

Studies at the National Institutes of Health verify that money is a leading cause of stress in relationships. Even when a relationship ends in divorce, money often continues to be an issue. This checklist, supplemented with information and referrals from the Health, Safety and Work-Life (HSWL) Regional Practice staff, can help you reorganize your finances efficiently as you work through the many complex aspects of this difficult life event.

Use this checklist as a solution-focused tool to help set goals, establish priorities, and develop a personal action plan. Space is provided to add local resources and reminders about additional topics.

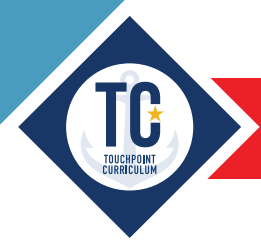
HANDOUTS

- Spending Plan Worksheet
- Understanding Credit
- Military Consumer Protection
- Servicemembers Civil Relief Act
- 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

★ Administrative Tasks

- Obtain an official copy of your marital settlement agreement (divorce decree).
- Obtain a new Social Security card, driver’s license, and passport if you are changing your name.
- See your nearest Legal office (Active Duty) or other legal counsel (Reserve) to determine the proper course of action regarding powers of attorney (POA) of your ex-spouse, if POAs are in place.
- Bring the divorce decree to the nearest Defense Enrollment Eligibility Reporting System/Real-Time Automated Personnel Identification System (DEERS/RAPIDS) office. Obtain a new military ID if you are changing your name.
- Check your Payslip after DEERS updates.

Additional notes: _____



★ Basic Finance

- Update your personal spending plan using the *Spending Plan Worksheet Handout*. A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four steps financial experts suggest to get started.

Step 1: Understand your current situation

In this step, it's important to understand what's REALLY going on with your money today. Start tracking all your income and spending for the next 30 days. How you do the tracking is up to you, but what's important is you do it.

Step 2: Know where your money should go

Financial experts offer these general guidelines when budgeting your money:

- Try to save and/or invest 10% – 15% of pretax pay.
- Strive to keep transportation expenses including car payments, insurance, gas and maintenance to 15% – 20% of pretax pay.
- Limit housing expenses, including mortgage or rent payment, taxes, utilities, and maintenance to your Basic Allowance for Housing or 25% – 30% of pretax pay.

Step 3: Create a plan

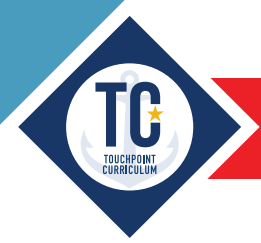
Build a plan for setting aside money and putting limits on how much you'll spend each month per category.

- Prioritize your financial goals.
- Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. If you do not have that much saved, consider setting aside a little each paycheck to save up to \$1,000 and then you will be one step closer to your goal.

Step 4: Make adjustments

Update your spending plan as your life changes. Monitor your plan until you have fully adjusted your finances to reflect your new situation.





FINANCIAL IMPLICATIONS OF DIVORCE

- Where appropriate, close all joint bank and/or credit union accounts and open new ones in your own name as soon as possible. Seek professional financial counseling and/or legal counsel before acting if you are unsure about taking this step.
- Settle all outstanding debts, if appropriate. Continue to pay and monitor outstanding joint debts as these continue to be your legal responsibility until your name is removed from the account or the debt is paid off.
- Establish an effective bill-paying system to ensure that bills are paid on time.
- Use a written receipt system to document payment or receipt of alimony or child support as applicable.
- Check each of your three major credit reports for free at annualcreditreport.com. Coast Guard members can request free credit monitoring services from the nationwide credit reporting agencies: Equifax, Experian and TransUnion. Review the *Understanding Credit* Handout for more information.
- Review your new tax situation and change federal and state withholding as needed via Direct Access at hcm.direct-access.uscg.mil. Reserve members will need to do this with their employers as well.
- Update personal property tax records in your city and/or county to reflect your new marital status, if appropriate (to include car registration/tax records, especially if a name change may take place).

Additional notes: _____

★ Consumer Protection

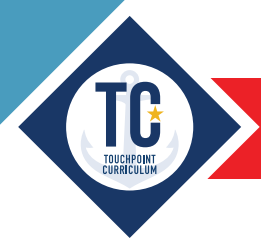
- Review the *Military Consumer Protection* Handout for additional information on identity theft and Military Lending Act (MLA).
- Review the *Servicemembers Civil Relief Act* Handout to know your rights as a member of the military.
- Protect yourself from misleading consumer practices and know your rights as a consumer and how best to resolve a complaint or dispute. Review the *Sources of Help for Military Consumers* Handout.

Additional notes: _____

★ Major Purchases

- Analyze your housing and transportation needs and be sure to prepare your finances for any major purchases. Review the *Major Purchases* and *5 Rules of Buying a House* Handouts for more information.
- Work with the nearest housing office for any housing needs.
- Review the *Education Benefits and Savings* and *Paying off Student Loans* Handouts to learn more about financing education, available benefits, obligations, and repayment options.

Additional notes: _____



★ Planning for the Future

- Review your retirement savings goals. Ensure you understand your ex-spouse’s rights to your retirement funds and benefits, and ensure that any Individual Retirement Account(s) and other investment accounts are titled according to your divorce decree (or other legal documents) and your accounts are legally protected to the fullest extent possible under the law. For more information on components of military retirement and the TSP, refer to the *Military Retirement* and *Thrift Savings Plan* Handouts.
- Update beneficiaries of your Thrift Savings Plan (TSP) and Individual Retirement Accounts (IRA), as appropriate.
- Evaluate your life insurance needs to ensure you have enough coverage, the right type of coverage, and correct beneficiaries. A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

| | | |
|------------------------------------|---|-----------------|
| L liabilities | Debt you would like to pay off, like a mortgage, auto loan, or credit card(s) | \$ |
| I ncome to be replaced | Multiply targeted annual income amount by the number of years to replace | \$ |
| F uneral and final expenses | The amount you would like to set aside for final expenses | \$ |
| E ducation and other goals | The amount you want to set aside to fund education and other goals for family, friends, or charitable organizations | \$ |
| Total life insurance needed | | \$\$\$\$ |

Compare your life insurance needs with your current amount of coverage plus any assets and benefits available at death. If you find you need additional coverage, consider supplementing Servicemembers’ Group Life Insurance (SGLI) with a commercial life insurance policy. Review the policy for any restrictions, such as a war clause. Common types of life insurance policies include:

- Term insurance — provides a stated amount of coverage over a specific period of time. Typically costs less than permanent insurance during the initial term.
- Permanent insurance — provides coverage designed to last for your entire life and can build cash value.

There are several permanent life insurance options offered such as universal life, whole life, variable life, and even variable universal life insurance. These policies may have a surrender period and be subject to fees and penalties if canceled during this time.

- Update the beneficiaries of your Servicemembers’ Group Life Insurance (SGLI), if appropriate.
- Review and update your homeowners or renters property and liability insurance policies to ensure that they are adequate for your new circumstances.
- Update your auto insurance policies to inform your insurance carrier of your new marital status.

