



DISABLING SICKNESS OR CONDITION

VIDEO DISCUSSION GUIDE

NAVY FINANCIAL READINESS

CFS Preparation: Distribute and discuss the *Disabling Sickness or Condition* Checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at <https://finred.usalearning.gov/SPL/ServiceResources/NavyResource/TouchpointCurriculum>.

HANDOUTS

- ✓ Disabling Sickness or Condition
Counselor Checklist
- ✓ Spending Plan Worksheet
- ✓ Understanding Credit
- ✓ Military Consumer Protection
- ✓ Sources of Help for Military Consumers
- ✓ Major Purchases
- ✓ 5 Rules of Buying a House
- ✓ Education Benefits and Savings
- ✓ Paying off Student Loans
- ✓ Military Retirement
- ✓ Thrift Savings Plan
- ✓ Estate Planning
- ✓ TRICARE Overview
- ✓ Survivor Benefits Overview

★ PART ONE: LIVING WITHIN YOUR MEANS

CFS Introduction: Welcome to today's training: Disabling Sickness or Condition. This can be a challenging subject to talk about. However, it is one that we should plan for. There are several topics that we will discuss today related to the financial implications of caring for someone with a disability, including yourself. The upcoming discussion and videos and informational screens will aid in creating a dialogue to ensure that you will be financially aware and prepared if you or a family member experiences a disabling sickness or condition in the future.



Disabling
Sickness or
Condition
Overview

DISCUSSION QUESTIONS

1. How can you evaluate your spending in relation to income? What additional expenses may you have moving forward?

CFS Talking Points (refer to the "Basic Finance" section of the checklist and *Spending Plan Worksheet* Handout): Securing your financial future means knowing where you currently stand. Don't be afraid to start right where you are. Look at what you have coming in (Leave and Earnings Statement) and what is going out (bank and credit card statements). Do you have a surplus or a deficit at the end of the month? If the answer is a deficit, you are living beyond your means. Use the *Spending Plan Worksheet* Handout to begin creating your spending plan to determine your current situation.



Spending
Plans and
Emergency
Funds

2. What percentage of your pretax paycheck should go toward the following: housing, car, saving/investing?

CFS Talking Points (refer to the “Basic Finance” section of the checklist): It’s not enough to know where your money is going. It’s important to start setting limits on where your money is going. A simple formula is 25% of pretax income can go toward housing (rent or mortgage, taxes, utilities, and maintenance); 15% – 20% of pretax income can go toward transportation expenses (car payments, insurance, gas, and maintenance). Let’s not forget about saving and investing. Strive to put away 10% – 15% of your pretax income to establish an emergency fund of three to six months of expenses and to prepare for your future needs like retirement.

3. How do I begin making changes?

CFS Talking Points (refer to “Basic Finance” section of the checklist and **Spending Plan Worksheet** Handout): Begin by creating a plan. That’s where things happen. See where you are spending over the percentages we just discussed and start making a few cuts. Start putting limits on where you are overspending. Be honest with yourself. This plan is yours. You want your financial plan to succeed so be realistic when you start making cuts. If you need help building your spending plan, don’t be afraid to ask. Speak to a Command Financial Specialist (CFS) or Personal Financial Manager (PFM) on your installation.

KNOWLEDGE CHECK

Question: Where can you get assistance developing your spending plan?

Answer:

- Air Force: Airman & Family Readiness Center
- Marine Corps: Marine & Family Services
- Navy: Fleet and Family Support Services
- Army: Army Community Services
- Coast Guard: Health, Safety and Work-Life Regional Practice

Question: Name a strategy to build up an emergency fund.

Answer: Appropriate responses might include:

- Start with a small goal like \$1,000 and build from there.
- Pay yourself first by setting aside money from paychecks or other sources of income.
- Establish an allotment or automatic funds transfer to make saving easier.
- Sell unwanted items and deposit the proceeds into savings.
- Review your spending plan for ways to cut expenses and increase savings.

★ PART TWO: TAXES

CFS Introduction: Taxes can be complicated. Couple that with a disability or sickness to an already complicated situation and what do you have? A VERY complicated situation. This section will provide you with a greater awareness of how your disability may affect your tax situation. It is paramount to consult tax professionals to help with your specific situation and needs as they change.



Taxes

DISCUSSION QUESTIONS

1. Are all disability compensations non-taxable?

CFS Talking Points (refer to the “Basic Finance” section of the checklist): As mentioned in the video, tax issues can be very complicated. It is important to always consult tax professionals when you have tax-related questions. Disability compensations can be taxed or non-taxed depending on the provider. Most disability payments that are generated from employer benefits or insurance policies are taxed while VA benefits and disability insurance paid from after-tax money are not.

2. Can I claim a medical deduction on my taxes if I build a wheelchair ramp on the front of my house?

CFS Talking Points (refer to the “Basic Finance” section of the checklist): You may be able to claim a medical deduction for some of these costs of improvements made to accommodate a disability. Improvements such as wheelchair ramps, chair lifts, and grab bars are just a few examples of improvements. Speak with a tax consultant to see if other items can also be claimed.

3. What happens if I need to bring in a home health nurse to assist my family member while I am at work?

CFS Talking Points: You may be eligible for a tax credit if you must bring a part-time or live-in health professional into the home. Check with your tax professional for more details.

KNOWLEDGE CHECK

Question: What are a few common disability-related tax breaks?

Answer: Credit for the Elderly or Disabled, Disability-related home improvements, and Child and Dependent Care Credit are good examples. Everyone’s tax situation is unique so contact a tax professional or the Volunteer Income Tax Assistance (VITA) program for additional information and guidance.

★ PART THREE: HOUSING AND TRANSPORTATION NEEDS AND EDUCATIONAL NEEDS

CFS Introduction: Now that we have established the importance of having an effective spending plan and a better understanding of taxes, let’s talk about the necessary lifestyle changes that you may need to implement with regard to transportation and housing. Also, let’s take this time to learn about the educational benefits available to you as a Service member.



Housing and
Transportation
Needs

DISCUSSION QUESTIONS

1. What government agency can help with housing and vehicle needs if there is a disability or sickness?

CFS Talking Points: The Veterans Administration (VA) has several programs that may aid with both housing and vehicle needs.



Education
Benefits

2. Are there any grants available for me to make modifications on my home?

CFS Talking Points: Yes. The three main programs are:

- The Specially Adapted Housing Grant and the Special Housing Adaptation Grant are used to buy, build, or upgrade a home to support a disability or sickness. Both are available for Service members and retirees.
- The Temporary Residence Adaptation Grant is used if you are currently living in a family member's home which needs modifications to support a disability or sickness. This grant is only available for Service members.

All of these grants have their own application process and maximum payout.

3. What if I live in base housing?

CFS Talking Points: Make sure you check with your base housing office to specify any accommodation you or your family member may need.

4. What if I need specialized equipment for transportation?

CFS Talking Points: There are other grant programs that may assist in offsetting the cost of adaptive equipment and even assisting in purchasing a specially equipped vehicle.

5. Are there any educational benefits that I can use while I'm still enlisted or commissioned in the Armed Forces?

CFS Talking Points (refer to "Major Purchases" section of the checklist and **Education Benefits and Savings** Handout): Tuition Assistance (TA) is available to active duty and reserve Service members. This assistance can be used for an associate's degree all the way to a graduate degree. For more information, you can contact www.MilitaryOneSource.mil or speak to a representative at your Navy College if they are on site. You may also have GI Bill benefits to assist in paying for college. You can visit www.va.gov/education to get more information.

6. What if I already have student loans? Is there any assistance to help reduce this debt?

CFS Talking Points (refer to "Major Purchases" section of the checklist and **Paying off Student Loans** Handout): If you accrued your student loan debt before entering into active duty, you can now use the Servicemembers Civil Relief Act (SCRA) to reduce the interest rates to 6%. You can also explore the Income-Driven Repayment Plans. If your income is decreased, you may be able to have your monthly payments reduced. There are also disability rules regarding educational benefits. Borrowers with a total and permanent disability may be eligible to have some or all of their federal student loans discharged. Visit www.studentaid.gov and search "disability discharge" for more information. You can also speak to a Personal Finance Manager on your installation for more information.

★ PART FOUR: CARING FOR AGING LOVED ONES

CFS Introduction: There may come a time in your military career that you have to take care of an aging loved one. The upcoming discussion and video will give you valuable information regarding some steps to take to ensure your aging family member is well cared for while you are still performing your military duties.



Caring for
Aging Loved
Ones

DISCUSSION QUESTIONS

1. What options are available if I need to take care of my elderly parents as a Service member?

CFS Talking Points (refer to “Caring for Aging Parents” section of the checklist): It will be important to know all of your options before you make a final decision. Some options may be to allow your family member to stay in their home and elect for home health care providers to assist them. Doing this may require thinking about the cost of home modifications. Another option may be moving your loved one in with you. Please consider the transient nature of your job as a Service member. Remember, making housing modifications at every move may get expensive. Finally, there are assisted living facilities which may be a good fit for your loved ones. This very personal decision belongs to you. Make the best decision that will best benefit you and your family.

2. Where can I find resources to assist me in making such a big decision?

CFS Talking Points: You may want to start with your nearest legal assistance office on base. This may be a lengthy process so make sure you give yourself enough time to get everything done.

KNOWLEDGE CHECK

Question: Is there anyone who can provide further information regarding caring for my aging family member?

Answer: Military OneSource is an excellent source of information. Elder care consultants are available to assist with any questions or concerns you may have. These consultants are free and can offer one-on-one sessions.

★ PART FIVE: HEALTH INSURANCE AND LIFE INSURANCE

CFS Introduction: We have talked about several lifestyle changes that you may need to make when there is a disabling sickness or condition or a need to take care of an aging loved one. However, it is also important to think about your long-term financial plans. The upcoming discussion and videos will focus on protecting your assets by making sure you have an adequate amount of health and life insurance.



Health
Insurance

DISCUSSION QUESTIONS

1. Why is it important to have insurance?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): The purpose of insurance is to protect your assets. You can quickly deplete your emergency funds and investments without an adequate amount of insurance.



Life
Insurance

2. What type of health insurance benefits are available for my parents who are getting older?

CFS Talking Points (refer to “Compensation, Benefits and Entitlements” section of the checklist and **TRICARE Overview** Handout): Medicare and Medicaid are the most common health care programs available for aging adults. Medicare is a federal plan and is typically available to those age 65 and older, while Medicaid is a state-run program and is typically available to low-income or elderly adults and people with disabilities. Also, it is important to speak with your parents regarding other private insurance policies that they may be paying into.

3. Will TRICARE pay for dependent parents’ medical bills?

CFS Talking Points: It all depends on if they are enrolled in one of TRICARE’s plans. An immediate family member may be able to seek medical assistance through TRICARE. Check with your local Legal Office for more information.

4. What are the benefits of enrolling into the Exceptional Family Member Program?

CFS Talking Points: The Exceptional Family Member Program (EFMP) aids in ensuring that the family member’s special needs are taken into consideration before new orders are drafted. This helps to guarantee a continuation of care and services for the family member.

5. What is TRICARE ECHO?

CFS Talking Points: The TRICARE Extended Care Health Option or TRICARE ECHO can assist in buying needed supplies for your family member and offer services beyond what TRICARE covers.

6. Do I need to buy a private life insurance policy as a Service member?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): It all depends on how much insurance you believe that you need. Don’t forget the acronym LIFE (liabilities, income, final expenses, and education and other goals). While in the service, you should be enrolled in Servicemembers’ Group Life Insurance (SGLI). Your beneficiary will receive \$400,000 if you pass away while on active duty. They may also be eligible to receive another \$100,000 from the death gratuity. Knowing this, you can then decide if you need additional coverage. If you are married, understand that spouses may be eligible for coverage up to \$100,000 and dependent children may receive \$10,000 of coverage through Family Servicemembers’ Group Life Insurance (FSGLI).

7. Can I keep SGLI after I separate from the military?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): Servicemembers’ Group Life Insurance (SGLI) is a term policy. This means SGLI will end when you exit the armed services. However, you can choose to convert SGLI to Veteran’s Group Life Insurance (VGLI). There are deadlines for converting your coverage, so visit <https://www.va.gov> and search “VGLI” for more information. If your spouse is covered under FSGLI, they may convert their policy to an individual insurance contract. Visit <https://www.va.gov> for details.

8. What's the difference between a term policy and permanent policy?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): A term policy lasts for a specific time period or a term, typically 10, 15, 20, 25, or 30 years. A permanent policy is just that, permanent. You will not have to renew it and the policy is intended to remain in force until you die.

KNOWLEDGE CHECK

Question: Can I decide not to enroll my family member with a chronic condition into the Exceptional Family Member Program (EFMP)?

Answer: No. The EFMP is a mandatory program.

Question: Whom can I contact if I have questions regarding the EFMP?

Answer: Fleet and Family Support Center and the EFMP Liaison.

Question: Whom can I name as the beneficiary for my insurance policy?

Answer: You can name anyone you choose. Major life events such as marriage, a new child, divorce or death may lead to updated beneficiary designations. It's important to know that the name on the policy supersedes whoever's name is on the will.



PART SIX: ESTATE PLANNING AND SURVIVOR BENEFITS

CFS Introduction: So far, we have discussed how to plan for possible financial challenges you may have if you ever deal with a disabling sickness or condition whether personally or of a loved one. In the upcoming video we will discuss estate planning and survivor benefits.



Estate
Planning
and
Survivor
Benefits

DISCUSSION QUESTIONS

1. Why is estate planning important?

CFS Talking Points (refer to “Planning for the Future” section of the checklist and *Estate Planning* Handout:) It is important to already have a plan in place to assist your family members in the unfortunate event that something happens to you. Estate plans will greatly reduce the stress that comes with loss. Beneficiaries should already be named on insurance policies, homes, and other properties. Refer to the *Estate Planning* Handout for definitions on various documents and resources that are common in estate planning



Survivor
Benefits
Overview

2. Do I need a living will?

CFS Talking Points (refer to *Estate Planning* Handout): A living will is important because it gives instructions on how you would like to live out your last days if you ever become incapacitated. Your family members or those close to you are relieved of the decision-making process. For example, you may have a do not resuscitate (DNR) order in place in case of a medical emergency. You can see that having something in writing would cut down on confusion and conflict in the future.

3. How can I ensure that my minor children are taken care of financially if something happens to me?

CFS Talking Points (refer to *Estate Planning* Handout): Your wishes should be spelled out in a will. You should specify a guardian for your minor children and name an executor who is there to ensure that your wishes are carried out through the years.

4. How can I ensure that my minor children are taken care of financially if something happens to me?

CFS Talking Points (refer to [Survivor Benefits Overview](#) Handout): Your family will have access to a Casualty Assistance Calls Officer (CACO) who will be there to assist your loved ones during their loss. The CACO will be there to help explain their benefits and help ensure that they receive those benefits and entitlements.

KNOWLEDGE CHECK

Question: What's a medical power of attorney (POA)?

Answer: A medical power of attorney authorizes someone to make medical decisions for you in case you become incapacitated.

Question: How can I authorize someone to make financial decisions for me?

Answer: This is a discussion that you will need to have with your spouse or partner early on. This is not a decision that you, as the Service member, can make on your own. You will need your spouse or partner to agree if you choose not to enroll in the SBP. This decision will need to be made at your retirement from the service.

★ PART SEVEN: RETIREMENT OVERVIEW

CFS Introduction: It is important to begin investing in your retirement while you are still a Service member. This will definitely be your biggest investment. That's why it's important to set SMART retirement goals and begin contributing to those goals early. In this next discussion, we will talk about how to be fully prepared financially for your retirement.



Retirement

DISCUSSION QUESTIONS

1. What's the difference between the two retirement systems?

CFS Talking Points (refer to "Planning for the Future" section of the checklist and [Military Retirement](#) Handout): The two retirement systems are the Legacy (High-3) Retirement System and the Blended Retirement System (BRS). For both, you will need to serve at least 20 years in the armed forces to benefit from a pension. The Legacy System has a larger pension payout. While the payout for the BRS is lower, it does have a Thrift Savings Plan automatic contribution of 1% and matching contributions.

2. Can I switch over to the Blended Retirement System?

CFS Talking Points: If you entered into the service after Jan. 1, 2018, you are automatically enrolled in BRS. If you entered before then and did not opt into the BRS, you are covered by the Legacy (High-3) Retirement System and you can no longer opt into BRS.

3. When is the best time to start saving for my retirement?

CFS Talking Points (refer to [Military Retirement](#) Handout): "Time is money." The longer you wait to start putting money away in some type of future investment, the more money you are forfeiting for your future. It is imperative to start making consistent payments to a retirement fund. Try not to wait until everything lines up financially to start saving. There will always be something else to do. Start now.

KNOWLEDGE CHECK

Question: What are some civilian retirement plans that I can invest in?

Answer: If you are out of the military you can contribute to another employer-provided retirement plan such as a 401(k) and a 403(b) plan. You can also contribute to a self-funded plan such as an Individual Retirement Account (IRA) while you are still in the military.

Question: Where can I go to get more information regarding retirement questions?

Answer: You can always speak to the Financial Counselor on your local installation.



PART EIGHT: CONCLUSION



Final
Thoughts

CFS Conclusion: Now that we have discussed financial considerations regarding dealing with a disabling sickness or condition, ensuring that your family will be taken care of in case of a misfortune, and saving for retirement, remember that if you have questions or concerns you can speak with a Financial Counselor on your installation or through Military OneSource. You are not in this alone. This installation has the resources to assist you as you navigate these changes. Please remember to sign your checklist and input into NSIPS to acknowledge completion of this course.