenarios. Each module of instruction builds from the learner's basic financial education foundation with ways to approach and resolve each scenario. The four group case studies provide the capstone for course learning application. A group case study template is provided to allow the instructor latitude for a scenario based on common situations that are prevalent to the local installation/area.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** Learners are able to incorporate and execute all appropriate theory and concepts presented up to this point in training.
2. **Information and Referral:** Learners assign proper financial information and referrals based on needs.
3. **Counseling/Coaching:** Learners utilize practical application to formulate appropriate counseling.



II. LEARNING OBJECTIVES

The learner will complete a *Financial Planning Worksheet* (including projections) and determine appropriate referrals.

III. OUTLINE

1. Monday

- a. Introduction to the group case study chapter
- b. Case study instructions for the week
- c. Instructor walk-through of Morgan Wayne Case Study One – *Vesting in the TSP* Scenario
 - 1. Net Worth Statement
 - 2. Income
 - 3. Expenses
 - 4. Indebtedness
 - 5. Financial Health Assessment
 - 6. Debt Destroyer™

2. Tuesday

- a. Morgan Wayne Case Study Two – *Pre-Deployment* Scenario
- b. Class is afforded time to work on case study
- c. Class debrief

3. Wednesday

- a. Morgan Wayne Case Study Three – *Welcoming Your First Child* Scenario
- b. Class is afforded time to work on case study
- c. Class debrief

4. Thursday

- a. Morgan Wayne Case Study Four – *Entitlement to Continuation Pay* Scenario
- b. Class is afforded time to work on case study
- c. Class debrief

5. Instructor's Choice

- a. Morgan Wayne Case Study Five – Instructor's Choice of Topic Scenario
- b. Class is afforded time to work on case study
- c. Class debrief

IV. CHAPTER PREPARATION

Presentation Time: 60 minutes for each Case Study on Monday, Tuesday, Wednesday and Thursday

Presentation Materials

- PowerPoint slides, “Morgan Wayne Case Studies”
- Student Manual CFS 8
 - ▶ Morgan Wayne Case Study One: *Vesting in the TSP* Scenario
 - ▶ Morgan Wayne Case Study Two: *Pre-Deployment* Scenario
 - ▶ Morgan Wayne Case Study Three: *Welcoming Your First Child* Scenario
 - ▶ Morgan Wayne Case Study Four: *Entitlement to Continuation Pay* Scenario
- eFPW Instructions from the How-to Guide (Appendix E)
- Extra hard copies of FPW (Appendix E)
- Morgan Wayne Materials (Appendix F)

Preparation

Prior to chapter presentation, the instructor should complete the following:

- Obtain a visible clock or smartphone stopwatch application.
- Annually update LESs/Payslips for each case study with current information on Base Pay, Taxes, BAH, BAS, etc. Choose the LES/Payslip that fits the demographics of the attendees (or include more than one LES/Payslip for classes with several branches of service). Sample LESs/Payslips can be found in Appendix F. Mid-year updates may be needed if additional changes occur during the year (such as TRICARE Dental rate changes).
- Annually review listed expenses in budget and make updates as needed based on locality.
- Create and print out the corrected FPW (can create several laminated copies to pass around).
- Blank *Financial Planning Worksheets*. See Appendix E for a blank copy of the FPW. The most updated versions of the eFPW and PDF FPW can be found on the PFM milSuite site.
- (Optional) Computers to assist with eFPW completion.
- Become familiar with all the scenarios and outcomes.
- Become familiar with the LES/Payslip for each branch of service.
- Have a local resource listing. Encourage learners out of the area to research their own location. Refer to CFS 12 *Financial Referral Resources*.

Summary of Learner-Centered Activities

- **Case Study:** Learners are assigned, individually or in teams to one of the four case study scenarios daily. The goal is to complete the FPW and to begin working through the various problems and considerations of the scenario. Working in teams will show learners that there are multiple correct ways to resolve an issue.

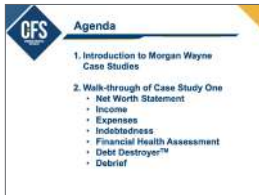
V. REFERENCES

Not Applicable

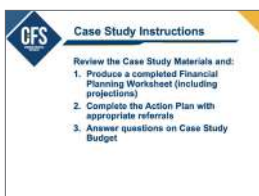
VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3

MONDAY

Introduction to the Group Case Study Chapter

REFER the learners to the CFS 8 *Morgan Wayne Case Studies* chapter in their Student Manual.

INFORM learners that they will be using the FPW and resources to work through the Morgan Wayne Case Studies throughout the week.

Agenda

The instructor will provide a walk-through of Morgan Wayne Case Study One: *Vesting in the TSP* with the class as an example. Learners will complete Morgan Wayne Case Study Two: *Pre-Deployment* on Tuesday; Morgan Wayne Case Study Three: *Welcoming Your First Child* on Wednesday; and Morgan Wayne Case Study Four: *Entitlement to Continuation Pay* on Thursday. **ENCOURAGE** learners to pay close attention to the instructor-led walk-through today so they are prepared to complete the case studies the rest of the week.

INSTRUCTOR NOTE: Each case study has a different area of emphasis, but using the same Service member, builds upon the same general information. Summaries of these areas of emphasis are found later in this chapter. These are included for instructor information only, to aid you in understanding the major issues and learning points of each case study and to help you facilitate the case study learning process. A fifth case study is also included later in this instructor guide titled “Instructor’s Topic of Choice.” This topic of choice is provided in case you would like to replace one of the provided case studies with a common situation that is prevalent to your local installation/area.

Although the case studies use Touchpoint topics, the focus of the case studies is on how to complete the eFPW and learners are not to use the Touchpoint materials. Learners will be introduced to Touchpoint materials later in the course.

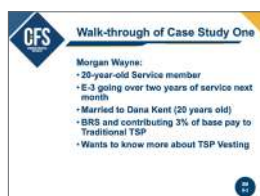
Case Study Instructions for the Week

DIVIDE the class into equal-sized groups based on branch of service (if possible) and **INFORM** learners that this will be their group for the Morgan Wayne Case Studies for the rest of the week. Smaller classes may require individuals to work on their own.

INFORM learners that they will be provided with a scenario, budget and LES/ Payslip each day. Groups/individuals will review the case study materials and:

- Produce a completed *Financial Planning Worksheet* (including projections). Groups can use an electronic or paper copy of the *Financial Planning Worksheet*.
- Complete the Action Plan with appropriate referrals.
- Answer questions on the Case Study Budget.

INFORM learners that they are not working in their group today and should pay close attention to the Walk-through of Case Study One so that they are prepared to work as a group the rest of the week.



SLIDE 4

Walk-through of Case Study One

REFER learners to page 8-2 of their Student Manual.

EXPLAIN that Morgan Wayne is a 20-year-old Service member at your command. Morgan is an E-3 and is about to go over two years of active service next month. Morgan is currently married to Dana Kent who is also 20 years old. Dana is a civilian who works full time at a local credit union. Dana's monthly net income (after taxes) is \$1,757.15 based on \$12 an hour.

Morgan lives off base and is receiving Basic Allowance for Subsistence (BAS) and Basic Allowance for Housing (BAH) with dependents. The couple is renting a two-bedroom apartment. Morgan has a 2-year-old rescue boxer named Ozzie. Morgan and Dana know that they are supposed to be saving for their future, but don't really understand the ins and outs of it all. With both of them working, they live comfortably and don't think about money too much. They have never completed a household budget. They just check their account and if there is money there, they spend it on the things they want. They have not formally tracked their monthly expenses, but were able to provide good estimates of what they spend each month.

Morgan is part of the Blended Retirement System (BRS) and is contributing 3% of base pay to the Traditional TSP.

Morgan has the account number and password for the TSP account, but rarely logs in. They are saving for retirement and that feels good. They think they could contribute more, but are not sure how that works and how it would change their household finances. Morgan received a notification regarding TSP Vesting and wants to know more about this milestone.

INSTRUCTOR NOTE: This exercise will include class interaction and discussion.

SHOW learners how to complete the eFPW using the budget below:

INSTRUCTOR NOTE: It is recommended that instructors use the eFPW to demonstrate completion versus using slides 5 through 22; however, slides are provided for locations that can show the eFPW or for locations that are unable to show the eFPW.

Assets:

Savings – \$1,100

Checking – \$1,300

TSP – \$1,900

They have two cars:

- 3-year-old Honda CRV: owes \$16,978, standard features, approximate mileage 45,000
- 7-year-old Hyundai Elantra: paid off, standard features, approximate mileage 110,000

The value of their furniture and personal possessions is approximately \$3,000 and their wedding set is worth approximately \$1,500.

Taxes:

FITW – S

SITW – Florida

Allotments:

\$20 a month to Combined Federal Campaign

\$300 to savings account

Additional Deductions:

SGLI – full coverage

FSGLI – full coverage

AFRH – \$0.50

Traditional TSP 3%

TRICARE Dental – Single rate

Monthly Living Expenses:

Rent – \$1,800

Cellphone – \$120

Internet – \$80

Electricity – \$75

Groceries – \$300

Dining out – \$200

Coffee/snacks – \$35

Gas for car – \$120

Car washes – \$20

Car insurance – \$120

Renters insurance – \$15

Clothing purchases – \$75

Hair – \$40

Personal care products – \$30

Online streaming services – \$60

Computer gaming – \$5

Recreation/sports/entertainment – \$250

Alcohol (beer/wine) – \$35

Dog food, treats and toys – \$50

Church contributions – \$40

Debts

1. Car loan – Buckeye Credit Union – \$325 a month, balance \$16,978, original amount borrowed \$25,000, APR 3.2%
2. Credit card – Buckeye Credit Union – minimum monthly payment \$76, balance \$2,626, credit limit \$3,000, APR 17%, Morgan actually pays \$500 a month
3. Student loan (federal) – \$250 a month, balance \$4,700, original amount borrowed \$4,700, APR 5%, Morgan has a bachelor's degree
4. PayPal Bill Me Later – paid off, credit limit \$1,500, APR 25.49%
5. Computer Loan – Dell – minimum monthly payment \$55, balance \$352.80, original amount borrowed \$750, APR 4.65%

A screenshot of the 'Net Worth Page' form from the CFS (California Financial System) software. The form is titled 'Net Worth Page' and has a blue header with the CFS logo. It contains several sections for entering client information, including a table for 'Current and Projected' data with columns for 'Current' and 'Projected' values. The form is partially filled out with data for Morgan Wayne.

SLIDE 5

Net Worth Page

The top of the form provides details about your client. Morgan Wayne is in the BRS and the applicable Touchpoint is *Vesting in the TSP* (Touchpoints will be explained later in the course). Enter the pay grade of E-3 in both the current and projected columns. Enter 1 year of service in the current column and 2 years of service in the projected column. Enter 3% Traditional TSP in the current and projected columns.

A screenshot of the 'Net Worth Page' form from the CFS software, showing the 'Assets' section. The form is titled 'Net Worth Page' and has a blue header with the CFS logo. It contains several sections for entering client information, including a table for 'Assets' with columns for 'Current' and 'Projected' values. The form is partially filled out with data for Morgan Wayne.

SLIDE 6

Net Worth Page

Recall from CFS 7 that Net Worth is Total Assets (what you own) minus Total Liabilities (what you owe).

For Assets enter \$1,300 for checking, \$1,100 for savings, and \$1,900 for TSP Traditional. For Personal Property enter \$22,000 for Vehicles, \$3,000 for Furniture, and \$1,500 for Jewelry.

For Liabilities enter \$16,978 for Auto Loans, \$4,700 for Student Loans, \$352.80 for Department Store Cards, and \$2,626 for Other Credit Cards.

A screenshot of the 'Net Worth Page' form from the CFS software, showing the 'Liabilities' section. The form is titled 'Net Worth Page' and has a blue header with the CFS logo. It contains several sections for entering client information, including a table for 'Liabilities' with columns for 'Current' and 'Projected' values. The form is partially filled out with data for Morgan Wayne.

SLIDE 7

Assets - Liabilities = Net Worth

Morgan Wayne's Total Assets equal \$30,800 and Total Liabilities equal \$24,657 for a Total Net Worth of \$6,143.

On the bottom of the form, enter your information so that the client can reach you in the future. If necessary, you and the client can both sign the form.

For example, if this is a command referral or overseas screening.



SLIDE 8



SLIDE 9

Calculating Net Income

Before we move on to the Income tab, recall that Gross Income (or total pay) minus Taxes (Federal Taxes, State Taxes, Social Security, and Medicare) equals Net Income.

Monthly Income Screenshot

Most of the information needed to complete the Income tab will come directly from the Leave and Earnings Statement (LES) or Payslip. To keep it simple, let's start by filing in just the actual column.

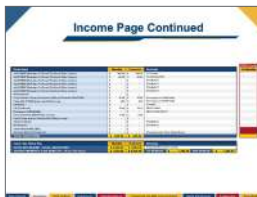
Entitlements: The top of the form is where you enter entitlements. Copy all monthly amounts for pays and allowances from the LES/Payslip, or use a current pay table to calculate monthly Gross Pay. Note that all taxable items (pays) will have an asterisk (*) next to them in the entitlement section. Check with the client to find out if she/he is making a Traditional TSP or MGIB contribution. Discuss that these deductions are pretax deductions and they lower taxable income.

Taxes/FICA/AFRH: The next section collects required Taxes (federal and state), FICA (Social Security and Medicare) and deduction for the Armed Forces Retirement Home (AFRH) (enlisted members only). Use the remarks section to capture the Service member's federal tax filing status and the state of residency for tax purposes, even if it is a state that does not collect state income taxes.

Use Morgan Wayne's LES or Payslip to complete the Entitlements and Federal & State Taxes sections.

Total Net Monthly Income: Calculate the Total Net Monthly Income by listing additional net income (after taxes) for the household, to include the Service member's other earnings (non-military) and the spouse's earnings.

Enter Dana Kent's income in the Spouse's Income section.



SLIDE 10

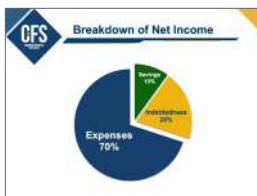
Income Page Continued

Deductions: This section is for entering the non-tax deductions from the military paycheck. Only items taken out of monthly pay by the military pay office go here. List all SGLI/TSGLI/FSGLI, CFC or military relief society contributions, TSP and MGIB contributions, TRICARE Dental, Advance Pays, Overpayments, and any Allotments coming right out of the paycheck. For Advance Pays, Overpayments, and Allotments, note when the payment will end, and for Allotments, note the allotment's purpose in the Remarks. Also, if one allotment amount pays on several accounts, note the breakdown of the payment in the Remarks as well. This information will be used in completing the rest of the form. When all deductions have been listed, add them up and enter the amount on the Total Deductions line.

INSTRUCTOR NOTE: It is helpful to note in the Remarks where the deduction expense will be listed on the next two tabs of the budget. For example, on the SGLI line, write, "to insurance" in the Remarks. If there is a car payment allotment, write "to indebtedness" in the Remarks, etc.

Use Morgan Wayne's LES or Payslip to complete the deductions section.

Take-Home Pay: Finally, subtract Total Deductions from Total Net Income to arrive at the household Total Take-Home Pay.



SLIDE 11

Breakdown of Net Income

If you recall from CFS 7, our spending plan is based on Net Income and Service members are encouraged to keep their expenses below 70%, indebtedness below 20% and savings & investments above 10%.



SLIDE 12

Savings and Investments

Complete this section by entering the amount of monthly contributions to savings and investments. Morgan Wayne has a \$300 savings allotment so enter this amount for the Emergency Fund. Please note, this entry does not reflect the total account balance. It should reflect the monthly contribution. The monthly TSP contributions will automatically populate from the Income tab.

ASK learners to explain what happens with their TSP at two years of service under BRS.

Answer: Matching begins

ASK learners what changes Morgan Wayne can make to maximize the TSP matching contributions.

Answer: Increase TSP contributions to at least 5%.

Things to discuss with Morgan Wayne:

- a. Can they afford more than 5%?
- b. Traditional or Roth TSP?
- c. Stick with the current L Fund or switch to another L Fund or mix of the five core funds?
- d. Ask students what percentage Morgan Wayne is currently saving and investing?



Description	Amount	Remarks
Rent	\$1,800	
Cellphone	\$120	
Internet	\$80	
Electricity	\$75	
Groceries	\$300	
Dining out	\$200	
Coffee/snacks	\$35	
Gas for car	\$120	
Car washes	\$20	
Car insurance	\$120	
Renters insurance	\$15	

SLIDE 13

Expenses

To complete the Living Expenses tab start by filling in any living expenses that were paid right out of the paycheck. For example, the client has an allotment that pays \$20 to charity. Be sure to enter the amount in the charity space, and note in the Remarks that the expense is paid "by allotment." You'll see this entry made on a following slide.

Meal Deductions, SGLI/TSGLI/FSGLI, Vision Coverage, TRICARE Dental, SBP, and MGIB will automatically populate from the Income tab.

If the client pays a car payment or other debt out of their paycheck, such as for a Military Relief Society loan or a TSP loan, those will be entered on the Indebtedness tab. Only living expenses go on this tab.

Enter the rest of Morgan Wayne's Expenses:

Rent – \$1,800
Cellphone – \$120
Internet – \$80
Electricity – \$75
Groceries – \$300
Dining out – \$200
Coffee/snacks – \$35
Gas for car – \$120
Car washes – \$20
Car insurance – \$120
Renters insurance – \$15

Expenses	
Clothing purchases	\$75
Hair	\$40
Personal care products	\$30
Online streaming services	\$60
Computer gaming	\$5
Recreation/sports/entertainment	\$250
Alcohol (beer/wine)	\$35

SLIDE 14

Expenses	
Dog food, treats and toys	\$50
Church contributions	\$40

SLIDE 15

Clothing purchases – \$75
 Hair – \$40
 Personal care products – \$30
 Online streaming services – \$60
 Computer gaming – \$5
 Recreation/sports/entertainment – \$250
 Alcohol (beer/wine) – \$35

Dog food, treats and toys – \$50
 Church contributions – \$40

ASK Learners: What percent of net income is Morgan Wayne spending on living expenses?

Has the client missed any regular recurring expenses that would be helpful for them to track?

How about expenses that do not occur monthly?

Perhaps they should add expenses that don't occur monthly:
 holidays, birthdays, anniversaries, car registration fees, HOA fees, etc.

INSTRUCTOR NOTE: Remind students that if client is not experienced with their budget, they should bring in their bank statements and/or credit card statements, depending on how they spend money. You can use highlighters to highlight different categories.

ASK what other expenses the client has that haven't been listed on this tab. If they have one that isn't on the printed tab, cross something out and write it in for them. Make this form personal and unique to their situation. Ask the client how accurate they believe the numbers are. If it is their first time constructing a budget, they may feel that there are a lot of estimates, and that is probably a fact. This may be a good opportunity to discuss with your client how to track expenses.



Cash Flow Summary

Surplus or Deficit?

	1st	15th	Monthly	Projected
Total Income				
Less: Total Expenses				
Surplus/Deficit				

SLIDE 17

Cash Flow Summary

Complete the 1st, 15th, Monthly and Projected columns based on the totals from the completed sections of the budget worksheet if not already done. Subtract savings/investing, total expenses, and total debts from the total net income, to determine if the client has a surplus (extra money) or deficit (shortage).

Reviewing the Cash Flow Summary is a simple and quick check of what has been entered into the FPW versus what is actually happening with the budget. It will also help determine if the Service member is spending less than they earn and accounting for their financial goals.

ASK learners: Is there a surplus or a deficit? What actions can you discuss with the client to even out their budget?



SLIDE 18

Calculating Debt-to-Income Ratio

Recall from CFS 7 that you divide Total Minimum Monthly Debt Payments by Net Income and Multiply the answer by 100 to calculate the Debt-to-Income Ratio.



Debt-to-Income Ratio

< 15%	15% - 20%	21% - 30%	> 30%
Planned debt income	Safe financial standing to meet debt obligations	Challenged financial standing	Overstretched financial standing

Example: Morgan Wayne's Debt-to-Income Ratio is 37.5%.

SLIDE 19

Debt-to-Income Ratio

Review the client's Debt-to-Income Ratio to determine if they have a safe level of debt.

ASK learners: What is Morgan Wayne's Debt-to-Income Ratio? Why is one higher than the other?

DISCUSS: Morgan Wayne is paying more than the minimum payment on his credit card. Remember, DTI is based on minimum debt payments. Note that Morgan is actually paying \$500 on his credit card when his minimum payment is only \$76 which is great! But, this will skew the debt-to-income ratio.

INSTRUCTOR NOTE: Minimum payment should be reflected in the projected column so Debt Destroyer™ can make the proper payment schedule based on minimum payments.



SLIDE 20

Financial Health Assessment

Financial experts have devised rough guidelines for each indicator of financial health, but each person's situation is different. For this reason, it is worthwhile to spend time developing a financial plan to ensure that your client is on track to reach their goals and that they are not putting themselves at undue financial risk if the unexpected occurs.

Typical signs of strong financial health include a steady flow of income, little to no changes in expenses, strong returns on investments, and a cash balance that is growing.

To improve your financial health, you need to assess your current net worth, create a budget you can stick to, build an emergency fund, and pay down your debts.



SLIDE 21

Financial Health Assessment (continued)

The Financial Health Assessment includes an Action Plan section and Savings Goals section to help Service members reach their goals.

The Action Plan section allows the client to explore options for Increasing Income & Savings, Decreasing Living Expenses & Indebtedness, and Referrals & Recommended Trainings.

ASK learners to make appropriate recommendations using the Action Plan on the FPW.

What are the recommended courses, information, and actions for Morgan Wayne to better understand saving for retirement using TSP?

Options include:

- Attend Million Dollar Sailor, TSP or Retirement trainings at the Installation Family Support Center
- Visit and review content at tsp.gov
- Attend webinars hosted by TSP

Remember, it's the client's action plan. You can make suggestions, but the client has to develop and implement this plan.

The Savings Goals section will calculate how much the Service member must save each month to reach goals by listing the cost of the goal and the amount of time available to reach the goal.

Have the class provide options for completing the Savings Goals section. Remember to create SMART Goals.



SLIDE 22

Debt Destroyer™

INSTRUCTOR NOTE: This resource is not available on the PDF version but you can take your PDF version of indebtedness page and enter into Excel eFPW and use Debt Destroyer™.

This section automatically populates from the Indebtedness tab and can be used to help the Service member evaluate different debt repayment methods.

Specific debts can be excluded from the repayment schedules by checking the box under the “Exclude” column. For example, if you have a student loan that you are currently not making payments on and would like to exclude that debt from the repayment schedules, click on the box that corresponds with that debt.

Next, complete the Extra Payments section if you have a surplus (extra money left over) in your budget to make additional monthly or a one-time payment toward your debts.

If a surplus is available in the budget and the client would like all or part of those additional funds to apply to the monthly debt payments, then enter the desired amount under Extra Payment (Monthly).

If the client has a one-time payment they would like to make, enter the date in month, day, and year format (mm/dd/yyyy) and then the one-time payment amount. This will add the one-time payment into the payment schedules during that specific time frame. One-time payment funds can come from income tax returns, bonus payments, inheritances, legal settlements, etc.

After you have completed the Extra Payments section, review the Repayment Methods section for a detailed explanation of the Avalanche, Snowball, and Minimum Balance repayment approaches.

Next, it is time to review the Repayment Option Comparison section. The Repayment Option Comparison provides a side-by-side comparison of the Avalanche, Snowball, and Minimum Payment methods. This comparison is intended to help you determine the total time and money that you could be saving using the different Debt Destroyer™ repayment methods.

Once you fully understand the repayment options, click on the corresponding tab to view Payment Schedules for each method. The Payment Schedules provide you with a detailed payment plan to “Destroy” your debt. The repayment schedule will start with the first month after the eFPW has been completed and gives you the amounts to be paid each month until all debt has been repaid.



SLIDE 23

Questions

ASK learners “What steps can Morgan Wayne take to better understand Vesting in the TSP?”

Options to complete: personal financial management classes, one-on-one with Personal Financial Manager or Counselor/CFS

ASK learners what two things happen for a Service member when they reach the point of vesting in the TSP and have reached two years of service.

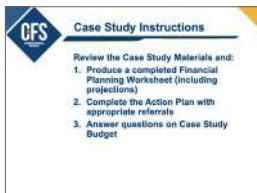
1. Upon vesting, all contributions from the service will be theirs to keep, along with their own contributions and account growth.
2. Their service will start making matching contributions at two years of service.

ASK learners if they have any questions regarding the eFPW and case studies. Answer questions appropriately.

INSTRUCTOR NOTE: Slides 24 and 25 are available for use each day during Morgan Wayne Case Studies Two, Three and Four.

TUESDAY

Morgan Wayne Case Study Two – *Pre-Deployment Scenario*



SLIDE 24

REFER learners to page 8-4 of their Student Manual.

PROVIDE learners with updated case study materials for Case Study Two: *Pre-Deployment* (including the LES/Payslip that is appropriate for the learner's branch of service). Materials include Scenario, Budget and LES/Payslip. Groups/individuals shall review the case study materials and:

- Produce a completed *Financial Planning Worksheet* (including projections). Groups can use an electronic or paper copy of the *Financial Planning Worksheet*.
- Complete the Action Plan with appropriate referrals.
- Answer questions on the Case Study Budget.

Class Is Afforded Time to Work on Case Study

DIRECT learners to work on the case study. Allow for 5 – 10 minutes at the end of the hour for the class debrief.

Instructor considerations for preparing for this scenario:

- Spouse is also 22 years old – for lookup on FSGLI cost
- Dependent BAH: for instructors – update the applicable
- LES/Payslip with your duty station ZIP code
- Deployment pay/tax implications
- Review TSP
- Review life insurance coverage/beneficiaries
- Discuss plans for vehicle when Morgan returns from deployment
- Discuss options for using potential surplus to pay off debt/increase savings
- Add in projected solution: holidays, birthdays, anniversaries
- Add in projected solution: car registration fees/adjust daily living expenses
- Note: USCG members do not receive BAH if living in Coast Guard housing

Scenario Profile and Budget:

Morgan Wayne is a 22-year-old Service member at your command. Morgan is an E-4 and has three years of active service. Morgan is planning on reenlisting and serving at least 20 years, depending on how the next few years go. Morgan is currently married to Dana who is also 22 years old. Dana is a civilian who works full time at the local credit union. Dana's monthly net income (after taxes) is \$1,866.81.

Morgan is receiving Basic Allowance for Subsistence (BAS) and Basic Allowance for Housing (BAH) with dependents. They recently moved to base housing with their 4-year-old rescue boxer named Ozzie, who was recently designated as an emotional support animal for Dana.

Morgan and Dana recently began working on a household budget and they track their spending. They plan their spending to allow for a good lifestyle, while at the same time saving money for the future. They also try to minimize debt and are working on paying off their credit card. Morgan and Dana are both saving for retirement and that feels good. Morgan is part of the Blended Retirement System (BRS) and is contributing 5% of base pay to the Roth TSP L-2065 fund. Both Morgan and Dana are considering opening Roth IRAs, as additional retirement savings.

Morgan and Dana would like to talk to a CFS about what they need to do before deployment. They are contemplating replacing the Elantra after Morgan returns from deployment.

INSTRUCTOR NOTE: Annually update, as necessary, all pay documents for locality.

Assets:

Savings – \$1,600

Checking – \$1,800

TSP – \$2,700

Dana's 401(k) – \$900

They have two cars:

- 5-year-old Honda CRV: owes \$9,800, standard features, approximate mileage 61,000
- 9-year-old Hyundai Elantra: paid off, standard features, approximate mileage 122,000

The value of their furniture and personal possessions is approximately \$5,000 and their wedding set is worth approximately \$1,500.

Taxes:

FITW – M-1

SITW – Florida

Allotments:

\$20 a month to Combined Federal Campaign

\$300 to savings account

Additional Deductions:

SGLI – full coverage

FSGLI – full coverage

AFRH – \$0.50

Roth TSP 5%

TRICARE Dental – Single rate

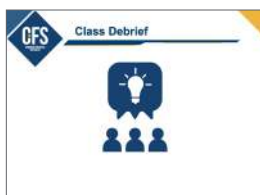
Monthly Living Expenses:

Rent – Full BAH
Cellphone – \$130
Internet – \$80
Electricity – Included in housing
Groceries – \$300
Dining out – \$200
Coffee/snacks – \$40
Gas for car – \$120
Car washes – \$20
Car and renters insurance
(bundled) – \$138

Clothing purchases – \$75
Skin, hair, nails – \$40
Personal care products – \$35
Online streaming services – \$60
Amazon Prime – \$10
Computer gaming – \$5
Recreation/sports/entertainment – \$250
Alcohol (beer/wine) – \$35
Pet food, treats and toys – \$50
Church contributions – \$40

Debts:

1. Car loan – Buckeye Credit Union – \$325 a month, balance \$9,800, original amount borrowed \$25,000, APR 3.2%
2. Credit card – Buckeye Credit Union – minimum monthly payment \$82, balance \$4,100, credit limit \$5,000, APR 17%, Morgan actually pays \$400 per month.
3. Student loan (federal) – \$250 per month, balance \$2,200, original amount borrowed \$4,700, APR 5%.
4. PayPal Bill Me Later – paid off, credit limit \$1,500, APR 25.49%



SLIDE 25

Class Debrief

To debrief, have the instructor, one learner or one group present the case study to the rest of the class. Debrief should take 5 – 10 minutes. Debrief should focus on the suggested action plan items, referrals made, and answers to the questions on the Case Study Budget.

INSTRUCTOR NOTE: Use the provided Instructor Notes that entail a summary of findings for each Case Study scenario to ensure a full debrief is completed.

ASK presenter(s) “What steps can Morgan Wayne take prior to deployment?”

- Options to complete: personal financial management class (Financial Planning for Deployment), one-on-one with Personal Financial Manager or Counselor/CFS to update budget

ASK presenter(s) “What two things a Service member should consider regarding pay before and during deployment?”

1. Check for additional pay that may be received and possible changes to expenses.
2. Plan for additional income (discuss Car Buying and Saving & Investing).

Case Study Instructor Notes:

Net Worth:

- Confirm that projected column shows TSP contribution of at least 5% to continue receiving full government match.
- Confirm Net Worth sheet is filled in correctly
- Confirm page is signed by member and CFS, if required by service

Income:

- **Confirm that current Base Pay reflects three years of service for rank of E-4.**
- **Confirm that any additional deployment pay is reflected as income**
- For Projected FITW refer Service member to *irs.gov* and consider adjusting filing status
- Confirm that spouse's Net Income is entered correctly
- Ensure all Allotments and Deductions are entered
- Confirm that FICA projected amount increases based on higher Base Pay (6.2% Social Security / 1.45% Medicare or 7.65% total FICA)

Expenses:

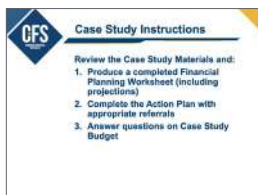
- Confirm all Monthly Living Expenses are entered from the scenario list
- Review potential missing expenses/non-monthly expenses: travel, birthday gifts, holiday gifts, car maintenance, car registration, etc.

Indebtedness:

- Enter outstanding debts to include outstanding balances, APR and minimum monthly payments
- Highlight actual and projected surplus/deficit
- Highlight actual and projected debt-to-income ratios

Financial Health Assessment:

- Action Plan completion items include at least one of each:
 - ▶ Idea to increase income/savings
 - ▶ Idea to decrease living expenses/debt
 - ▶ One household financial goal



SLIDE 24

WEDNESDAY

Morgan Wayne Case Study Three – *Welcoming Your First Child Scenario*

REFER learners to page 8-6 of their Student Manual.

PROVIDE learners with updated case study materials for Case Study Three: *Welcoming Your First Child* (including the LES/Payslip that is appropriate for the learner's branch of service). Materials include Scenario, Budget and LES/Payslip. Groups/individuals shall review the case study materials and:

- Produce a completed *Financial Planning Worksheet* (including projections). Groups can use an electronic or paper copy of the *Financial Planning Worksheet*.
- Complete the Action Plan with appropriate referrals.
- Answer questions on the Case Study Budget.

Class Is Afforded Time to Work on Case Study

DIRECT learners to work on the case study. Allow for 5 – 10 minutes at the end of the hour for the class debrief.

Instructor considerations for preparing for this scenario:

- Spouse is also 23 years old – for reference on FSGLI cost
- Dependent BAH: for instructors – update the applicable LES with your duty station ZIP code
- Review TSP
- Review life insurance coverage/beneficiaries, GI Bill
- Discuss plans for vehicle
- Discuss options for using potential surplus to pay off debt/increase savings, before baby's birth
- Add in projected solution: travel/day care cost for your area/holidays, birthdays, anniversaries
- Add in projected solution: car registration fees/adjust daily living expenses
- Note: USCG members do not receive BAH if living in Coast Guard housing

Scenario Profile and Budget:

Morgan Wayne is a 23-year-old Service member at your command. Morgan is an E-5 and has four years of active service. Morgan is currently married to Dana who is also 23 years old. Morgan is planning on reenlisting and serving at least 20 years, depending on how the next few years go. Morgan returned from deployment 10 months ago. Morgan and Dana are expecting a baby boy in the next two months. They are very excited and plan to visit their families in Florida before the baby's arrival. Dana is planning to work after the birth of the baby, but may not if the cost of day care is too high.

Dana is a civilian who works full time at the local credit union. Dana's monthly net income (after taxes) is \$2,050.14.

Morgan is receiving Basic Allowance for Subsistence (BAS) and Basic Allowance for Housing (BAH) with dependents. They recently moved to base housing with their 5-year-old rescue boxer named Ozzie, who was recently designated as an emotional support animal for Dana.

Morgan and Dana have been working on a household budget and they track their spending. They plan out their spending to allow for a good lifestyle, while at the same time saving money for the future. They also try to minimize debt and are working on paying off their credit card.

Morgan and Dana are both saving for retirement and that feels good. Morgan is part of the Blended Retirement System (BRS) and is contributing 7% of base pay to the Roth TSP L-2065 fund. Both Morgan and Dana are considering opening Roth IRAs, as additional retirement savings.

Morgan and Dana would like to talk to a CFS about what they need to do before the birth of their son, Nathan.

INSTRUCTOR NOTE: Annually update, as necessary, all pay documents for locality.

Assets:

Savings – \$2,800

Checking – \$2,100

TSP – \$9,000

Dana's 401(k) – \$1,900

They have two cars:

- 6-year-old Honda CRV: owes \$6,400, standard features, approximate mileage 72,000
- 10-year-old Hyundai Elantra: paid off, standard features, approximate mileage 130,000

The value of their furniture and personal possessions is approximately \$9,000 and their wedding set is worth approximately \$1,500.

Taxes:

FITW – M-1
SITW – Florida

Allotments:

\$20 a month to Combined Federal Campaign
\$300 to savings account

Additional Deductions:

SGLI – full coverage
FSGI – full coverage
AFRH – \$0.50
Roth TSP 7%
TRICARE Dental – Single rate

Monthly Living Expenses:

Rent – Full BAH	Skin, hair, nails – \$60
Cellphone – \$130	Personal care products – \$50
Internet – \$80	Online streaming services – \$60
Electricity – Included in housing	Amazon Prime – \$10
Groceries – \$350	Computer gaming – \$5
Dining out – \$220	Recreation/sports/ entertainment – \$250
Coffee/snacks – \$50	Alcohol (beer/wine) – \$20
Gas for car – \$140	Pet food, treats and toys – \$50
Car washes – \$20	Church contributions – \$50
Car and renters insurance (bundled) – \$138	CDC – Norfolk \$600/month
Clothing purchases – \$75	

Debts:

1. Car loan – Buckeye Credit Union – \$325 a month, balance \$6,400, original amount borrowed \$25,000, APR 3.2%
2. Credit card – Buckeye Credit Union – minimum monthly payment \$82, balance \$1,100, credit limit \$6,500, APR 17%, Morgan actually pays \$400 per month.
3. Student loan (federal) – paid off.
4. PayPal Bill Me Later – paid off, credit limit \$1,500, APR 25.49%



SLIDE 25

Class Debrief

To debrief, have the instructor, one learner or one group present the case study to the rest of the class. Debrief should take 5 – 10 minutes. Debrief should focus on the suggested action plan items, referrals made, and answers to the questions on the Case Study Budget.

INSTRUCTOR NOTE: Use the provided Instructor Notes that entail a summary of findings for each Case Study scenario to ensure a full debrief is completed.

ASK presenter(s) what steps can Morgan Wayne take prior to welcoming their first child?

- Options to complete: Home Buying, Renting, Car-Buying Training

ASK presenter(s) “What two things concerning military and personal planning must a member do before a baby is born?”

1. Discuss the changes in spouse pay, and the additional expenses that will also happen.
2. Check with CDC on your installation to understand day care costs.

Case Study Instructor Notes:

Net Worth:

- Confirm that projected column shows TSP contribution of at least 5% to continue receiving full government match.
- Confirm Net Worth sheet is filled in correctly
- Confirm page is signed by member and CFS, if required by service

Income:

- Confirm that current Base Pay reflects four years of service for rank of E-5
- For Projected FITW refer Service member to *irs.gov* and consider adjusting filing status
- Confirm that spouse's Net Income is entered correctly
- Ensure all Allotments and Deductions are entered
- Confirm that FICA projected amount increases based on higher Base Pay (6.2% Social Security/1.45% Medicare or 7.65% total FICA)

Expenses:

- Confirm all Monthly Living Expenses are entered from the scenario list
- Review potential missing expenses/non-monthly expenses: travel, birthday gifts, holiday gifts, car maintenance, car registration, etc.

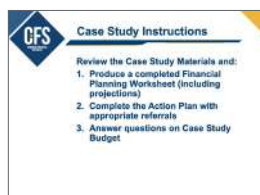
Indebtedness:

- Enter outstanding debts to include outstanding balances, APR and minimum monthly payments
- Highlight actual and projected surplus/deficit
- Highlight actual and projected debt-to-income ratios

Financial Health Assessment:

- Action Plan completion items include at least one of each:
 - Idea to increase income/savings
 - Idea to decrease living expenses/debt
 - One household financial goal

THURSDAY



SLIDE 24

Morgan Wayne Case Study Four – *Entitlement to Continuation Pay Scenario*

REFER learners to page 8-8 of their Student Manual.

PROVIDE learners with updated case study materials for Case Study Four: *Entitlement to Continuation Pay* (including the LES/Payslip that is appropriate for the learner's branch of service). Materials include Scenario, Budget and LES/Payslip. Groups/individuals shall review the case study materials and:

- Produce a completed *Financial Planning Worksheet* (including projections). Groups can use an electronic or paper copy of the *Financial Planning Worksheet*.
- Complete the Action Plan with appropriate referrals.
- Answer questions on the Case Study Budget.

Class Is Afforded Time to Work on Case Study

DIRECT learners to work on the case study. Allow for 5 – 10 minutes at the end of the hour for the class debrief.

Instructor considerations for preparing for this scenario:

- Spouse is 31 years old – for reference on FSGLI cost
- Dependent BAH: for instructors – update the applicable LES/Payslip with your duty station ZIP code
- Review updated Continuation Pay rates
- Review TSP and Other Retirement Sources
- Review life insurance coverage/beneficiaries, GI Bill
- Discuss options for use of Continuation Pay/taxes
- Discuss resources for home buying
- Note: USCG members do not receive BAH if living in Coast Guard housing

Scenario Profile and Budget:

Morgan Wayne is a 29-year-old Service member at your command. Morgan is an E-6 with 11 years and six months of active-duty service. Morgan has two years remaining for current enlistment. Morgan's goal is to serve 20 years.

Morgan is currently married to Dana, a 29-year-old civilian who works full time at the local credit union. Dana's monthly net income (after taxes) is \$3,400.

Morgan is receiving Basic Allowance for Subsistence (BAS) and Basic Allowance for Housing (BAH) with dependents. They currently live in base housing with their children Nathan (6) and Tammie (4). They also have a corgi named Rocket and a tabby cat named Tiger.

Morgan and Dana have a household budget and they track their spending. Their budget allows for a good lifestyle, while at the same time saving money for the future. They also try to minimize debt and try to pay off credit cards every month. Morgan and Dana want to buy a house for their growing family.

Morgan and Dana are both saving for retirement. Morgan is part of the Blended Retirement System (BRS) and is contributing 15% of base pay to the Roth TSP L-2065 fund. Both Morgan and Dana have Roth IRAs and they each contribute \$400 a month. They also add \$400 a month in savings. Over the years, Morgan placed a portion of reenlistment bonuses in CDs.

Morgan received a notification regarding the Entitlement to Continuation Pay and wants to know more about this milestone. Morgan is unsure of the requirements, amounts, and tax implications for Continuation Pay.

INSTRUCTOR NOTE: Annually update, as necessary, all pay documents for locality.

Assets:

Cash – \$200

Savings – \$16,400

Checking – \$4,500

CDs – \$11,000

TSP – \$76,000

IRAs (both) – \$42,000

They have two cars:

- 3-year-old Subaru Crosstrek: owes \$9,800, standard features, approximate mileage 45,000
- 5-year-old Subaru Forrester: paid off, standard features, approximate mileage 98,000

The value of their furniture and personal possessions is approximately \$9,000

Taxes:

FITW – M-4

SITW – Florida

Allotments:

\$20 a month to Combined Federal Campaign

\$400 to savings account

Additional Deductions:

SGLI – full coverage

FSGLI – full coverage

AFRH – \$0.50

Roth TSP 15%

TRICARE Dental – Family rate

Monthly Living Expenses:

Rent – Full BAH

Cellphone – \$150 (family plan)

Internet – \$80

Electricity – Included in housing

Groceries – \$700

Dining out – \$200

Coffee/snacks – \$100

Gas for car – \$200

Car washes – \$20

Car and renters insurance
(bundled) – \$160

Clothing purchases – \$200

Dry cleaning – \$40

Skin, hair, nails – \$120

Personal care products – \$50

Big box purchases – \$100

Online streaming services – \$60

Music – \$10

Amazon Prime – \$10

Computer gaming – \$5

Recreation/sports/entertainment – \$250

Alcohol (beer/wine) – \$60

Pet food, treats and toys – \$60

Church contributions – \$80

Sports fees for kids – \$200

Family entertainment – \$200

Averaged for costs for

Holidays/Birthdays – \$100

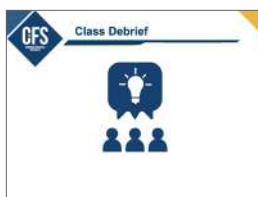
Averaged for costs for

Anniversary/Birthdays – \$50

Allowances – \$80

Debts:

1. Car loan – Buckeye Credit Union – \$525 a month, balance \$9,800, original amount borrowed \$16,275, APR 2.4%
2. Credit card – Buckeye Credit Union – minimum monthly payment \$45, balance \$1,670, credit limit \$8,200, APR 17%
Morgan tries to pay off card in full each month. The card earns them airline miles for annual vacation.
3. Credit card – Buckeye Credit Union – minimum monthly payment \$49, balance \$900, credit limit \$11,000, APR 19%
Morgan tries to pay off card in full every month, card has cash back program used for vacation spending.



SLIDE 25

Class Debrief

To debrief, have the instructor, one learner or one group present the case study to the rest of the class. Debrief should take 5 – 10 minutes. Debrief should focus on the suggested action plan items, referrals made, and answers to the questions on the Case Study Budget.

INSTRUCTOR NOTE: Use the provided Instructor Notes that entail a summary of findings for each Case Study scenario to ensure a full debrief is completed.

ASK presenter(s) “What steps can Morgan Wayne take to better understand *Entitlement to Continuation Pay?*”

- Options to complete: personal financial management classes, one-on-one with Personal Financial Manager or Counselor/CFS

ASK presenter(s) “What two things a Service member must complete to receive Continuation Pay?”

1. Enrolled in the BRS, agree to perform additional obligated service, and elect to receive CP before the start of 12th year of service (according to Pay Entry Base Date)
2. Eligible Service members receive CP in return for additional obligated service (concurrent with other service commitments). The uniformed services will determine the commitment. Please note, repayment of any unearned portion CP if unable to complete additional service obligation.

Case Study Instructor Notes:

Net Worth:

- Confirm member meets time in service requirements for Continuation Pay
- Confirm that projected column shows TSP contribution of at least 5% to continue receiving full government match
- Confirm Net Worth sheet is filled in correctly
- Confirm page is signed by member and CFS, if required by service

Income:

- Confirm that current Base Pay reflects 10 years of service for rank of E-6 and that projected column reflects the change to 12 years of service
- For Projected FITW refer Service member to *irs.gov* and consider adjusting filing status
- Confirm that spouse's Net Income is entered correctly
- Ensure all Allotments and Deductions are entered
- Confirm that FICA projected amount increases based on higher Base Pay (6.2% Social Security / 1.45% Medicare or 7.65% total FICA)

Expenses:

- Confirm all Monthly Living Expenses are entered from the scenario list
- Review potential missing expenses/non-monthly expenses: travel, birthday gifts, holiday gifts, car maintenance, car registration, etc.

Indebtedness:

- Enter outstanding debts to include outstanding balances, APR and minimum monthly payments
- Highlight actual and projected surplus/deficit
- Highlight actual and projected debt-to-income ratios

Financial Health Assessment:

- Action Plan completion items include at least one of each:
 - ▶ Idea to increase income/savings
 - ▶ Idea to decrease living expenses/debt
 - ▶ One household financial goal

INSTRUCTOR'S CHOICE

Morgan Wayne Case Study Five – Instructor's Topic of Choice Scenario

You as the instructor can create a, “Morgan Wayne” scenario based on common situations that are prevalent to the local installation/area. Ensure the scenario has appropriate details so the students can create an achievable plan of action. This case study should replace one of the case studies on the course schedule and should be resolved in the allotted time for the previously supplied case study.

Structure scenarios around a CFS-required knowledge base and required actions. Limit topics and courses of action that would be elevated to the installation's Personal Financial Manager level of expertise.

The following information will assist in creating an FPW:

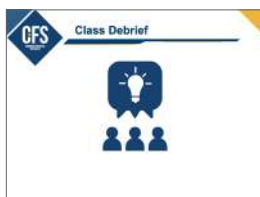
- **Assets:** Information contained in the Net-Worth section of the FPW
- **Taxes:** Instructor can create appropriate federal tax withholding and state tax residency
- **Allotments:** If required
- **Additional Deductions:** SGLI, FSGLI, AFRH, TSP, Dental, etc.
- **Monthly Living Expenses:** As listed on the FPW
- **Debts:** Debts that would support the scenario
- **Question for CFS:** As the instructor, create 2-3 questions that the students must answer concerning this case study
- **Instructions:** Utilize brief chronological steps the students must follow. Emphasize main points and referrals. Specific steps can cause further discussion if needed.

Class Is Afforded Time to Work on Case Study

PROVIDE learners with updated case study materials for Case Study Five: Instructor's Topic of Choice (including the LES/Payslip that is appropriate for the learner's branch of service). Materials include Scenario, Budget and LES/Payslip. Groups/individuals shall review the case study materials and:

- Produce a completed *Financial Planning Worksheet* (including projections). Groups can use an electronic or paper copy of the *Financial Planning Worksheet*.
- Complete the Action Plan with appropriate referrals.
- Answer questions on the Case Study Budget.

DIRECT learners to work on the case study. Allow for 5 – 10 minutes at the end of the hour for the class debrief.



SLIDE 25

Class Debrief

To debrief, have the instructor, one learner or one group present the case study to the rest of the class. Debrief should take **5 – 10** minutes. Debrief should focus on the suggested action plan items, referrals made, and answers to the questions on the Case Study Budget.

VII. FORMS

- See CFS Student Manual for the following forms:
 - Morgan Wayne Case Study One: *Vesting in the TSP*
 - Morgan Wayne Case Study Two: *Pre-Deployment*
 - Morgan Wayne Case Study Three: *Welcoming Your First Child*
 - Morgan Wayne Case Study Four: *Entitlement to Continuation Pay*