

Financial Implications of Divorce

Instructor Guide



**GUARD
YOUR
FINANCIAL
FUTURE**

PERSONAL FINANCIAL MANAGEMENT PROGRAM

I. COURSE ORGANIZATION AND OUTLINE

This *Financial Implications of Divorce* course is comprised of 11 parts:

- 1. Introduction and Agenda**
 - Welcome
 - Facilitator Introduction
 - Review of Agenda
- 2. Administrative Tasks**
 - Documents
 - Marriage Settlement Agreement
 - DEERS
- 3. Basic Finance**
 - Spending Plan
 - Changes to Pay
 - Emergency Fund
 - Banking
- 4. Managing Credit and Debt**
 - Understanding Credit
 - Managing Debt
- 5. Retirement**
 - Retirement Savings Goals
 - Thrift Savings Plan
 - Qualified Domestic Relations Order
 - Uniformed Services Former
 - Spouse Protection Act
- 6. Other Benefits**
 - Survivor Benefits
 - Education Benefits
- 7. Housing and Vehicles**
 - Housing Needs
 - Transportation Needs
- 8. Insurance**
 - Medical and Dental
 - Property and Disability
 - SGLI, FSGLI and Life Insurance
 - Life Insurance Needs
- 9. Legal Documents**
- 10. Income Taxes**
- 11. Summary and Resources**

TOTAL: 60 minutes

II. LEARNING OBJECTIVES

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

- 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 allowances as a result of divorce. Be able to develop a spending plan that accounts for necessities and addresses cash flow changes due to child support or spousal support.
- TLO:** Understand fundamentals of income tax and common tax benefits, and potential changes to tax situation.

ELOs: Understand how to update federal and state withholding as needed.
- TLO:** Recognize and understand how to protect against misleading consumer practices, and report consumer complaints.

ELOs: Understand the threat of predatory lenders and identify better alternatives like military aid societies. Know how to find information on state-specific consumer protection laws. Be able to access and read a credit report to identify potential fraudulent activities. Understand credit fraud and the process for placing alerts and freezes on accounts. Know which federal agencies support consumer protections and how to find information.
- TLO:** Understand education financing, to include available benefits, obligations, and repayment options.

ELOs: Be able to assess the cost of educational programs. Know a variety of education benefits available to Service members and families. Understand general information on various financial aid options such as grants, scholarships and loans. Understand the value of saving early. Identify, compare and contrast educational saving programs.
- TLO:** Comprehend the components of Service member's military retirement system and the importance of preparing for retirement.
- TLO:** Discuss the reasons, needs, types, and options for purchasing insurance.

ELOs: Review beneficiaries and levels for life insurance including Servicemembers' Group Life Insurance (SGLI). Know the different types and levels of eligibility of life insurance offered to military family members. Understand the need to update insurance levels and premiums to cover liabilities.
- TLO:** Understand purpose and implications of estate planning (beneficiaries, wills, trusts, power of attorney, etc.).

ELOs: Understand estate planning considerations. Know why it is important to update estate planning documents and beneficiaries.
- TLO:** Discuss TRICARE options and costs.



ELOs: Know how to add or remove dependents to/from TRICARE. Know when and how to update **DEERS**. Understand options for health care beyond TRICARE. Understand the necessity for additional health care for those who may not be covered under TRICARE. Know how to review benefits and costs of various health insurance options. Know which health care benefits will be utilized for varying scenarios.
- TLO:** Discuss survivor and dependent benefits, including SBP and SGLI.
- TLO:** Recognize the importance of and be able to develop savings and an emergency fund.

ELOs: Understand the importance of starting and maintaining emergency savings. Know how to set emergency savings goals. Know various methods and modes for keeping emergency funds. Know how to assess how much should be kept in an emergency fund. Be able to set guidelines for starting and replenishing an emergency fund.

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:

<hr/> INSTRUCTOR NOTE: <hr/>	Instructor Note (indicates additional information related to the content for the instructor)
	Checklist and Handout (indicates a Checklist or Handout is associated with the content)
	Learning Activity (indicates a learning activity)

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:

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

Forms and Handouts:

- *Financial Implications of Divorce* Checklist
- *Spending Plan Worksheet* Handout
- *Major Purchases* Handout
- *5 Rules of Buying a House* Handout
- *TRICARE Overview* Handout
- *Estate Planning* Handout
- *Paying off Student Loans* Handout
- *Education Benefits and Savings* Handout
- *Understanding Credit* Handout
- *Military Retirement* Handout
- *Thrift Savings Plan* Handout
- *Survivor Benefits Overview* Handout
- *Military Consumer Protection* Handout
- *Servicemembers Civil Relief Act* Handout
- *Sources of Help for Military Consumers* Handout

IV. CONTENT



SLIDE 1

Facilitator Introduction

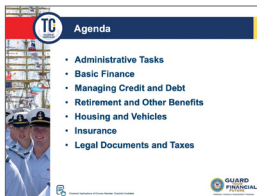
Hello, my name is _____.

I am a _____.

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

Divorce is a stressful life event in many ways. Today, my goal is to help reduce the stress and uncertainty associated with the financial aspects of divorce.

Over the next 60 minutes, I'll share information that will help you prepare to make smart, informed financial moves so you can emerge from your divorce with greater financial confidence. So let's get started!



SLIDE 2

Agenda

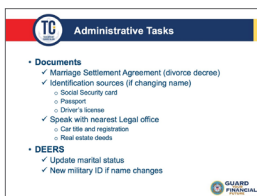


INSTRUCTOR NOTE: Distribute *Financial Implications of Divorce* Member Checklist.

To help you understand the content in this presentation, we will use the *Financial Implications of Divorce* Member Checklist to explore:

- Administrative Tasks
- Basic Finance
- Managing Credit and Debt
- Retirement and Other Benefits
- Housing and Vehicles
- Insurance
- Legal Documents and Taxes

I'll also point you to free resources that can help you take action on what we discuss.



SLIDE 3

Administrative Tasks

Reorganizing your finances to adjust to your divorce starts with some administrative tasks. Let's explore what you'll need to take care of using the *Financial Implications of Divorce* Checklist we provided.

Documents

First, you will need to ensure a variety of documents are in order. If you are even considering divorce, you need to start looking at all your household financial documents and make copies of everything including statements for

bank and investment accounts, retirement plans, credit cards, airline miles, season tickets, etc.

The first document is your “marriage settlement agreement” (divorce decree). This document should specifically address spousal support, child custody, and the division of property (including financial assets).

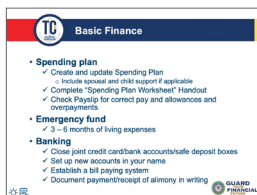
Obtain several copies of your marriage settlement agreement. Official copies are often embossed or stamped in some way. You may need to present official copies to several different agencies and institutions as you update your marital status.

If you are changing your name, update your Social Security record and other forms of identification, such as your military ID, passport and driver’s license.

Your nearest Legal office can help you with other changes, such as revoking powers of attorney you may have granted to your spouse, as well as updating vehicle titles and real estate deeds.

DEERS

Another important step is updating DEERS to change your marital status. This has to be done in person. When you go to the DEERS/RAPIDS office, bring your divorce decree. This is also an opportunity to obtain a new military ID if you’re changing your name.



SLIDE 4

Basic Finance



INSTRUCTOR NOTE: Distribute *Spending Plan Worksheet* and *Major Purchases Handouts*.

Now that we have covered basic administrative chores, let’s turn to financial planning. Good financial planning starts with efficient cash flow management.

Spending Plan

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

We’re providing you with a *Spending Plan Worksheet Handout* to help you with this step.

In addition to providing you a clear picture of where you stand, a spending plan also allows you to 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.

Be sure to include any spousal or child support payments that result from your divorce. You may also have costs from the divorce process itself, such as travel, required classes, filing fees, and other legal fees.

Changes to Pay

After you've updated DEERS, review your Payslip to make sure the changes are reflected in your pay and allowances. Watch out for overpayments. Money paid to you in error (such as Basic Allowance for Housing with Dependents), will be recollected — so don't spend it.

Emergency Fund

Everyone should have an emergency fund. This is money that's kept in a low-risk account, such as a savings account. It should be an account that you can access easily and without any penalties in the event you have an emergency.

The idea of an emergency fund is to have some cash on hand so you don't have to take on expensive credit card debt when surprise expenses pop up.



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, job losses.

How much should you have in your emergency fund? Experts generally say it should be equal to three to six months of your regular living expenses. One-income households are generally more vulnerable to financial surprises. If divorce leaves you with one income, you may want to aim for the longer end of that range.

Banking


You should also review your banking and credit card arrangements. As appropriate, you may want to close all joint credit card, bank, and credit union accounts, as well as safe deposit boxes. Open new accounts in your own name as soon as possible. Seek professional financial or legal counseling if you're unsure about taking this step.

This is also a good time to consider moving to a new bank or credit union. With some research, you may find an institution with lower fees and better interest rates on savings accounts and credit cards. Review your system for paying bills. Late payments can negatively affect your credit score, so it's important to stay on top of payments. Consider paying bills through an automatic withdrawal from a checking or savings account.

Whether you're on the giving end or receiving end, keep records tracking all alimony and child support payments as applicable.

10 Managing Credit and Debt

- **Understanding credit**
 - ✓ Visit annualcreditreport.com
 - ✓ Review credit reports and scores
 - ✓ Correct errors
 - ✓ Checkback credit report
- **Managing debt**
 - ✓ Settle joint debts if possible
 - ✓ Monitor outstanding joint debts
 - ✓ Debt reduction strategies
 - ✓ Guidelines
 - Housing – Limit to 28% or 36% of gross income
 - Transportation – Limit to 15% – 20% of gross income
 - Total debt – Limit to 36% – 43% of gross income



SLIDE 5

Managing Credit and Debt



INSTRUCTOR NOTE: Distribute *Understanding Credit, Military Consumer Protection, Servicemembers Civil Relief Act, and Sources of Help for Military Consumers Handouts*. For more information about Understanding Credit and Debt, consider attending a class at your local Health, Safety and Work-Life (HSWL) Regional Practice.

The decisions you make about debt and credit have a major impact on your financial success.

Before we get started with the fundamentals of credit and debt, it's important to be a smart consumer. Protect yourself and your family from identity theft, and take advantage of laws intended to help Service members like the Servicemembers Civil Relief Act and Military Lending Act. *The Military Consumer Protection, Servicemembers Civil Relief Act, and Sources of Help for Military Consumers Handouts* are great resources for you to review.

Understanding Credit

Request a free copy of your credit report at annualcreditreport.com.

The three major credit bureaus (Equifax, TransUnion, and Experian) are required to provide one free report per year. Your credit report will show all current credit open in your name and your credit history.

Review your credit report carefully and notify the bureau if you find any errors. You may see debts you didn't realize you still owed. Pay them off right away. As you go through and emerge from your divorce, pay special attention to your credit report to monitor for unauthorized activity. You can request a report from one or two credit agencies now, and then from the third one in six months. You may repeat this process after a year.

Your credit report is different from your credit score. Your FICO credit score is typically a number between 300 and 850. It helps lenders determine your credit worthiness. A FICO score above 670 is considered to be a good risk. If your score is too low, you may have a hard time being approved for loans or credit cards. The higher your score, the better chance of being approved and the lower your interest rates will be.

There are five key factors that drive your score. Approximately 65% of your score comes from your payment history and the amounts owed. Be sure to make all your payments on time and to avoid carrying large balances. On credit cards, avoid carrying a balance that's larger than 30% of your credit limit. Unlike your credit report, you're not entitled to see your credit score without paying for it. Some paid credit monitoring services include it as part of the package. Currently, your Personal Financial Manager (PFM) has a free credit report/score analysis tool available to military members and their spouses to review their credit history and their FICO credit score.

Managing Debt

If you have joint debts with your spouse or ex-spouse, they remain a shared responsibility as long as your name is on the account, no matter who originally took out the debt or why or who was assigned responsibility in the divorce decree.

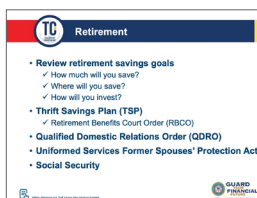
If possible, settle all your outstanding joint debts. Closely monitor outstanding joint debts that continue. If your ex-spouse has agreed to make payments, make sure they're doing so. If payments are missed, it will have a negative impact on your credit report and credit score.

If debt reduction is a goal for you, there are a few strategies that can help you do it efficiently.

- First, if you have multiple debts, you should generally start by first paying down the debt that has the highest interest rate.
- Look for opportunities to transfer your debts to lenders that will charge you a lower interest rate.
- As you eliminate a debt payment, you can use that extra money to start attacking the next debt.

There are a few guidelines to help you avoid taking on too much new debt.

- Try to limit your total housing cost to no more than your BAH or 25% – 30% of your gross income. Gross income is your income before taxes.
- Your transportation cost shouldn't be more than 15% – 20% of your gross income.
- Your total debt – mortgages, car payments, credit cards and other loans – should be less than 36% – 43% of your gross income.



SLIDE 6

Retirement



INSTRUCTOR NOTE: Distribute *Military Retirement and Thrift Savings Plan* Handouts.

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

Review Retirement Savings Goals

Start by deciding how much you'll save for retirement over the next year. The more you save, the better. As a starting point, many experts recommend that you save at least 10% – 15% of your gross income.

Next, think about where you will save. The Thrift Savings Plan is usually a good choice. As you evaluate where to direct your retirement money, consider:

- If the employer matches your contributions.
- How quickly you become vested in those employer contributions. Vesting means the service time required to completely own the money your employer contributes to your account. For those covered under the Blended Retirement System (BRS), you become fully vested after completing two years of service.

Next, decide how you will invest. An important driver with this decision is how much risk you're comfortable taking. For example, how will you react if there's a bad market that pushes your balance down 20% in a short period of time? Be sure to take a diversified approach to investing. Diversification is placing money in a variety of different types of investments, such as bonds, U.S. stocks, international stocks, large stocks and small stocks.

The TSP and many other retirement plans offer investment options that take care of diversifying for you. These are often called "lifestyle" or "target-date" funds and offer a balanced portfolio based on risk tolerance, age, and/or income needs.

Thrift Savings Plan (TSP)

Be sure to review your beneficiary designations on your Thrift Savings Plan and update them as needed. If your ex-spouse is listed as your beneficiary, you may want to choose someone else, if it's in accordance with your divorce decree. You should also review your investment choices and your contribution rate.

TSP and Retirement Benefits Court Order (RBCO)

Form TSP-92 Retirement Benefits Court Division Packaged contains all the forms a person will need to divide a Thrift Savings Plan (TSP) account pursuant to a divorce, annulment, or legal separation. To be honored by the TSP as a qualifying retirement benefits court order, a court order must meet specific requirements found in United States Code (U.S.C.) 8435 (c) and 5 Code of Federal Regulations (C.F.R.) part 1653, subpart A.

You should also review and update the beneficiaries on any IRAs you have.

QDRO

If you're going to split the balances of retirement accounts such as an IRA or 401(k), you may need to obtain what's called a Qualified Domestic Relations Order (QDRO, often pronounced "quad-ro"). If needed, it should be part of the divorce settlement.

Don't try cutting corners here. If you split retirement accounts without a QDRO, you may be hit with both regular income taxes and penalty taxes.

After you submit your QDRO, follow up with the retirement plan administrator to make sure they've accepted it and properly handle the division of assets.

The rules for qualified domestic relations orders (QDROs) that apply to private sector plans do not apply to the TSP. A valid Retirement Benefits Court Order (RBCO) is required to divide your TSP account.

Uniformed Services Former Spouses' Protection Act

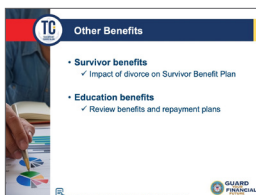
This law allows state courts to divide military retired pay between Service members and ex-spouses. It can also allow for an ex-spouse to receive that retired pay directly from the government.

Social Security

Divorce will not impact an individual's Social Security retirement benefit based on their own work history, but it could impact potential spousal benefits depending on how long the couple was married, age, and current marital status.

Be prepared for impacts to your retirement pay and Social Security. Under the terms of the Uniformed Services Former Spouses' Protection Act of 2011, some former spouses may be entitled to a portion of your military retired pay.

To understand how divorce may affect your Social Security benefits, go to the Social Security website at ssa.gov.



SLIDE 7

Other Benefits



INSTRUCTOR NOTE: Distribute *Education Benefits and Savings, Survivor Benefits Overview* and *Paying off Student Loans* Handouts.

Survivor Benefits

The Survivor Benefit Plan (SBP) allows retired Coast Guard members to provide a lifetime annuity to dependents after their death. If you're close to retirement, talk to an SBP counselor to discuss the impact of your divorce on your SBP choices. Your ex-spouse may have been awarded SBP in the divorce and it will have to be elected when you retire.

Education Benefits

Check out any education funding changes needed as a result of your divorce. For example, if you have student loan debt and you're on an income-based repayment plan, you may need to request to adjust the amount of your payment. A Personal Financial Manager (PFM) at your local Health, Safety and Work-Life (HSWL) Regional Practice can help you with more information on that as well as the *Paying off Student Loans* Handout.



SLIDE 8

Housing and Vehicles



INSTRUCTOR NOTE: Distribute *5 Rules of Buying a House and Major Purchases Handouts*.

Next, let's look at adjustments you may need to make regarding your home and your vehicles.

Housing Needs

Inform your nearest housing office about your divorce so they can advise you on how it will affect your situation.

If you and your divorcing spouse own a home together, your divorce decree may call for you to convert the ownership of the property from both of you to just one of you. This is done by executing something called a quitclaim deed. This deed must be filed with the county recorder where the property is located. You may also be required to refinance your mortgage or work out a mortgage assumption. You may want to speak with legal counsel to discuss these changes to property ownership per your divorce decree.

If you will be purchasing a home, start planning now. Check your credit report and score, set a budget, obtain a mortgage pre-approval and start saving for a down payment and move-in expenses. We also have two Handouts for your review: *Major Purchases* and *5 Rules of Buying a House*.

Change your electric, cable, water, other utilities and other household accounts so they're only in the name of the person who will still be living in the home or apartment.

If your mailing address is changing, notify all your creditors, subscription services, and other companies with which you have ongoing relationships.

Transportation Needs

Update your car title and registration as needed. If you have questions regarding the process, contact your nearest Legal office.

If you will be purchasing a car, prepare for that purchase now. As with a home, you should check your credit report and score, obtain a loan pre-approval and start saving up for a down payment. Higher down payments, result in lower monthly payments. Keep in mind, to remove your ex-spouse from the vehicle loan, you may need to refinance the loan.



SLIDE 9

Insurance (Medical, Dental)



INSTRUCTOR NOTE: Distribute *TRICARE Overview Handout*.

Insurance protects us against a variety of different financial risks. Divorce is an important time to review and update your protection plan.

We are going to discuss the following types of insurance: medical, dental, property, disability and life.

Let's start with medical and dental insurance. In general, notify your insurer about your divorce and, as appropriate, remove your spouse.

Medical Coverage

If you have **TRICARE** or **TRICARE Reserve Select**, visit the DEERS office to remove your ex-spouse. Bring your divorce decree. You can set up an appointment at <https://idco.dmdc.osd.millidcol>. Only sponsors can add or remove family members from DEERS.

There are scenarios where unmarried former spouses remain eligible for TRICARE coverage. You can learn more about this at tricare.mil.

This is most likely noted in your divorce decree.

Reserves

If you are part of the Reserves you may have coverage through civilian employment. Review your coverage. Request your ex-spouse be removed. The insurer will require the divorce decree to complete this request.

Dental Coverage

Contact your insurer to update and review any dental coverage in which your ex-spouse was enrolled. They may require a copy of the divorce decree to cancel.



SLIDE 10

Insurance (Property, Disability)

Property

Notify your auto insurer and obtain updated proof of insurance cards. In addition to changing who's insured under the policy, review the annual mileage estimate to make sure it reflects your new situation.

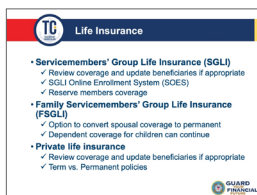
Review and update your property coverage (homeowners or renters insurance) so the policy is in your name only.

Make sure you have enough protection for individual, high-value items. Most policies have limits on certain types of property, and you can obtain additional coverage by adding what's called a personal articles floater. Also inform your insurer if you're adding or removing a pet from your home.

If you're renting, understand that your landlord's insurance protects the building but doesn't cover your items. That's why renters insurance is very important.

Property insurance doesn't only cover possessions, it also protects you from liability claims, such as someone falling down your stairs and hurting themselves. Liability coverage also protects you for many liability claims that happen away from your property. You can purchase extra liability insurance through what's called an "umbrella" policy.

Consider purchasing disability insurance on yourself and if feasible on your ex-spouse if you will be receiving alimony or child support. This will help ensure there's a source of funds if that person becomes unable to earn income.



SLIDE 11

Insurance (SGLI, FSGLI, Life)

Life Insurance

After your divorce, you may still have others depending on you. Make sure you have enough life insurance protection so they don't face financial hardship if you're not around.

Review and update your SGLI. The SGLI Online Enrollment System makes it easy to adjust your coverage without having to make a trip to an office or fill out paper forms. Adjustments may include removing a spouse you had covered under Family SGLI.

Servicemembers' Group Life Insurance (SGLI)

You're automatically insured for \$400,000 unless you decline coverage or choose a smaller amount.

Use the SGLI Online Enrollment System (SOES) to update your coverage amount or change your beneficiaries as needed. Sign in to *milconnect.dmdc.osd.millmilconnect* and go to the Benefits tab.

Reserve members assigned to a unit scheduled to perform at least 12 periods of inactive duty creditable for retirement purposes can purchase full-time SGLI coverage that is in effect 365 days of the year.

Family Servicemembers' Group Life Insurance (FSGLI)

Divorced spouses can convert their FSGLI coverage to a permanent, individual policy within 120 days of the divorce. To do so, they must choose an eligible insurer, apply with that company, and present proof of FSGLI coverage and the divorce. You can learn more at *va.gov*.

Each dependent child is automatically covered for \$10,000 when they're enrolled in DEERS. This coverage continues after a divorce.

If you need more coverage for yourself, you can buy your own individual life insurance policies from private insurers. You may also want to arrange to purchase life insurance on your ex-spouse, if that person will be paying you alimony or child support. This may be something that's negotiated under the marriage settlement agreement.

Private Life Insurance

Review your private life insurance coverage and update beneficiaries as needed. Please note, your beneficiary designation has priority no matter what your will states. That means if an ex-spouse is listed as a life insurance beneficiary and you die, the ex-spouse will get the money no matter what your will states.

If you're looking for more life insurance, there are two main types: term insurance and permanent insurance. Think of term insurance as temporary coverage that lasts for a certain period of years. Permanent insurance is designed to last your entire life.

Permanent insurance costs more, but also builds cash value. Term gives you the most coverage for your dollar right now.

Watch out for policy exclusions. These are things that are not covered. Watch out for war clauses or other restrictions.

If you want to buy additional coverage, avoid accidental death insurance. You should be looking for life insurance, which generally covers any cause of death (other than a suicide that happens in the first two years of the policy).

10 LIFE Insurance Needs

Liabilities (debts and obligations) _____

Income (amount X number of years needed) + _____

Final expenses + _____

Education and other goals + _____

Subtract current coverage and assets _____

Your Total Need

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SLIDE 12

LIFE Insurance Needs

Here is a simple way to calculate your life insurance needs:

- Liabilities are debts you would like to pay off, such as a mortgage, car loans or credit cards.
- Next, think about how much of your annual income you'd like to replace. Multiply that by the number of years. So, if you want to replace \$20,000 of income for 25 years, that's \$500,000.
- Then come up with how much to set aside for funeral and other final expenses.
- Finally, think about the money you'd like to provide for your survivors' education and other goals.

After you've added it all up, subtract SGLI and other coverage you already have plus assets and benefits available at your death.

10 Legal Documents

- Review and update important documents
 - ✓ Will
 - ✓ Power of attorney
 - ✓ Living will
 - ✓ Medical directives
 - ✓ Asset titling

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SLIDE 13

Legal Documents



INSTRUCTOR NOTE: Distribute *Estate Planning* Handout.

Next, we will look at estate planning and taxes.

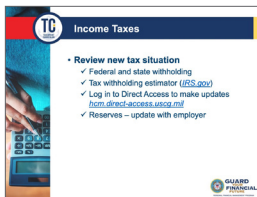
Estate planning is arranging for your wishes to be carried out by your survivors if you die or become incapacitated.

Estate planning can include things like:

- Writing a will
- Giving someone else a “power of attorney,” which authorizes them to handle transactions on your behalf
- Creating a “living will” or medical directive that gives legal instructions about your preferences for medical care
- Titling your assets, which means selecting ownership arrangements for those accounts that make it easier for your survivor to inherit them

If you've already done some or all of these estate planning tasks, they should all be reviewed now that you're divorcing. If you haven't done any estate planning, now is a good time to get started.

While you're updating or creating an estate plan, review your home of record. That state's laws will dictate how your will is handled in probate and which state inheritance or estate taxes might apply to your assets. It also dictates your exposure to state income taxes. Your nearest Legal office can help you create and update documents and make informed decisions.



SLIDE 14

Income Taxes

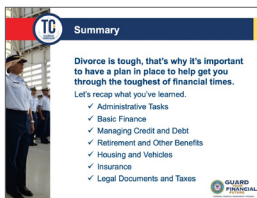
Divorce can affect your income taxes. Review your new tax situation and change your federal and state withholding as needed. Visit [irs.gov](https://www.irs.gov) and search for the tax withholding estimator (or IRS Form W-4, Employees Withholding Certificate) to determine your appropriate level of withholding. Next, log in to Direct Access at hcm.direct-access.uscg.mil to make changes.

If you are a Reservist and have another civilian employer, ask your manager or HR department how to adjust your withholding.

Make sure you have your ex-spouse's and children's Social Security numbers. You may need them to file your tax returns.

You or your former spouse may need to sign an IRS Form 8332, *Release/Revocation of Release of Claim to Exemption by Custodial Parent*. This form tells the IRS who's entitled to claim the children on a tax return. This should have been stated in your parenting plan and/or divorce decree.

If you own real estate, you may need to update the government agency that collects property taxes in your city and/or county.

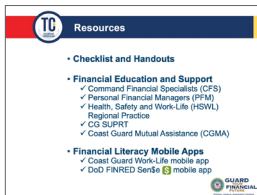


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Summary

Divorce is tough. That's why it's important to have a plan in place to help get you through the toughest of financial times. This training is a move in the right direction. Let's recap what you've learned.

- Administrative Tasks
- Basic Finance
- Managing Credit and Debt
- Retirement and Other Benefits
- Housing and Vehicles
- Insurance
- Legal Documents and Taxes



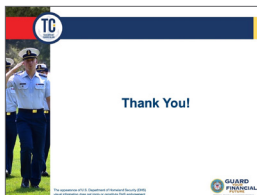
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Resources

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 reach out to your unit CFS, nearest PFM, or Money Coach through CG SUPRT. You can call CG SUPRT to setup unlimited 30 minute sessions with a Money Coach at 1-855-CGSUPRT. You may also attend a personal finance workshop at your local HSWL Regional Practice. Additionally, you may contact one of the relief societies including Coast Guard Mutual Assistance (CGMA). You may also access the Coast Guard Work-Life mobile app or the FINRED Sen\$e mobile app for assistance with a variety of personal finance issues.



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Thank You!

Thank you for participating, and I wish you the best as you plan your future.