



# Promotion

## Instructor Guide



## I. COURSE ORGANIZATION AND OUTLINE

The **Promotion** course is **organized into five parts**:

1. **Introduction and Agenda** (2 minutes)
  - Welcome
  - Facilitator Introduction
  - Review of Agenda
2. **Financial Planning** (10 minutes)
  - Setting SMART Goals
  - Spending Plan
  - Your Credit Reputation
3. **Saving for Retirement** (10 minutes)
  - Who Wants to Be a Millionaire?
    - ✓ Thrift Savings Plan (TSP)
    - ✓ Managing Your TSP
4. **Career Investment Programs** (6 minutes)
  - United Services Military Apprenticeship Program (USMAP)
  - Credentialing Opportunities On-Line (COOL)
  - Tuition Assistance
5. **Summary and Resources** (2 minutes)

**TOTAL:** 30 minutes

## II. LEARNING OBJECTIVES


### Terminal Learning Objectives (TLOs) and Enabling Learning Objectives (ELOs)

1. **TLO:** Understand the fundamentals of creating and managing a spending plan, and the importance of updating a spending plan.  
**ELOs:** Update personal spending plan. Understand changes in income related to promotion. Identify options for increased income, to include paying off debt and managing credit.
2. **TLO:** Understand future financial benefits afforded by the Department's Career Investment Programs.  
**ELO:** Know the education and training benefits that are available to help you advance in your career such as Apprenticeships, Certifications and Tuition Assistance.
3. **TLO:** Recognize the importance of and be able to develop savings and an emergency fund.  
**ELO:** Re-evaluate savings goals and status.
4. **TLO:** Understand and be able to manage a Thrift Savings Plan (TSP) account.  
**ELO:** Understand how an increase in pay affects TSP contributions.

### III. CHAPTER PREPARATION

Sections labeled “**INSTRUCTOR NOTE:**” include additional information for instructor background, as well as activities that provide practical application of key learning points. Instructor notes contain an icon and appear in a shaded text box for easier recognition.

**CONTENT ICONS** — The following icons are used throughout the guide:

<div><div><b>INSTRUCTOR NOTE:</b></div><div></div></div>	<div><b>Instructor Note</b> (indicates additional information related to the content for the instructor)</div> <div><b>Checklist and Handout</b> (indicates a Checklist or Handout is associated with the content)</div> <div><b>Learning Activity</b> (indicates a learning activity)</div>
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**INSTRUCTOR NOTE:** Being prepared for training promotes organization, projects a positive image, and reduces stress.

Be prepared to discuss each Checklist and Handout in class. You should familiarize yourself with this content so you can effectively discuss each document during your presentation.

While this guide is written as a script, avoid reading it word-for-word. Familiarize yourself ahead of time so you feel comfortable covering the material in your own words.

Throughout the presentation, the Checklist or Handouts will be identified with an icon on the PowerPoint and an Instructor Note in this Instructor Guide.

**Materials and equipment needed:**

- Projector/screen
- *Promotion* course PowerPoint slides
- Chart paper and easel or whiteboard and markers
- Paper, pens, pencils
- Course sign-in sheet
- Course evaluations

**Forms and Handouts:**

- *Promotion* Checklist
- *Spending Plan Worksheet* Handout
- *Understanding Credit* Handout
- *Thrift Savings Plan* Handout

## IV. CONTENT



**SLIDE 1**



**SLIDE 2**



**SLIDE 3**

## Introduction

### Facilitator Introduction

Introduce yourself by providing:

Hello, my name is \_\_\_\_\_.

I am a \_\_\_\_\_.

(Describe your experience as a facilitator or with personal financial management.)

The information I'll provide over the next 30 minutes will help you organize your finances and make the most of your recent promotion.

## Agenda

Congratulations to everyone here today on your recent promotion! As your career advances, it's a great time to hit the pause button and review your finances to set yourself up for a more successful, prosperous future.

In this training, we will cover four main topics, they are:

- Financial Planning
- Saving for Retirement
- Career Investment Programs
- Resources

## Financial Planning



**ACTIVITY:** How many of you already know how you will be spending your pay increase? (Take note of the types of responses and use them as examples throughout the course.)



## SLIDE 4

## Planning for Success

Some of you already have big plans for your pay raise, but let's take a step back and look at the big picture. For those planning to save, invest, or make a major purchase, have you really analyzed how you will accomplish these goals? A good way to set yourself up for success is to use SMART Goals. SMART stands for Specific, Measurable, Achievable, Relevant and Time-bound. Use this method to define your goals.

**INSTRUCTOR NOTE:** Demonstrate how to create a SMART Goal using a goal from one of the attendees, or use the example provided.

Let me give you an example.

What if I say, "I want to build up my emergency savings?" Is that a SMART Goal?

No. It is not specific or measurable and there is no deadline.

A SMART Goal is more like: "Six months from today, I want to have \$1,800 in my emergency savings account. I will save \$75 per week by taking my lunch to work and making my own coffee in the morning."

Here are a few example goals; remember to make them SMART.

- If you have a lot of debt, or any debt with a high interest rate, it may be a good idea to make **eliminating or reducing** that debt your top priority.
- You may also want to save more for **retirement** or for a **near-term goal** like a down payment on a house.
- Each of us should have an **emergency fund**. That's money you keep available in a liquid, interest-paying account so you can handle unexpected expenses like repairs or insurance deductibles.

Once you've determined how much you need to save monthly to achieve your goals, consider automating your savings to make it easier.



**ACTIVITY:** Challenge attendees to write down as many of their financial goals as they can in 60 seconds. Some examples may include: pay down debt, build an emergency fund, save for retirement.



## SLIDE 5

# Spending Plans

A spending plan is a great way to map out all your current income and expenses, including everything from bills and debt payments to retirement plan contributions.

In addition to giving you a clear picture of where you stand, a spending plan also lets you set goals for how you use your money each month. For example, you can plan to decrease spending on some items, and use the extra money to pursue goals such as paying down debt or saving for the future.



**INSTRUCTOR NOTE:** Distribute *Spending Plan Worksheet Handout* and *Promotion Checklist*.

### Step 1: Know Your Current Situation

Knowing where your money is going now can help you determine whether these expenses need to remain as is or adjustments are needed. **Track all of your cash inflows** (including your pay increase) **and outflows** for the next 30 days or look back at the previous 30 days. You can record it any way you want — by pen and paper, on a spreadsheet on the computer or on your phone. The important thing here is to do it for the full 30 days.

### Step 2: Know Where Your Money Should Go

Once you know where your money is going, you then need to understand where it should go. There are general rules/guidelines that experts suggest:

- Save and/or invest 10% – 15% of pretax pay.
- Keep transportation expenses, including car payments, insurance, gas and maintenance, to 15% – 20% of pretax pay.
- Housing expenses, including mortgage or rent payment, taxes, utilities, maintenance, etc. should be limited to your Basic Allowance for Housing (BAH) or to 25% of pretax pay.

### Step 3: Create a Plan

Now that you know how much you are spending, where it's going and where it should be going, it's time to **create your plan**.

It's a good idea to prioritize your **financial goals** as we discussed earlier. Next, you need to get into the habit of **paying yourself first**. If you are not already allocating a portion of your income toward savings or investments, this may be a good time. **Automate savings** and keep funds in a separate account to help you stick with your plan and avoid temptations to spend.



If you haven't already done so, strongly consider building an **emergency fund**. This "just-in-case" account is designed for your peace of mind during emergencies and keeps you from going into debt and/or depleting money you have set aside for other goals. Experts suggest, **a minimum of \$1,000 with a goal of 3–6 months of living expenses**. If you need to tap into your emergency fund, try to replenish it quickly.



**ACTIVITY:** Ask attendees to think of some examples of unexpected expenses that an emergency fund could help cover. Answers may include: vehicle repairs, home repairs, insurance deductibles, appliance replacements, travel on short notice, spouse loses job.

#### Step 4: Make Adjustments

As your life circumstances change, your spending plan needs to adjust as well. Major life events like marriage, birth of a new child, divorce or promotion could affect your spending plan, so review it regularly.



SLIDE 6

## Your Credit Reputation

Up next, let's talk about your credit reputation. Why does it matter? Your credit reputation impacts your security clearance. It also impacts your ability to get approved for a loan and how much interest you'll pay. If your promotion plans include making a major purchase or to pay back debt, then it makes sense to review your credit.

Check your three major credit reports for free at [www.annualcreditreport.com](http://www.annualcreditreport.com). Make sure all the information is correct and dispute errors if needed.

Another benefit available for eligible Service members is free credit monitoring services from the nationwide credit reporting agencies shown on the screen.

- Equifax: [www.equifax.com/personal/credit-report-services](http://www.equifax.com/personal/credit-report-services)
- Experian: [www.experian.com/help](http://www.experian.com/help)
- TransUnion: [www.transunion.com/credit-help](http://www.transunion.com/credit-help)



**INSTRUCTOR NOTE:** *Understanding Credit Handout*

Finally, review the *Understanding Credit Handout* for more information about credit reports, credit scores and tips on improving your credit.



## SLIDE 7

# Saving for Retirement

Retirement is one of the most important goals any of us will save for. It's also one of the most expensive. And unlike other goals, we typically don't get a second chance to get this one right.



**ACTIVITY:** This slide can be turned into a learning activity "Who Wants to Be a Millionaire?" Ask the class to estimate the amounts required to invest at each age to reach \$1 million. The closest guess without going over is the winner.



## SLIDE 8

# Start Saving Early: How to Be a Millionaire

Compounding (which you might hear called "compound interest" or "compound earnings") is when the dollars you save or invest accumulate earnings of their own.

Let's think about one goal worth consideration: your retirement. How much you need to save for retirement depends on a variety of factors, but it's best to start saving as soon as possible so time is on your side. For example, how much would you have to save to have a million dollars at retirement?

Assuming "retirement" is age 65 and interest is 8%, it would take the following to have a million dollars:

- **\$190/month for 45 years** (starting at age 20)
  - ✓ Cumulative invested: \$102,600
  - ✓ Cumulative compound interest: \$899,563
  - ✓ Total: \$1,002,163
- **\$290/month for 40 years** (starting at age 25)
  - ✓ Cumulative invested: \$139,200
  - ✓ Cumulative compound interest: \$873,192
  - ✓ Total: \$1,012,392
- **\$675/month for 30 years** (starting at age 35)
  - ✓ Cumulative invested: \$243,000
  - ✓ Cumulative compound interest: \$762,993
  - ✓ Total: \$1,005,993
- **\$1,700/month for 20 years** (starting at age 45)
  - ✓ Cumulative invested: \$408,000
  - ✓ Cumulative compound interest: \$593,335
  - ✓ Total: \$1,001,335

Although both savings and investments accumulate compound interest or earnings, the return rate for investments is usually much higher than a savings account. But with the higher returns comes higher risk.



## SLIDE 9

# Thrift Savings Plan



## INSTRUCTOR NOTE: *Thrift Savings Plan* Handout

To plan appropriately, you should be aware and understand the resources available to help save for retirement. One important resource is the Thrift Savings Plan.

- The TSP is a **Defined Contribution Plan**.  
This means Service members who participate in the TSP contribute a fixed amount or a percentage of their paychecks to an account that is intended to fund their retirements. For those covered under BRS, you will also receive automatic and matching contributions as soon as you are eligible.
  - ✓ All uniformed Service members have the opportunity to participate in the Thrift Savings Plan.
  - ✓ The TSP is a long-term, government-sponsored retirement savings plan, which is similar to 401(k) plans offered to private sector employees.
- The TSP is **Professionally Managed**.  
The Federal Retirement Investment Board, who contracts with BlackRock Institutional Trust Company (N.A.) (BlackRock) to manage many of the fund's assets, professionally manages the Thrift Savings Plan.
- There are many **benefits** to participating in the TSP:
  - ✓ Minimal administrative fees – .043% per \$1,000 managed, roughly \$.43/\$1,000 – an average 401(k) charges up to 1%
  - ✓ Automatic deductions – it comes right out of the paycheck before you even see it
  - ✓ Automatic and matching contributions for those covered under the Blended Retirement System (BRS)
  - ✓ Traditional and Roth Options – There are options to contribute pretax (Traditional) or post-tax (Roth) contributions (use the *Thrift Savings Plan* Handout to explain the differences)
  - ✓ Many investment funds – There are numerous investment choices and these are outlined on the *Thrift Savings Plan* Handout and at [www.tsp.gov](http://www.tsp.gov).



## SLIDE 10

# TSP Contributions

## • Contribution Limits

- ✓ **Elective Deferral Limit** — It doesn't matter whether you're covered under the Blended Retirement System (BRS) or Legacy "High-3" Retirement System, you can save up to \$19,500\* for 2020 into your TSP. This is called the elective deferral limit. Under certain situations, this limit may be higher, so see [tsp.gov](http://tsp.gov) for more information. The **elective deferral limit** of \$19,500\* (2020) applies to the combined total of Traditional and Roth contributions.
- ✓ **Combat Zone Tax Exclusion** = \$57,000 for 2020 — The annual addition limit is \$57,000 (2020). This limit is per service and includes Service member contributions (tax-deferred, after-tax, and tax-exempt), automatic 1% contributions, and matching contributions.
- ✓ **Catch-up** = \$6,500 for 2020 — The catch-up contribution limit is \$6,500.

## • Traditional vs. Roth

So, how do you decide between contributing to the Traditional or Roth option in your TSP account?

If you want to lower current taxes and defer them until retirement, select **Traditional** contributions. Alternatively, select **Roth** contributions if you'd prefer to pay taxes on your contributions now and avoid taxes on qualified withdrawals in the future.

## • Matching Contributions

For those covered under the BRS, it's important to contribute at least 5% of your basic pay to your TSP to take full advantage of the match available from your service. If you contribute less than 5%, you are essentially giving away free money, because you are not taking full advantage of matching contributions.



## SLIDE 11

## Managing Your TSP

Now let's focus on how to manage your TSP account. There are two locations to manage different aspects of your Thrift Savings Plan.

- **Start at myPay or Direct Access**
  - ✓ Here is where you will identify your contribution amounts and from which pay source you want your contribution to be withdrawn (base pay, special pays, etc.)
  - ✓ You'll also identify if you want your contributions to be fully Roth, Traditional or a combination of both
  - ✓ Maintain your address here to ensure receipt of statements and other important communications from TSP.
- You'll want to log into *tsp.gov* to continue management of your TSP account. You will need your account number.
  - ✓ If you have misplaced or lost your TSP account number, visit [www.tsp.gov/tsp/forgottenaccount.html](http://www.tsp.gov/tsp/forgottenaccount.html) to request that the account number be mailed to you. Verify your address in myPay first.
  - ✓ Once inside your account, review your beneficiary designations and update them as needed.
  - ✓ You should also update your contact information, especially if you have moved recently.
- In addition to these housekeeping items, take some time to **review your investment choices and your future** allocation. Make sure your investments align to your retirement goals and risk tolerance.

The TSP has investment options at all different levels of risk. You can review these options at *tsp.gov* as well as the *Thrift Savings Plan* Handout.



## SLIDE 12

## Career Investment Programs

Your promotion is a great time to start thinking about your next promotion. Prepare both personally and professionally by taking advantage of the education and training benefits the military provides.



## SLIDE 13

# Career Investment Programs

- **Invest in Your Future Marketability**

Whether you plan on retiring from the military or transitioning after a few years to the civilian sector, developing yourself professionally will help you advance in your career and increase your earning potential.

Take your career into your own hands and visit the DoD Career Ready Portal online to review all the available programs.

- **Apprenticeships**

Start by looking into the United States Military Apprenticeship to register for apprenticeships related to your grade (MOS). These programs help to expand your career options and build on your military experience. Certificates of Completion are given by the Department of Labor and they are nationally recognized and can be an advantage in getting a better job in the future.

- **Certifications**

Next, check to see if your military experience will translate into a civilian credential. Being a Service member, you've been trained with special skills and your knowledge, education and experience are very valuable in the civilian world.

The Credentialing Opportunities On-Line (COOL) program has mapped over 1,700 civilian licenses and certificates to military skills, and that number increases all the time.

- **Tuition Assistance**

Lastly, take advantage of the military's Tuition Assistance program. If one of the reasons you joined the military was to get an education, this program is a great solution. It pays up to 100% of tuition expenses for semester hours costing \$250 or less.



**SLIDE 14**



**SLIDE 15**



**SLIDE 16**



**SLIDE 17**

## Summary and Resources

Now let's take a couple of minutes to discuss key takeaways and resources to help you going forward.

### Summary

We discussed the following topics. Do you have questions on any of them?

- Financial Planning
- Saving for Retirement
- Career Investment Programs

**INSTRUCTOR NOTE:** If time allows, ask a few of the participants to provide one key takeaway they learned from today's class.

### Resources

Please read through your Checklist and Handouts and refer back to them. They are a great resource to help navigate the financial decisions you'll need to make.

You are not alone! You have many layers of support to help you learn more and make good financial decisions.

You can talk to your CFS at your unit or meet with a PFM and attend a class at your local installation service center. You can call Military OneSource or CG SUPRT for additional assistance. This is a great option for flexibility of scheduling since the call center has extended hours. You may also access the FINRED Sen\$e mobile app or the MyNavy Financial Literacy mobile app for assistance with a variety of personal finance issues.

### Thank You!

Thank you for participating, and once again, congratulations on your recent promotion!