

CFS

COMMAND FINANCIAL
SPECIALIST

CFS Instructor Guide

★
First Edition

Recognition for Contributors

PFM Program Analysts Dana Carlyle and Tammie Corbin extend their sincerest gratitude for the time and talents of these amazing PFM's from around the world and throughout the components. These consummate professionals have created a suite of curriculum that not only meets Congressional mandates for financial literacy – it also meets CFS and Service members right where they are on their financial journey.

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Table of Contents - Instructor Guide



CFS 1 Welcome, Introduction and Administration

CFS 2 The Need for PFM

CFS 3 Introduction to CFS

CFS 4 Introduction to Managing Finances

CFS 5 Financial Counseling

CFS 6 Financial Counseling Application

CFS 7 Introduction to Financial Planning Worksheet

CFS 8 Morgan Wayne Case Studies

CFS 9 Personal Financial Recordkeeping

CFS 10 Legal Issues of PFM

CFS 11 Your Credit and Your Clearance

CFS 12 Financial Referral Resources

CFS 13 Instructional Techniques

CFS 14 Survivor Benefit Plan

CFS 15 Developing Your Program





CFS

COMMAND FINANCIAL
SPECIALIST

Welcome, Introduction and Administration

Instructor Guide

I. INTRODUCTION

Instructor Guide Introduction

Welcome to the Command Financial Specialist Training (CFST) Course and the Command Financial Specialist Training (CFST) Instructor Guide (IG). The purpose of this IG is to provide CFS instructors with complete directions on how to prepare, conduct, and complete administration for the 40-hour CFST Course. This IG includes 2 appendices. Appendix 1 provides instructions for administration of Virtual CFS (vCFS). Appendix 2 includes pretest and post-test, answer keys, and Service-specific CFS certificates.

This is the first edition of a modernized CFST course which includes Congressionally-mandated financial literacy training called Touchpoints. In accordance with Department of Defense Instruction (DoDI) 1342.22 *Military Family Readiness* dated July 3, 2012 and Directive Type Memorandum (DTM) 19-009 *Financial Readiness Common Military Training Requirements* dated 13 August 2020, the Services shall offer proactive financial literacy training that provides Service members and their families with tools and information they need to meet the common financial considerations that occur in their personal and professional lives, make prudent consumer decisions to include credit, debt, and major purchases, as well as to develop personal financial strategies and goals. This CFST course supersedes the previous CFST course, published in 2009.

There are two Student Manuals that accompany this IG – the CFS Student Manual plus Appendices A-J and the Touchpoint Curriculum Student Manual which includes the suite of Touchpoint Curriculum that may be used by Personal Financial Managers and Counselors or Command Financial Specialists (CFS) to complete Touchpoint Common Military Training (CMT).

The CFS Student Manual includes CFS core curriculum that provides information on how to be a CFS. These chapters are numbered as CFS 1, CFS 2, etc. The order follows course topics except for CFS 6 which is presented later in the course, but located in the Student Manual next to CFS 5 which is presented early in the course so that learners will find it easier to use both chapters when conducting the counseling role-play.

Each CFS Instructor Guide chapter is structured as follows:

- I.** Introduction
- II.** Learning Objectives
- III.** Outline
- IV.** Chapter Preparation
- V.** References
- VI.** Content
- VII.** Forms

Each CFS Student Manual chapter is structured as follows:

- I.** Introduction
- II.** Learning Objectives
- III.** References
- IV.** Content

The Touchpoint Curriculum Student Manual introduces learners to Touchpoint Curriculum. These chapters are numbered as TC 1, TC 2, etc. The order follows the Touchpoints as identified in DTM 19-009. TC 1 Introduction to Touchpoint Curriculum is an administrative chapter designed to orient Personal Financial Managers and Counselors, CFS, and leaders about the new CMT, the suite of curriculum available to teach it (Touchpoint Toolbox), and how to track and validate training completion on the Counselee Checklist as well as Service-specific self-paced training options (ie Navy e-Learning and MyNavy Financial Literacy application).

Each TC Instructor Guide chapter is structured as follows:

- I. Course Organization and Outline
- II. Learning Objectives
- III. Chapter Preparation
- IV. Content

Each TC Student Manual chapter is organized as follows:

- I. Introduction
- II. Learning Objectives
- III. References
- IV. Acronyms and Abbreviations
- V. Touchpoint Toolbox
- VI. Additional Learning and Activities

INSTRUCTOR NOTE: TC IGs are designed to accompany the PPT and may be used by Personal Financial Managers and Counselors or CFS to teach each Touchpoint.

INSTRUCTOR NOTE: TC SMs are designed specifically for use during the CFST course to orient the CFS to the topic and resources. They are not designed to be referenced during a Touchpoint presentation.


To facilitate the use of these instructional materials, the following terms and acronyms will be used:

Command Financial Specialist Training	CFST
Command Financial Specialist	CFS
Command Financial Specialist Instructor Guide.....	IG
Command Financial Specialist Training Instructor	Instructor
Command Financial Specialist Training Participants.....	Learners
Command Financial Specialist Training Student Manual	SM
Financial Planning Worksheet	FPW
Personal Financial Management Standardized Curriculum	PFMSC
Personal Financial Management	PFM
Touchpoint Curriculum	TC

The CFS IG is designed as a complete package that can take a new CFST instructor from the planning stages of training to the final administration required for a successful course. It is written in detail for the new instructor but also in outline form for the experienced instructor. This format should meet the needs of all CFST instructors and provide for top-quality, standardized training throughout the service branches. The IG has been written for use by all training sites; therefore, the information is generic in nature.

Content Icons

The following icons will be used in each CFS chapter:

	<p>Student Manual Icon This icon in the PowerPoint slides indicates the corresponding pages(s) in the Student Manual.</p> <p>Instructor Note This box indicates additional instructor information. Experienced instructors may want to integrate this information into the classroom instruction.</p>
<p>INSTRUCTOR NOTE:</p>	

Course Introduction

Purpose and Scope of PFM Program and CFS Course

The PFM program empowers Service members and their families to meet the challenges of the global economy. Financial concerns are among the top issues leaders most likely will have to address with Service members. The financial pitfalls faced today include debt management, loss of security clearances, mortgage and foreclosure issues, government credit cards, internet buying and selling, a plunging stock market, and identity theft, to name but a few. Meanwhile, the average recruit continues to possess little or no financial education before entering the service and yet is forced to deal with an increasingly complex financial marketplace. Additionally, expanded financial opportunities — such as the Thrift Savings Plan (TSP) and the Blended Retirement System (BRS) — demand proactive financial education. To support mission readiness, and in accordance with DoDI 1342.27 (12 Nov, 04), Personal Financial Management (PFM) policies across the services mandate that each installation provide a PFM program (see Appendix A).

Statistics and experience continue to support the military's innovative approach to financial education and training, counseling, and information and referral in the form of a comprehensive, long-range Personal Financial Management program.

Along with PFM educators at Installation Family Support Centers, the PFM program is delivered by certified Command Financial Specialists, ensuring that every Service member has access to a full spectrum of financial planning information at the deckplate or frontline level. In the case of the CFS, the training is delivered by a fellow Service member specially trained to fill the job.

The PFM program provides a life cycle/career cycle approach to PFM education, ensuring just-in-time information is provided to Service members where and when they need it. The PFM program is recognized as the strongest link between a Service member and his or her successful financial future. A well-run command-level CFS program — with proactive financial education and training, and the ability to provide appropriate referrals and necessary counseling — provides a significant benefit in recruiting, retaining, rewarding and retiring our most important resource: our personnel.

CFS Course Guidelines:

- When training CFSs by any method, at a minimum, provide two CFS Train-the-Trainer certified individuals (one instructor must be from the PFM staff and others may be a CFS or other qualified Installation Family Support Center civilian employee and/or contractor). Backup certified instructors are always a good idea to cover in the event of an emergency.
- Personal Financial Managers and Counselors shall report program statistics on a regular basis. Reporting criteria and format must contain, at a minimum, the type and number of PFM-related classes/workshops/seminars held; number of participants in each; CFS training sessions and number of participants; number of personnel receiving individualized counseling or assistance; and reason(s) that individuals seek counseling. Speak to your chain of command regarding the method and frequency of reporting.

- Make available the CFS Training Course with sufficient regularity and locations to meet demands and optimally offer 25 to 30 learner quotas per class, using CFS Instructor Guides, CFS Student Manuals, and TC Student Manuals. CFS training locations shall serve as quota control for CFS training. Data entry for CFS training will be entered into the Service member's training record per service branch guidelines.
- Installations may provide the virtual CFS course using the CNIC approved virtual agenda. The virtual agenda consists of 24 hours of training and may be delivered at installation discretion (for example: 6 days of 4-hour trainings, 4 days of 6-hour trainings, and 3 days of 8-hour trainings). For more information on providing the virtual CFS course, see the Virtual CFS Course Guidelines in Appendix 1.
- For the Navy, maintain records for at least two years of the name, rate/rank, DoD ID #, Service member's assigned command, and Unit Identification Code (UIC) of all trainees who successfully complete the CFS course. Provide documentation (course completion certificate) to the trainees' command.
- Submit the next fiscal year's schedule of CFS classes by the date specified by your Service Branch (date may be specified in your Service-Specific PFM Instruction in Appendix A).
- Function with service-specific emergency relief agencies (Navy-Marine Corps Relief Society, Army Emergency Relief, and Coast Guard Mutual Assistance) as agreed in Memorandum of Understanding (MOU) between service branch and agency. Appendix C has service-specific emergency assistance flyers.
- Ensure only CFS and PFM course materials approved by Commander, Navy Installations Command (CNIC), Marine Corps Headquarters, and Coast Guard Headquarters are used in all training and counseling activities.
- Learners should be provided with a CFS Curriculum Student Manual binder and a Touchpoint Curriculum Student Manual binder. Student Manual pages should be printed in color when possible, double-sided, and three-hole punched then placed in a three-ring binder for the best learning experience. The materials are available online via the PFM milSuite page at <https://www.milsuite.mil/book/groups/cnic-personal-financial-management-program-wfl> and the DoD-hosted PFM/CFS Resource Site for those without access to a CAC card or an installation at <https://finred.usalearning.gov/NavyResource>.
- Agenda swaps are acceptable to accommodate local needs. An example would be to swap the Legal Issues of PFM with another training session to accommodate the guest speaker's schedule. When making agenda swaps, ensure that all topics are still presented.
- Ensure learners are provided with breaks throughout the training. A one hour class should include 50 minutes of training and 10 minutes of break time.

In-Person Course Preparation

The next few pages provide a checklist for planning and implementing a successful CFS Course.

Command Financial Specialist Course Planning

ANNUALLY

_____ Determine dates of training, room and equipment

EIGHT WEEKS BEFORE COURSE: (Date: _____)

- _____ Co-trainer conference (choose teaching segments, establish lead trainer, determine responsibility for course preparation)
- _____ Begin advertising course availability to target population
- _____ Messages
- _____ Base emails
- _____ Base newspapers
- _____ Leadership meetings and trainings
- _____ Command Representative Program
- _____ Base marquee
- _____ POD/POW notes
- _____ Establish room availability, reserve room
- _____ Location: _____
- _____ Available day before for setup?
- _____ Begin registration
- _____ Keep log of quotas
- _____ Provide learners with pre-course information: They must bring orders (if needed), their most current LES/Payslip, a current list of monthly household expenses, their most recent credit report, two two-inch three-ring binders, a notebook, pens/pencils, a highlighter, a calculator, a PC laptop with Microsoft Excel (if available), and any other locally applicable requirements. See "Sample Welcome Letter." It is highly recommended that you also send a Welcome Letter to the learner's supervisor, orienting them to the class, and encouraging them to help the learner get the most out of the training before, during and after the course takes place.
- _____ Student Manuals: check supply, order more if necessary
- _____ Check availability of necessary classroom training equipment
- _____ TV/VCR/DVD Player
- _____ PowerPoint/Excel projection capability
- _____ Computer/laptop — CD-ROM capability
- _____ Classroom internet hookup
- _____ Newsprint and easel/large Post-It poster pages
- _____ Dry erase board

SIX WEEKS BEFORE COURSE: (Date: _____)

_____ Coordinate guest speakers, provide chapter from IG or discuss content. Possible guest speakers:

_____ **Legal** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Service-Specific Relief Agency** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Installation Family Support Center** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **EFMP/Special Needs** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **TRICARE** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Housing** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **WIC** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Credit Reporting Agency** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Debt-Management Program** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **NFE/NGO-Approved Organization** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **CFS Panel — need three experienced CFSs** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)
Name: _____ Phone: _____ Confirmed (Date: _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Speaker to welcome class on day one** — CO/XO/CMC/COS/director
(Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

_____ **Speaker to hand out certificates** (Day _____ , Time _____)
Name: _____ Phone: _____ Confirmed (Date: _____)

FOUR WEEKS BEFORE COURSE: (Date: _____)

- _____ Establish availability of computer labs for case studies
- _____ Establish availability of course certificates of completion
- _____ Gather student materials/Handouts

ONE WEEK BEFORE COURSE: (Date: _____)

- _____ Finalize agenda, confirm guest speakers, send base passes and ID requirements
- _____ Verify training equipment availability
- _____ Review appropriate news videos with local consumer awareness stories for CFS 2 *The Need for PFM*
- _____ Send course reminder to students

ONE DAY BEFORE COURSE: (Date: _____)

- _____ Room setup (tables, chairs, trash cans, coffee mess, etc.)
- _____ Ensure all instructor training materials are in classroom
 - _____ CFS Instructor Guide and Instructor Copies of CFS and TC Student Manuals
 - _____ CFS DVD (with all course materials and any other local information desired)
 - _____ PFMSC DVD
 - _____ TC DVD
 - _____ Role-Play Counselee Packages (one package for each group)
 - _____ Additional resources and research as needed
 - _____ Other materials per individual IG direction
- _____ Stock classroom with other training supplies
 - _____ Markers (multicolored)
 - _____ Pens and pencils
 - _____ Stapler and staple remover
 - _____ Three-hole punch
 - _____ Extra calculators
 - _____ Pencil sharpener
 - _____ Masking tape
 - _____ Sticky notes
 - _____ Put all student materials (Manuals/Handouts) in training room

Be prepared to provide information to class on the following:

- _____ Coffee mess
- _____ Materials in room overnight
- _____ Smoking areas
- _____ Parking
- _____ Restrooms
- _____ Noise in the halls
- _____ Other information about facilities participants should know

WEEK OF COURSE

- _____ Gather student data cards
- _____ Generate class roster for distribution to class on Friday
- _____ Score pretest (Appendix 2)
- _____ Generate certificates of completion (Appendix 2)
- _____ Get certificates of completion signed
- _____ Provide course evaluations and daily debrief for course improvement and training effectiveness

FINAL DAY OF COURSE

- _____ Gather course evaluations
- _____ Clean classroom
- _____ Put all materials away for next training course

WEEK AFTER COURSE

- _____ Thank-you notes to guest speakers
- _____ Enter information into CeTARS or other tracking system as required
- _____ Score post-test, compile data and Level Two Evaluation report
- _____ Review all course evaluations. Compile data and incorporate recommended changes into next course as appropriate.

Course Evaluations

Level One:

Level One Evaluations measuring reaction to the learning is included in the Student Manual. Responses to course surveys should be tallied and reviewed, using the data to upgrade the quality of the training where indicated.

Level Two:

Level Two Evaluation, measuring learning that takes place during the training, is included in two ways during CFST. The primary means of Level Two Evaluation is via a pretest administered before content is delivered and a post-test after the training has concluded. Answers should be tallied and reviewed, using the data to upgrade the quality of the training delivery where indicated. Secondary Level Two Evaluation occurs during the course of the training wherever a chapter learning objective has a matching behavioral activity. It is critical that the trainer conduct these assessments to ensure learning is taking place during the training, as the activities have been aligned with critical knowledge, skills or abilities the CFS will need to perform on the job effectively. The case studies and Touchpoint presentations provide an excellent opportunity for Level Two Evaluation, assuming they are used to measure content synthesis and application.

Sample Welcome Letter

[Date]

From: [Installation Family Support Center], [City]

To: Participants, Command Financial Specialist (CFS) Training Course

Subj: [Installation] COMMAND FINANCIAL SPECIALIST TRAINING COURSE

1. We are looking forward to seeing you at the CFS course scheduled for [Date] from [Time], Monday through Friday. This training is located at [location]. A map is provided for your convenience.

2. Please bring:

- Your orders (if required)
- Information to complete your own Financial Planning Worksheet (refer to para 3)
- Your latest credit report from <https://www.annualcreditreport.com>
- Notebook, pens/pencils, highlighter and calculator (phone calculator app is acceptable)
- Two two-inch three-ring binders for the Student Manuals
- PC laptop or tablet with Excel, (if available) for use with resource DVDs that will be provided during the course
- Completed course pre-work:
 - Completely read your Service-Specific PFM Program Policy (attached)
 - Completely read your Service-Specific Indebtedness Policy (attached)

3. As part of the learning process, all participants will be completing a personal financial planning worksheet. To complete this exercise, you will need to bring a recent copy of your LES/Payslip and information regarding any other household income and monthly saving or investing contributions. Additionally, you will need a list of your current living expenses, such as monthly amounts for rent or mortgage, groceries, utilities, child care, etc. and a list of your current debts, including monthly payment amount, total balance owed, and interest rates. You will want to have available the value of your assets such as current real estate market value, value of other personal property, value of investment accounts, etc.

4. Uniform for military attendees will be Uniform of the Day, or appropriate working uniform. However, in lieu of the aforementioned uniform you may wear civilian business casual attire (as per installation policy). Appropriate civilian attire for MALES is dress slacks, dress shirt with collar, dress shoes, belt and socks. (Tie and coat are optional.) Appropriate civilian attire for FEMALES is business suit, dress, blouse & skirt or dress pants, and dress shoes. Athletic wear, jeans, shorts, cut-offs, sandals, flip flops, or athletic shoes will NOT be permitted.

5. Please note that this is an ALL-week course. Please reschedule any doctor's appointments, watches/duty, flight schedule commitments, and meetings during course core hours Monday-Friday 0730-1600. Military personnel should be TAD for entire course length.

6. We appreciate your interest in this training and we trust that you will find the sessions both stimulating and rewarding. Your willingness to assist Service members and their families in effectively managing their financial resources is commendable. Thanks for your assistance in this matter, and we look forward to seeing you soon.

Very Respectfully,
[Email Signature]
[With Contact information]

DAILY PREPARATION, INTRODUCTIONS AND DEBRIEFS

DAY ONE

Day One Preparation

1. Set up classroom; place manuals, markers, name cards and any other necessary materials at each seat.
2. Ensure site receptionist has the name of any guest speakers coming on Monday, knows when they should be arriving, and sends them to the training room.
3. Prepare any optional videos you may be showing (CFS 2) and secure A/V equipment.
4. Prepare up to 10 large Post-It pages for *What are my options?* Activity.
5. To prepare for CFS 8:
 - a. Annually update LESs/Payslips for each case study. Choose the LES/Payslip that fits the demographics of the attendees (or include more than one LES/Payslip for classes with many branches of service). Sample LESs/Payslips can be found in Appendix F. Will need to update Base Pay, Taxes, BAH, BAS, etc. Mid-year updates may be needed if additional changes occur during the year (such as TRICARE Dental rate changes).
 - b. Annually review listed expenses in budget and make updates as needed based on locality.
 - c. Create a printout of the corrected FPW (can create several laminated copies to pass around).
 - d. Have copies of current Pay Tables and Federal Tax Withholding Tables for each learner.
 - e. Have extra hard copies of the *Financial Planning Worksheet* available. 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.
 - f. Locate computers to assist with eFPW completion and resource and Touchpoint research.
 - g. Become familiar with all the scenarios and outcomes as well as the LES/Payslip for each branch of service.
 - h. Create a local resource listing.

Day One Introduction

The focus of Day One is to introduce the learner to Personal Financial Management, the CFS program, the *Financial Planning Worksheet*, and the basics of financial counseling. Day One sets the stage for the remaining four days of instruction, and a well-rehearsed, competent and enthusiastic Day One will inspire your adult learners to great accomplishments by the end of the week. Be well-prepared for this critical day of training.

The day begins with an introductory session covering the course agenda with personal introductions, administration, and a pretest (CFS 1). The introductory exercise is simple but provides the instructor with important information to use during the course: the learner's job, the knowledge the learner brings into the classroom, what knowledge or skills learners are looking to acquire. Be sure to leave at least 15 minutes for the learners to complete the CFS pretest which, when combined with the course post-test, provides useful Level Two Evaluation data. The course pretest, pretest key, post-test, and post-test key can be found in Appendix 2.

The second session, *The Need for Personal Financial Management* (CFS 2), provides reasons why all Americans should manage their finances well and why Service members should especially learn to manage their finances well.

The third session, *Introduction to Command Financial Specialist* (CFS 3), is an overview of the PFM program for each branch of service and the part learners will play in the programs as CFSs.

The fourth session, *Introduction to Managing Finances* (CFS 4), moves on to introduce the learner to financial planning in general.

Session five, *Financial Counseling* (CFS 5), covers financial counseling. Learners are introduced to the basics of Solution-Focused Financial Counseling (SFFC). Counseling skills will be developed during the week, especially on Thursday during the *Financial Counseling Application* (CFS 6) session, but the material in CFS 5 allows you to begin using some of the language and techniques of SFFC at the start of the training and throughout the week. Note: CFS 6 is conveniently located next to CFS 5 in the Student Manual for ease of use during the counseling role-play on Thursday.

In the sixth session, *Introduction to Financial Planning Worksheet* (CFS 7), the focus of the class shifts to introducing the *Financial Planning Worksheet*. The day concludes with going over the mechanics of the electronic Financial Planning Worksheet (eFPW) via the *eFPW Walk-Through* using *Morgan Wayne Case Study One* from CFS 8.

Day One Debrief

1. Review Training Topics: Conduct a brief (5-minute) review of the day's topics, asking for any final questions or clarifications needed. Topics covered were:
 - a. Welcome, Introduction and Administration (including the pretest)
 - b. The Need for Personal Financial Management
 - c. Introduction to Command Financial Specialist
 - d. Introduction to Managing Finances
 - e. Financial Counseling
 - f. Introduction to the Financial Planning Worksheet
 - g. eFPW Walk-Through using Morgan Wayne Case Study One
2. Training Techniques: Ask the class to briefly (5 minutes) list the training techniques that were used in the classroom during the day's training. You may want to keep a running list of the training techniques used and post it in the room during the week.
3. Practical Application (homework):

INSTRUCTOR NOTE: Refer learners to the "Daily Homework" sheet on page 1-12 in the Student Manual.

- a. Complete *How Do You Rate as a Money Manager?* and the *Financial Values Clarification* sheets on pages 5-12 and 5-13 of the Student Manual.
 - b. Print your personal credit report and bring it to class on Tuesday morning.
 - c. Answer questions in CFS 13 *Instructional Techniques* and read chapter.
 - d. Begin the personal *Financial Planning Worksheet*, to be handed in Wednesday morning. Learners should be able to complete the first four pages at a minimum and compute their surplus or deficit.
 - e. If you have a laptop with Excel available, please bring it to class the rest of the week
4. Remind the learners to complete their Day One Course Evaluation.
 5. Remind the learners that training starts at 0730.

DAY TWO

Day Two Preparation

1. Have all materials ready that are necessary to review homework and for the *Personal Financial Recordkeeping* (CFS 9) review.
2. Review local area procedures for Processing Creditor Complaints and Statements of Reasons/Letters of Intent.
3. If you have invited guest speakers, ensure that site receptionist has their name, knows when they should be arriving, and sends them to the training room. Review any information that a guest speaker is scheduled to cover, and be prepared to present the segments in the event of a no-show.
4. If using the “card” option for presenting the referral case studies, prepare the cards and have them in the classroom (CFS 12).

Day Two Introduction

The focus of Day Two of Command Financial Specialist Training is referral resources and instructor training. Providing information and referral is one of the common CFS tasks across all branches of the military. Therefore, we endeavor to introduce the learners, face-to-face if possible, to many of the different referral resources that are available. The main goal of Day Two is for the learner to leave at the end of the day secure in the knowledge that he or she is not operating in a vacuum but, in fact, has a whole team of individuals and agencies that work in concert with him or her to find solutions to the client’s problems and concerns.

The day begins with checking on the progress of the learners’ personal FPWs. Be prepared to provide any additional instruction to the learners regarding their FPW and test their knowledge of the FPW through the FPW Lightning Round activity. Next, review the practical applications for Monday night, ensuring that the learners know how to use *How Do You Rate as a Money Manager?* and the *Financial Values Clarification* sheets. The opening session also includes a brief discussion of *Personal Financial Recordkeeping* (CFS 9). This discussion is timely as the learner should be able to characterize their own recordkeeping since they just were constructing their own FPW the previous evening and had to look through their own records.

Legal Issues of Personal Financial Management (CFS 10), is covered during the second session of Day Two. This brief is particularly effective if there is a legal officer who is a skilled instructor available to present. The main thrust of this training is NOT to make the learner into a legal expert but to help the learner recognize when he or she is dealing with a legal issue and to make the appropriate referral. Brief any guest speakers on the very specific intent of this chapter: awareness, not expertise.

INSTRUCTOR NOTE: *Legal Issues of Personal Financial Management* (CFS 10), has a light option that takes 30 minutes and a long option that takes 60 minutes. If a legal officer is available, the 60-minute option is recommended, however, this will mean that the time allotted for the Resource Guest Speakers should be reduced to accommodate the additional time.

Session three, *Your Credit and Your Clearance* (CFS 11), will prepare the learner to assist Service members with their credit. Trainers must put the subject into context for the CFS: How will the CFS use this information in their role as a CFS? How will this affect the training they do at the command, their referrals, and especially the counseling they do?

Now more than ever, the credit report has become a key document in personal financial planning, and the CFS must be proficient in helping Service members obtain, review and, if necessary, correct their credit report in order to protect their security clearance. This session will briefly cover processing creditor complaints and Statements of Reasons/Letters of Intent. Students will pull credit report for homework on Tuesday evening. If Instructor has access to a free credit report program, ensure course code is ordered and distributed to learners.

Guest speakers should be invited from “typical” referral resources. Guest speakers are invited from service-specific agencies and typically include relief agency, housing, TRICARE, and EFMP/ Special Needs. Make sure your guest speakers are informed of the intent of the brief, which is to provide the CFS with information on when to make a referral to their agency. Be prepared to present the information in case of a no-show. Specific training on the referral process takes place in *Financial Referral Resources* (CFS 12) as well.

The learners were asked to review the information on instructional techniques in the Student Manual for homework. The *Instructional Techniques* (CFS 13) session will cover this topic. Review can be reinforced through the training activities.

The final session for Day Two is Morgan Wayne Case Study Two from CFS 8 *Morgan Wayne Case Studies*. Instructors should fully review the instructions in CFS 8 *Morgan Wayne Case Studies*. to be prepared for this session. The case studies allow the learners to build on what they absorb each day and apply it to situations they are likely to encounter. Each of the four case studies has a specific focus that aligns with key issues the CFS may work with back at their command. When combined with the pretest and post-test, the case studies also provide the trainer with a critical Level Two Evaluation tool.

Day Two Debrief

1. Review Training Topics: Conduct a brief review of the day’s topics, asking for any final questions or clarifications needed. Topics covered were:
 - a. Personal Financial Recordkeeping
 - b. Legal Issues of Personal Financial Management
 - c. Your Credit and Your Clearance
 - d. Financial Referral Resources with Resource Case Studies
 - e. Resource Guest Speakers
 - f. Instructional Techniques
 - g. Morgan Wayne Case Study Two
2. Training Techniques: Conduct a discussion on the training techniques of the presenters. Ask the class to list briefly the training techniques that were used during the day’s instruction.
3. Practical Application (homework):

INSTRUCTOR NOTE: Refer learners to the “Daily Homework” sheet on page 1-12 in the Student Manual.

- a. FPW: Complete your personal *Financial Planning Worksheet*, to be handed in first thing in the morning.
4. Remind the learners to complete their Day Two Course Evaluation.
5. Remind the learners that training starts at 0730.

DAY THREE

Day Three Preparation

1. Print or gather any supplies needed for teams to present Touchpoint topics.

Day Three Introduction

The day starts with learners turning in their FPWs. Let learners know that you will discuss their comfort level with the form in the afternoon Debrief.

COMMEND the learners for putting forth the effort in getting the forms in to you, and tell them you will try to get them all reviewed and returned by Thursday morning.

The focus of Day Three is to introduce the Touchpoint Training Tools, provide an example of the Touchpoint Training, and allow students to practice using the different Touchpoint Training Tools available.

The first session, TC 1 Introduction to Touchpoint Curriculum, introduces learners to the Touchpoint requirements and materials. After the introduction, the instructors will provide an example of how to provide Touchpoint Training via PowerPoint slides and Instructor Guide using the *Vesting in the TSP* (TC 5) topic.

After the example presentation, break the class up into seven teams and allow them time to work on their presentations.

Touchpoint Team A will have 30 minutes to present the *Entitlement to Continuation Pay* (TC 6) topic via PowerPoint slides or video.

Touchpoint Team B will have 90 minutes to present the *Permanent Change of Station* (TC 3) topic via PowerPoint slides and Instructor Guide with Counselee Checklist Handout.

Touchpoint Team C will have 30 minutes to present the *Promotion* (TC 4) topic via PowerPoint slides and Instructor Guide or video.

The Touchpoint presentations allow the learners to practice for situations they are likely to encounter. When combined with the pretest and post-test, the presentations will also provide the trainer with a critical Level Two Evaluation tool.

The final topic for Day Three is Morgan Wayne Case Study Three from CFS 8 *Morgan Wayne Case Studies*. Instructors should fully review the instructions in CFS 8 *Morgan Wayne Case Studies* to be prepared for this session.

Day Three Debrief

1. Review Training Topics: Conduct a brief review of the day's topics and ask for any final questions or clarifications needed.
 - a. TC 1 Introduction to Touchpoint Curriculum
 - b. TC 5 Vesting in the TSP
 - c. Entitlement to Continuation Pay
 - d. Permanent Change of Station
 - e. Promotion
 - f. Morgan Wayne Case Study Three
 - g. FPW Discussion
 - **ASK** what their comfort level with the form is. You can “scale” the class by asking, on a scale of one to 10, with one being, “I haven’t a clue how to fill this form out,” and 10 being, “I can knock out one of these in 20 minutes without a problem,” where are they today. **ASK** where they were on the scale on Monday. Comment on any improvement, and commend.
 - **ASK** if learners found the FPW personally helpful, and how. **ASK** if they can see how it can help clients.
 - **ASK** if the FPW raised their awareness level of their own personal finances. **ASK** if it raised their awareness level of areas they hadn’t been concerned with before.
 - **ASK** the learners if any of them were (or are) uncomfortable handing this personal information in to a relative stranger. **ASK** if any felt uncomfortable on Monday when they were first given the assignment. If any answer in the affirmative, suggest they always remember that feeling so that they can empathize with the discomfort a client may feel in disclosing their information to a CFS.
 - Finally, **ASK** learners for any final difficulties they may still be having with the form. If clarification can be done in class, address the issues now. If the clarification will take longer, suggest learners speak with you one-on-one during a break, after class, or on a lunch hour.
2. Provide students who will act as Jordan Dough with the role-play client packet to read overnight in preparation for the counseling Role-Play on Thursday afternoon.
3. Training Techniques: Conduct a discussion on the training techniques of the presenters. Ask the class to list briefly the training techniques that were used during the day’s instruction.
4. Practical Application (homework):

INSTRUCTOR NOTE: Refer learners to the “Daily Homework” sheet on page 1-12 in the Student Manual.

- a. Read CFS 5 *Financial Counseling* and CFS 6 *Financial Counseling Application* (pay special attention to Role-Play: Jordan Dough Student Manual Instructions on page 6-10 in preparation for the counseling Role-Play).
4. Remind the learners to complete their Day Three Course Evaluation.
5. Remind the learners that training starts at 0730.

INSTRUCTOR NOTE: You will need to set aside time during the day or evening to review all FPWs and have them ready to return to the learners Thursday.

DAY FOUR

Day Four Preparation

1. Print or gather any supplies needed for teams to present Touchpoint topics.
2. Determine how many groups the class will break into for counseling role-play. Ensure that each group has a place to conduct its session.
3. Prepare one Client Profile Package per role-play group (CFS 6).

Day Four Introduction

Day Four continues to allow students to practice using the different Touchpoint Training Tools available and provides learners a chance to practice their financial counseling skills.

The first topic for Day Four is Morgan Wayne Case Study Four from CFS 8 *Morgan Wayne Case Studies*. Instructors should fully review the instructions in CFS 8 *Morgan Wayne Case Studies* to be prepared for this session. The focus then moves to the Touchpoint Trainings. Touchpoint Team D will have 30 minutes to present the *Leadership Training* (TC 11) topic via Counselee Checklist Handout or One-on-One Counseling Role-Play (without the eFPW).

Touchpoint Team E will have 90 minutes to present the *Pre-Deployment* (TC 12A) topic via PowerPoint slides and Instructor Guide with Counselee Checklist Handout. Teams F & G will each have 60 minutes to present one major life event topic. They can choose from *Marriage* (TC 7), *Welcoming Your First Child* (TC 8), *Preparing for Divorce* (TC 9) and *Disabling Sickness or Condition* (TC 10). One team will present via Instructor Guide or video and one team will present via counseling role-play (must have three people in the group for counseling role-play).

Financial Counseling Application is the final topic of the day. Learners will complete a full counseling session for Jordan Dough. Instructors should fully review the Role-Play: Jordan Dough Instructor Guide Instructions in CFS 6 *Financial Counseling Application* to be prepared for this session.

Day Four Debrief

1. Review Training Topics:
 - a. Morgan Wayne Case Study Four
 - b. Leadership Training
 - c. Pre-Deployment
 - d. Major Life Events
 - e. Financial Counseling Application
2. Training Techniques: Conduct a discussion on the training techniques of the presenters. Ask the class to list briefly the training techniques that were used during the day's instruction.
3. Practical Application (homework):

INSTRUCTOR NOTE: Refer learners to the "Daily Homework" sheet on page 1-12 in the Student Manual.

- a. Complete the Plan of Action and Milestones on page 15-9 of your Student Manual. This should reflect your plans for functioning as a CFS when you return to your command.
- b. Reminder: Completed Course Evaluations are your ticket out of class at the end of training, so ensure you have completed evaluations for Day One through Four tonight (pages 1-7 through 1-10 of your Student Manual).
4. Training starts at 0730.

DAY FIVE

Day Five Preparation

1. Confirm any speakers for the CFS panel. Ensure that site receptionist has their names, knows when they should be arriving, and sends them to the training room.
2. Check on status of certificates of completion (Appendix 2); make sure names are spelled correctly and certificates are signed. Check on status of class roster, if handing one out. Check on status of your guest to present the certificates, if one is invited. Confirm time. Ensure that site receptionist has their name, knows when they should be arriving, and sends them to the training room.

Day Five Introduction

Day Five wraps up the Command Financial Specialist Training. The morning starts with a session on the *Survivor Benefit Plan* (CFS 14).

The training concludes with *Developing Your Program* (CFS 15). This session consists of an activity to review what has been learned over the week. The session reviews their role as a CFS; discusses program recordkeeping, development and marketing; and requires the learners to designate what specific actions they will take upon returning to the command. The student materials include a general “indoctrination” brief and a general “leadership” brief for the CFS to use in their program. How to maintain CFS Certification is discussed followed by an optional panel discussion with current CFSs.

Finally, the learners will complete the course post-test during class. Be sure to allot at least 15 minutes for the test (Student Manual CFS 15).

Day Five Debrief

1. Training Techniques: Ask the class to list briefly the training techniques that were used in the classroom during the day’s instruction.
2. Remind the learners to complete their Day Five Course Evaluation and turn in all of their Course Evaluation Forms.
3. Present certificates to the new CFSs and dismiss the class. See the Course Planning Checklist for additional after-class tasks.

Chapter 1 Introduction

This is the first chapter of Day One of the Command Financial Specialist Training presented to the learners. It welcomes students to the course, allows for introduction of learners and trainers, and covers course administration. This chapter moves along quickly. You will need to allot about 20 minutes for the introduction exercise. The introduction exercise provides learners with the first opportunity to interact with each other and to set the tone for future learner-centered training activities. Allow an additional 15 minutes at the end of the session for learners to complete the pretest.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** Introduces learners to major topic areas via agenda review. Training techniques include active participation, chapter review, lecture, and student introductions.
2. **Information and Referral:** Introduces learners to major topic areas via agenda review and the pretest. Introduces students to each other as possible referral resources.
3. **Counseling/Coaching:** Introduces learners to major topic areas via agenda review. Counseling/coaching technique practice begins with introductions.



II. LEARNING OBJECTIVES

N/A (this is an administrative chapter)

III. OUTLINE

- 1. Welcome and Introduction**
 - a. Welcome
 - b. Facilitator(s) Introduction(s)
 - c. Site Contact Information
 - d. Course Terminal Objectives
 - e. Financial Training Topics
- 2. Meet Your Classmates!**
 - a. Activity: Learner Introductions
- 3. Student Manual**
 - a. CFS and TC Chapters
 - b. Chapter Organization
 - c. Terms and Acronyms
 - d. Common CFS Task Areas
- 4. Other Course Materials**
 - a. DVDs
 - b. DoD Website
 - c. Learner-Centered Activities
 - d. Dot-com Disclaimer
 - e. Course Evaluations
 - f. Daily Homework
 - g. Pretest/Post-Test
- 5. Adult Learning Principles**
 - a. Adult Learners
 - b. Participation
 - c. Confidentiality
- 6. Course Agenda Review**
 - a. Course Hours
- 7. Facility and Classroom Policies**
 - a. Refreshments/Lunch
 - b. Room Cleanup
 - c. Cell Phone Usage
 - d. Facility Information
- 8. Administration**
 - a. Data Card
 - b. Privacy Act
 - c. Orders
 - d. Keep in Contact
- 9. Conclusion**
 - a. Questions
- 10. Course Pretest**

IV. CHAPTER PREPARATION

Presentation Time: 90 minutes

Presentation Materials

- PowerPoint slides, “Welcome, Introduction and Administration”
- Student Manual CFS 1
 - ▶ Course Terminal Objectives
 - ▶ Financial Training Topics
 - ▶ Meet Your Classmates
 - ▶ CFS Course Materials
 - ▶ CFS Course Evaluations
 - ▶ Daily Homework
 - ▶ Course Agenda
 - ▶ Navy & Marine Corps CFS Student Data Card
- Pretest and Pretest Key (Appendix 2)
- Blank Name Card
- Site Phone Number
- Markers on All Tables

Preparation

Before chapter presentation, the instructor should determine the following:

- Refreshments/Lunch Details (including list of local options)
- After Class Cleanup Responsibilities
- Restroom Locations
- Hallway Noise Restrictions
- Lunchroom and Refrigerator Access for Learners
- Smoking Area Location for Learners
- Designated Parking for Learners
- Cell Phone Usage Guidelines

Summary of Learner-Centered Activities

- **Introduction Activity:** Learners pair up, interview their partner, and introduce their partner to the class. This allows for brief, low-risk participation for the learners and provides important information to the trainer, such as current positions, what attendees hope to learn in the training, and intention to use the training.

V. REFERENCES

Navy OPNAVINST 1740.5D

Marine Corps MCO 1700.37

Army DoDI 1342.22-D

Coast Guard COMDTINST 1740.8 (series)

Kirkpatrick, D.L. (2007). Implementing the Four Levels: A Practical Guide for Effective Evaluation of Training Programs. San Francisco: Berrett-Koehler Publishers Inc.

McCain, D.V. (2005). Evaluation Basics. Alexandria, VA: ASTD Press

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3

Welcome and Introduction

WELCOME learners to Command Financial Specialist Training.

- **INTRODUCE** yourself and other speakers present (not a detailed introduction that is for the introduction activity).
- **WRITE** the **SITE PHONE NUMBER** on the board and explain the procedure for contacting the site in case of absence due to illness or emergency.

Course Terminal Objectives

Upon completion of this course, learners should be able to:

- Construct, organize and/or manage a comprehensive, proactive PFM program at the command level (which may be measured by quarterly reporting requirements).
- Conduct effective PFM education and training using the PFM Standardized Curriculum and Touchpoint Training Curriculum.
- Provide appropriate information and referral resources for clients evidenced by participation in class role-play and case studies.
- Conduct effective one-on-one counseling/coaching for clients using Solution-Focused Financial Counseling tools and techniques.

Detailed learning objectives are contained within each chapter of the IG.

Financial Training Topics

DIRECT learners to page 1-2 of their Student Manual and briefly point out the financial topics that will be discussed during the course.

EXPLAIN that the course will cover both “How to be a CFS” and the “Touchpoint Training Curriculum.”



SLIDE 4

Activity: Learner Introductions

Time: 20 minutes

Process:

ASK learners to pair up and introduce themselves to their partner. Then each person should interview the other and get short answers to the following questions:

1. Name
 2. Command
 3. Job or position at command
 4. What do you hope to learn in CFS training?
 5. How will you use what you learn during the course?
 6. What non-military financial experience do you bring to the classroom?
- Note that there is space on page 1-3 in the Student Manual for responses. Allow 6 to 8 minutes for the interview. When all have finished, have each person stand up and introduce their partner to the group.
 - While the introductions continue, keep track of the different jobs/positions, what learners hope to learn, and prior experience. This will give you insight into the knowledge and skills the learners bring into the classroom. Write what learners hope to learn on a large sheet of Post-It paper and post it in the room to help all instructors ensure that these points are met throughout the course.
 - Thank and welcome all to the training, and assure them that if nothing else, they all bring their own experience managing their own money into this class and will build on that in order to help others manage their money.



SLIDE 5

Student Manual

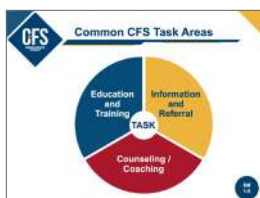
DIRECT learners to page 1-4 of their Student Manual. **EXPLAIN** that the learners have two Student Manuals. The first Student Manual includes the CFS chapters that provide information on how to be a CFS. These chapters are numbered CFS 1, CFS 2, etc. The order follows course topics except for CFS 6 which is presented later in the course, but located in the Student Manual next to CFS 5 which is presented early in the course so that learners will find it easier to use both chapters when conducting the counseling role-play. **DIRECT** the attention of the learners to the blue icon in the bottom right corner of the PowerPoint slide and **ALERT** learners that this icon is used throughout the CFS chapters to indicate the corresponding page(s) in the Student Manual. The second Student Manual is your Touchpoint Toolbox to learn about the Touchpoint Curriculum that you will use at your command. These chapters are numbered as TC 1, TC 2, etc. The order follows the roadmap to financial success (as discussed later in the course). The Touchpoint Training materials will be discussed in depth later in the course.

EXPLAIN that the CFS Student Manual will function as a course workbook and should be used for both in-class activities and after-class homework. Learners can take notes on pages of the manual in order to refer to them later.

REFER to the terms and acronyms that will be used throughout the course:

Command Financial Specialist Training	CFST
Command Financial Specialist	CFS
Command Financial Specialist Instructor Guide.....	IG
Command Financial Specialist Training Instructor	Instructor
Command Financial Specialist Training Participants.....	Learners
Command Financial Specialist Training Student Manual	SM
Financial Planning Worksheet	FPW
Personal Financial Management Standardized Curriculum	PFMSC
Personal Financial Management.....	PFM
Touchpoint Curriculum.....	TC

INFORM learners that CFSs may only use their branch of service’s approved PFM Standardized Curriculum and Touchpoint Curriculum. CFSs are not authorized to use any other material.



SLIDE 6

Common CFS Task Areas

REFER learners to page 1-5 of their Student Manual. **EXPLAIN** that there are three Common CFS Tasks among the branches of military. These three Common CFS Task areas are integrated throughout the course to prepare the learners to carry out his or her responsibilities in accordance with their governing Service-Specific PFM Program Policy. Their policy may require them to perform additional responsibilities. CFS 3 will cover the Service-Specific PFM Program Policies for each branch of service and additional responsibilities. This training is designed to help learners meet these three tasks at the very least, but each CFS is expected to perform all tasks required by policy. The Common CFS Task areas that span all of the branches of military are to provide:

- Education and Training
- Information and Referral
- Counseling/Coaching

INFORM learners that the introduction for each CFS chapter includes a “Chapter Correlation to Common CFS Task Areas” section. To locate this section, look for the pie chart symbol at the beginning of each chapter (see the CFS 1 *Welcome, Introduction and Administration* example on page 1-1).



SLIDE 7

Other Course Materials

PFMSC DVD, Touchpoint DVD, and DoD Website

ASK learners to take out the PFM Standardized Curriculum DVD and Touchpoint DVD or access the DoD website as provided by your instructor. Explain that the information provided is integrated into this course and will function as reference material for financial topics and Touchpoint materials.

Learner-Centered Activities

EXPLAIN to learners that this training is conducted using many different learner-centered activities and techniques to engage them as adult learners and give them both theoretical and hands-on learning opportunities. You can also include optional activities like matching pairs game (Prince Charming and Cinderella, famous couples, peanut butter and jelly, etc.), or the financial bingo game.

Dot-com Disclaimer

INFORM the learners that they will be referred to a variety of websites throughout the training for educational purposes only. **EXPLAIN** that no warranty is made regarding their accuracy or quality, nor does using the information on these sites constitute an endorsement of the site, its products or its services. Other sites with similar information may be available and may prove equally useful.

Course Evaluations

DIRECT learners to pages 1-7 and 1-11 in the Student Manual, the course evaluations, and ask them to review the questions briefly. **ENCOURAGE** learners to complete the evaluations daily and hand them in to the instructor at the end of each day. **EXPLAIN** that all the evaluations are used to maintain the integrity of the program and that their feedback is critical to continued improvement of the training.

Daily Homework

REFER learners to page 1-12 in the Student Manual. **EXPLAIN** that there will be after-class work. **TELL** learners that each day's practical applications will be assigned during the daily debrief session.

Pretest/Post-Test

INFORM the learners that there will be a pretest and post-test conducted in this training. The purpose of this is to evaluate whether learning took place in the classroom. The pretest will be administered at the end of this chapter.



SLIDE 8

Adult Learning Environment

EXPLAIN that CFS is a 40-hour training conducted in an adult learning environment. Learners will be responsible for their own learning, being on time, and attending all sessions.

ENCOURAGE learners to speak openly but also to respect each other's opinion.

DEMAND that there be no demeaning remarks, sexual or racial slurs, or any other inappropriate comments. Make it clear that anyone disrupting the class with such remarks will be asked to leave and their command will be notified of the behavior.

INSIST that a culture of respect be maintained in the classroom.

REINFORCE that as adult learners, they are encouraged to participate in all aspects of the training. Learners will be expected to contribute to class discussions, work in small groups, and complete assignments at home.

ASK learners to endeavor to maintain the confidentiality of any client and learner personal disclosures they may discuss.



SLIDE 9

Course Agenda Review

ASK learners to look at their CFS Agenda on page 1-13 of the Student Manual and briefly explain the course layout day by day.

EXPLAIN the class hours. **REINFORCE** that learners are expected to be in their seats ready for training at 0730 each day, and that the class will go to 1600 each day except Friday, when learners will be done no later than 1200. Lunch will be daily for 1 hour (typically 1100-1200 except Tuesday and Thursday).

INSTRUCTOR NOTE: Agenda swaps are acceptable to accommodate local needs. An example would be to swap the *Legal Issues of PFM* with another training session to accommodate the guest speaker's schedule. When making agenda swaps, ensure that all topics are still presented and do not reduce the length of the course.

CFS 10, *Legal Issues of PFM*, has a light option that takes 30 minutes and a long option that takes 60 minutes. If a legal officer is available, the 60-minute option is recommended, however this will mean that the Resource Guest Speakers' time period should be reduced to accommodate the additional time.



SLIDE 10

Facility and Classroom Policies

EXPLAIN how refreshments, if available, will work at your site.

ASSIGN responsibility for end-of-day room cleanup. This can be left up to the senior member to determine, or you can assign a different table or group for each day. Explain what specific tasks encompass room cleanup.

REQUEST that all cell phones be shut off during class or put on silent mode. If someone requires to have their phone on due to job or family issues, they must inform the instructor.

TELL learners the location of restrooms. **EXPLAIN** site policy on hallway noise.

PROVIDE learners with the location of the lunchroom and refrigerator (if available to learners). You also may wish to provide learners with the location of nearby eateries or the galley for lunch. **GIVE LOCATION** of the smoking area and available learner parking. **DISCUSS** whether course materials can be left in the room overnight.



SLIDE 11

Administration

DIRECT Navy and Marine Corps learners to page 1-14 in the Student Manual, the Navy & Marine Corps CFS Student Data Card.

ASK Navy and Marine Corps learners to complete the data card, including signing the Privacy Act Statement on the bottom half, and turn it in when completed. The name as it appears on the data card is the name that will appear on the certificate of completion at the conclusion of the training.

EXPLAIN that the Privacy Act is required because the information provided on the student data card is put into a database that tracks Service members trained as CFSs in an effort to evaluate and maintain the integrity of the program. This database also is used to provide CFSs with additional training and support.

CONFIRM correct spelling of names for Army and Coast Guard learners for certificates of completion at the conclusion of the training.

ENCOURAGE learners to contact the financial educator at their Family Installation Support Center site if their contact information changes.

FURTHER ENCOURAGE learners to reach out to the financial educator at their new Family Installation Support Center when they PCS to a new unit.

PROVIDE your office phone and email contact information so that learners can inform you of changes in contact information or reach out for additional educational support.

COLLECT ORDERS if they have been required for this course. **HOLD** in class folder for stamping and signature later

INSTRUCTOR NOTE: It is recommended that instructors do not have students complete the Data Card any sooner in the course since it is important that students feel welcomed before completing administrative tasks.

If you have students in your class that will be working with another Installation Family Support Center, **FORWARD** the data cards for Navy and Marine Corps students to their local Financial Counselor or Educator and **SEND** a list of Army and Coast Guard Students to their local Financial Counselor or Educator. **INFORM** these students that they should submit a copy of their certificate of completion to their Financial Counselor or Educator upon completion of the course. Also, for Army and Coast Guard students, the instructor should alert Army and Coast Guard headquarters of the student having attended.

Some learners will not have their command address and may need to turn in the data card later, after they get the required information. Tell them you need them first thing Tuesday morning to put together a roster. Make a class folder and **HOLD** the data cards in the folder, along with other critical class materials, such as any orders



SLIDE 12



SLIDE 13

Conclusion

ASK for any questions or comments on course administration, introductions, course purpose, and agenda. **REASSURE** learners that you are happy they are in the course and that everyone will learn a lot in the classroom.

COURSE PRETEST

ADMINISTER the pretest from Appendix 2 by passing out a copy of the pretest to each learner. Remind learners to write their names on their pretest. Do not use SSN. Remind the learners that if they do not know an answer they should not guess but should choose the "Unknown" answer. The pretest does not require a passing score. The pretest key is in Appendix 2.

VII. FORMS

- Course Agenda with Times
- Matching Pairs Game
- Financial Bingo Game
- See CFS Student Manual for the following forms:
 - ▶ Course Terminal Objectives
 - ▶ Financial Training Topics
 - ▶ Meet Your Classmates
 - ▶ Course Materials
 - ▶ Course Evaluations
 - ▶ Daily Homework
 - ▶ Course Agenda
 - ▶ Student Data Card

CFS Course Agenda

Ensure learners are provided with breaks throughout the training. A one hour class should include 50 minutes of training and 10 minutes of break time.

Monday **Introduction to Personal Financial Management**
0730-0900 Welcome, Introduction and Administration with Pretest (CFS 1)
0900-0930 The Need for Personal Financial Management (CFS 2)
0930-1000 Introduction to Command Financial Specialist (CFS 3)
1000-1100 Introduction to Managing Finances and What Are My Options? Exercise (CFS 4)
1200-1300 Financial Counseling (CFS 5)
1300-1400 Introduction to the Financial Planning Worksheet (CFS 7)
1400-1500 eFPW Walk-Through of Morgan Wayne Case Study One (CFS 8)
1500-1530 Daily Debrief and Evaluation

Tuesday **Referral Resources**
0730-0800 Personal Financial Recordkeeping (CFS 9)
0800-0830 Legal Issues of Personal Financial Management (CFS 10)
0830-1000 Your Credit and Your Clearance (CFS 11)
1000-1045 Financial Referral Resources with Resource Case Studies (CFS 12)
1045-1315 Resource Guest Speakers (ensure a one hour lunch is taken during this time)
1315-1400 Instructional Techniques (CFS 13)
1400-1500 Morgan Wayne Case Study Two (CFS 8)
1500-1530 Daily Debrief and Evaluation

Wednesday **Touchpoint Day 1**
0730-0800 Touchpoint Tools (TC 1)
0800-0830 Presentation 1: Instructor Example of Vesting in the TSP (TC 5)
0830-0845 Team Assignments
0845-1000 Team Work Time
1015-1045 Presentation 2: Team A – Entitlement to Continuation Pay (TC 6)
1200-1330 Presentation 3: Team B – Permanent Change of Station (TC 3)
1330-1400 Presentation 4: Team C – Promotion (TC 4)
1400-1500 Morgan Wayne Case Study Three (CFS 8)
1500-1530 Daily Debrief and Evaluation

Thursday **Touchpoint Day 2**
0730-0830 Morgan Wayne Case Study Four (CFS 8)
0830-0900 Presentation 5: Team D – Leadership Training (TC 11)
0900-1030 Presentation 6: Team E – Pre-Deployment (TC 12A)
1030-1130 Presentation 7: Team F – Major Life Event 1
1230-1330 Presentation 8: Team G – Major Life Event 2
1330-1500 Financial Counseling Application (CFS 6)
1500-1530 Daily Debrief and Evaluation

Friday **Program Development**
0730-0800 Survivor Benefit Plan (CFS 14)
0800-1000 Developing Your Program (CFS 15)
1000-1030 Post-test
1030-1100 Course Debrief and Evaluation
1100-1130 Presentation of Certificates

Matching Pairs Game

DIRECTIONS:

The Matching Pairs Game is a fun way to pair up students for activities. Print out the pairs list and cut the cards out. It is recommended to laminate the cards for reuse. Determine how many pairs you will need to ensure that you have the right number of paired cards. Pass out the cards to the students and instruct the students to find the other half of their pair. The pairs are color coded to help the students find each other.

Spongebob	Charlie Brown	Captain Kirk
Patrick Starfish	Snoopy	Mr. Spock
Batman	Kermit the Frog	Maverick
Robin	Miss Piggy	Goose
Bert	Wile E. Coyote	Austin Powers
Ernie	Roadrunner	Dr. Evil
Han Solo	C3PO	Dr. Jekyll
Chewbacca	R2D2	Mr. Hyde

Matching Pairs Game

Cookies	Captain Hook	Harry Potter
Milk	Peter Pan	Lord Voldemort
Steve Jobs	Sherlock Holmes	Bill Gates
Apple	Dr. Watson	Microsoft
Barney Stinson	Mark Zuckerberg	Fish
Ted Mosby	Facebook	Chips
Mickey Mouse	Nemo	Homer Simpson
Minnie Mouse	Dory	Marge Simpson
Romeo	Barbie	Buzz Lightyear
Juliet	Ken	Woody

Financial Bingo Game

DIRECTIONS:

Find a peer to match with each bingo square. When your peer matches a bingo square, they can initial the square. Use each peer's initials once. When you have five in a row yell BINGO!

Banking	Investing	Net Worth	General	Other
Has a Savings Account	Is investing 5% or more in TSP	Owens a home	Packs their lunch	Checks their credit report yearly
Has a Money Market Account	Has an IRA or Roth IRA	Debt free!	Plans for irregular expenses	Has a Will
Has a Certificate of Deposit	Owens an individual stock	FREE SPACE	Regularly uses coupons	Reads their LES or Payslip every month
Has deposited a check via Mobile Banking	Has a 529 or ESA	Has an Emergency Fund	Does not have cable	Has their financial records organized
Is a member of a credit union	Has an online brokerage account	Has collectibles	Tracks their expenses	Has read a financial book in the last year



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 2 The Need for PFM

Instructor Guide



I. INTRODUCTION

The goal of this training topic is to provide an introduction to the importance of all Americans managing their finances and an overview of typical financial problems and concerns experienced by Service members. We will discuss the “presenting” financial concerns that may bring Service members to see you, as well as the real reasons, emotional fallout, and implications of various financial issues.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** Models lecture, class participation, and training techniques
2. **Information and Referral:** No direct correlation
3. **Counseling/Coaching:** Introduces learners to the types of financial problems they will encounter while working with clients, the real reasons financial problems occur, and typical emotional fallout from financial problems



II. LEARNING OBJECTIVES

Learners will use a group activity to distinguish among and list at least four presenting problems, real reasons, emotional fallout, and implications of financial problems.

III. OUTLINE

1. **The Need for PFM**
 - a. Topics
2. **Benefits of Managing Your Money**
3. **Financial Problems and Concerns**
 - a. Activity: “What Financial Problems and Concerns Have You Seen?”
4. **Military Risk Factors**
 - a. Activity: Why the Military?
 - b. Why the Military? (Age, Lifestyle, Easy Credit)

IV. CHAPTER PREPARATION

Presentation Time: 30 minutes

Presentation Materials

- PowerPoint slides, “The Need for PFM”
- Student Manual CFS 2
 - Financial Problems and Concerns
 - Financial Risk Factors for Military Members
- Computer and internet connectivity

Preparation

The instructor should review appropriate news videos with local consumer awareness stories for possibly showing at the end of the presentation.

Summary of Learner-Centered Activities

- **“What Financial Problems and Concerns Have You Seen?” Activity:** Learners create a list of presenting problems, real reasons, emotional fallout, and implications of financial problems based on what they have seen throughout their military career.

V. REFERENCES

Institute, M.F. (1997). Scope and Impact of Personal Financial Management Difficulties of Service Members

P. Tiemeyer, C.W. (1999). Financial Management Problems Among Enlisted Personnel

Personal Financial Management Standardized Curriculum. (2016). CNIC Family Readiness Program Manager

Manager Phuong, R.B. (2002). Assessing the Personal Financial Problems of Junior Enlisted Personnel Santa Monica: RAND Corporation

(2003). Report on Personal and Family Financial Management Problems. RAND Corporation

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3

The Need for PFM

INFORM learners that in *The Need for Personal Financial Management (PFM)* you will review presenting financial concerns and the real reasons behind the financial concerns. The benefits of sound financial management and the consequences of poor financial management will also be addressed as they specifically pertain to Service members and their families.

Topics

REVIEW the topics to be covered in this chapter.

- **Benefits of Managing Your Money.** Learners will discuss the reasons that all Americans should manage their money.
- **Financial Problems and Concerns.** Learners will perform an activity to review presenting financial concerns and real reasons for seeking the help of a CFS and the emotional fallout and implications of financial problems.
- **Military Risk Factors.** We will discuss some of the risk factors making some Service members more vulnerable or susceptible to various financial problems.

Benefits of Managing Your Money

- **INITIATE** a conversation with learners about the purpose and benefits of managing their money effectively. **ASK:**
 - What do you think is the ultimate objective of personal financial management?
 - Why do we bother to manage our money, limit credit use, and save and invest wisely?
 - How have you bettered your financial situation through financial courses you have taken while in the military?
 - What actions have you taken to improve your financial health?
- **ASK** learners "What is the ultimate purpose of managing your money?" **ACCEPT** all answers that refer to building wealth, net worth, profit, choice, freedom, security, stability, and financial independence.
- **CONFIRM** accurate responses or provide the learners with the answers "wealth" or "profit."
- **DISCUSS** personal goals (financial stability, security and readiness).



SLIDE 4

Service Members with a Financial Plan Enjoy These Benefits

- **ASK** “What is net worth?” **ASK** “Why is net worth important?” **CONFIRM** accurate responses and **WRITE** on a dry erase board or flip chart: Net Worth = Assets Minus Liabilities.
- **ASK** learners the difference between a positive net worth and a negative net worth.
- **EXPLAIN** that when you own (assets) more than you owe (liabilities) you have a positive net worth, and as net worth grows from year to year, you are building wealth.
- **TELL** learners that the CFS program is based on practical financial management skills that, when implemented over a Service member’s career, can help Service members and their families navigate through the many transitions of military life. It can help Service members and families to have choices and ultimately freedom from financial stress and worry!
- **REINFORCE** that throughout it all, learners must remember what we are trying to accomplish for our clients — help them build wealth so they can have choices in their lives. Everything we do as Command Financial Specialists — whether we are showing them how to do their budget, assisting them in a wise car purchase, or explaining their options in participating in the Thrift Savings Plan — must help our clients move in the direction of building wealth.



SLIDE 5

Financial Problems and Concerns

Activity: What Financial Problems and Concerns Have You Seen?

Time: 15 Minutes

Materials: Student Manual worksheet

Process:

REFER learners to the Student Manual, pages 2-2 and 2-3, where they will see four headings. Direct the learners to work in pairs to create a list of responses for each of the four Financial Problems and Concerns on their worksheet. For large classes, you can break the class into groups and assign one of the four headings to each group. Explain what each heading means:

Presenting Financial Concerns (“**Why would someone seek the help of a CFS?**”) are the types of issues that will motivate a person to come in and see the Command Financial Specialist. Here, learners are going to show how much they already know just walking into this class.

A great way to put this list together is simply to ask: What have you seen out there in your jobs in the way of financial problems? You’ve probably seen or heard of Service members getting into a negative financial situation. If a client were to knock on your door and say, “CFS, I need to talk to you about _____,” what do you think the blank will be? What problems are out there?

Real Reasons are the underlying issue why the client might be coming to see you. This is some of the meat of your job as a CFS — listening to the Presenting Financial Concerns while trying to discern the Real Reason for the problems. It may help to ask yourself, “Is this the problem, or a symptom?” For example, if your client tells you, “I can’t pay my credit card bills,” what might the real reason be?

Emotional Fallout is the personal response that can be linked directly to the client’s financial problems. Sometimes we do not know which is causing which, but we know both are there. Note that financial problems can be a symptom of other problems. Our job as a CFS is to recognize that there is emotional fallout — do not ignore it — and make a referral to the proper resource. What types of things are we talking about here?

Implications are the things that could occur if the financial problems persist, especially due to inaction on the person’s part. These are the detrimental effects of personal financial problems on the Service members, the command, and the military. **ASK:** What can happen to you when you have financial problems? What will the military do, and what can the civilian world do?

For small classes, ask each pair to provide a response to each of the four areas and record those responses in the Student Manual. For large classes, ask each group to provide four responses to their topic and record those responses in the Student Manual. Encourage learners to write down all the responses from other pairs/groups in their manual to complete their lists. Comment as appropriate and commend participation. Responses may include:

Presenting Financial Concerns

- Unable to pay bills
- Unable to afford car
- Need a new car
- Bounced checks
- Spouse lost job
- Divorce and separation
- Not enough money
- No savings
- Emergency
- Letter of indebtedness
- Foreclosure notice
- Ripped off, etc.
- Couldn't sell home at a different duty location
- Letter of intent
- Need to start saving and investing

Real Reasons

- Lack of education
- Lack of maturity
- Pay problems
- No budgeting
- Too many wants
- Not taking care of needs
- Easy credit
- Too much credit, etc.
- Bad economic conditions
- Errors on credit report

Emotional Fallout

- Sullen or crying spells
- Lack of concentration
- Lack of energy
- Sleep issues
- Low self-esteem
- Mood swings
- Anger
- Embarrassment or shame
- Arguments
- Depression
- Anxiety

Implications

Civilian Implications:

- NSF (bounced) checks
- Not granted credit
- Bad credit report or rating
- Repossession
- Foreclosure
- Bankruptcy
- Jail, etc.

Military Implications:

- Negative evaluation
- Loss of promotion
- Loss of overseas transfer
- Loss of security clearance
- Reduction in rank (busted)
- NJP
- Administrative discharge, etc.



SLIDE 6

Military Risk Factors

ASK learners to reflect on the Financial Problems and Concerns activity and determine why Service members are at risk for financial management issues.

INSTRUCT learners to brainstorm at their table or with a partner to come up with a list of reasons.

ASK learners to volunteer their responses and record them on a white board or flip chart.

Possible Responses: Financial Risk Factors for Military Members

- Youth/immaturity
- Early independence
- Earlier family responsibilities
- Unemployed or underemployed spouse
- Having children earlier
- Deployments
- Frequent moves
- Separation from extended family
- High cost of living
- Stability of employment
- Availability of easy credit
- National savings rate



SLIDE 7

Why the Military?

FURTHER DISCUSS some of the risk factors associated with the military as discussed on Slide 6.

INSTRUCTOR NOTE: These slides have animated graphics that will appear on clicks of the mouse.

Age

We have discussed some of the trends about military life and financial management, but let us now take a look at some of the factors that contribute to those statistics. While Service members tend to be more educated than their civilian counterparts, they frequently are away from home and any support system at a relatively young age. They tend to take on family responsibilities earlier than civilians, often getting married and having children at a young age.

Lifestyle

In addition to gaining independence at a young age, the nature of military work and living puts Service members at a greater risk for financial problems. Deployments, frequent moves, and the high cost of living at many military base locations are other military-specific risk factors. These factors also make it difficult for spouses to locate and maintain employment, further affecting finances for military families.

Easy Credit

Finally, it must be noted that all of these risk factors exist in an environment of easy credit availability. Many businesses market directly to the military, enticing Service members with the promise of obtaining easy credit. Researchers (RAND, 2002) speculate that given the stability of their employment, young enlisted personnel may have greater resources than civilians of the same age, giving them greater access and opportunity to certain types of financial products associated with credit availability.

VII. FORMS

- See CFS Student Manual for the following forms:
 - Financial Problems and Concerns
 - Financial Risk Factors for Military Members



CFS

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CFS 3 Introduction to CFS

Instructor Guide

IV. CHAPTER PREPARATION

Presentation Time: 30 minutes

Presentation Materials

- PowerPoint slides, “Introduction to CFS”
- Student Manual CFS 3
 - Service-Specific PFM Program Policy Review
 - Components of PFM Programs by Military Branch
 - Responsibilities of a CFS by Military Branch

Preparation

Provide learners with their Service-Specific PFM Program Policy prior to the course and ensure that it is read as part of their course pre-work.

Summary of Learner-Centered Activities

- **PFM Program Policy Review:** Learners will use their Service-Specific PFM Program Policy in Appendix A to locate the answer to a series of questions. This exercise further familiarizes the learner with mandated responsibilities.

V. REFERENCES

DoD Instruction (DoDI) 1342.22 policy, assigns responsibilities, and establishes procedures for the provision of military family readiness services

OPNAV 1740.5D. (n.d.). United States Navy Personal Financial Management (PFM)

MCO 1700.37 United States Marine Corps Personal Financial Management Program (PFMP)

Army Regulation 608–1 Army Community Service

COMDTINST 1740.8 (series) United States Coast Guard Financial Management Program (PFMP)

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3



SLIDE 4

Introduction to CFS

TELL learners this chapter will address briefly the PFM program, with particular emphasis on the Command Financial Specialist delivery system.

Topics

REVIEW the topics to be covered in this chapter.

- **Policies** — Learners will perform research about the PFM program using their Service-Specific PFM Program Policy.
- **CFS Roles and Responsibilities** — Explore the responsibilities of the PFM program (as administered by the Installation Family Support Center) and the roles and responsibilities of the CFS. Discuss the services that the Installation Family Support Center can offer to assist a CFS with the performance of their duties. Also discuss referrals that CFSs should be making to the Installation Family Support Center.

Policies

TELL learners they will perform research about the PFM program using their Service-Specific PFM Program Policy in Appendix A (which they should have read as part of their course pre-work). Introduce the policies for each military branch and then have the students work on answering the questions in their Student Manual on pages 3-2 through 3-4.

Target Audience: All Service Members

Target Population: All Service members

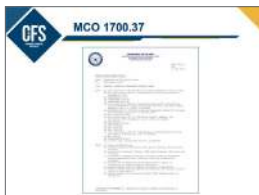
- The PFM program was designed to assist all ranks of Service members with learning practical financial management skills to help them build wealth. The intent is to provide preventive education that Service members can use throughout their military career and beyond. The program strives to train Service members by establishing good habits early, rather than re-training them to overcome bad habits in the future.
- Research has shown that the initial term of service is a crucial time that can affect retention. The PFM program views financial education as a continuum starting with recruit training in fundamental financial management tools and continuing throughout a Service member's career by delivering the right Touchpoint financial training at the right time as Service members hit certain milestones in their career and personal life.



SLIDE 5

Service-Specific PFM Program Policies

Each of these military service instructions mandate the qualifications, function and training of Command Financial Specialists (CFS) to function as a command principal advisor on all policies and matters related to the PFM program.



SLIDE 6

The Navy's Policy Is OPNAVINST 1740.5D

The Marine Corps Policy Is Marine Corps Order 1700.37



SLIDE 7

The Coast Guard Policy Is COMDTINST 1740.8(series)

NOTE: At the time of this publication, the U.S. Army does not have an Army Regulation for the CFS Program, however local regulations may apply.



SLIDE 8

Activity: Policy Review

DIRECT learners to pages 3-2 through 3-4 of the Student Manual and have them locate the answers to the four questions that pertain to their branch of service using their Service-Specific PFM Program Policy found in Appendix A. Have students highlight the answers in the policy and list the location where they found each answer. Review the answers for the branches represented in the class.

NAVY

What are the four major elements of the Navy's PFM Program?

Paragraph 6d(1) through 6d(4) – page 3

What is the responsibility of the Wardroom and Chief Petty Officers Mess?

Paragraph 7j – page 11

What are the responsibilities of individual Sailors?

Paragraph 7i – page 11

What are the minimum requirements to be reviewed in an ISIC's inspection?

Paragraph 8 – pages 11 through 12

MARINE CORPS

Which preventative and intervention services are included in the Marine Corps' PFM Program?

Paragraphs 3a(2)(c) and 3a(2)(d) – page 3

List two of the responsibilities of the Commanding Officers (CO), Officer(s)-in-Charge (OICs), Inspectors-Instructors (I&Is), and Detachment Commanders?

Paragraph 3a(11) – pages 9 through 11

What is the Extended Absence Financial Plan that a CFS assists Marines in developing?

Enclosure (1) Extended Absence Financial Plan Definition – page 14

What are the responsibilities of the Inspector General of the Marine Corps?

Paragraph 3a(7) – page 6

COAST GUARD

What are the seven elements of the Coast Guard's PFM Program?

Paragraph 11b – pages 3 through 6

How often must the CFS provide updates to the HSWL Regional Practice (HSWL-RP) PFM?

Paragraph 12j(7) – page 11

What are the responsibilities of individual Coast Guard Service members and civilians?

Paragraph 12k – pages 11 through 12

How often should the CFS report to the CO/XO the CFS activity (referrals and training) conducted at their command/unit?

Enclosure (1) Paragraph 2g – Enclosure page 2

CFS Roles and Responsibilities

The PFM Program shall support commanders in maintaining unit financial readiness to sustain mission readiness and promote personal readiness and retention in the military.

The next few slides will explore the PFM Program Responsibilities and the CFS Roles and Responsibilities for each branch of service. Direct learners to page 3-5 of their Student Manual for this discussion.



SLIDE 9



SLIDE 10

The Navy PFM Program

It is clear that the financial risks military members face often exceed that of the general public. As a result, the Navy has instituted a vigorous program to meet the need.

- Via OPNAVINST 1740.5 SERIES all commands are responsible for taking a proactive role in the personal financial management of their members. This means providing financial education and training, financial information and referral, financial counseling, and Consumer Advocacy and Reporting assistance.
- Sailors have two options for seeking financial assistance. They can obtain it through the command via the CFS, or they can contact a financial educator at the Fleet and Family Support Center. The financial educators also serve to support the CFS.



SLIDE 11

Navy CFS Responsibilities

Navy CFSs provide:

- Financial Education and Training
- Information and Referral
- Financial Counseling
- Consumer Advocacy and Reporting



SLIDE 12

The Marine Corps PFM Program

Marines and the Marine Corps have a mutual responsibility to address personal financial obligations and accountability. Marines have an obligation to discharge their financial obligations in a timely and proper manner and meet the financial needs of their families.

Marines:

- May receive assistance through their unit CFS as described in the body of the order.
- Are encouraged to obtain financial education (online, classroom-based, or via telephone) by using existing Marine Corps or Authorized Financial Resources.
- May seek financial education, training, counseling and information and referral through other service's PFMP.
- May, if eligible, request financial training/counseling from outside resources.



SLIDE 13

Marine Corps CFS Responsibilities

Marine Corps CFSs provide:

- Financial Education and Training
- Information and Referral
- Financial Coaching/Counseling



SLIDE 14

The Army PFM Program

A Soldier’s financial responsibility to themselves, family members and creditors is a major concern for commanders in maintaining readiness to sustain deployments.

Soldiers and family members seeking assistance in areas such as budget development and financial planning, developing a spending plan, managing personal finances, and evaluating assets and liabilities can access these services at Army Community Service.

Note: At the time of this publication, the U.S. Army does not have an Army Regulation for the CFS Program, however local regulations may apply.



SLIDE 15

The Coast Guard PFM Program

Financial concerns can be a major stressor for Coast Guard Service members and their families. Many studies and needs assessments show financial problems have a direct impact on military mission readiness. Furthermore, failure to appropriately manage personal finances can seriously impact an individual’s mental health and physical well-being, and those who experience serious financial problems can experience a number of negative consequences (e.g., revoked security clearance, military discharge, criminal sanctions, etc.).

Coast Guard personnel have three primary options for seeking financial assistance. They can:

- Obtain assistance through the command via the CFS.
- Contact a Personal Financial Manager at the regional Health, Safety, and Work-Life Office.
- Utilize a Money Coach through the CG SUPRT Financial Wellness Program.

If the Service member is located near the base of another branch of service, they can also see the Personal Financial Manager or Financial Educator at that location’s Installation Family Support Center.



SLIDE 16

Coast Guard CFS Responsibilities

Coast Guard CFSs Provide:

- Financial Education and Training
- Information and Referral
- Basic Budgeting



SLIDE 17

Questions

ASK for any questions regarding their responsibilities. **INFORM** learners that they will have a Developing Your Program lesson on the final day of class. This lesson will allow them to take a deep dive into their responsibilities as a CFS. **REMIND** learners that their homework on the evening before the final day of class is to complete the Plan of Action and Milestones (PoAM) on page 15-9 of the Student Manual. The PoAM should reflect their plans for functioning as a CFS when they return to their command.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Policy Review Form
 - ▶ CFS Roles and Responsibilities
 - Components of PFM Program by Military Branch
 - Responsibilities of a CFS by Military Branch



CFS

COMMAND FINANCIAL
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CFS 4 Introduction to Managing Finances


Instructor Guide



I. INTRODUCTION

This chapter introduces the learner to the principles of financial planning and the Financial Planning Pyramid. The overview functions as a road map, showing the student how the principles, along with the Financial Planning Pyramid, are the foundation for creating positive financial habits. The principles of financial planning and the Financial Planning Pyramid are introduced and used as early as possible to get learners thoroughly familiar with these concepts.

The Personal Financial Management chapter is dedicated to ensuring that the student is equipped with the basic understanding of financial planning before moving on to the practical application, using group case studies and financial counseling role-play.

Learners will get further practice when they work on their group case studies and during the financial counseling role-play. Learners will also walk through the *Financial Planning Worksheet* in another module.

Chapter Correlation to Common CFS Task Areas:

- 1. Education and Training:** Several training techniques are used in this chapter, including active lecture and group brainstorming activities.
- 2. Information and Referral:** Learners become familiar with an important referral tool and are exposed to information and referral aspects of reducing living expenses.
- 3. Counseling/Coaching:** Learners get hands-on experience with the goal-setting process, which puts clients in a “future” orientation, a key element of Solution-Focused financial counseling.



II. LEARNING OBJECTIVES

The learner will write one short-term, one medium-term, and one long-term goal using the SMART criteria.

The learner will gain an understanding of how compound interest and inflation will affect their saving and investing goals.

Working in small groups, the learners will identify various ways to reduce living expenses in the Housing/Utilities, Transportation, Food, Entertainment, Communication, Children and Child Care, Clothing, Digital Spending, Vacations, and Holiday Spending categories.

III. OUTLINE

1. **Introduction**
 - a. Agenda
2. **Defining Financial Planning**
3. **Setting Financial Goals**
 - a. SMART Goals
 - b. Activity: Financial Goal-Setting
4. **The Financial Planning Pyramid**
 - a. Management Level
 - b. Savings Level
 - c. Investing Level
 - d. Activity: More or Less?
5. **Developing Your Spending Plan**
 - a. Effective Spending Plans
 - b. Benefits of a Written Spending Plan
6. **Summary**
 - a. Activity: What Are My Options?

IV. CHAPTER PREPARATION

Presentation Time: 60 minutes

- 30 minutes for Presentation
- 30 minutes for “What Are My Options?” Group Activity

Presentation Materials

- PowerPoint slides, “Introduction to Managing Finances”
- Student Manual CFS 4
 - ▶ SMART Goals
 - ▶ The Financial Planning Pyramid
 - ▶ Activity: What Are My Options?
- “What Are My Options?” Group Activity
 - ▶ Ten, blank poster-size Post-It paper pages
 - ▶ Masking tape or thumbtacks — minimum 10 markers
 - ▶ Local resource guides, if available
- Pencils and paper

Summary of Learner-Centered Activities

- **Financial Goal-Setting Activity:** After a brief explanation of short-term, medium-term, and long-term goals, learners will write one short-term, one medium-term, and one long-term goal.
- **More or Less? Activity:** Learners will explore how compound interest and inflation will affect their saving and investing goals.
- **What Are My Options? Small Group Activity:** Learners explore options available to reduce living expenses via small group brainstorming and report out.

V. REFERENCES

Personal Financial Management Standardized Curriculum: Developing Your Spending Plan, Military Pay Issues, and Credit Management Modules

Waddell, Fred. *Solution Focused Financial Counseling in the New Millennium*.
Auburn, Ala.: Genesis Press, 2001

Garman, E. Thomas, and Forgue, Raymond E. *Personal Finance, 5th Ed.* Boston, Mass.:
Houghton Mifflin Co., 1997

<https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Human-Resources-CG-1/Pay-and-Personnel-Center-PPC/> (Pay and Personnel Center)

www.bls.gov (Department of Labor Consumer Expenditure Survey)

www.fns.usda.gov/wic (Women, Infants and Children)

<https://login.milsuite.mil/?goto=https%3A%2F%2Fwww.milsuite.mil%3A443%2Fbook%2Fgroups%2Fnic-personal-financial-management-program-wfl> (milSuite)

https://www.bls.gov/data/inflation_calculator.htm

VI. CONTENT



SLIDE 1

Introduction to Managing Finances

As a Command Financial Specialist, you are expected to assist Service members in your command in their efforts to help themselves. You will become capable of guiding Service members in developing financial goals. By way of introduction, you are given an overview of defining goal-setting and the Financial Planning Pyramid. The Financial Planning Pyramid is used throughout the course and the PFMSC. It is introduced and used as early as possible so you can become familiar with it.

You will be given an opportunity to participate in an Activity, “What Are My Options?” — where you will brainstorm and explore options available to reduce living expenses. With the help of your group, your task will be to find opportunities to reduce expenses in the areas of:

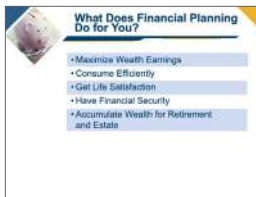
1. Housing/Utilities
2. Transportation
3. Food
4. Entertainment
5. Communication
6. Children and Child Care
7. Clothing
8. Digital Spending
9. Vacations
10. Holiday Spending



SLIDE 2

Agenda

1. **Defining Financial Planning:** We will have a brief discussion about what effective financial planning entails. We will relate the field of financial planning into our Personal Financial Management program. This will give you a broad overview of this topic. We will also present you with the Financial Planning Pyramid, a model for financial success we use in the PFM program.
2. **Setting Financial Goals:** An important part of working with people and their money is helping them set realistic financial goals. We will review the SMART technique for goal-setting, and you will write one short-term, one medium-term, and one long-term financial goal for practice.
3. **The Financial Planning Pyramid:** We'll review a basic model for financial planning called the Financial Planning Pyramid. This model functions as a guide for achieving success with money management.
4. **Activity: What Are My Options?:** We will review options for reducing living expenses in ten categories.



SLIDE 3

What Does Financial Planning Do for You?

What does financial planning do for you? Ask students to share if they are comfortable with what financial planning has done for them personally. Ask for examples at the command level. Why do we want to develop and coordinate financial goals?

Most people have five common lifetime objectives that they pursue:

1. They want to maximize their wealth and earnings.
2. They want to practice efficient consumption. The more efficiently you consume, the more you have to save and invest.
3. They want to find life satisfaction (some of which is financial).
4. They want to reach financial security.
5. They want to accumulate wealth for retirement and an estate.

Although most people have these objectives, many people, especially our young Service members, lack the financial skills to achieve them. That's where the PFM program comes in, and the CFS program in particular. The Personal Financial Management Program covers all of the major areas of financial planning. Some are covered in depth, such as financial planning and insurance, investment, and retirement planning. Others, such as tax planning and estate planning, are addressed but not in great detail.



SLIDE 4

Defining Financial Planning

Comprehensive Financial Planning is the process of developing and implementing coordinated financial goals to achieve financial success in these five standard areas of emphasis:

- Financial and Insurance planning, including developing financial statements and goals and practicing risk management.
- Investment management
- Retirement planning
- Tax planning
- Estate planning

Command Financial Specialists are not financial planners; however, the knowledge and skills of personal financial management that you will bring to your fellow Service members can help them build a strong financial foundation that will serve them throughout their careers and lives.



SLIDE 5

Financial Goals — SMART Goals

Successful people have goals. They take control of their money and plan its use. It's important to commit your financial goals to writing. In a moment, I'm going to ask you to write down one financial goal that you would like to achieve. It can be a short-term goal, meaning you could achieve it within one month to one year; a medium-term goal, meaning you could achieve it within one year to five years; or it can be a long-term goal, meaning it probably will take more than five years to achieve.

Goal-setting forces you to decide what you want to accomplish. You've probably heard of the idea of setting **SMART** Goals. A well-written goal needs to be:

- **Specific:** The more specific your goal, the easier it is to understand what you need to achieve.
- **Measurable:** Adding a dollar amount to your goal, gives you a built-in way of measuring your progress toward that goal and something tangible to work toward.
- **Achievable:** Your goals should be a challenge, yet not so challenging as to be impossible to meet.
- **Realistic:** Your goals should align with your values and be based on your financial situation.
- **Time-Bound:** You have to choose a reasonable time-frame for the achievement of your goals.

Your goals likely will change over the years, and that is fine. Adapt your plan to meet changes.

It is important to remember the famous quote by John L. Beckley: *"Most people don't plan to fail, they fail to plan."*



SLIDE 6

Financial Goals — Setting SMART Goals

An example of a weak long-term goal would be: "I want to be rich." Many of us would say we want to be rich, but this goal does not have a specific plan. How will you get rich, by what age, and starting when?

Written using the SMART Goal technique, the goal states, "I plan to have \$1 million in assets by age 65. To achieve my goal, I will invest \$250 per month in mutual funds with an average earning of 10%." Excellent goal! It is specific as to how much to save, has an end point, and identifies what will be done to make it happen.

GOAL:
Pay Cash for a New Car (3 Years)

- Start savings allotment of \$250 per month
- Use \$5,000 from my SRB/Continuation Pay installment
- Sell my current vehicle for at least \$7,000
- Use my existing savings of \$5,000

SLIDE 7

GOAL:
Purchase a Home (5 Years)

- Get a copy of my credit report and verify its accuracy
- Pay off car loan one year early by making double payments each month
- Increase my savings allotments to \$500 per month to yield \$30,000 toward down payment and closing

SLIDE 8

Goal: Pay Cash for a New Car (3 Years)

Other SMART Goal examples include:

I will pay cash for a new car within the next three years. To achieve my goal, I will:

- Start a savings allotment of \$250 per month.
- Use \$5,000 from my Continuation Pay installment.
- Sell my current vehicle for at least \$7,000.
- Use my existing savings of \$5,000.

Goal: Purchase a Home (5 Years)

I will buy a house within the next five years. To achieve my goal, I will:

- Get a copy of my credit report within 30 days and verify its accuracy.
- Pay off my car loan one year early by making double payments each month.
- Increase my savings allotments to \$500 per month to yield \$30,000 toward a down payment, closing costs and other expenses.

Activity: Financial Goal Setting

Time: 5 to 10 minutes

Preparation: None

ASK learners to turn to page 4-3 in the Student Manual, and direct their attention to the “Setting Your Goals” section. Have learners draft one short-term, one medium-term, and one long-term goal using the SMART Goal method (Specific, Measurable, Achievable, Realistic and Time-Bound). After a few minutes, ask a few learners to read their goals. Tactfully provide feedback on learners’ goals to make them “SMART” as appropriate. Congratulate them on putting their goal in writing.



SLIDE 9

The Financial Planning Pyramid

REFER learners to page 4-4 in the Student Manual, the Financial Planning Pyramid.

- Along with understanding the elements of financial planning and how they are integrated into the military's PFM program, the Financial Planning Pyramid provides a visual picture of the steps involved in successful management of personal finances. (Note: The levels of the pyramid will be highlighted on the graph).

As you can see, there are three major levels to the pyramid:

1. Management Level
2. Savings Level
3. Investing Level

The Management Level includes the most basic elements of financial planning:

1. **Adequate Income** is necessary to achieve any degree of financial success. Your income is not just the money you make but your whole compensation package, as discussed during Military Pay Issues.
2. **Controlled Spending** means you need to have a financial plan in place, which includes goals, a budget (or cash-flow management plan), a net worth statement, and financial recordkeeping. In the PFM program, all of this is embodied in the electronic *Financial Planning Worksheet (eFPW)*. Controlled spending also means you know how to make wise consumer purchases and manage credit.
3. **Adequate Insurance** is included in the foundation, because it forms your safety net in the event of unforeseen circumstances. Insurance includes life, health, disability, and property and liability coverage.

INSTRUCTOR NOTE: These three funds don't necessarily have to be three separate accounts, but you need to account for the money separately.

The Savings Level of the pyramid includes three areas:

1. An **emergency fund** is for unexpected expenses such as emergency leave, auto repairs, or things such as sick pets. It is recommended that an emergency fund consist of three to six months of living expenses.
2. A **reserve fund** is for expenses that occur less frequently than monthly but are predictable. A reserve fund will allow you to plan for expenses such as car insurance, school tuition and holiday shopping. Having a reserve fund will keep a client from using other funds for these expenses, such as money typically used for food or utilities, and will keep them from using credit to make their purchases. The recommended balance for the reserve fund will depend on typical periodic expenditures.
3. The **goal-getter fund** is used to save for your short-term and medium-term goals. Money is kept in liquid accounts such as savings accounts or CDs so you can get the money easily when needed.

The account balance depends on particular short-term or medium-term financial goals.

The Investing Level. This level includes all the tools that can be used in an effective investment plan.

- Investing is different from savings — more gain is involved, but so is more risk.
- Investing is for long-term financial goals — financial goals for which the money is needed in more than five years. Do not invest money you may need in the short-term or medium-term.

Before investing, it is critical to give attention first to the Management and Savings levels of the Financial Planning Pyramid.

CFS Activity: More or Less?

Suppose you put \$1,000 in a savings account and left it alone for five years. If the interest rate was 3% per year, would you have more or less than \$1,151?

"Compound interest is the eighth wonder of the world. He who understands it, earns it...he who doesn't...pays it." - Benjamin Franklin

SLIDE 10

Activity: More or Less?

QUESTION: Suppose you put \$1,000 in a savings account and left it alone for five years. If the interest rate was 3% per year, would you have more or less than \$1,151?

ANSWER: More

WHY: Whether you are saving or investing, it is helpful to understand the concept of compounding. Compounding is when your asset's earnings are reinvested to generate additional earnings over time. For a savings account, this is referred to as compound interest. If you save your money and the earnings, your assets will grow at a faster rate over time. Although you might expect to have \$1,150 in the account at the end of the five years, the interest you earned will also earn interest and you will end up with \$1,159.

A very smart person once said "Compound interest is the eighth wonder of the world. He who understands it, earns it...he who doesn't...pays it." The quote might have been said by Albert Einstein, Benjamin Franklin, John Maynard Keynes, Baron de Rothschild, or Bernard Baruch. It doesn't really matter who said it, it only matters that you use compound interest to your advantage!

CFS Activity: More or Less?

Imagine that the interest rate on your savings account was 2% per year and inflation was 3.5% per year. After one year, would you be able to buy more or less than today with the money in this account?

https://www.bls.gov/data/inflation_calculator.htm

SLIDE 11

QUESTION: Imagine that the interest rate on your savings account was 2% per year and inflation was 3.5% per year. After one year, would you be able to buy more or less than today with the money in this account?

ANSWER: Less

WHY: Don't forget that inflation can eat away at the buying power of your money. Inflation is the increase in the cost of goods and services. It means that what costs \$1 today will cost more than \$1 in the future. In the short term, it is more important to have the money available when you need it. However, inflation risk is probably the greatest risk to your money over the long term. In order to keep ahead of inflation in your long-term savings/investments, you will need to accept a greater degree of other risks and strive for a return that is higher than the average rate of inflation. Because inflation was 3.5% and higher than the interest rate of 2%, your buying power was reduced.

Visit https://www.bls.gov/data/inflation_calculator.htm to see how inflation has affected you!



SLIDE 12

Effective Spending Plans

An effective plan:

- Is a guide and servant — not a master
- Doesn't need to be down to the penny
- Is easy to understand
- Is a reflection of your needs, wants, values and goals



SLIDE 13

Effective Spending Plans

Is based on current income and expenses

- Is practical and realistic
- Is flexible
- Provides for pleasures as well as necessities



SLIDE 14

Benefits of a Written Spending Plan

A written spending plan can help you:

- Live within your income
- Realize personal goals
- Maintain a good credit history
- Get more for your money
- Reduce financial stress and arguments
- Achieve financial competence and confidence



SLIDE 15

Activity: What Are My Options?

Activity: “What Are My Options?”

Purpose: To have learners explore options available to reduce living expenses.

Time: 30 minutes

Materials:

- Ten sheets of newsprint pre-printed with one of the following topics on the top of each (For large groups consider including utilities, holiday spending, vacations or group them with other listed topics):

- | | |
|----------------------|----------------------------|
| 1. Housing/Utilities | 6. Children and Child Care |
| 2. Transportation | 7. Clothing |
| 3. Food | 8. Digital Spending |
| 4. Entertainment | 9. Vacations |
| 5. Communication | 10. Holiday Spending |

- Colorful markers
- Masking tape or tacks to affix finished sheets to the wall
- Resource guides, if available
- Student Manual Chapter 4 — Group Activity worksheet on pages 4-5 and 4-8.

Process:

- **DIVIDE** the class into up to 10 groups, depending on class size. Optimum size is three to four people per group. If you do not have 10 groups, you will not need to use all categories of expenses or you will need to assign more than one category to each group.
- **INSTRUCT** each group to select a topic to brainstorm, or assign a topic to each group. Provide each group with markers and paper. **ASK** each group to brainstorm ways to reduce living expenses in their category and list suggestions on the sheet of paper provided. Also, ask them to list any emergency or resource referrals appropriate for a crisis or need in their category at the bottom of each topic.
- **ASK** each group to identify a spokesperson to share the group's answers with the rest of the class. When each group is done with their list, post papers at the front of the room, and call up each spokesperson one by one to brief suggestions. **COMMENT** as appropriate, and when the spokesperson is done, ask the class for any additional suggestions.
- Post papers in the classroom for the rest of the week, and encourage learners to record all groups' answers in the appropriate worksheet for future use.

Typical Ways to Reduce Expenses May Include (for instructor use only):

HOUSING/UTILITIES:

- Base housing
- Refinance
- Renters insurance
- Use water savers
- Recycle
- Change air filter monthly
- Wash dishes by hand
- Use credit union for deposits
- Combine insurance coverage
- Housing office for referrals
- Take in a roommate
- Move to a less expensive home
- Decrease or cut cable TV
- Fix it yourself
- Maintain upkeep of home
- Use clothesline to dry clothes
- Raise homeowners insurance deductible
- Conserve energy
- Get solar panels
- Put central air thermostat in “auto” position versus “on,” and get an energy check
- Get Homestead Exemption
- Do lawn yourself
- Only do full loads of laundry
- Use BBQ instead of stove
- Rent garage for storage

Emergency Referrals: NMCRS, AES, CGMA, ARC

TRANSPORTATION:

- Keep cars for a long time
- Replace cars that break down a lot
- Do maintenance yourself
- Increase insurance deductible
- Don't purchase unneeded options
- Use the bus or other public transportation
- Check on military discounts for tags, taxes, insurance, ad valorem, etc.
- Use base hobby shop for repairs
- Plan trips, map shortest routes
- Keep up with maintenance
- Shop around for insurance
- Use the right kind of gas
- Get manual vs. automatic transmission
- Wash your own car
- Bicycle
- Move closer to your job
- Drive a smaller car
- Call ahead to make sure a destination is open
- Drop unneeded coverage
- Ask for discounts
- Keep tires properly inflated
- Carpool
- Don't let license expire
- Drive the speed limit
- Use cash, not credit, for gas

Emergency Referrals: NMCRS, AES, CGMA, ARC

Typical Ways to Reduce Expenses May Include (for instructor use only):

FOOD:

- Use coupons
- Cook from scratch
- SHARE (Self-Help and Resource Exchange)
- Plant a garden
- Plan meals
- Don't use convenience stores
- Buy less expensive cuts of meat
- Eat your leftovers
- Progressive dinners
- Check the receipt
(scanners make mistakes all the time)
- Buy in bulk
- Eat at home
- Food stamps/FSSA
- Buy generic
- Don't shop when hungry
- Shop at the commissary
- Cook in bulk and freeze
- Stay away from machine cuisine
- Brown-bag your lunch
- Learn to cook
- WIC
- Use galley
- Compare cost per unit
- Shop in-store specials
- Buy in-season foods
- Food banks
- Potluck dinners

Emergency Referrals: Local food banks, NMCRS, AES, CGMA, ARC

ENTERTAINMENT:

- Go to base movies
- Watch videos at home
- Go for a walk
- Listen to concerts on TV or radio
- Ask for military discounts
- Get basic cable television or replace with a streaming service
- Go to the zoo
- Use the library
- Play cards and games
- Have a potluck party
- Use local/state/national parks
- Fish on base, if available
- Go to the beach
- Matinee movies
- Entertainment coupon books
- Don't treat friends
- Use MWR for discount tickets
- Do things that don't cost \$\$
- Play sports
- VET-TIX account
- Single Service Member Program

Emergency Referrals: (not applicable — there are no “entertainment” emergencies)

Typical Ways to Reduce Expenses May Include (for instructor use only):

COMMUNICATION:

- Shop for best phone rates
- Shop for best internet rates
- Get rid of home phone
- Reduce cell phone plan
- Write a letter
- Use email rather than calls
- Ask for discounts from all service providers (including military)
- Join a family plan
- Use auto-pay
- Switch to prepaid
- Wait for phone upgrades
- Use a Voice over IP (VoIP) for texts
- Update billing address as taxes and fees are based off location

Emergency Referrals: Contact service provider

CHILDREN AND CHILD CARE:

- Reuse items from your older children
- Use thrift shops
- Shop sales
- Shop at child consignment or resale shops
- Join Facebook groups for child item swapping
- Use hand-me-downs
- Use subsidy programs for child care
- Swap babysitting with other families
- Ask for a sibling discount for child care
- If family can help with child care, ask if they are willing
- Shop at discount stores
- Barter/trade
- Limit toy and game purchases
- Control impulse buying
- Save for college
- Have children apply early and often for scholarships
- Apply for free and reduced lunch at school
- Consider packing lunch for school if cheaper
- Use the library instead of buying books
- Limit birthday and holiday expenses
- Use a dependent care flexible spending account if available (compare to the dependent care tax credit first)

Emergency Referrals: NMCRS, AES, CGMA, ARC

Typical Ways to Reduce Expenses May Include (for instructor use only):

CLOTHING:

- Shop yard sales
- Use thrift shops
- Shop sales
- Learn to sew
- Mend clothes
- Use hand-me-downs
- Don't dress in latest fashion
- Don't dress kids in latest fashion
- Give children a clothing budget and have them buy their own clothes
- Use layaway
- Shop at the Exchange
- Budget for clothing expense
- Properly care for clothes (read the label)
- Don't buy name brands
- Use cash, not credit
- Barter/trade
- Buy wash and wear (not dry clean only)
- Control impulse buying
- Shop at outlet stores
- Buy clothes off-season or at the end of the season

Emergency Referrals: NMCRS, AES, CGMA, thrift shops

DIGITAL SPENDING:

- Limit number of streaming services
- Bundle streaming services
- Evaluate usage of streaming service; cancel when not typically used and restart when typically used
- Ask if current cell phone or internet plan comes with free streaming services
- Limit purchases of TV shows, TV episodes, video games, and movies
- Remove quick purchasing options from accounts

Emergency Referrals: (not applicable — there are no “digital spending” emergencies)

Typical Ways to Reduce Expenses May Include (for instructor use only):

VACATIONS:

- Purchase necessities before you leave
- Rent a condo or home instead of a hotel room
- Pick a hotel with free breakfast, Wi-Fi, and parking
- Use MWR for discount tickets
- Use Armed Forces Vacations
- Drive instead of flying
- Find an alternative to airport parking
- Pack light when paying for baggage
- Have a friend watch your pets instead of paying for boarding
- Split meals when eating at restaurants
- Check coupon sites for discounts
- Buy multi-day passes to amusement parks or attractions
- Set price alerts on hotel and flight websites
- Join travel loyalty programs
- Travel in the off season
- Consider camping
- Research free entertainment at the destination
- Consider trip insurance

Emergency Referrals: Insurance company

HOLIDAY SPENDING:

- Make a list of who to buy for and set spending limits for each person
- Take your list with you when you shop
- Look for coupons and discounts for items you already planned to buy
- Avoid buying for everyone you know (such as the bus driver, your mail carrier, all of your co-workers, etc.)
- Suggest a gift exchange for co-workers or family
- Give the gift of your time
- Make gifts
- Shop early
- Research items and price compare
- Have potlucks for holiday parties
- Save for the holidays all year long to avoid going into debt
- Send an electronic holiday greeting instead of mailing cards or photos
- Plan for the cost of gift wrap, cards, bows, ribbon, mailing costs, photos, etc.

Emergency Referrals: Local organizations with holiday programs

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Smart Goals
 - ▶ Financial Planning Pyramid
 - ▶ Activity: What Are My Options?



SLIDE 16

Coast Guard CFS Responsibilities

Coast Guard CFSs Provide:

- Financial Education and Training
- Information and Referral
- Basic Budgeting



SLIDE 17

Questions

ASK for any questions regarding their responsibilities. **INFORM** learners that they will have a Developing Your Program lesson on the final day of class. This lesson will allow them to take a deep dive into their responsibilities as a CFS. **REMIND** learners that their homework on the evening before the final day of class is to complete the Plan of Action and Milestones (PoAM) on page 15-9 of the Student Manual. The PoAM should reflect their plans for functioning as a CFS when they return to their command.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Policy Review Form
 - ▶ CFS Roles and Responsibilities
 - Components of PFM Program by Military Branch
 - Responsibilities of a CFS by Military Branch



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 5 Financial Counseling

Instructor Guide

I. INTRODUCTION

This chapter provides the learner an introduction to Solution-Focused Financial Counseling and the 8-Step Counseling Cycle. This is an introductory segment that will be explored in detail throughout the week and put into practice through practical application during the counseling role-play.

Introducing some of these concepts early in the course allows for additional application as other topics are explored during the next few days. This chapter also introduces several counseling tools for use in the CFS program.

Chapter Correlation to Common CFS Task Areas:

- 1. Education and Training:** This chapter has no direct correlation to Education and Training. Some of the forms (tools) introduced have educational application.
- 2. Information and Referral:** The process of making referrals is presented in the context of the counseling cycle. Learners are exposed to information and referral aspects of reducing living expenses, increasing income and reducing indebtedness.
- 3. Counseling/Coaching:** Solution-Focused Financial Counseling is introduced. A practical 8-Step Counseling Cycle is introduced. Counseling tools are introduced. Counseling session structure and procedures are discussed.



II. LEARNING OBJECTIVES

Using a multiple-choice exercise, learners will identify correctly the appropriate application of Solution-Focused Financial Counseling principles.

Learners will demonstrate a basic understanding of the 8-Step Counseling Cycle by developing at least one appropriate question for each stage.

Working in pairs, learners will demonstrate appropriate counseling communication skills.

Learners will demonstrate knowledge and appropriate uses of key counseling tools by completing them for homework.

III. OUTLINE

1. **Introduction**
2. **Overview of Solution-Focused Financial Counseling**
 - a. Counseling Session Structure
 - b. Counseling Session Procedures
3. **The 8-Step Counseling Cycle**
 - a. Activity: Two-Minute Brainstorming
 - b. Step 1: Prepare for the Counseling Session
 - c. Step 2: Build the Relationship
 - d. Step 3: Gather Data
 - e. Step 4: Prioritize Concerns
 - f. Step 5: Explore Options
 - g. Step 6: Construct Solutions
 - h. Step 7: Implement the Plan
 - i. Step 8: Monitor and Follow Up
4. **Financial Counseling Tools**
 - a. Financial Counseling Checklist
 - b. Sample Appointment Email
 - c. Your Financial Counseling Book
 - d. Navy & Marine Corps Privacy Act Statement
 - e. Hierarchy of Concerns
 - f. Guide to Writing a Case Narrative
 - g. Homework: *How Do You Rate as a Money Manager?* and *Financial Values Clarification*

IV. CHAPTER PREPARATION

Presentation Time: 90 minutes

Presentation Materials

- PowerPoint slides, “Financial Counseling”
- Student Manual CFS 5
 - ▶ Applying SFFC: The Best Response
 - ▶ The 8-Step Counseling Cycle
 - ▶ Two-Minute Brainstorming Activity
 - ▶ Financial Counseling Checklist
 - ▶ Sample Appointment Email
 - ▶ Your Financial Counseling Book
 - ▶ Navy & Marine Corps Privacy Act Statement
 - ▶ Hierarchy of Concerns
 - ▶ Guide to Writing a Case Narrative
 - ▶ *How Do You Rate as a Money Manager?*
 - ▶ *Financial Values Clarification*
- Dry erase board or flipchart paper and markers

Summary of Learner-Centered Activities

- **Applying SFFC: The Best Response:** A short, multiple-choice exercise applying general principles of Solution-Focused Financial Counseling. Can be done individually, in pairs or in small groups.
- **Two-Minute Brainstorming Activity:** Working alone, in pairs or in small groups, learners will develop appropriate questions to ask during each stage of the 8-Step Counseling Cycle.
- **The “I” Exercise:** Working in pairs, learners will be given a topic and will communicate with their partner without using “I,” “me” or “my”: This is a communication activity designed to teach learners how to listen to others and avoid being self-centered during a conversation.
- ***How Do You Rate as a Money Manager?***: Given as homework, learners are provided with a general assessment of their money-management habits and practices, allowing them to assess their individual attitudes toward money and how that may affect their role as a counselor.
- ***Financial Values Clarification***: Given as homework, this is a communication exercise that will provide the learner with an understanding of how money dynamics affect couples.

V. REFERENCES

Waddel, Fred. *Solution Focused Financial Counseling in the New Millennium*. Auburn, Ala.: Genesis Press, 2001.

Pulvino, Charles, and Lee, James. *Financial Counseling: A Strategic Approach*. Madison, Wis.: Instructional Enterprises, 1991.

Credit Counseling Centers Inc. *Credit Counselor Training Handbook*. Southfield, Mich.: Credit Counseling Centers Inc., 1990.

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3

Counseling

Introduction: At this time, we would like to turn our attention to counseling and introduce you to Solution-Focused Financial Counseling (SSFC) and the 8-Step Counseling Cycle used in financial counseling.

Agenda: Overview of Solution-Focused Financial Counseling

Introduction: In the Command Financial Specialist Program, we use Solution-Focused Counseling techniques as they apply to financial counseling. Solution-Focused Financial Counseling, developed by Dr. Fred Waddell, is a way of thinking, a way of conversing with clients, and a way of constructing solutions interactively.

Structures of Solution-Focused Financial Counseling

In Solution-Focused Counseling, the session structure is:

- Short-term: As few meetings as possible
- Goal-oriented: Focus on the goals the client wants to accomplish
- Task-centered: Provide the client with immediate actions they can take
- Positive: Emphasis is on what the client can do and is doing
- Encouraging: Find a trend toward positive change and encourage it



SLIDE 4

Solution-Focused Counseling Procedures

In Solution-Focused Financial Counseling, the focus is on solutions, NOT explanations. Solution-Focused Financial Counseling has a present and future orientation. It does not dwell on the past, and a CFS is not trained to work with what has happened in the past. We are capable of creating solutions that work toward a positive future for the client. In Solution-Focused Financial Counseling, our task is to construct effective solutions to the problem.

SFFC recognizes that resolution of the problem requires interruption and substitution of a behavior pattern. What hasn't been working must be stopped and new behavior must be started. Therefore, SFFC requires that we help the clients do something different. We may find that we have to help the client change their interpretation of the problem or situation, change their behavior, or change their responses to the problem. Only a small change is necessary for a "ripple effect" to occur in their financial attitudes and behavior and even in the client's life. The CFS must find "the difference" that makes the difference: Locate the "key" processes that unlock the problem-causing behavior, and get the client to DO SOMETHING, no matter how small.

This seems like a big task, but you will see that as we move through the week, we constantly are trying to find "things" the client can do for himself or herself. We always will be looking for ways to expand the client's options. We constantly will be considering how we can help clients construct solutions from these options.

So keep a few things in mind regarding Solution-Focused Financial Counseling: It is a positive, short-term, goal-oriented, task-centered, future-looking, solution-constructing way of working with a client. Done correctly, clients respond to it, and counselors find it easy and effective.



SLIDE 5

Applying SFFC: The Best Response

Activity: Applying SFFC: The Best Response

Time: 5 to 10 minutes

Materials: Student Manual

Procedures:

Refer learners to page 5-3 in their Student Manual, where they will find five multiple-choice questions. These questions apply the SFFC principles just reviewed. Learners can work individually, in pairs or in groups to select the best response to the client statements. When all have made their selections, review the correct (that is, the best) responses, and ask the learners why the response is the best.

Client Statement	The Best Response
1. <i>My debit card gets rejected between paydays. I can't manage my money.</i>	<p>a. That sounds tough. b. Are you spending all the money or is your partner? c. Can you think of a time when this doesn't happen? d. How long has this been going on?</p> <p>* Best response helps client find exception to problem.</p>
2. <i>I can't track my spending.</i>	<p>a. What would happen if you did track your spending? b. Why can't you track it? c. Most people find that hard to do. d. It isn't that critical at this time.</p> <p>* Best response has a future orientation</p>
3. <i>I've never been able to budget my money.</i>	<p>a. Is that a common problem? b. Have you ever stuck to a diet? c. Maybe you don't have the right help. d. What do you need in order to begin budgeting?</p> <p>* Best response helps client find exception to problem.</p>
4. <i>I worry about money and my financial future.</i>	<p>a. Yes, worrying will cause you significant stress. b. When do you not worry? c. Do you know anyone who doesn't worry about that?</p> <p>* Best response helps client find exception to problem.</p>
5. <i>I always screw up with my money.</i>	<p>a. You're in good company. b. What typically happens when you screw up? c. What is one good thing you've done for your situation? d. Most people feel the way you do.</p> <p>* Best response looks for something positive on which to build.</p>



SLIDE 6

The 8-Step Counseling Cycle

REFER learners to Student Manual page 5-4.

1. Prepare for the Counseling Session
2. Build the Relationship
3. Gather Data
4. Prioritize Concerns
5. Explore Options
6. Construct Solutions
7. Implement the Plan
8. Monitor and Follow Up



SLIDE 7

Brainstorming Activity

Activity: Two-Minute Brainstorming Activity

Time: 2 to 5 minutes

Materials: Student Manual

Procedures:

REFER learners to Student Manual page 5-4 and 5-5. Working individually, in pairs, or small groups, have learners write questions they would use with a client for each stage of the 8-Step Counseling Cycle. When all have at least one question for each step, continue with the lecture. As you get to each step in the cycle, ask for the questions that were generated, and compile them on the board or flipchart paper. Encourage learners to write down all of the questions in their Student Manual.



SLIDE 8

Step 1 Prepare for the Counseling Session

REFER the learners to pages 5-6 through 5-8 in their Student Manual for the Financial Counseling Checklist, Sample Appointment Email, and Your Financial Counseling Book. **ASK** learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint. Review the tasks in this step:

1. Schedule appointment
2. Obtain data on the client (name, telephone number, division, person referring the client, problem and/or concern)
3. Determine the type of counseling:
 - a. **Remedial:** The client has an immediate problem needing help. Schedule an appointment as soon as possible, preferably within one or two business days. Determine any crisis needs and make crisis referrals as necessary.
 - b. **Preventive:** The client has a problem, but it is not a crisis or an immediate need. It is appropriate to schedule the appointment for a week or two weeks later. This will give the client time to start developing a better awareness of his/her spending pattern and start thinking about solutions before the first interview. Recommend that the client begin to track expenses.
 - c. **Productive:** The client doesn't necessarily have a financial "problem," but they want to improve their situation. Schedule the appointment at a mutually convenient time. Ask about the nature of information the client is seeking, and prepare as necessary to speak knowledgeably with the client.



SLIDE 9

Prepare for the Counseling Session (continued)

4. Explain the counseling program and the function of the CFS, if the client doesn't know either of these things.
5. If possible, provide the client with the Financial Counseling Checklist and any other forms they may need to fill out ahead of time. If giving the FPW, do you want to have them fill out the whole thing? **ASK** why or why not.
6. Ask for any questions about the program or what the client needs to bring. Restate the exact location, time and date of the appointment, and write it down on the Financial Counseling Checklist or send the Sample Appointment Email.
7. Collect materials you will need. Refer to the form "Your Financial Counseling Book" for guidance.
8. Just before the appointment, get mentally prepared to see the client.



SLIDE 10

Step 2 Build the Relationship

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or flipchart. In this step, the CFS works to build an atmosphere of confidence and trust. Review the tasks in this step:

1. Greet the client and introduce yourself if this is the first time you have met. Make the client feel comfortable. **ASK** learners how they will do this.
2. **REFER** learners to the Navy & Marine Corps Privacy Act Statement on page 5-9 in the Student Manual. Explain the command's policy on confidentiality and ask Navy and Marine Corps CFSs to have the client sign the Privacy Act Statement. **EXPLAIN** what the Privacy Act says. **RECOMMEND** that as soon as the CFS returns to their command that they determine the command's policy on privacy and confidentiality, so they can make a realistic explanation of privacy to the client. The client may have valid reasons for being concerned about the confidentiality of all the information he or she is providing. They may ask how the information will be used; who will have access to the information; if the information will affect evaluations, promotions, security clearances, re-enlistments, etc.; and if the commanding officer sees it.

Note: At the time of this publication, the U.S. Army does not have an Army Regulation for the CFS Program, however local regulations may apply. It is recommended that CFSs contact their local Installation Family Support Center Financial Counselor or Educator to determine whether or not they have a Privacy Act that must be used.

Note: Coast Guard CFSs shall not maintain files, records, notes, or recordings that contain personal financial information of individuals they assist and should send all documents with the client at the conclusion of the appointment.

3. The CFS should understand that client fears are normal and rational. They also may account for any reluctance the client has about disclosing information. However, if the client develops a degree of trust and confidence in the CFS, this potentially threatening area can be used as a means of building a relationship with the client, and it then becomes therapeutic.
4. The CFS should explain briefly that the purpose of the session is first to determine the nature of the financial problem, and then, by properly analyzing it, help the client construct some workable solutions.
5. The CFS should be friendly and genuinely interested in what is happening in the client's life. The CFS should give the client their complete attention. Be empathetic with the client's concerns and the emotions he or she may be experiencing at the time. Always remain objective, calm and honest with the client.

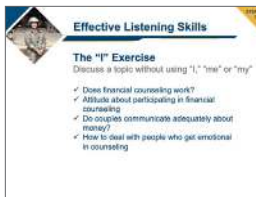


SLIDE 11

SOFTEN Approach

6. Remember to watch your language, both verbal and physical. Be sure to “enter the client's reality” by using language they can understand. Be aware of your own body language — relax and remember to “SOFTEN.”

- S:** SQUARELY face your client.
- O:** Maintain an OPEN posture.
- F:** Lean FORWARD toward your client.
- T:** Give your client your TOTAL attention.
- E:** Remember the importance of EYE contact.
- N:** NOD affirmatively from time to time.



SLIDE 12

Effective Listening Skills

Activity: The “I” Exercise

Purpose: To encourage learners to use effective listening skills

Time: 5 to 10 minutes

Materials: Student Manual

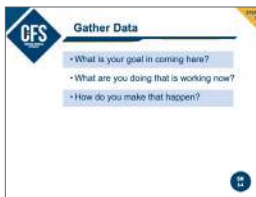
Procedures:

ASK all learners to pair up and stand. Provide them with a topic to discuss with their partner for two minutes. **INSTRUCT** them that throughout the conversation they cannot use the words, “I,” “me” or “my.” If they use one of those words, they must sit down. All or nearly all learners will be seated before the two minutes pass.

EXPLAIN that the exercise shows how difficult it is to keep a conversation focused on the other person. The only way to be successful in the exercise — and as a listener/counselor — is to focus on the other person by asking open-ended questions to encourage the other person to speak about their situation.

Sample topics:

- Does financial counseling work?
- Attitude about participating in financial counseling
- Do couples communicate adequately about money?
- How to deal with people who get emotional in counseling

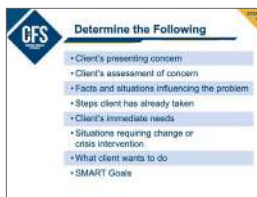


SLIDE 13

Step 3 Gather Data

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint. Techniques for this step include using Solution-Focused Financial Counseling techniques to ask the following questions:

1. What is your goal in coming here? You also can ask: Has something happened recently that has you seeking help? This helps to identify quickly any emergency or crisis situation.
2. What are you doing that is working now?
3. How do you make that happen? (How do you manage to do that?)



SLIDE 14

Determine the Following

Through additional questioning, determine the following:

- Client's presenting problem or concern
- Client's assessment of the problem
- Facts and situations influencing the problem
- Steps the client already has taken to solve the problem
- Client's immediate and pressing needs
- Situations that require change or crisis intervention
- What the client wants to do about the problem or concern
- This would be a good place to have the client review their goals – introduce SMART Goals to the client. This could be for immediate goals to resolve a pressing problem or longer-term issue.

Again, get the client's assessment of the situation in their own words. Guide them through the process of discussing the Presenting Problem in such a way that you can begin to determine the Real Reason for the problem or concern, if there is a difference between the two. It may help to question whether an issue is the "problem" or a "symptom" of the problem.



SLIDE 15

Construct the FPW

Construct the *Financial Planning Worksheet*. At this point in the process, it is appropriate to begin working on the FPW. Not only will this help you and your client determine the "Bottom Line" of their cash flow, but it will assist in determining the "Real Reason" for the problem or concern.

INSTRUCTOR NOTE: Not all clients need to complete the FPW. Some clients may already have a budget system in place that you can review with them.

How to complete the FPW will be discussed in the next chapter, but ensure the following is completed during this step:

- Complete the Net Worth Statement
- Complete the Actual "Monthly" columns for Monthly Income, Monthly Savings and Investing, Living Expenses, and Indebtedness.
- Review the Cash Flow Summary and the Financial Health Assessment to evaluate the bottom line — "Monthly Surplus, Zero and or Deficit"
- Review for accuracy

When working with a client, be on the lookout for:

- Seasonal or periodic expenses
- Kinds and severity of financial problems
- Values and financial priorities
- Lack of financial goals and planning

INSTRUCTOR NOTE: It is not time to complete the projected column yet. This will occur during step 6.

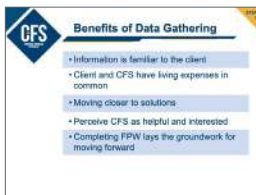


SLIDE 16

Potential Roadblocks

Clients may need a professional counseling referral if you notice the following:

- Poor communication between spouses
- Spending as punishment or retaliation against a spouse
- Spending on addictions



SLIDE 17

Benefits of Data Gathering

EXPLAIN FURTHER: The data-gathering process that takes place while completing the FPW shifts the emphasis away from the client's presenting problem and focuses on the less-threatening area of gathering facts and figures. This is a benefit to the counseling process.

- It can be calming for a client, because the information he or she is supplying is something that is familiar to him or her.
- When discussing basic living expenses, the client may feel that this is something he or she may have in common with you, because both of you have firsthand experience in this area.
- Fact gathering also gives the client a sense of getting down to business and moving closer to solutions for his financial problems.
- Through this process, the client will perceive that you are helpful and interested in his situation, which will serve to strengthen and build your relationship.
- Armed with the information the *Financial Planning Worksheet* reveals, whether outright or through your experienced interpretation, you will be well equipped to work with the client constructing solutions to their financial problem.



SLIDE 18

Step 4 Prioritize Concerns

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or flipchart. **REFER** learners to the Hierarchy of Concerns on page 5-10 in their Student Manual. In this step of the process, you will determine the priority of issues that need to be addressed.

- Immediate critical financial concerns are emergency issues that must be addressed right away, before the client can move on to deal with other rehabilitative issues. Referrals may be appropriate. Until the emergency needs and concerns are met, the client will not be able to continue with constructing solutions. These issues include:
 - Housing: immediate eviction or no housing
 - No food
 - No transportation
 - Clothing: inappropriate for current weather
 - Immediate medical attention
 - Utility disconnects: shut-offs

Be aware of any emotional fallout, and be prepared to make the proper referrals.

- Pressing financial concerns are concerns that are imminent but not of an “emergency” nature and can be addressed within 10 days. These include:
 - Involuntary allotments
 - Threat of legal actions, repossession, bankruptcy
 - Loans placed for collections by creditors
 - Creditor complaints received by the command
 - Utility disconnects
 - Security Clearance reviews/appeals
 - Repairs on an essential automobile
 - Eviction notices
 - Lack of food
 - No gasoline for the car
 - No diapers for infants
 - Pay problems resulting in reduced paycheck
 - Emergency leave
 - Credit/debit card denials
 - Using overdraft protection every month

- Long-term concerns are issues that are not immediate, critical or pressing, but require the assistance of a CFS or a referral to another financial professional. These include:
 - Developing a savings plan
 - Investment options
 - College savings
 - Tax issues
 - Debt-management plans
 - TSP options
 - Military retirement
 - Buying a home



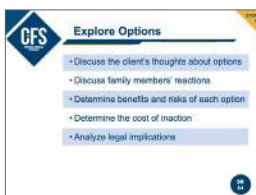
SLIDE 19

Make Appropriate Referrals

Make appropriate referrals, if needed, to deal with immediate financial concerns.

- Determine what other agencies within the military are available, and determine what agencies in the community are available.
- Consult with someone who can help at the Installation Family Support Center if you need help locating available agencies.
- Specific resources will be introduced throughout the week.

INSTRUCTOR NOTE: You may want to update this slide with the specific resource and agency names for your branch of service.



SLIDE 20

Step 5 Explore Options

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint.

At this point in the counseling cycle, you should have a good understanding of the client’s situation, their concerns, and what they hope to accomplish. Now, you can turn to generating ideas for possible solutions and strategies. Encourage your client to consider a wide range of options and think creatively. Don’t be afraid to offer suggestions, strategies or tools that you think may help your client, but remember that ultimately, we are guiding them to options for which they can take ownership.

Important talking points during this step:

- Discuss the client's thoughts and feelings on each option.
- Discuss family member reactions (if they are not present) to each option.
- Determine the benefits and risks involved in implementing each option.
- Determine the cost of inaction.
- Analyze the legal implication of each option.

Discuss the implications – what could happen if no action is taken.

It is your responsibility to inform your client of the Service's policy on indebtedness and possible ramifications of not "paying his/her just debts."

Refer to Appendix B for guidance on service-specific instructions on Indebtedness and Financial Responsibility of Members.

Step 6 Construct Solutions



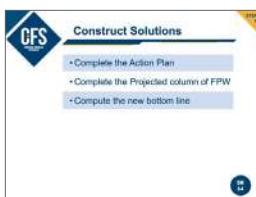
SLIDE 21

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or flipchart. In this step, you will help the client choose an option or combination of options, which will solve the financial problem or concern.

Remember that it is natural for a client to be resistant to change and that clients have a tendency to cling to their decisions as a way of convincing them they did the right thing (even when it was wrong). Keep in mind that clients often do the wrong thing because at the time they thought it was the right solution. Remind clients that change is not only possible, but inevitable.

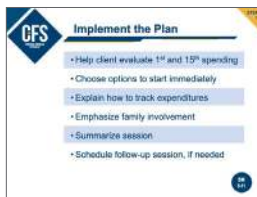
- Choose the option or combination of options that will solve the financial problem or concern. If necessary, break down the problem into smaller and smaller steps until the client finds the solutions (mini-tasks) they can work on TODAY.
- The client must make the choice, not the CFS.
- Stress that creating solutions requires change. The client must be committed and willing to make the necessary changes; otherwise, it is unlikely the plan will work.

Construct Solutions (continued)



SLIDE 22

- List the tasks that need to be completed by the client, family members, you, and the command, if necessary, on the Action Plan of the eFPW Financial Health Assessment page tab.
- Go back and complete the "Projected" column of the FPW.
- Compute the new "bottom line."

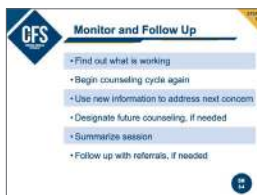


SLIDE 23

Step 7 Implement the Plan

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or flipchart.

- Help the client to evaluate their 1st and 15th spending to ensure they aren't spending too much in one portion of the month
- Ask the client which chosen options he or she will start TODAY.
- Explain to the client how to track their expenditures. How the client can track their expenditures on mobile devices/apps/online, etc.
- Encourage the whole family to get involved.
- Summarize everything that occurred in the session and what specific steps the client has agreed to take before the next session. **REFER** learners to page 5-11 of the Student Manual. The Guide to Writing a Case Narrative can assist the CFS in summarizing the session for the client.
- Set a definite time and date for the next session to evaluate and monitor the outcome of the plan.



SLIDE 24

Step 8 Monitor and Follow Up

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or flipchart.

In this step, you will determine if the plan is working, if the client is progressing with money-management skills, and if any modifications need to be made.

This step could take place during an informal discussion or at a formal appointment.

- Find out what is and is not working for the client
- The counseling cycle may begin, again, with a different focus. Revise the FPW and Action Plan as needed.
- Use the new information provided by the client to prioritize the next set of issues to be addressed.
- Designate future counseling sessions with specific dates and times, if needed.
- Follow up regarding referrals; did the client contact or meet with the recommended resources?

- Remember, however, that the Solution-Focused Counseling is short term in nature. Limit appointments to three to five over the course of the three months. If the client needs more sessions, refer them to outside assistance.



SLIDE 25

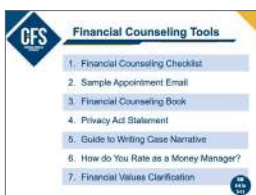
Client in Financial Recovery

The 8-Step Counseling Cycle serves as a guide for the CFS to work with the client. By trusting the process and guiding the client through it, you will find that you and your client will be able to reach a mutually agreeable time to terminate the counseling sessions.

ASK: How will the CFS know when the client is experiencing success? (Another way to ask would be: How will you, the CFS, know when you have achieved success with this cycle?) When the client is ready to terminate counseling sessions, he or she should be demonstrating progress in effectively managing his or her own personal financial affairs. Indicators of success range from the client simply telling you that they feel better; to comments by the client's supervisor of positive changes in the client's work habits and environment; and to quantifiable evidence of money management, such as savings and investment information provided by the client.

Although the emergency, reserve and goal-getter funds are listed as three separate funds, they don't necessarily need to be three separate accounts, just three separate accountings. (The investment dollars are going into other investment accounts.) Try to ensure that the client is saving something, even if it is just a little bit each month. For people who are not saving anything, initially the habit is more important than the amount.

ASK before moving on to some of the counseling tools included in your Student Manual, if there are any questions on the 8-Step Counseling Cycle. **RESPOND** as appropriate.



SLIDE 26

Financial Counseling Tools

REFER learners to pages 5-6 to 5-13 in the Student Manual and review each of the following forms as necessary:

- Financial Counseling Checklist:** An appointment sheet that can be given to clients in person before the appointment. CFS can check off what the client should bring in; note date, time and location of the appointment; and any other pertinent information.

- **Sample Appointment Email:** A sample email that can be sent to clients to contact the CFS via email to set up an appointment.
- **Your Financial Counseling Book:** Provides suggestions for forms and information to be included in a “counseling book ” — ensures that when in session, the CFS will have everything they need at their fingertips.
- **Privacy Act Statement:** Should be used by Navy & Marine Corps CFSs at the beginning of a client session along with an explanation of what information is reportable to the command.
- **Guide to Writing a Case Narrative:** Following this guide will lead the CFS in writing a comprehensive narrative on the case to provide to the client and for effective turnover of the client to another CFS or agency.

There are two other tools that you might use in counseling as well as in the training you do. These forms are especially helpful when counseling a couple. You'll find them at the end of your chapter: the *How Do You Rate as a Money Manager?* form (page 5-12) and the *Financial Values Clarification* form (page 5-13).

REFER learners to pages 5-12 and 5-13 in their Student Manuals for the homework exercises.

Homework: *How Do You Rate as a Money Manager?* is a general assessment of money-management habits and practices. It is not scientific in nature but provides an excellent starting point for a financial discussion or an education program. For homework, learners are to read each item and circle the answer in the column that best applies to them. During CFS 9, the instructor will show learners how to score the form and we'll discuss different ways learners can use this form in their program.

Answer guide

Scoring: A = 1 Point
 B = 3 Points
 C = 5 Points

- 110 and above: Spender; spends excessively or lavishly
- 70 – 109: Balanced, probably 70-20-10
- 69 and below: Saver; tight and conservative with money

Homework: *Financial Values Clarification* is an excellent tool to use with married or engaged couples to help start a dialogue about money. For homework, learners are to mark their answers separately from their significant other and then compare responses: Did you and your significant other agree on everything? Was there any discussion? This form will be discussed during CFS 9, as well.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Applying SFFC: The Best Response
 - ▶ The 8-Step Counseling Cycle
 - ▶ Two-Minute Brainstorming Activity
 - ▶ Financial Counseling Checklist
 - ▶ Sample Appointment Email
 - ▶ Your Financial Counseling Book
 - ▶ Navy & Marine Corps Privacy Act Statement
 - ▶ Hierarchy of Concerns
 - ▶ Guide to Writing a Case Narrative
 - ▶ *How Do You Rate as a Money Manager?*
 - ▶ *Financial Values Clarification*



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 6 Financial Counseling Application


Instructor Guide

I. INTRODUCTION

Counseling Techniques: This chapter focuses on counseling skills and assists CFSs in developing a counseling strategy. The session will build on the information learned during the Financial Counseling session at the beginning of the week by providing a review of the 8-Step Counseling Cycle and Solution-Focused Financial Counseling. Financial Counseling will be further explored by discussing Financial Counseling Fundamentals, Open-Ended Questions, Common Client Comments, and Measuring Success in Counseling. Learners will receive hands-on experience using role-play.

Counseling Role-Play: This is an exercise to have the students practice a full financial counseling case. Learners again are given the opportunity to experience the role of CFS and the role of Advisor. The client remains the same and the goal of the role-play is to provide the client with referrals and the needed education for the Touchpoints that have been reached.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** This chapter has no direct correlation to Education and Training. Training techniques used include active lecturing, group activity, and role-play.
2. **Information and Referral:** Referrals to appropriate resources should be provided by the CFS during the role-play portion of this session.
3. **Counseling/Coaching:** Learners have the opportunity to practice financial counseling skills via counseling role-play practical application.



II. LEARNING OBJECTIVES

Participating in a role-play activity, learners will demonstrate effective Solution-Focused Financial Counseling techniques.

III. OUTLINE

- 1. Introduction**
- 2. Review 8-Step Counseling Cycle**
- 3. Review Solution-Focused Financial Counseling**
- 4. Counseling Fundamentals**
- 5. Open-Ended Questions**
- 6. Common Client Comments Activity**
- 7. Measuring Success in Counseling**
- 8. More Financial Counseling Tools**
 - a. Financial Counseling Planning Sheet
 - b. Interviewing checklist
- 9. Jordan Dough Role-Play**

IV. CHAPTER PREPARATION

Presentation Time: 90 minutes (including 60 minutes for role-play)

Presentation Materials

- PowerPoint slides, “Financial Counseling Application”
- Student Manual CFS 6
 - ▶ The 8-Step Counseling Cycle
 - ▶ Solution-Focused Financial Counseling Facts to Remember
 - ▶ Open-Ended Questions
 - ▶ Common Client Comments Activity
 - ▶ Financial Counseling Planning Sheet
 - ▶ Interviewing Checklist
 - ▶ Role-Play: Jordan Dough Student Manual Instructions
- Role-Play Client Package
- Extra FPWs
- Navy & Marine Corps Privacy Act (for Navy & Marine Corps learners only)
- One Touchpoint Checklist per team from the following topics: *PCS, Promotion, Leadership, and Marriage*

Summary of Learner-Centered Activities:

- **Common Client Comments Activity:** Learners brainstorm responses to comments that are commonly made by clients during counseling sessions.
- **Jordan Dough Role-Play:** An extended group counseling session that allows the learners to practice the counseling and communication techniques they have learned in the counseling sessions.

V. REFERENCES

Waddell, Fred. Solution-Focused Financial Counseling in the New Millennium. Monetta, VA: Genesis Press, 2001.

Pulvino, Charles, and Lee, James. Financial Counseling: A Strategic Approach. Madison, Wis.: Instructional Enterprises, 1991.

All Solution-Focused Financial Counseling components are adapted from Dr. Fred Waddell’s manual, Solution-Focused Financial Counseling in the New Millennium.

VI. CONTENT



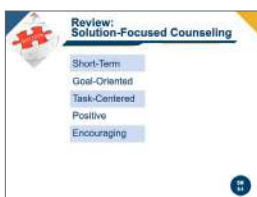
SLIDE 1



SLIDE 2



SLIDE 3



SLIDE 4

Introduction

In this session we are going to review some of the counseling concepts we learned previously and apply those concepts during activities to ensure that you are prepared to counsel your Service members.

Agenda

In this chapter, we will review the 8-Step Counseling Cycle and the basics of the Solution-Focused Financial Counseling that were introduced during CFS 5. We will also discuss general counseling fundamentals, Open-Ended Questions, Common Client Comments, and Measuring Success in Counseling. We will apply all of these procedures and techniques through a counseling session role-play when the lecture portion is concluded.

The 8-Step Counseling Cycle

REFER learners to page 6-2 in the Student Manual, the 8-Step Counseling Cycle. Briefly review the 8-Step Counseling Cycle that was introduced during CFS 5 and the Financial-Counseling Planning Sheet that can be used as a CFS reference during a session.

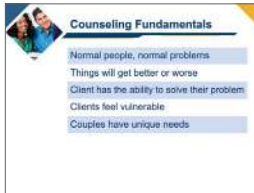
Solution-Focused Financial Counseling

REFER learners to page 6-3 in the Student Manual, Solution-Focused Financial Counseling Facts to Remember. You will recall that we talked about using SFFC to focus on solutions versus explanations — what's going on presently and how things can be done differently in the future. Put differently, we could say that change occurs in the direction of our attention. We create change by paying attention to what we want to grow, not to the problems that we want to shrink — thus the focus on solutions.

Remember that in SFFC there is no failure when working with clients seeking financial assistance; there are only other ways of doing things. The challenge is to help our clients explore those options and solutions that will improve their financial situation. An SFFC session structure is:

- Short-term
- Goal-oriented
- Task-centered
- Positive
- Encouraging

Now that we have reviewed very briefly, the information covered in CFS 5, let's look at some general counseling fundamentals and then focus on some specific techniques that have proven quite useful in financial counseling. You will find that SFFC builds on these basic techniques such as eye contact, reflective listening, attentive posture, nodding to indicate understanding, positive attitude, mutual respect, empathy versus sympathy, self-disclosure, genuineness, sincerity, honesty, remaining non-judgmental, and asking open-ended versus closed-ended questions.



SLIDE 5

Counseling Fundamentals

Normalizing

There are some general counseling fundamentals that are worth mentioning to put SFFC in perspective. First, we need to remember that clients are normal people with normal problems. Most of us have had similar problems at some point in our lives. Initially, most clients will be experiencing one or more of the full range of normal human emotions and feelings such as anxiety, sadness, anger, mild depression, failure or frustration.

Change

Second, it's important to realize that whatever the client's financial situation, it either will get better or worse even without intervention by a CFS. Financial situations rarely remain constant over time. Another way of looking at this is to recognize that regardless of what you do, things will change, and with the help of a trained CFS, we increase the likelihood of change in a positive direction.

Client Has the Ability to Solve Their Problem

Third, most clients possess the ability to solve their own financial problems. They just need help to discover what options and solutions exist. By using the Financial Planning Worksheet (FPW) in conjunction with SFFC, the CFS can help clients understand their present situation better and motivate them to explore various options that will improve their situation. By the time most clients get to a CFS, they have thought about various solutions to their problems, but they need help in organizing them and visualizing how implementation will improve their financial situation. It is important to ask clients what solutions they have been considering, not only to get them involved in solving their own problems, but also to empower them to develop confidence in their own problem-solving ability.

Clients Feel Vulnerable

Fourth, many clients will feel very vulnerable, at least initially, when asked to disclose their financial situation. Recall that the service branches refer to their program as the Personal Financial Management (PFM) program. It is worth highlighting the word “personal” here and understanding that when you are working with clients as a CFS, it becomes very personal very quickly to them. This is why building trust and confidence is so important to the SFFC process.

Couples Have Unique Needs

Lastly, it is important to understand that when working with married couples, there are a number of other considerations. By the time couples seek or are referred for financial counseling, they already have had a number of “intense discussions” about spending money and who played what role in their present financial situation. There is a tendency to blame each other for their difficulties. It’s important for a CFS to remember that couples have different values regarding the use of money. The CFS should avoid playing the role of referee and reassure their clients that what they are experiencing is normal. Since both spouses are part of the problem, it is extremely important to get both involved in being part of the solution. This is why having both spouses present for financial counseling is desirable. In most cases where a CFS can work with only one spouse, recognize that whatever plan is developed must be “sold” to the spouse who is not present. This presents some risks for your client who now must take on the role of the “messenger.” Joint ownership and joint commitment are essential for any financial plan to succeed in a marriage relationship. If these are not present, sabotage of the plan may occur either deliberately or through neglect.



SLIDE 6

Open-Ended Questions

EXPLAIN that when CFSs use closed-ended question, the client is able to answer with a quick yes or no. Closed-ended questions limit the client and can even influence the client’s answer if they don’t feel comfortable elaborating on the yes or no response. Instead of using closed-ended questions, CFSs should use open-ended questions. Open-ended question require an explanation which gives the client a voice. CFSs will receive more information from the client about their situation when asking open-ended questions. Open-ended questions can be paired with pauses to allow the client to provide more information as they will likely find the pause uncomfortable.

REFER learners to page 6-4 in the Student Manual where they will find examples of open-ended questions they can use in counseling sessions.



SLIDE 7

Common Client Comments Activity

REFER learners to pages 6-5 to 6-7 of the Student Manual.

Purpose: Clients often have the same concerns and thus CFSs will hear a lot of the same comments from clients. A list of Common Client Comments has been compiled to allow learners to brainstorm ways to respond to these comments to help them get better at interacting with clients. There can be more than one right answer since every counselor and every client is different. The goal is to practice and learn counseling skills from each other, not to overly worry about the “right” or “wrong” answers. Possible responses to the comments have been provided to help the instructor lead the discussion.

Time: 10 minutes

Materials

- Student Manual Pages 6-5 to 6-7

Procedure: Break students into groups and have each group work on a number of Common Client Comments. The students will brainstorm possible ways to respond to these comments and discuss their favorite responses with the class. Learners should write down their favorite responses for each of the comments in their student manual during the class discussion.

POSSIBLE RESPONSES:

“I don’t want my unit to find out about my financial problems.”

All CFSs: *You need to know that personal information discussed here stays here, unless you disclose something illegal or that is a violation of the UCMJ, then I’ll have to report that up the chain of command. Navy and Marine Corps CFSs only should also state:* *Because I keep a record system, I need you to read and sign a Privacy Act Statement that explains how your information is used.* NOTE: CFSs should ask their chain of command if they have any additional reportable information so the CFS can inform the client at the start of the session.

“My finances are a mess. I’m sure I’m the worst you’ve seen!”

Most of us have experienced a financial issue at some time in our lives. We will need to take a close look at what’s going on in order for both of us to understand your financial situation. Once we know exactly how things stand, we can then focus on solutions to improve your situation.

“I’m terrible at managing my money!”

Money management is a skill that you can learn and improve on. What is happening that makes you think this?

“I don’t want to put money in TSP. I want to be able to get at my money any time I want.”

Having funds that are accessible at any time is important to good money management, but so is planning for your financial future and there are many tools available. Can I show you how TSP can help you with this?

“I don’t need an emergency fund. I can use a credit card.”

Credit cards are a convenient way to handle an unexpected expense in the moment, however, that convenience comes at a cost when high interest rates kick in while you are making payments. In the long run, having an emergency fund saves you money. What do you think?

“I like getting a big tax refund. It’s like a forced savings plan.”

That is true, however, when the government holds our money, they don’t pay us interest on that savings and we have to wait until tax time to access it. How big was your refund? Can you think of ways that it might have been helpful to have more money throughout the year instead?

“Building good credit is impossible. If I do just one thing wrong, my credit score drops like a rock.”

You’re right; when we don’t manage our credit and debt correctly, the impact on a credit score is a big drop. You mentioned this happens when you do one thing wrong. Can I show you some strategies that actually work to build credit in the long term?

“I’m getting promoted next month, and I can’t wait to get the new truck I’ve been dreaming about!”

Congratulations! It’s important to celebrate your accomplishments. Have you started looking for the best deal on your dream truck? How much will the new insurance be?

“I don’t need to make car payments while I’m deployed. Companies have to cut me a break on payments since I’m active duty.”

By law, there are guidelines that companies must follow in certain situations for active-duty members, however, all Service members are obligated to pay their debts as agreed. Not making car payments while deployed could lead to negative credit reports and possibly repossession. What bank do you use? Can I help you set up an automatic payment plan?

“I got my security clearance. Now I don’t have to worry about my finances for five years.”

In addition to the initial and periodic background investigations, Service members are also subject to continuous evaluations, which include automated record checks of your credit on a more frequent basis. If derogatory information is found, it could lead to your security clearance being in jeopardy.

“My paycheck was \$500 short, but I never look at my LES/Payslip. Someone needs to fix this!”

It is important to look at your LES monthly/Payslip every two weeks since DFAS/PPC and your admin department will not have the time to review everyone’s pay. Can I show you how to read your LES/Payslip and what to specifically be on the lookout for?

“It is a good thing we looked at my credit report. I forgot about that credit card.”

That’s OK. We’ll be able to have everything on one page to help you see how we can get some of these debts resolved.

“I don’t know why I’m here. My chain of command told me I needed to come see you. I don’t have any financial problems.”

If you don’t know why they sent you, we can use this time to accomplish some of your financial goals. What would you like to accomplish today?

“I want to buy a house. I don’t have any savings, but I heard that you don’t need a down payment if you use the VA Loan.”

It is true that the VA Home Loan Guarantee does not require a down payment, however, it does require you to pay a funding fee. The funding fee is even reduced when you have a higher down payment. In addition to the funding fee, you will have other closing costs that you will need to pay. The closing costs can equate to 3% - 5% of the home loan. I recommend that you take a home-buying course with the Installation Family Support Center and that we take a look at your spending plan today to find areas where you can start saving for a home purchase in the future.

“I want to trade in my car to get something with a smaller payment. I should be able to get \$25,000 for it since that’s what I paid for it last year.”

Let’s look up your car’s value to see what you might be able to get for it. Vehicle values don’t always hold up like we hope they will and this will give you a realistic idea of what to expect. We can also talk about smart strategies for this transaction so you get the best deal possible.

“I can’t wait to move out of the barracks and get all that BAH money and no more eating at the galley/mess.”

Moving into your own place is a great experience, but it also comes with more financial obligations. Have you considered the cost of utilities, commuting, furniture, and other household goods that you will need? How much do you expect to spend on rent? Do you plan to cook?

“I don’t really spend money. I can’t figure out why I’m always broke.”

Why don’t we review your last bank/credit card statements? This will help you understand what kind of expenses you really have and from there you can make decisions about what is most important to you.

“My finances are so stressful!”

It can be very stressful. Let’s take it one step at a time. Can I recommend some resources to help you deal with the stress?

“Will this financial issue impact my career?”

If we address the issue now, it can show that you were proactive in finding a solution and that carries a lot of weight.



SLIDE 8

Measuring Success

ASK learners, after a financial-counseling session, how do you know if you were successful? The following are some indicators of a successful financial-counseling session:

1. The client actively participated during the session and especially was involved in expanding options and solutions to improve their present financial situation.
2. The client took ownership of their problem and the need to take positive action.
3. The client prioritized options and explored possible outcomes.
4. A positive change occurred in the client’s mood and demeanor during the session.
5. Especially revealing, in some cases is when the client leaves verbalizing a sense of hope about the future and has a relieved look on their face.
6. The client is willing to come back for a follow up.
7. If the session involved a married couple, both spouses reached consensus on the financial plan that was developed for what options or solutions they were going to implement.



SLIDE 9

More Financial Counseling Tools

REFER learners to pages 6-8 and 6-9 in their Student Manual for a review of the counseling forms: Financial-Counseling Planning Sheet and Interviewing Checklist. **TELL** learners that we have reviewed the 8-Step Counseling Cycle and the basics of Solution-Focused Financial Counseling and that they may find the Financial Counseling Planning Sheet helpful as it puts the two together in outline form. New counselors may find it helpful to use the Interviewing Checklist instead.



SLIDE 10

Activity: Jordan Dough Role-Play

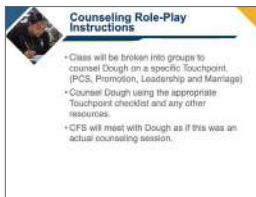
REFER learners to page 6-10 of the Student Manual.

Activity: Financial Counseling and Communication Skills Role-Play

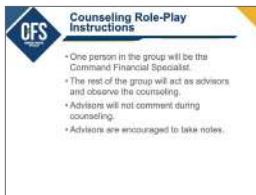
Introduction: The Jordan Dough Role-Play is a counseling exercise designed to take a client and the CFS through a counseling case study from beginning to end. The class will be divided into groups, with three to six people per group. The instructor will need a place for each group to work on their role-play. Depending on classroom size, more than one group may be able to conduct their role-play in the classroom, as long as it does not get too noisy. Otherwise, have separate offices/spaces reserved before the start of the lecture. The instructor team should circulate among the groups, observing and offering suggestions as needed. The instructor will designate a new CFS approximately every 5-10 minutes during the role-play to ensure that all CFS have an opportunity to practice their counseling skills.

Each group will receive the same role-play at the same time, however each group will address different needs of the client. The role-play can be modified to better fit the location of the course and has an LES/Payslip for each branch of service in Appendix D. The PFM can choose the LES/Payslip that fits the demographics of the attendees (to include more than one LES/Payslip for classes with many branches of service). Each group will receive a Touchpoint checklist to fit with the client need they are addressing. The group will only address that one need using their checklist. After the role-play, each need will be debriefed to ensure the entire class is aware of how to address all needs.

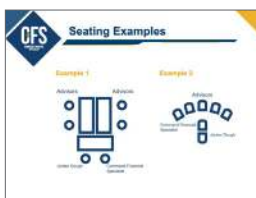
Time: 60 minutes



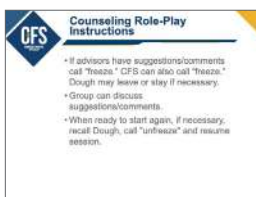
SLIDE 11



SLIDE 12



SLIDE 13



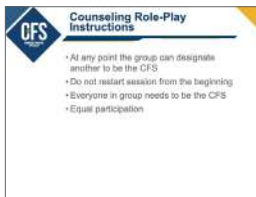
SLIDE 14

Materials:

- Role-Play Instructions, Student Manual page 6-10
- Client Profile Package (one complete package per group; each package includes Client Profile, Sample LES/ Payslip, Monthly Budget – Sample LES/Payslip and budget are available in Appendix D)
- One Touchpoint checklist per team from the following topics: *PCS, Promotion, Leadership, and Marriage*
- Extra hard copies of Financial Planning Worksheet (one per group)
- Extra hard copies of Privacy Act Statement (one per group for Navy & Marine Corps learners)

Procedure:

1. Before role-play, divide the class into several groups of three to six learners. Choose one “client” volunteer per group and give each a Client Profile Package for their review (only the client volunteer sees the client package).
2. Explain the role-play to the class. Have each learner read the Role-Play Instructions, preferably during the break between the counseling lecture and the start of the role-play. Explain that the class will be divided into groups; each group will have a CFS and a client, and any remaining group members will be “advisors.” Each group will receive the same role-play at the same time and should try to complete the session during the time allotted, following the procedures discussed during the counseling lecture. Suggest that each group use the Financial-Counseling Planning Sheet, Student Manual page 6-8, as a guide. Tell students they will need to bring “into session” all the tools they would need for a normal counseling session (calculator, Touchpoint Checklists, FPW, Privacy Act Statement, I&R information, etc.). Reinforce that when the “client” is in the room and the group is “in session,” only the client and the CFS may speak. If the advisors want to speak, or if the CFS needs help, they must call a “freeze” or timeout. The client may remain for the discussion if the student acting as Dough will benefit as a future CFS from hearing the discussion, otherwise, have the client leave the room. When the discussion is done, call the client back, “unfreeze,” and continue the session, with the advisors again being silent observers.
3. Tell each group where they will conduct their sessions and which need of the client they will address. Tell each group that they need to select someone to be the starting CFS. The starting CFS and advisors should trade off so that each member of the group (except the client) has a chance to be the CFS. Groups should proceed to their site and prepare for the session per the role-play instructions. The preparation should take no longer than 10 minutes.



SLIDE 15



SLIDE 16



SLIDE 17

4. While groups are breaking out, gather the “client” volunteers and ask for any questions or clarifications regarding the client profile. Tell each client volunteer which group is theirs.
5. The instructor team should circulate among the groups to ensure they are ready to begin.
6. The instructor team should observe counseling techniques. If a CFS is in a jam, the instructor should feel free to call a “freeze” and do some coaching. Experience has shown that CFSs tend to jump right in and start the FPW and never ask the client’s information (the client has a budget and the CFS should ask for it and use it, rather than create a new one). CFSs also tend to refrain from asking personal questions. Be sure to include the “advisors” on any coaching you may do with a group.

Note: If the CFS asks the client for paperwork, the client should show the CFS everything from the Client Profile Package except the client profile.

Review: Jordan Dough Role-Play

7. When the allotted time is up, ask each group to stop where they are in the session and gather back in the classroom. Conduct a debrief of each client need by having a CFS from each group summarize the need their group was assigned. **ASK** another CFS from that group to summarize the support and referrals provided to the client for that need. Do this for all four needs. **ASK** the clients to comment on the effectiveness of the session and what improvements they would recommend. The instructor team should offer its own observations on the sessions as well.

VII. FORMS

- Common Client Comments Possible Responses
- Role-Play: Jordan Dough
 - ▶ Instructor Guide Instructions
 - ▶ Client Profile
- See CFS Student Manual for the following forms:
 - ▶ The 8-Step Counseling Cycle
 - ▶ Solution-Focused Financial Counseling Facts to Remember
 - ▶ Open-Ended Questions
 - ▶ Common Client Comments Activity
 - ▶ Financial Counseling Planning Sheet
 - ▶ Interviewing Checklist
 - ▶ Role-Play: Jordan Dough
 - Student Manual Instructions

Common Client Comments Possible Responses

Clients often have the same concerns and thus CFSs will hear a lot of the same comments coming from clients. These are the possible responses you could provide to the client. The best responses will show empathy, be future focused, and/or utilize open-ended questions.

“I don’t want my unit to find out about my financial problems.”

All CFSs: You need to know that personal information discussed here stays here, unless you disclose something illegal or that is a violation of the UCMJ, then I’ll have to report that up the chain of command. Navy and Marine Corps CFSs only should also state: Because I keep a record system, I need you to read and sign a Privacy Act Statement that explains how your information is used. NOTE: CFSs should ask their chain of command if they have any additional reportable information so the CFS can inform the client at the start of the session.

“My finances are a mess. I’m sure I’m the worst you’ve seen!”

Most of us have experienced a financial issue at some time in our lives. We will need to take a close look at what’s going on in order for both of us to understand your financial situation. Once we know exactly how things stand, we can then focus on solutions to improve your situation.

“I’m terrible at managing my money!”

Money management is a skill that you can learn and improve on. What is happening that makes you think this?

“I don’t want to put money in TSP. I want to be able to get at my money any time I want.”

Having funds that are accessible at any time is important to good money management, but so is planning for your financial future and there are many tools available. Can I show you how TSP can help you with this?

“I don’t need an emergency fund. I can use a credit card.”

Credit cards are a convenient way to handle an unexpected expense in the moment, however, that convenience comes at a cost when high interest rates kick in while you are making payments. In the long run, having an emergency fund saves you money. What do you think?

“I like getting a big tax refund. It’s like a forced savings plan.”

That is true, however, when the government holds our money, they don’t pay us interest on that savings and we have to wait until tax time to access it. How big was your refund? Can you think of ways that it might have been helpful to have more money throughout the year instead?

“Building good credit is impossible. If I do just one thing wrong, my credit score drops like a rock.”

You’re right; when we don’t manage our credit and debt correctly, the impact on a credit score is a big drop. You mentioned this happens when you do one thing wrong. Can I show you some strategies that actually work to build credit in the long term?

“I’m getting promoted next month. I can’t wait to get the new truck I’ve been dreaming about!”

Congratulations! It’s important to celebrate your accomplishments. Have you started looking for the best deal on your dream truck? How much will the new insurance be?

“I don’t need to make car payments while I’m deployed. Companies have to cut me a break on payments since I’m active duty.”

By law, there are guidelines that companies must follow in certain situations for active-duty Service members, however, all Service members are obligated to pay their debts as agreed. Not making car payments while deployed could lead to negative credit reports and possibly repossession. What bank do you use? Can I help you set up an automatic payment plan?

“I got my security clearance. Now I don’t have to worry about my finances for five years.”

In addition to the initial and periodic background investigations, Service members are also subject to continuous evaluations, which include automated record checks of your credit on a more frequent basis. If derogatory information is found, it could lead to your security clearance being in jeopardy.

“My paycheck was \$500 short, but I never look at my LES/Payslip. Someone needs to fix this!”

It is important to look at your LES monthly/Payslip every two weeks since DFAS/PPC and your admin department will not have the time to review everyone’s pay. Can I show you how to read your LES/Payslip and what to specifically be on the lookout for?

“It is a good thing we looked at my credit report. I forgot about that credit card.”

That’s OK. We’ll be able to have everything on one page to help you see how we can get some of these debts resolved.

“I don’t know why I’m here. My chain of command told me I needed to come see you. I don’t have any financial problems.”

If you don’t know why they sent you, we can use this time to accomplish some of your financial goals. What would you like to accomplish today?

“I want to buy a house. I don’t have any savings, but I heard that you don’t need a down payment if you use the VA Loan.”

It is true that the VA Home Loan Guarantee does not require a down payment, however, it does require you to pay a funding fee. The funding fee is even reduced when you have a higher down payment. In addition to the funding fee, you will have other closing costs that you will need to pay. The closing costs can equate to 3% - 5% of the home loan. I recommend that you take a home-buying course with the Installation Family Support Center and that we take a look at your spending plan today to find areas where you can start saving for a home purchase in the future.

“I want to trade in my car to get something with a smaller payment. I should be able to get \$25,000 for it since that’s what I paid for it last year.”

Let’s look up your car’s value to see what you might be able to get for it. Vehicle values don’t always hold up like we hope they will and this will give you a realistic idea of what to expect. We can also talk about smart strategies for this transaction so you get the best deal possible.

“I can’t wait to move out of the barracks and get all that BAH money and no more eating at the galley/mess.”

Moving into your own place is a great experience, but it also comes with more financial obligations. Have you considered the cost of utilities, commuting, furniture, and other household goods that you will need? How much do you expect to spend on rent? Do you plan to cook?

“I don’t really spend money. I can’t figure out why I’m always broke.”

Why don’t we review your last bank/credit card statements? This will help you understand what kind of expenses you really have and from there you can make decisions about what is most important to you.

“My finances are so stressful!”

It can be very stressful, let’s take it one step at a time. Can I recommend some resources to help you deal with the stress?

“Will this financial issue impact my career?”

If we address the issue now it can show that you were proactive in finding a solution and that carries a lot of weight.

Role-Play: Jordan Dough Instructor Guide Instructions

Activity: Financial Counseling and Communication Skills Role-Play

Introduction: The Jordan Dough Role-Play is a counseling exercise designed to take a client and the CFS through a counseling case study from beginning to end. The class will be divided into groups, with three to six people per group. The instructor will need a place for each group to work on their role-play. Depending on classroom size, more than one group may be able to conduct their role-play in the classroom, as long as it does not get too noisy. Otherwise, have separate offices/spaces reserved before the start of the lecture. The instructor team should circulate among the groups, observing and offering suggestions as needed. The instructor will designate a new CFS approximately every 5-10 minutes during the role-play to ensure that all CFS have an opportunity to practice their counseling skills.

Each group will receive the same role-play at the same time, however each group will address different needs of the client. The role-play can be modified to better fit the location of the course and has an LES/Payslip for each branch of service in Appendix D. The PFM can choose the LES/Payslip that fits the demographics of the attendees (to include more than one LES/Payslip for classes with many branches of service). Each group will receive a Touchpoint checklist to fit with the client need they are addressing. The group will only address that one need using their checklist. After the role-play, each need will be debriefed to ensure the entire class is aware of how to address all needs.

Time: 60 minutes

Materials:

- Role-Play Instructions, Student Manual page 6-10
- Client Profile Package (one complete package per group; each package includes Client Profile, Sample LES/Payslip, Monthly Budget – Sample LES/Payslip and budget are available in Appendix D)
- One Touchpoint checklist per team from the following topics: *PCS, Promotion, Leadership, and Marriage*
- Extra hard copies of Financial Planning Worksheet (one per group)
- Extra hard copies of Privacy Act Statement (one per group for Navy & Marine Corps learners)

Procedure:

1. Before role-play, divide the class into several groups of three to six learners. Choose one “client” volunteer per group and give each a Client Profile Package for their review (only the client volunteer sees the client package).
2. Explain the role-play to the class. Have each learner read the Role-Play Instructions, preferably during the break between the counseling lecture and the start of the role-play. Explain that the class will be divided into groups; each group will have a CFS and a client, and any remaining group members will be “advisors.” Each group will receive the same role-play at the same time and should try to complete the session during the time allotted, following the procedures discussed during the counseling lecture. Suggest that each group use the Financial Counseling Planning Sheet, Student Manual page 6-8, as a guide. Tell students they will need to bring “into session” all the tools they would need for a normal counseling session (calculator, Touchpoint checklists, FPW, Privacy Act Statement, I&R information, etc.). Reinforce that when the “client” is in the room and the group is “in session,” only the client and the CFS may speak. If the advisors want to speak, or if the CFS needs help, they must call a “freeze” or timeout. The client may remain for the discussion if the student acting as Dough will benefit as a future CFS from hearing the discussion, otherwise, have the client leave the room. When the discussion is done, call the client back, “unfreeze,” and continue the session, with the advisors again being silent observers.
3. Tell each group where they will conduct their sessions and which need of the client they will address. Tell each group that they need to select someone to be the starting CFS. The starting CFS and advisors should trade off so that each member of the group (except the client) has a chance to be the CFS. Groups should proceed to their site and prepare for the session per the role-play instructions. The preparation should take no longer than 10 minutes.
4. While groups are breaking out, gather the “client” volunteers and ask for any questions or clarifications regarding the client profile. Tell each client volunteer which group is theirs.
5. The instructor team should circulate among the groups to ensure they are ready to begin.
6. The instructor team should observe counseling techniques. If a CFS is in a jam, the instructor should feel free to call a “freeze” and do some coaching. Experience has shown that CFSs tend to jump right in and start the FPW and never ask the client’s information (the client has a budget and the CFS should ask for it and use it, rather than create a new one). CFSs also tend to refrain from asking personal questions. Be sure to include the “advisors” on any coaching you may do with a group. Note: If the CFS asks the client for paperwork, the client should show the CFS everything from the Client Profile Package except the client profile.
7. When the allotted time is up, ask each group to stop where they are in the session and gather back in the classroom. Conduct a debrief of each client need by having a CFS from each group summarize the need their group was assigned. Ask another CFS from that group to summarize the support and referrals provided to the client for that need. Do this for all four needs. Ask the clients to comment on the effectiveness of the session and what improvements they would recommend. The instructor team should offer its own observations on the sessions as well.

Role-Play: Jordan Dough Client Profile

NAME: JORDAN DOUGH (E-5)
COMMAND: (To Be Filled in by PFM)
YEARS OF SERVICE: 7 YEARS (Goes over 8 years in 2 months)
HOUSING: RENT (Shares Apartment with coworker)
Pet: Cat “Sloopy”

You are Jordan Dough, E-5 with just under 8 years of active service. You presently share an apartment with a co-worker and your pet cat.

While you consider yourself financially sound, you admit there is room for improvement. You wish you could save more money and you want to be better educated when it comes to your TSP. You opted in to the Blended Retirement System (BRS), but are not sure about what this means. You are currently putting 3% in Roth “G” Fund as you remember it being the safest program.

Your dream orders just came in and you are going to be transferred cross-country next month. You are very excited about this new opportunity. To make matters better, you have also been notified that you will be advanced to E-6 effective in two months.

You contacted your engaged partner Taylor Webster, and you both agree that is finally time to get married. Taylor still lives in your hometown in Florida. You both agree to move the marriage up so it will take place while you are home on leave.

Taylor has quit their job and moved in with their parents in preparation for the move. Parents are covering Taylor’s living expenses.

Taylor is excited about the changes, but admits they are nervous, as Taylor is unfamiliar with the military lifestyle. Additionally, Taylor is nervous about finding a new job. Taylor has a degree in IT and has \$11,000 in student loans. Taylor has emailed their financial details, as they want to see what your combined finances will look like.

Yesterday you received a Touchpoint message ordering you to make an appointment with your CFS due to financial changes in your life. The message confuses you, but you follow the instructions to make an appointment. The CFS has directed you to bring your LES/Payslip and a list of monthly living expenses and indebtedness.

This role-play is a hypothetical situation. It is provided solely for the Command Financial Specialist Course.



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 7 Introduction to the Financial Planning Worksheet

Instructor Guide



I. INTRODUCTION

This chapter introduces the learner to the *Financial Planning Worksheet* (FPW), the main tool used by Command Financial Specialists in counseling/coaching. Students will get hands-on, intensive instruction on the FPW throughout the week.

This chapter is an overview of the components of the FPW. The next chapter will explain how to complete each component. The learners will also get hands-on practical application of the FPW through the case study assignments. A computer demonstration of the electronic *Financial Planning Worksheet* (eFPW) will also be provided.

After completing chapters CFS 7 and CFS 8, learners should be prepared to complete their own *Financial Planning Worksheet* (FPW), which is to be handed in for homework.

The importance of learners understanding all aspects of the FPW cannot be overstated. Because so many basic and advanced topics of instruction are addressed while training on the FPW, instructors must be fully competent working with this form.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** The Developing Your Spending Plan module of the PFMSC is incorporated into this chapter of CFST. Although the PFMSC module is not strictly modeled, learners have adequate exposure to the topic to allow them to present this segment. Several training techniques are used in this chapter, including active lecture, case studies, and group brainstorming activities.
2. **Information and Referral:** Through learning about and using the Action Plan (within the Financial Health Assessment) in the FPW, learners become familiar with an important tool and are exposed to information and referral aspects of increasing income and savings, decreasing living expenses, and decreasing indebtedness.
3. **Counseling/Coaching:** Learners are introduced to the major tool used in financial counseling/coaching in the PFM program, the *Financial Planning Worksheet*, and thus the planning and budgeting process, which are major counseling/coaching tasks. Training on using the projected column puts learners in a future orientation, a key element of Solution-Focused Financial Counseling.



II. LEARNING OBJECTIVES

Using the criteria in the *Financial Planning Worksheet* Checklist, the learner will accurately complete a personal *Financial Planning Worksheet*.

III. OUTLINE

- 1. Introduction**
 - a. Agenda
- 2. Net Worth**
- 3. The Budget or Spending Plan**
 - a. Monthly Income
 - b. Monthly Savings and Living Expenses
 - c. Indebtedness
- 4. Breakdown of Net Income**
 - a. 10% Savings and Investments
 - b. 70% Living Expenses
 - c. 20% Indebtedness
- 5. Monthly Income**
 - a. Gross Income
 - b. Net Income
 - c. Take-Home Pay
- 6. Calculating Net Income**
- 7. Savings and Living Expenses**
- 8. Tracking Expenses**
- 9. Indebtedness**
- 10. Cash Flow Summary**
 - a. Surplus
 - b. Deficit
- 11. Debt-to-Income Ratio**
 - a. How to Calculate
 - b. Safe Level of Debt
 - c. Activity
- 12. Financial Health Assessment**
 - a. Action Plan
- 13. Debt Destroyer™**
 - a. Debt Snowball
 - b. Debt Avalanche
- 14. Financial Links**
- 15. Chapter Resources**
 - a. How-to Guide
 - b. Budget Tip Sheet
 - c. FPW Checklist

IV. CHAPTER PREPARATION

Presentation Time: 60 minutes

Presentation Materials

- PowerPoint slides, “Introduction to the Financial Planning Worksheet”
- Student Manual CFS 7
 - ▶ eFPW Instructions from the How-to Guide (Appendix E)
 - ▶ Budgeting Tip Sheet
 - ▶ The *Financial Planning Worksheet* Checklist
 - ▶ Debt-to-Income Ratio Worksheet
 - ▶ Debt-to-Income Ratio Activity
- Extra hard copies of FPW (Appendix E)
- Pencils and paper
- The eFPW and PDF version can be downloaded

Preparation:

Encourage learners to bring a laptop that has Excel or the ability to view a PDF to the training so they can follow along with the eFPW during this presentation. Provide a hard copy of the FPW to learners who do not have a laptop available.

Summary of Learner-centered Activities:

- **Application of the *Financial Planning Worksheet*:** Learners will have the opportunity to apply knowledge by completing their personal *Financial Planning Worksheet*.
- **Debt-to-Income Ratio Activity:** Learners have the opportunity to calculate debt-to-income ratios in class.

V. REFERENCES

Personal Financial Management Standardized Curriculum: Developing Your Spending Plan, Military Pay Issues, and Credit Management Modules.

Waddell, Fred. *Solution Focused Financial Counseling in the New Millennium*. Auburn, Ala.: Genesis Press, 2001.

Garman, E. Thomas, and Fogue, Raymond E. *Personal Finance, 5th Ed.* Boston, Mass.: Houghton Mifflin Co., 1997.

www.dfas.mil (Defense Finance and Accounting Service)

www.bls.gov (Department of Labor Consumer Expenditure Survey)

www.irs.gov (Earned Income Tax Credit)

VI. CONTENT



SLIDE 1



SLIDE 2

Introduction to the Financial Planning Worksheet

Introduction: We have spent much of the day learning why and when to use the *Financial Planning Worksheet* (FPW). It is now time to turn our attention to how to complete the FPW.

The importance of your understanding all aspects of the FPW cannot be overstated. As a CFS, you must be fully competent working with this form.

Agenda

INSTRUCTOR NOTE: Have extra copies of the complete FPW available as extra Handouts for participants without computer access and for use in case studies.

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.

REFER learners to the electronic or hardcopy FPW.

The *Financial Planning Worksheet* is the spending plan form we're going to discuss today. You'll see that this is much more than just a budget. There are five major components to the worksheet:

1. Net Worth Statement
2. Budget or Spending Plan
3. Financial Health Assessment with Action Plan
4. Debt Destroyer
5. Financial Links

We will review each of the five components in detail and discuss resources to help you complete the FPW. One of your assignments this week is to complete your own FPW and hand it in for homework.

Net Worth

Overview of the Net Worth Page Tab

ASK learners to look at the Net Worth tab of the FPW. The top of the form provides a place to note details about your client's age, choice of retirement plan, and the percentage that is contributed to TSP. The bottom part of the form is the Statement of Net Worth. As we noted on the Financial Planning Pyramid, this is one of the key financial statements used in financial planning.



SLIDE 3

Why? Because this is where you calculate your net worth, where you measure your wealth.

In this section, you will account for **Total Assets** (what you own). This will include all cash and cash equivalent accounts, to include current balances of your investment/retirement accounts.

Then, you will document the current market value of your personal property. Think in terms of fair-market value, or what you could reasonably get if you listed your possessions for sale today. Be conservative in your estimates, unless you have a current appraisal.

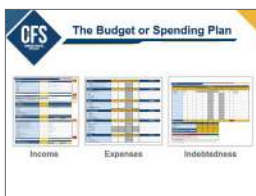
Next, you need to list your **Total Liabilities** (what you owe). This would include signature, automobile, consolidation and student loans; credit cards; money owed to family and friends; and any money owed to the government, such as advanced pay or overpayments. Also, list the balances of any mortgages (your home, your rental property).

Finally, **Net Worth** will be calculated as Assets minus Liabilities, or what you own minus what you owe.

For example, if you could sell your car for \$5,000 and you owe \$3,000 on your car loan, the net worth of your car is \$2,000.

EXPLAIN that net worth is a figure that is good only in comparison to another year, typically last year. For example, a net worth of \$500,000 might be impressive if your net worth was \$250,000 last year but less impressive if, it was \$800,000 last year. Net worth is a figure you calculate on a regular basis — usually yearly — to measure your wealth and ensure you are moving in the direction of financial freedom.

INSTRUCTOR NOTE: Point out that debt can be the enemy, as the larger your liability column, the smaller your net worth. Debt moves you away from building wealth and increasing your net worth.



SLIDE 4

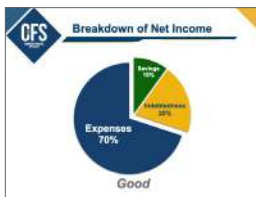
The Budget or Spending Plan

Overview of the Budget or Spending Plan Tabs

The Budget or Spending Plan: Next, we'll take a look at the Income, Expenses, and Indebtedness tabs of the FPW commonly known as a budget or spending plan. When these tabs are completed, you will have a snapshot of one month's worth of cash flow and you will know if you are "making ends meet" on a month-to-month basis. In its most basic form, a budget is simply a listing of what comes in and what goes out.

Be aware that some clients may come to you with their own budget form, and when you get used to using the FPW it may feel awkward to work with a different form. Merely discern where on the client's form the income is listed, and where the outflow (expenses and debts) is listed, and you will orient yourself to their unique budget form. **ASK** learners — if a client comes to you with their own budget form, should you use it, or transfer it to an FPW? Why or why not? Respond as appropriate.

INSTRUCTOR NOTE: In the Counseling brief, we showed the CFS how Solution-Focused Financial Counseling advocates accepting and utilizing the client's reality. This can mean using their verbal language, pacing their body language, and working with the documentation they provide. It is great if a client brings in their own version of a budget, and Solution-Focused Financial Counseling tells us to focus on what IS working, so using their forms is a way of encouraging them to continue positive behavior. Thus, a CFS needs to understand the basic form of any budget so they can be flexible working with budget forms OTHER than the FPW.



SLIDE 5

Breakdown of Net Income

General Budgeting Guidelines: The breakdown of net income is not set in stone. A good recommendation is for Living Expenses to be 70% or less of net monthly income, Indebtedness to be 20% or less of net monthly income, and Saving & Investing to be 10% or more of net monthly income.

Percentages may vary in different households based on different lifestyles. For example, a single Service member living in the barracks may have a breakout of 50-50-0, with 50% going to living expenses and 50% going to debt (probably a car payment) and nothing going to savings. The Service member may be doing just fine day to day, but is not building any wealth. As the Service member has increases in pay the ratios will change, and if some money isn't dedicated to savings, the budget will not be healthy for long. There is a risk that the Service member could take on too much debt without a savings buffer. Also, due to the military lifestyle, what works at one duty station or assignment may not work at another, especially if the Service member gets married and/or adds other family members.



SLIDE 6

If a member has reduced their debt below 20%, they can be encouraged to increase their savings. A better recommendation is for Living Expenses to be 70% or less of net monthly income, Indebtedness to be 15% or less of net monthly income, and Saving & Investing to be 15% or more of net monthly income.



SLIDE 7

Ideally a Service member will reduce their debt to zero and they can be encouraged to save even more! The best recommendation is for Living Expenses to be 70% or less of net monthly income, Indebtedness to be 0% of net monthly income, and Saving & Investing to be 30% of net monthly income.

Some Service members have even been known to increase their Savings & Investing to 50% and reduce their Living Expenses to 50%.

ASK if anyone is debt free. **DETERMINE** who has the highest savings rate of those that are debt free.



SLIDE 8

Monthly Income

REFER learners to the Income tab of the FPW.

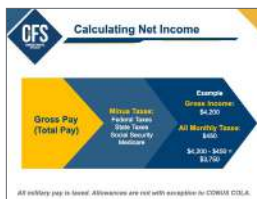
The Income tab has multiple sections: calculating Gross Pay, Total Taxes, Net Military Income, Total Other Income, Total Net Income, Total Deductions, and Total Take-Home Pay.

Let's review a few income definitions:

1. Gross Income — Your total pay and allowances, everything you earn.
2. Net Income — Your total pay (gross income) less taxes.
3. Take-Home Pay — Net income less any other deductions or automatic allotments. This is what ends up in your account each payday.

Point out that there is an actual and a projected column. Start with what the client actually is receiving today. If there are changes in pay coming up, you can complete the projected column as well. Generally you would not want to project more than three months out, and depending on the client's situation, you may project for only a month or two and may need to do several different projections.

INSTRUCTOR NOTE: You may get questions about what to do in the case of dual military couples. The 2nd Active tab of the FPW is a 2nd Active income page available for this situation.



SLIDE 9

Calculating Net Income

It is important that individuals know their family's Total Net Monthly Income. With all the automatic deductions that most Service members have, it is difficult to keep track of the actual money one controls. Often, bills are paid right out of the paycheck (such as car payments) and never make it to the proper category in the budget. When this happens, people don't see the complete picture of where their money goes.

The Total Net Monthly Income figure also is important to know because we will use it to calculate the client's budget ratios: expense ratio, savings ratio, and debt-to-income ratio. These figures are critical in determining their financial health. We will talk more about this important aspect of budget analysis after we cover the next few tabs of the budget form.

Where do you find the net income number if you are not working from the electronic *Financial Planning Worksheet* where it is auto calculated? Let's cover that here.

Using an LES or Payslip, simply find the Gross Pay (your total before they take anything out) and subtract the four taxes. These are federal taxes, state taxes, Social Security FICA taxes, and Medicare FICA taxes. This results in your net income.



SLIDE 10

Overview of the Savings and Living Expense Tab

REFER learners to the Expenses tab of the FPW. In order to create a level of familiarity with the worksheet, point out the various columns: 1st, 15th, Monthly, and Projected. The 1st and 15th can be used by those who prefer to designate which pay period expenses are paid to provide a visual breakdown for tracking expenses. The monthly column will auto-calculate the totals for amounts placed into the 1st and 15th columns (this column cannot be overwritten by the user). The projected column is the TOTAL MONTHLY FUTURE EXPENSE.

Monthly Savings: Why do you think Savings is the first category? How many of you think of Savings as an expense (as something on which you spend money)? Savings is broken down into three areas. Most financial advisors suggest you save 5% to 10% of net income. The average American saves less than 3% of their income; however, the average millionaire saves 10%. In which category do you want to be?

While we account for the client's income on one tab, we account for their outgoing on two tabs: one tab comprises their savings and living expenses and the other their indebtedness. Note again that there is an actual and projected column. Begin by filling in the “actual” column (can designate which paycheck, 1st or 15th) — what the client is spending this month. If this is the first time the client has done a budget, the figures in the actual column may be closer to estimates. You can note this in the Remarks. The client may need to track expenses for a month to get more accurate figures. We will cover tracking expenses shortly, but first, let's talk about this part of the form.

Why Save?	
Emergency Fund	- The unexpected
Reserve Fund	- Items paid for regularly, but not monthly
Goal-Getter Fund	- Short-term financial goals
TSP	- Retirement
Investments/IRAs/etc	- Medium-term and long-term financial goals

SLIDE 11

Why Save?

- **Emergency Fund:** This is money set aside for the unexpected — car breakdowns, sickness, repairs, emergency leave, disasters, etc. A general guideline for emergency savings for military personnel is three to six months of living expenses.
- **Reserve Fund:** This is money set aside for those items that occur regularly but not monthly, such as birthdays, vacations, holidays, insurance payments, vehicle registration, etc. The recommended balance for the reserve fund will depend on the client's typical periodic expenditures.
- **Goal-Getter Fund:** This is the place to hold money that you need to use sometime in the next five years or less, for whatever short-term financial goals you have. Account balance depends on the client's particular short-term financial goals.
- **TSP:** Monthly Thrift Savings Plan retirement contribution amount is listed here.
- **Investments/IRAs/etc:** This is the money a client puts into investments every month (not the balance of investments). Account balances will depend on the client's particular medium-term and long-term financial goals. This is money needed beyond five years. Monthly investments listed here may include IRA contributions or monthly mutual fund purchases.

Although the emergency, reserve and goal-getter funds are listed as three separate funds, they don't necessarily need to be three separate accounts, just three separate categories. (The investment dollars are going into other investment accounts.) Try to ensure that the client is saving something, even if it is just a little bit each month. For people who are not saving anything, initially the habit is more important than the amount.

It is recommended that clients save 10% of their net income each month. On the eFPW, the Total Monthly Savings/Investing and the percentage of net income being used towards Savings/Investing will automatically calculate for you and populate the amount into the appropriate boxes.

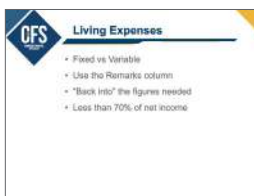


Emergency Fund Balance	
Good	• \$400
Better	• \$1000
BEST	• 3-6 months of living expenses

SLIDE 12

Emergency Fund Balance

Saving any amount per paycheck towards emergency savings is better than saving nothing, even if it is as small as \$25 a paycheck. The habit of saving is more important than the amount at first. Once a Service member has begun to save, they can be encouraged to increase their monthly contribution and their emergency fund balance.



Living Expenses	
• Fixed vs Variable	
• Use the Remarks column	
• "Back into" the figures needed	
• Less than 70% of net income	

SLIDE 13

Living Expenses

Below savings on the Expenses tab of the FPW, you will find Monthly Living Expenses. The line items are grouped into major areas of expenses: Housing, Utilities, Food etc. When working with a client, go over each of these line items and ask for the amount spent on the item in a month.

You may want to point out to clients that there are two types of expenses: fixed and variable. Fixed expenses are the same amount every month, such as rent or mortgage. Variable expenses can change from month to month, such as utility bills. It is relatively easy to enter amounts for fixed expenses in a budget since clients usually know those amounts. In fact, you may want to start filling in the Living Expense tab by listing fixed expenses to encourage the client in completing the form. With variable expenses, deciding which amount to enter can pose more of a challenge. You can ask the client what the last three or four months' worth of the expense has been and take the average, or you can use a higher amount to establish a conservative estimate.

As you work through the Living Expense tab with the client, be sure to use the Remarks liberally. If the client says that a particular expense was high the past month, but usually is lower, note that in the Remarks. If a client mentions that a particular bill is "high," or that they can reduce it, put a note of that in the Remarks. Often a client will begin problem-solving (in this case, cutting expenses) as they are working through this form.

Remember that you are constructing a monthly budget with the client, but they may not be able to think of their bills in monthly terms. If they are having difficulty coming up with a figure, that may be because they pay a particular bill weekly, or perhaps every two months. Clothing is a good example of this — people normally do not buy clothes on a monthly basis but rather when

they need them, seasonally, or for special occasions. You may find it easier to ask them what they spend annually, and then divide that figure by 12 for a monthly amount. You also can vary the way you ask about the expenditures. For example, rather than asking, “How much do you spend on food?” you could ask lifestyle questions, such as, “Tell me where you shop. How often do you go? What do you usually buy?” and from that information you will be able to “back into” the figures needed.

You also may need to check with the client as to HOW they pay these expenses. For example, some clients may charge a lot of their expenses, perhaps to take advantage of the recordkeeping benefits of a credit card or rebates and incentives. If that is the case, ask if they pay off the credit card bill every month. If so, the expense belongs on the Living Expense tab. If they carry a balance on the credit card, then the bill belongs on the Indebtedness tab. For living expenses paid with a credit card where a balance is carried from month-to-month, note in the Remarks that the expense will be listed on the Indebtedness tab. Explain to the client that a good goal is not to use credit (which carries a month-to-month balance and accumulates interest) for regular living expenses.

Note that mortgage (for a primary residence) is included in the Housing section. Even though a mortgage is a debt, for our purposes we include it on the Expenses tab. However, if the client has a mortgage on rental property (not their primary residence), that mortgage would go on the Indebtedness tab. Include the cost for Public Private Venture (PPV)/Housing on the Expenses tab.

It is recommended that clients spend less than 70% of their net income each month on living expenses. On the eFPW, the Total Monthly Living Expenses and the percentage of net income being used towards Living Expenses will automatically calculate for you and populate the amount into the appropriate boxes.



SLIDE 14

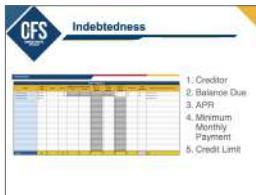
Tracking Expenses

The best way to find out what the client actually is spending is to ask them to track expenses for a month. Most people cannot account for almost 10% of their income. They simply do not know where it went. There are lots of ways to track expenses. Many people carry a notebook with them, save their receipts, use the envelope system, or a mobile application to track expenses. The important thing is to find something that works for you.

After everything is recorded for a month, organize expenditures into categories similar to those listed on the Expenses tab of the FPW. **ASK:** Is anyone

currently tracking or have tracked expenses in the past? If so, what method did you find helpful, and what did you learn about your spending patterns?

The tracking exercise will give the client a more accurate picture of spending than trying to guess how much is spent in each category. Family members also need to be involved. It can be a family project. Then you will have the information needed to calculate an accurate budget and account for every cent the client has worked so hard to earn.



SLIDE 15

Indebtedness

REFER learners to the Indebtedness tab of the FPW to review the Indebtedness tab. This is where you list all current creditors, type of credit owed, total balance owed, and annual percentage rate (APR) charged. This can be input by 1st and/or 15th payments, if applicable, or monthly minimum payment required. If you make a payment more than the minimum monthly payment then enter that payment into Projected monthly payment. Estimated monthly payment is intended to be used as a guide, it is best to use the payment on the statement. Entering the credit limit and balance owed will support in the calculation of credit utilization. Credit utilization helps demonstrate the impact of debt on the member's credit score.

Types of credit/loans entered on this tab include:

- Auto loans
- Signature loans
- Consolidation loans
- Student loans
- Credit cards (AAFES, department store, other, government, etc.)
- Advance pays, including those listed on LES or Payslip
- Overpayments, indebtedness to TSP, military relief society, military exchange, family, and/or friends

DO NOT include your primary residence mortgage. For our purposes, your mortgage is a living expense.

DO include any rental property you have that is not your primary residence.

Many clients pay more than the minimum monthly payment. If so, list the amount they usually pay in the Projected Payment column. However, to figure out how much of their net income goes to paying debt (their debt-to-income ratio), we need to know just the minimum monthly payment.

If they do not know, you can estimate a minimum payment at 3% of the outstanding balance until they have a chance to look at their monthly statement, credit report, or contract.

The screenshot shows a 'Cash Flow Summary' table with columns for 'Category', 'Amount', and 'Balance'. It is divided into two sections: 'Surplus' and 'Deficit'. The 'Surplus' section lists 'Net Income' as \$6,700, 'Savings' as \$200, and 'Investing' as \$500. The 'Deficit' section lists 'Expenses' as \$3,500 and 'Debt' as \$1,100. The final balance is shown as \$1,400.

SLIDE 16

Cash Flow Summary

REFER learners to the Indebtedness tab of the FPW to the Cash Flow Summary section.

The Cash Flow Summary is a snapshot of the Service member's monthly household finances. This summary captures the total amount coming into the budget and the total amount going out on a monthly basis. Calculate the Monthly Surplus or Deficit by adding up all net income (after taxes) and subtracting all amounts going toward savings, investing, monthly living expenses, and debt payments. After completing this calculation, you are left with a positive number (a surplus), a negative number (a deficit), or zero (breakeven).

If the Cash Flow Summary shows a surplus, ask the Service member if they actually have that amount of extra money left over at the end of each month. This is a good question to determine if they have properly accounted for all of their monthly expenses and payments.

If there is extra money, this can lead to a discussion with the client as to how to use the surplus. If there is a deficit (shortage), the discussion should be how to reduce the shortage by looking at expenses first, and debts next.

If the Service member has accounted for all income and given every dollar a job (assigned for saving, investing, expenses, and debt) and reached a "zero" balance in the Cash Flow Summary, then the Service member has a breakeven budget.

INSTRUCTOR NOTE: Make sure to note that deficits are shown in parentheses in this example and in most financial documents.

Surplus example:

Net Income:	\$6,700
Savings:	\$200
Investing:	\$500
Expenses:	\$3,500
Debt:	\$1,100

Cash Flow Summary: \$1,400 (surplus)

Question: Do you have an extra \$1,400 left over in your checking account at the end of each month?

If the answer is "no," then you need to review the numbers entered into the FPW. You may have missed something.

Deficit example:

Net Income: \$4,800
 Savings: \$150
 Investing: \$350
 Expenses: \$3,300
 Debt: \$1,060

Cash Flow Summary: -\$60 (deficit)

Question: Do you transfer money back out of savings each month to cover your expenses, or is your credit card balance getting higher?

If the answer is “yes,” then you are spending more than you have budgeted to spend. You need to adjust your budget or see where you can cut back on spending in support of reaching your savings goals.



SLIDE 17

Calculating Debt-to-Income Ratio

REFER learners to page 7-7 of their Student Manual.

Although the eFPW will calculate the debt-to-income ratio (D/I), you can calculate the debt-to-income ratio with a simple equation. Use this when you are doing overseas screenings on someone before they receive orders or helping someone who has debt issues to understand their debt position. It works with or without the help of the electronic *Financial Planning Worksheet*.

Working on the Indebtedness tab in the Summary section, or just totaling the minimum monthly debt payments of your client, determine the total of all minimum monthly debt payments (except the mortgage). Once you have that number, divide it by the total monthly net income. Take the result, and multiply it by 100. You now have the D/I ratio.

The example on the slide is:
 Total Net Income = \$3,750
 Monthly Debt Payments = \$680
 D/I ratio = 18%

TELL learners they will get a chance to practice this calculation in an upcoming activity.

INSTRUCTOR NOTE: Share this statement with the class: “For our purposes, working with active-duty Service members, the D/I ratio is calculated using non-mortgage debt only. If the mortgage were part of the calculation, you would use a standard D/I ratio of between 36% to 44% (depending on the financial institution) versus 20%. Generally a bank or credit union will assume 25% to 33% of the 36% to 44% is for the mortgage, which would leave only 11% for non-mortgage debt — a big difference from the 20% we use. This shows the importance of keeping debt payments down, especially if you are thinking of buying a home.”



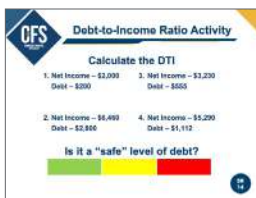
SLIDE 18

Debt-to-Income Ratio

Your debt-to-income ratio may impact your ability to obtain new credit and the interest rate at which you are provided credit. In order to ensure you can meet all of your financial obligations, it's a good idea to maintain a debt-to-income ratio of 20% or less. Remember, it's all about balance though. If you have a living expense ratio that's higher than our guideline, you'll have less income available for debt repayments. That means you may not be able to afford to maintain a debt-to-income ratio near 20%. Then you'll need to consider all of your obligations and determine your priorities.

The following guidelines are used to determine a "safe" level of debt.

- Less than 15% D/I ratio: Proceed with caution; use caution when taking on more debt to avoid going over 20%.
- 15% to 20%: Fully extended; refrain from taking on more debt, work with CFS or your Installation Family Support Center Financial Counselor or Educator to keep debt within recommended limits.
- 21% to 30%: Overextended; do not take on more debt; pay down existing debt, strongly encouraged to work with your CFS or your Installation Family Support Center Financial Counselor or Educator.
- More than 30%: Seriously overextended; seek help from professional debt-management experts or your Installation Family Support Center Financial Counselor or Educator.



SLIDE 19

Debt-to-Income Ratio Activity

REFER learners to page 7-8 of their Student Manual. **DIRECT** learners to calculate the debt-to-income ratio for each example and to determine if the debt-to-income ratio is a "safe" level of debt.

Students can work in groups or individually prior to the instructor demonstrating the computation on the board. **INFORM** learners that typically "the little number gets divided by the big number."

- | | | | |
|----|-------------------------------|---|---------|
| 1. | Total Net Income | = | \$2,000 |
| | Monthly Debt Payments | = | \$200 |
| | D/I ratio | = | 10% |
| | Level of Debt = Green | | |
| 2. | Total Net Income | = | \$6,460 |
| | Monthly Debt Payments | = | \$2,800 |
| | D/I ratio | = | 43% |
| | Level of Debt = Red | | |
| 3. | Total Net Income | = | \$3,230 |
| | Monthly Debt Payments | = | \$555 |
| | D/I ratio | = | 17% |
| | Level of Debt = Yellow | | |
| 4. | Total Net Income | = | \$5,290 |
| | Monthly Debt Payments | = | \$1,112 |
| | D/I ratio | = | 21% |
| | Level of Debt = Red | | |



SLIDE 20

Financial Health Assessment

REFER learners to the Financial Health Assessment tab of the FPW. The Financial Health Assessment is important, just like your physical health. Financial health is a term used to describe the state of one's personal monetary affairs. There are many dimensions/categories to financial health, including the client's net worth, net income, amount of saving, investing, retirement (Roth/Traditional TSP, IRAs, mutual funds, etc.), living expenses, debt, surplus or a deficit, and the debt-to-income ratio.

Finances can make or break us in many cases, so having an awareness of where we stand financially is critical. By doing a financial wellness check, you and your client will be able to determine what adjustments will need to be made — from saving to spending to earning.

Measure of Financial Health

The Financial Summary will automatically populate from the earlier sections of the FPW. The purpose of this section is to provide your client with a better grasp of their overall financial health. At this time it might help to ask a few key questions — so that they can do a self-assessment of their financial health findings:

- How prepared are you for unexpected events? Do you have an emergency fund?
- What is your net worth? Is it positive or negative? Do you have everything listed?
- Do you have the things you need in life? How about the things you want? What are your financial goals?
- How do you want to pay down your debt?
- Are you actively saving for retirement? Do you feel you're on track to meet your long-term goal?

Financial health is not a static figure. It changes based on an individual's liabilities and assets. 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 and is on track to continue to grow.



SLIDE 21

Action Plan

The Action Plan

Remember that a financial plan is both future- and goal-oriented, so next we turn to the Action Plan and start constructing solutions by looking for ways to improve the client's cash flow and net worth.

The Action Plan has three parts:

- Increasing income and savings
- Decreasing living expenses and indebtedness
- Determining the appropriate referrals and recommended training

The proposed options include ways that the client's budget can be improved: increase income and savings, decrease living expenses and indebtedness, and to improve their overall knowledge and financial toolbox by attending training and accessing available resources. These are the only things you can do to help a client create solutions, it is usually a combination of these actions that create real change. A large part of your role as the CFS is helping the client work through these options to come up with Action Plan. Work with the client to write down any and all possibilities in each category. Accept all possibilities the first time around. Once the client has options in each section, they will decide on which items they can take action and in what order. You then can go back and help the client complete the "Projected" column of the budget based on the changes they have chosen to make.

INSTRUCTOR NOTE: Detail is provided for instructor background. Be cautious not to spend too much time reviewing each option or you will be unable to complete the topic in the time available.

Increase Income. This is the first area you will look at with a Service member. Change here may not happen immediately but can add significantly to cash flow. For example, the Service member may need to get a second job, and that can take some time, but a second income could amount to several hundred dollars each month. You will want to discuss the pros and cons with the client.

1. **Get a second part-time job.**
2. **Spouse work.**
3. **Change federal income tax withholding.** Help the client check their LES/Payslip and verify how much income tax is being withheld from their paycheck. Many Service members overpay taxes, when they could use the money on a monthly basis. If they are over-withholding, suggest they change their W-4 FITW in their service's automated pay system.

INSTRUCTOR NOTE: Service members can use the Income Tax Withholding Calculator on the IRS website to determine if they are over-withholding and what the impact a change will have on their cash flow. See www.irs.gov.

4. **Change state income tax withholding.** This does not change automatically along with change in FITW; it must be done separately.
5. **Food stamps/FSSA.** Based on the Service member's income and family size, they may qualify for food stamps, which would tie in with the military's Family Subsistence Supplemental Allowance.
6. **Other options to increase income could include:**
 - Selling assets, such as stocks, bonds or property
 - Selling unused or seldom-used personal items
 - Earned Income Tax Credit (EITC)
 - Earning money from a hobby or skill

Decrease Living Expenses. We all can think of many ways to reduce living expenses, especially when it is someone else who has to make the cuts! As a CFS, your challenge will be getting the client to make the necessary changes. Changes in this area affect their everyday life, so you can expect to meet with some resistance. It may help to point out that some of the changes in this area may need to be only temporary. That may make the idea of reducing expenses more palatable. **REMIND** learners of the "What are My Options" activity that they completed earlier in the day for ideas on how to decrease living expenses.

Expenses Tab. Once the Living Expenses tab has been completed, ask the client which expenses they think they can reduce. Let them choose the cuts, with your expert guidance. **ASK** learners: How important is it to have every family member participate in this discussion? **REMIND** learners that if they are working with only half of a married couple, any cuts decided in the CFS office still need to be accepted by the other spouse.

Decrease Indebtedness. When you have explored all options for decreasing living expenses and increasing income, you will need to explore options for dealing with indebtedness. You already may know that many changes need to take place here based on the DTI ratio calculation, and in fact the options discussed under Decreasing Living Expenses and Increasing Income all may be needed to pay down debt. This is a great time to move to the Debt Destroyer tab and explore how using the Debt Snowball or Debt Avalanche debt reduction plans can help!

Recommended Training and Referrals. The final section of the Action Plan provides space to list any training and referral suggestions for the client. Included here would be any other government or civilian agencies and resources that could assist the client with their finances. Examples would be online and in-person training options, the Women, Infants and Children (WIC) program, and nonprofit debt-management programs. You will get ample training on typical referral resources later in the week.

Financial Goals. The bottom section of the form provides a place to list the client's short- and long-term financial goals. Once they have completed the Net Worth Statement and the Budget and have looked at various options, goals should begin to take shape in their minds. Help the client write SMART Goals like those we discussed earlier in the day. The importance of helping your clients set some short- and long-term goals cannot be understated — these goals will be their road map to financial success. Successful people take control of their money and plan how they will use it. Clients must commit to their financial goals in writing. Help them decide what they want to accomplish and write it down. Be sure the goals are stated positively (what they want, NOT what they don't want), and that they are written in the client's own words.

Using the Projected Columns. Once clients have completed the Action Plan and defined their Financial Goals they can decide which options they will act on today. At this point, it is time to go back and complete the projected column of the budget to reflect these changes and commitments. This is their new way of doing business – this is progress! The projected column now becomes the way they will run their regular cash flow to meet their goals. Encourage the clients to stick with it.



SLIDE 22

Debt Destroyer™

If your action plan includes decreasing debt, you have made the decision that debt is not the boss of your money, you are the boss of your money.

The eFPW contains a debt elimination section to assist in creating a debt payoff plan. The Debt Destroyer™ offers two simple strategies that are common in the financial world: the debt snowball option and the debt avalanche option.

Both the debt snowball and debt avalanche options have a similar goal: to help the Service member become debt-free. Choosing between the two is a personal choice and showing both methods through the eFPW will empower your member to select the best method for them.



SLIDE 23

Debt Snowball

First, the Debt Snowball applies a simple principle to paying off your debt that does not really require any “new” or additional money, although adding extra money is optional to pay off debts faster.

This system works because the amount you are paying toward the lowest balance debt keeps building and building until the amount you are paying gets large enough to pay down the debts faster than you would otherwise.

1. List all of your debts from smallest to largest according to the balance.
2. Pay minimum required on all debts starting with the smallest balance.
3. Put any extra money toward the smallest debt with the smallest balance (OPTIONAL).
4. Celebrate paying off your smallest debt!
5. When a balance is paid off, add its monthly payment plus any additional money toward the payment on the next smallest balance.
6. Continue to repeat step five until all debts are paid.

Tip for success: The extra payment is always put toward the smallest balance debt. Do not create any new debt or increase your balances.

INSTRUCTOR NOTE: This slide is included in the presentation for those that need to provide the brief virtually. It is hidden so that it does not appear during an in-person course, but can replace the Debt Snowball slide that has animation during a virtual CFS course.



SLIDE 24

Debt Avalanche



SLIDE 25

The next approach is the Debt Avalanche. It follows a similar strategy, but starts with the highest interest rate debt first.

This system works because the amount you are paying toward the highest interest rate. Paying the highest interest rate debt first, will save you more in interest payments and help you pay off your debts faster.

1. List all of your debts from highest to lowest according to the interest rate.
2. Pay the minimum required on all debts starting with the highest interest rate debt.
3. Put any extra money toward the debt with the highest interest rate (OPTIONAL).
4. Celebrate paying off each one!

5. When a balance is paid off, add its monthly payment to the debt payment with the next highest interest rate. Please note: Since you are not paying off the lowest balance debt first, you may pay off a smaller debt before the debt with the highest rate. Just take those funds and add them to the highest rate debt you are currently working on.
6. Continue to repeat step five until all debts are paid.

Tip for success: The extra payment goes toward the debt with the highest interest payment.



SLIDE 26



SLIDE 27



SLIDE 28

INSTRUCTOR NOTE: This slide is included in the presentation for those that need to provide the brief virtually. It is hidden so that it does not appear during an in-person course, but can replace the Debt Avalanche slide that has animation during a virtual CFS course.

Financial Links

REFER learners to the Financial Links tab of the FPW. The Financial Links tab provides websites you may use to complete information if a client cannot provide their LES or Payslip. The web addresses are not hyperlinked to avoid firewalls adding extra characters to the address.

Should you be deploying or going to an area where you do not have reliable internet connectivity, we recommend that you download the pay tables or information you will use regularly at least annually to have the most up-to-date information readily available.

Chapter Resources

The eFPW Instructions from the How-to Guide in Appendix E will be a beneficial resource for you as you navigate how to use the eFPW and complete our own FPW for homework.

REFER learners to information about the How-to Guide on page 7-3.

REFER learners to the *Budgeting Tip Sheet* on pages 7-4 and 7-5 of the Student Manual. This resource provides basic tips for working with clients.

REFER learners to the *Financial Planning Worksheet Checklist* on page 7-6 of their Student Manual. This resource will help confirm accurate completion of FPW.

If necessary, hand out a clean copy of the FPW for learners to complete with their own information. The completed form is to be turned in for homework. Explain that the Checklist includes most of the items the instructor will check, and they may find it provides a helpful guide in properly completing the form for homework.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Financial Service Provider How-to Guide
 - ▶ Budgeting Tip Sheet
 - ▶ *Financial Planning Worksheet* Checklist
 - ▶ Debt-to-Income Ratio Worksheet
 - ▶ Debt-to-Income Ratio Activity



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 8 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.

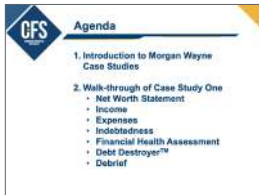
V. REFERENCES

Not Applicable

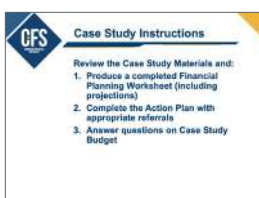
VI. CONTENT



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

Energy drinks – \$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%



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.



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.



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

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.



SLIDE 9

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.

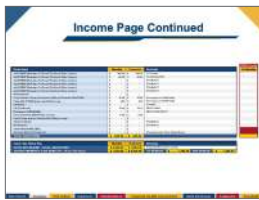
Entitlements: The top of the form is where you enter entitlements. Copy all monthly amounts for pays and allowances from the LES/Payslip, or use a current pay table to calculate monthly Gross Pay. Note that all taxable items (pays) will have an asterisk (*) next to them in the entitlement section. Check 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

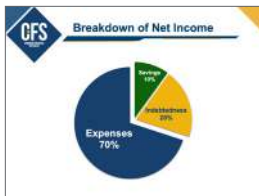
Income Page Continued

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?

Expense Type	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

Category	Amount
Clothing purchases	\$75
Hair	\$40
Personal care products	\$30
Online streaming services	\$60
Computer gaming	\$5
Recreation/sports/entertainment	\$250
Energy drinks	\$35

SLIDE 14

Clothing purchases – \$75
 Hair – \$40
 Personal care products – \$30
 Online streaming services – \$60
 Computer gaming – \$5
 Recreation/sports/entertainment – \$250
 Energy drinks – \$35

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

SLIDE 15

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.

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.

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:

- a. Attend Million Dollar Sailor, TSP or Retirement trainings at the Installation Family Support Center
- b. Visit and review content at tsp.gov
- c. 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.

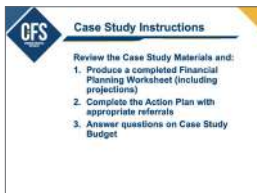
1. Upon vesting, all contributions from the service will be theirs to keep, along with their own contributions and account growth.
2. Their service will start making matching contributions at two years of service.

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	Clothing purchases – \$75
Cellphone – \$130	Skin, hair, nails – \$40
Internet – \$80	Personal care products – \$35
Electricity – Included in housing	Online streaming services – \$60
Groceries – \$300	Amazon Prime – \$10
Dining out – \$200	Computer gaming – \$5
Coffee/snacks – \$40	Recreation/sports/entertainment – \$250
Gas for car – \$120	Energy drinks – \$35
Car washes – \$20	Pet food, treats and toys – \$50
Car and renters insurance (bundled) – \$138	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%

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.

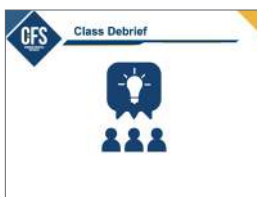
INSTRUCTOR NOTE: Use the provided Instructor Notes that entail a summary of findings for each Case Study scenario to ensure a full debrief is completed.

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).



SLIDE 25

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:

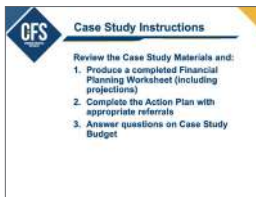
- Confirm all Monthly Living Expenses are entered from the scenario list
- Review potential missing expenses/non-monthly expenses: travel, birthday gifts, holiday gifts, car maintenance, car registration, etc.

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:

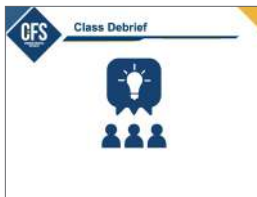
SGLI – full coverage
FSGLI – full coverage
AFRH – \$0.50
Roth TSP 7%
TRICARE Dental – Single rate

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	Energy drinks – \$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:

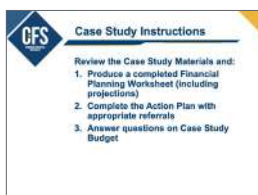
- Enter outstanding debts to include outstanding balances, APR and minimum monthly payments
- Highlight actual and projected surplus/deficit
- Highlight actual and projected debt-to-income ratios

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

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



SLIDE 24

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

Energy drinks – \$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

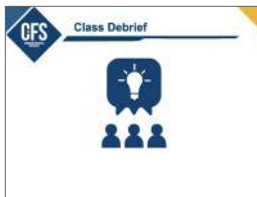
Averaged for costs for

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:

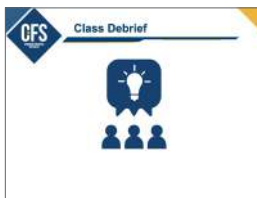
- **Assets:** Information contained in the Net-Worth section of the FPW
- **Taxes:** Instructor can create appropriate federal tax withholding and state tax residency
- **Allotments:** If required
- **Additional Deductions:** SGLI, FSGLI, AFRH, TSP, Dental, etc.
- **Monthly Living Expenses:** As listed 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*



CFS

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CFS 9 Personal Financial Recordkeeping

Instructor Guide



I. INTRODUCTION

This chapter includes a review of the homework assigned and information on best practices for maintaining and organizing personal financial records.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** No direct correlation
2. **Information and Referral:** No direct correlation
3. **Counseling/Coaching:** This chapter will prepare the CFS to work with clients with no recordkeeping system in place, helping them to set up an appropriate system to assist in efficiently developing and maintaining a financial plan.



II. LEARNING OBJECTIVES

Upon completion of this lesson, the class should have a basic understanding of how to use the *How Do You Rate as a Money Manager?* and *Financial Values Clarification* assessments in their counseling sessions. Learners will also have an understanding of how to help clients create a basic personal financial recordkeeping system.

III. OUTLINE

1. **Welcome**
 - a. Daily Agenda Review
2. **Homework Review**
 - a. Financial Planning Worksheet
 - i. Questions
 - ii. Activity: FPW Lightening Round
 - b. Counseling Tools
 - i. How Do You Rate as a Money Manager?
 - ii. Financial Values Clarification
3. **Recordkeeping**
 - a. Introduction
 - b. Personal Financial Recordkeeping

IV. CHAPTER PREPARATION

Presentation Time: 30 minutes

- 15 minutes for Practical Application review
- 15 minutes for Recordkeeping instruction

Presentation Materials:

INSTRUCTOR NOTE: You may want to collect and retain sample recordkeeping systems at your site.

- PowerPoint slides, “Personal Financial Recordkeeping”
- Student Manual CFS 9
 - ▶ Bill Payment Calendar
 - ▶ Personal Financial Recordkeeping Organizer
 - ▶ When to Shred
- Activity: FPW Lightening Round
- Sample recordkeeping systems or tools you would like to bring to class

Summary of Learner-Centered Activities:

- **FPW Lightening Round:** A quick question-and-answer review of the *Financial Planning Worksheet*.

V. REFERENCES

IRS Pub 552

www.irs.gov

www.ftc.gov

www.consumerfinance.gov

<https://www.irs.gov/newsroom/tax-preparedness-series-tax-records-what-to-keep>

<https://www.irs.gov/businesses/small-businesses-self-employed/how-long-should-i-keep-records>

<https://www.consumer.ftc.gov/articles/0527-shredding-infographic>

<https://www.consumer.ftc.gov/blog/2015/08/back-school-back-protecting-your-childs-information>

<https://www.consumer.ftc.gov/articles/0272-how-keep-your-personal-information-secure>

<https://www.consumer.ftc.gov/articles/how-protect-your-phone-and-data-it>

VI. CONTENT



SLIDE 1



SLIDE 2

Welcome

WELCOME learners back to training. **REVIEW** the daily agenda and **EXPLAIN** what the day's focus will be.

Homework Review

Financial Planning Worksheet

ASK if there are any questions on the FPW at this point in the training. **COMMENT** and **EXPLAIN** as necessary. **ASK** if anyone has completed their FPW, and **SUGGEST** that if they would like to turn it in now, you will take it.

ACTIVITY: FPW Lightning Round

Materials:

- Stress ball, toy, or some object to pass
- Prizes (if desired)
- Music (if desired)

Rules:

- Break students into groups and have them stand up in a circle. They will need an object to pass.
- Have them pass the object in a circle until you say stop (or the music stops).
- The person left with the object in each group will have to answer a question related to the *Financial Planning Worksheet*.

FPW Questions:

Round 1

Ask the person left holding the potato from each group a question below.

1. **Where is the Net Worth calculated (what tab)?**
Net Worth section on Net Worth tab
2. **On what tab do you list your monthly contribution to emergency savings?**
Savings and Investments section on Expense tab
3. **On what tab do you list the total balance of your emergency fund?**
Net Worth tab, savings section on Net Worth tab
4. **On what page do you calculate and list the debt-to-income ratio?**
Indebtedness tab
5. **On what two tabs do you list the total debt balances?**
Net Worth AND Indebtedness
6. **Why is the remarks column important?**
Explain changes, why something is left blank, etc.

Round 2

Have the person holding the potato pass it to the person on their left. Go to each group and ask the person now holding the potato to answer a question below:

- 1. Where do you list ways to increase income?**
Financial Health Assessment/Action tab in the Action Plan section
- 2. What are the budget guidelines for recommended percentages of net income?**
70% living expenses, 20% indebtedness, 10% savings and investments
- 3. How many goals do we want you to list on your Action Plan?**
Three: one short-term, one medium-term, and one long-term
- 4. On what two tabs do you list monthly contributions to TSP?**
Income tab and Savings & Investments section on Expenses tab
- 5. On what page do you list the spouse's income?**
Income tab (after taxes), or 2nd active tab, if applicable
- 6. Where would you list monthly contributions to your reserve fund?**
Savings & Investments section on Expenses tab

Round 3

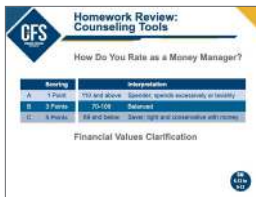
Have the person holding the potato pass it to the person directly across from them. Go to each group and ask the person now holding the potato to answer a question below:

- 1. Where do you list referrals and recommendations?**
Financial Health Assessment tab in the Action Plan section
- 2. Where do you list your monthly mortgage payment for the house you live in?**
Expenses tab
- 3. Where do you list the monthly mortgage payment for a rental property that you own?**
Indebtedness tab
- 4. Where do you list the rental income you receive from a rental property you own?**
Other income after taxes on the Income tab
- 5. On what tabs can you find the Surplus or Deficit?**
Indebtedness tab in the Cash Flow Summary and Financial Health
- 6. Where do you list the balance of your TSP account?**
Net Worth tab

Round 4

Have the person holding the potato pass it to anyone they want in their group. This person gets a prize if they answer correctly! Go to each group and ask the person now holding the potato to answer a question below:

- 1. Where do you note the percentage you are contributing to TSP?**
Net Worth tab at the top with the Service member's information
- 2. As the CFS, where would you list your information as the Counselor?**
Net Worth tab at the bottom
- 3. Where would you list child support received?**
Other income after taxes on the Income tab
- 4. What is the purpose of filling out the projected column?**
To reflect changes in income, savings, investments, living expenses, and debt payments
- 5. How many changes do we want you to project in the budget you're turning in?**
3 changes
- 6. If your state has no income tax, must you still list your state on the FPW?**
YES!



SLIDE 3

Homework Review: Counseling Tools

REFER students to pages 5-12 and 5-13 in the Student Manual, *How Do You Rate as a Money Manager?* and *Financial Values Clarification* which were in CFS 5 Counseling.

How Do You Rate as a Money Manager?

Learners were asked to read the statements and circle the response that best applies to them. Instruct the learners to add their answers in each column and give themselves:

- 1 point for each answer in column A
- 3 points for each answer in column B
- 5 points for each answer in column C

Learners should add the score for each column for a total score. Explain that although this assessment is not scientific, it is a great way to get a financial conversation started.

Explain the score interpretations: a score of 110 and above may mean there is a problem with basic spending behavior. A score of 70 to 100 may mean the budget is “balanced,” probably in the 70-20-10 range. A score of 70 and below may mean the person is tight and conservative with their money.

Score Total	Interpretation
110+	Spender; spends excessively or lavishly
70-109	Balanced
<70	Saver; tight and conservative with money

ASK the class “What is the ‘best,’ or ‘right’ score? Why?”

ASK the class, “What could possibly be a downside to having a very high score in the ‘lavish’ range? What about having an extremely low score, very ‘tight’ range?”

ASK what would happen if a couple each took this assessment and one scored 75 while the other scored 95 (both in the “balanced” range). Would they be aligned financially? Why or why not?

ASK the class how they think they might be able to use this form in the CFS program.

ASK learners where they might have scored early in their career and how that score has changed throughout their career. What do you think has driven those changes in your spending habits?

Financial Values Clarification: There is no scoring on this assessment; it serves only as a conversation starter. Single members can determine if their spending habits align with their financial values and couples can determine their money-management habits.

Couples can have different financial values. A relationship might have a “spender” and a “saver;” it is okay to have opposing views. Emphasize that this is part of the relationship process. Remember that a leading cause of divorce is financial issues. This exercise is designed to bring up the conversation in a relationship.

ASK if any of the learners were able to do this form with their spouse, and if so, get their thoughts about how it worked. **ASK** the class how they might use this form in their CFS program. Encourage all to make use of assessment tools such as this to get people thinking and talking about their finances.



SLIDE 4

Recordkeeping: Bill Payment Calendar

Briefly review the following recordkeeping information. **ASK** the learners how many of them currently have some system of keeping their records at home. **ASK** if they found a well-organized recordkeeping system to be helpful in filling out the FPW. **ASK** if anyone feels their records are not well organized and whether that became apparent as they tried to complete the FPW. For those learners who indicated they do have a recordkeeping system, **ASK** them to explain briefly how it works.

Suggest that the CFS will find many clients, particularly younger clients, who have little or no recordkeeping system at all. Some of the signs of lack of a formal recordkeeping system will be clients who cannot locate bills, receipts or statements; who have “lost” important documents; and/or who have difficulty providing information for completing a monthly budget. These clients in particular are excellent candidates for training on recordkeeping.

The CFS should ask each client how they keep their financial records at home. If the client indicates they do not have a system, the CFS should encourage the client to begin to get organized immediately. The CFS can help by explaining the value of good recordkeeping and providing the client with the Personal Financial Recordkeeping Organizer. **REFER** learners to page 9-2 of the Student Manual. If the client has trouble paying bills on time, the CFS can explain the idea of a bill calendar as a tool to remember due dates.



The image shows a 'Bill Payment Calendar' form. At the top, it says 'Bill Payment Calendar' with a decorative bar. Below that, there is a small calendar icon and the text: 'Use this Bill Payment Calendar to see all your bills and plan when they are due'. Underneath, there is a section labeled 'BILLS:' with four numbered instructions and corresponding lines for writing:

1. List the month and label the calendar with the dates of the month you want to plan for.
2. Make a list of all your bills.
3. For each bill, mark the payment date:
7 days before the due date for mail.
2 days before the due date for online.
4. Enter into the calendar when you receive income.

Below the instructions is a section labeled 'MONTH OF:' with a line for writing. Underneath that is a calendar grid with columns for 'Sunday', 'Monday', 'Tuesday', 'Wednesday', 'Thursday', 'Friday', and 'Saturday'. Each day has a grid of boxes for marking dates. At the bottom right of the form, it says 'Personal Financial Recordkeeping 9-2'.

Good recordkeeping can prove invaluable to saving the client time, money and frustration. As modern life grows more complicated, we correspondingly accumulate greater numbers of personal financial documents. These records must be put in good order which will make it easier to retrieve needed documents quickly. The benefits of a good recordkeeping system are many.

A good recordkeeping system will:

- Save you time in retrieving information when it is needed.
- Help you recognize problems that require attention.
- Ease stress during emergencies such as illness or unexpected death.
- Help you organize important information and keep track of hard-to-replace documents.
- Ensure you have all your tax records and documents in one place so you can prepare your tax returns in a shorter time and with more accuracy.
- Ensure you can document and prove payment of bills, especially bills such as child support and medical bills.
- Help you enforce warranties.

- Help you document losses for fire damage or theft for insurance claims.
- Help you respond to creditor complaints and Statements of Reasons/ Letters of Intent.

The best recordkeeping system is simple. There are many types of recordkeeping systems available, from pre-printed folders, forms and files, to extensive software packages that not only help you organize your records but have functions for creating and maintaining financial statements; creating and tracking spending; and tracking and analyzing investments. For our purposes, we are going to focus on the very basics of a simple recordkeeping system — what you should keep and where you should keep it.



SLIDE 5

The PFM Recordkeeping Organizer

REFER learners to the Recordkeeping Organizer on pages 9-3 and 9-4 in the Student Manual. **EXPLAIN** that this organizer is one way to help your clients get organized. **REVIEW** the organizer with the class.

Record Retention: Regarding record retention, you should go through records annually and discard anything that does not need to be retained. To make this process easy, you can write a “throw out” date at the top of the document when you file it initially. As a general rule, most documents should be kept for three years. Some documents should never be discarded, including most of the documents kept in a fireproof and waterproof safe. Tax records should be kept for a minimum of three, six, or seven years, depending on your situation. Keep in mind that this is an IRS guideline for their purposes, and it’s possible that records may need to be retained longer for other purposes. Consult IRS Pub 552 or www.irs.gov for specific recommendations on tax documentation retention. For example, documents regarding home ownership, including any improvements made to the property, should be kept for as long as you own the property.

- **Current and Long-term Files:** For more sophisticated financial situations, files can be divided further into “current/active” and “long-term/inactive.” Current files contain any documents pertaining to current matters, keep track of personal papers and important contractual obligations, and help in preparing your current year’s tax returns. They should include the last three years worth of tax returns. Keep the “active” files the most accessible — put them somewhere where you will see them and have easy access to them. Long-term or inactive files would contain files from the active file that are more than three years old. They also can include things such as canceled checks and invoices pertaining to home improvements; important personal papers not needed regularly, such as health files; and documents needed only periodically, such as warranties on appliances.

- Keep the system you suggest for your client appropriate to their needs. If they have a relatively simple financial situation, highlight the folders on the organizer that they should create and maintain. If their situation is more complex, let them work through the list and make their system personal and flexible to meet their needs.

Electronic Records: More and more financial documentation is provided electronically, which also requires organization. Some companies may only keep one to two years' history of invoices or statements, so it may be important to download and save copies of documents that might be important. It may be that converting paper records to electronic records by scanning provides for easier storage and better security.

It might be wise to consider backup drives or cloud backup for important electronic files. Make sure to understand what kind of security is used by your electronic backup choice.

Keeping Records Secure: Whether records are paper or electronic, it's important to keep them secured to prevent identity theft and other financial losses. Tax returns have Social Security numbers on them, and other records may contain PII that would make it easy for a thief to access bank accounts and more.

For any device used to store or access your financial records, remember to use strong passwords and keep devices locked. Use two-factor/multi-factor authentication when available. When you aren't using your device anymore due to a replacement or upgrade:

- Delete and erase electronic storage
- Sign out of all online accounts, delete cookies, and browsing history
- Delete Wi-Fi networks and passwords
- Erase the hard drive and reset to factory settings
- Keep software and virus protection up to date
- Avoid sending personal information when connected to public Wi-Fi

For paper records, keep important documents in a single location that can be easily picked up if you need to evacuate in an emergency. In addition, a small fireproof/waterproof safe, safe-deposit box, or other lockbox or locking file cabinet may help to deter theft.



SLIDE 6

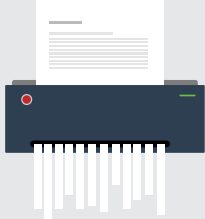
When to Shred

REFER learners to page 9-5 of the Student Manual. When disposing of records, make sure that any PII, including Social Security numbers, account numbers, etc., are completely destroyed. Invest in a good cross-cut shredder or use a secure shredding service to dispose of paper records.

ASK for any questions regarding assisting clients with setting up a recordkeeping system.


Shredding

Are you wondering what to keep and what to shred? We looked at experts' advice and compiled this summary of how long they recommend keeping certain documents.



When should I shred it?

<p>Immediately</p> <ul style="list-style-type: none"> • Sales receipts • ATM receipts • Paid credit card statements • Paid utility bills • Credit offers • Canceled checks (that are not tax-related) • Expired warranties 	<p>Up to 1 year</p> <ul style="list-style-type: none"> • Pay stubs • Bank statements • Paid, undisputed medical bills
<p>After 7 years</p> <ul style="list-style-type: none"> • Tax-related receipts • Tax-related canceled checks • W-2s • Records for tax deductions taken 	
<p>It depends...</p> <ul style="list-style-type: none"> • Auto titles Keep as long as you own the vehicle • Home deeds Keep as long as you own the property • Disputed medical bills Keep until the issue is resolved • Home improvement receipts Keep until you sell your home and pay any capital gains taxes 	
<p>Keep forever</p> <ul style="list-style-type: none"> • Birth certificates • Social Security cards • Marriage or divorce decrees • Citizenship papers • Adoption papers • Death certificates • Tax returns 	



Federal Trade Commission | FTC.gov
April 2015

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Bill Payment Calendar
 - ▶ Personal Financial Recordkeeping Organizer
 - ▶ When to Shred



CFS

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CFS 10 Legal Issues of PFM

Instructor Guide

I. INTRODUCTION

This chapter presents some of the legal issues of personal financial management. The Service member is bound not only by civilian law but also by military law. It is important for the CFS to understand the nature of the legal processes affecting the client and what means are available to alleviate a client's legal difficulties. This chapter is meant as a review of legal issues and a guide for making the appropriate referrals when legal issues are a part of a client's financial issues. **The CFS should NOT attempt to provide legal advice.**

This chapter can be presented by a military Legal Assistance representative or the instructor. The guest speaker should be provided with the outline below to show the topic areas that need to be covered in the brief along with the content and PowerPoint slides. The instructor can choose to present this material using the PowerPoint presentation provided or using the learner-centered training technique options as outlined below.

In addition to the information provided, instructors may want to consult with their local Legal Assistance office for any essential state-specific legal issues that should be shared with CFSs.

Chapter Correlation to Common CFS Task Areas:

- 1. Education and Training:** There is no legal-issues module in the PFMSC. The information provided here is for the CFSs' reference and will be useful in individual educational settings during a counseling session.
- 2. Information and Referral:** Military Legal Assistance is a major referral resource for the CFS, and having a Legal Assistance representative present during this brief will provide the class with valuable facetime with this resource. Other legal resources may be presented, depending on the guest speaker.
- 3. Counseling/Coaching:** This chapter will help the CFS recognize when a client has legal issues and assist them in making an appropriate referral, thus allowing the counseling process to focus on the client's financial issues.



II. LEARNING OBJECTIVES

Using a scenario-based activity, learners will identify situations for which a referral to Legal Assistance would be appropriate.

III. OUTLINE

1. **Introduction**
2. **Agenda**
3. **Top Tips to Avoid Legal Tangles**
4. **Domestic Relations**
 - a. Divorce
 - b. Division of marital property
 - c. Top tips for separation and divorce
 - d. Spousal and child support
 - e. Who are my children?
 - f. Top tips for dependent support
5. **Contracts**
 - a. Credit contracts
 - b. Consumer contracts
 - c. Clauses
 - d. Cancellation of contracts
 - e. Top tips for contracts
6. **Landlord/Tenant Transactions**
 - a. Customary arrangements
 - b. Military clauses
 - c. Insurance
 - d. Security deposits
 - e. Top tips for landlord/tenant transactions
7. **Warranties**
 - a. Implied warranties
 - b. Expressed warranties
 - c. Sold “as is”
 - d. Service contract
 - e. Top tips for warranties and service contracts
8. **Servicemembers Civil Relief Act (SCRA)**
 - a. Provisions
 - b. Top tips for the SCRA
9. **Credit and Collection Laws**
 - a. Federal Truth-in-Lending Act
 - b. Fair Credit Billing Act
 - c. Electronic Funds Transfer Act
 - d. Fair Debt Collections Practices Act
 - e. Fair Credit Reporting Act
 - f. Fair and Accurate Credit Transactions Act
 - g. Equal Credit Opportunity Act
 - h. Military Lending Act
 - i. Bankruptcy
 - j. Top tips for credit, collection, and bankruptcy issues
10. **Summary**

IV. CHAPTER PREPARATION

Presentation Time: 30 or 60 minutes

INSTRUCTOR NOTE: CFS Chapter 10, *Legal Issues of PFM*, has a short option that takes 30 minutes and a long option that takes 60 minutes. If a legal officer is available, the 60-minute option is recommended, however this will mean that the Resource Guest Speakers' time period should be reduced by 30 minutes to accommodate the additional time for Legal.

Presentation Materials:

- PowerPoint slides, "Legal Issues of PFM"
- PowerPoint slides, "Activity: Headed for Trouble?"
- Student Manual CFS 10
 - ▶ Top Tips to Avoid Legal Tangles
 - ▶ Reference Information: Domestic Relations & Contracts
 - ▶ Servicemembers Civil Relief Act
 - ▶ Reference Information: Credit and Collection Laws
 - ▶ Headed for Trouble?

Summary of Learner-Centered Activities

- **Headed for Trouble?:** A small group review exercise requiring learners to apply their knowledge of legal issues to common situations they will encounter as a CFS. If presenting the full-length, 60-minute version of the class, the "Headed for Trouble?" scenarios are inserted throughout the brief, following the relevant legal topic.

Presentation Options

- **60-minute option:** A guest speaker or lecture presentation by the trainer using the "Legal Issues of PFM" PowerPoint slides.
- **30-minute option:** For an alternative to a guest speaker and a lecture presentation by the trainer, use the worksheet "Top Tips for Legal Tangles" on pages 10-4 and 10-5 and briefly review the Major Legal Issues Service members may face (5 minutes). Refer the learners to the more detailed information on the Servicemembers Civil Relief Act and Credit and Collection Laws as additional reading to supplement their knowledge in this area. Then proceed to the "Headed for Trouble?" worksheet on page 10-19 and use the "Activity: Headed for Trouble?" PowerPoint slides that include only the activity slides from the "Legal Issues of PFM" PowerPoint slides. The questions either can be discussed as a full class exercise or assigned to groups.
- **Full Class Method:** Ask someone to read the first situation aloud. Then ask the class to provide the reason for the problem and how to resolve it. Refer to the detailed summary section of this chapter for the correct responses and supplement the class responses as necessary from the chapter content.
- **Small Group Method:** Working in small groups, assign a few questions to each group and challenge them to come up with the reason for the problem and how to resolve it. Allow five minutes for this small group discussion and then have each group report their findings. The instructor should refer to the detailed summary section of this chapter for the correct responses and supplement the class responses as necessary from the chapter content.

V. REFERENCES

DoD Instruction 1344.9 Indebtedness of Military Personnel MILPERSMAN 1754-030, Support of Family Members Marine Corps Order 5800.16-V9, Legal Support and Administration Manual Volume 9

DoD Financial Management Regulations (FMR) Vol 7A ch 26 Section 260303

*U.S. Army, AR 608-99, Family Support, Child Custody, and Paternity
(Section II-Obligations to Provide Financial Support to Family Members)*

Army Directive 2020-04 (Enhanced Interim Financial Support)

USCG COMDTINST M1600.2(series), Discipline and Conduct Manual

U.S. Navy Judge Advocate General's Corps — https://www.jag.navy.mil/legal_services.htm

*U.S. Army Legal Assistance —
<https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/Legal-Assistance-Services>*

U.S. Coast Guard Legal Assistance — https://www.uscg.mil/Resources/legal/LMA/Legal_Assistance/

U.S. Air Force Legal Assistance — <https://aflegalassistance.law.af.mil/lass/lass.html>

www.consumerfinance.gov

www.ftc.gov

*State and Tribal Child Support Agency Contacts, Office of Child Support Enforcement, Administration for Children & Families, U.S. Department of Health and Human Services —
<https://www.acf.hhs.gov/css/resource/state-and-tribal-child-support-agency-contacts>*

*Debt Collection FAQs, Federal Trade Commission, March 2018 —
<https://www.consumer.ftc.gov/articles/debt-collection-faqs>*

*Credit and Your Consumer Rights, Federal Trade Commission, June 2017 —
<https://www.consumer.ftc.gov/articles/0070-credit-and-your-consumer-rights>*

“A Summary of Your Rights Under the Fair Credit Reporting Act,” Consumer Financial Protection Bureau, consumerfinance.gov on 27 March 2020. May not be necessary to include as the FTC Credit and Consumer Rights article covers this in part. https://files.consumerfinance.gov/f/201504_cfpb_summary_your-rights-under-fcra.pdf

Truth-in-Lending Act (TILA) 15 U.S.C. Sec. 1601 et seq.

“Find a Lawyer and Affordable Legal Aid” — <https://www.usa.gov/legal-aid>

American Bar Association — www.abanet.org

Legal Information Institute of Cornell Law School — www.law.cornell.edu

Child Support Guidelines on the Web — www.supportguidelines.com

www.findlaw.com

www.divorcesource.com

www.MilitaryOnesource.com

www.CGSUPRT.com

“The Servicemembers Civil Relief Act (SCRA),” The United States Department of Justice, October 1, 2019 — <https://www.justice.gov/servicemembers/servicemembers-civil-relief-act-scra>

<https://www.justice.gov/servicemembers/page/file/1245331/download>

<https://www.consumerfinance.gov/ask-cfpb/when-am-i-covered-by-the-servicemembers-civil-relief-act-scra-en-2086/>

https://files.consumerfinance.gov/f/documents/cfpb_servicemembers-civil-relief-act_factsheet.pdf

<https://www.militaryonesource.mil/family-relationships/relationships/relationship-challenges-and-divorce/servicemembers-civil-relief-act>

Military Spouses Residency Relief Act (MSRRA) (2018 Amendment to the SCRA) —

https://home.army.mil/apg/application/files/7815/4834/1658/Military_Spouses_Residency_Disclaimer_2018_Amd.pdf

Department of Defense Servicemembers Civil Relief Act (SCRA website) — <https://scra-w.dmdc.osd.mil/scra/#/home>

<https://www.consumerfinance.gov/ask-cfpb/what-are-my-rights-under-the-military-lending-act-en-1783/>

<https://www.consumerfinance.gov/ask-cfpb/what-types-of-loans-are-covered-under-the-military-lending-act-en-1785/>

State Consumer Protection Offices directory at usa.gov — <https://www.usa.gov/state-consumer>

“Uniformed Services Former Spouses’ Protection Act and Survivor Benefits Plan, 9th Edition”, USCG Pay & Personnel Center, 2016. Document link —

[https://www.dcms.uscg.mil/Portals/10/CG-1/PPC/Docs/Legal/Uniformed%20Services%20Former%20Spouse%20Protection%20Act%20\(FSPA\).pdf?ver=2018-08-22-092451-183](https://www.dcms.uscg.mil/Portals/10/CG-1/PPC/Docs/Legal/Uniformed%20Services%20Former%20Spouse%20Protection%20Act%20(FSPA).pdf?ver=2018-08-22-092451-183)

Department link — <https://www.dcms.uscg.mil/ppc/legal/>

<https://www.annualcreditreport.com/index.action>

<https://www.consumer.ftc.gov/blog/2018/09/free-credit-freezes-are-here>

<https://ecfr.federalregister.gov/>

<https://www.consumerfinance.gov/ask-cfpb/what-types-of-loans-are-covered-under-the-military-lending-act-en-1785/>

<https://www.consumerfinance.gov/ask-cfpb/what-are-my-rights-under-the-military-lending-act-en-1783/>

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3



SLIDE 4

Introduction

The topic of this training is *Legal Issues of Personal Financial Management*. This brief is not intended to be a substitute for legal advice. Rather, it is intended to inform you of some of the typical issues that may arise in relation to your personal finances and highlight some of your legal rights. If you have specific situations that require the advice of an attorney, please contact your local military Legal Assistance office for an appointment.

Agenda

Our agenda today discusses the major *Legal Issues of PFM* that military Legal Assistance providers and financial counselors typically see impacting Service members and their families. They are:

- Domestic Relations
- Contracts
- Landlord/Tenant Transactions
- Warranties
- Servicemembers Civil Relief Act (SCRA)
- Credit, Collection and Bankruptcy Laws

Top Tips to Avoid Legal Tangles

REFER learners to page 10-4 in the Student Manual, Top Tips to Avoid Legal Tangles. **EXPLAIN** that we will be reviewing each section as we proceed through the training.

Domestic Relations

When we talk about domestic relations, we are referring to a wide range of issues, concerns, rights and responsibilities regarding marriage, separation, support, divorce and children. Even though some of you are not married, you will need to know some of this information to assist your Service members with information and referral as a CFS.

Divorce

Divorce is driven by state law. Traditionally, divorces are based on “fault” grounds, such as adultery, desertion, or spousal abuse. In some states, however, fault divorces have been abolished entirely and statutes have been passed providing for divorce based either on fault or no-fault grounds. The time required to obtain a divorce and the expense involved will vary greatly, depending on whether the Service member proceeds with a fault or no-fault divorce.

State law varies further concerning jurisdiction for purposes of obtaining a divorce. The state of domicile of either party traditionally has been the basis for jurisdiction. Nearly every state also imposes a residency requirement. The Service member must meet both the domiciliary and residency requirements of the state in which the divorce is sought to meet jurisdiction requirements. Beware of divorces obtained in foreign countries. They may not be recognized as valid in the United States.

Most state’s legal aid websites have free pleadings for uncontested divorces with no children.

Division of Marital Property

“Marital property” includes all assets and interest in assets acquired during the marriage; real property (land and houses), personal tangible property (cars, furniture, and household goods), and intangible property (cash, income, investments, bank accounts). Exempt from this definition is property received by gift or inheritance that was not added by deed, transfer, or gift to marital property.

Retired pay earned during the marriage is considered a marital asset and divided as an interest in intangible property in divorce. The Uniformed Services Former Spouse Protection Act (UFSPA) governs the division of retired (retainer) pay in divorce. Because retired pay is a marital asset, one day of marriage places a percentage of the retired pay in the marital asset pool for distribution upon divorce. The basic formula for division is $.5$ (months of marriage/months of service) x 100 Ex: $.5$ (20 months of marriage/20 months of service) x 100 = 50%.

Other benefits come to a military spouse through marriage at retirement. A spouse with 20 years of marriage, married to a Service member with 20 years of service where the 20 years of marriage and service overlap (20/20/20) retires with the Service member and receives up to 50 percent of the retirement and similar benefits, medical, commissary, and exchange privileges. A 20/20/15 spouse gets substantially reduced benefits and less retirement. The “10 year rule” requires DFAS or PPC to make distribution payments directly to the non-military spouse if the marriage lasted 10 or more years.

Marital debt is subject to division by mutual agreement or court order. Before such an agreement or court decree, both parties are equally responsible for joint debts and individually responsible for debts solely in one spouse's name. Each party can protect themselves to some extent by closing any joint credit or checking accounts and notifying all creditors of their wishes regarding future charges. Note: if a debt is under the name of Spouse A, and the mutual agreement or court order says Spouse B must pay the debt, if Spouse B does not pay the debt, Spouse A still is liable for the debt according to the creditor. Creditors always will seek repayment from the party who contracted for and agreed to legal liability for the debt (not the court order). Because the creditors are not named or involved in the divorce the court has no authority over the debt a spouse owes to it. If both names are on the credit contract, creditors can and will go after either or both, regardless of court order or mutual agreement.

Separation agreements, which provide for the division of marital property and debts as well as for spousal and child support, are complex and important documents and ALWAYS should be reviewed by an attorney before signing. These agreements can become part or all of the divorce decree and are enforceable by the court against the party breaching any of the terms.



SLIDE 5

Top Tips for Separation and Divorce

- Seek legal assistance in drafting the separation agreement. The first party to Legal Assistance will become the client. The same Legal Assistance office or attorney cannot represent both parties.
- Organize your documents.
- Review credit report for discrepancies and/or unknown accounts. Check with all three major credit bureaus before your divorce and six months after. Also, check bank statements and bills for unexpected charges.
- Retitle property to reflect any changes in ownership.
- Wills, powers of attorney, and beneficiary declarations should be changed.
- Set new goals.
- Close all joint accounts and establish new accounts in your own name.
- Create a new financial plan.
- Get a court order to enforce any agreement.
- Retrieve and revoke any powers of attorney. Notice must be provided to any party who may have entered into agreements under the POA that the authority has been terminated.
- Change passwords to bank, email and social media accounts.



SLIDE 6

Domestic Relations – Is This Service Member Headed for Trouble?

For the legal topics we will be determining whether or not you think someone in the scenario is headed for trouble based on the topics we discuss. So, let's start with domestic relations. Is this Service member **Headed for Trouble**?

- *Question:* The judge orders a Service member to pay the marital debt legally incurred by her spouse during the marriage. The Service member decides there is no way she will pay the debt.



SLIDE 7

Domestic Relations – Answer

- *Answer:* Yes and No.
- While the dependent spouse is solely liable to the creditor for payment of the debt, the liabilities acquired during the marriage are considered marital debt. The court in a divorce action can adjust the assets and liabilities of the parties, "as justice may require." Failure to comply with a court order can result in fines, penalties and imprisonment for contempt of court.

Slides 8-19 Spousal and Child Support General Information



SLIDE 8

Spousal and Child Support – Introduction

INSTRUCTOR NOTE: When discussing this section, highlight the most relevant information for students by hiding slides containing information for other branches of service.

REFER learners to page 10-6 in the Student Manual for reference information on domestic relations, which provides expanded information for each branch of service.

The military recognizes a Service member's moral and legal obligations to support family members and uses its resources to ensure that this obligation is met.

All states have laws governing spousal/child support. Generally, a support action can be filed in court at any time during the marriage if one spouse believes they are not receiving adequate support. A divorce action is not required to file for support. As stated earlier, the parties can agree mutually, in writing, to the level of support that will be provided by one spouse to the other.

Prior to any agreement the Service member should be aware of his or her legal obligations so that they do not unknowingly agree to a support amount greater than required by law.

Most states provide for specific dollar amounts of child support, based on the number of children and gross income of BOTH parents. If parties can't agree, the court will impose the statutory amount. In many states, the failure to support one's legal dependents is a criminal offense.

Direct students to the appropriate page in the Student Manual for guidance for their branch of service in regards to support of dependents when separated or divorced:

- **Navy:** MILPERSMAN Article 1754-030 (Student Manual page 10-6)
- **Marine Corps:** MCO 5800.16 w CH 1, Volume 9 (Student Manual page 10-6)
- **Army:** AR 608-99, Family Support, Child Custody, and Paternity - Section II and Army Directive 2020-04 (Student Manual page 10-7)
- **Coast Guard:** COMDTINST M1600.2 Discipline and Conduct, section 2.E. (Student Manual page 10-9)



The image shows a table titled "USN Spousal and Child Support: MILPERSMAN Article 1754-030". The table lists support percentages for different family compositions. A small note at the bottom left states "Based on 1 base pay and 60% only." and there is a small icon in the bottom right corner.

Category	Support Percentage
Spouse only	1/3 gross pay
Spouse and one minor child	1/2 gross pay
Spouse and two or more children	3/5 gross pay
One minor child	1/6 gross pay
Two minor children	1/4 gross pay
Three minor children	1/3 gross pay

SLIDE 9

USN Spousal and Child Support Guidelines: MILPERSMAN Article 1754-030

Navy Guidelines for Support: The Navy provides counseling services to family members and requires commands to counsel Service members when a non-support complaint is received. The Navy, however, does not possess the authority to order the Service member to provide support by allotment or other means. MILPERSMAN Article 1754-030 covers this subject in detail.

The MILPERSMAN provides guidelines for family support that can be considered in the absence of a court order or mutual agreement. State law will take precedence over Navy guidelines — they are policy guidelines only:

- Spouse only: 1/3 gross pay
- Spouse and one minor child: 1/2 gross pay
- Spouse and two or more children: 3/5 gross pay
- One minor child: 1/6 gross pay
- Two minor children: 1/4 gross pay
- Three minor children: 1/3 gross pay

“Gross pay will include basic pay and basic allowance for housing if entitled, but does not include hazardous duty pay, incentive pay, or basic allowance for subsistence.” The DoD Financial Management Regulations (FMR) Vol 7A ch 26 Section 260303 states that when a member is receiving BAH with dependents, the money is to be used for the support of dependents. Nonsupport while receiving BAH Differential (BAH/D) can result in recoupment and in some cases disciplinary action as severe as court martial.

Garnishment

Where support payments are more than two months in arrears, the Service member may find that a court order for support payments has been turned into a garnishment order, which results in an involuntary allotment called a garnishment. In a garnishment, a debtor’s wages are taken to pay a debt. Therefore, if a member’s pay is garnished for support payment in arrears, money is taken out of the paycheck automatically and used to pay the support and arrearage. The member should also be made aware that the Internal Revenue Service (IRS) may withhold any tax refunds payable to the member or his or her spouse due to child support arrearage and the Service member may be denied passport privileges.

An involuntary allotment for back child support will take priority over all other debts except those owed to the government.

Total Number of Family Members Entitled to Support (not including the Marine)	Share of Monthly BAH/OHA per Requesting Family Member
1	1/2
2	1/3
3	1/4
4	1/5
5	1/6
6 or more	1/7, or etc.

SLIDE 10

USMC Spousal and Child Support: MCO 5800.16 w CH 1, Volume 9

Total Number of Family Members Entitled to Support (not including the Marine)	Share of Monthly BAH/OHA per Requesting Family Member
--	---

1	1/2
2	1/3
3	1/4
4	1/5
5	1/6
6 or more	1/7, or etc.

The Marine Corps instruction is punitive. The instruction leaves the Service member with an equal share of the BAH based on the number of family members.



SLIDE 11

USA Spousal and Child Support: AR 608-99, Family Support, Child Custody, and Paternity – Section II and Army Directive 2020-04

Absent an oral or written agreement or court order expressly addressing financial support, or other specific scenarios in the regulation, AR 608-99 requires the Soldier to pay a pro rata share of the Basic Allowance for Housing (BAH) II-WITH amount. This amount is the BAH allowance without consideration of the geographic duty location.

The pro rata share looks like this:

A Soldier may be directed to provide Enhanced Interim Financial Support in an amount equal to the BAH-Differential to a non-active-duty spouse. This temporary support occurs at the time of initial separation, is in addition to other support, and is intended to provide for sustenance and additional necessary expenses that arise due to a separation.

$$\text{Pro Rata Share} = \frac{1}{\text{Total \# of supported family members}} \times \text{Applicable BAH II - WITH Rate}$$



SLIDE 12

USCG Spousal and Child Support While Separated: COMDTINST M1600.2

A Service member granted a legal separation remains obligated to provide support of their dependent spouse (or spouse and child/ren) according to the following scale unless the separation court order sets an amount for spousal and/or child support obligation or terminates/negates the obligation for such support (COMDTINST M1600.2, section 2.E.2.).

Situation	Level of Support
Spouse only	BAH difference plus 20% of basic pay
Spouse and 1 child	BAH difference plus 25% of basic pay
Spouse and 2+ children	BAH difference plus 30% of basic pay

NOTE: “BAH difference” is defined as the difference between BAH with dependents and BAH without dependents. (COMDTINST M1600.2, section 2.E.3.c.1)

CFS USCG Spousal and Child Support: COMDTINST M1600.2

Divorced
 Spouse = Court-ordered amount OR \$0
 Children = Court-ordered amount, \$0, OR chart below

Situation	Level of Support
1 child	16.7% of basic pay
2 children	25% of basic pay
3+ children	33% of basic pay

SLIDE 13

USCG Spousal and Child Support After Divorce: COMDTINST M1600.2

SPOUSE

- The amount specified in the divorce decree
- If the divorce decree is silent on the matter of spousal support, the Coast Guard will consider that the member has no obligation to provide further spousal support.

CHILDREN

- The amount specified in the final decree of divorce
- If the divorce decree refers to the existence of children but is silent on the matter of obligation to provide support for such children, the member will be considered to have no obligation to provide child support, if they are not awarded custody.
- If the divorce decree makes no reference to existing minor dependent children of the dissolved marriage, the member is obligated to provide support according to the following scale:

(COMDTINST M1600.2, section 2.E.3.c.)

Situation	Level of Support
1 child	16.7% of basic pay
2 children	25% of basic pay
3+ children	33% of basic pay

Domestic Relations

Headed for Trouble?

A divorced member, living in the barracks, has fallen behind three months on court-ordered support payments of \$1,000 to his estranged spouse, who is living in military housing with the couple's infant son. His CO orders him to pay half of his gross pay each month, which is \$2,000/month.

SLIDE 14

Domestic Relations – Is This Service Member Headed for Trouble?

- *Question:* A service member, living in the barracks, has fallen behind three months on court-ordered support payments of \$1,000 to his estranged spouse, who is living in military housing with the couple's infant son. His CO orders him to pay half of his gross pay each month, which is \$2,000/month.

Domestic Relations

Headed for Trouble?

The CO and the Service member must BOTH be headed for trouble.

The Service member needs to pay the court-ordered support payments. When he is behind three months, he could be facing an involuntary allotment or other disciplinary action, as well as fines, imprisonment or modification of the original support order.

They both need to find out how long the spouse and son can stay in military housing.

A CO cannot order a Service member to pay additional support beyond the court-ordered amount, unless support guidelines are met as a guideline in the absence of a court order. Since there is a court order, that will take precedence. Only Service Control and Army Civil. They share a legal order to comply with the court order. However, failure to comply with a court order (regardless of the number of dependents) can lead to administrative or disciplinary action on the member's part.

YES!

SLIDE 15

Domestic Relations – Answer

- *Answer:* Yes!
- The CO and the Service member could be headed for trouble. The Service member needs to pay the court-ordered support payments. Since he is behind three months, he could be facing an involuntary allotment or other disciplinary action, as well as fines, imprisonment or modification of the original support order.

- They both need to find out how long the spouse and son can live in military housing.
- A CO cannot order a Service member to pay additional support beyond the court-ordered amount; policy support guidelines are meant as a guideline in the absence of a court order. Since there is a court order, that will take precedence. Only Marine Corps and Army COs may issue a lawful order to comply with the court order, however, failure to comply with a court order concerning the support of dependents can lead to administrative or disciplinary action by all branches of service.



SLIDE 16

Who Are My Children?

REFER learners to page 10-4 in the Student Manual. **INFORM** learners that they can review page 10-10 later for additional reference information on children and adoption.

Who are my children? Your children are determined as follows:

- Born while you are married
- Adopted (even after divorce)
- Born out of wedlock with paternity test
- Does not include stepchildren

If you are not the parent of a child, and provide support without a court order, it is a nonrefundable gift to the parent and child. In any support case where paternity is denied by the alleged father, DNA testing will be ordered by the court. Do not acknowledge paternity in any manner whatsoever until you are sure the child belongs to you.

When in doubt, have a paternity test performed. Unless you intend to make a gift, do not provide support until paternity has been confirmed by a DNA test. However, do not use the absence of an order to delay payment of support if you know you are the biological parent. Court ordered support payments relate back to the date the case was filed. A significant delay between the date of filing and the issuance of the court order can result in a substantial arrearage.

Service members seeking to adopt a child should be referred to the military Legal Assistance office. The legal issues of adoption include citizenship, documentation, wills, reimbursements, adoption tax credit, adding child to military systems, and DEERS enrollment. Refer to the *Welcoming Your First Child* Touchpoint Checklist for additional assistance.



SLIDE 17

Top Tips for Dependent Support

- If you are responsible for child support, pay it, and keep a record of all payments made.
- If paternity is in question, get a paternity test. Refrain from taking any action that can be construed as child support. It may be considered to establish paternity.
- If you are due child support and it is not being paid, visit your local child support enforcement office and seek assistance from your Legal Assistance office.
- Consult your state's child support office for assistance.
- The Service member's best bet is to determine the amount of support owed and set up an allotment to pay it. If it is not paid by allotment, checks are preferred over money orders for the sake of recordkeeping.
- Copies of all documents (including checks) should be retained in case they are needed in the future.
- Get a court order to document the support agreement.



SLIDE 18

Domestic Relations – Is This Service Member Headed for Trouble?

- *Question:* A Service member does not believe he is the father of a new baby, but he agrees to provide financial support until “things are straightened out.”



SLIDE 19

Domestic Relations – Answer

- *Answer:* Yes!
- The temporary support can be construed as providing child support and can be used to establish paternity. Get a paternity test if paternity is in doubt.



SLIDE 20

Contracts

REFER learners to page 10-4 in the Student Manual. **INFORM** learners that they can review page 10-11 later for additional reference information on contracts.

A contract is a written or oral agreement between two or more parties to do, or refrain from doing, some action. It essentially consists of three elements: offer, acceptance and exchange.

Credit Contracts

A credit contract is a legal document that names the borrower and lender and the terms of the loan agreement. These terms are the amount borrowed, interest rate, finance charge, time for making payments, amount of each payment, and the effect of missing a payment. The Federal Truth-in-Lending Act requires that other important credit terms, such as the annual percentage rates and the finance charge, be included in any consumer contract.

Consumer Contracts

Most of the contracts a Service member will enter into are for the purchase of consumer goods and services. These include renting apartments, buying homes, purchasing a car, and purchasing other goods and services.

There is a large body of state and federal law that regulates consumer transactions, called consumer protection acts.

Most contracts that a Service member executes are legally binding once signed.

Clauses

There are several key clauses to look for in the “fine print” of a consumer credit contract that refer to the rights and responsibilities of the creditor and debtor if payments are missed. Remember, “the big print giveth, and the fine print taketh away.”

- **Security Clause:** This clause itemizes the property that the creditor may claim as collateral if the Service member does not pay the loan as agreed. The item purchased may be the collateral, as well as any other items the member may have pledged in order to obtain the loan.
- **Attorney’s Fee Clause:** States that the Service member is responsible for paying the creditor’s attorney’s fees if the creditor sues the Service member for non-payment.
- **Repossession Clause:** States that if the item purchased is repossessed, the Service member still is responsible for paying any outstanding balance on the loan if the creditor does not receive enough money when the collateral is sold to pay off the loan, as well as other charges related to the repossession.
- **Late Fee Clause:** States when and how the creditor will charge the Service member late fees if payments are not made as agreed.
- **Acceleration Clause:** States that if the debtor defaults on the loan, the creditor can demand payment of the outstanding balance. A default can be only ONE missed payment on a loan.

Cancellation of Contracts

Generally, a contract is presumed binding on both parties and cannot be canceled by one party without the express permission of the other party. Some contracts, however, contain various “cooling-off” provisions that allow the purchaser to cancel the contract within a specified period of time. While negotiating the contract, the purchaser should inquire as to whether there are any applicable cancellation provisions. Make sure they are in writing in the body of the contract itself. State law also may govern the cancellation of various contracts (timeshares, health clubs, etc.).

Review state guidelines on cancellation/cooling-off rules as needed.



SLIDE 21

Top Tips for Contracts

Top Tips if you are going to negotiate and/or sign a contract.

- Read the fine print.
- Get everything in writing — no verbal promises.
- Understand all the terms of the contract — ask questions.
- Before signing any contract, but especially one for a vehicle purchase, take a copy of the unsigned contract to Legal Assistance to have an attorney check it out.
- Be sure the whole contract is filled in — leave no blanks.
- A contract is presumed legally binding on both parties. If the seller wants to cancel the existing contract, change some of the terms (such as the interest rate) and sign a new one, you have the right to stay with the original contract if signed by both parties.
- Cancellation of a contract may require the agreement of both parties. Get it in writing, and deliver it via certified mail, return receipt requested.
- Be wary of any rights you may waive regarding collection of delinquent accounts.



SLIDE 22

Contracts – Is This Service Member Headed for Trouble?

- *Question:* A Service member wakes up one Saturday and decides to go out and buy his dream car. While on the lot, the salesperson tells the member to sign the retail installment sales contract and a promissory note as well as a few other miscellaneous sheets of paper. The member is late for a date, and since he trusts the salesperson, he signs all the documents without reading them. Is he headed for trouble?



SLIDE 23

Contracts – Answer

- *Answer:* Yes!
- Never sign a legal document without reading the whole thing and understanding it. Before signing, take contracts to Legal Assistance to have them reviewed.
- Absent insanity, duress, or fraud, a signed contract is binding. The law presumes that the consumer will read, ask questions, and understand a contract prior to signing.



SLIDE 24

Landlord/Tenant Transactions

Customary Agreements

In some states, property may be rented either by written or oral agreement. Oral agreements are not advisable, because it may be very difficult to establish the terms of the agreement and to resolve disputes. A copy of the recommended lease that favors the lessee's interests (as a tenant and member of the military) may be obtained from the Housing Office. Service members need to check in with the Housing Office before signing a lease in order to avoid loss of BAH, and all leases should be reviewed by a legal officer or a counselor at the Housing Office before signing.

Leases generally either are for a fixed term or from period-to-period, such as from month-to-month. The lease should specify the period covered by the agreement, as well as contain a provision regarding termination procedures.

Beware of lease provisions that provide for an automatic renewal of the lease term unless proper notice is provided. Get a receipt for the notice to prove it was provided.

Military Clauses

A statutory military clause has been enacted in some states. A military clause generally permits the Service member to cancel the lease upon receipt of PCS orders; an order to move into government quarters; or discharge from military service. Make sure that your lease has a military clause. If your lease does not have a military clause, then you will still have the protections of the Servicemembers Civil Relief Act (SCRA) as it applies to residential real property leases. Note that some state laws may allow landlords to charge tenants a penalty for terminating a lease early using the military clause.

Never waiver your rights to the Servicemembers Civil Relief Act.

Insurance

Normally the landlord is not responsible for loss of the tenant's personal property unless the landlord's negligence caused the loss. Tenants therefore should have a form of renters insurance to protect their personal property. Tenants also should obtain insurance covering liability to third parties on the property.

Some landlords or leases may require the tenant to provide proof of renters insurance as a condition of the lease. Further, the lease may specify that in the absence of provided proof, the landlord may secure such insurance and charge the cost to the tenant. Such insurance may be at higher cost than tenant-secured insurance, and may not adequately cover losses of the tenant, so Service members are encouraged to secure their own insurance policy.

Note that in most states the landlord is not responsible for the physical safety of the tenant from other than structural property. Criminal acts by non-tenants alone are not a basis for the termination of a lease unless personal physical protection is provided specifically in the lease.

Security Deposits

State law varies regarding the reasons a landlord may retain the deposit. The deposit generally may not be retained for normal wear and tear charges, such as replacing carpeting and repainting. The length of time within which the landlord either must refund the deposit or advise why any portion is being withheld also varies among states. Triple damages may be awarded for judicial finding of failure to comply with statutes regulating the return of the security deposit.

Review state guidelines on rental deposits and refunds as needed.



SLIDE 25

Top Tips for Landlord/Tenant Transactions

- Get a written lease — do not accept oral promises.
- Ensure there is a military clause in the lease.
- Never waive your SCRA rights.
- Get renters insurance to protect your property, whether you are renting or living in government quarters.
- Thoroughly inspect the property before moving in and note IN WRITING any discrepancies. Retain your list for when you vacate. Take photographs or video of the premises for your records.
- Be cautious about withholding rent or violating lease provisions over disputes with the landlord. Your actions may place you in breach of the contract. Strict compliance with the law is required to use rent-escrow or rent-withholding.
- See Legal Assistance with concerns about your lease.



SLIDE 26



SLIDE 27



SLIDE 28

Contracts – Is This Service Member Headed for Trouble?

- *Question:* A Service member and her spouse are moving into an apartment and sign a lease without a military clause.

Contracts – Answer

- *Answer:* Yes!
- They could owe a lot of money if they are transferred suddenly, depending on the terms of the lease. Ensure that there is a military clause, and get leases checked out by Legal Assistance or the Housing Office before signing.
- However, they are still covered by SCRA which provides some protections.

Warranties

Warranties are provided by the manufacturer of a product to protect the public from faulty and defective products and assure the consuming public that the product will perform as advertised. Warranties may be limited in time and may apply to different aspects of the product for different periods of time. Warranties apply to all types of property, such as automobiles, appliances, houses, etc.

Implied Warranties

The Magnuson-Moss Act of 1975, a federal law, gives these warranties on all products and services whether the warranty is written or not. Look to state law for additional statutes providing warranties, such as automobile and lemon laws.

- **Warranty of Merchantability:** Means that the seller promises that the product will do what it is supposed to do; i.e., a car will run, and a toaster will toast.
- **Warranty of Fitness for a Particular Purpose:** This applies when you buy a product on the seller's advice that it is suitable for a particular purpose; i.e., the seller said that a certain sleeping bag is suitable for zero-degree weather.

Expressed Warranties

Expressed warranties are written or oral warranties that cover the operation of the product after the new product implied warranty expires. Expressed warranties supplied by the manufacturer or seller are one of the following:

- **“Limited”** — the seller or manufacturer will provide a warranty only on specific things, such as paying for all parts within the first year but not the cost of labor.
- **“Full”** — the seller or manufacturer guarantees completely the condition, parts and labor for the product for a specific period of time.

Sold “As Is”

A product sold “as is” has no implied or expressed warranty. The seller has no liability for faulty goods.



SLIDE 29

Service Contracts

Although service contracts often are called “extended warranties,” they are not warranties. Warranties are included in the price of goods and services, but service contracts will cost extra money. To decide whether to buy a service contract in addition to the warranty, consider:

- Whether the service contract covers repairs that you would get for free under the warranty,
- Whether the product is likely to need repairs and the potential costs. (Consult *Consumer Reports* or other consumer resources for repair history.),
- How long the service contract is in effect,
- The long-term cost of the extended warranty, especially if you are financing it, and
- The reputation of the company offering the service contract.



SLIDE 30

Top Tips for Warranties and Service Contracts

- Read any warranty or service contract and know what is covered.
- Understand there may be consumer costs to secure warranty benefits
- Seriously scrutinize any offers of extended warranties or service contracts, which are written like insurance policies and frequently have exclusions, limitations or conditions that reduce or eliminate the general coverage and protection stated in the agreement.
- Inspect anything you are going to purchase “as is.” What you see is what you get, and what you DON’T see is what you get (especially when it comes to used cars).
- When something goes wrong with an item, take action while the warranty is in effect. As in all business transactions, elements of proof are very important. Always communicate in writing or follow up on phone calls with letters.



SLIDE 31

Warranties – Is This Service Member Headed for Trouble?

- *Question:* A Service member buys a used car “as is.” The vehicle looked and sounded good when purchased, especially the sound system. A week later, the vehicle begins to have a rough idle. Three days later, the engine seizes, and a mechanic determines there has been a total engine failure.



SLIDE 32

Warranties – Answer

- *Answer:* Yes!
- Yes. Since he bought the car “as is,” he gets it as is. Always have a used car checked by a mechanic before you buy it, especially if it is being sold with no warranties.



SLIDE 33

Servicemembers Civil Relief Act (SCRA)

REFER learners to page 10-4 in the Student Manual. Inform learners that they can review pages 10-12 to 10-15 later for additional reference information on SCRA.

Provisions

The Servicemembers Civil Relief Act provides a number of significant protections to Service members. These protections include:

- Staying civil court hearings if military service materially affects a Service member’s ability to defend their interests,
- Reducing interest to 6% on pre-service loans and obligations,
- Requiring court action before a Service member’s family can be evicted from rental property for nonpayment of rent if the monthly rent is \$3,991.90 or less,
- Termination of a pre-service residential lease, and
- Allowing Service members and spouses (MSRRA) to maintain their state of residence for tax purposes despite military relocations to other states.

The updated law includes the following provisions:

- Extends the application of a Service member's right to stay court hearings or administrative hearings. It now requires a court or administrative hearing to grant at least a 90-day stay if requested by the Service member. Additional stays can be granted at the discretion of the judge or hearing official.
- Clarifies the rules on the 6% interest rate cap on pre-service loans and obligations by specifying that interest in excess of 6% per year must be forgiven. The absence of such language in the SCRA had allowed some lenders to argue that interest in excess of 6% merely is deferred. It also specifies that a Service member must request this reduction in writing and include a copy of his/her orders.
- Modifies the eviction-protection section by precluding evictions from premises occupied by Service members for which the monthly rent does not exceed a specified inflation-adjusted amount. (\$3,991.90 in 2020)
- Extends the right to terminate real property leases to active-duty members moving pursuant to permanent change of station (PCS) orders or deployment orders of at least 90 days. This eliminates the need to request a military termination clause in leases.
- Adds a new provision allowing the termination of automobile leases for use by Service members and their dependents. Pre-service automobile leases may be canceled if the Service member receives orders to active duty for a period of 180 days or more. Automobile leases begun while the Service member is on active duty may be terminated if the Service member receives PCS orders to a location outside the continental United States or deployment orders for a period of 180 days or more.
- Adds a provision that would prevent states from increasing the tax bracket of a nonmilitary spouse who earned income in the state by adding the Service member's military income for the limited purpose of determining the nonmilitary spouse's tax bracket. This practice has had the effect of increasing the military family's tax burden.

The Military Spouse Residency Relief Act (MSRRA) and 2018 Amendment to the SCRA in The Veterans Benefits and Transitions Act of 2018

- Military spouses may elect to have the same residence as their spouse for purposes of state and local tax purposes. "In other words, if a Service member is a legal resident of a particular state for tax purposes, the spouse can unilaterally elect to also be a resident of that same state."

The SCRA does NOT:

- Help the Service member rescind a rental or purchase agreement simply because the Service member wants to get out of the agreement.
- Exempt the Service member from the payment of local real estate taxes.
- Assist the Service member in avoiding or postponing court action resulting from civilian criminal charges — civil only.
- Entitle the Service member to a reduction of interest rates on loans secured after they begin military service.



SLIDE 34

Top Tips for SCRA

- If you think you have a defense under the SCRA, consult Legal Assistance.
- A sample SCRA 6% letter is in your Student Manual (students can review later on page 10-15).



SLIDE 35

Consumer Protection Laws – Is This Service Member Headed for Trouble?

Question: A very junior Service member is having difficulty paying bills he incurred before he joined the military. Some of the debts have interest rates as high as 20%. Is he headed for trouble?



SLIDE 36

Consumer Protection Laws – Answer

Answer: Maybe not!

The Service member may be able to get the interest rate reduced under the Servicemembers Civil Relief Act. He needs to consult Legal Assistance and seek debt management counseling from his CFS, PFM or a local consumer credit counseling service.



SLIDE 37

Credit and Collection Laws

REFER learners to page 10-4 in the Student Manual. **INFORM** learners that they can review page 10-16 later for additional reference information on credit and collection laws.

INSTRUCTOR NOTE: The scheduled time for this chapter may not allow for detailed discussion of each law referenced below and in the Student Manual. Learners should be strongly encouraged to read through the Student Manual material on pages 10-16 through 10-18.

If you have time, the best topics to discuss are the Federal Truth-in-Lending Act, Fair Debt Collection Practices Act, and the Military Lending Act.

There are many laws that have been enacted by the federal government to provide consumers with certain rights regarding credit and collections. These are some of the major laws that you need to know:

Federal Truth-in-Lending Act

The purpose of the act is to protect consumers by requiring lenders to provide a “meaningful disclosure of all credit terms.” For closed-end credit transactions (one-time purchase or loan for a set amount payable over time), disclosures include the identity of the creditor, amount financed, annual percentage rate, finance charge, total of payments, payment schedule, and penalties.

INFORM learners of example Federal Truth-in-Lending disclosure in the Student Manual on page 10-16 (can be reviewed at a later time).

For open-end credit transactions (line of credit for multiple purchases payable over time), disclosures include annual percentage rate; method of determining finance charge and balance upon which finance charge is imposed; security interests; and statement of billing rights. By having this information, consumers will be better able to comparison shop for the best terms and rates.

The act does NOT regulate the amount that lenders may charge for financing, the balance upon which the finance charge is imposed, or the security interests.

Fair Credit Billing Act

The purpose of this act is to help consumers resolve disputes with creditors over billing errors, including transactions by unauthorized users, and to ensure fair handling of credit accounts. “Billing errors” (mistakes) include charges made by an unauthorized user; charges for goods or services not accepted by the consumer; computation errors; and charges for the wrong amount or on the wrong date.

The consumer must notify the creditor in writing within 60 days of receiving an incorrect bill. The creditor will investigate the allegation of unauthorized use and if they find it valid; the maximum liability is \$50. See the Electronic Funds Transfer Act for contracting regulations.

Electronic Funds Transfer Act

Adopted to provide protection to EFT users. Affects the use of many point-of-sale (POS) transfers, ATM transfers, direct deposit or withdrawal of funds, transfers initiated by telephone, debit cards, and credit cards used as debit cards. A major tenet of this act regards cardholder liability for unauthorized transfers. Consumers are liable for only the first \$50 of unauthorized use if they notify the company within TWO business days of discovering the loss or theft. If the consumer notifies the issuer between two and 60 days after the loss or theft, liability rises to \$500. If the consumer fails to notify the issuer within 60 days, the liability can be unlimited (notification can be oral or written). Note how this differs from liability for unauthorized use of a credit card under the Fair Credit Billing Act or the Truth-in-Lending Act.

Fair Debt Collections Practices Act

The purpose of this act is to eliminate abusive debt-collection practices, ensure that those collectors who refrain from using abusive debt-collection practices are not completely disadvantaged, and promote consistent state action to protect consumers against debt-collection abuses. This act applies to “debt collectors,” a business for which the principle purpose is the collection of any debts or who regularly collect debts owed to others. Debt collectors may not:

- Harass, oppress or abuse any person by making threats of violence, using obscene or profane language, or by using the telephone repeatedly to annoy,
- Call before 8 a.m. or after 9 p.m.,
- Make any false statements when collecting a debt,
- Engage in unfair practices in attempting to collect a debt by depositing a post-dated check before the date on the check or by taking a debtor’s property unless done legally,
- Debtors have the right to notify a debt collector in writing to have no further contact with them. The law allows the collector one final contact, usually to invoke a specific remedy. If the collector continues to contact the debtor after a written request has been made to cease all contact, the debtor has the right to report the violation to the Federal Trade Commission for action. In cases like these, the members should seek help from Legal Assistance.

Fair Credit Reporting Act

The purpose of this act is to ensure that consumer credit-reporting agencies furnish correct and complete information to businesses for use in evaluating applications for credit, insurance or employment. Have you seen your credit report in the past 12 months? Mistakes do occur, and you are wise to check

your report periodically and correct any erroneous information. Among other things, this act gives you the right to see your credit bureau file and to dispute the completeness or accuracy of the report. It also requires disclosure to you of the name and address of any credit reporting agency that supplied information about you. Further, it gives you the right to put a 100-word statement on your credit report.

Fair and Accurate Credit Transaction Act

This amendment to the Fair Credit Reporting Act is intended primarily to help consumers fight identity theft. Among other things, this act gives you the right to one free credit report annually. It also allows free access to specialty reports (medical, insurance, and check-writing history) annually. FACTA provides the right to add a “fraud alert” to your file if you have been the victim of identity theft. It also provides for “active-duty alerts” for military members — a very useful idea when going overseas.

Equal Credit Opportunity Act

This provides for credit being granted to all consumers in a fair and equitable manner. It prohibits discrimination based on sex, marital status, race, national origin, religion, age, or the receipt of public assistance. It prohibits women from having to reapply for credit due to separation or divorce. A person still can be denied credit if they fall into one of these categories, but a poor credit history is the only allowable reason for denial of credit.

Military Lending Act (MLA)

What types of loans are covered under MLA?

The MLA covers (as of 10/3/2016):

- Payday loans, deposit advance products, and vehicle title loans,
- Overdraft lines of credit, but not traditional overdraft services,
- Most installment loans, with the exceptions noted below, and
- Credit cards (as of 10/3/2017)

The MLA does NOT cover:

- Residential mortgages (financing to buy or build a new home that is secured by the home), refinances, home equity loans/lines of credit or reverse mortgages,
- Motor vehicle loans when the credit is secured by the vehicle, or
- Loan for personal property when secured by the property being purchased

Major rights of the MLA:

- A 36% interest cap. You can't be charged more than a 36% Military Annual Percentage Rate (MAPR), which includes the following costs in calculating your interest rate (with some exceptions):
 - Finance charges,
 - Credit insurance premiums or fees,
 - Add-on products sold in connection with the credit (like Guaranteed Asset Protection/GAP Insurance), and

- Other fees like application or participation fees, with some exceptions.
- No mandatory waivers of consumer protection laws. A creditor can't require you to submit to mandatory arbitration or give up certain rights you have under state or federal laws like the Servicemembers Civil Relief Act.
- No mandatory allotments. A creditor can't require you to create to a voluntary military allotment in order to get the loan. An allotment is an automatic amount of money taken from your paycheck to pay back your loan.
- No mandatory use of a check or access to a bank account for loan
- No pre-payment penalty. A creditor can't charge a penalty if you pay back part — or all — of the loan early.
- Requires oral and written disclosures of the interest rate and compliance with the Federal Truth-in-Lending Act
- Failure to comply with the MLA voids the contract

Creditors that offer payday loans may ask loan applicants to sign a statement about their military affiliation. Even with MLA protections, payday loans can be costly, especially if you roll over the loan.

You instead may be able to obtain financial assistance from military aid societies, such as Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society, or Coast Guard Mutual Assistance. You may be able to borrow from family or friends or get an advance on your paycheck from your employer. If you still need credit, loans from a credit union, bank, or a small-loan company may offer you lower rates and costs. They may have special offers for military applicants and may help you start a savings account. A cash advance on your credit card may be possible, but it could be costly. Find out the terms for any credit before you sign. You may request free legal advice about a credit application from a service Legal Assistance office or financial counseling from a consumer credit counselor, including about deferring your payments.

Coast Guard members can contact CG SUPRT www.cgsuprt.com or 855-CG SUPRT (247-8778) to speak with a Money Coach for assistance with loan options.

Bankruptcy

Bankruptcy is a legal proceeding provided by federal law, in which people who cannot pay their bills can get a fresh financial start. All bankruptcy cases are handled in federal court. If a person files for bankruptcy an “automatic stay” is imposed by the court that immediately stops all creditors from collecting debts including foreclosures, and evictions. The stay lasts until the bankruptcy is closed or the creditor files a motion to lift the stay and the court hears and rules on the motion.

In all individual bankruptcies, certain family assets like wedding rings, tools of a trade, and clothing are exempt and other assets up to a total dollar amount set by state or federal law can be set aside out of the bankruptcy. Creditors in a bankruptcy are prioritized. Creditors with a security interest in the property of the debtor have priority over non-secured creditors. Because payment is limited to the assets of the debtor, creditors may receive a small percentage of the obligation or nothing when a bankruptcy is discharged.

There are two types of bankruptcy typically filed by individuals: Chapter 7 and Chapter 13. At the end of each type of bankruptcy, the debts of the debtor are discharged and they have a fresh start.

A **Chapter 7** is a straight liquidation of assets to pay debts. Debtors have to qualify for a Chapter 7 through a test that assesses their ability to pay their debts over time. In a Chapter 7 the bankruptcy court will take and sell non-exempt assets to pay the debt. If the debtor’s assets are of little value due to type, condition, or age, the creditors usually will not take the assets.

A **Chapter 13** involves a payment plan over three to five years in which the debtor keeps their assets including their house, but pays the creditors a court-determined amount monthly over the term of the plan.

For all bankruptcies, the debtor must take credit counseling within 180 days of filing and they must complete a personal financial management course. There are both positive and negative aspects of bankruptcy.

On the positive side, bankruptcy can:

- Eliminate the legal obligation to pay most or all of your debts,
- Stop foreclosure on your house or mobile home and allow you an opportunity to catch up on missed payments,
- Prevent repossession of a car or other property, or force the creditor to return property even after it has been repossessed,
- Stop wage garnishment, debt-collection harassment, and similar creditor actions,
- Restore or prevent termination of utility services, and
- Allow you to challenge the claims of creditors who have committed fraud or who otherwise are trying to collect more than you really owe.

On the negative side, bankruptcy cannot:

- Eliminate certain rights of “secured” creditors,
- Discharge certain types of debts such as child support, alimony, some student loans, criminal fines and taxes,
- Protect co-signers on your debts, and
- Discharge debts that arise after bankruptcy has been filed and in many cases debts incurred just prior to filing bankruptcy.

Bankruptcy is reported to general creditors for 10 years. After the 10-year period, it can be reported in certain instances. Waiting periods apply to file subsequent bankruptcy cases.

Although the bankruptcy laws exist for a reason, bankruptcy is a last resort and should be pursued only after all other options have been ruled out. For most military members, there are alternatives to bankruptcy that allow them to live up to their legal and moral debt obligations without filing bankruptcy. Clients may require referral to:

- Your local Legal Assistance office,
- Installation Family Support Center Financial Counselor or Educator,
- Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society, or Coast Guard Mutual Assistance, or
- Nonprofit debt management counseling organizations.



SLIDE 38

Top Tips for Credit, Collection and Bankruptcy Issues

- Read all documents and keep a copy of all contracts and payments.
- Seek legal assistance and financial counseling early in the debt process when negotiation and settlement are more likely.
- If incorrect information is on your credit report, dispute it.
- Report any loss or theft of credit or debit cards as soon as you realize they are missing.
- If you are being harassed by third-party collection agents, ask them in writing to stop calling you. Seek debt management counseling.
- Get debt management counseling before talking to a bankruptcy attorney and after filing for bankruptcy.



SLIDE 39

Credit and Collection Laws – Is This Service Member Headed for Trouble?

Question: A Service member realizes she has lost her credit card. She calls the issuer immediately. When she gets her next bill, there is a charge of \$400 she didn't make.



SLIDE 40



SLIDE 41



SLIDE 42



SLIDE 43

Credit and Collection Laws – Answer

Answer: Yes!

Even though she reported the loss as soon as she was aware of it, the Service member must **WRITE** to notify the creditor under the Fair Credit Billing Act. The use of oral or telephone communication is not effective to enforce rights under the act.

Credit and Collection Laws – Is This Service Member Headed for Trouble?

Question: A Service member realizes she has lost her debit card. She doesn't call the issuer for three days. Meanwhile, there was unauthorized use of the card for \$400.

Credit and Collection Laws – Answer

Answer: Yes!

The situation is different for debit cards. She has two days to report the loss, and then she is liable for the first \$500 of unauthorized charges. She will have to pay.

Summary

Since we are not lawyers, we can't be expected to be legal experts. However, a little knowledge can go a long way when it comes to your legal rights and responsibilities.

While you are in the military, you are expected to pay your just debts in a proper and timely manner. You also are expected to support your legal dependents. While you have many responsibilities, you also have many rights: some that all Americans are afforded, and some that are specific to the military member (such as those under the Servicemembers Civil Relief Act). Take some time to become familiar with your rights in the six important areas that we covered today.

If a client needs assistance with any legal issue, or isn't sure if he even has a legal issue, seek assistance. Your Legal Assistance office and Installation Family Support Center Personal Financial Manager or Personal Financial Counselor are ready to help. There also are many resources available in the

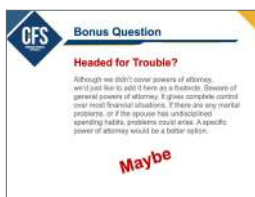
civilian community, from the agencies that enforce our laws (such as the Federal Trade Commission) to local legal-aid societies. Help clients to exercise their rights and understand the law, and they will avoid any legal tangles that may be headed their way.



SLIDE 44

Bonus Question – Is This Service Member Headed for Trouble?

A Service member gives her spouse a general power of attorney to take care of business while she is deployed.



SLIDE 45

Bonus Question – Answer

Answer: Maybe

Although we didn't cover powers of attorney, we'd just like to add it here as a footnote. Beware of general powers of attorney. It gives complete control over most financial situations. If there are any marital problems, or if the spouse has undisciplined spending habits, problems could arise. A specific power of attorney would be a better option.

Additional Questions if time permits

Activity: Additional Headed for Trouble? Questions

Time: 5-10 minutes

Materials: Student Manual page 10-20

Procedure:

SAY: Today we have covered six important areas of personal finances where legal issues typically arise. Service members and their families can avoid legal complications by being aware of and exercising their rights under the law. These are in your Student Manual for this chapter. To help apply what we have learned today, here are a few common scenarios. Are they headed for trouble?

- A Service member is separated from her spouse. The spouse has custody of their one child. The member and spouse are arguing over how much child support should be paid. The Service member decides not to pay anything to the spouse until there is a court decree. She continues to live in their apartment and receive BAH at the "with dependents" rate. Is she headed for trouble?

Yes. While the specifics vary, each branch of service provides for support of a separated spouse and/or dependent children, in the absence of a court order.

- A Service member and her spouse are moving into government quarters. They believe the government will pay for any damage to personal property if there is a disaster, such as fire or flood. Are they headed for trouble?

Yes, if they don't have any renters insurance and a disaster should occur. Be on the safe side. For a few dollars a month, it is worth it to get the coverage offered under a renters policy.

- A Service member is buying a used car and asks the salesman for a copy of the unsigned contract to take to his legal officer before he signs it. Is he headed for trouble?

No. This is the right thing to do. If the salesman won't provide a copy, try another dealer.

- A Service member buys a heavy-duty steam carpet cleaner from a department store. The saleswoman tells the Service member it will clean heavy-duty dirt from most carpets. The Service member notes, upon using the cleaner, that it forms small, muddy ponds in his living room. Is he headed for trouble?

No. This probably is a breach of the implied warranty — an item should do what it is supposed to do. He probably will get a replacement cleaner or maybe a refund. As for the carpet...

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Top Tips to Avoid Legal Tangles
 - ▶ Reference Information: Domestic Relations & Contracts
 - ▶ Servicemembers Civil Relief Act
 - ▶ Reference Information: Credit and Collection Laws
 - ▶ Headed for Trouble?



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 11 Your Credit and Your Clearance

Instructor Guide

I. INTRODUCTION

This chapter discusses Indebtedness and Security Clearance Financial Issues, helping the CFS understand the implications of debt on a Service member's finances and career. The CFS will understand which tasks to work on with the Service member and when and where to refer them for additional assistance.

This chapter also discusses how the CFS can assist Service members in avoiding Statements of Reasons (SORs)/Letters of Intent (LOIs) through credit and debt management. The CFS will receive information that they can use to educate and empower Service members about credit. Topics include credit scores and reports, how to build, improve, and protect one's credit, as well as how to recognize financial warning signs and when to seek help.

Chapter Correlation to Common CFS Task Areas:

- 1. Education and Training:** CFS will learn about the Continuous Evaluation process for security clearance. They will learn active credit and debt management techniques.
- 2. Information and Referral:** CFS will understand how to assist Service members with credit management as well as when to refer to the local Legal Assistance office and/or Installation Family Support Center Financial Counselor or Educator.
- 3. Counseling/Coaching:** The CFS often is asked to provide counseling to Service members because the command has received a notification of indebtedness, garnishment, or Statement of Reasons (SOR)/Letter of Intent (LOI) regarding a Service member. This chapter will prepare the CFS to assist with a financial plan.



II. LEARNING OBJECTIVES

After participating in the session, the learner should be able to explain Navy, Marine Corps, Army and/or Coast Guard policy on indebtedness and discuss assisting the command and Service member with creditor complaints and Statement of Reasons (SOR)/Letter of Intent (LOI). The learner will also become familiar with credit management techniques to include understanding credit reports and scores and learning best practices to build, improve and protect credit.

III. OUTLINE

1. **Military Policy on Indebtedness**
 - a. Military Policies on Indebtedness
 - b. Creditor Complaints
 - c. Military Response to Service Member Indebtedness
 - d. Military Career Implications
 - e. Garnishment
 - f. Role of the CFS in Circumstances of Indebtedness
 - g. Debt Complaints Discussion

INSTRUCTOR NOTE: The process and expectations of a CFS related to Statement of Reasons (SOR)/Letter of Intent (LOI) differ between DoD and DHS. The expectation is that the instructor need only present the information relevant to the Service members in any particular CFS class. Section three applies to DoD military branches. Section four to the Coast Guard.

2. **Security Clearances**
 - a. Security Clearance Basics
 - b. VROC Continuous Evaluation
 - c. DoDCAF/SECCEN Adjudication
 - d. Whole Person Consideration
3. **DoD Security Clearances and Statement of Reasons**
 - a. DoD: Statement of Reasons
 - b. DoD Response Timeline for SOR
 - c. DoD SOR: Role of CFS
4. **DHS Security Clearances and Letter of Intent**
 - a. DHS: Letter of Intent
 - b. DHS: LOI Received at Command
 - c. DHS LOI: Role of CFS
5. **Knowledge Check**
6. **Break**
7. **Credit and Debt Management**
 - a. Avoiding SORs/LOIs through Credit and Debt Management
 - b. How Does Credit Impact Your Life?
 - c. Understanding Credit Reports
 - d. Credit Report Contents
 - e. Activity: Credit Report Checklist
 - f. The Credit Score
 - g. Five Components of a Credit Score
 - h. Play to Win!
 - i. Strategies to Build Credit

- j. What If No One Wants to Give Me Credit?
- k. Strategies to Improve Credit
- l. Protect Your Credit
- m. The Cost of Credit
- n. Where You Borrow
- o. Managing Your Debt
- p. Financial Warning Signs

8. Summary

9. Questions

IV. CHAPTER PREPARATION

Presentation Time: 90 minutes

Presentation Materials

- PowerPoint slides, “Your Credit and Your Clearance”
- Student Manual CFS 11
 - ▶ Policy on Indebtedness — USN, USMC, USA, USCG
 - ▶ Creditor Complaints
 - ▶ Debt Complaints Discussion
 - ▶ Disqualifying and Mitigating Factors
 - ▶ DoD
 - DoD Personnel Security: Navy, Marine Corps, Army
 - DoD Sample Statement of Reasons
 - CFS Action Items for Statement of Reasons
 - Instructions for Response to Statement of Reasons
 - CFS Checklist for Successful SOR Counseling Sessions
 - DoD Personnel Security Appeals Process
 - ▶ DHS
 - DHS Personnel Security: Coast Guard
 - DHS Sample Letter of Intent
 - CFS Action Items for Letters of Intent
 - Supporting Documentation Sought by SECCEN to Mitigate Financial Considerations
 - USCG Personnel Security Appeals Process
 - ▶ Avoiding SORs/LOIs Through Credit and Debt Management
 - How Does Credit Impact Your Life?
 - Understanding Credit Reports
 - Credit Report Contents
 - CFPB Credit report review Checklist
 - What Is a Good Score?
 - Five Components of a Credit Score

- Play to Win! – Strategies for a Good Credit Score
- Strategies to Build Credit
- What If No One Wants to Give Me Credit?
- Strategies to Improve Credit
- Protect Your Credit
- The Cost of Credit
- Where You Borrow
- Financial Warning Signs

Preparation: Students will pull their credit report for homework. If the instructor has access to a free credit report program, ensure a course code is ordered and distributed to learners.

Summary of Learner-Centered Activities

- **Credit Report Checklist Activity:** Learners are taught how to read and review a credit report by exploring their own credit report using the CFPB Credit Report Review Checklist.

V. REFERENCES

*Military Personnel Manual 7000-020, Indebtedness and Financial Responsibility of Members
SECNAV Instruction M-5510.30*

Marine Corps Order 5800.16-V10, Legal Support and Administration Manual Volume 10

Marine Corps Order 5510.18(series), USMC Information and Personnel Security Program

*AR 600-15, 4, Responsibilities and Financial Obligations – superseded by 32 CFR 112 –
Indebtedness of Military Personnel*

AR 380-67, Appendix I-Guideline F, Financial and Security Clearance

AR 608-1, 4-42 Debt Liquidation Assistance

USCG COMDTINST M1600.2(series) Discipline and Conduct Manual, Chapter 2.D.

USCG COMDTINST M5520.12(series) Personnel Security and Suitability Program

USCG COMDTINST M7220.29(series) Coast Guard Pay Manual

Defense Finance and Accounting Service (DFAS) website <https://www.dfas.mil/>

32 CFR 113, Indebtedness Procedures of Military Personnel

<https://finred.usalearning.gov/Money>

<https://saveandinvest.org/>

<https://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>

VI. CONTENT



SLIDE 1

Your Credit and Your Clearance

Good Morning/Afternoon/Evening! My name is _____. Welcome to “Your Credit and Your Clearance.” Before we get started, why do you think we’re talking about your credit and your clearance in the same presentation? Financial Readiness is critical to Mission Readiness! Most of you need a security clearance to do your job and keep your job.

The first half of this training will provide information about military policy on indebtedness as well as how indebtedness may impact your security clearance. Then we’ll dig into understanding credit reports and some best practices for managing credit.

As a CFS, you’ll have the opportunity to assist your fellow Service members to actively manage their credit and debt so they can avoid issues with their security clearance. Let’s get started!



SLIDE 2

Military Policy on Indebtedness

As a matter of good financial habits, paying debts in full and on time is a best practice. For Service members, this is not only good practice but an expectation. All members of all branches of the military “are expected to pay their legitimate financial obligations in a proper and timely manner.”

However, it is important to understand that enforcement of debt obligations is a civil matter, not a military matter.



SLIDE 3

Creditor Complaints

Despite the fact that the debt collection is a civil matter, some creditors may contact a commanding officer requesting assistance. Their hope is that official pressure may prompt a Service member to make payment.

As a CFS, you may receive referrals from the command if they receive communication from a creditor. As a Service member, you can imagine that the receipt of a debt complaint letter at the command may be unwelcome.

It is important to know that in some states, employees may be protected from having creditors contact their employers, unless certain conditions are met.

STATE for your homework assignment, you read your service-specific indebtedness policy. **ASK:** What did you learn from reading your service policy? Did you have any “AHA” moments?

REFER learners to page 11-4 of Student Manual for branch-specific information on Creditor Complaints.

In addition, each branch of service addresses the proper response to complaints of indebtedness.



SLIDE 4

Military Response to Member Indebtedness

It is important to consider what is allowable and what is not allowable on the part of the command when it comes to a Service member's indebtedness. As the CFS, you should also follow these guidelines.

Under no circumstances should the military, or a representative of the command, order a Service member to pay a debt. Additionally, the military will not make deductions from a Service member's pay to reimburse a debt.

However, the commanding officer (CO) may refer any correspondence about the Service member's affairs to the Service member, and may require them to attend financial counseling. In addition, the Service member with financial issues could be characterized as "irresponsible," and the command could take action in response to that characterization.

ASK learners: What impact could poor management of finances have on someone's military career?

After hearing and validating their answers, flip to the next slide which lists military career implications of poor financial management.



SLIDE 5

Military Career Implications

A Service member's irresponsibility with financial matters could result in a wide range of consequences, including:

- Lower evaluations
- Negative entry on Service member's record
- Ineligible to promote/advance
- Loss of duty assignment
- Ineligible for special duty
- Denied re-enlistment
- Loss of security clearance
- Disciplinary action, up to and including separation from service



SLIDE 6

Garnishment

REFER learners to page 11-5 of the Student Manual. **STATE** that while a command may not order a Service member to pay a debt, the command will cooperate with garnishment orders from the courts, when a creditor has received a judgment. The creditor may seek enforcement of the judgment by applying for an involuntary allotment from the Service member’s military pay.

When notice of a garnishment is received by the command, the CO must notify the Service member of the garnishment (“involuntary allotment”), and inform the Service member that they have the right to consent to, or contest, the allotment.

Involuntary allotments have a maximum amount relative to the Service member’s pay, per the chart below. An allotment is processed by the branch’s respective pay agency.

	Garnishment Amount	Processed by:
DoD	25% of disposable pay per month	DFAS
DHS	25% of pay subject to involuntary garnishment	USCG Pay & Personnel Center

For DoD, refer to 32 CFR 113 for additional information on “disposable pay.” For USCG, refer to COMDTINST M7220.29(series) Coast Guard Pay Manual for more specifics on “pay subject to involuntary garnishment.”



SLIDE 7

Role of the CFS in Circumstances of Indebtedness

When meeting with a Service member who has received a debt complaint, the CFS should assist with various tasks:

The Command Financial Specialist should:

- Help the Service member create a budget using the eFPW. The budget should be thorough, and include payments for any and all delinquent accounts, even if the Service member has not been making payments. The Service member may need to negotiate a revised payment plan with their creditors.
- Provide credit management training. Counsel the member on the implications of unpaid debt on credit scores and future credit decisions. Educate them on the benefits to credit of resolving outstanding debts, and that while their credit may improve, it will take time.

- ▶ **INFORM** learners that it may be helpful to the conversation to review the Service member's credit report.

- In some cases of indebtedness, the Service member may require additional assistance. Your Installation Family Support Center Financial Counselor or Educator is available for consultations and/or your referrals. In addition, some cases may benefit from legal advice. In cases where a Service member may have been subjected to deceptive business practices or unfair debt collection practices, they may want to make a complaint with the Federal Trade Commission or Consumer Financial Protection Bureau.

We'll talk about how to dispute a credit report and how to file a complaint later in the presentation.



SLIDE 8

Debt Complaints Discussion

REFER learners to page 11-6 of the Student Manual. Pause from the presentation to engage students in a conversation about debt issues and consequences. The goal is to remind students of the consequences of debt, and also to discuss examples of how complaint letters or other debt issues have been handled by commands, and how a CFS may be able assist with these cases.

Possible questions to ask:

- Can you recall an example of a command becoming aware of a Service member's debt, and how was it handled?
- What are good practices you've seen on the part of commands or commanding officers?
- What kind of personal consequences of debt have you seen in fellow Service members?
- What is the most extreme career implication you've observed due to financial mismanagement or debt? What other issues?

INSTRUCTOR NOTE: The Statement of Reasons/Letter of Intent information varies for DoD (Navy, Marine Corps, Army) and DHS (Coast Guard), so instructors should select the slides that are most relevant for the Service members in their CFS class.

Slides 9-20

Slides 9-12 include basic Security Clearance information that applies to all branches

Slides 13-15 address the process of handling an SOR for DoD branches: Navy, Marine Corps, and Army

Slides 16-18 address the process of handling an LOI for the Coast Guard

Slide 19 is a Conclusion slide that may be used for all presentations



SLIDE 9

Security Clearance Basics

As we discussed at the beginning of the presentation, debt and credit will impact a Service members' ability to get and keep a clearance. We're going to cover some security clearance basics to include the players, the process, and your role to assist a member when their clearance is in question.

There are several organizations that serve as key "players" in the security clearance process:

1. Vetting and Risk Operations Center (VROC), within the Defense Counterintelligence and Security Agency (DCSA), presides as the governing body that outlines and maintains a vetting process to review the background of individuals eligible for a clearance. We'll talk more about this process in a few slides but for now, let's refer to VROC as the rule-maker.
2. Now that the rules are set, let's talk about the investigators and decision makers. Department of Defense Consolidated Adjudication Facility (DoDCAF)'s mission is to deliver informed and timely decisions to maintain a trusted workforce, which in turn, enables operational readiness and risk management.

For the USCG, the Security Center (SECCEN) serves as the adjudicative body.

- The Security Management Office (SMO) is the local representative through which DoD CAF contacts the Service member to request additional information. This is when the Service member will need your help and/or referral.

For the USCG, the Command Security Office (CSO) will receive the request for additional information and present all correspondence to the Service member.

We'll talk more about the role of each of these organizations over the next several slides.



SLIDE 10

VROC Continuous Evaluation

The Vetting and Risk Operations Center (VROC) administers the vetting process known as Continuous Evaluation.

Continuous Evaluation (CE) refers to expanded and automatic record checks that pull information from government and commercial data sources.

There are 7 categories of data that are continuously monitored. They are listed on the left column of this slide. Note that credit is listed.

STATE: You need to know this because, historically, security clearances have been issued and then periodically reviewed, typically every 5 – 10 years depending on the level of clearance. Continuous evaluation will have a significant impact on those Service members who do not consistently maintain good credit and debt management practices. As the name implies, continuous evaluation means that a members' credit and debt will be continuously monitored.



SLIDE 11

DoDCAF/SECEN Adjudication

When VROC finds derogatory information through an automated records check, they contact the Department of Defense Consolidated Adjudication Facility (DoDCAF) or USCG Security Center (SECEN) to investigate and make a decision.

DoDCAF/SECEN receives the alert from VROC and sends a letter to the member's Security Management Office (SMO) or USCG Command Security Office (CSO). This letter advises the individual of the proposed unfavorable action to revoke or a security clearance. This letter lists the specific reasons that unfavorable action is being considered. It also outlines the timeline and rebuttal process. We'll talk more about this letter and how you can help your Service members respond to it.

DoDCAF/SECCEN uses the whole person concept to determine eligibility to classified information.

When DoDCAF/SECCEN sends a letter to the command requesting information for an investigation, this is an opportunity for the Service member to explain their side of the story. We'll discuss these factors on the next slide.

It's important to know that Financial Considerations are the second most common reason (of 13) that require investigation by DoDCAF/SECCEN.

Here's a look at the Top 5:

1. Criminal Conduct
2. Financial Considerations
3. Foreign Influence
4. Personal Conduct
5. Drug Involvement and Substance Misuse

INSTRUCTOR NOTE: If you are interested in reading about all 13 considerations, please review the Security Executive Agent 4 Guidelines found here: <https://www.dni.gov/files/NCSC/documents/Regulations/SEAD-4-Adjudicative-Guidelines-U.pdf>



SLIDE 12

Whole Person Considerations

The whole person concept allows a Service member to explain the circumstances that led to his or her financial issues. And it allows the adjudicator to make a decision based on those factors. When DoDCAF or SECCEN sends a letter to the Command, they outline the financial issues that require explanation and/or action.

Disqualifying factors indicate that a Service member may be a security risk based on their financial situation and irresponsibility. May include:

- Unable or unwilling to resolve debts
- Frivolous or irresponsible spending
- Recurrent pattern of financial instability
- Deceptive or illegal practices
- Living beyond one's means
- Unexplained affluence
- Compulsive or addictive gambling
- Tax fraud or failure to file or pay taxes

Mitigating factors indicate that a Service member is taking decisive, responsible action to improve their financial situation. May include:

- Behavior: Distance, frequency, or circumstances do not cast doubt on individual
- Conditions: Conditions were beyond person's control and they acted responsibly
- Counseling: The person has or is receiving counseling and problem is being resolved.
- Repayment: The individual initiated and is adhering to a good-faith effort to repay.
- Legitimacy: The individual has a reasonable basis to dispute the past-due debt.
- Legality: The affluence resulted from a legal source of income.
- Compliance: The individual made arrangements with the appropriate tax authority, and is complying with those arrangements.

As a CFS, you can help a Service member understand how important it is for them to provide a detailed and thorough response to DoDCAF's SOR or SECCEN's LOI.

INSTRUCTOR NOTE: If time permits, discuss this real world example of mitigating circumstances and ask the class for examples.

A real example of "Conditions" affecting Service members was the recession and housing crisis of 2008-2009. During this unprecedented economic downturn, numerous homeowners lost homes, were unable to sell, or had to short-sell their properties. This included Service members, who may have been unable to retain below-market properties due to PCS orders.

Optional: **ASK** the class for other ideas of circumstances or behavior they think may be a reasonable "mitigating circumstance."

DoD SECURITY CLEARANCE SLIDES (Slides 13-15)

DoD: Statement of Reasons



SLIDE 13

DoD CAF sends a Statement of Reasons (SOR) to the Service member through the Security Management Office (SMO) when they are considering an unfavorable security determination.

REFER learners to page 11-9 of the Student Manual for a sample SOR.

The SUBJECT line states what the proposed unfavorable action is. This may be intent to deny issuance of a clearance or it may be to revoke a clearance.

The memorandum is very specific and outlines exactly what actions the Service member needs to take.

Let's start with Attachment 2 since it's the first item requiring action. This is in your SM on page 11-13.

Attachment 2, Statement of Reasons Receipt and Statement of Intent. When the SMO presents the SOR to the Service member, the Service member must sign within 10 days.

It's important to note that signing this document does not mean that the Service member accepts responsibility for any debt items in question. It is simply an acknowledgment that they have received the letter and that they intend to respond to it. If the Service member fails to acknowledge and respond, DoD CAF will likely take the intended unfavorable action stated in the SOR.

INSTRUCTOR NOTE: If time permits, have someone read Paragraph 9 (SM pages 11-10) which states: "If you choose the option not to respond or if you chose to respond but your response is not received by the SMO within the specified time, this preliminary decision will become a final security determination on the merits of the information available. Please direct questions regarding this memorandum to your SMO."

Attachment 1, the Statement of Reasons, outlines specific issues and/or derogatory information that DoDCAF requires a response for. The Service member must address EVERY item listed on the SOR.

In this case, on SM pages 11-11, there are five creditors, each reporting 120 days past due.

We'll talk more about how you, as a CFS, can help a Service member when they receive an SOR. Bottom line, this is their opportunity to provide a rebuttal and/or additional information to DoDCAF that may allow them to maintain their security clearance. Remember when we talked about mitigating factors? This is a Service member's chance to explain those factors in relation to their financial situation.



SLIDE 14

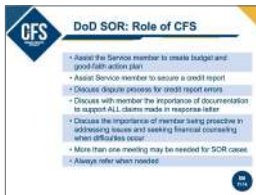
DoD Response Timeline for SOR

This is just a visual representation of the timeline for responding to an SOR.

The Service member has 10 days to acknowledge receipt of the SOR and 30 days to respond.

ALWAYS advise and remind Service members to follow the timeline outlined on their SOR.

INSTRUCTOR NOTE: If time permits, have someone read (or you read) Paragraph 4 (SM pages 11-9) which specifies 10 days for Attachment 2. Paragraph 8 (SM pages 11-10) specifies 30 days for written response to SOR from date that member acknowledges receipt of Attachment 2.



SLIDE 15

DoD SOR: Role of CFS

As a CFS, you can help Service members prepare a thorough, accurate and appropriate response to an SOR.

It's important to note that you should only assist as much as you are comfortable and capable to do so. You can always refer or partner with your Installation Family Support Center Financial Counselor or Educator to ensure that your Service members get all the help they need for a favorable outcome.

REFER students to page 11-14 in Student Manual to review "CFS Action Items for Statement of Reasons" and "Instructions for Response to Statement of Reasons."

- Provide a realistic *Financial Planning Worksheet* and a good-faith action plan to resolve financial issues.
- Assist the Service member in obtaining a credit report from www.annualcreditreport.com.
- Ensure that the Service member formally disputes one of the three credit-reporting agencies account(s) that he or she does not believe they are obligated to pay. The agencies have 30 days to provide a resolution to the dispute.
- Ensure the Service member has documentation to support all claims made in his or her response to the Statement of Reasons. (DoD CAF indicates this is the most important action a CFS can take to assist a Service member.)
- Stress the importance of a Service member being proactive in contacting you or another financial counseling resource when experiencing financial difficulties.

REFER students to pages 11-15 and 11-16 in Student Manual to review "CFS Checklist for Successful SOR Counseling Sessions."

Discuss with the students that responding to an SOR is a complex process and it is likely that more than one meeting with the Service member may be needed.

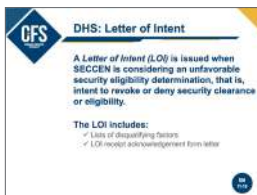
Receiving an SOR can be a highly stressful experience for any Service member. It may be helpful to break down tasks into small lists and have frequent check-ins with the client during the 30-day period while they are preparing their response.

Use the Checklist provided in the Student Manual to guide you as CFS as you help the client. Note particularly:

- List of items the Service member will need for a successful first SOR meeting
- The Service member may have to make some tough spending choices and temporarily forgo “extras” to make progress on their debts.
- Remind the Service member to document, document, document.
- Your installation Personal Finance Specialist is available as a resource for consultations and referrals at any point you or the Service member need additional assistance during the SOR process.

DHS SECURITY CLEARANCE SLIDES (Slides 16-18)

DHS: Letter of Intent



SLIDE 16

The Coast Guard/DHS regularly grants new security clearances and periodically reviews existing ones. When an unfavorable personnel security-eligibility determination is being contemplated by the Coast Guard Security Center (SECCEN), which serves as the USCG Central Adjudication Facility (CAF), SECCEN will issue to the individual concerned a Letter of Intent to revoke or deny security-clearance eligibility.

REFER learners to page 11-19 of the Student Manual for a sample Letter of Intent (LOI).

The Letter of Intent advises the individual of the proposed action, the list of disqualifying factors and a Receipt Acknowledgment form letter. A high percentage of security-clearance revocations and denials are due to financial considerations. An individual who is overextended financially is at risk of having to engage in illegal acts to generate funds. Unexplained affluence often is linked to proceeds from criminal acts.



SLIDE 17

DHS: LOI Received at Command

Letters of Intent are sent from SECCEN to the member via their Commanding Officer and the Security Manager.

Once received, the command must IMMEDIATELY ensure the Service member receives the LOI and that the acknowledgment is signed and returned.

It is very important for the Service member to understand that the acknowledgment of receipt is not an acceptance of responsibility for any debt items in question, it is simply an acknowledgment that they have received the letter. In regards to the Service member deciding whether or not they intend to respond, it is important they understand that a failure to respond means that SECCEN will more than likely take the intended action stated in the LOI.

The opportunity for the Service member to prepare a response is their chance to provide a rebuttal and/or additional information to the SECCEN. This additional information will be taken into consideration during the adjudication process, and may change the SECCEN’s intent to revoke or deny clearance.

Review the sample LOI in the Student Manual with your students, make sure to highlight the following specifics in the letter:

- Date of the Letter of Intent at the top of each page
- List of delinquent debts following paragraph 2
- Service member’s right to request a copy of their investigation as outlined in paragraph 4
- Service member’s right to request a copy of the credit report used in the investigation as outlined in paragraph 5
- On the Acknowledgment of Receipt page, note the statement, “I understand that if I do not reply, a final decision will be based on the information contained in my security file.”
- Take special note of the deadlines in the Acknowledgment of Receipt:
 - ▶ Acknowledgment must be returned immediately
 - ▶ A response to the memo must be made within 30 days of receipt of the LOI



SLIDE 18

DHS LOI: Role of CFS

REFER students to page 11-23 in Student Manual to review “USCG CFS Action Items for Statement of Reasons.”

STATE that the process for a Coast Guard CFS to assist a Service member in receipt of an LOI involves a few simple steps and referrals.

- Assist the Service member to create a realistic budget using the eFPW.
- Refer the Service member to the Personal Financial Manager at the Office of Work-Life and to Legal, for assistance in addressing the LOI
- Ensure the Service member is prepared for their LOI counseling meeting with the PFM by providing them with a list of items to bring to their counseling session.
 - ▶ The LOI
 - ▶ The completed *Financial Planning Worksheet* (or a listing of current income and expenses to complete an initial *Financial Planning Worksheet* if not already completed)
 - ▶ A copy of their credit report. Members can (and should) request a copy of their credit report from SECCEN (*FIN-SMB-SecHelpDesk@uscg.mil*).
 - ▶ Documents from the list of most common supporting documentation sought by SECCEN to mitigate financial considerations above

REFER students to page 11-23 in Student Manual to review “Most common supporting documentation sought by SECCEN to mitigate financial considerations.”



SLIDE 19

Knowledge Check

ASK if there are any questions about Indebtedness and Security Clearance Issues.

DISCUSS if the role of a CFS is remedial, preventive or proactive as it relates to issues of indebtedness.

- The remedial role occurs when a CFS assists with debt payment plans, handling Statement of Reasons/Letter of Intent, and related counseling.
- The preventive role occurs when the CFS runs a deliberate, planned education program to keep problems from happening.

ASK the learners what educational topics would be most relevant to issues of indebtedness and SOR/LOI.

ASK what value a CFS could provide to command leadership in this area.

ENCOURAGE learners to meet with command leadership as soon as possible to offer their assistance with Service member issues of indebtedness, preventive training, and the resources available in the event a Service member receives an SOR/LOI.

SUMMARIZE. You play a critical role at your command towards Mission Readiness and helping Service members reduce stress through credit management techniques and dealing with debt.

Remember that financial issues often contribute to stress, feelings of guilt or shame, marital strife, and sometimes even depression. The more you can do to bring awareness to proactive credit and debt management techniques, which you'll learn about after this break – the more chance you have to increase not only mission readiness but also quality of life for members of your command.



SLIDE 20



SLIDE 21



SLIDE 22

Break

ASK if there are any questions about Indebtedness and Security Clearance Issues.

Avoiding SORs/LOIs Through Credit and Debt Management

REFER learners to page 11-25 of their Student Manual.

As we found out, financial issues are one of the top five factors in security clearance denials. It is important to help Service members understand credit and debt, their credit report, and their credit score. For those with no credit, you can show them how to build good credit at low or no cost, and if they have already wandered into debt territory, you can introduce them to debt reduction plans like the Debt Destroyer to help them get out of debt.

How Does Credit Impact Your Life?

Credit can influence almost every aspect of your life, not just your finances. If you have good credit, it can help you to be successful and reach your financial goals. If you have poor credit, it may prevent you from making your goals a reality. Most people realize that poor credit can affect their ability to obtain credit at a reasonable rate, or at all. But there are other adverse effects of poor credit and poor credit management that you may not be aware of, such as:

- Inability to qualify for a mortgage or rental lease
- Inability to get insurance or paying much higher insurance rates
- Being unable to qualify for certain jobs
- Loss of or inability to qualify for security clearances
- Failure to qualify for overseas orders
- Possible discharge



SLIDE 23

Understanding Credit Reports

Your credit report contains information about you that credit reporting agencies compile and sell to lenders, including your addresses, debts, payment habits, and bankruptcy filings.

It is important to check your credit reports at least once a year to make sure all information is accurate and up to date. You should also review your report before you seek a loan for a major purchase, like a car or home. To check your credit report, use www.annualcreditreport.com, the only site directed by federal law to provide credit reports. You can choose to pull reports from all three nationwide credit-reporting agencies at once or spread them out individually over the year.

Depending on the programs available, you can also request a no-cost credit report through your Installation Family Support Center Personal Financial Counselor or Educator.

According to the Federal Trade Commission, you should beware of impostor sites that claim to offer “free credit reports,” “free credit scores” or “free credit monitoring.” They aren’t part of the free annual credit report program and may come with strings attached. These “impostor” sites may include terms like “free report” in their names or purposely misspell their URLs to get you to their sites.



SLIDE 24

Credit Report Contents

INSTRUCTOR NOTE: Have learners refer to their personal credit report. This financial scorecard tells people very specific things about you. What can be reported is limited by law, but is still quite revealing.

- Your credit report covers your personal information, so check it carefully for accuracy.
- It also covers your payment history on loans, lines of credit, or credit cards.
- If you pulled your credit report, it is considered a soft inquiry and is not visible on your credit report. Another soft inquiry occurs when you give someone like a potential employer or insurance company permission to review your credit report. These types of soft inquiries are visible only to you for two years. Hard inquiries occur when you apply for credit, such as a mortgage, auto loan or credit card and give the lender permission to check your credit report and credit score. Hard inquiries are visible to creditors for two years. We will discuss how hard inquiries affect your score in a moment.

- Public record information can include tax and property liens from unpaid debts.

Negative and Old Information Longevity

When negative information on your report is accurate, only the passage of time can assure its removal. Time limits are as follows:

- Accurate negative information for seven years
- Bankruptcy information for 10 years
- Information about an unpaid judgment against you for seven years or until the statute of limitations runs out, whichever is longer

There is a standard method for calculating the seven-year reporting period. Generally, the period starts from the date the event took place.



SLIDE 25

Activity: Credit Report Checklist, page 1

Once you get your credit report, you will want to review it carefully. Ordering it is not enough — you have to read it. Credit reports may have mistakes. And if there are mistakes, you are the only one who is likely to find them.

For your homework, you should have printed your personal credit report. You can review your credit report by answering all the questions on the CFPB Credit Report Review Checklist.

REFER students to the CFPB Credit report review checklist on pages 11-27 to 11-32 of their Student Manual.

INSTRUCTOR NOTE: Go through Checklist with learners.



SLIDE 26

Activity: Credit Report Checklist, page 2

This worksheet will help you review each section of your credit report. Do this for each credit report you get throughout the year. Then, keep the completed checklist with your credit report.

Your credit report contains a lot of personal and financial information. Be sure to keep any hard copies of your credit reports in a safe and secure place. If you do not want to hang onto your credit reports, be sure to shred them before getting rid of them.



SLIDE 27

Activity: Credit Report Checklist, page 4

If you find something wrong with your credit report, you should dispute it. You may contact both the credit reporting company and the creditor or institution that provided the information. Explain what you think is wrong and why.

To correct mistakes, it can help to contact both the credit reporting company and the source of the mistake. You may file a dispute not only with the credit reporting company, but also directly with the source of the information, and include the same supporting documentation. However, there are certain circumstances where creditors and furnishing institutions are not required to investigate.

You may file your dispute online at each credit reporting agency's website. If you file a dispute by mail, your dispute letter should include: Your complete name, address, and telephone number; your report confirmation number (if you have one); and the account number for any account you may be disputing.

In your letter, clearly identify each mistake, state the facts, explain why you are disputing the information, and request that it be removed or corrected. You may want to enclose a copy of the portion of your report that contains the disputed items and circle or highlight the disputed items. Include copies (not originals) of documents that support your position.

Send your letter of dispute to credit reporting companies by certified mail, return receipt requested, so that you will have a record that your letter was received. You can contact the nationwide credit reporting companies online, by mail, or by phone.

FICO Score Range	Rating	Description
780 - 850	Very Good	Your credit is well above the average score of U.S. consumers and demonstrates to lenders that you are a very low-risk borrower.
740 - 779	Good	Your score is better than the average score of U.S. consumers. Lenders will approve loans with the best rates.
700 - 739	Fair	Your credit is close to average, but lenders may consider it a higher risk.
660 - 699	Fair	Your score is below the average score of U.S. consumers. Lenders will approve loans with the best rates.
620 - 659	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
580 - 619	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
540 - 579	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
500 - 539	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
460 - 499	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
420 - 459	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
380 - 419	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
340 - 379	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
300 - 339	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
260 - 299	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
220 - 259	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
180 - 219	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
140 - 179	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
100 - 139	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
60 - 99	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.
20 - 59	Below Average	Your credit is below the average score of U.S. consumers and may result in higher interest rates.

SLIDE 28

The Credit Score

Who is a sports fan here? How do you know whether your team is winning or losing? There is a scoreboard. Your credit score is your scoreboard. Your score reveals whether you are winning or losing at the game of credit. So let's look at what may be considered a good score.

Creditors use credit scoring to help determine whether to extend credit to you and how much to charge you for it. Information about you and your credit experiences, such as your bill-paying history, the number, and type of accounts you have, late payments, actions, outstanding debt and the age of your accounts is collected from your credit application and your credit report. Using a statistical formula, creditors compare this information to the credit performance of consumers with similar profiles and awards points for each factor. A total number of points — a credit score — helps predict how creditworthy you are, that is, how likely it is that you will repay a loan and make the payments on time. Generally, consumers who are a good credit risk have higher credit scores.

You can get your credit score from the three credit-reporting agencies for a fee. Many other companies also offer credit scores for sale alone or as part of a package of products. The FICO score is the most popular credit-scoring model and will be used for our discussion in this course. However, there are others that are frequently used, such as VantageScore, TransRisk, and PLUS Score.

The Fair Isaac Corp. developed the FICO score algorithm to predict the likelihood of bankruptcy or default. Three nationwide credit-reporting agencies — Equifax, Experian and TransUnion — collect and store your credit history and sell your FICO score to lenders such as banks, credit unions, auto finance companies and landlords. Lenders use your FICO score to determine your credit risk so it is important to regularly check your credit score.

Credit is a privilege, and the cost of that privilege is the interest you pay on your debt. The lower your credit score, the higher your interest rate. Higher interest rates mean higher payments. Credit scores vary. A “good” score is subjective, because it really depends on how much credit you are applying for, from whom and for what. For example, a “good” credit score to buy a house may be very different than a “good” score to get approved for a rental.

REFER learners to page **11-33** in the Student Manual and have them review the credit score chart.

When you focus on what is in your credit report, and making that the best it can be, your score will reflect on you accordingly. Those monitoring your security clearance are not watching your score, they care about your delinquencies and payment history. However, keeping your score; in mind can be a good guide to see where you are starting and how you are improving.



SLIDE 29

Five Components of a Credit Score

Because your score reveals whether you are winning or losing at the game of credit, then you need to understand how to score more points and avoid losing points.

Your FICO score is based on factors including:

- Your payment history
- The amount you owe
- How long you have had credit
- The types of credit you have
- The new accounts you have recently opened

We will talk about the two smaller areas of your credit score on this slide quickly before taking a close look at the three largest factors of your credit score.

Hard inquiries are only 10% of our total FICO credit score. Hard inquiries affect your score for a year and show for two. Soft inquiries do not affect your score at all, and no one can see them on your report except you.

Also worth 10% of the score are the types of credit you have. This is referring to the difference between revolving credit like credit cards, and closed end credit like a car loan you would pay off to close. As loans are a very expensive type of credit, and do not stay open as long as credit cards, it is not advisable to open a loan just to increase your score in this minuscule area of your credit score. It also initially lowers your inquiry score when you first open a new account.

Now let's look at what we want to give the most focus, our three highest scoring areas.



SLIDE 30

Play to Win!

For the biggest wins, focus on the three highest scoring areas. These rules work whether you are trying to build credit initially or fix an already troubled score. Let's master the basics in these key areas.

Your payment history has the biggest impact, making up 35% of your score.

Stay on the Offensive: Never miss a payment. Some people choose to set their minimum payments on autopay each month so they don't miss even when traveling or busy. Yes, they will need to go back in to pay in full or whatever their Debt Destroyer™ payment is, but this way they will not get hit with a late payment accidentally. This is a very proactive strategy.

Now let's talk Defense: Avoid delinquencies. When an unpaid bill or debt goes into collections, it affects this part of your credit score. Check your report for any collections. We recommend you avoid collections before they even show up. Don't ignore bills you don't agree with. Instead, call the company and discuss, go to your local Legal Assistance office, or see your Financial Counselor or Educator at your Installation Family Support Center. Also, make sure you submit change of address forms with the U.S. Postal Service every time you move to avoid missing that last bill or invoice.

How much you owe is 30% of your score.

Offense: Keep credit cards paid in full monthly. When you keep your card paid off before the statement due date and your card has a grace period, you won't be paying interest either. Nice to have good credit for free! If you must carry balances, keep them low and pay them down as quickly as you can.

Defense: Only charge large purchases for which you have already saved. Then pay the card off in full before the statement deadline. Also, be careful of card use on things like dining out, a night at the club or bar, and snacks. These may add up to more than you were planning. Some people choose to pay their credit cards off each pay period so balances do not go unchecked for too long.

Scoreboard Strategies: It is not always advisable to close a credit card once you pay off a balance. This can reduce the total amount of credit you have available compared to the total outstanding debt you carry, affecting this part of your score. Check with your PFM if you want some advanced score building strategies.

Just a side note: Debit cards are not the same as credit cards, and do not count toward these scores even though it may have a Visa logo.

Length of credit history aka time is 15% of your score.

This section counts both the amount of years you have been building credit, and the average length of time you have kept each card.

Offensive: Pick the right cards.

- Be picky about the cards you open
- Only open what you would keep for years
- Look for no annual fee
- Look for grace period
- Accepted everywhere/overseas

Defensive: Keep your cards longer! Charge something quarterly to keep the card open. Some cards close with lack of use. A small monthly bill being auto charged to this card could also fill this purpose. Just remember to pay them off before the due date.

Try to keep a card in just your name. When you marry, consider keeping a card in just your name and just in your spouse's name. You can get a joint card if you choose, but this way if a divorce happens in the future or you decide to manage your finances separately you don't have to close all of your cards and restart the clock. Couples may change how they manage finances during their marriage, so it saves both of your scores.



SLIDE 31

Strategies to BUILD Credit

Here is an area where CFSs can really make a difference navigating the credit game and coaching new players to the game.

Young adults typically have very low credit scores. This is because they tend to have very short or even nonexistent credit histories.

Starting out right can avoid some practices that cause people issues early on in their credit-building journey.

Offensive: Create a great credit score before your first loan (i.e. your first car loans). This can help you qualify for the best interest rates. Have this talk with your Service members before they go out to get that new car!

The first strategy of building credit cheaply is to use credit cards instead of loans. Why is this?

Credit cards are cheaper than loans if paid off in full each month. They typically can stay open longer helping your history. Additionally, when loans first open you owe almost your entire balance which lowers the “amounts owed” part of your score.

Also, with a loan you will almost always be charged interest. So, avoid loans at first and focus on strategic credit card use.

Defensive: Educate Service members on banking products that can run them off course. Line of credit products are often sold as overdraft protection at your bank or credit union. Many people do not even understand what they are signing up for. This is a credit product. It will show up on your credit report, and it comes with a cost. When you spend more than is in your account you essentially borrow from this line of credit and are charged a fee or interest rate, and then it is paid off with your next paycheck or deposit. This often causes a vicious cycle for Service members who are using the next paycheck to meet last week's charges instead of the planned expenses for the paycheck.



SLIDE 32

No One Wants to Give Me Credit

What if no one wants to give me credit?

It may surprise you that usually you can get a credit card even without credit history. You can ask card companies what their credit score ranges are for a credit card. Some websites like *bankrate.com* include searchable criteria showing the cards available at each range of credit score, including no score. This can be helpful to know before you apply.

Also, you may be able to apply for your first card easier through your personal bank where they have some record of your financial responsibility even if nothing is showing on your credit report yet.

As a last resort, retail cards are typically more forgiving when it comes to extending credit to customers with low or no credit. Service members should be cautious when applying for credit, however, and make sure they understand all of the terms of credit as well as the available protections. Be sure to check for no annual fee and a card you can use anywhere.

For those who find they cannot qualify for even those credit cards, it is still possible to build credit. Service members can seek secured credit cards, which require a cash deposit with the creditor. If the cardholder does not make payments on the card, they forfeit their deposit. Because the creditor has little risk, even applicants with poor or no credit are likely to receive approval.

Service members should read the fine print regarding secured cards' annual fees and other costs, which may qualify for waiving or lowering under the Military Lending Act or Service members Civil Relief Act. It is also important to confirm that the lender is going to report activity to one of the three nationwide credit bureaus — Equifax, Experian and TransUnion.



SLIDE 33

Strategies to IMPROVE Credit

If a Service member has credit, but it could use improvement, suggest a strategy session with you or your Financial Counselor or Educator at your Installation Family Support Center to create a spending plan, look at their credit, and make a game plan.

There are the general basics you learned already in this course, like spending less than you make and creating a spending plan. Another important strategy is to stop spending on credit until they have all their balances paid off. This alone can help turn a credit score around. Ideally charge only what they can pay off monthly. However, if they are already in debt, they may benefit from limiting credit spending until finally out of debt. If one wants to get out of a hole, it is important to stop digging it deeper.

Offensive: Adopt a debt repayment strategy.

There are a number of debt repayment strategies like our Debt Destroyer program. The snowball or avalanche repayment options can accelerate your path to being debt free. The Financial Services Provider How-to Guide includes specific instructions for completing this section of the eFPW.

When planning a debt repayment plan, don't forget to include any debts that have gone to collections. It is highly recommended to speak with your Installation Family Support Center Financial Counselor or Educator or local Legal Assistance office before contacting creditors to understand consumer protections and receive help with anything incorrect or illegal.

Offensive: Another strategy to lower your cost and improve your credit is to contact creditors.

They can help your client lower interest rates, which can lower monthly costs and provide more funds for a debt repayment plan. One easy way to ask for this is to call the existing credit card company, tell them you plan to switch to a card with a lower interest rate, and ask what they can do for you. In many cases, they will lower your interest rate to keep you as a customer. This can be effective if you have been a customer with an account in good standing for a year or more, have good credit, and are being charged a higher interest rate.

Additionally, you could be eligible to lower your interest rate through provisions in the Servicemembers Civil Relief Act (SCRA). The SCRA is a federal law that provides protections for Service members as they enter active duty. One of the provisions provides credit-rate reductions of qualified debt to 6% if a Service member's military obligation makes it difficult to pay on financial obligations such as credit cards, loans, mortgages, etc. Qualifying debts are debts that were incurred by the Service member, or the Service member and

their spouse jointly, before coming on active duty. Debts entered into after going on active duty are not protected by this provision of the law. For information on rate reductions under the SCRA, contact your local Legal Assistance office.

As we already said, focusing on your highest scoring areas can help get the most improvement in the early stages of score improvement. But none of this will last long term if one does not change their behavior. Remember that overcoming debt is more about behavior than financial knowledge. Helping your client talk through how they got into debt to begin with can be life changing. Are they living beyond their means? Are they satisfying all their wants and sacrificing all their needs? Are they an emotional spender or an impulse shopper? A Financial Counselor or Educator at your Installation Family Support Center or CFS can help figure out some manageable changes so that behavior moves Service members in the direction of building wealth, not drowning in debt.



SLIDE 34

PROTECT Your Credit

As a Service member, you already know it is important to protect the things that are important to you. Your credit is just another one of these things. There are a number of steps you can take to protect your credit.

Sign up for an active-duty alert with the three credit bureaus.

Check for identify theft by checking your credit report regularly. Look for accounts you have not opened and names or addresses that are not yours. If you expect ID theft, or are deploying and not planning to open any new credit, you can put a freeze on your credit. It's free, takes only a few minutes, and makes it virtually impossible for identity thieves to open new accounts in your name. If you choose not to freeze your credit, set up a fraud alert, which allows creditors to pull your credit report but requires them to verify your identity as the person making the request.

Credit monitoring is an easy way to stay on top of your finances, whether you're home or abroad. If you know there's a problem, you can take steps to correct any mistakes or fraudulent activity that may impact your credit score. Take advantage of free credit monitoring services designed specifically by the national credit bureaus for Service members. As of October 2019, all three credit agencies — Equifax, Experian and TransUnion — have a legal obligation to provide free credit monitoring for military members. In order to receive this service, military members must set up an active-duty account with each: Equifax, Experian, and TransUnion.

Limit the rights that you give away in any Power of Attorney (POA). This document may give or limit the ability to open new loans, open or close credit or bank accounts in your name, or sell or buy possessions. These become your financial obligations. Please talk with your local Legal Assistance office for more information on this important document and the things you should think about before signing one.

Keep your addresses current as you move. Call all your creditors to update your information and send in a change of address with *USPS.com* or at your local post office on base. This is important to make sure you receive your bills before the collection agency does. Prevention is the best cure for a good score.



SLIDE 35

The Cost of Credit

Credit is a privilege, and the cost is the interest you pay on your debt. As you saw from the discussion on credit scores, if you have good credit, you typically pay less in interest. If you have bad credit, or no credit, you will typically pay more.

As a CFS it is important that you help those in your command understand credit and debt, ideally before their first car loan.

When you are seeing new people coming into your command you may introduce the idea of meeting up if they are looking to buy a car as they transition in. This would give you a great opportunity to open a dialog about credit and debt. Maybe even refer them to the *Major Purchases* Handout from the TC Curriculum and encourage them to come in and see you for a strategy session before they go shopping. Important things for them to understand are:

- How much you borrow
- How long you take to repay
- How much you pay each month
- Where you borrow

How much you borrow and the years you take to repay affect the total cost of any item you purchase. The longer the loan, the more interest you typically pay. Paying extra principal each month can help speed up how fast you will pay things off and reduce the total cost of the original loan. Increasing your down payment or shortening the length of your loan will also reduce the overall cost. Let's spend a little more time looking at another important factor — where you borrow.



SLIDE 36

Where You Borrow

INSTRUCTOR NOTE: When reviewing the following information, warn learners to avoid predatory lenders as a place to borrow. Explain that when their own bank or credit union denies them credit, it should be considered a warning sign of poor creditworthiness. The situation will become worse by getting involved with a predatory lender.

Red means **STOP**. Yellow means **CAUTION**. Green means **GO**. Let's discuss these starting with the best options for borrowing at the bottom.

Credit unions: Credit unions are nonprofit organizations owned by members. They lend to members only and normally offer some of the most attractive rates.

Commercial banks: Banks are for-profit financial institutions that offer a wide variety of products. Banks typically lend to lower-risk applicants and rates are usually competitive.

Savings and loan associations: These associations are similar to banks, but they generally focus on mortgages or similar services.

Consumer finance companies: These companies normally deal with higher-risk applicants. Therefore, rates are higher than most of the other options mentioned. You may have seen furniture, jewelry or mattress financing stores that offer this.

Retail merchants: Retail merchants can be expensive places to finance any consumer purchase. Rates are often relatively high, because you are paying for the convenience of on-site financing. This applies to both in-store loans and credit cards that have promotional introductory rates that rise rapidly after 90 to 180 days.

Predatory lenders: Predatory lenders cater to very high-risk applicants who cannot get approved for credit elsewhere. This type of lender includes advance-fee loans, payday loans, subprime mortgages, title loans, refund-anticipation loans, pawn shops and rent-to-own stores. These lenders charge excessive interest rates and fees, may wrap in unnecessary insurance and often have pre-payment penalties. This is the most expensive money to borrow. If you are considering borrowing from these lenders, you should talk to a Financial Counselor or Educator at your Installation Family Support Center or your CFS first.



SLIDE 37

Managing Your Debt

While credit can be a good thing, too much of a good thing can often be bad.

Sometimes people wander into a debt situation that caught them off guard and they are not sure how to get out of it, or have completely lost hope of ever being out of debt. It is easy to become overextended if one is not managing their debt wisely. Are they aware of how much debt they carry or what an acceptable debt load is?

Have they calculated their debt-to-income ratio? All you need is an LES/Payslip and a list of all of their current minimum payments and you can help them out. It is very important to do before adding a new loan to make sure they are not throwing themselves over the 20% or less recommendation with the new loan. Encourage them to bring that in if they are coming to see you for a car-buying or debt repayment strategy session. A budget is vital to make sure they are actually able to afford the monthly payments. The creditors don't calculate this when approving them for an amount.

Helping your Service members become aware of the ins and outs of credit and debt can keep your command mission ready, and avoid the headaches that poor money management can bring to leadership.



SLIDE 38

Financial Warning Signs

Service members tend to have increased financial management issues for a number of reasons including age and military lifestyle. Service members tend to move away from home and their support system at a younger age than the general population. Deployments, frequent moves, the high cost of living at many military locations, and difficulties maintaining spouse employment can increase financial challenges for Service members and their families. Easy access to credit at a young age — without an understanding of how to manage it — can also factor into financial problems.

Not everyone is going to be proactive with their finances. There are warning signs that can help you spot trouble before it gets too out of hand. Look for these warning signs in your command. You may even be able to help catch someone before they fall off the cliff. See *Financial Warning Signs* Handout for more information.

INSTRUCTOR NOTE: Explain that the information you are covering is also on that Handout.

The following are possible warning signs of a fragile financial situation:

- Unable to pay bills
- Unable to afford car or having car repossessed
- Bounced checks or overdrawn checking account
- Spouse lost job
- Divorce/separation
- Not enough money
- No emergency fund
- Over your head in debt
- Facing foreclosure
- Can't sell your home

At this point, financial counseling is recommended to help initiate a plan of action. Things are reaching the critical stage when an individual or family is:

- Rotating bills — paying some this month, some next month
- Borrowing or getting cash advances to make payments — using credit to pay credit
- Being denied additional credit
- Hiding bills or being dishonest with family members about debts
- Seeking additional debt from predatory lending sources, such as payday loans or refund anticipation loans
- Having to rely on a debt-consolidation loan to reduce payments enough to meet monthly living expenses

At the critical point, financial counseling is essential to establish a plan and/or to provide outside sources of help to reduce debt to a manageable level. Helping them establish a budget and debt payoff plan should give you, and them, an idea of exactly where they are starting from. If it is evident that they will not be able to manage their debt obligations with their current situation, pull in assistance from a Financial Counselor or Educator at your Installation Family Support Center.



SLIDE 39

Summary

As a CFS, you will likely be a subject matter expert for your Command regarding Service member indebtedness, credit management, and clearance issues resulting from financial mismanagement.

So, to summarize what we covered in this chapter:

The military expects Service members to address their indebtedness and pay their legitimate debts.

Financial issues are one of the top five factors in security clearance denials. When managed correctly, credit can be a great tool. When abused, it can lead to higher costs, clearance denials or even separation from the military. It is important to help Service members understand their credit and check their credit report regularly.

Debt repayment plans like the Debt Destroyer can be used to gain control over one's debt. Know how to calculate the debt-to-income ratio to stay in safe ranges. Check before adding additional financing or loans.

Watch for the warning signs of financial issues in your command and have conversations early on to get people the help that they need to stay mission ready.

You as a CFS can make an impact on the mission readiness of your command by helping people understand how to properly use credit and debt and stay on top of their finances.



SLIDE 40

Questions?

VII. Forms

- See CFS Student Manual for the following forms:
 - ▶ Military Branch Policies on Indebtedness
 - ▶ Creditor Complaints
 - ▶ Collecting Commercial Debt from a Service member
 - ▶ Debt Complaints Discussion
 - ▶ Disqualifying and Mitigating Factors
 - ▶ Department of Defense Personnel Security – United States Navy, United States Marine Corps, and United States Army
 - Sample Statement of Reasons – DoD
 - DoD CFS Action Items for Statement of Reasons
 - Instructions for Response to Statement of Reasons
 - CFS Checklist for Successful SOR Counseling Sessions
 - DoD Personnel Security Appeals Process (Chart)
 - ▶ Department of Homeland Security Personnel Security – United States Coast Guard
 - Sample Letter of Intent – DHS USCG
 - USCG CFS Action Items for Letters of Intent
 - Most Common Supporting Documentation requested by SECCEN
 - USCG Personnel Security Appeals Process (Chart)
 - ▶ Avoiding SORs/LOIs Through Credit and Debt Management
 - How Does Credit Impact Your Life?
 - Credit Report Contents
 - CFPB Credit Report Review Checklist
 - What Is a Good Score?
 - Five Components of a Credit Score
 - Play to Win!
 - Strategies to Build Credit
 - What If No One Wants to Give Me Credit?
 - Strategies to Improve Credit
 - Protect Your Credit
 - The Cost of Credit
 - Where You Borrow
 - Financial Warning Signs



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 12 Financial Referral Resources

Instructor Guide



I. INTRODUCTION

This chapter is presented in two sections. The first section provides training on making appropriate referrals. The second section introduces common referral resources using guest speakers.

A key service the CFS may provide is referral to other programs or organizations that may assist the Service member. The main referral resources topics should be presented by a representative from the resource itself, when possible. Speakers should be scheduled from the Installation Family Support Center, Relief Society, and/or EFMP/Special Needs, TRICARE, or the Housing Office. There is time in the agenda set aside for three speakers to have 30 minutes each, so local sites should choose which resources are most appropriate. Guest speakers can be invited and encouraged to use their own PowerPoints. Handouts, brochures or other current printed materials are strongly encouraged and can be provided by the guest speakers or CFS instructors.

Guest speakers should be provided with an outline of speaking points and the time limit for their presentation. If no speakers are available, the site training team should have enough familiarity with the details of each program to cover the topic. Outlines have been provided, along with a fact sheet on each agency.

Chapter Correlation to Common CFS Task Areas:

- 1. Education and Training:** This chapter has no direct correlation to PFMSC modules. However, the information presented in the resource training portion will complement any and all general training conducted by the CFS, as "Sources of Help" is a part of each PFMSC module. Additionally, the CFS is exposed to many different training techniques when guest speakers are invited into the classroom.
- 2. Information and Referral:** Learners are given "facetime" with key financial referral resources, enhancing their understanding of what the resource does and the ability to clarify appropriate application to client situations.
- 3. Counseling/Coaching:** Referrals often are an important aspect of counseling, and knowing the right way to make the referral to the appropriate resource can motivate a client to action. This topic provides necessary and relevant training for a key part of the counseling cycle.



II. LEARNING OBJECTIVES

Using a scenario-based activity, the learner will identify the appropriate referral resources for situations commonly encountered by a CFS. Using blank resource pages, the learner will create a resource list of important local referral resources.

III. OUTLINE

INSTRUCTOR NOTE: Relevant portions of this outline can be given to guest speakers to use as a guide for presentations. These first three speakers are strongly recommended: Installation Family Support Center, Branch Relief Organization and TRICARE. However, each instructor and site has flexibility to schedule guest speakers according to local availability and in reference to key local concerns. A variety of suggested alternate guest speakers is provided below.

1. Make a Referral

- a. Steps to Making an Appropriate Referral
- b. Developing Your Resource Database
- c. Resources for the Savvy CFS
- d. Activity: Resource Case Studies

2. Service Branch Relief Organization

- a. What Is the Relief Organization?
- b. Who Is Eligible for Assistance?
- c. Financial Assistance
- d. Policy Limitations
- e. Making a Referral to the Relief Society
- f. Interview Process
- g. Loans vs. Grants
- h. Denials
- i. Other Services and Programs
- j. Volunteer Opportunities
- k. Where to Get Additional Information
- l. Relevance of Program to CFS Program

Recommended handouts: Brochures or flyers from relevant organization. Organization websites.

3. Installation Family Support Center (edit as needed for your specific location) DoD:

- a. Deployment Readiness
- b. Ombudsman Program
- c. Personal Finances
- d. New-parent Support
- e. Transition Assistance
- f. Family Employment
- g. Relocation Assistance
- h. Family Advocacy
- i. Sexual Assault
- j. Life Skills
- k. Volunteer Services
- l. Clinical Counseling
- m. School Liaison Officer
- n. Where to Get Additional Information
- o. Relevance of Programs to CFS Program

4. Installation Family Support Center Coast Guard:

- a. Critical Incident Stress Management
- b. Suicide Prevention
- c. Sexual Assault Prevention and Response
- d. Family Advocacy
- e. Ombudsman
- f. Special Needs
- g. Family Resources (to include Child Care Resources, Elder Care Resources, Adoption Resources, and Scholarship Resources)
- h. Personal Finances
- i. Transition Assistance
- j. Relocation Assistance
- k. Family Employment
- l. Licensed Family Child Care (FCC) Provider Program
- m. Health Promotions

Recommended handouts: Resources from local Installation Family Support Center, including general information and/or specific program brochures, class schedules, contact information, Military OneSource or CGSUPRT brochure, etc.

INSTRUCTOR'S NOTE: As either part of the Installation Family Support Center briefing, or in addition to it, please discuss with CFSs the benefits available through Military OneSource (DoD) and/or CG SUPRT (Coast Guard). If possible, provide handouts for these resources as well.

While larger installations may have a staff that can address all Service member support needs, these are a valuable resource for Service members assigned to more remote locations and/or with duty schedules that make it difficult to access support center resources during normal business hours.

5. TRICARE

- a. What Is It?
- b. Eligibility
- c. Main Features
- d. Filing Claims
- e. Enrollment
- f. Deductibles
- g. Maximum Out-of-Pocket Expenses
- h. Availability
- i. TRICARE Dental/FEDVIP

Recommended handouts: TRICARE Plans Overview, TRICARE Costs and Fees, www.tricare.mil/publications

6. Other Resource Guest Speaker Ideas

- a. Exceptional Family Member Program (EFMP) / Special Needs Program – While this should be covered in the Support Center brief, Service members with special needs family members may face particular financial challenges, and therefore it may be beneficial to address this topic with additional time and attention. Key talking points for this topic include:
 - What Is EFMP/Special Needs?
 - Who Enrolls?
 - What Determines Assignments?
 - How to Enroll
 - Where to Get Additional Information
 - Relevance of Program to CFS Program
- b. Housing Office – In some locations, high cost of living or other factors may create challenges with securing housing. Key talking points for this topic include:
 - What Does the Housing Office Do?
 - Housing Issues and Challenges at Your Location
 - Where to Get Additional Information
 - Relevance of Program to CFS
- c. WIC
- d. Non-Government Organizations (NGOs) or Non-Federal Entities (NFEs) like nonprofits and financial institutions that have an agreement with the branch of service or local installation
- e. HUD-approved credit counseling services

IV. CHAPTER PREPARATION

Presentation Time:

- **Making a Referral Lecture and Resource Case Studies Activity:** 45 minutes
- **Guest Speakers:** 90 minutes (30 minutes each for three speakers)

INSTRUCTOR NOTE: If utilizing the longer (60-minute) Legal brief, the Guest Speaker time is reduced from 90 minutes to 60 minutes.

Presentation Materials

- PowerPoint Slides, “Financial Referral Resources”
- Student Manual CFS 12
 - ▶ Making a Referral
 - ▶ Developing Your Resource Database
 - ▶ Resources for the Savvy CFS Resource Case Studies
 - ▶ Blank Resource Note-Taking Pages
- Additional information for learners as provided by guest speakers
 - ▶ TRICARE materials (should be provided by guest speaker or local site instructor)
 - ▶ Branch Relief Society materials (should be provided by guest speaker or local site instructor)
 - ▶ Installation Family Support Center materials (should be provided by guest speaker or local site instructor)
 - ▶ Supporting materials for other guest speakers or resource topics (provided by guest speaker or local site instructor)

Preparation

If you have decided to use a card system, ensure that the 10 cards with case studies and cards for each appropriate resource for each case study (there will be repeats) are created prior to the course.

Summary of Learner-Centered Activities

- **Resource Case Studies:** Learners match common client problems with appropriate resources.

V. REFERENCES

www.nmcra.org (Navy-Marine Corps Relief Society)

www.cgmahq.org (Coast Guard Mutual Assistance)

www.aerhq.org (Army Emergency Relief)

www.afas.org (Air Force Aid Society)

www.tricare.mil (TRICARE Management Activity Portal)

www.militaryonesource.mil (DoD)

www.cgsuprt.com (Coast Guard)

https://www.nsfamilyline.org

VI. CONTENT



SLIDE 1

Financial Referral Resources

REFER learners to page 12-3 in their Student Manual, “Making a Referral.” **EXPLAIN** that one critical part of your role as a CFS is to make successful referrals. There are limitations to your training, authority, or personal abilities as a CFS, and the client may have underlying problems contributing to his or her financial problems that are beyond your expertise. Your goal is to prevent financial problems from recurring by the most effective means possible. Your responsibility is to discuss other sources of help with the client and to suggest referrals to the appropriate community and military agencies.

It is assumed that you come into this class with a broad knowledge base of available resources by virtue of your life and career experience. Shortly, we will pull all of this information together as we work through a few short case studies. It will be obvious to you that you are not alone when functioning as a CFS, but in fact there is a whole team of organizations and agencies standing by to help your client when you have done all you can.

Later in the training you will be introduced to some very common referral resources.

INSTRUCTOR NOTE: Students can use Student Manual pages 12-14 to 12-21 to compile a list of local resource referrals.



SLIDE 2

Steps to Making an Appropriate Referral

BRIEFLY REVIEW the steps to making an appropriate referral:

1. Determine the needs of the client,
2. Determine if a referral is necessary,
3. Select the appropriate referral resource and make the referral, and
4. Monitor and follow up.



SLIDE 3

Determine Client's Needs

Determine the needs of the client: In step one, we determine the client's specific needs. This should be evident after working through the Financial Planning Worksheet. Consider the following when contemplating a referral:

First, know that there are people you CANNOT help as clients. In such cases, work with the command, security, the Substance Abuse Rehabilitation Program coordinator, or other people in authority.

These would include:

- People who are engaged in any kind of criminal activity. Do not endanger yourself or open yourself to possible legal problems and time-consuming criminal court appearances.
- Drug addicts or alcoholics, unless in supervised treatment. If you find a large amount of income for which you cannot account in their listed expenses, there is a good possibility that such income is being used for alcohol, drugs, or gambling, or for some other activity that your client wants to hide.
- Intoxicated persons. Do not attempt financial counseling with someone who is drunk or drugged, but be careful not to jump to conclusions about behavior that initially might suggest that the person is under the influence of intoxicants.
- Psychotic and borderline personalities. Such people will tend to exhibit intense outbursts of emotion, such as uncontrolled crying or screaming, amnesia, hallucinations, exceptional fear or rage.

If you identify or suspect emotional issues and other kinds of problems that CFSs are not prepared to handle, these issues may be exceptions to the Privacy Act and you should refer to Installation Family Support Center's professional therapists, service substance abuse program, local authorities, or the local Military Treatment Facility (MTF) for assessment.

Examples include:

- Talk or hints of suicide/homicide
- Problems with substance addictions
- Problems with psychological addictions
- Spousal or child abuse
(Note: As a Service member, you are a mandatory reporter for suspected or known child abuse or neglect. Per law, you can report to Family Advocacy or your state's child protective services.)
- Marital problems
- Interpersonal problems at work
- Anger-management problems; intense or uncontrollable outbursts of rage, fear or other emotions

- Chronic and severe depression
- Phobias
- Chronic insomnia
- Amnesia
- Hallucinations
- Feelings of profound helplessness
- Extreme anxiety
- Verbal responses unrelated to your questions
- Generally bizarre behavior

Once you have worked with the client and determined that he or she is to be a client, you will know if a financial referral is appropriate after working through some of the following considerations:

Immediate needs: Does the client have an emergency need that must be addressed NOW? Refer to the appropriate emergency referral resource:

- If the client has received an eviction notice, when is the last date the client can occupy the residence?
- If the client has received a cut-off notice for utilities, when will the service be terminated?
- Does the client have enough money for food and other necessities until the next payday?
- Does the client have adequate clothing and transportation?
- What resources does the client have available to meet his/her emergency needs, such as savings, checking, cash-value life insurance, family, friends, etc.?
- Recommend that the client return for a follow-up appointment after meeting with the appropriate emergency referral resource.

Long-term needs: Assess the client's needs that do not require immediate intervention. Here you may need to refer to an appropriate financial referral resource, or you may be able to handle the client's problems yourself:

- Has the client ever seen a financial counselor regarding financial problems?
- Is the client delinquent in paying any accounts? If so, when was the last payment made on each account and the amount?
- Is this the first time the client has experienced financial difficulties of this sort?
- Have any of the client's debts been turned over to a debt-collection agency?
- Has the command received Letters of Indebtedness concerning the client?
- Has the client received final notices for payment from any creditors?
- Are any of the client's creditors threatening to take legal action?
- Has the client had any judgments filed against him or her by creditors or received notices to appear in court for non payment of debts?
- Has the client contacted the creditors and tried to work out a repayment plan? If not, when was the last time the client contacted the creditors?
- What has the client done to solve the problem?

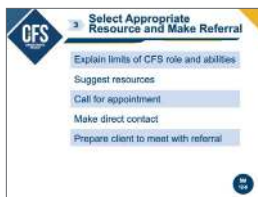


SLIDE 4

Is a Referral Necessary?

In the next step, you will decide whether the client needs help that goes beyond your scope of training and responsibility as a CFS. In making that decision, consider the following questions:

- What is the client asking of me?
- What is the severity of the problem?
- In what area does the problem exist?
- Who is involved other than the client seeking help?
- What are the consequences of the client's or my actions?
- What additional information is needed to solve the problem?
- What support is the client seeking and/or needing?
- Is the problem similar to others I have dealt with?
(**ASK** What if the answer is no? There is a first time for everything...)
- Are other personal problems involved outside of the financial concerns?
(You take care of financial problems, refer to other resources for other problems, such as emotional fallout.)
- Is money needed to solve the problem? (Refer to an agency with money.)
- Are court proceedings or legal actions indicated? (Refer to Legal.)
- Does the problem require long-range planning, frequent follow up, and close monitoring? (SFFC is short-term — refer to an outside financial-counseling agency.)
- Will it take longer than three months or five sessions for the client to be able to resume managing his or her financial affairs without my support?
(SFFC is short-term — refer to an outside agency.)
- Are the client and/or I uncomfortable discussing the problem?
(Find a way to deal with the discomfort or refer to another CFS or Financial Counselor at your Installation Family Support Center.)
- Do you know of outside agencies that fit this client's situation?
Can we work together?
- Are there other military programs that fit this client's situation?
Can we work together?



SLIDE 5

Select Appropriate Resource, Make Referral

Select the appropriate referral resource and make the referral: By conducting the assessment via the questions listed above, you should be able to come to a decision regarding the appropriateness of a referral. Once you have a thorough understanding of the client’s needs and problems and have made the decision to refer the client to a helping resource, you should make the referral promptly.

- Explain that you have done all you can as a CFS or that the client’s needs go beyond the scope of your service and expertise. Any further progress toward a solution for the problem requires the use of another resource. Select the referral resource best suited to assist with the client’s particular problem. Select no more than two to three resources per client session. Be specific and direct in suggesting the resource.
- Suggest that the client call the specific agency or professional service and make an appointment.
- With the client’s permission, you can do a warm hand over or call the referral resource and set up the appointment while the client is in your office. Let the agency know that this is a command referral and briefly describe the client’s problem.
- Tell the client that it is recommended that they follow through with seeing the referral resource.
- Prepare the client for the appointment with the referral resource.
 - List what the client needs to prepare for the appointment.
 - Give written information to the client — date, agency, address, telephone number, contact person, time of appointment, and information to bring to the interview. Use the “Action Plan” referral section of the Financial Planning Worksheet.
 - Arrange for absence from work, if necessary.



SLIDE 6

Monitor and Follow Up

Monitor and follow up. Follow up with the agency and the client after completing the referral.

- Did the client keep the appointment?
- Was the referral resource able to help the client? If so, what assistance was given?
- Continue to offer support and encouragement to the client as he or she works out the financial problem and monitor/record progress of the client in your case file.
- Does the client need anything else?



SLIDE 7

Develop Your Resource Database

Making prompt and appropriate referrals for your client is a key task of the Command Financial Specialist. You must be aware of the available resources in the community and in the military. Find out what they do, if they are reliable, if they are accessible, if your client is eligible for services, etc.

Develop a referral resource listing, database or file system. Include the following information:

- Name, address, telephone number, email address and website of each referral resource,
- The name of a contact at the agency or organization,
- A brief description of services provided, and
- If available, have copies of brochures from the resource.

Learners will be able to compile a substantial listing of financial resource referrals from information given out in this class. **REMIND** learners to use Student Manual pages 12-14 to 12-21 to compile their resource referral list.

Learners should be sure to include all websites given out during the class in their resource list. Finally, they should write down the name, email address and phone number of their Installation Family Support Center's Personal Financial Manager, who always is standing by to assist them with finding the appropriate resource.

Resources for the Savvy CFS

REFER learners to pages 12-8 through 12-11 in their Student Manual, "Resources for the Savvy CFS." **BRIEFLY REVIEW** the listing along with the Governing Directives in Appendix H. **ENCOURAGE** the learners to add to these lists as they find new resources and to share their resources with their fellow CFSs.



SLIDE 8

Resource Case Studies

INSTRUCTOR NOTE: This activity is enhanced by the assistance of the Information and Referral Specialist from the local Installation Family Support Center, if available.

The presenting instructor should close out each case study by repeating the appropriate referrals to ensure all students hear the correct answers.

Time: 15 to 20 minutes

Materials

- Resource Case Studies, Student Manual pages 12-12 and 12-13
- Dry erase board or giant Post-It paper and markers
- Option: If using a card system, 10 cards with case studies and a card for each appropriate resource for each case study (there will be repeats)
- Information and Referral listing provided by local Installation Family Support Center I&R specialist, if one exists or is available

Process

- **REFER** learners to the Resource Case Studies on pages 12-12 and 12-13 in their Student Manual. **EXPLAIN** to learners that the activity will help them apply the resource education they have received as well as resource knowledge they brought into class with them.
- The activity can be done individually, in pairs or in small teams. Have each person or team read one case study and determine which referral resources would be appropriate. After 5 minutes, ask one person to read the case study and the resources they recommend. Begin a running list of all resources suggested. Continue in similar fashion through all the scenarios. At the end of the exercise, the class will have built an extensive list of resources that will be posted throughout the week showing the extent of referral resources available to help the CFS. You can add to the list as the week progresses.
- Use the “Card System” for the Case Study exercise: Put each case study on a separate index card; if you do the exercise this way, you may want to laminate the cards. Put the name of each resource for each case study on a separate card. Note that there will be several cards with the same resource listed. Hand out the case study cards to each learner or learner team. Spread out the resource cards on a table at the front of the room. Have learners read their case study to themselves. When they are done reading their case study, invite all learners at the same time to come to the front table and pick out the resources best suited to their case study. There may be a few moments of confusion and a few moments of “bargaining.” After about 10 minutes, have learners sit, and progress through the reading of the case studies and listing of resources as spelled out in the practical application above. Collect all cards at the end of the exercise. This option allows for more interaction among the learners and gets them up and out of their seats, should the instructor feel that is needed at this point in the course.

Resources Case Studies

Answers may vary from site to site. Instructor should update with any relevant local resources with which the CFS should be familiar.

1. The day after a command party, Deborah Jones calls you begging for help. She and her spouse, Daryl (E-5) got into a big fight. She says that he was angry that she would not let him drive home as she felt he had too much to drink. She then tells you that he hit her several times.

Command family advocacy point of contact, command/service Substance Abuse Rehabilitation Program POC, chaplain, Installation Family Support Center clinical counselors

2. You are the sponsor for Melissa Marino (E-4). She is due to report to the command in two months. She informs you that she is a single parent of a special needs child. She requests information on resources for her child and how to get past-due child support.

Exceptional Family Member Program/Special Needs Program, Community Services Board (early intervention programs, respite programs, mentally challenged and abuse issues), Installation Family Support Center I&R specialist and Relocation Assistance Program, Child Development Center, TRICARE health benefits adviser, Legal, state child support office

3. Dave Candelaria (O-1) is reporting to your command and you heard that he got married while home on leave. His wife Tricia is new to the military and needs resources for the area. Additionally, she is a nurse and is looking for a job and information on paying off her student loans.

Installation Family Support Center for programs such as family employment, relocation, education, I&R, and classes such as New Spouse Orientation, local state employment office, Military Installation Guide for your location — available through command or service websites and for DoD, through *militaryonesource.mil*

4. Jose Portilla (E-5) reports to you that due to a computer problem, he was not paid. He is married and they have a 6-month-old baby. His immediate concerns are paying rent and buying food and baby supplies.

Service Relief Organization for rent, food and baby supplies, command admin and DFAS/PPC to resolve pay issue, WIC, Supplemental Nutrition Assistance Program (SNAP), Commissary (where available)

5. Sarah Mack (E-3), single and lives on base, just found out she is pregnant. Her fiancé just deployed. She is looking for information on child care and any other financial resources that might be helpful, including housing.

Base Housing office, Child Development Center, Installation Family Support Center I&R specialist, Branch Relief Organization (Budgeting for Baby or similar training), Military Treatment Facility, New Parent Support (where available), WIC

6. Peter Cain (O-3) is a single parent at your command. His sister will be taking care of his child while he goes on a six-month deployment. He is requesting information on how his sister can get on base to have access to medical and other facilities.

Designated-shopper or agent-assist program, Command Admin (ID card), Legal office (Specific Power of Attorney – medical/education), TRICARE, Command Ombudsman

7. Rebecca Steed (E-2) approaches you and is very upset. She recently got married in between boot camp and her first duty station, but her dependent BAH has not started yet. She and her new spouse signed a lease upon arrival, but without the dependent BAH they are at risk of being unable to make the next rent payment.

Service Relief Organization, Base Housing office, Marriage & Money class, Command Admin and/or DFAS/PPC to resolve pay issue

8. Stan Morrow (E-5) has recently become separated from his spouse. He is not sure if they want to get divorced. He is looking for resources and options.

Installation Family Support Center clinical counseling, TRICARE counseling, chaplain, Legal

9. Craig Barnes (E-6) and his spouse have just arrived from overseas to your command. He tells you that their household goods have not arrived. He tells you his foreign-born wife speaks very little English and that they are expecting their first child.

Local Adult Learning Center for English as a Second Language classes, Branch Relief Organization (Budgeting for Baby or similar training), Military Treatment Facility (where available), TRICARE Household Goods office

10. Shelia Edwards (E-4) approaches you requesting help for a co-worker who has financial problems. The friend is an E-2, now two months behind on their car payments, and has high credit card debt. Additionally, Shelia admits her friend is stressed out by these problems.

Service Relief Organization, Installation Family Support Center for clinical counseling and for financial counseling with a Financial Counselor (PFM Staff), chaplain

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Making a Referral
 - ▶ Developing Your Resource Database
 - ▶ Resources for the Savvy CFS
 - ▶ Resource Case Studies
 - ▶ Resource Note-Taking Pages



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 13 Instructional Techniques


Instructor Guide

I. INTRODUCTION

This chapter includes a review of instructional techniques for Command Financial Specialists. It is crucial to explain the importance of training at the command level and to work with learners to enhance both their training skills and their comfort with providing training.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** Introduction to the chapter includes a review of the Instructional Techniques. This is a main element and provides learners the opportunity for specific instruction on how to be an effective trainer.
2. **Information and Referral:** No direct correlation.
3. **Counseling/Coaching:** No direct correlation.



II. LEARNING OBJECTIVES

Upon completion of this lesson, the class should have a foundation of instructional techniques that will assist them in providing trainings for small or large groups on financial topics. This could include a variety of training purposes and settings, for example, General Military training, and mandatory financial Touchpoint training.

III. OUTLINE

1. **Introduction**
2. **Instructional Techniques**
 - a. Adult Learner Characteristics
 - b. The Learning Channels
 - c. Active Training Techniques
 - d. Motivate Your Learners
 - e. Visual Aids
 - f. Handling Classroom “Personalities”
 - g. Practically Perfect Presentations Checklist
3. **Resources**

IV. CHAPTER PREPARATION

Presentation Time: 45 minutes

Presentation Materials:

- PowerPoint slides, “Instructional Techniques”
- Student Manual CFS 13
 - ▶ Adult Learner Characteristics
 - ▶ Active Training Techniques
 - ▶ Facilitating Discussion
 - ▶ Motivate Your Learners
 - ▶ Humor in Presentations
 - ▶ Visual Aids
 - ▶ Handling Classroom “Personalities”
 - ▶ Practically Perfect Presentations Checklist

Presentation Options

- Learners should be familiar with CFS Chapter 13 Instructional Techniques after having read it for homework. The chapter begins with questions that the learner should have answered prior to reading the chapter and modified as they read the chapter.
- Review the learner-centered activities provided and be prepared to explain to students how to complete each activity.
- Instructors should review “INSTRUCTOR NOTE” items, some of which refer to content in the Student Manual that learners may wish to read later or use for future reference, but will not be covered in detail in the chapter. This applies to the topics Humor in Presentations and Visual Aids.

Summary of Learner-Centered Activities

- **Motivate Your Learners:** Learners will participate in a guided note-taking exercise as this material is presented. By writing the key phrases identifying motivation strategies, this will reinforce the tools learners can use when they make their own presentations.
- **Handling Classroom Personalities:** Learners will participate in a guided note-taking exercise as this material is presented. The slides will display a variety of information for each personality, and learners will be asked to write down one item from each category they believe will help them most, providing a relevant takeaway they can easily apply later.

V. REFERENCES

NAVETRA 14300A

NAVAL LEADERSHIP AND ETHICS CENTER, *Facilitation Skills Handbook OCT 2017*

VI. CONTENT



SLIDE 1

Instructional Techniques

REFER learners to the “Instructional Techniques” information starting on 13-2 of the Student Manual. **ASK** how many have had formal trainer instruction. **ASK** about their comfort level in conducting training at their command. **EXPLAIN** that although the local Installation Family Support Center is available to conduct command-level training, the CFS is encouraged to conduct stand-up training and will be provided with all the resources they need to support training.

A CFS brings a wealth of experience to the command. They also bring “baggage” such as bias, stereotypes, bad experiences, and past challenges. A CFS provides training to educate the audience, not to coerce their decision process.

Optional Discussion: Best/Worst Training Experiences

Command Financial Specialist students have no doubt observed a wide range of trainings, some that were excellent and highly effective, and others that have been less so. This discussion will help students to think about how good or bad training practices affect learning outcomes.

ASK the class: What are some things that make trainings effective? What have you seen trainers do that makes them a great presenter?

Then **ASK** the class: What things have you seen that make a presentation not so good, aka, what NOT to do?

You may consider asking the class members who are currently or have previously been responsible for training, and ask if they want to share a best practice that they have found effective as a trainer.



SLIDE 2

Adult Learner Characteristics

Andragogy – Characteristics of Adult Learners

Adults learn best when what they are taught seems useful and will attend training because they want to be there and they have chosen to learn something new. However, they need to buy into the value of training. So, trainers need to uncover issues that will motivate adults to participate.

REFER learners to pages 13-3 and 13-4 of the Student Manual for a summary of these points.

Self-concept. Our learners are directed by their own plan. They want input into what the learning outcomes will be. Course and topic objectives still have to be

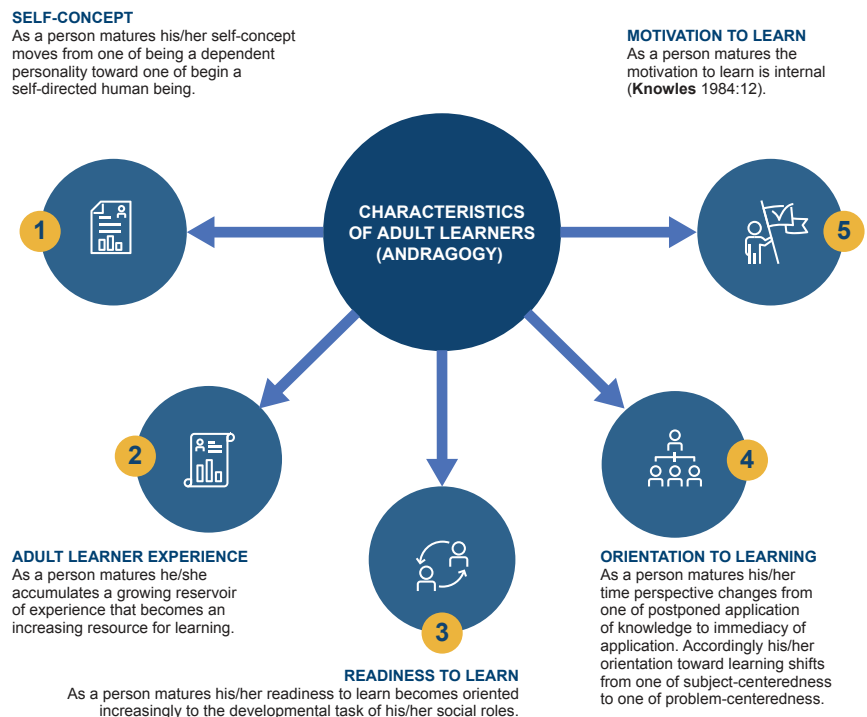
met, but learners might want to take it further. As a facilitator, it is up to you to use your time wisely and use discretion on how you will meet the learner's needs.

Experience. Our learners bring an ever-growing reservoir of experience and knowledge to the classroom. They want to, and need to share their experiences with the rest of the class. It is your job as a facilitator to solicit this experience and ensure it relates to the objectives.

Readiness to learn. Our learners are focused and ready to learn in a highly pragmatic way. They want to learn those things that will have a direct impact on themselves, their family, and/or their work. Relate the material being taught to practical applications. Our learners want to hear real life lessons learned. They want to share our challenges and our successes. Too much theory without practical applications will lose the adult learner.

Orientation to learning. Our learners need more problem-centered learning than subject-orientated learning. Learning about a specific leadership or ethics theory is not suitable for adults, unless they can see and practice the application of this theory. It is important for facilitators to choose case studies that are relatable (by rank, warfare, experience, etc.) to the audience.

Motivation. Our learners are learning for a reason and they are pushing themselves from within. They are sparked by an inner source and have a sense of urgency about their learning. We recognize that not all of our learners might share internal motivation, such as those who must take our courses as a requirement. Use class time to include the learner's experiences and strengths to emphasize the value they bring to the classroom.





SLIDE 3

The Learning Channels

In your reading last night, you should have reviewed a brief piece on adult learning styles. Generally, adult learning is broken down into three types: visual learners, auditory learners and kinesthetic learners. **ASK** the class to differentiate between the three. **ASK** for examples of what types of teaching styles would work best with each learning style.

REINFORCE that a trainer’s challenge is to maintain learner attention, build learner interest, and develop learner involvement. This can be done best using active training techniques.



SLIDE 4

Active Training Techniques

Instructors have a wide variety of techniques they can use to enhance learning, when those techniques are used well. We are going to review a variety of these techniques and cover practical “dos” and “don’ts” that will help you be effective in training.



SLIDE 5

REFER learners to page 13-6 of the Student Manual. As you show each slide, invite students to call out the dos and don’ts of these training techniques. If time allows, invite students to add additional relevant examples of dos and don’ts.

INSTRUCTOR NOTE: Each of the following slides is animated, first showing a blank list of Dos and Don’ts, and then a click will bring up the relevant points listed in the Student Manual. The blank slides indicate the number of “Do” or “Don’t” points for that topic.

TECHNIQUE	DON'Ts	DOs
<h3>Demonstrating Expertise</h3>	<ul style="list-style-type: none"> Believe you are the ultimate subject matter expert, or Fail to prepare yourself as a subject matter expert 	<p><i>Remember</i></p> <ul style="list-style-type: none"> It is OK not to know everything It is OK to be imperfect as an instructor To facilitate learning, rather than deliver it



SLIDE 6



SLIDE 7

Relating Training to Real Life

- Be afraid to ask participants to raise their real-life challenges in the class

- Add your personal stories to add interest or to highlight a point



SLIDE 8

Gaining Attention

- Forget that you are not the focus of the training; you are only the facilitator

- Use your presentation skills to capture student attention with something novel, a story, a visual, animation, or question



SLIDE 9

Using Visual Aids

- Use PowerPoint to
- Show every word you have to say
 - Read from the screen

- Use PowerPoint to
- Focus the conversation
 - Highlight points
 - Illustrate models



SLIDE 10

Highlighting Important Points

- Insist on delivering every point you believe should be made

- Use memory aids for important points, for example:
- Starting with the most important content
 - Repeating it and relating it
 - Providing organizers such as outlines, flowcharts, acronyms, and chunking

TECHNIQUE

DON'Ts

DOs



SLIDE 11

Using Movement in the Classroom

- Stand in one place in the classroom
- Be afraid to go close to participants

- Move close to students
- Look directly at each participant throughout the class (Eye contact is important)



SLIDE 12

Using Questions to Generate Discussion

- Be afraid to:
- Question what participants say
 - Encourage others to question you
 - Call on specific participants

Use effective questioning, for example:

- Asking open-ended questions
- Asking follow-up questions to participants' answers
- Reflecting answers to other participants



SLIDE 13

Motivate Your Learners

Motivating learners may be one of the most important things you do in the classroom. When people are engaged and motivated to learn, they experience increased retention and greater ability to apply their learning.

REFER learners to page 13-7 of the Student Manual, “Motivate Your Learners.” This slide covers eight motivation strategies. In the Student Manual, a summary of each strategy is shown in the right column of the table, and the left side is blank. As the instructor describes each motivational strategy, learners should fill in the concept from the slide that matches each summary.

CONCEPT
Create useful and relevant learning experiences

SUMMARY
Emphasize the practical knowledge. It is important to design a course that provides immediate relevancy. Learning materials that can be put into practice. Adult learners appreciate more practical knowledge, rather than extraneous facts and theories.

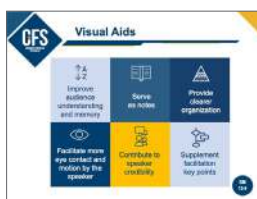
- Facilitate exploration** Adult learners sometimes like to take the opportunity to construct knowledge in a way that is meaningful to them. For this reason, you should have all sorts of materials, references, infographics, short videos, lectures, podcasts, and free resources available. In such an environment learners are more likely to get inspired or find something that makes them want to learn more.
- Use humor** Humor would work great even with the most demotivated learners in your course. When your students know you are funny, they will listen to your material carefully, because they would not want to miss on your witty sense of humor. You can never lose with that. (See INSTRUCTOR NOTE below).
- Chunk information** “Chunk” information as much as possible. It helps people remember and assimilate information. Small bits are easier to process.
- WIIFM: What’s in it for me?** Empower participants to individualize the training to suit their needs and to work on their goals for the training.
- Let learning occur through mistakes** Let your audience answer questions incorrectly. According to a German proverb, “You will become clever through your mistakes.”
- Are your visual aids interesting?** Did you know that 83% of learning occurs visually? Utilize visual aids to convey key points or to make relative connections.
- Get emotional** If you do not sound inspiring, if your materials are not exciting, how will you motivate your learners? Get participants emotionally involved – making controversial statements and adding real stories can engage them in the lesson.

INSTRUCTOR NOTE: Additional material on using humor in presentations is included below and in the Student Manual. If you have time, feel free to discuss some of these strategies. If you do not have time, refer learners to page 13-8 in the Student Manual for future reference.

More on Humor

If you have time, review some of these additional ideas and talking points about using humor in training.

- Appropriate humor will turn “ha-ha” into “a-ha”
- Humor helps people relax
- During and immediately after the use of humor, people suspend judgment. This is a teachable moment — call it the “laughter-math” and take advantage of it.
- Humor can be very simple — showing a funny cartoon, T-shirt, hat or button. It can be more complex — humorous ways of choosing groups, games and activities with a humorous twist. Humor can include props as well. Although humor should be appropriate to the training, there are times when humor for humor’s sake is OK, too.
- Humor makes training fun, but it doesn’t make fun of trainees.
- Humor isn’t necessarily telling a joke so much as communicating a sense of humor.
- Here are eight E’s of humor:
 1. Environment: have a humor-filled environment
 2. Entrance: Start the workshop with humor
 3. Ear Ye, Ear Ye: Listen to participants; let them share humor
 4. Exercise: Use humorous but relevant exercises
 5. Exaggerate: Use humorous exaggeration to stress a point
 6. Energize: Use energizers that refresh and amuse
 7. Enhance: Use humor that goes for the jocular vein, not the jugular!
 8. Extend: Use humor that will extend learning



SLIDE 14

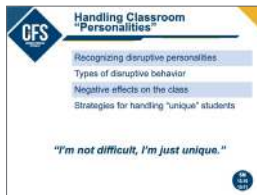
Visual Aids

Visual aids can powerfully help the effectiveness of a speech. Many speeches benefit from having objects, images, key quotes, or data presented in a clear and dramatic fashion. Visual aids vary in kind, but there are similar benefits and tips for dealing with any kind of supplementary evidence that is shown to an audience. AVOID “Death by PowerPoint”

Visual aids can:

- Improve audience understanding and memory
- Serve as notes
- Provide clearer organization
- Facilitate more eye contact and motion by the speaker
- Contribute to speaker credibility
- Supplement facilitation key points

INSTRUCTOR NOTE: Time may only allow for a brief review of the benefits of visual aids as presented on the slide. The Student Manual also includes a list of “Tips for using visual aids” which learners can use as a reference when preparing for their own presentations. **REFER** learners to page 13-9 in the Student Manual for additional tips on creating and using visual aids.



SLIDE 15

Handling Classroom “Personalities”

The first challenge a facilitator has when managing participant behavior, is recognizing the efficacy and extent of comments. Then the facilitator must choose the appropriate intervention, to ensure the dialog is productive. Inevitably you will encounter behavior in the classroom that is not productive for learning. It is not necessary or appropriate to intervene each time a group member manifests a disruptive behavior. One or two exhibitions of negative behavior do not constitute a pattern.

Only when a disruptive behavior becomes repetitive, has a negative effect on the group, or becomes irritating to you does it become an issue to be addressed. At that point, it is desirable to intervene to eliminate the behavior. If you must label someone’s behavior, remember that the behavior is not the person. It is only one aspect of the person. Also, remember that people can and do change. When an individual is primarily showing a negative side, it is difficult to see the positive. You, as a facilitator, need to reinforce any positive behaviors and attempt to minimize the negative ones.

SLIDES 15-20

INSTRUCTOR NOTE: Each “personality” is covered on two slides, one that describes that personality and their effect in the classroom, and the other that has tips for how an instructor might constructively manage the behavior.

REFER learners to pages 13-10 and 13-11 of the Student Manual. Learners will need to complete the table for each of the personalities.

Tell learners that the tables provided will give them space to take notes on three types of personalities they may encounter in the classroom. Recommend that they write down the “AKA” (Also Known As) for each personality, and one thing from each of the other columns they feel could be most helpful for them to identify and manage each personality. Be sure to cover the “What to Say” suggestions that are pre-printed below each table and on the slides, as phrases like these can be very useful in managing the classroom.



SLIDES 16 & 17

TYPICAL BEHAVIOR

“Assistant” behavior **comments on and adjusts everything** that is said to reflect a more precise truth. This detracts from the conversation by limiting the time others have and by intimidating others into silence.

AKA (Also Known As):
The “Know-It-All”

CLASSROOM EFFECT

Facilitators need to guard against overdependence on these participants, as these participants are all too willing to give the answers the facilitator is looking for, to the detriment of others.

INSTRUCTOR STRATEGIES

Limit – Let these participants know their input is valuable, as is others.
What to say: *“I need everyone to understand that this is a discussion. We need everyone to have the opportunity to bring their thoughts into the conversation.”*



SLIDES 18 & 19

TYPICAL BEHAVIOR

“Contrarian” behavior **“sees things in a different light.”** The challenge is accepting his/her way. Because it is contradictory, a facilitator may overreact to what s/he is hearing.

AKA:
“On the other hand”

CLASSROOM EFFECT

Dealing with contrarians can present a special challenge. When contrarians express their thoughts, it may sound like opposition, which generally elicits a “shoot the messenger” response. The facilitator needs to guard against such a reaction. Second, contrarian viewpoints challenge the status quo. The facilitator must train her/himself to see the value in the diversity of thought.

INSTRUCTOR STRATEGIES

Tolerate – Allow the participant to express her/himself without intervention to encourage a fruitful discussion, but watch for escalation to a more disruptive stage, such as the sharpshooter or know-it-all.
What to say: *“I want everyone to understand that this is a discussion. Some ideas may seem off-putting, at first, but I encourage you to bring your thoughts into the conversation.”*



SLIDES 20 & 21

TYPICAL BEHAVIOR

"Motor mouth" behavior **shares too much, too often**. Because they prefer to "think out loud" as they learn, they continually volunteer their views on the topic of discussion. While they may find their style effective for learning, it is easy to see why it may be a learning detractor for others.

AKA:
The "Over-Share"

CLASSROOM EFFECT

Most people who are "talkers" are aware of their behavior. Positive reminders will, more than likely, be welcomed. Rather than address the individual, facilitators can manage this behavior by encouraging conversation from others.

INSTRUCTOR STRATEGIES

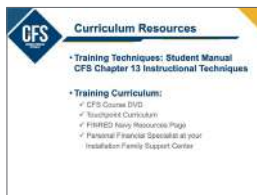
Limit – Let the participant know you want others to have the opportunity to express themselves equally.
What to say: *"Thank you for your insight. It is very important to the success of the class that everyone has opportunities to contribute."*



SLIDE 22

Practically Perfect Presentations Checklist

Practically Perfect Presentations: Briefly **REVIEW** the Practically Perfect Presentations Checklist on page 13-12 of the Student Manual. **EXPLAIN** that CFSs can use this as a guide to help them be prepared for presenting. Emphasize that preparation leads to effective and successful training.



SLIDE 23

Curriculum Resources

As you summarize this chapter, remind students that the information in this chapter can be a helpful resource after the class when they will be returning to their commands. Education and Training is a core CFS task, and it can help to increase knowledge among their fellow Service members that may prevent financial issues.

REMIND learners that if they do not feel comfortable teaching, they can have an Installation Family Support Center Financial Counselor or Educator teach or the CFS can co-teach with the Financial Counselor or Educator.

EXPLAIN that as CFSs, they will have access to a full range of training tools and resources. More detailed information on how to access these resources will be provided on the last class day.

Optional: If time, **ASK** the students to consider the discussion on training, and share one thing they will take away to help them give stronger presentations.

ASK the students if they have any questions.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Instructional Techniques
 - ▶ Adult Learner Characteristics
 - ▶ Active Training Techniques
 - ▶ Facilitating Discussion
 - ▶ Motivate Your Learners
 - ▶ Humor in Presentations
 - ▶ Visual Aids
 - ▶ Handling Classroom “Personalities”
 - ▶ Practically Perfect Presentations Checklist



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 14 Survivor Benefit Plan

Instructor Guide

I. INTRODUCTION

The goal of this training topic is to provide basic information on the key aspects of the Survivor Benefit Plan (SBP). This information will assist CFS personnel in educating Service members and their spouses, to aid them in making informed decisions about SBP's role in their retirement plan.

Due to the complexity of this topic, the facilitator should be comfortable with basic financial planning subjects such as the time value of money, inflation, life insurance, annuities and investments. This course provides enough information to give CFSs a firm understanding of SBP.

Chapter Correlation to Common CFS Task Areas:

1. **Education and Training:** Introduces you to major topic areas via models, lecture and class participation.
2. **Information and Referral:** Referrals to appropriate resources and check for updates.
3. **Counseling/Coaching:** Introduces you to major topic areas for options and considerations which affects making informed decisions.



II. LEARNING OBJECTIVES

Upon conclusion of the course, learners will understand the eligibility, function and benefits of SBP so that they may educate Service members on how to make the best decision for themselves and their beneficiaries.

Learners answer one, multiple-choice question regarding SBP eligibility.

Learners will answer 10 questions to review content material about the SBP coverage, costs, options and considerations.

III. OUTLINE

- 1. Welcome and Introduction**
 - a. Poll Question

- 2. The Plan**
 - a. What Is SBP?
 - b. Active-Duty Service Members
 - c. Retiring: Longevity
 - d. Retiring: Medical

- 3. Options and Considerations**
 - a. Election Options
 - b. Cost
 - c. Cost Example
 - d. Important Considerations

- 4. The Decision**
 - a. Do You Need SBP?
 - b. SBP vs. Life Insurance
 - c. Why Pay for Coverage
 - d. Advantages and Disadvantages

- 5. Summary**
 - a. SBP Knowledge Check
 - b. Where to Go and Whom to Know

IV. CHAPTER PREPARATION

Presentation Time: 30 minutes

Presentation Materials

- PowerPoint slides, “Survivor Benefit Plan”
- Student Manual CFS 14
 - ▶ Survivor Benefit Plan (SBP) and Eligibility
 - ▶ Active Duty SBP Benefit
 - ▶ Retiree SBP Benefit
 - ▶ Medical Retiree SBP Benefit
 - ▶ Election Options
 - ▶ Costs of SBP
 - ▶ Do You Need SBP?
 - ▶ SBP Advantages and Disadvantages
 - ▶ SBP Knowledge Check

Summary of Learner-Centered Activities

- **Poll Question:** Learners will answer one, multiple-choice question regarding SBP eligibility.
- **SBP Knowledge Check:** Learners will answer 10 questions to review content material about the SBP coverage, costs, options and considerations.

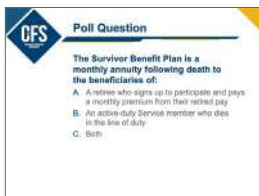
V. REFERENCES

- DoD 7000.14-R Department of Defense Financial Management Regulation (DoD FMR), Volume 7B, Chapter 46: "Survivor Benefits Plan (SBP) - Annuities" Summary of Major Changes, April 2020.
<https://comptroller.defense.gov/FMR/fmrvolumes.aspx>
- Department of the Navy. (2005). *SECNAV Instruction 1754.1B: Family Support Programs*. Office of the Secretary of the Navy, Washington, D.C.
- Department of the Navy. (2010). *OPNAV Instruction 1740.5B Change Transmittal 2, United States Navy Personal Financial Management (PFM) Education, Training, and Counseling Program*. Chief of Naval Operations, Washington, D.C.
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- "Annuities Based on Retired or Retainer Pay." Title 10, U.S. Code, Chapter 73.
- "Survivor Benefit Plan." Army Retirement Services Office. U.S. Army, n.d. Web. July 11, 2015.
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- "Understanding the Survivor Benefit Plan." Military OneSource. Department of Defense, June 30, 2015. Web. July 11, 2015. www.militaryonesource.mil/casualty?content_id=270439
- "Survivor Benefit Plan (SBP)" MyArmyBenefits, The U.S. Army official benefits website, January 1, 2020. Web. July 20, 2020
[https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/Survivor-Benefit-Plan-\(SBP\)](https://myarmybenefits.us.army.mil/Benefit-Library/Federal-Benefits/Survivor-Benefit-Plan-(SBP))
- DoD Office of the Actuary SBP Financial Analysis Tools <https://actuary.defense.gov/Survivor-Benefit-Plans/>
- U.S. Coast Guard Pay & Personnel Center <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Human-Resources-CG-1/Pay-and-Personnel-Center-PPC/>

VI. CONTENT



SLIDE 1



SLIDE 2

Welcome and Introduction

One of the most important aspects of financial planning is the ability to provide for a survivor (or survivors) in the event of a wage earner's death. People rely on several different types of tools to help ensure continuing income for their survivors; these tools range from personal assets to life insurance to Social Security. Some Service members also believe their retirement pay will continue to be paid to their survivors, unaware that this is true only if they have elected at retirement to participate in the Survivor Benefit Plan (SBP), or if they pass away while in service. This course will explain how SBP works, the costs and coverage **amounts**, election options (whom you can designate to receive the SBP benefit) and additional considerations to help Service members make this important decision.

Poll Question

The purpose of this poll question is to pretest the student's knowledge of the SBP program. The answer is C. Both a retiree who elects to participate in SBP, and an active-duty Service member that passes away while active, are able to continue to provide for their dependents via SBP, assuming elections are made (as needed/appropriate – more to come).

This question is typically answered incorrectly and helps gauge participant understanding prior to diving deeper into the topic.

The Plan

What Is SBP?



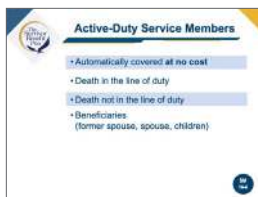
SLIDE 3

REFER learners to page 14-3 in the Student Manual. **SAY**, The SBP is a government-subsidized program that guarantees that a portion of a Service member's monthly retirement pay will continue to be paid to a spouse or other designated beneficiary after the Service member's death. Unlike any other resource available, the SBP monthly payment is guaranteed by the government and protected from inflation.

All active-duty Service members are automatically enrolled in SBP at no cost. The government bears the total cost of that coverage while you are on active duty.

Your decision at retirement, then, is whether you wish to afford your family the same survivor benefits that were in place for you on your last active-duty day. If so, you begin to share SBP's cost with the government by electing to receive reduced retired pay during your lifetime.

The SBP decision, however, is complicated by the fact that military retirement often occurs at a young age. Retiring Service members in their late 30s or early 40s will likely have many forces competing for their income. They are raising young children, buying houses and preparing for new careers. Any reduction in retirement pay at an uncertain time in their life cycle can understandably be viewed as a sacrifice. Due to the transient nature of military life, many Service members' spouses have put their careers on hold. If the spouses have held jobs, they may not have worked long enough in one place to accrue long-term retirement benefits. Because military retirement pay stops when the retiree dies, it is critical to consider the long-term income needs of the surviving spouse and that is an advantage of SBP.



SLIDE 4

Active-Duty Service Members

REFER learners to page 14-4 in the Student Manual.

Death in the Line of Duty:

If the Service member is on active duty at the time of death and the death is in the line of duty, then the Service member's family qualifies for SBP benefits. The SBP base amount is equal to the higher of the retired pay of the member based on length of service or the retired pay as if the member retired with a total (100 percent) disability equal to 75 percent of the appropriate retired pay base.

Death is Not in the Line of Duty:

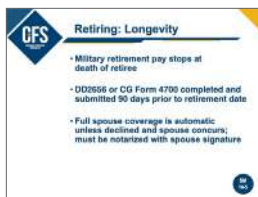
If the Service member is retirement-eligible at the time of death while on active duty, then the SBP base amount is equal to the retired pay that the Service member would qualify for under applicable law of the respective service of the deceased Service member. The SBP base amount will be computed as if the Service member retired for length of service based on the final basic pay or High-36 average applicable. (Those electing CSB/REDUX get the reduced cost-of-living adjustment.)

However, in the case of a death of a Service member who is not on active duty, or was on active duty but the death is determined to be not in the line of duty and the Service member is not eligible for retired pay, then the Service member's death does not qualify for SBP benefits.

Beneficiaries:

For deaths while on active duty, the beneficiaries, in order of priority, are:

- Former spouse based on a court order
- Current spouse
- Children



SLIDE 5

Retiring: Longevity

Someone who participates in SBP makes a fairly straightforward decision: they choose to receive reduced retired pay during their lifetime to be able to continue a portion of their retired pay after their death. Conversely, one can say that retirees who do not participate have elected to receive their full retired pay during their lifetime, knowing that their full retired pay will die with them.

REFER learners to page 14-5 in the Student Manual.

Retirees make their SBP election, with corresponding spousal concurrence if required, on form DD2656 or Coast Guard Form 4700. This form may be submitted 90 days prior to retiring, but no later than 24 hours prior to retirement. The earlier this form can be submitted, the better; should there be any processing issues, those waiting until days or hours before retirement will have a difficult time correcting the problem(s).

If Defense Finance and Accounting Service (DFAS) or the U.S. Coast Guard Pay & Personnel Center (PPC) do not receive the Service member's election form, then full spouse coverage is automatically chosen.

If SBP premiums cannot be deducted from retired pay, DFAS or PPC will deduct it from Combat Related Special Compensation (CRSC), if the retiree receives that. Otherwise, they must make either a direct payment to DFAS/PPC or start a payment from VA disability pay to DFAS/PPC. Failure to pay SBP premiums means the retiree is building a debt their surviving spouse must pay before receiving the SBP annuity.



SLIDE 6

Retiring: Medical

Under specific circumstances, Service members may retire from service prior to reaching 20 or more years of service. This is different than separating from service. When medically retiring, Service members fall under two categories:

REFER learners to page 14-6 in the Student Manual.

Temporary Disability Retired List (TDRL)

- The Service member is retired for 3 or 5 years (dependent on date of TDRL placement), at which point their disability will be re-evaluated. Outcomes include being found fit for duty, or being moved to the PDRL roster.
- Service members on TDRL are eligible for SBP as long as they remain on TDRL. If they return to regular service, they also return to active-duty coverage. If they move to PDRL, their SBP coverage follows them, but at a new base amount to match their new retired pay.

Permanent Disability Retired List (PDRL)

- The Service member is permanently retired, and there is no re-evaluation after five years.

Medical retiree retirement pay is calculated as multiplier x pay base. The PDRL multiplier is either 2.5% x years of service or 2.5% x disability percentage rating, whichever is higher, with a maximum multiplier of 75%. The TDRL formula is the same, but it has a minimum multiplier of 50%.

Retired pay as a medical retiree can vary in amounts and calculation, and therefore further creates unique SBP situations. Those who are being medically retired should consult with an Installation Family Support Center Personal Financial Manager to discuss their SBP options.

Options and Considerations

Election Options



SLIDE 7

There are six primary SBP election options. An election enrolls eligible beneficiaries within a category. The most important feature of electing by category is that the decision you make for each category available to you is binding. In other words, if you have an eligible spouse or child whom you do not enroll, then later gain a spouse or child or simply wish you had enrolled, you have closed these categories forever! Your only ability to change this decision might be through a future “open enrollment,” of which there have been only five since 1972, with the last one in 2005. Conversely, if you do enroll your eligible beneficiaries at election time, all future eligible persons in those categories will be automatically covered.

REFER learners to page 14-7 in the Student Manual.

Federal law requires that SBP elections be made before midnight of the last active-duty day. If the election is not made before retirement, federal law directs DFAS or PPC to default the election to full spouse coverage. If that happens, the election can be changed only if the Service member proves that the government erred in the election process. This is a safeguard that protects a spouse’s expected benefit. In fact, Congress strengthened the process in 1986, when they began to require that married Service members provide their spouse’s written concurrence to make certain elections.

Generally speaking, the SBP process is:

- The Service member and spouse receive SBP counseling.
- The Service member makes an SBP election.
- If the election requires spousal concurrence, the spouse is notified of the decision and given the opportunity to concur.
- If concurrence is provided before retirement, the election is valid.
- If it is not, the election is invalid and full spouse coverage is established, in accordance with federal law.
- Certified mail is used to obtain concurrence when the spouse cannot be present for counseling.

Spouse-Only Option:

The spouse-only option requires written spousal approval if a Service member elects a reduced base amount or declines SBP entirely. If the minimum \$300 is chosen, the survivor's benefit would be 55% of \$300, or \$165. The cost would be 6.5% of \$300, or \$19.50 per month. A reduced benefit amount may be appropriate if there are other substantial sources of funds available to replace the retiree's lost income. If no election is made, the retiree's full retirement pay will automatically be used as the base amount.

The annuity is paid for the surviving spouse's lifetime — it cannot be outlived. Your spouse may remarry after age 55 and continue to receive the survivor's benefit. If remarriage is before age 55, the benefit stops. If the marriage ends due to death or divorce, payments can resume.

It is important to note that with spouse-only coverage, only the spouse is covered. If the spouse dies and there are surviving children, they will not receive a benefit under the spouse-only election. There is no inheritance feature. If a Service member would like the benefit to continue for children, the spouse-and-child(ren) election may be a better choice.

Spouse and Child(ren) Option:

With the spouse and child(ren) option, the spouse is the primary beneficiary and children are secondary beneficiaries. The annuity is not paid to the children unless the spouse first loses eligibility through remarriage before age 55 or through death. Even then, the children must be under age 18 (or 22 for full-time students) to be eligible. This covers the current spouse, and all children from all relationships.

The cost for this election is based on the cost for spouse coverage and an additional, minimal cost based on the age of the youngest child, the Service member and the spouse. One important reason to elect child coverage is because SBP is paid forever to an incapacitated child, as long as the incapacitation occurred when the child was in the eligibility age range.

Child(ren) Only:

Children are eligible for coverage if they are unmarried and under the age of 18. If they are full-time students, they can be covered until age 22. Marriage at any age renders a child ineligible for coverage. Children may be covered with or without spouse or former spouse coverage. Coverage also applies to children who are unable to support themselves due to a physical or mental disability that existed before they turned 18 or 22 if the child was a full-time student when they became incapacitated or disabled.

If covered without a spouse or former spouse, the children will divide 55% of the retiree's base amount. If the base amount is \$3,000, the monthly payout would be \$1,650. If there are three children, each would receive \$550. As the children become ineligible for coverage due to age or marriage, the remaining children will divide the annuity payment. The cost for coverage is based on the ages of the Service member and the youngest child at the time of retirement. All eligible children are covered at one cost, and the cost stops when children are no longer eligible. The cost for the Child(ren) Only benefit is cheaper than the spouse benefit because the benefit ends when the children are 18 or 22. However, this election is costlier than the additional cost for children on the Spouse and Child(ren) election because the child is the primary beneficiary.

Insurable Interest:

If a Service member is unmarried, they may cover another family member or even a business associate. Covered family members must be more closely related than a cousin. Parents, stepparents, siblings, aunts, uncles and grandparents all qualify. An individual child or stepchild can be covered regardless of dependency status. Business associates can also be protected if they would suffer financially due to the death of the retiree.

Costs for this option are 10% of the retiree's full base amount plus 5% for every full five years the beneficiary is younger than the retiree. If the beneficiary is 12 years younger than the retiree, an additional 10% would be charged. The maximum premium is 40%. The cost of insurable interest coverage continues to be subtracted from the beneficiary's monthly annuity.

The benefit for the insurable interest option is also 55% of the base amount. Under this option, the Service member is required to elect the maximum base amount. Unlike the other options, premiums continue to be paid after the death of the retiree. This option is the least common, as the cost increases drastically compared to other elections.

Former Spouse or Former Spouse and Dependent Child(ren) of that Marriage:

Benefits for a former spouse are identical to spousal benefits. **If a former spouse is covered by SBP, a current spouse and/or children of the current spouse cannot be covered.** When electing former spouse coverage, the Service member must file a written statement with DFAS or PPC indicating the reason for the election. The current spouse must also be informed of the election. The rules regarding a spouse's remarriage apply to the former spouse. Former spouses are covered under a separate category but under the same cost and benefit rules as current spouses.

Note that if an election is made for a former spouse and children, only the children who resulted from that marriage are eligible beneficiaries. This means that if you gain children in the future, they could not be added to a “former spouse and child” election. However, if you elect “spouse and child,” all of your children, of any unions, are eligible.

A former spouse may be chosen without a divorce decree mandating such, but must be chosen if the legal documents state as much.

Service members should note that either a spouse OR a former spouse may receive a benefit, but not both.

No Beneficiary at Retirement:

Service members without a spouse or children on their date of retirement have future options. Because they have no eligible beneficiaries now, they have not closed the door on future enrollment. Service members must be sure to check the box indicating that they do not have eligible dependents under the plan at the time of retirement.

If a Service member gains an eligible family member after retirement, contact DFAS or PPC. Service members have a one-year time limit on making all SBP changes. If you gain a child, the coverage takes effect upon your request. If you gain a spouse, while you must take the action before your one-year anniversary (i.e., make a written request and provide a marriage certificate) — a spouse gained after retirement is not eligible until completing one year of marriage, or earlier, if a child is born of the marriage.



SLIDE 8

Cost

SBP was designed with the military spouse in mind (former spouse costs and benefits follow the same rules). Spouse coverage costs 6.5% of the base amount elected. No similar private survivor program matches SBP's 6.5% tax-free cost and other features.

REFER learners to page 14-9 in the Student Manual.

Pretax Benefit:

When a Service member maintains SBP coverage, their portion of the cost will be deducted from their retired pay on a pretax basis. The government cost-sharing and pretax treatment of the Service member's cost makes the SBP an attractive way to provide long-term financial security for a beneficiary. It also results in a tax savings and further reduces the true cost of the SBP benefit for the Service member.

Retirees may choose a SBP base amount between \$300 and their full retirement pay. The minimum participation of \$300 is set by law and never changes. While it remains advantageous for most Service members to elect coverage based on full gross pay, electing coverage with a reduced base amount should be considered.

Please note that medical retirees would have to make payment arrangements, as it will not come from their DFAS or PPC retirement pay.



SLIDE 9

Cost Example

Example: If a Service member's retired pay will be \$3,000 per month, the Service member can choose any amount from \$300 to \$3,000 as the base amount. If the Service member chooses the full base amount and desires spouse-only coverage, the cost will be:

$$\text{Cost: } \$3,000 \times 0.065 = \$195/\text{month}$$

This payment, or premium, will be deducted from retirement pay each month before taxes are calculated, resulting in an additional benefit.

For example, if a Service member with a \$3,000 monthly retirement check declines SBP, the entire \$3,000 gross retired pay will be taxed. If the Service member is in the 28% tax bracket, the taxes due are \$840. **However**, if a Service member covers a spouse at the full base amount, which costs \$195 per month, the resulting taxable income is \$2,805 (because the premium comes out before taxes are assessed) and federal taxes due are \$785, or \$55 less each month.

You could say that, in reality, including the tax savings, the premium is \$195 less the \$55 in tax savings, or \$140. Understanding this concept allows you to make sound cost comparisons of SBP with other insurance products.

Real comparisons require the use of real figures. When a private product is being touted as one that "will provide the same benefit as SBP, for the same cost," be sure to use only the real, after-tax SBP cost as your basis for comparison.

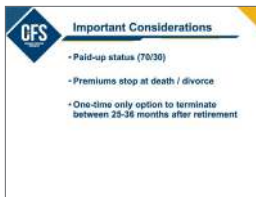
Benefit Amount

The SBP benefit, called an "annuity," is the regular, continuing payment of a portion of retired pay to a designated beneficiary (sometimes referred to as the "annuitant") after the Service member dies. The portion is 55% of a base amount chosen by the Service member. The base amount is the dollar amount of retired pay selected by the Service member, upon which both the cost and benefit are based. It can be any dollar amount between \$300/month (the minimum) and the Service member's full retired pay.

Having chosen \$3,000 as a base amount, the benefit would be 55% of the monthly base amount; in this case, \$1,650 will be paid monthly to the surviving spouse as taxable income.

$$\text{Annuity: } \$3,000 \times 0.55 = \$1,650/\text{month}$$

For each year in which retired pay receives a cost-of-living adjustment (COLA), the base amount increases accordingly. For example, if the \$3,000 base amount receives a 3% COLA, the base amount is now \$3,090 and the spouse's potential survivor annuity has increased to \$1,699.50.



SLIDE 10

Important Considerations

Paid-up Status:

Since Oct. 1, 2008, when a Service member has paid SBP premiums for 30 years (360 payments) and has reached age 70, he or she is considered fully paid up and coverage continues without any further premium payments. Both milestones must coexist, not only one or the other.

Premiums Stop if You Lose Your Spouse:

If your marriage ends due to the death of your spouse or divorce, premiums for SBP protection stop once you provide appropriate documentation to DFAS/PPC. If you remarry, you can cover your new spouse. You must notify DFAS/PPC of changes within one year of occurrence.

One-year Termination Option:

Between the 25th and 36th month of SBP participation, you have a one-time opportunity to terminate SBP coverage. Spouses and former spouses must give their consent for this termination. There is no refund for past payments already made for SBP, and future enrollment is barred.

It will be helpful if, two years into retirement, you ask these two questions:

- Is my retired pay still a major part of our household income?
- Have I adjusted my lifestyle to incorporate the cost of SBP?

If you answer “yes,” then stay enrolled in the SBP. If you answer “no,” discuss termination with your spouse (whose agreement you need) and take action to cancel your enrollment.

The Decision:

When making your SBP decision, you must consider how much income the surviving spouse can afford to lose. Some expenses, such as housing, children’s education and activities, will likely remain the same. Food, insurance and car expenses may decrease. Costs for **child care**, home maintenance and professional services may increase. It will likely be determined that some measure of income replacement will be necessary to preserve the family’s economic security. For Service members with a desire to provide ongoing retirement income for their spouse, it is logical to consider the cost of SBP relative to other personal or commercial alternatives.



SLIDE 11

Do You Need SBP?

Personal Assets:

If a couple has other assets that could be used to generate income, it is necessary to determine whether those assets are sufficient on a long-term basis. Using a 6% rate of return on investments with an annual inflation rate of 3%, \$476,273 would have to be available at retirement to provide a monthly annuity of \$1,650 to the surviving spouse based on average life expectancy.

Although many Service members are successful financially, few have \$476,273 available at their military retirement to set aside for this purpose. In addition, investment and economic environments change. There is no guarantee that 6% can be earned consistently or that inflation will remain at 3%.

Debt:

Service members should consider their debt, both joint and individual, in planning their retirement. Does the retiree have extra funds to pay into SBP? Will the spouse be financially liable for any debts after the retiree's passing?

Earners:

In many military families, the active-duty Service member is the primary earner. Spouses sometimes forego a career, at least until later in life, to better support their Service members. In doing so, spouses may not have the income or experience needed to support themselves after death of the retiree.

Life Insurance:

Whereas SBP is not life insurance, life insurance is sometimes seen as an alternative to SBP. It can also be a supplement to SBP. Is the Service member insurable? Most Service members leave the military and apply for a VA disability rating. Because life insurance takes into consideration age, health, and lifestyle, the same health issues that qualify a veteran for a VA disability rating may cause the person to have high life insurance premiums or to be denied life insurance coverage. SBP cannot be denied.

Overall, have the Service member and spouse discussed finances? How familiar are each of them with their household's financial status? Have they had the "after I am gone" money talk? Items like "death binders" can ease the transition after the death of a loved one, and prevent those in mourning from making permanent, negative financial decisions.



SLIDE 12

SBP vs. Life Insurance

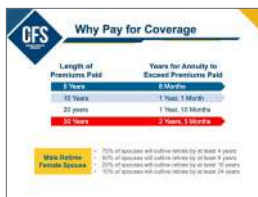
Life insurance is another possibility to consider. Because SBP is guaranteed, permanent (whole life) insurance is the only legitimate alternative, because it is also designed to provide lifelong protection. A policy providing a face amount of \$476,273 would cost a non-smoking 40-year-old male approximately \$709 monthly. Rates vary by company and by other factors relating to the applicant, such as gender, health history, avocations and smoking status (SBP does not take into account age, lifestyle, health, etc). These factors will affect the premium cost. If SBP premiums increase annually by 3%, they will never get as high as the whole-life premium. So, the actual lifetime cash outlay will be higher using the insurance approach. However, insurance will pay benefits to the beneficiary even if they have remarried.

Any program earmarked as security for your survivors deserves serious consideration. Do your homework and talk to reputable insurance providers.

If you are considering forgoing SBP and replacing it with a commercial insurance product, remember these five main points:

- Use the valuation program to see exactly how much insurance you need in place to provide the same benefit as SBP.
- Because you do not know how long your spouse will outlive you, determining what is adequate regarding insurance is impossible. However SBP benefits cannot be outlived.
- SBP's inflation-fighter is its guaranteed COLAs. Increasing life insurance is needed as one ages, due to inflation's eroding effect on the dollar's purchasing power.
- Try to adjust your thinking from short-term to long-term. When you limit your view, life insurance may appear more attractive (i.e., cheaper) than SBP. But, if you compare SBP costs and benefits with life insurance costs and benefits for each year in the future, you will see that insurance costs must increase dramatically based on the insurer's increased risk of paying a policy. Since SBP protects your ever-increasing retired pay, its value rises at the same rate — even after it begins to be paid as an annuity.
- The SBP premium is government subsidized and deducted pretax. No commercial product has these features.

In a well-designed retirement plan, it is probable that some combination of personal investments, life insurance, government benefits and retirement benefit plans from post-military employers will all be at work. When one factors in the government's subsidization of SBP costs, the COLAs and the pretax treatment of premiums, the SBP can be a cost-effective way to deliver an ongoing measure of financial security to spouses and families.



SLIDE 13

Why Pay for Coverage

Many retirees making a decision about SBP are trying to determine if the cost is worth the potential benefit. These numbers detail just how quickly the beneficiaries recoup premiums via annuity payments. For example, if a retiree pays into SBP for 5 years, and their beneficiary begins collecting at that time, their survivor will receive payments equaling the 5 years of cost in 8 months. At the long end of the range, if a retiree pays into SBP for a full 30 years (360 payments), and their survivor begins receiving payments at that time, the survivor will receive payments equaling all 30 years of payments in 2 years and 5 months.

Some retirees will be interested to consider the likelihood that their spouse will outlive them and collect a benefit. This will be different for each retiree based on their gender, their spouse’s gender, and their ages. The example data presented on the slide is for a male retiree, with a female spouse. Any retiree can use the SBP Financial Analysis Tools at <https://actuary.defense.gov/survivor-benefit-plans> to determine their own premium and the probability of their own spouse becoming eligible for an SBP benefit.

Advantages of SBP		
Government subsidy	Fixed amounts	Military protection
Termination feature	Always vests for life	Deducted from retired pay
No extra fees, commissions or risks	Cannot be denied	Only Congress can change

SLIDE 14

Advantages

To summarize the advantages of the SBP (most are covered throughout brief, focus moreso on those items that are bolded).

- The impact of a government subsidy speaks volumes. Only a nonprofit like the U.S. government can offer this feature.
- SBP costs are paid with pretax dollars. If you choose, you can even use the tax savings to make other investments.
- Unlike insurance values, which are eroded by inflation, SBP's value increases at the same rate as retired pay.
- If you balk at the finality of "SBP elections are forever," the termination feature permits you to rethink your participation after you have settled into retirement for two years. And do not forget SBP's "paid-up" provision.
- The annuity is a guaranteed income to your beneficiary and paid for however long it is needed.
- SBP offers a level benefit of 55% without regard to the age of the spouse or former spouse.
- Health, smoking, gender, and lifestyle factors are not considered when determining monthly SBP costs.
- Payment can easily be deducted from retired pay.
- **There are no extra fees, agent commissions or risks to the retiree.**
- **Retirees cannot be denied coverage.**
- **Only Congress can change SBP's features. They make changes on matters affecting survivors very cautiously.**



SLIDE 15

Disadvantages

The disadvantages of SBP actually all have a positive side, and it is best to be familiar with all viewpoints:

- All income is typically taxed at the front end or back end. Obviously, it is smartest to take a tax break when it is of most value to you — when you are in a higher tax bracket as a couple. That is when tax-free SBP premiums are paid.
- SBP's goal is to protect military retired pay... period. If it is protection of a spouse's life you seek, you might want to buy a life insurance policy. In fact, you can use the monthly tax savings SBP provides to fund that policy.
- Choosing to receive reduced retired pay during your lifetime is the only way to continue a portion of it after you die. DFAS/PPC simply deducts the premium before paying you. Such automatic deductions result in coverage that cannot lapse because of a missed payment.
- Here's something worth thinking about: if you find living on 93.5% of your retired pay (retired pay minus 6.5% spouse costs) to be painful — how will your family survive on zero after your death?
- The 6.5% spouse cost does not increase. However, with each retired pay COLA received, your cost becomes 6.5% of a new, higher amount, which produces a higher annuity.
- SBP is not intended to be an "inheritance" vehicle. But consider the notion that the best inheritance you can give your kids is a financially independent parent. If they are not burdened with supporting your spouse, that is a substantial "inheritance." Also, when SBP is used to pay monthly living expenses, perhaps other funds can be invested to meet your inheritance goals. But without SBP as the workhorse, the intended "inheritance" could easily be depleted.
- SBP does not have insurance-like features, but that is a plus as it keeps the plan affordable.
- Cannot cancel SBP after the one-time cancellation period.



SLIDE 16

SBP Knowledge Check

This activity is designed to wrap up the brief, but also remind Service members of the important aspects of SBP.

REFER learners to page 14-12 in the Student Manual.

Learners can complete the SBP Knowledge Check individually or in groups. Have learners grade their own sheets. Have individual learners around the room share their answers. The instructor will then agree if the answer was correct or provide the correct answer.

SBP Knowledge Check Key

1. SBP Spouse-Only premium costs are what percentage of the base amount?
 - A. 3.5%
 - B. 6.5%**
 - C. 9.5%
 - D. 12.5%
 - E. Unknown
2. Who is covered under SBP? *(circle all that apply)*
 - A. All active-duty Service members**
 - B. All military retirees
 - C. All active-duty Service member spouses
 - D. All military retirees that elect to enroll in SBP prior to retirement**
 - E. Unknown
3. SBP premiums are paid with pretax dollars.
 - A. True**
 - B. False
 - C. Unknown
4. If the retiring Service member elects not to participate in SBP or elects coverage with a reduced base amount do they need their spouse's concurrence?
 - A. Yes**
 - B. No
 - C. Maybe
 - D. Unknown
5. A retiree no longer has to pay SBP premiums when they have met the following criteria:
 - A. Member has paid SBP premiums for 30 years
 - B. Member has paid SBP premiums for at least 30 years and has reached age 70**
 - C. Member has reached age 70
 - D. Member has to pay SBP premiums for life not matter when they pass away
 - E. Unknown
6. If a Service member elects to have SBP prior to retirement and later decides they no longer desire to be enrolled in the program, when can they terminate the policy? *(circle all that apply)*
 - A. Prior to midnight on their official retirement date**
 - B. Any time during the first year of making premium payments
 - C. Any time between the 25th and 36th month of SBP participation**
 - D. They may never terminate SBP once you have elected to participate in the program
 - E. Unknown
7. Does the beneficiary have to report the annuity income that they receive on their tax return?
 - A. Yes**
 - B. No
 - C. It depends
 - D. Unknown
8. If the active-duty member has no qualified beneficiaries prior to their retirement date can they later choose to opt into SBP in the event that they get married or have children?
 - A. Yes**
 - B. No
 - C. Unknown
9. If a retiree elects to terminate SBP during their allowed termination timeline all previous SBP payments will be refunded.
 - A. True
 - B. False**
 - C. Unknown
10. If the retiree elects coverage based on full gross pay what percentage of the retiree's pension will the beneficiary receive for an annuity?
 - A. 100%
 - B. 75%
 - C. 55%**
 - D. Unknown



SLIDE 17

Where to Go and Whom to Know

Whereas an Installation Family Support Center Financial Counselor or Educator or a CFS is an excellent resource for SBP questions, there are many more options available to Service members and their families. Remind learners that any time they feel a Service member needs more in-depth assistance than they can provide, they should refer them to their Installation Family Support Center Financial Counselor or Educator. Always use vetted, authorized resources for Service members, such as federal or state entities, or organizations listed below:

DFAS Customer Service:

Phone: 800-321-1080, Monday – Friday, 8 a.m. to 5 p.m. ET
<https://www.dfas.mil/retiredmilitary/provide/sbp/>

PPC Customer Care:

Phone: 866-PPC-USCG (772-8724), Monday – Friday, 7:30 a.m. to 4:00 p.m. CT
<https://www.dcms.uscg.mil/ppc/ccb/>

Office of the Actuary:

<https://actuary.defense.gov/Survivor-Benefit-Plans/>

Navy Mutual Aid:

<https://www.navymutual.org/Education/Military-Benefits/Survivor-Benefits.aspx>

MOAA

<https://www.moaa.org/content/benefits-and-discounts/pay-and-benefits/survivor-issues/survivor-benefit-plan2/>

Or visit:

Command Admin Office
Local PSD or SPO Office

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ Survivor Benefit Plan (SBP) and Eligibility
 - ▶ Active-Duty SBP Benefit
 - ▶ Retiree SBP Benefit
 - ▶ Medical Retiree SBP Benefit
 - ▶ Election Options
 - ▶ Costs of SBP
 - ▶ Do You Need SBP?
 - ▶ SBP Advantages and Disadvantages
 - ▶ SBP Knowledge Check



CFS

COMMAND FINANCIAL
SPECIALIST

CFS 15 Developing Your Program


Instructor Guide

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 Service members. 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 Installation Family Support Center. 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; the Installation Family Support Center'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 Common CFS 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/Coaching:** 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.

Learners will identify the need and requirements for a Command Financial Specialist Program.

III. OUTLINE

- 1. Introduction**
- 2. Outline of Topics**
- 3. Activity: What Have You Learned?**
- 4. Course Terminal Objectives**
- 5. Developing a CFS Program**
 - a. Service-Specific CFS Instructions
 - b. CFS Program Recordkeeping
 - c. Steps to Developing a Program
 - d. Program Goals/Plan of Action and Milestones (POA&M)
 - e. Marketing Your Program
 - f. Command Leadership and Indoctrination (INDOC) Briefs
 - g. Activity: Brief the Bosses
 - h. Financial Program Resources
 - i. CFS Ratios and Requirements
- 6. Maintaining Your CFS Certification**
- 7. Optional Activity: CFS Panel Discussion**
- 8. Conclusion and Class Completion Tasks**
 - a. Post-test
 - b. Course Evaluation
 - c. Graduation
 - d. Clean up

IV. CHAPTER PREPARATION

Presentation Time: 60 minutes

Presentation Materials

- PowerPoint slides, “Developing Your Program”
- Student Manual CFS 15
 - ▶ Developing a CFS Program
 - CFS Tasks by Military Branch
 - Recordkeeping (Service Specific)
 - Steps to Developing a Program
 - Checklist for Command Financial Specialists
 - Command Financial Specialist Needs Assessment
 - How May We Help You?
 - Plan of Action and Milestones
 - How to Market Your CFS Program
 - Command Leadership and Indoctrination (INDOC) Briefs
 - Brief the Bosses
 - PFM Standardized Curriculum & Resources
 - Maintaining Your CFS Qualification (Service Specific)
 - CFS Quarterly Activity Report (Service Specific)
 - ▶ CFS Panel Q&A
 - ▶ Post-test and Post-test Key (Appendix 2)

Preparation:

“What Have You Learned?” Activity: You will need markers and dry erase boards or easel paper for each group of students.

CFS Panel Discussion (optional): Ensure you have invited guest speakers and confirmed their participation. The day before the panel, you may want to remind learners that they will have a chance to talk with experienced CFSs and they may want to write down their questions in preparation.

Summary of Learner-centered Activities:

- **“What Have You Learned?” Activity:** Learners assess and celebrate what they have learned in the training session through a small group list-making activity.
- **“Brief the Bosses” Activity:** Learners begin to articulate the work of a CFS at a local command by preparing talking points for discussing the program with their leadership.
- **CFS Panel Discussion (optional):** A panel of experienced Command Financial Specialists talk about their experiences to the class and answer questions.

V. REFERENCES

NAVETRA 14300A

NAVAL LEADERSHIP AND ETHICS CENTER Facilitation Skills Handbook OCT 2017

OPNAVINST 1740.5D

MCO 1700.37

DoDI 1342.22-D

COMDTINST 1740.8 (series)

VI. CONTENT



SLIDE 1



SLIDE 2



SLIDE 3

Introduction

Congratulations on your participation in CFS Training. I am confident that you have learned a lot that not only will help you but also ensure that you leave the class energized and prepared to help your fellow Service members. For this final session together, we will wrap up the course with a discussion of the following points:

Topics

- We will review this week's information with Activity: "What Have You Learned?"
- We will review the purpose of the course.
- We will discuss how to develop and run a truly effective command-level personal financial management program, and how to begin promoting the program to leadership and fellow Service members.
- We'll talk about the resources available to support you after you leave the classroom.
- We'll provide guidance for maintaining your CFS certification.
- (Optional; adjust slide as needed.) We'll have a CFS Panel Discussion, which gives you the opportunity to "pick the brains" of some experienced CFSs.

Activity: What Have You Learned?

EXPLAIN to the class that to wrap up this course, you would like to review what they believe are the key points they are taking away from this week, either good or bad.

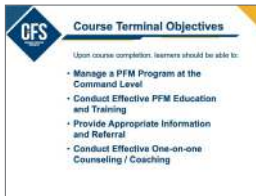
Time: 10 minutes

Procedure: Divide learners into several groups; groups of 2-5 work well. Use existing groups if students are already seated together.

ASK each group to discuss what it is taking away from the training session. Points can be both personal and professional outcomes. **ASK** the students to be specific, for example, not just "deployment financial plans," but "use an active-duty credit alert when deploying."

Have teams write on their dry erase boards/easel paper as many points from the course as they can. With one minute left, ask them to decide which items are their "Top 5" takeaways.

SURVEY the results, and note the most popular learning items. Mention any that are unusual or unexpected. **NOTE** which items are mentioned by multiple teams.



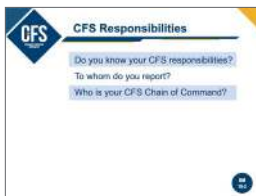
SLIDE 4

Course Terminal Objectives

You will recall during CFS 1 that we said upon completion of this course, learners should be able to:

1. Construct, organize and/or manage a comprehensive, proactive PFM program at the command level (which may be measured by quarterly reporting requirements).
2. Conduct effective PFM education and training using the PFM Standardized Curriculum and Touchpoint Training materials.
3. Provide appropriate information and referral resources for clients evidenced by participation in class role-play and case studies.
4. Conduct effective one-on-one counseling/coaching for clients using Solution-Focused Financial Counseling tools and techniques.

ASK the learners if they believe these goals were accomplished.



SLIDE 5

CFS Responsibilities

REFER learners to page 15-3 in their Student Manual, "Developing a CFS Program."

ASK the members to look at their service-specific instruction, and the "CFS Tasks by Military Branch."

Challenge them to read over the CFS responsibilities.

ASK if the class has any questions.



SLIDE 6

Keep Accurate Records

Command Financial Specialists may or may not have a responsibility to keep records of their CFS program, based on the guidance from their branch of service and/or their local command's expectations.

REFER students to page 15-4 in their Student Manuals. Ask class to read over the applicable section. **ASK** if they have any questions.

INSTRUCTOR NOTE: The CFS Quarterly Reports that may be required for a CFS to document their eligibility to attend CFS Refresher are covered on slide 14, “Maintaining Your CFS Qualification.”



SLIDE 7

Steps to Developing a Program

Determine Command Needs

Now it's time to shift our focus from what you have learned to how you will use it. The purpose of this course is NOT to make you a financial guru but rather to make you a Command Financial Specialist. That means that the time, money and effort that have been devoted to training you this week is to be taken back to the command by you and passed on to others. Let's look at some specific actions you will need to take when you return to your command.

REFER learners to pages 15-5 and 15-6 in the Student Manual, “Steps to Developing a Program” and the “Checklist for Command Financial Specialists.” Explain that the information on these pages will help them get organized and complete an effective Plan of Action and Milestones.

1. Talk to the Command. Of all you've learned this week, you will want to consider what new skills and information may be of greatest benefit at your command. This can be determined by speaking with current CFSs at the command. If you are the first CFS at the command, or if you are rebuilding a program that has not been functional, you may need to spend some time networking with key individuals to help you understand the needs.

ASK questions of leadership and other key contacts to learn command-specific information that will help you develop your program, and understand current needs. For example:

- ▶ Have there been many security clearances revoked or denied within the last year?
- ▶ Are they aware of Complaints of Indebtedness that have been received in the last year?
- ▶ What are the top three financial concerns they believe are being faced by command members?
- ▶ Are there upcoming command operations that may affect members' finances, for example, deployment?
- ▶ Are they aware of significant assistance provided by military aid societies within the last year?
- ▶ What life changes are members undergoing that may affect finances (marriage, new children, divorce, etc.)?
(This is related to the personal Financial Touchpoints.)

- ▶ Are they aware of any pay issues that have recently affected Service members at the command?
- ▶ How many BAH and overseas screenings are there each year?
- ▶ Does the command have a standard Indoctrination (INDOC) Process, and is financial information shared, or could it be?
- ▶ What training topics does leadership think could be most helpful to members of the command? (General Military Training and/or other training opportunities)
- ▶ ASK if there are any other statistics or information that would be important for a CFS to know in setting up a program.

2. Engage Your Leadership. Communicate with your chain of command regarding their expectations for the CFS Program at the command.

REFER students to the service-specific guidance regarding expectations of the CFS and the command financial programs. Some services have inspections of the CFS program; CFSs should become knowledgeable of requirements for the program at the command, area/region and branch of service levels. If there will be CFS program inspections, ask for a copy of the inspection standards.

The conversation with leadership is also an opportunity to explain the benefits to the command of having an effective financial program. Stronger financial management on the part of individual Service members reduces the need for command involvement in personal matters, and contributes to overall positive wellness.

3. Offer Services Based on Need.

REFER to pages 15-7 and 15-8 in the Student Manual, “Command Financial Specialist Needs Assessment,” and “How May We Help You?” These pages provide steps the CFS can take as they work to build their program.

EXPLAIN that the needs assessments can be distributed to command personnel to determine what services they would like. “How May We Help You?” is a less involved needs assessment that focuses more on the training that can be conducted using the PFM Standardized Curriculum. Either of these assessment tools will provide the CFS an idea of what command personnel would like.

ASK for any other ways they believe they could gather data on command needs (emails, bulletin boards, command social media, online surveys, etc.).



SLIDE 8

Develop Program Goals

REFER learners to page 15-9 in the Student Manual, the “Plan of Action and Milestones.”

ASK learners to take out the Plan of Action and Milestones (POA&M) they were to complete for homework. Once they have a chance to gather specific command data and/or speak with the existing CFS team, they will refine their POA&M. **SUGGEST** that they share their recommendations with their supervisor immediately and enlist the assistance of their supervisor in refining the POA&M.

ASK learners what will be the first thing they will do upon returning to the command in their role as a CFS. If time permits, get one action from each learner.



SLIDE 9

Marketing Your Program

An integral part of your POA&M should be a marketing plan. Remind the CFS that they won't get any “customers” if they don't let people know they exist and what they do.

REFER students to page 15-10 in their Student Manual. **ASK** the learners to offer their ideas on how they are going to market their program. Encourage students to take notes on these ideas in their Student Manual. Answers should include leadership and indoctrination briefs, check-in sheets, POD/POW notes, bulletin boards, emails and intranet, informal discussions, quarters and general military training.

CFSs may use content from the PFM Standardized Curriculum, the Touchpoint Curriculum and other approved sources to help promote the Program locally.



SLIDE 10

Command Briefs

CFSs will have access to two briefs to help them promote the value and importance of the personal financial management program at the command. CFSs can access the slides and presenter's guides for these briefs on the PFMSC DVD and the DoD website.

Command Leadership Brief. Once you have completed training, talked with any existing CFS team members, gathered command data, and developed program goals and a marketing strategy, it will be time to brief the command leadership to get them to support the program. Some commands will be on board immediately and willing to support the CFS program in any way. Other commands may need some basic education on exactly the value of the CFS program for the command. The five-minute Command Leadership brief outlines the benefits of a well-run and supported PFM program.

Indoctrination Brief. An important part of marketing your program will be to speak at all command indoctrinations regarding the role of the CFS and your service's PFM program. To help with this, you have been provided with a basic indoctrination brief. This brief can be as short as five minutes or can be lengthened and tailored to the needs of the command. This brief should provide a basic education to command members on the role of the CFS and how financial problems can affect the military career. It also can provide a bit of information on certain critical issues (TSP or Financial Touchpoints, for example) that will serve as a "teaser" to entice members to talk to you.



SLIDE 11

Activity: Brief the Bosses

Purpose: This activity serves as a review of content and also helps the CFS begin to articulate their job.

Time: 15 to 20 minutes

Process:

- **REFER** the learners to page 15-12 in the Student Manual, “Brief the Bosses.” Working in pairs or small groups, have the learners list the five most important things they would say to command leadership if they were given the opportunity to present a 5-minute brief on the need for PFM.
- Allow about five minutes for the learners to generate their list of speaking points.
- When all are done, **ASK** the first group to share their main points. **ASK** other groups if they had the same or different. **COMMENT** and **COMMEND** as appropriate. As a follow up to the listings, you can ask the class what they think they may need the command to do to support the PFM program. Suggest that the learners keep in mind that it will be their responsibility as a CFS to keep leadership informed of why the PFM program is important, and to be able to articulate how they (the CFS) will support it, and what support the CFS needs from the command.



SLIDE 12

PFM Curriculum

A critical part of running a proactive, effective program at the command is conducting training from the provided resource DVD as well as the DoD website. Whether deployed on a ship, or otherwise out of the country, CFSs have ways to link their fellow Service members to the latest financial information. We provide you a means to facilitate your program both from a web-based and stand-alone platform.

INSTRUCTOR NOTE: Add the DoD website for obtaining materials for students slide 12.

CFSs may only use their branch of service’s approved PFM Standardized Curriculum and Touchpoint Curriculum. CFSs are not authorized to use any other material.

Remember that education and training doesn't always mean standing up in front of a group and giving a lecture. You can present all or just parts of these training modules. You can use some of the handouts for a short briefing during quarters. You can use the slides during one-on-one counseling. You can use excerpts from the curriculum for POD/POW notes or to create informational posters. You can create bulletin boards on various topics in the curriculum and post handouts and forms for personnel to take. Don't forget about social media. Be prepared to post small relevant financial tips and resources on your command's digital media. Be creative in taking advantage of all the different methods of communicating this critical information.



SLIDE 13

Use All Available Resources

REFER students to page 15-14 in the Student Manual, "Service-Specific Points of Contact" and "Approved Financial Resources." **REMIND** students that they have access to a number of resources, including the Installation Family Support Center and other resources discussed throughout the week.

ASK learners: Are you alone when it comes to helping your clients? The answer should be a resounding, "No!"

The Installation Family Support Center provides support to all elements of the Personal Financial Management program, and in particular, assistance to the Command Financial Specialist by providing additional continuing-education opportunities, information updates, back up in-depth personalized counseling, and assistance with financial training at their level.

Take a few minutes to discuss the topic of "Approved Financial Resources." Be prepared to discuss the applicable guidelines for your branch of service as provided in Appendix J and any actions the CFS should take if they become aware of financial training taking place by a non-approved resource.



SLIDE 14

CFS Ratios and Qualifications

INFORM learners that for the Navy, Marine Corps, and Coast Guard, all active-duty and reserve commands, permanent detachments, and departments having at least 25 personnel assigned must have one (1) trained Command Financial Specialist to coordinate the Personal Financial Management program and to assist the Commanding Officer (CO) or Officer in Charge (OIC) in providing financial training, information and referral, and counseling/coaching to command members.

Commands must maintain a ratio of one (1) CFS to every 75 members assigned (including active duty and select reserve).

REMIND learners that when recruiting new CFSs at their command, to ensure that they review their Service-Specific PFM Program policy in Appendix A to ensure that the member meets minimum requirements for becoming a CFS.

REFER learners to their Service-Specific PFM Program Policy in Appendix A and have them highlight the minimum requirements or qualifications for becoming a CFS in their branch of service.



SLIDE 15

Maintaining Your CFS Qualification

CFSs may be required to document completion of specific tasks and training in order to maintain their CFS certification. It is very important that they are careful to maintain any documentation. Creating a backup paper and/or digital copy is recommended. Requirements for maintaining certification, and the necessary tasks, vary by branch of service.

Service Specific

Refer learners to pages 15-15 to 15-17 in their Student Manuals. Have them read over their specific service requirements.

Command Reports

Refer learners to pages 15-18 and 15-19 in their Student Manuals. Maintaining Command Reports (if required) is important to demonstrate program proficiency and execution.

CFS Forums

Installation Family Support Centers host quarterly area-wide CFS Awareness Forums. Attending these forums will provide CFSs with updated material and guidelines for their program. They may also network with fellow CFSs. Remember that they will not know the answer to every question, but their network of fellow CFSs will provide the support needed. If not stationed near an Installation Family Support Center, most centers provide teleconferences and webinars quarterly that meet this requirement as well.

INSTRUCTOR NOTE: Discuss your area's quarterly schedule here. You also may want to ask the learners on which topics they would like additional training.

Advanced Training

- College Credit: DSST exams are college subject tests that you can take to earn college credit for knowledge you acquired outside of a traditional classroom. There are 38 subject exams, including Personal Finance. The exams are funded by DANTEs. Interested learners should contact the Education Services Department for your branch of service and visit the DANTEs website at <https://www.dantes.doded.mil/>. Follow these links to the Personal Finance DSST exam information: Education Programs, Get College Credit for What You Know, College Credit by Examination (CLEP & DSST), DSST, Exam Subjects, Business, Personal Finance.
- Accredited Financial Counselor®: The Accredited Financial Counselor® (AFC®) certification can be obtained through the Association for Financial Counseling & Planning Education® (AFCPE®). Visit <https://www.afcpe.org/certification-and-training/accredited-financial-counselor/> to learn about the four stages to complete to obtain your AFC® certification.
- Certified Financial Planner®: The Certified Financial Planner® (CFP®) certification can be obtained through the Certified Financial Planner Board of Standards, Inc. Visit <https://www.cfp.net/> to learn about the four requirements to obtaining your CFP® certification.
- Webinars and Teleconferences. Local Installation Family Support Centers routinely email out webinar and teleconference opportunities. These can include local training opportunities to training from service-specific headquarters. Encourage students to request addition to their Installation Family Support Center's email distribution listing.

CFS Refresher Course

Depending on their branch of service, attending a CFS Refresher course at an Installation Family Support Center every three years is required to maintain their qualification. If they are unable to attend the required Refresher course, they will have to repeat the multi-day CFS Initial Training Course. The CFS Refresher course prerequisite requirements require documentation of proficiency and attendance at required meetings.



SLIDE 16

Optional Activity: CFS Panel Discussion

Time: 15 to 20 minutes

Procedure:

REFER to page 15-20 in the Student Manual, “CFS Panel Q&A.”

ASK the students to write down four questions they would like to ask the panel. Encourage students to write any additional notes they find helpful.

- Introduce visiting Command Financial Specialists, or have guests introduce themselves.
- Ask guests to address the following issues:
 - ▶ When they got their training
 - ▶ How they have used their training (i.e., how they run their CFS program)
 - ▶ Share two or three top tips for new CFSs
- Guests can take 5 or 10 minutes to speak, depending on the number of panelists. When each panelist has had a chance to speak, ask for any questions from the class. When there are no more questions, thank the panelists for speaking with the class and continue with the summary and conclusion.

If students are having a hard time coming up with panel questions, use the below options to get the audience engaged:

1. Did you have to “sell” the CFS Program to your command leadership? If yes, how?
2. What is your number one method for dissemination of new information? Why?
3. How do you work with other CFSs to provide services at your command?
4. How do you reach members that work non-regular hours?
5. Which briefing do you facilitate the most? Why?



SLIDE 17

Post-test & Class Evaluation

INFORM the students that this post-test is conducted to evaluate whether learning took place in the classroom. Students must score an 70% or above to receive a certificate of completion. Prior to the test, ask the students if they have any questions with the material covered throughout the week.

ADMINISTER the post-test from Appendix 2 by passing out a copy of the post-test to each learner. **INFORM** the class to complete the test without guessing at any answers and remind the learners that if they do not know an answer, they should choose the “Unknown” answer. The test should be taken individually and closed-book. Ask students to turn their completed test into the Instructor, and remain quiet until all students have finished.

INSTRUCTOR NOTE: The Post-test Key is in Appendix 2.



SLIDE 18

Course Evaluations

Allow students to complete their course evaluations and collect all outstanding evaluations from the week.



SLIDE 19

Graduation

In conclusion to our training, please understand the tremendous positive impact a proactive CFS can have on the military community. You **WILL** help your fellow Service members and their families. The impact of your actions as a CFS have the potential to have a positive impact on lives of people you may never meet. Be aggressive and proactive in running your programs, use all of your resources, and continue to grow your financial knowledge.

Provide each student with their certificate of completion, and remind them to make a copy and/or scan it as they will be responsible for maintaining their own training records related to being a CFS.

Before dismissing the class, **REMIND** learners to collect all their belongings. **ASK** them to help you with needed classroom cleaning tasks, for example, straightening chairs, emptying trash, etc.

VII. FORMS

- See CFS Student Manual for the following forms:
 - ▶ CFS Tasks by Military Branch
 - ▶ Program Recordkeeping
 - ▶ Steps to Developing a Program (Service Specific)
 - ▶ Checklist for Command Financial Specialists
 - ▶ Command Financial Specialist Needs Assessment
 - ▶ How May We Help You?
 - ▶ Plan of Action and Milestones
 - ▶ How to Market Your CFS Program
 - ▶ Command Leadership and Indoctrination Briefs
 - ▶ Brief the Bosses
 - ▶ PFM Curriculum
 - ▶ Service-Specific Points of Contact
 - ▶ Maintaining Your CFS Qualification (Service Specific)
 - ▶ CFS Quarterly Activity Reports (Service Specific)
 - ▶ CFS Panel Q&A