



Car-Buying Strategies

I. INTRODUCTION

This topic will prepare you to help command members research and purchase a new or used car; offer suggestions and education on financing a new or used car; and direct members to the appropriate resource when legal issues or complaints arise. A car often is the single biggest purchase a member will make while on active duty, and it is critical that you leave class prepared to discuss and educate on car-buying strategies.

Buying a car should not be done in a single step but instead viewed as a process that includes three distinct deals — the purchase, the financing and the trade-in. Few people have an appreciation for the costs of owning and operating a vehicle, so a sound financial-education program must include a discussion of wise car-buying strategies.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter directly correlates to the PFMSC Car-Buying Strategies Module. Students have adequate exposure to the topic to allow them to conduct this training at the command. Training techniques include active lecture and class participation.
2. **Information and Referral:** Referral resources reviewed in this topic assist the CFS in functioning as a car-buying advocate and consumer educator for clients.
3. **Counseling:** The CFS often meets with clients regarding car-buying issues (usually post-purchase). The CFS's role as a counselor is enhanced by a thorough knowledge of car-buying issues and strategies.

II. LEARNING OBJECTIVES

Learners will demonstrate sufficient topic knowledge to educate command members by participating in the Car-Go Bingo and/or Car-Buying Jackpot review activities.

If using the whole session “Convince Me” option, learners will demonstrate their understanding of the topic by writing an impactful “What’s in It for Me” statement and participating in the jackpot review activity.

If using the student trainer option, learners will use the Instructional Techniques Critique Sheet to demonstrate an understanding of appropriate instructional techniques.

If using the student trainer option, learners will demonstrate the ability to train command members by presenting portions of the Car-Buying Strategies module.

III. REFERENCES

Current Edition. *Edmund's Car Prices Buyers Guide*. West Hempstead, N.Y.: Edmund Publications Corp.

NADA Official Used Car Guide. National Automobile Dealers Association.

Consumer Reports Magazine. April issue.

Nerad, Jack R. 1996. *The Complete Idiots Guide to Buying or Leasing a Car*. New York, N.Y.: MacMillan Spectrum/Alpha.

Editors of Consumer Reports. 2006/2007. *New Car Buying Guide 2006 & 2007*. Consumer Reports.

Reed, Philip. 2005. *Edmunds.com Strategies for Smart Car Buyers*. Edmunds Publications.

www.annualcreditreport.gov (free annual credit report)

www.autopedia.com (The Automotive Encyclopedia)

<http://autos.msn.com> (MSN auto Web site)

www.carfax.com (vehicle history reports)

www.carlemon.com (state lemon law information)

www.consumerworld.org (consumer Web site)

www.edmunds.com (Edmunds car-buying guides)

www.federalreserve.gov/pubs/leasing/ (Federal Reserve "Keys to Leasing" booklet)

www.highwaysafety.org (Insurance Institute for Highway Safety)

www.intellichoice.com (prices and reviews for new and used cars)

www.kbb.com (Kelley Blue Book guides)

www.lifelines.navy.mil (Lifelines Services Network)

www.naag.org (National Association of Attorneys General)

www.nada.org (NADA Guides)

IV. CONTENT

Convince Me

For this assignment, you are going to write a brief “What’s in It for Me” statement for Car-Buying Strategies. A WIIFM typically comes at the start of training, when the trainer convinces the audience in a few short sentences that the training will be worth their time. Impactful WIIFMs are short, simple, clear and creative attention-getters that show the audience that the trainer understands the scope and relevance of the topic to the learners.

Assume you are about to give car-buying training to junior members of your command. Imagine these people sitting in your training room, staring at you, and thinking “Sure, convince me I should be here.” What will you say? What hook will you use to draw them into the topic? Review the entire content of the Car-Buying Strategies module in the PFM Standardized Curriculum and use it to draft your WIIFM. You also can use relevant facts and statistics (check out the Internet). For Car-Buying Strategies, the current WIIFM is the first two paragraphs of the content... but you can do better!

Three Deals of Car Buying

Deal #1: The Purchase

How much can you afford?

- Total Amount
- Down Payment
- Monthly Amount
- Prepare a Spending Plan
- Calculate Debt-to-Income Ratio
- Check Your Credit Report

What type of car should you buy?

- New or Used
- Size and Style
- Safety and Performance
- Cost to Insure

Where should you buy?

- Dealership
- Private Seller
- Internet
- Car Buying Service

What is a Fair Price?

- Invoice vs. MSRP
- Library and Internet
- New and Used Car Cost Guides

Exercise your legal rights

- Read all the contract details
- Do not leave any blanks
- Do not buy unnecessary and unwanted items
- Use the power of the pen
- Have NLSO check out contract before signing
- Take action if you have a complaint

Deal #2: The Financing

Where will you finance?

- Credit Union
- Bank
- Dealership
- Finance Company

How much will the money cost?

- Simple Interest
- Add-on Interest

Avoid Common Pitfalls

- Know your credit rating
- Know what current interest rates are
- Get pre-approved
- Know the best deal available
- Do not be rushed or pressured

Negotiate a great deal

- Do your homework
- Take your time
- Limit the information you give out
- Shop twins
- Ask for discounts
- Take a road test
- Avoid unnecessary add-ons
- 180-Degree Turn

Know the 'Tricks of the Trade'

- Put to Ride
- Low- and High-Balling
- Bait and Switch
- Padding
- Mutt and Jeff Routine
- "Your Car"

Deal #3: The Trade-In

Trading vs. Selling

What if you owe more than the car is worth?

What is a fair price?

- What is the dealer willing to pay?
- Only negotiate after you are done with your purchase and financing on your new vehicle.

Sources of Help—Car Buying

Agencies

- Command Financial Specialist
- FFSC—Financial Educators
- Armed Forces Disciplinary Control Board
- Better Business Bureau
- State Attorney General or Consumer Protection Agencies
- Credit Unions—Car Buying Assistance Programs
- National and local Automobile Dealers Associations (NADA)

Information

- Consumer Magazines
- Kelley Blue Book and NADA Official Used Car Book
- New Car Pricing Guides (Edmunds, Intellichoice)
- Your Local Library

Remember

- Do your homework.
- Keep it three separate transactions: the purchase, the financing, the trade-in.
- Have used cars checked by a trusted mechanic before purchase.
- Have NLSO check the contract before signing.
- Beware of the “tricks of the trade.”
- Prepare a budget to know what you can afford.

Web Sites

www.lifelines.navy.mil
www.consumerworld.org
www.nada.org
www.kbb.com
www.edmunds.com
www.intellichoice.com
www.autobytel.com
http://autos.msn.com
www.autoweb.com
www.autopedia.com
www.carfax.com
www.carlemon.com
www.highwaysafety.org
www.annualcreditreport.com
www.federalreserve.gov/pubs/leasing
www.bankrate.com



**EVERYTHING
IS NEGOTIABLE**

Determining Car Payments

When purchasing a vehicle, the most commonly asked question is:

“How much will my monthly payments be?”

The answer of course will depend on the amount financed, the number of months financed, and the interest rate.

Remember, the larger your down payment, the less your monthly payment.

To use the chart, the following steps apply:

1. Cross the interest rate with the number of months you wish to finance for and locate your multiplier.
For example:
6.5% at 36 months is .0306490,
6.5% at 48 months is .0237150,
and 6.5% at 60 months is .0195661.
2. Multiply the total amount you plan to finance by the multiplier and you will have your monthly payment.
For example:
\$10,591.00 at 6.5% for 36 months =
\$10,591.00 x .0306490 = \$324.60 per month,
\$10,591.00 at 6.5% for 48 months =
\$10,591.00 x .0237150 = \$251.17 per month,
\$10,591.00 at 6.5% for 60 months =
\$10,591.00 x .0195661 = \$207.22 per month.

| | 36 Months | 48 Months | 60 Months |
|-------|-----------|-----------|-----------|
| 4% | 0.0295240 | 0.0225791 | 0.0184165 |
| 4.5% | 0.0297469 | 0.0228035 | 0.0186430 |
| 5% | 0.0299709 | 0.0230293 | 0.0188712 |
| 5.5% | 0.0301959 | 0.0232565 | 0.0191012 |
| 6% | 0.0304219 | 0.0234850 | 0.0193328 |
| 6.5% | 0.0306490 | 0.0237150 | 0.0195661 |
| 7% | 0.0308771 | 0.0239462 | 0.0198012 |
| 7.5% | 0.0311062 | 0.0241789 | 0.0200379 |
| 8% | 0.0313364 | 0.0244129 | 0.0202764 |
| 8.5% | 0.0315675 | 0.0246483 | 0.0205165 |
| 9% | 0.0317997 | 0.0248850 | 0.0207584 |
| 9.5% | 0.0320329 | 0.0251231 | 0.0210019 |
| 10% | 0.0322672 | 0.0253626 | 0.0212470 |
| 10.5% | 0.0325024 | 0.0256034 | 0.0214939 |
| 11% | 0.0327387 | 0.0258455 | 0.0217424 |
| 11.5% | 0.0329760 | 0.0260890 | 0.0219926 |
| 12% | 0.0332143 | 0.0263338 | 0.0222444 |
| 12.5% | 0.0334536 | 0.0265800 | 0.0224979 |
| 13% | 0.0336940 | 0.0268275 | 0.0227531 |
| 13.5% | 0.0339353 | 0.0270763 | 0.0230098 |
| 14% | 0.0341776 | 0.0273265 | 0.0232683 |
| 14.5% | 0.0344210 | 0.0275780 | 0.0235283 |
| 15% | 0.0346653 | 0.0278307 | 0.0237899 |

Leasing vs. Buying

| | Leasing | Buying |
|--------------------------|---|---|
| Ownership | You do not own the vehicle. You get to use it but must return it at the end of the lease unless you choose to buy it. | You own the vehicle and get to keep it at the end of the financing term. |
| Up-front Costs | Up-front costs may include the first month's payment, a refundable security deposit, a capitalized cost reduction (like a down payment), taxes, registration and other fees, and other charges. | Up-front costs include the cash price or a down payment, taxes, registration and other fees, and other charges. |
| Monthly Payments | Monthly lease payments are usually lower than monthly loan payments because you are paying only for the vehicle's depreciation during the lease term, plus rent charges (like interest), taxes, and fees. | Monthly loan payments are usually higher than monthly lease payments because you are paying for the entire purchase price of the vehicle, plus interest and other finance charges, taxes, and fees. |
| Early Termination | You are responsible for any early termination charges if you end the lease early. | You are responsible for any pay-off amount if you end the loan early. |
| Vehicle Return | LEASING: You may return the vehicle at lease-end, pay any end-of-lease costs, and "walk away." | You may have to sell or trade the vehicle when you decide you want a different vehicle. |
| Future Value | LEASING: The lessor has the risk of the future market value of the vehicle. | You have the risk of the vehicle's market value when you trade or sell it. |
| Mileage | LEASING: Most leases limit the number of miles you may drive (often 12,000-15,000 per year). You can negotiate a higher mileage limit and pay a higher monthly payment. You will likely have to pay charges for exceeding those limits if you return the vehicle. | You may drive as many miles as you want, but higher mileage will lower the vehicle's trade-in or resale value. |
| Excessive Wear | LEASING: Most leases limit wear to the vehicle during the lease term. You will likely have to pay extra charges for exceeding those limits if you return the vehicle. | There are no limits or charges for excessive wear to the vehicle, but excessive wear will lower the vehicle's trade-in or resale value. |
| End of Term | At the end of the lease (typically 2-4 years), you may have a new payment either to finance the purchase of the existing vehicle or to lease another vehicle. | At the end of the loan term (typically 4-6 years), you have no further loan payments. |

"Keys to Vehicle Leasing" brochure (in English and Spanish) containing some of the information included at this vehicle leasing site is available from Publications Fulfillment, MS-127 Board of Governors of the Federal Reserve System Washington, DC 20551, Telephone: (202) 452-3244 or 3245.

Car Sale Tricks of the Trade

Bait and Switch

When a dealership runs an ad with a picture of a well-equipped car with a price of a stripped down model to entice you to come in. You are then shown the stripped down model and quickly switched to the well-equipped one with a higher price tag.

Solution: Demand to see the manager to express your dissatisfaction. Ask for a large discount. If they are not willing to deal, leave.

Padding

Adding charges that increase the dealers' profit at the time you sign the contract; i.e., undercoating, protection packages, dealer installed options, credit life insurance, disability insurance, extended warranties, etc.

Solution: Read the contract very carefully, on your own time. Refuse to sign if it is not what you originally agreed upon.

Put-to-Ride

When a salesperson cannot convince you to buy today, he/she insists that you leave your trade-in at the dealership, keep the new car overnight, and drive it home. This way no other dealership can see your trade-in, your neighbors and relatives see the car, you fall in love with it and have a hard time saying no to purchasing the car when you have to bring it back the next day.

Solution: Refuse to take the new car home overnight, and take your trade-in off the dealer's lot.

Low-and High-Balling

Low-balling occurs when the salesperson quotes you a price on a car that is lower than the current market price. This is done to assure that you will return to him/her before signing with anyone else just to see if the offer still stands. At this point, the salesperson will tell you that he/she cannot sell the car for that low a price because the sales manager will not allow it. High-balling is the same as low-balling, except that a high trade-in allowance figure is offered to you. Again, you come in later and the manager will not allow it.

Your Car

When the salesperson keeps referring to the car as "your car" to get you unconsciously to accept ownership of the car. Once accomplished, it is easier to get you to sign the contract.

Solution: Keep reminding the salesperson that you have not yet decided to purchase the car and make it "your car."

Mutt and Jeff Routine

When the salesperson plays the role of the "good guy" and the manager plays the "bad guy" to enhance the image of the salesperson. The salesperson and manager may even stage an argument in front of you, with the salesperson trying to persuade the manager to give you a lower price. Once you believe that the salesperson is on your side, you drop your guard and become an easy mark.

Solution: Leave the scene and think about the offer overnight before purchasing the car. Comparison shop in the meantime.

Questions to Ask Car Dealers

About Special Dealer Promotions:

Does the advertised trade-in allowance apply to all cars, regardless of their condition?

Does a large trade-in allowance make the cost of a new car higher than it would be if you didn't have a trade-in?

Is the dealer who offers high trade-in allowances and free or low-cost options actually giving you a better price on the car than another dealer who does not offer such promotions?

Does the dealer's invoice reflect the costs of options, such as rustproofing or waterproofing, that have already been added to your car? What are other dealers charging for these options?

Does the dealer have other cars in stock without expensive added features? If not, can the dealer order one?

Are the special offers available only if you order rather than buying it off the lot?

Can you take advantage of all special offers simultaneously?

About Low Interest Dealer Financing:

Will you be charged a higher price for the car to qualify for the low financing?

Does the low-rate financing require a larger-than-usual down payment? Say 25%-30%?

Are you required to pay the loan off in a shorter period of time, say 12 or 24 months, in order to qualify for the low-rate financing? If this is the case, your monthly payments will be higher.

Do you have to buy extra merchandise or services to qualify for the low-rate financing?

Is the financing available for a limited time only, and does it require that you take delivery of the car by a specific date?

Does the low interest rate apply to all cars or only certain models in stock?

If a manufacturer's rebate is offered, are you required to give it to the dealer to qualify for the financing?



Remember, careful shopping will help you decide which financing, which car, and which options are best for you!

Installment Sale Contract for Titled Vehicle and Equipment

| | | | | | |
|--|------|---------------------|---|-------------------------------|----------------------|
| Account No | | | Dealer No. | | |
| Buyer (and Co-Buyer) Name(s) and Residence Address(es) John Dough USS Always Sail FPO AE 09557-1516 | | | Creditor (Seller) - Name and Business Address Fib's Auto 9603 Shore Drive Anywhere, USA | | |
| After thorough examination, Buyer hereby buys from Seller, grants Seller a security interest in, and acknowledges delivery and acceptance of the following described property ("Property") at the price and upon conditions herein stated, this Contract being valid only upon purchase and acceptance by assignee. This sale is not contingent upon financing on terms satisfactory to the parties hereto. | | | | | |
| DESCRIPTION OF PROPERTY | | | | | |
| New or Used | Year | Make and Model | Body Type | Vehicle Identification Number | Primary Use Intended |
| Used | 02 | Ford Focus St Wagon | 4 DR Wagon | 4G3RF1234BB567890 | X Personal Business |
| <input checked="" type="checkbox"/> Air Conditioning <input type="checkbox"/> Radio <input checked="" type="checkbox"/> 4-5 Speed Trans. <input type="checkbox"/> Power Steering <input checked="" type="checkbox"/> Other <input type="checkbox"/> Sun Roof <input checked="" type="checkbox"/> Stereo <input checked="" type="checkbox"/> Automatic Trans. <input type="checkbox"/> Custom Wheels <input type="checkbox"/> Other (describe) <input checked="" type="checkbox"/> CD | | | | | Odometer Miles |
| | | | | | 86,905 |

THE FINANCE CHARGE IS CALCULATED ON A ☐ Precomputed ☒ Simple Interest Basis

| FEDERAL TRUTH-IN-LENDING DISCLOSURES | | | | |
|---|---|--|---|--|
| ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. | FINANCE CHARGE The dollar amount the credit will cost you. | AMOUNT FINANCED The amount of credit provided to you or on your behalf. | TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled. | TOTAL SALE PRICE The total amount of your purchase on credit, including your down payment of: |
| 18 % | \$ 1290.00 | \$ 6509.00 | \$ 7800.00 | \$ 1300.00 \$ 9100.00 |
| YOUR PAYMENT SCHEDULE WILL BE | | | | |
| NUMBER OF PAYMENTS | AMOUNT OF PAYMENTS | WHEN PAYMENTS ARE DUE | | |
| 24 | \$ 325.00 | Monthly Beginning 6 mos. ago | | |
| A Final Payment of | \$ | Due On | | |
| Late Charge. If a payment is not paid in full within 7 days after it is due, you will pay a late charge of 5% of amount of payment due. Prepayment. If you pay off early on a Contract with a precomputed finance charge, you will be entitled to a refund of part of finance charge. If the finance charge is calculated on a simple interest method, you may have to pay a prepayment penalty. Security Interest. You are giving a security interest in the Property and related equipment being purchased and in our right of setoff. | | | | |

| ITEMIZATION OF AMOUNT FINANCED | | |
|---|--|---------------|
| 1. Cash Price (including any accessories, services, and taxes) | | \$ 5997.00 |
| 2. Total Downpayment | = Net Trade-in \$ 0.00 + Cash Downpayment \$ 1300.00 | |
| Your trade-in is a (YEAR) | (MAKE) | (MODEL) |
| | | \$ 1300.00 |
| 3. Unpaid Balance of Cash Price (1 minus 2) | | \$ 4697.00 |
| 4. Other Charges Including Amounts Paid to Others on Your Behalf: | | |
| A. Cost of Required Physical Damage Insurance Paid to the Insurance Company Named Below - | | |
| Covering Damage to the Vehicle | | \$ 710.00 |
| B. Cost of Optional Mechanical Repair Coverage for Certain Mechanical Repairs | | \$ 720.86 |
| C. Cost of Optional Credit Insurance for the Term of this Contract | | |
| Life \$ 0.00 | Accident and Health \$ 0.00 | Total \$ 0.00 |
| D. Official Fees Paid to Government Agencies | | \$ 19.52 |
| E. Taxes Not Included in Cash Price | | \$ 198.62 |
| F. Government License and/or Registration Fees (itemize) | | \$ 125.00 |
| G. Government Certificate of Title Fees | | \$ 38.00 |
| H. Other Charges (Seller must identify who will receive payment and describe purpose) | | |
| to Road USA | for Car Club | \$ 0.00 |
| to | for | |
| Total Charges and Amounts Paid to Others on Your Behalf | | \$ 1812.00 |
| 5. Amount Financed — Unpaid Balance (amount of credit you will receive) (3+4) | | \$ 6509.00 |



Insurance. If any insurance is checked below, coverage will become effective only if insurer issues a policy or certificate which will describe the terms and conditions of coverage.

Optional Credit Insurance. Credit life and accident and health insurance are not required to obtain credit and will not be provided unless you sign below and agree to pay the additional cost(s).

| TYPE | PREMIUM | | SIGNATURE OF INSURED PARTY | BIRTH DATE |
|-----------------------------|---------|---|----------------------------|------------|
| Credit Life Insurance | \$ | I want Credit Life Insurance | | |
| Joint Credit Life | \$ | We want Joint Credit Life Insurance | | |
| Accident & Health Insurance | \$ | I want Accident & Health Insurance (Buyer only) | | |

Required Physical Damage Insurance. Physical damage insurance is required, but you may obtain it from anyone you choose who is acceptable to the Creditor. If obtained through Creditor, the following applies.

Insurance Company: Guaranteed Expense Term: 15 months Cost for Term: \$ 710

☒ \$ 500

Deductible Collision and either

☒ Full Comprehensive including Fire, Theft, and Combined Additional Coverage

☐ \$ _____ Deductible Comprehensive including Fire, Theft, and Combined Additional Coverage

☐ Fire, Theft, and Combined Additional Coverage

Optional, if desired

☐ Towing and Labor costs

☐ Rental Reimbursement

☐ CB Radio Equipment

Optional Mechanical Repair Coverage. If Buyer selects this optional coverage, the cost will be listed on line 4B on reverse.

INSURANCE CO. Broke-N-Down

TERM ☒ 36 months or 36,000 miles, whichever occurs first

TERM ☒ _____

DEDUCTIBLE ☐ \$25 ☒ \$50 ☐ \$ _____

NO LIABILITY INSURANCE INCLUDED

Receipt of Goods and Promise to Pay. You agree that you have received the vehicle and/or services described above and have accepted delivery of the vehicle in good condition. You promise to pay the Creditor the Total Sales Price shown above by making the Total Downpayment and paying the Creditor the Total of Payments in accordance with the Payment Schedule shown above and all other amounts due under this contract.

DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES.

YOU ARE ENTITLED TO AN EXACT COPY OF THE CONTRACT YOU SIGN.

Buyer acknowledges receipt of a filled-in copy of this Contract and agrees to all terms and conditions hereof.

BUYER'S SIGNATURE John Dough

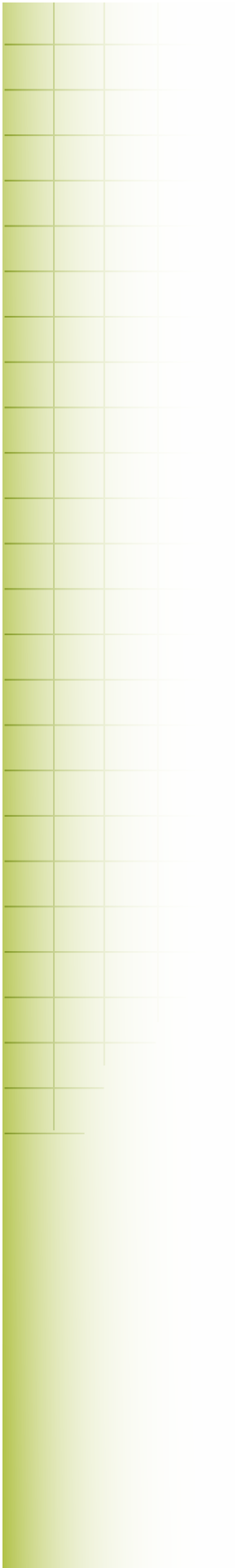
CO-BUYER'S SIGNATURE

ACCEPTED Fiber Auto
CREDITOR

BY Fred Salesman
SIGNATURE AND TITLE

[FOR DEMONSTRATION PURPOSES ONLY]

Note: Actual documents will contain fine print on reverse. READ ALL THE FINE PRINT. Be sure to ask questions if you need clarification.





Developing Your Program

I. INTRODUCTION

Congratulations on your participation in CFS Training. You have had the opportunity to learn things that not only will help you but also ensure that you leave the class energized and prepared to use this information to help your shipmates. As part of your CFS duties, you may be charged with running a command program, provide leadership and indoctrination briefs, and effectively utilize the services of the FFSC. This chapter will help you to do all these things by reviewing the purpose of the course and the role of the CFS upon return to the command. The discussion includes how to run a command program; how to use the sample leadership and indoctrination briefs you have been provided; FFSC's role in the CFS program; a course-review activity; and the availability of continuing education. The topic concludes with a panel discussion with experienced Command Financial Specialists.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter does not correlate to any specific module of the PFMSC. Instead, it includes a matching game to determine which trainings are applicable for specific situations. The chapter presents two model briefs: one to market the program to command leadership, and one that can be used in command indoctrinations. Training techniques include active lecture, panel discussion and homework review (Plan of Action and Milestones).
2. **Information and Referral:** Referral resources are reviewed via capstone learning activity.
3. **Counseling:** Techniques are reviewed via capstone learning activity.

II. LEARNING OBJECTIVES

Learners will demonstrate their understanding of how to begin running their program by completing a Plan of Action and Milestones.

Participating in a matching activity, learners will demonstrate an understanding of providing appropriate training from the PFMSC.

If the option is chosen, learners will present a Command Leadership Brief and a Command Indoctrination Brief.

III. REFERENCES

Silberman, Mel. 1995. *101 Ways to Make Training Active*. San Francisco, Calif.: Jossey-Bass.

IV. CONTENT

Developing a CFS Program

CFS Tasks:

- Provide financial education and training
- Provide financial information and referral resources
- Provide one-on-one and couples financial counseling

Steps to Setting Up a Command Program

1. Draft a Command PFM Instruction if one does not exist already, based on OPNAVINST 1740.5B.
2. Determine what command members need.
3. Speak with current CFSs at the command. You may have more work to do if you are the first CFS at the command, or if you are rebuilding a program.
4. Gather relevant command statistics that will help you develop your program, including:
 - ▶ Demographic information (number of men and women, ages, rate and ranks, marital status, children)
 - ▶ Level of security clearances, number of revocations and denials for the past year.
 - ▶ Number of Letters of Indebtedness received each month or year, and how they currently are processed. What will be your role in processing LOIs at your command?
 - ▶ Number of bounced checks from command members at the Commissary and Exchange
 - ▶ Number of personnel who have been to CO's NJP for financial problems
 - ▶ Dollar assistance given to service members in the command by NMCRS during the past year
 - ▶ TSP enrollment statistics
 - ▶ Types of financial problems experienced by command personnel
 - ▶ PFM topics of interest to command members (for training purposes)
5. Conduct a needs assessment to determine what services the command would like from you. A sample needs assessment is included in this chapter as well as a less-involved assessment called "How May We Help You?" that focuses more on the training you can conduct using the PFM Standardized Curriculum. Either of these would provide you with an idea of what command personnel would like.
6. Establish, refine and accomplish program goals using the Plan of Action and Milestones.

Checklist For Command Financial Specialists

Action

- ☐ Complete CFS Training
- ☐ Meet with other member's of Command's CFS Team
- ☐ Draft Command PFM Instruction
- ☐ Gather Command Data (Needs Assessment)
- ☐ Refine Plan of Action and Milestones
- ☐ Develop marketing plan for Command PFM program
- ☐ Familiarize self with available resources, Command's PFM library
- ☐ Brief Command Leadership
- ☐ Establish recordkeeping and reporting system
- ☐ Input data as required to the CFS reporting/data gathering site of <https://donsir.persnet.navy.mil/cfs>, enter your UIC and the password CFS2004.
- ☐ Attend CFS Forums/Advanced Training
- ☐ Get on FFSC Mailing List, Advertise PFM Programs
- ☐ Get on Command Check-In sheet
- ☐ Conduct Command Indocs (PFM)
- ☐ Provide appropriate PFM information and referral to Command Personnel
- ☐ Conduct PFM training as indicated by needs assessments.
- ☐ Conduct PFM counseling as requested, include BAH screenings, assistance with letters of indebtedness and letters of intent, and other short-term counseling.



DEPARTMENT OF THE NAVY
NAVAL OCEAN PROCESSING FACILITY, WHIDBEY ISLAND
1280 WEST INTRUDER STREET
OAK HARBOR, WA 98278-9400

IN REPLY REFER TO

NOPFWIINST 1740.2
N6
22 Sep 08

NAVOCEANPROFAC WHIDBEY ISLAND INSTRUCTION 1740.2

Subj: COMMAND PERSONAL FINANCIAL MANAGEMENT (PFM) EDUCATION,
TRAINING, AND COUNSELING PROGRAM

Ref: (a) OPNAVINST 1740.5B, Personal Financial Management
Program
(b) NASWHIDBEYINST 5801.1A, Vehicle Purchasing/Financial
Counseling
(c) SECNAVINST 5211.5E, Department of the Navy (DON)
Privacy Program

Encl: (1) Command Financial Specialist (CFS) Qualifications,
Functions, and Training

1. Purpose. To promulgate command policy and assign responsibilities for the Personal Financial Management (PFM) education, training, and counseling program. This policy implements specific requirements that establish a systemic approach to address PFM issues for NOPF Sailors and families.

2. Discussion

a. Reference (a) establishes PFM policy for all DON components. This instruction provides amplification of that policy.

b. Management of personal finances presents an increasing challenge to Sailors and their families. For some, the lack of basic consumer skills and training in how to prudently manage finances sets the stage for financial difficulty. Other contributing factors include:

- (1) High cost of living.
- (2) Prevalence of easy credit and predatory lenders.
- (3) High-pressure sales tactics.
- (4) Clever and deceptive advertising techniques that include internet ads.
- (5) Undisciplined buying and the tendency to live beyond one's means.
- (6) Consumer rip-off schemes.

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c. In many cases, resultant financial problems have a serious negative impact on Sailors and their families, as well as a debilitating effect on operational readiness, morale, and retention.

3. Mission

a. The PFM program exists to provide education, counseling, information and referral to command personnel in order to increase personal, family, and operational readiness. The PFM program assists in achieving a higher state of mission readiness, thereby improving service member performance and retention through personal financial readiness.

b. Although the PFM program has a counseling mission, its primary focus is on prevention of financial difficulties and mismanagement through education of Sailors and their legal dependents (here after referred to as family members).

4. Action

a. All Sailors shall become familiar with PFM program policies and objectives, use prudent PFM practices in pursuit of personal excellence and support their shipmates by sharing their PFM knowledge.

b. The PFM program consists of three major elements:

- (1) Financial education and training.
- (2) Financial information and referral.
- (3) Financial counseling.

c. NOPF Whidbey Island shall have a trained Command Financial Specialist (CFS) to coordinate the program and to assist the Commanding Officer in providing financial training, information, and counseling to command members. In accordance with reference (a), NOPF Whidbey Island will maintain one CFS for every 75 personnel assigned, including those assigned Temporary Duty (TEM DU), Temporary Duty Under Instruction (TEM DUINS), and members from other services. Personnel assigned as a CFS shall meet the criteria established in enclosure (1).

d. A qualified CFS will counsel command personnel, family members, and other DOD personnel experiencing financial difficulties or seeking information on PFM concerns. If the CFS cannot provide assistance, referrals shall be made to other authorized agencies (e.g., Fleet and Family Support Center (FFSC); Navy Marine Corps Relief Society (NMCRS); National Credit Counseling Services (CCCS); Navy Mutual Aid.) Navy Mutual Aid Association will be a primary referral and educational resource concerning Survivor Benefit Plans.

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e. Command personnel will be required to receive financial counseling by a qualified CFS under the following circumstances:

- (1) Command receives a Letter of Indebtedness (LOI).
- (2) Any E-3 and below intending to buy a vehicle.
- (3) Any E-4 and below requesting BAS.
- (4) Any member sent to Commanding Officer's NJP.
- (5) Any screening process requiring CFS counseling (i.e., Overseas Screening.)

f. All Command Financial Specialists shall be appointed in writing by the Commanding Officer.

g. PFM counseling records shall be maintained in accordance with reference (c) to ensure confidentiality and compliance with the Privacy Act.

5. General Responsibilities

a. Specific CFS responsibilities and duties in support of the PFM program are delineated in enclosure (1). It is of critical importance to the readiness of Sailors and the Navy that all leaders, at all levels, engage on this issue and serve as mentors to those in their charge.

b. Service members are responsible for prudently maintaining their day-to-day personal financial matters and to adequately prepare for the management of personal responsibilities prior to departing on an extended absence.



S. J. TRIPP

Distribution:
NOPFWIINST 5216.1D
List I (Case 1)

22 SEP 2008

**COMMAND FINANCIAL SPECIALIST (CFS)
QUALIFICATIONS, FUNCTIONS, AND TRAINING**

1. Qualifications of the Command Financial Specialist (CFS).
The CFS shall function as the command's principal advisor on policies and matters related to PFM. The following qualifications apply:

- a. Military members in pay grade E6 and above (including officers) may be appointed a CFS.
- b. CFS's must be highly motivated, financially stable, and must meet the financial overseas screening standards prior to training.
- c. Successfully complete the authorized CFS training course provided by an FFSC.
- d. Have at least one year remaining in the command at time of CFS course completion.
- e. Participate in continuing education (i.e., periodic CFS forums).
- f. Attend CFS refresher training at least every three years.

2. Functions of the CFS

- a. Establish, organize, and administer the command PFM program including pass down to the incoming CFS.
- b. Disseminate financial management information within the command through General Military Training (GMT), POD notes, newsletters, e-mail, etc.
- c. Maintain current PFM resource books, directories, references, and training materials for use in GMT, divisional training, and counseling. In addition, CFS's shall maintain close liaison with the FFSC PFM staff.
- d. Present PFM training as part of the command indoctrination course.
- e. Provide basic PFM counseling to individual members upon request.
- f. Maintain individual records of counseling conducted and counseling referrals. Per reference (c), those records shall be maintained to ensure confidentiality and compliance with the Privacy Act.

Enclosure (1)

22 SEP 2008

g. Refer members with serious financial problems to the appropriate resource or agency capable of providing necessary assistance/counseling, such as FFSC PFM staff and NMCRS. Ensure the individual is seen and counseled. Follow up on referred individuals by maintaining contact with the individual and the resource/counseling agency to monitor progress.

h. Perform financial screenings, as needed, for members of the command. In the absence of a CFS, or in a complicated case, the FFSC PFM staff can perform screenings. For Overseas Duty Screening, the following guidance applies:

(1) Members will be approved for overseas orders if:

(a) E4 and below, Debt to Income Ratio does not exceed 30 percent (monthly debt payments (not including primary residence mortgage) divided by net monthly income).

(b) E5, W2, and O1 and above, the member does not have any outstanding or unresolved Letters of Indebtedness or outstanding returned checks for insufficient funds.

(c) Such screening shall be documented by an administrative remarks page entry (page 13) into the member's service record.

(2) The CFS will ensure the member completes a Financial Planning Worksheet (FPW).

(3) The CFS will counsel the member on the projected living expenses at the overseas location and the need to fully understand their expenses, entitlements, and pay and allowance changes related to the OCONUS Permanent Change of Station (PCS) move.

i. Report quarterly to the Commanding Officer the CFS activity (education and counseling) conducted at NOPF Whidbey Island and record activity data to the CFS reporting website at <https://donsir.persnet.navy.mil/cfs/>.

Command Financial Specialist Needs Assessment

This command is in the process of developing a Financial Education program for all personnel. This survey is to determine the types of services you would like to have provided at this command to facilitate managing your personal financial affairs.

Education — Please rank the following subjects from 1 to 12 with 1 being the area you are most interested in having training provided.

- _____ Establishing a Spending Plan/Budget
- _____ Credit Management
- _____ Savings and Investments
- _____ Thrift Savings Plan
- _____ Retirement Pay Plans & CSB/REDUX
- _____ Banking Issues
- _____ Car Buying
- _____ Insurance
- _____ Survivor Benefits and Life Insurance
- _____ Pay Issues
- _____ Consumer Frauds, Misrepresentations and Scams
- _____ Money Management for Deployment

Information — Would you find it helpful to have the following provided?

- | Yes | No | |
|-------|-------|--|
| _____ | _____ | Regular Plan-of-the-Day notes with tips on personal financial management |
| _____ | _____ | Information rack with personal financial management brochures and booklets available |
| _____ | _____ | Personal Financial Management Bulletin Board |
| _____ | _____ | Financial management articles in the command's and spouse club's newsletters |

Consultation — Would you find it useful to have the following available?

- | Yes | No | |
|-------|-------|--|
| _____ | _____ | Financial counseling service provided by a Command Financial Specialist. |
| _____ | _____ | A Command Financial Specialist to consult with prior to making major purchases or financial decisions. |

Please list other services that you would find useful in managing your personal finances and any comments.

Please return this complete form to: _____
(Name and e-mail)

Thank you!

(Signature)

How May We Help You?

Interested in attending a personal financial-management seminar? Number the following topics in order from 1 to 18, with 1 being your most desired and 18 being your least desired:

| | | |
|---|---|---------------------------------|
| _____ Banking and Financial Services | _____ Home-Buying | _____ Renting |
| _____ Car-Buying Strategies | _____ How to Survive the Holidays Financially | _____ Retirement Planning |
| _____ Consumer Awareness | _____ Military Pay Issues | _____ Saving and Investing |
| _____ Developing Your Spending Plan | _____ Money and the Move | _____ The Insurance Decision |
| _____ Don't Bet Your Life on It: Gambling Awareness | _____ Paying for College | _____ The Survivor Benefit Plan |
| _____ Financial Planning for Deployment | _____ Raising Financially Fit Kids | _____ Using Credit Wisely |

Other topics you would like:

Comments:

Please return this complete form to: _____
(Name and e-mail)

Thank you!

(Signature)

COMMAND: _____

FROM: _____

TO: _____

PERIOD COVERED: _____

DEVELOPING YOUR PROGRAM 22.11





Command Leadership Brief

Introduction. This presentation is designed to tell command leadership clearly and concisely about the Navy's PFM program and your role as a Command Financial Specialist. The brief should take about 5 minutes. Be prepared to explain your plan of action, both immediate and long-term, and ask for the support you require to run an effective and proactive command PFM program.

Outline

1. Navy PFM Program
 - a. Basics of OPNAV 1740.5B
 - i. Provide basic consumer education and training to personnel
 - ii. Provide training for all command personnel on sound financial-management issues
 - iii. Provide current financial information and publications
 - iv. Provide preventive and remedial counseling
 - b. Benefits of CFS program
 - i. Increase morale and retention
 - ii. Increase productivity
 - iii. Decrease number of LOIs
 - iv. Decrease number of NJPs
 - v. Decrease marital problems
 - vi. Decrease administrative traffic while deployed
 - vii. Financially secure Sailors
2. Role of CFS
 - a. Training and Education
 - i. PFM standardized curriculum
 - ii. Navy PFM GMT
 - iii. Indoctrination briefs
 - b. Information and Referral
 - i. Navy agencies
 1. FFSC
 2. NLSO
 3. PSD
 4. Housing
 5. TRICARE

6. NMCRS
 - ii. Civilian agencies
 1. Non-profit debt-management counseling
 2. Credit unions
 3. Emergency resources
 - c. Counseling
 - i. One-on-one and couples
 - ii. Preventive, remedial and productive
3. Plan of Action
 - a. Initial action
 - b. Long-term plans
4. Support Required

Content

SLIDE 1

Introduce Self. Explain that you recently completed the Command Financial Specialist training course and would like to speak with leadership about the command's Personal Financial Management Program.

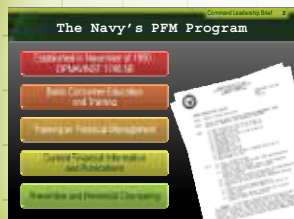
SLIDE 2

Navy PFM Program. The Navy's Personal Financial Management Program was established in November 1990 with the promulgation of OPNAV Instruction 1740.5, now 1740.5B. The instruction mandates that the Navy promote operational readiness, personal responsibility, reliability, morale and quality of life by providing knowledge, skills and counseling to its members regarding sound personal financial-management practices. This is done by providing basic consumer education and training to personnel, training for all command personnel on sound financial-management issues, current financial information and publications, and preventive and remedial counseling. The Command Financial Specialist is responsible for implementing a proactive PFM program at the command.

SLIDE 3

Benefits of CFS Program. Studies and experience have shown that the benefits of a well-run and supported Command Financial Specialist/PFM program are many, including :

1. Improved morale and retention, through education on financial issues, including saving and investing and retirement planning;
2. Increased productivity, because members' minds are on their work and not on their financial problems;



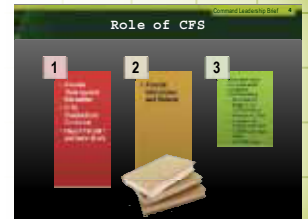


3. Reduced number of LOIs due to better financial management;
4. Decreased number of NJPs;
5. Decreased marital problems (the No. 1 reason couples fight is money...)
6. Decreased administrative traffic while deployed; and
7. Financially secure Sailors.

SLIDE 4

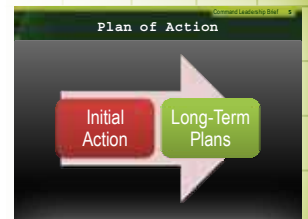
Role of CFS. The OPNAV instruction specifically charges the Command Financial Specialist to do the following:

1. Provide training and education in personal financial management to all command members. The CNI-HQ Program Manager has provided all Navy CFSs with a PFM Standardized Curriculum. This curriculum has 13 training modules on it, one for each financial topic mandated under the instruction. Topics include Military Pay Issues, Credit Management, Car-Buying Strategies, Saving and Investing, and Retirement Planning. The CFS training course has prepared me to conduct all of these training modules. Training and Education also includes conducting the Navy's PFM GMT. Further, I have been provided with a standard command indoctrination brief so I can introduce new command members to our program.
2. Provide appropriate information and referral to command personnel, including referrals to Navy agencies such as the FFSC, NLSO, PSD, Housing, TRICARE and NMCRS, and to civilian agencies such as non-profit debt-management counseling providers and federal credit unions.



SLIDE 5

3. Provide counseling, including one-on-one and couples counseling, for a variety of problems and issues. Counseling is available on budgeting; helping members make the retirement decision between High-3 and the CSB/Redux; enrolling in the TSP; granting advance pay; and Letters of Indebtedness.



SLIDE 6

Plan of Action. At this point in developing the PFM program at this command, my immediate intentions are to:

My long-range plans are:

Support Required. In order to carry out this plan of action, I will need the following support:

Are there any questions or comments regarding my plans for the Command Personal Financial Management program? Thank you.



Command Indoctrination Brief

Introduction. This presentation is designed to tell new command members clearly and concisely about the Command PFM program. Speaking at indoctrination allows you to introduce yourself and generate excitement about personal financial-management issues. You will discuss the Navy's PFM program, the role of the CFS, and how the CFS can help command members. You also can offer information on several PFM topics as a "teaser" to generate interest in PFM. The program concludes with an invitation to participate in the PFM program. As written below, this brief should take 5 to 10 minutes. Feel free to add additional information from selected portions of the PFMSC if you have more time available.

Outline

1. Navy's PFM Program
 - a. Navy Policy (MILPERSMAN 7000-020)
 - b. PFM Program
 - c. Implications of Financial Problems
 - d. Implications of Sound Financial Management
2. Role of CFS
 - a. Education and Training
 - b. Information and Referral
 - c. One-on-One and Couples Counseling
3. How CFS Can Help
 - a. Teach You About Money Management
 - b. Help You Improve Your Money Management
 - c. Help You Get Out of Debt
 - d. Help You Save Money on Major Purchases
 - e. Be a Consumer Advocate for You
 - f. Provide Saving and Investing Information
 - g. Provide Financial Planning Information
 - h. Provide Referrals to Community Resources
4. Sampling of Information Available
 - a. Credit Reports
 - b. Compound Interest and Time and the Thrift Savings Plan
 - c. Car-Buying
5. Invitation to See the CFS

CONTENT

SLIDE 1

Introduction. Introduce yourself, explain that you are the Command Financial Specialist at the command, and that you are going to tell participants about the command's PFM program.

SLIDE 2

Topics. Review the topics you are going to cover:

- The Navy's PFM Program
- The Role of the CFS
- How the CFS Can Help You
- Information Sample
- Invitation

SLIDE 3

The Navy's PFM Program. Briefly explain that the Navy has a policy on financial management and indebtedness (MILPERSMAN 7000-020) which states:

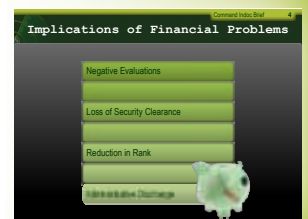
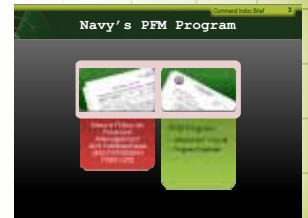
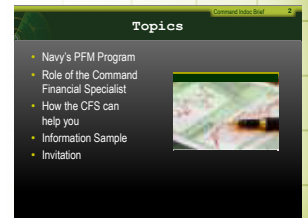
"Members of the Naval service are expected to pay their just debts and financial obligations in a proper and timely manner."

The Navy has mandated that every command have a Personal Financial Management Program, which is run by the Command Financial Specialist. The program was created because needs assessments have indicated that PFM is a top concern of Navy personnel. It was recognized that financial issues have a direct impact on readiness and retention. Some Sailors come into the Navy lacking basic consumer skills and training in how to manage finances. This can lead to financial difficulty. The PFM program is designed to help every Sailor achieve financial success. The program "emphasizes a proactive, career lifecycle approach to accountability by providing basic principles and practices of sound money management, counseling tools and referral services using a comprehensive education and training program." What does that mean? It means the command wants to help you do well with your money management.

SLIDE 4

Implications of Financial Problems. Unfortunately, many Sailors, both young and old, experience some level of financial difficulty. ASK what participants believe are the implications of financial problems. Answers should include:

- Negative evaluations
- Loss of promotions
- Loss of security clearance



- Loss of overseas assignment
- Reduction in rank
- NJP
- Administrative discharge.

And those are just the military implications. Civilian implications can include everything from not being able to get credit to repossessions, bankruptcies, or even jail!

SLIDE 5

Implications of Sound Financial Management. If we're going to talk about the bad things that can happen from mismanagement, let's also talk about all the good things that can happen from good financial practices. ASK what participants believe are the implications of sound financial management. Answers should include:

- Less stress
- More money in savings
- Better quality of life
- Get more of the things you want
- Have financial security
- Become a millionaire ...

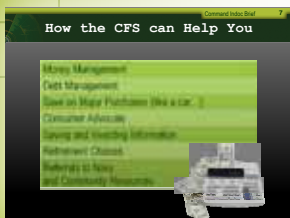
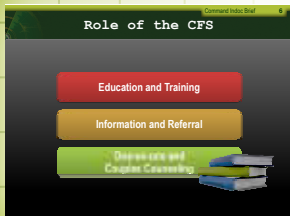
SLIDE 6

The Role of the CFS. Let's talk for a minute about my role in all of this. As the Command Financial Specialist, I am responsible for conducting financial education and training, providing financial information and referral, and conducting one-on-one and couples financial counseling. You could summarize this by saying that when it comes to financial issues, I am the "go-to" person!

SLIDE 7

How the CFS Can Help You. So what, specifically, can I do for you? I can help you with:

- **Money Management.** Whether you need some basic education on budgeting and spending plans, or whether you're looking to improve your system, I can help.
- **Debt Management.** Whether you have taken on too much debt and are having trouble, or are trying to establish credit for the first time, I can help.
- **Saving on Major Purchases.** Thinking of buying a car? I have information that could save you hundreds, if not thousands, of dollars. I can help.
- **Consumer Advocacy.** Have you been ripped off? Did someone sell you something that doesn't work, or misrepresent a purchase? I can help.
- **Saving and Investing Information.** Wondering if you should participate in the





Thrift Savings Plan? Want to start saving for emergencies? Are you thinking about buying stocks or mutual funds? I can help.

- **Retirement Choices.** I know retirement seems like a long way off, but the sooner you start saving, the less you'll need to save in the long run, and the more your money will grow. Also, when you need to decide between the High-3 retirement plan and the CSB/Redux, I can help!
- **Referrals to Navy and Community Resources.** Even if you don't think I can help, I probably can help. I've had extensive training regarding all the people out there who can help with different types of problems — so tell me what is going on, and give me a chance to get you to the people who can help, just in case I can't.

SLIDE 8

ASK students for any questions.

Sampling of Information Available. Now I would like to share with you a few things that could help you, just to give you an idea of the kind of training I've had.

NOTE: *You can choose any topics. The following are suggestions:*

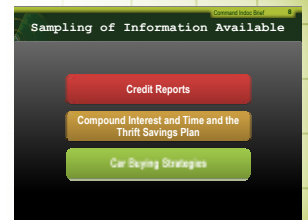
Credit Reports. ASK how many participants ever have seen their credit report. ASK if everyone knows what a credit report is — if not, explain what it is. ASK how many have seen their credit report in the past 12 months. Did you know that you should check your credit report at least once a year, and you can get it for free at www.annualcreditreport.com? Did you know incorrect information gets put on credit reports and can cause problems at the worst possible times? For example, let's say someone else's bad information gets on my credit report — I could get rejected for a car loan because of that. Did you also know that you often can spot identity theft by keeping an eye on your credit report? I have contact information on all three credit-reporting agencies and recommend you check your credit report right away.

OPTIONAL: Handout on using credit from Credit Management.

- **Compound Interest and Time and the Thrift Savings Plan.** ASK how many participants currently invest. ASK how many of them would like to become millionaires. ASK if they believe they could become a millionaire on the military paycheck. Tell them it is possible through the magic of compound interest and time, which occurs when their money makes interest and that interest is left with the original sum to continue growing.

OPTIONAL: Handout Compound Interest and Time chart from Saving and Investing.

One way you can take advantage of the magic of compound interest and time is by participating in the Thrift Savings Plan. Just \$50 a month over the span of a 20-year career can add up to as much as \$30,000 (at 8 percent). I have all sorts of information on saving and investing and the Thrift Savings Plan.



- **Car-Buying Strategies.** ASK how many participants have bought a car. ASK how many thought they got the absolute best deal possible. EXPLAIN that you have had extensive training on car-buying strategies. One hint that you learned that can save a buyer hundreds, if not thousands, is to make the deal three separate transactions: the purchase price of the car, the financing, and the trade-in. ASK how many who have bought cars in the past did it in this manner. Encourage anyone who is thinking about buying a car to come and talk to you first so you can share the rest of the cost-saving techniques you know.

SLIDE 9

Invitation. In conclusion, invite participants to come and see you. Let them know whether they will need an appointment or can stop by for an informal chat. Encourage them to join any financial training you will be offering or that is offered at the FFSC. Provide a schedule, if possible. Explain that command members don't need to have a financial "problem" to talk with you, but that if they do have one, you can help. Suggest to participants that they let you help them build wealth and establish financial security.





2007 Standardized Curriculum Contents

Volume 1: Introduction and Resources

Volume 2: Training Materials (by module: Content, Training Techniques, PowerPoint Slides, PowerPoint Games)

1. Banking and Financial Services
2. Car-Buying Strategies
3. Consumer Awareness
4. Developing Your Spending Plan
5. Financial Planning for Deployment
6. Home-Buying
7. Military Pay Issues
8. Money and the Move
9. Paying for College
10. Raising Financially Fit Kids
11. Renting
12. Retirement Planning
13. Saving and Investing
14. The Insurance Decision
15. The Survivor Benefit Plan
16. Using Credit Wisely
17. How to Survive the Holidays Financially

Not on disk but added to the curriculum in Spring 2009:

18. Don't Bet Your Life on It: Gambling Awareness

Volume 3: Handouts

Command Financial Specialist Quarterly Report

Name: _____ Command: _____

Command Address: _____ Date: Q1 _____ Q2 _____ Q3 _____ Q4 _____

1. Date Name of Training Held

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

2. Number of training participants:

| | | | | | | |
|-----------|-----------|----------------------|-----------|-----------|-----------|-----------|
| _____ E-1 | _____ E-2 | _____ E-3 | _____ E-4 | _____ E-5 | _____ E-6 | _____ E-7 |
| _____ E-8 | _____ E-9 | _____ W-1 | _____ W-2 | _____ W-3 | _____ W-4 | _____ W-5 |
| _____ O-1 | _____ O-2 | _____ O-3 | _____ O-4 | _____ O-5 | _____ O-6 | _____ O-7 |
| _____ O-8 | _____ O-9 | _____ Family Members | | | | |

3. Number of one-on-one counseling sessions conducted:

| | | | | | | |
|-----------|-----------|----------------------|-----------|-----------|-----------|-----------|
| _____ E-1 | _____ E-2 | _____ E-3 | _____ E-4 | _____ E-5 | _____ E-6 | _____ E-7 |
| _____ E-8 | _____ E-9 | _____ W-1 | _____ W-2 | _____ W-3 | _____ W-4 | _____ W-5 |
| _____ O-1 | _____ O-2 | _____ O-3 | _____ O-4 | _____ O-5 | _____ O-6 | _____ O-7 |
| _____ O-8 | _____ O-9 | _____ Family Members | | | | |

4. Number of referrals made:

| | | |
|-----------------------|---------------|---------------|
| _____ FFSC | _____ NMCRS | _____ TRICARE |
| _____ Debt Management | _____ Housing | _____ Other |

5. Areas of assistance provided:

| | |
|----------------------------------|--|
| _____ Military Pay & Allowances | _____ Insurance |
| _____ Checking Accounts/ATM's | _____ Letters of Indebtedness/Intent |
| _____ Consumer Issues | _____ Predatory Lending |
| _____ Budgeting/Money Management | _____ Bankruptcy/Garnishment |
| _____ Saving and Investing | _____ Predeployment Financial Management |
| _____ TSP | _____ PCS/Money and the Move |
| _____ Military Retirement Plan | _____ Compulsive Gambling |
| _____ Car Buying/Selling | _____ Overseas Budgeting Issues/TLA |
| _____ Credit/Debt Management | |

Reference Information

The Fleet and Family Support Center

Your local Financial Educator/PFM Specialist is available for:

- Case consults for new counselors, difficult cases, or both.
- Coaching for new counselors as needed.
- Referrals and resources.
- Training—follow-on training for the CFS, and general PFM training to meet command needs.

Continuing Education

Credit: Three semester hours credits are available for interested learners upon successful completion of the DANTES Subject Standardized Test in Personal Finance. Interested learners should contact Navy Campus and visit the DANTES web site at www.dantes.doded.mil. Follow these links to the Personal Finance Fact Sheet; Examination Programs, Fact Sheets, DANTES Subject Tests, Business, Personal Finance.

Accredited Financial Counselor: Accredited Financial Counselor (AFC) designation. Offered through the Institute for Personal Finance, the education arm of the Association for Financial Counseling and Planning Education (AFCPE), requirements for this designation include completion of two courses, one in financial planning, an exam for each course, and two years of counseling experience (www.afcpe.org).

Certified Financial Planner and other College Courses: The Certified Financial Planner (CFP) license, which consists of five college level courses in financial planning, a ten hour comprehensive exam and three years of field experience (www.cfp-board.org).



Command Financial Specialist Pre/Post Test

Identifier: _____

Check all that apply:

Status

- ☐ Active Duty
- ☐ Retiree
- ☐ Family Member
- ☐ Other

Gender

- ☐ Male
- ☐ Female

Rate/Rank

- ☐ E-5 – E-6
- ☐ E-7 – E-9
- ☐ O-1 – O-3
- ☐ O-4 or above

Time in Service

- ☐ Less than one year
- ☐ 1 – 5 years
- ☐ 6 – 10 years
- ☐ 11 years or more

Please circle the correct answer. If you do not know the answer, please do not guess; select “E.”

1. An effective financial counselor:
 - A. Helps the client create solutions to identified problems
 - B. Does as much for the client as possible to relieve stress
 - C. Is capable of making quick judgment calls regarding a client
 - D. Has enough technical experience to get through a session asking a minimal amount of personal questions
 - E. Unknown
2. If a client cannot make payments on a car loan “secured” by the car, what can happen?
 - A. Lenders generally will give three months to catch up
 - B. They will only be sued for payments owed on the car even if it’s been repossessed
 - C. They will only be sued for the “Blue Book” retail value of the car
 - D. Lenders generally do not repossess the physical object because of wear and tear
 - E. Unknown
3. If a client gets into serious financial trouble, what is the strongest action the military can take?
 - A. Require counseling; require financial-management classes
 - B. Take away privileges; take away a rank
 - C. Stop a promotion; take away duty assignment; remove a security clearance; or even discharge
 - D. Report the information to all credit bureaus and affect the member’s credit
 - E. Unknown
4. What is the purpose of a spending plan?
 - A. To show all monthly budget items
 - B. To provide a paycheck-by-paycheck plan for paying expenses
 - C. To predict ahead of time when more credit will be needed
 - D. To show when too much is being paid for loans
 - E. Unknown
5. What are the first steps to effective personal financial management?
 - A. Saving enough money to invest, getting expert advice, and writing a will
 - B. Deciding if you will have a child, saving for retirement, and writing a will
 - C. Planning, buying a home, and getting insurance
 - D. Setting goals, planning, making a budget
 - E. Unknown
6. According to OPNAVINST 1740.5B, the three major tasks of the CFS are:
 - A. Budgeting, savings and investing, and counseling
 - B. Education and training, budgeting, and consumer advocacy
 - C. Education and training, information and referral, and counseling
 - D. Information and referral, resource library maintenance, and debt-management assistance
 - E. Unknown

7. The difference between pay and allowances is:
 - A. Generally, pay is taxed and allowances are not
 - B. Generally, only pay is taxed and allowances are only subject to Social Security deductions
 - C. Pay and allowances are both subject to income tax and Social Security deductions
 - D. Pay is subject to income tax and Social Security while allowances are subject to Social Security deductions
 - E. Unknown
8. What does a high interest rate do to the actual price of any item bought on credit?
 - A. It can raise the payment, which is the most important factor
 - B. On loans for less than \$1,000, it doesn't make much difference
 - C. It only matters on credit cards, since their rates are so high
 - D. It makes the item cost substantially more in total price
 - E. Unknown
9. Which saver will have more in an Individual Retirement Account (IRA) at age 65, assuming they all earn the same interest rate?
 - A. Saver who puts in a \$30,000 lump sum at age 35 and no more
 - B. Saver who put in \$3,000 every year from age 31 to age 36 and no more
 - C. Saver who puts in \$3,000 every year from age 30 to age 65
 - D. Saver who put in \$3,000 every year from age 18 to age 25 and no more
 - E. Unknown
10. Which of the following steps should be taken before entering into a sales contract?
 - A. Just skim the contract, because most are standard legalese and say the same things
 - B. Read the headings and the part above where you sign, and you'll know most of it
 - C. Take it home before you sign, read every word, use Navy Legal Services for advice
 - D. Ask the salesperson if there are any parts that could get you in trouble
 - E. Unknown
11. What is the difference between a scam and fraud?
 - A. Fraud concerns things that cost over \$1,000
 - B. Scams usually are legal but bad deals; fraud involves something illegal
 - C. Scams usually are illegal, fraud is legal but a bad deal
 - D. They really are two words that mean the same thing
 - E. Unknown
12. For military service members, what is the difference between a Letter of Indebtedness and a Letter of Intent?
 - A. The Letter of Indebtedness expresses a creditor's notification of a debt; the Letter of Intent expresses the debtors intent to pay it
 - B. A collection agency sends a Letter of Indebtedness; a bank sends a Letter of Intent
 - C. A Letter of Indebtedness is bad news; a Letter of Intent is good news
 - D. A creditor sends a Letter of Indebtedness; DoN CAF sends a Letter of Intent
 - E. Unknown
13. What is the total number of days the law allows for you to cancel a contract signed at the merchant's place of business?
 - A. Zero days
 - B. Three days
 - C. Ten days
 - D. Seven days
 - E. Unknown
14. The law that may allow service members to reduce interest rates to 6 percent on debts incurred before entering the service, maintain state of residency, require a court hearing before evicting, etc.
 - A. Federal Truth in Lending Law
 - B. There is no such law
 - C. Servicemembers Civil Relief Act
 - D. These issues are governed only by state law
 - E. Unknown

15. Which type of bankruptcy relieves the debtor of all payments and obligations including taxes, alimony, government debts and child support?
 - A. Only a Chapter 7 bankruptcy, which “forgives” most debts
 - B. Only a Chapter 13 bankruptcy, which reorganizes debt payment
 - C. No bankruptcy relieves a person of government debts or family support
 - D. Both a Chapter 7 and a Chapter 13 let the debtor walk away from all debts
 - E. Unknown
16. How long does the record of a bankruptcy remain on one’s credit record?
 - A. Two years for Chapter 7 and three years for Chapter 13
 - B. 10 years for any type of bankruptcy
 - C. 15 years for any type of bankruptcy
 - D. It remains on your credit record forever
 - E. Unknown
17. What can an individual do in their own defense if their credit report does not explain their side of a complicated credit problem?
 - A. Insist the creditor remove the item
 - B. Sue the credit bureau to add their side of the story
 - C. There is nothing a consumer can do once a negative item is listed
 - D. Add a 100-word statement telling their side of the story
 - E. Unknown
18. All types of life insurance provide:
 - A. Cash benefits should the policyholder die
 - B. Cash-surrender value should the policyholder live
 - C. Coverage for a specific amount of time
 - D. Low-interest loan and conversion rights
 - E. Unknown
19. Which statement is NOT true about credit reports?
 - A. Every American gets a free credit report every two years
 - B. Anyone with a legitimate business interest can obtain your credit report
 - C. Credit reports are used when a security clearance is in question
 - D. Too many trade lines is not necessarily a good thing
 - E. Unknown
20. Who is the beneficiary of a service member’s SGLI (Servicemen’s Group Life Insurance) policy?
 - A. Any children of the service member
 - B. Whomever the service member is married to
 - C. The parents of the service member
 - D. Whomever the service member names on the policy
 - E. Unknown
21. What type of program will allow you to pay less on your income taxes and create a retirement fund?
 - A. CSB
 - B. TSP
 - C. Social Security
 - D. Medicare Savings Plan
 - E. Unknown
22. The Fleet and Family Support Centers:
 - A. May provide emergency money to clients when they need it
 - B. Are available only for use by spouses and other family members
 - C. Refer all financial clients to outside resources after an initial assessment
 - D. May provide financial education and counseling when the CFS is unable or unavailable
 - E. Unknown
23. When you purchase stock, what are you buying?
 - A. A share in the assets, earnings and losses of a company
 - B. A seat on the board of directors of a company
 - C. A chance to share in the increases of a stock but not the decreases
 - D. A share of a company’s stock that has no value until you sell
 - E. Unknown
24. Which of the following types of insurance will protect your future earnings if your dog bites your neighbor and you’re sued?
 - A. Rider
 - B. Replacement cost
 - C. Umbrella
 - D. Comprehensive
 - E. Unknown



25. You have charged goods from a catalog, which billed your credit card but never sent the items. What does the Fair Credit Billing Act let you do?
- A. You have the right to receive the goods or double your money back
 - B. You can force the seller to give you the goods for free after 60 days
 - C. You can ignore the issue until you receive the goods or a refund
 - D. You can refuse, in writing, to pay that part of your bill until the matter is settled
 - E. Unknown
26. Net monthly pay is:
- A. What you make every payday
 - B. What you take home every payday
 - C. What you take home every month after income taxes and Social Security (FICA) are deducted
 - D. What you take home every month after income taxes, Social Security (FICA), and allotments are deducted
 - E. Unknown
27. What are the three ways to create a positive cash flow?
- A. Increase income, decrease living expenses, increase credit use
 - B. Decrease living expenses, increase income, decrease indebtedness
 - C. Increase income, increase credit use, decrease indebtedness
 - D. Increase income, increase credit use, decrease indebtedness
 - E. Unknown
28. Good financial management states your indebtedness should not exceed what percentage of your net income?
- A. 15
 - B. 20
 - C. 35
 - D. 38
 - E. Unknown
29. What is the best way to establish credit?
- A. Open a checking account
 - B. Open a savings account
 - C. Apply for a loan using your savings as collateral
 - D. All of the above
 - E. Unknown
30. What is the name of the monthly compensation your spouse and any children will receive from the government if you pass away on active duty?
- A. DIC
 - B. SDEA
 - C. TSP
 - D. SSA
 - E. Unknown
31. Which of the following is a premise of Solution-Focused Financial Counseling?
- A. It is long-term
 - B. It requires the counselor to take responsibility for solving the problem
 - C. It maintains a task-centered focus
 - D. It focuses on the past to correct the future
 - E. Unknown
32. Final Pay, High Three and REDUX military retirement pay plans are all examples of what?
- A. A defined-benefit retirement plan
 - B. Voluntary retirement programs
 - C. A defined-contribution retirement plan
 - D. Tax-advantaged retirement plans
 - E. Unknown

