



Welcome and Administration

I. INTRODUCTION

This is the first chapter of Day One of the Command Financial Specialist Training presented to the learners. It covers course administration, introduction of learners and trainers, the purpose of the training, and the course agenda. 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 pre-test.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** Introduces learner to major topic areas via an agenda review and *pre-test*. Training techniques include active participation, chapter review, lecture, and learner introductions.
2. **Information and Referral:** Introduces learners to major topic areas via agenda review and *pre-test*. Introduces learners to each other as possible referral resources.
3. **Counseling:** Introduces learners to major topic areas via agenda review and *pre-test*. Counseling technique practice begins with introductions.

II. LEARNING OBJECTIVE

N/A (this is an administrative chapter.)

III. OUTLINE

1. Welcome and Introduction
 - a. Welcome
 - b. Facilitator(s) Introduction(s)
 - c. Activity: Learner Introductions
2. Administration
 - a. Data Card
 - b. Privacy Act
 - c. Site Contact Information
 - d. Orders
 - e. Class Hours

3. Facility and Classroom Policies
 - a. Refreshments/Lunch
 - b. Room Clean-up
 - c. Cell-Phone Usage
 - d. Facility Information
4. Adult Learning Principles
 - a. Adult Learners
 - b. Confidentiality
 - c. Participation
5. Course Materials
 - a. Learner-Centered Activities
 - b. PFMSC CD-ROM
 - c. Student Manual
 - d. Course Evaluation
 - e. Pre/Post Test
 - f. Daily Homework
 - g. Dot.com Disclaimer
6. Purpose of Training
7. CFS Responsibilities
8. Agenda Review
9. Conclusion
 - a. DANTES and CEUs
10. Course Pre-Test

IV. CHAPTER PREPARATION

Presentation Time: 60 minutes

Presentation Materials

- PowerPoint slides “Welcome and Administration”
- Student Manual Chapter 2
 - ▶ Course Agenda
 - ▶ Student Data Card
 - ▶ Course Evaluation



- ▶ Daily Practical Application Sheet
- ▶ Pre/Post Test
- Blank Name Card
- Site Phone Number
- Markers on All Tables

Preparation

Prior to chapter presentation, the instructor should determine the following:

- Refreshments/Lunch Details (including list of local options)
- After-Class Clean-up 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, reasons for attending the training, and intention to use the training.
- **Learning Partners:** Learning partners involve everyone in the training and develop a supportive relationship for short-term activities.

V. REFERENCES

OPNAVINST 1740.5B

VI. CONTENT

Welcome and Introduction

SLIDE 1

- WELCOME learners to Command Financial Specialist Training.
- INTRODUCE yourself and other speakers present (not a detailed introduction save that for the introduction activity).
- EXPLAIN that the purpose of the CFS course is to prepare learners to be



Command Financial Specialists at their command. For the first hour, the class will cover some basic administration procedures, introductions and the course content.

SLIDE 2

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
 4. Why are you attending CFS training?
 5. How will you use what you learn this week?
 6. What prior financial experience do you bring to the classroom?
- Note that there is space on page 2.2 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, reasons for attending, and prior experience. This will give you insight into the knowledge and skills the learners bring into the classroom, whether they were “voluntold” to attend, and if they have any specific financial training.
- 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 we will build on that. For those who said that were told to attend, assure them that this will be time well spent, and that at the end of the week they will be very glad they attended.

Administration

SLIDE 3

DIRECT learners to page 2.5 in the Student Manual, the DATA CARD.

- Ask 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. ENCOURAGE learners to contact you or another FFSC Financial Education site if their information changes. COLLECT all data cards.





NOTE: *Some learners will not have their command address and may need to turn in the data card in later, after they get the required information. Tell them you need them first thing Tuesday morning in order 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.*

- EXPLAIN that the Privacy Act is required because the information provided on the student data card is put into a database that tracks Sailors 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.
- WRITE the SITE PHONE NUMBER on the board, and explain the procedure for incoming messages. PROVIDE your personal contact information so that learners can inform you of changes in contact information or additional educational support.
- COLLECT ORDERS if they have been required for this course. HOLD in class folder for stamping and signature later.
- 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 from 1100–1200. DIRECT learners to call the facility contact number to report any absences.

Facility and Classroom Policies

SLIDE 4

- EXPLAIN how refreshments, if available, will work at your site.
- ASSIGN responsibility for end-of-day room clean-up. 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 clean-up.
- REQUEST that all cell phones and beepers be shut off during class or put on silent mode.
- 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 a list of local fast-food restaurants or restaurants with delivery service. GIVE LOCATION of the smoking area and available learner parking. DISCUSS whether course materials can be left in the room overnight.



Adult Learning Principles

Slide 5

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



- 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.

Course Materials



SLIDE 6

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.

PFMSC CD-ROM

- ASK learners to take out the PFM Standardized Curriculum CD-ROM. Explain that the information on the CD-ROM is integrated into this course, and that the Instructor Guides included on the CD-ROM contain much of the written information to which they will need to refer.

Student Manual

- EXPLAIN that the Student Manual will function as a course workbook and that the PFM Standardized Curriculum CD-ROM will function as reference material. REVIEW other materials provided to the student to assist them in running their program at the command.

Course Evaluation

- DIRECT learners to pages 2.7 and 2.8 in the Student Manual, the course evaluation, and ask them to review the questions briefly. ENCOURAGE learners to complete the evaluation and hand it to the instructor at the end of the week. To help them make the evaluation go quickly, show them there are parts that can be completed as each chapter is presented. Also, if you will be doing a Level Three evaluation on this session, let the learners know that you will be back in touch with them in three to six months to evaluate the transfer of learning back to their command. 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.

Pre/Post Test

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

Daily Homework

- REFER learners to page 2.9 in the Student Manual. EXPLAIN that there will be written after-class work. TELL learners that each day's practical applications will be assigned during the daily wrap-up session and reviewed first thing in the morning.



Chapter Two



Dot.com Disclaimer

- INFORM the learners that they will be referred to a variety of Web sites 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.

Purpose of Training

Slide 7

TELL learners that the purpose of the CFS training is to:

- Provide a basic understanding of financial issues.
- Create an awareness of assistance resources available.
- Develop skills in problem-solving.



CFS Responsibilities

SLIDE 8

EXPLAIN that the course also will prepare the CFS to carry out his or her responsibilities in accordance with the governing OPNAV Instruction (which will be reviewed in the next session). The purpose is to provide:

- Education and Training
- Information and Referral
- Counseling



Agenda Review

SLIDE 9

ASK learners to look at their CFS Agenda on page 2.10 of the Student Manual and briefly explain the course layout day-by-day.



Conclusion

SLIDE 10

CONCLUDE this session by telling learners that the course also covers the majority of information needed to pass the DANTEs Subject Standardized Test for Personal Finance. They will receive 3 credit semester hours upon successful test completion. More information about this process is available in the DANTEs Fact Sheet in their student manual.

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



Transition to the next section by telling the learners that after the break, we'll begin with specific details of the PFM program and their responsibilities as a CFS.



Course Pre-Test

ADMINISTER the pre-test. Ask the learners to use some unique identifier, such as the last four digits of their Social Security number, and write it at the top of the pre- and the post-test (Student Manual pages 2.1 and 22.24) so answers can be compared. Remind the learners that if they do not know an answer they should not guess but should choose the "E. Unknown" answer.

VIII. FORMS

- *Student Data Card*
- *Course Evaluation*
- *Daily Homework*
- *Course Agenda*

Command Financial Specialist Student Data Card

Name: _____ Rate/Rank: _____

SSN: _____ Branch of Service: _____ UIC: _____

Command (do not abbreviate): _____

Command Mailing Address: _____

Work E-mail: _____

Work Phone: _____ Rotation Date (PRD): _____

Present Position: _____

Date Attended Training: _____ Location: _____

DATA REQUIRED BY THE PRIVACY ACT OF 1974

AUTHORITY: 5 USC Sec 3301, which allows the Secretary of the Navy to make regulations for the Department of the Navy. One of these regulations, SECNAVINST 1754.1B, establishes the Navy Family Services Center Program.

PRINCIPAL PURPOSE: To enable the Chief of Naval Education and Training to record and track graduates of the Command Financial Specialist Training Course. Social Security number (SSN) will be used to provide positive identification.

ROUTINE USES: The information obtained will become part of the Navy Integrated Training Resources Administration System (NITRAS) and may be disclosed to routine users of such system. Unauthorized users will not have access to this protected information.

DISCLOSURE: Disclosure, including SSN, is voluntary. Failure to complete this form will result in incomplete documentation and withholding of reporting attendance at this course within NITRAS. To avoid erroneous application of your course records to another member, this data card will not be processed without your SSN.

I have read and understand the above information.

Signature/Date: _____

Command Financial Specialist Course Evaluation

Command Financial Specialist Training Course DATES _____

Please indicate your responses by circling SD—Strongly Disagree; D—Disagree; A—Agree; AS—Strongly Agree.”

1. I found the training well-organized.	SD	D	A	SA
b. I was well-engaged during the course.	SD	D	A	SA
c. The instructor met my needs.	SD	D	A	SA
d. I understood the objectives that were outlined during the course.	SD	D	A	SA
e. I will be able to apply what I learned during this course.	SD	D	A	SA
f. I found the room atmosphere to be comfortable.	SD	D	A	SA
g. I was given ample time to demonstrate my skills.	SD	D	A	SA
h. The Student Manual enhanced my learning.	SD	D	A	SA
i. I am clear about what is expected of me as a result of going through this training.	SD	D	A	SA
j. I do not anticipate any barriers to applying what I learned.	SD	D	A	SA

Please indicate the usefulness of these individual chapters to you—1 indicating “LOW” and 5 indicating “HIGH.”

1. The Need for Personal Financial Management	1	2	3	4	5
2. Intro to Personal Financial Management and the Financial Planning Worksheet	1	2	3	4	5
3. Military Pay Issues	1	2	3	4	5
4. Introduction to Financial Counseling	1	2	3	4	5
5. Record Keeping /Instructor Training	1	2	3	4	5
6. Consumer Awareness	1	2	3	4	5
7. Navy-Marine Corps Relief Society	1	2	3	4	5
8. What FFSC Can Do for You	1	2	3	4	5
9. Resource Training	1	2	3	4	5
10. Legal Issues of PFM	1	2	3	4	5
11. Credit Management	1	2	3	4	5
12. Credit Reports and Scores	1	2	3	4	5
13. Debt-Management Programs	1	2	3	4	5
14. Letters of Indebtedness and Letters of Intent	1	2	3	4	5
15. The eFPW Computer Demo	1	2	3	4	5
16. Insurance and Survivor Benefits	1	2	3	4	5
17. Financial Counseling Seminar	1	2	3	4	5
18. Wealth-Building Seminar—Saving and Investing	1	2	3	4	5
19. Wealth-Building Seminar—Retirement Planning	1	2	3	4	5
20. Group Case Studies	1	2	3	4	5
21. Car-Buying Strategies	1	2	3	4	5
22. Developing Your Program	1	2	3	4	5

How would you improve this course?

What kind of help might you need to apply what you learned?

What barriers do you anticipate you might encounter as you attempt to put new CFS skills into practice?

What ideas do you have for overcoming the barriers?

What ultimate impact do you think you might contribute to the Navy as you successfully apply what you learned?

Additional comments:

Daily Homework

Day One

- a. Completely read OPNAVINST 1740.5B and answer the questions on page 3.36 in the Student Manual.
- b. Complete any Income Case Studies not done in class.
- c. Complete How Do You Rate as a Money Manager? and the Financial Values Clarification sheets on pages 6.10 and 6.11 of the Student Manual.
- d. Begin the personal Financial Planning Worksheet, to be handed in Wednesday morning.
- e. Review the Instructional Techniques material in Chapter 7.

Day Two

- a. FPW: Complete your Financial Planning Worksheet, to be handed in first thing in the morning.
- b. Bring a current (within the past 12 months) credit report to class on Wednesday. If you do not have one, download it from www.annualcreditreport.com. Complete the Personal Credit Report Review on page 13.2 of the Student Manual. Your credit report and personal information will not be shared with the class or instructor.
- c. Use the Brightscore promotional code provided by your instructor to access your Brightscore (www.brightscore.com). Print your Brightscore Action Plan and bring it to class on Wednesday. Your Action Plan and personal information will not be shared with the class or instructor.
- d. If you have a laptop with Excel available, please bring it to class on Wednesday and Thursday.

Day Three

- a. Read Chapter 18, Role-Play Instructions in preparation for the counseling Role-Play.
- b. Complete the ASEC Ballpark Estimate available at www.choosetosave.org.
- c. Analyzing an FPW: Using the completed Financial Planning Worksheet on pages 4.12–4.17 of your Student Manual, analyze this budget to determine if the sailor is ready and able to move from the barracks to off-base shared housing. Double check all entries, and fully complete the Action Plan page with your recommendations for ways to improve the budget and/or make more realistic projections. Be ready to state whether you think this sailor is ready to make the move off-base.

Day Four

- a. Group Case Studies must be complete and ready for presentation first thing Friday morning. In preparation, review the Case Study Presentation Guide, and read all case study scenarios in Chapter 11.
- b. Complete the Plan of Action and Milestones on page 22.11 of your Student Manual. This should reflect your plans for functioning as a CFS when you return to the command.
- c. Reminder: A completed Course Evaluation Form is your ticket out of class at the end of training, so feel free to begin completing it tonight (page 2.7 of your Student Manual).

CFS Course Agenda

Monday	Introduction to Personal Financial Management
0730–0820	Welcome, Introduction and Pre-Test (2)
0830–0930	The Need for Personal Financial Management (3)
0930–1100	Introduction to PFM and the Financial Planning Worksheet (4)
1200–1250	Military Pay Issues (5)
1300–1350	Income Case Studies (5)
1400–1450	Introduction to Financial Counseling (6)
1500–1545	What Are My Options? Exercise (4)
1545–1600	Daily Wrap-up

Tuesday	Referral Resources
0730–0830	Practical Application Review; Record-keeping; Instructor Techniques Review (7)
0840–1000	Consumer Awareness (8)
1010–1100	Legal Issues of PFM (9)
1200–1330	Resource Speakers: NMCRS; FFSC; EFM; Housing (10)
1340–1430	Resource Training (10)
1440–1545	Introduction to the Group Case Studies (11)
1545–1600	Daily Wrap-up

Wednesday	Credit and Debt
0730–0800	Practical Application Review
0800–0900	Credit Management (12)
0910–1000	Credit Reports and Scores (13)
1010–1100	Debt Management (14)
1200–1230	Debt-Management Programs (14)
1230–1300	The Two LOIs (15)
1310–1410	Insurance and Survivor Benefits (16)
1420–1445	FPW Computer Demo (17)
1445–1545	Group Case Studies (11)
1545–1600	Daily Wrap-up

Thursday	Counseling and Wealth-Building
0730–0950	Counseling and Communication Seminar (18)
1000–1100	Wealth-Building Part I: Saving and Investing (19)
1200–1430	Wealth-Building Part II: Retirement Planning (20)
1440–1545	Group Case Study Preparation (11)
1545–1600	Daily Wrap-up

Friday	Program Development
0730–0920	Group Case Study Presentations (11)
0930–1020	Car-Buying Strategies (21)
1030–1120	Developing Your Program (22)
1130–1200	Post-Test; Course Evaluation; Presentation of Certificates

Notes:

1. Homework is due first thing each morning.
2. Fully completed Financial Planning Worksheets are due first thing Wednesday morning.
3. Bring in your credit report for Wednesday. If you don't have one from the past 12 months, download one report at www.annualcreditreport.com.
4. The Ballpark Estimate is due Thursday morning and is available at (www.choosetosave.org/ballpark).



The Need for PFM

I. INTRODUCTION

Day One of CFS training focuses on introducing learners to the basics of Personal Financial Management. This chapter provides an introduction to the PFM program, financial problems and concerns, and OPNAVINST 1740.5B. It includes an optional viewing and critique of the video, “The Money Tree.”

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** Introduces task. Introduces learners to specific topic areas of training via review of the OPNAVINST. Provides current trends and statistics that can be used in future training. Models lecture and active training techniques.
2. **Information and Referral:** Introduces task.
3. **Counseling:** Introduces task. Introduces learners to the types of presenting financial problems they will encounter while working with clients, the real reasons financial problems occur, typical emotional fallout from financial problems, and the civilian and military implications of financial problems.

According to OPNAVINST 1740.5B, Commander, Naval Installation Command (CNIC) shall assume responsibility for all designated CFS training sites and shall serve as the single-point waiver authority for commands seeking to appoint a CFS at the E5 level.

II. LEARNING OBJECTIVES

Using OPNAVINST 1740.5B, learners will locate nine key areas directly impacting their role as a CFS.

Participating in a group activity, learners will 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. The Goal of PFM
 - b. Topics
 - c. Activity: What Have You Seen?
 - d. Optional Video Activity: The Money Tree

2. Statistics and Research
 - a. OPNAVINST 1740.5B
 - b. Navy Research
 - c. Navy-Marine Corps Relief
 - d. Navy Security Clearances
 - e. National Statistics
3. Military Risk Factors
 - a. Why the Military? (Age, Lifestyle)
 - b. Why the Military? (Easy Credit)
 - c. CFS Role and Responsibilities
4. The Navy's PFM Program
 - a. Target Population
 - b. CFS Qualifications
 - c. CFS Tasks
 - d. Goal of PFM
 - e. Activity: Brief the Bosses

IV. CHAPTER PREPARATION

Presentation Time: 60 Minutes

Presentation Materials

- PowerPoint slides, "The Need for PFM"
- Student Manual Chapter 3
 - ▶ Financial Problems and Concerns
 - ▶ Optional Video Review
 - ▶ OPNAVINST 1740.5B
 - ▶ Brief the Bosses
 - ▶ Instruction Review
- TV and VCR (optional)
- "The Money Tree" video (optional)
- "The Fleecing of America" video (optional)
- Newsprint and markers



Preparation

- Prior to chapter presentation, the instructor should review all information contained in the Content section for accuracy. Some information may need to be updated.

Summary of Learner-centered Activities:

- **Optional Video Activity — The Money Tree:** Learners will view a video depicting a young couple getting into financial problems. Although the video is a bit dated and depicts a civilian couple, the story easily could be about a military couple stumbling in today's financial world. Working with learning partners, learners will practice active learning skills to identify areas of concern and develop responses to working with a client in financial distress.
- **Brief the Bosses:** Learners will summarize chapter content by choosing five talking points for a 5-minute brief to command leadership.
- **Homework — Instruction Review:** Learners will use the OPNAV Instruction to answer a series of questions. This exercise further familiarizes the learner with mandated responsibilities.

V. REFERENCES

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<http://www.nmcrs.org>
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- (2003). Report on Personal and Family Financial Management Problems. RAND Corporation.

VI. CONTENT

The Need for PFM



Slide 1

TELL learners that this chapter will address briefly the origin and scope of the PFM program, with particular emphasis on the Command Financial Specialist delivery system. INFORM learners that you will review statistical information that led to the implementation of the PFM program in November 1990 and continues to validate its need today. The benefits of sound financial management and the consequences of poor financial management will be addressed as they specifically pertain to Sailors and their families.

Slide 2

The Goal of PFM



NOTE: GENERATE a discussion about the benefits of sound financial management.

- 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?*
 - ▶ *What one word could sum it up?*

CONFIRM accurate responses or provide the learners with the answers “wealth” or “profit.”

- COMPARE personal finances to that of a business and ask learners what the goal of operating that business would be. ASK:
 - ▶ *Who has taken a business course?*
 - ▶ *What must a business have in order to stay in business?*

CONFIRM that the answer is “profit.”

- ASK whether any of the learners can provide a “formula” for determining personal “profit”, or net worth. CONFIRM an accurate response and WRITE on a white board or flip chart: $\text{Net Worth} = \text{Assets} - \text{Liabilities}$.
- ASK learners what is 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 will be building wealth.



- ASK learners what they think the ultimate benefits of a positive net worth are or what they think a positive net worth will allow them to do. ACCEPT all answers. REINFORCE that a positive net worth, or wealth, will allow them more choices in their life, and along with choice comes freedom — financial freedom. EMPHASIZE that they work very hard to ensure the freedom of this country and that they should be able to enjoy the peace of mind that comes from being financially free.
- SUGGEST learners remember this key concept as we move through the course this week. REMIND learners that there will be a great deal of information covered during the course of the week, some of which they never may have heard previously, or may have heard but not fully understood. They will be expected to work hard, participate in class, and complete assignments outside of class
- REINFORCE that throughout it all, learners must remember what we are trying to do for our clients — help them build wealth so they can have choices in their lives. 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, everything we do as Command Financial Specialists must help our clients move in the direction of building wealth.
- TELL learners that at the end of the week, we are going to check with them and see if we accomplished this goal. We will be using several measures to assess whether they perceive the training has prepared them adequately to go back to their command and help their shipmates and families practice sound financial management.

Slide 3

Topics

- REVIEW the topics to be covered in this chapter.
 - ▶ **Statistics and Trends.** We will review some statistics and trends that support the need for the PFM, including current issues facing today's Sailors and their families.
 - ▶ **Military Risk Factors.** We will discuss some of the risk factors that make some service members more vulnerable or susceptible to various financial problems by looking at things you see and hear every day on the job.
 - ▶ **CFS Role and Responsibilities.** Finally, we will discuss the role of the CFS, including the many responsibilities you will be expected to manage.





Slide 4

What Have You Seen?

Activity: What Have You Seen?



Time: 15 Minutes

Materials: White board or Newsprint, Markers, Student Manual Worksheet

Process:

- REFER learners to the Student Manual, pages 3.3 and 3.4, where they will see four headings. Working in pairs, direct the learners to develop a list of responses for each of the four Financial Problems and Concerns areas on their worksheet.

Explain what each heading means:

Presenting Financial Concerns are the types of issues that will motivate a person to come in and see the Command Financial Specialist. Here, you are going to show me how much you 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? 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 often the 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 member, 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?

- Ask each pair to provide a response to each of the four areas and record those responses on a white board or newsprint. Encourage learners to write down all the responses 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

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
- Admin discharge, etc.

Optional Video Activity: “The Money Tree”



Time: 21 minutes to view video, 10 minutes to debrief

Materials: “The Money Tree” video, TV and VCR, Video Review Worksheet

Process:

- **EXPLAIN** that we are now going to watch a video showing a young couple starting their financial life together. **REFER** learners to page 3.5 in the Student Manual.
- **DIVIDE** the class in half. One half will keep track of what the couple does right with their money, and the other half will keep track of what the couple does wrong. (This also can be done with learning pairs.) Everyone should keep note of what the couple **SHOULD** have done if and when they made a mistake.
- View the video (21 minutes)
- When the video is finished, **DEBRIEF** the class, asking for quick feedback on what was right, what was wrong, and what should have been done. **ASK** if this young couple could be a military couple today.
- **WRAP UP** by suggesting that the class now has a pretty good grip on the types of problems that can arise, and now you are going to focus on recent statistics that support the need for an effective PFM program.



Statistics and Research

Slide 5

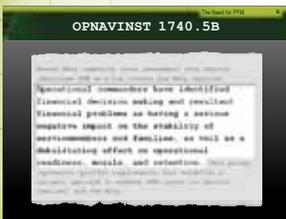
- **TELL** learners that you will be reviewing some of the most recent research available to demonstrate the importance of the PFM program.

NOTE: Facilitators may want to supplement this information with any additional research that becomes available or any research that is specific to your geographic region.

Slide 6

OPNAVINST 1740.5B

- In November 1990, the Chief of Naval Operations instituted OPNAVINST 1740.5, establishing a comprehensive Personal Financial Management Education, Training and Counseling Program in response to the negative consequences of poor financial management among some military members. The Navy recognized that Sailors tend to seek help first from their immediate supervisors, and therefore those supervisors need specialized instruction to provide financial education and training, information and referral, and counseling. The purpose of the program was to promote personal financial responsibility and accountability by providing basic principles and practices of sound money management, counseling tools and referral services.
- In its latest revision dated May 2007, OPNAVINST 1740.5B continues to identify Personal Financial Management (PFM) as a top concern for Navy families.





The instruction cites that Navy leadership has identified “financial decision-making and resultant financial problems as having a serious negative impact on the stability of service members and families, as well as a debilitating effect on operational readiness, morale and retention.”(OPNAVINST 1740.5B) This instruction also mandates the qualifications, functions and training of Command Financial Specialists (CFS) to function as a command’s principal adviser on all policies and matters related to PFM. The OPNAVINST will be discussed in further detail later in the training.

Slide 7

Navy Research

The following research identifies the perceptions of Navy leadership regarding the impact of negative financial-management issues:

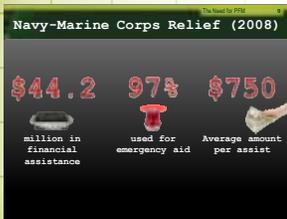
- Multiple research studies have cited personal financial-management issues as the No. 1 member issue with which leaders deal most frequently, particularly among junior personnel and their families. (Caliber Associates, 2000; RAND 1999, 2002, 2003). A research study conducted by Caliber Associates under the auspices of Navy Fleet and Family Support Center found that 78 percent of the commanders surveyed reported using up to 25 percent of their time addressing financial issues. (Caliber Associates, 2000). Similar research conducted by the RAND Corporation’s National Defense Research Institute (NDRI) yielded findings that acknowledged that unit leaders spend much of their time dealing with military personnel who are having financial problems (RAND, 1997).



Slide 8

- Research also has shown that there is a relatively significant financial-management problem among young enlisted personnel and that this problem is considerably larger than among comparable civilians (RAND, 1999, 2002). The NDRI study also reported that 18 percent of Navy enlisted personnel were delinquent on credit-card payments and approximately 1 in 4 service members in pay grades E-1 to E-4 (ages 18 to 21) consider themselves having difficulty making ends meet.
- The research also showed a direct correlation between financial-management issues and productivity and mission readiness. Financial emergencies requiring an individual to return prematurely from a deployment was one example cited as having a direct emotional and financial impact on the command or unit (RAND, 2003).
- Finally, in a 2004 report to the government, the GAO reported that service members file for bankruptcy at the same rate as civilians. This may not seem like a concern until you take into consideration the fact that the two main reasons for civilian bankruptcy are loss of employment and catastrophic medical expenses ... neither of which military members are exposed to while on active duty (with minimal exceptions).





Slide 9

Navy-Marine Corps Relief Society

- The Navy-Marine Corps Relief Society (NMCRS), a non-profit charitable organization serving active and retired communities of the Naval Service, tracks its relief efforts on a yearly basis. In 2008, NMCRS attended to over 77,000 cases resulting in financial assistance of \$44.2 million, a \$5 million increase since 2006 (NMCRS, 2008).
- Nearly 97 percent (\$42.7 million) of that financial assistance was classified as “emergency aid” such as for food and shelter, vehicle repairs, household set-up, medical and dental expenses, funeral costs, emergency transportation, and other miscellaneous costs. (The remaining funds, totaling \$1.5 million, were used for education programs.) This represents an increase in assistance of about \$8 million from 2006.
- The average amount per assist was about \$750.



Slide 10

Navy Security Clearances

- According to the Department of the Navy Central Adjudication Facility (DoN CAF), financial considerations were the leading cause of security-clearance denials or revocations. Of the 1,228 Navy security-clearance revocations or denials in 2008, about 83 percent (1,020) were financial in nature, followed by personal conduct at 4 percent (50) and alcohol consumption at 2 percent (30) (2008, DoN CAF).



Slide 11

- About 92 percent of these denials were reported among Sailors in pay grades E-1 to E-6, with the highest occurrence (31 percent) in pay grade E-5 (2008, DoN CAF).



Slide 12

National Statistics

- Of the 73 percent of American families with credit cards (2007), 46 percent carry a balance from month to month. The median credit-card debt has hovered around \$3,000 for the past six years. This is not to be confused with the much higher, more popular amount typically quoted in the news media, \$8,300 or more, which is an average debt amount that includes business use as well as personal use of credit cards. (2007 Survey of Consumer Finances)
- Total consumer debt in 1980 was \$355 billion and now stands at \$2.6 trillion (2008).
- In 2005, personal bankruptcies topped a record 2 million. In 2006, personal bankruptcies dropped to 597,000 due to the new, stringent bankruptcy laws that took effect. The numbers have increased during the four years since the new laws have been in effect, reaching just over 1 million non-business filings (Chapters 7, 11 and 13) in 2008.



- According to the Bureau of Economic Analysis (2009), personal saving as a percentage of disposable income was only 1.7 percent in 2008 (reflecting an increase of less than 1 percent in 2007). The decreasing personal saving rate reflects the increasing rate of personal-consumption expenditures versus saving. The bureau attributes this to a “wealth effect” that refers to the tendency of households to increase spending versus saving as their income increases.

Military Risk Factors

Slide 13

ASK learners why they think military members seem to have so many 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.

Slide 14

Why the Military?

DISCUSS some of the risk factors associated with the military shown on Slides 12-14.

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 Sailors 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.

Slide 15

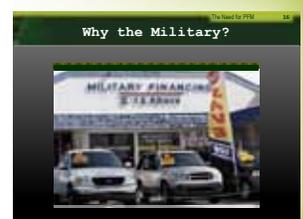
Lifestyle

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 Navy 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.

Slide 16

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 Sailors 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 do civilians of the same age, giving them greater access and opportunity to certain types of financial problems associated with credit availability.

Slide 17

The Navy's PFM Program

Slide 18

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. REFER learners to page 3.7 in the Student Manual for a copy of the OPNAV Instruction.

- Via OPNAVINST 1740.5B, 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, and financial counseling.
- Service members 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 19

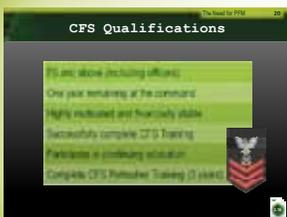
Target Population: E-1 to E-6

- While the PFM program was designed to assist all Sailors with learning practical financial-management skills to help them build wealth, the target population for the PFM program is pay grades E-1 to E-6. The intent is to provide preventive education that Sailors can use throughout their military career and beyond. The goal is 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 with advanced topics spanning the service member's continued career. In fact, the Initial/life-cycle training continuum contained in Enclosure 5 of the ONAV was updated in July 2008 to reflect a firm commitment to financial education over the course of the career, with emphasis on early, proactive education via 16 hours of required training at A schools.

Slide 20

CFS Qualifications

REFER learners to Enclosure 2 , para 1 of the OPNAVINST (page 3.16) and have them highlight the following portions on the qualifications of the CFS:





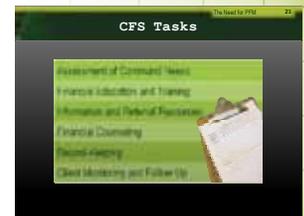
- According to the OPNAVINST 1740.5B, to qualify to be a CFS, a sailor must be an E-6 or above (including officers) with at least one year remaining at the command. Commander, Navy Installation Command (CNIC) is established as the single-point waiver authority for commands seeking to appoint a CFS at the E-5 level, and no waivers will be granted below the pay grade of E-5.
- The service member must be highly motivated and financially stable. They must be able to meet the overseas screening standards. (Refer to Enclosure 2, para (2).i for overseas screening requirements.)
- The service member must complete the authorized CFS training course provided by the FFSC.
- The service member must have at least one year remaining in the command at the time of CFS course completion.
- The service member must participate in continuing education, such as the CFS forums, and complete CFS Refresher Training at least every three years.

Slide 21

CFS Tasks

REFER learners to Enclosure 2, para 2 of the OPNAVINST and have them highlight the following portions on the functions of the CFS:

- a. Assist the command to establish, organize and administer the command PFM program, including a thorough handoff to the incoming CFS.
- b. Disseminate financial-management information within the command through General Military Training (GMT), POD notes, newsletters, e-mail, etc.
- c. Maintain current PFM resource books, directories, references and training materials for use in GMT, divisional training, and counseling. In addition, a CFS shall maintain close liaison with the FFSC PFM staff, where possible.
- d. Present PFM training as part of the command GMT program (under reference (c) and provide divisional/departmental/branch PFM training as required under enclosure (5)).
- e. Provide basic PFM counseling to individual members of the command, upon request.
- f. Maintain individual records of counseling conducted and counseling referrals. Per reference (g), those records shall be maintained to ensure confidentiality and compliance with the Privacy Act.
- g. Refer members with serious financial problems to the appropriate resource or agency capable of providing necessary assistance or counseling, such as FFSC PFM staff, NMCRS, non-profit CCCS, and per references (a) , (b) , (i) , and (k) . Ensure the individual is seen and counseled. Follow up on referred individuals by maintaining contact with the individual and the resource or counseling agency to monitor progress.



- h. Assist members with the development of their Extended Absence Financial Plan per reference (a) and coordinate the administrative responsibilities for the command.
- i. Perform financial screenings, as needed, for members of the command. In the absence of a CFS, or in a complicated case, the FFSC PFM staff can perform the screenings.
- j. Report quarterly to the CO the CFS activity (education and counseling) conducted at their command. Individual command data shall be tracked by using the CFS reporting Web site at <https://donsir.persnet.navy.mil/cfs>.

REINFORCE that this class will prepare them to perform each of these functions at a level that will allow them to run a successful CFS program at their command.

EXPLAIN that this week they will focus on the three main tasks: Education and training, information and referral, and counseling. ASK for any questions regarding their responsibilities.

EXPLAIN that there will be some homework this evening to familiarize them further with the OPNAVINST, and that the topic will be revisited throughout the week.

Slide 22

The Goal of PFM

- REINFORCE that the goal of the Navy's PFM program is to support Sailors by providing preventive education, financial counseling, and information and referral. The Navy takes a two-pronged approach by providing these services directly to Sailors and their families through the FFSC and by training leadership (the CFS) how to educate, counsel and provide information to their shipmates.
- TELL learners that the PFM program is based on practical financial management skills that, when implemented over a Navy career, can help Sailors and their families navigate through the many transitions of military life.
- ASK learners what is the ultimate purpose of PFM. ACCEPT all answers that refer to building wealth, net worth, profit, choice or freedom.
- ASK learners if there are any final questions and proceed to the activity.





Activity: Brief the Bosses

Purpose: This activity serves as a review of content and also helps the CFS begin to articulate their job.

Process:

- REFER the learner to page 3.35 in the Student Manual. Working alone, in pairs, or in small groups, have 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 5 minutes for the learners to generate their list of speaking points.
- When all are done, ASK the first person or group to share their main points. Ask other groups if they had the same or what they had differently. 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 Navy's 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.



Activity: Homework — Instruction Review

REFER learners to page 3.36 in the Student Manual. For homework, the learners are to answer the seven questions using the OPNAV Instruction 1740.5B. Remind them to include the location in the Instruction where they found the answers.



VII. FORMS

- Financial Problems and Concerns
- Optional Video Review
- OPNAVINST 1740.5B
- Brief the Bosses
- OPNAV 1740.5B Instruction Review

Financial Problems and Concerns

“**Presenting Financial Concerns**” are the types of issues that will motivate a client to come and see you as the Command Financial Specialist.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

“**Real Reasons**” 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 Reasons for the problems.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

Financial Problems and Concerns

“**Emotional Fallout**” a client may be experiencing. These are the personal issues that can be linked directly to the client’s financial problems. Your job as a CFS is to recognize that there is emotional fallout and make a referral to the proper resource.

1. _____
2. _____
3. _____
4. _____
5. _____

“**Implications**” of financial problems. These are detrimental impacts of personal financial problems for the service member, the command, and the military.

Civilian Implications

Military Implications

- | | |
|----------|-------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |
| 6. _____ | _____ |
| 7. _____ | _____ |

Optional Video Review

“**The Money Tree**” video depicts a young civilian couple getting into financial problems. Please make notes on the video for later discussion in the space provided.

What did they do right? _____

What did they do wrong? _____

What could they have done better? _____



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

OPNAVINST 1740.5B CH-1
N135
2 Jul 08

OPNAV INSTRUCTION 1740.5B CHANGE TRANSMITTAL 1

From: Chief of Naval Operations

Subj: UNITED STATES NAVY PERSONAL FINANCIAL MANAGEMENT
(PFM) EDUCATION, TRAINING, AND COUNSELING PROGRAM

Encl: (1) Revised enclosure (5)

1. Purpose. To revise the Initial/Lifecycle Training Continuum.
2. Action. Remove enclosure (5) of the basic instruction and replace with enclosure (1) of this change transmittal.

M. E. FERGUSON III
Vice Admiral, U.S. Navy
Deputy Chief of Naval Operations
(Manpower, Personnel, Training
and Education)

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DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

OPNAVINST 1740.5B
N135
7 May 07

OPNAV INSTRUCTION 1740.5B

From: Chief of Naval Operations

Subj: UNITED STATES NAVY PERSONAL FINANCIAL MANAGEMENT (PFM)
EDUCATION, TRAINING, AND COUNSELING PROGRAM

Ref: (a) DOD Instruction 1342.27 of 12 Nov 04
(b) DOD Instruction 1344.07 of 30 Mar 06
(c) OPNAVINST 1500.22F
(d) DOD Instruction 1342.22 of 30 Dec 92
(e) OPNAVINST 1740.4B
(f) SECNAVINST 1754.1B
(g) SECNAVINST 5211.5E
(h) SECNAV M-5210.1
(i) SECNAVINST 1740.2D
(j) SECNAVINST 5040.3A
(k) DOD 7000.14-R, Volume 5, Chapter 34 of Dec 01
(l) MILPERSMAN 7000-020

Encl: (1) Terms and Definitions
(2) Command Financial Specialist (CFS) Qualifications, Functions, and Training
(3) Fleet and Family Support Center and/or Regional Personal Financial Management Program Responsibilities
(4) Core Personal Financial Management Training Subjects
(5) Initial/Lifecycle Training Continuum
(6) Department of Defense Financial Education Partner List
(7) Command and Staff Responsibilities
(8) Sample Command Financial Specialist Letter of Designation
(9) Sample Command Special Assistant for Personal Finances Letter of Designation

1. Purpose. To promulgate United States Navy policy and assign responsibilities for the implementation of the Personal Financial Management (PFM) education, training, and counseling program. Recent Navy community needs assessment data clearly identifies PFM as a top concern for Navy families. Operational commanders have identified financial decision making and

resultant financial problems as having a serious negative impact on the stability of servicemembers and families, as well as a debilitating effect on operational readiness, morale, and retention. This policy implements specific requirements that establish a systemic approach to address PFM issues for Sailors, families, and the Navy. This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. OPNAVINST 1740.5A.

3. Applicability and Scope. Provisions of this instruction apply to all Navy active duty and reserve personnel, regular and reserve commands, permanent detachments, and departments. Navy civilian employees serving at duty stations outside the continental United States (OCONUS) are also included under some provisions of this instruction. Active duty and reserve personnel of other Department of Defense (DOD) components and United States Coast Guard are included when assigned to Navy commands.

4. Definitions. Terms used in this instruction are defined in enclosure (1).

5. Background

a. Reference (a) establishes PFM policy for all DOD components. The Navy hereby provides amplification of that policy.

b. Management of personal finances presents an increasing challenge to Sailors and their families. For some, the lack of basic consumer skills and training in how to prudently manage finances sets the stage for financial difficulty. Other contributing factors that magnify the impact on the military lifestyle are:

(1) High cost of living in some areas in the United States and overseas.

(2) Prevalence of easy credit and predatory lenders.

(3) High-pressure sales tactics.

(4) Clever and deceptive advertising techniques that include internet ads.

(5) Undisciplined buying and the tendency to live beyond one's means.

(6) Consumer rip-off schemes.

c. In many cases, resultant financial problems have a serious negative impact on Sailors and their families, as well as a debilitating effect on operational readiness, morale, and retention.

6. Mission

a. The Navy PFM program exists to provide education, counseling, information and referral to Navy personnel and commands in order to increase personal, family, and operational readiness. Locally, the PFM program assists commands in achieving a higher state of mission readiness, thereby improving servicemember performance and retention through personal financial readiness.

b. Although the PFM program has a counseling mission, its primary focus is on prevention of financial difficulties and mismanagement through education of Sailors and their legal dependents (hereafter referred to as family members).

7. Policy

a. References (a) through (l) mandate specific programs, actions, or requirements that are relevant to the PFM program.

b. PFM is a key Quality of Life (QOL), readiness and retention program. As detailed in references (a) and (l), servicemembers and the Navy have a joint responsibility to address personal financial obligations. Members have an obligation to meet the financial needs of their families and discharge their just financial debts in a timely fashion. Commanding Officers (COs) have a responsibility to encourage financial responsibility and sound financial planning. The Navy promotes sound financial practices, personal integrity, and responsibility among its members.

c. All Sailors shall become familiar with PFM program policies and objectives, use prudent PFM practices in pursuit of personal excellence and support their shipmates by sharing their PFM knowledge.

d. The PFM program consists of three major elements:

- (1) Financial education and training
- (2) Financial information and referral
- (3) Financial counseling

e. Active and Reserve commands, permanent detachments, and departments having at least 25 personnel assigned shall have a trained Command Financial Specialist (CFS) to coordinate the program and to assist the CO/Officer-In-Charge (OIC) in providing financial training, information, and counseling to command members. Commands shall maintain a ratio of one CFS to every 75 members assigned, including those assigned temporary duty (TEM DU), temporary duty under instruction (TEM DUINS), and members from other services. Personnel assigned as a CFS must meet the criteria establishment in enclosure (2). Commands, permanent detachments and departments having fewer than 25 personnel are encouraged to have a trained CFS. Alternatively, those with fewer than 25 may arrange for another command to provide CFS services by written agreement. All commands and permanent detachments shall conduct annual PFM training per reference (c) and provide counseling via a trained and qualified CFS.

f. At the individual command level, the three elements of the program are under the control of a qualified CFS. General duties and responsibilities of the CFS are detailed in enclosure (2).

g. As described in references (a), (b), (f), and (i), Fleet and Family Support Centers (FFSC) provide support to all elements of the PFM program. Each FFSC shall provide at least one trained and qualified staff member to function as a financial educator and counselor (FEC) as detailed in enclosure (3).

h. Core PFM training subjects, listed in enclosure (4), will be delivered in a continuum of learning beginning with Recruit Training and continuing throughout a Sailor's career and transition to civilian life, as detailed in enclosure (5). Financial education, training, and counseling will be provided as a collaborative effort between the CFS and the FFSC PFM personnel. If these two resources are not available, commands should refer to enclosure (6) and/or consult the FFSC to obtain names of other local authorized resources.

i. Providing current PFM information to military personnel is an integral part of the program. Relevant PFM information will be issued or published regularly in Navy internal media. The United States' financial world and consumer markets are very dynamic; therefore, it is incumbent upon commands, CFS, and PFM staff to raise awareness of PFM concerns and assistance available to Sailors and their families.

j. A qualified CFS or FEC will counsel Navy personnel, family members, and other DOD personnel experiencing financial difficulties or seeking information on PFM concerns. If the CFS or FFSC cannot provide assistance, referrals shall be made to other authorized agencies (e.g., Navy Marine Corps Relief Society (NMCRS); Navy Legal Service Office (NLSO); National Foundation of Credit Counseling affiliated, non-profit Consumer Credit Counseling Services (CCCS); Navy Mutual Aid; or other resources detailed in enclosure (6)). Navy Mutual Aid Association will be a primary referral and educational resource where Survivor Benefit Plans are concerned.

k. Fleet and Family Support Centers support all elements of the PFM program by conducting a CFS Training Course and providing qualified FECs to function in all other areas of the PFM program as needed. Enclosure (3) provides amplification on the qualifications of the FEC.

8. Action and General Responsibilities

a. Specific responsibilities and duties in support of the PFM program are delineated in enclosures (2), (3), and (7). It is of critical importance to the readiness of Sailors and the

Navy that all Navy leaders, at all levels, engage on this issue and serve as mentors to those in their charge. The Chief Petty Officer's Mess shall exercise proactive leadership and mentorship in PFM.

b. Per references (a) and (l), servicemembers are responsible for prudently maintaining their day-to-day personal financial matters and to adequately prepare for the management of personal responsibilities prior to departing on an extended absence.

9. Command Inspection Program. The Immediate Superior in Command (ISIC) shall inspect the command's PFM program. The following minimum requirements shall be reviewed:

- a. CFS identified in writing using enclosure (8).
- b. CFS must receive appropriate training per enclosure (2).
- c. Appropriate ratio of CFS to crew per paragraph 7.e. of this instruction.
- d. Each command will appoint one CFS assigned as a Command Special Assistant for Personal Finances (CSAPF) using enclosure (9). Commanding Officers and Command Master Chiefs (CMCs) shall meet with the CSAPF at least quarterly to discuss PFM issues at their command. The CSAPF and their contact information shall appear on the masthead of the command plan of the week/plan of the day (POW/POD).
- e. CFS will be included in Command Indoctrination Program(s), and pre and post-deployment programs, as applicable.
- f. Per references (f) and (g), PFM counseling records are maintained to ensure confidentiality and compliance with applicable Privacy Act regulations.
- g. CFS identified in appropriate locations (POD, POW, etc.).

h. Consultation with the CFS will appear on the command check-in/check-out sheets.



J. C. HARVEY JR.
Vice Admiral, U.S. Navy
Deputy Chief of Naval Operations
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and Education)

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TERMS AND DEFINITIONS

BASIC UNDERSTANDING. To comprehend the underlying principles of the subject matter in order to apply them to everyday life situations.

DOD PERSONNEL. Active Duty, Guard, and Reserve Component members of the Sea Services, family members, and civilian employees including non-appropriated fund employees and special Government employees of all offices, agencies, and departments carrying out a function on a Defense installation.

EXTENDED ABSENCE FINANCIAL PLAN. A plan developed by a servicemember prior to deployment, specifying the following for the period of the absence: legal power of attorney to accomplish personal and financial requirements, plan for covering financial obligations, disposition of car and auto insurance, allotments for appropriate monthly expenditures, and disposition of other financial issues that might occur during the period of absence.

FINANCIAL PLANNING AND COUNSELING. The act of evaluating an individual or family's income and expenditures and recommending short-term and long-term actions to achieve financial goals and ensure individual, family, and mission readiness.

PERSONAL FINANCIAL MANAGEMENT. The process (or steps) involved in managing one's personal finances, including income, expenses, and investments for an individual or family.

PERSONAL FINANCIAL READINESS. Adequately preparing for the management of personal responsibilities prior to departure on an extended absence, including: family matters and potential family contingencies; personal finances; personal property; and other personal obligations that can and do arise during one's career lifecycle. Also includes prudent day-to-day management of personal finances, including financial planning (budgeting), saving and investing (including Thrift Savings Plan (TSP)), consumer awareness, and credit management. Considerations include career and transition planning, spouse employment, and relocation entitlements and expenses.

Enclosure (1)

OPNAVINST 1740.5B
7 May 07

SERVICEMEMBERS. Active Duty, Guard, and Reserve component members of the military Services whether permanently assigned or Temporary Duty (TEM DU) or Temporary Duty Under Instruction (TEM DUINS).

**COMMAND FINANCIAL SPECIALIST (CFS)
QUALIFICATIONS, FUNCTIONS, AND TRAINING**

1. Qualifications of the Command Financial Specialist (CFS). The CFS shall function as the command's principal advisor on policies and matters related to PFM. The following qualifications apply:

a. Military members in pay grade E6 and above (including officers) may be appointed a CFS. Medium and large commands are strongly encouraged to have an officer(s) serve as and lead their CFS program. Commander, Navy Installations Command (CNIC) Program Manager is established as the single point waiver authority for commands seeking to appoint a CFS at the E5 level. Waivers will not be granted below E5. Such request shall contain, at a minimum:

(1) Command rank demographics (e.g., indicating the absence of senior personnel meeting established criteria).

(2) Certification of the designated member's qualifications.

b. CFSs must be highly motivated and financially stable (must meet the financial overseas screening standards, paragraph 2i below). For assistance with the CFS screening process, COs may refer to the FFSC FEC staff for guidance. Screening shall be completed prior to training.

c. Successfully complete the authorized CFS training course provided by a FFSC.

d. Have at least one year remaining in the command at time of CFS course completion.

e. Participation in continuing education (i.e., periodic CFS forums).

f. CFS refresher training at least every three years.

2. Functions of the CFS. At the completion of formal training, the CFS shall be able to perform the following functions:

Enclosure (2)

- a. Assist the command to establish, organize, and administer the command PFM program including a thorough pass down to the incoming CFS.
- b. Disseminate financial management information within the command through General Military Training (GMT), POD notes, newsletters, e-mail, etc.
- c. Maintain current PFM resource books, directories, references, and training materials for use in GMT, divisional training, and counseling. In addition, CFSs shall maintain close liaison with the FFSC PFM staff, where possible.
- d. Present PFM training as part of the command GMT program (under reference (c) and provide divisional/departmental/branch PFM training as required under enclosure (5)).
- e. Provide basic PFM counseling to individual members of the command, upon request.
- f. Maintain individual records of counseling conducted and counseling referrals. Per reference (g), those records shall be maintained to ensure confidentiality and compliance with the Privacy Act.
- g. Refer members with serious financial problems to the appropriate resource or agency capable of providing necessary assistance/counseling, such as FFSC PFM staff, NMCRS, non-profit CCCS, and per references (a), (b), (i), and (k). Ensure the individual is seen and counseled. Follow up on referred individuals by maintaining contact with the individual and the resource/counseling agency to monitor progress.
- h. Assist members with the development of their Extended Absence Financial Plan per reference (a) and coordinate the administrative responsibilities for the command.
- i. Perform financial screenings, as needed, for members of the command. In the absence of a CFS, or in a complicated case, the FFSC PFM staff can perform the screenings. For Overseas Duty Screening, the following guidance applies:

(1) Members will be approved for overseas orders if:

(a) E4 and below, Debt to Income Ratio does not exceed 30 percent (monthly debt payments (not including primary residence mortgage) divided by net monthly income).

(b) E5, W2, and O1 and above, the member does not have any outstanding or unresolved Letters of Indebtedness or outstanding returned checks for insufficient funds.

(c) Such screening shall be documented by an administrative remarks page entry (page 13) into the member's service record.

(2) The CFS will ensure the member completes a Financial Planning Worksheet (FPW). The FPW is available at <https://www.nffsp.org/skins/nffsp/home.aspx>.

(3) The CFS will counsel the member on the projected living expenses at the overseas location and on the need for the member to fully understand their expenses, entitlements, and pay and allowance changes related to the OCONUS Permanent Change of Station (PCS) move.

j. Report quarterly to the CO the CFS activity (education and counseling) conducted at their command. Individual command data shall be tracked by using the CFS reporting Web site at <https://donsir.persnet.navy.mil/cfs/>.

**FLEET AND FAMILY SUPPORT CENTER AND/OR REGIONAL PERSONAL
FINANCIAL MANAGEMENT PROGRAM RESPONSIBILITIES**

1. FFSC FEC shall support local commands and area CFSs by serving as the primary resource and subject matter expert in tailoring PFM information, materials, and education programs to the local area. FFSCs will also:

a. Provide financial education/training, information, and referral assistance to military personnel and their family members. Provide financial counseling to Sailors and other DOD personnel, as defined in reference (a), when assigned aboard a Navy installation. Under reference (a), paragraph E3.1.5, programs shall be established by FFSCs to encourage spouses to participate in the PFM program.

b. Maintain records and ensure privacy and confidentiality of all records and information regarding PFM counseling conducted, per references (f) and (g).

c. Maintain ongoing liaison with financial institutions located on base to encourage military and family member awareness and use of their PFM counseling and information services as detailed in reference (a).

d. Foster and establish working relationships with the local representatives of the DOD partners listed in enclosure (6) or as updated on the DOD Military Home Front Web site (<http://www.militaryhomefront.dod.mil>).

e. Ensure compliance with reference (a), paragraph E3.1.9. Individuals assigned to provide PFM services at FFSCs shall:

(1) Obtain Accredited Financial Counselor (AFC) certification within two years of their assignment.

(2) Possess a baccalaureate degree from an accredited college or a combination of education and experience which equips them to serve as an FEC.

(3) Receive continuing education on personal financial management on an annual basis and maintain professional certification, once acquired.

Enclosure (3)

(4) Read and understand references indicated within this instruction.

f. Hold an area-wide PFM awareness forum/meeting at least quarterly to discuss PFM issues. At a minimum, the following personnel should be invited: Senior Enlisted Advisors, CFSS, and Command Career Counselors/Career Planners. Meeting reports (minutes) shall be provided to the cognizant CO.

g. Conduct, at least semi-annually, an informational seminar for area command leaders that provides an introduction and overview of PFM program services, assistance, and initiatives.

h. When training CFSS by any method, at a minimum, provide two on-site individuals (one instructor must be from the FFSC PFM staff and others may be a CFS or other qualified Navy civilian employee and/or contractor), capable and trained as instructors of the CFS course. An additional person capable of acting as an alternate instructor should also be available.

i. FFSCs shall report to the CNIC program manager on a quarterly 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 student loads, number of personnel receiving individualized counseling or assistance, and reason(s) individual counseled.

j. Make available, the CFS Training Course with sufficient periodicity and locations to meet demands and optimally offer 25-30 student quotas per class, using CNIC (lead) and Naval Education and Training Command (NETC) (Center for Personal and Professional Development (CPPD)) (assist) developed CFS Instructor Guide and CFS Training Manual. CFS training locations shall serve as quota control for CFS training.

k. Ensure data from CFS training is entered into the Corporate Enterprise Training Activity Resource Systems (CETARS): Standard Training Activity Support System (STASS), Navy Integrated Training Resource Administration System (NITRAS) II systems, as applicable.

- l. Maintain records for at least two years of the name, rate/rank, SSN, 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.
- m. Submit annually by 30 June, to the CNIC program manager and NETC via the Echelon 2 commander/area coordinator, a schedule of CFS classes for the upcoming fiscal year.
- n. Function with NMCRS as agreed in Memorandum of Agreement (MOA) between NMCRS/DON of 5 February 2001 (NOTAL) or current MOA.
- o. Ensure only CFS and PFM course materials approved by CNIC program manager and NETC (CPPD) referred to in this instruction are used in all training and counseling activities.
- p. Assist servicemembers with the development of the financial portions of the Family Care Plan described in reference (e).

CORE PERSONAL FINANCIAL MANAGEMENT TRAINING SUBJECTS

1. Military Pay Issues
2. Banking and Financial Services
3. Developing Your Spending Plan
4. Credit Management
5. Car Buying Strategies
6. Introduction to Saving and Investing
7. Consumer Awareness (includes predatory lending)
8. Insurance/Risk Management
9. Legal Issues
10. Home Purchase/Housing
11. Financial Planning for Deployment
12. Money and the Move
13. Savings and Investments
14. The Basics of Retirement Planning
15. College Savings
16. Retirement Resources

NOTE: Additional Core Educational Programs can be added as necessary by Chief of Naval Operations (CNO) (N135) and/or CNIC Program Manager to keep curriculum current.

Enclosure (4)

INITIAL/LIFECYCLE TRAINING CONTINUUM

CATEGORY	TYPE TRAINING	TRAINING SOURCE/VENUE	LEARNING ENVIRONMENT	PFM TOPICS
	Personal	Annual General Military Training	Instructor Lead (CFS)	Hot Topics
	Personal	Transition Assistance/Pre-Separation Briefing/Counseling	Instructor Lead	PFM for Transitioners (appropriate training materials TBD by Navy PFM Program Manager)
	Leadership	Recruit Division Commander (RDC) Seminar	Instructor Lead	Specially designed curriculum to augment existing PFM knowledge and skills that will enable the RDCs to serve as quasi PFM mentors to the recruits
	Leadership	Prospective Petty Officer Leadership Course	Instructor Lead	PFM for Prospective Petty Officers (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)
	Leadership	Work Center Supervisor Leadership Course	Instructor Lead	PFM for Work Center Supervisors (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)
	Leadership	Leading Petty Officer Leadership Course	Instructor Lead	PFM for Leading Petty Officers (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)
	Leadership	Prospective Chief Petty Officer Leadership Course	Instructor Lead	PFM for Prospective Chief Petty Officers (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)
	Leadership	Leading Chief Petty Officer Leadership Course	Instructor Lead	PFM for Leading Chief Petty Officers (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)
	Leadership	Command Master Chief/Chief of the Boat Leadership Course	Instructor Lead	"Operating a Successful Command PFM Program" (appropriate training materials TBD by Navy PFM Program Manager and ***CNL)

INITIAL/LIFECYCLE TRAINING CONTINUUM

CATEGORY	TYPE TRAINING	TRAINING SOURCE/VENUE	LEARNING ENVIRONMENT	PFM TOPICS
All (Available Additional Training)	Personal	Command Financial Specialist; Fleet and Family Support Centers	Instructor Lead	Various PFM topics
	Personal	Career Options and Navy Skills Evaluation Program - First Term	Instructor Lead (8 hrs) (FFSC)	Per CONSEP curriculum
	Personal	Career Options and Navy Skills Evaluation Program - Mid Career	Instructor Lead (8 hrs) (FFSC)	Per CONSEP curriculum
	Personal	Navy Knowledge Online	Web	Various PFM topics
	Personal	Stand Up Training	Instructor Lead (CFS)	Various PFM topics

- * Prior enlisted are not required to complete this "personal" PFM training since they would have received it under enlisted personal training.
- ** Blended learning environment may be any combination of instructor led classes or self-paced learning accomplished via distance learning or CD ROM based training that include appropriate assessments of learning where applicable.
- *** Center for Naval Leadership (CNL) will provide appropriate complimentary scenario based training as coordinated with PFM Program Manager (CNIC staff).

DEPARTMENT OF DEFENSE FINANCIAL EDUCATION PARTNER LIST

Air Force Aid Society (AFAS)
American Red Cross (ARC)
Army Emergency Relief Society (AERS)
Association of Military Banks of America (AMBA)
Better Business Bureau (BBB)
Consumer Credit Counseling Services (CCCS)
Consumer Federation of America (CFA)
Defense Credit Union Council (DCUC)
Department of Labor (DOL)
Department of Treasury (DOT)
Employee Benefits Research Institute (EBRI)
American Savings Education Council (ASEC)
Federal Citizen's Information Center (FCIC)
Federal Deposits Insurance Corporation (FDIC)
Federal Reserve Board (FRB)
Federal Trade Commission (FTC)
Freddie Mac
In-Charge Institute of America
Internal Revenue Service (IRS)
Jumpstart Coalition
National Association of Securities Dealers (NASD) Investor
Education Foundation
National Endowment for Financial Education (NEFE)
National Foundation for Credit Counseling (NFCC)
National Military Family Association (NMFA)
Navy and Marine Corps Relief Society (NMCRS)
Navy Exchange/Marine Corps Exchange/Army and Air Force Exchange
Service (NEX/MCEX/AAFES)
North American Securities Administrators Association (NASAA)
Securities and Exchange Commission (SEC)
Small Business Administration (SBA)
Social Security Administration (SSA)
U.S. Department of Agriculture, Cooperative State Research
Education and Extension Service (USDA, CSREES)
TRICARE

NOTE: Updates to this list can be found at
<http://www.militaryhomefront.dod.mil/>

Enclosure (6)

COMMAND AND STAFF RESPONSIBILITIES

1. Deputy Chief of Naval Operations (Manpower, Personnel, Training, and Education) (DCNO) (MPT&E) (N1), as program sponsor, shall establish Navy PFM program policy.
2. CNO, Director, Personal Readiness and Community Support (N135) will establish and maintain policy, monitor program performance, and serve as Navy's liaison with Assistant Secretary of the Navy (Manpower and Reserve Affairs) (ASN) (M&RA), DOD and other cognizant agencies on Navy PFM policy matters. CNO (N135) will establish all PFM training requirements and provide program policy interpretation to CNIC and NETC.
3. CNIC shall implement and coordinate the Navy PFM program and as program manager shall:
 - a. Coordinate and manage implementation of the PFM training program as determined by CNO (N135) which includes coordinating, developing, and managing training programs, curricula, and materials with NETC (CPPD).
 - b. Provide subject matter expertise to NETC (CPPD) for the development, validation, and piloting of NETC (CPPD) provided training and education, to include the development of learning objectives and scenarios for instruction.
 - c. Maintain program, program elements, and materials ensuring effectiveness and currency through periodic review and update.
 - d. Utilize necessary military and authorized civilian resources in support of the program. Where practical, partner with United States Marine Corps PFM program manager in sharing program materials, curricula, and other resources to maximize efficiency and effectiveness of the Navy PFM program.
 - e. Provide guidance to all activities regarding implementation of program policy and plans.
 - f. Ensure resources are provided to meet the certification requirements for FECs per reference (a).

Enclosure (7)

g. Coordinate and manage Navy CFS training throughout the Navy to meet Fleet needs, including the provision of CFS professional development and CFS Train the Trainer courses.

h. Provide the CFS training course with sufficient frequency and resources to accommodate Navy training needs.

i. Collaborate with the Navy Child and Youth Program Manager to develop curricula, materials, and procedures needed to implement the provisions of reference (a), paragraph E3.1.7, that details development of on-demand PFM education for Navy Child and Youth Programs. Implementation shall be completed within 180 days of promulgation of this instruction.

4. NETC shall designate a PFM program point of contact to liaise with CNO (N135) staff and CNIC program manager. NETC shall also accomplish the following:

a. Designate a PFM topic selected by CNIC program manager as an element of the Navy GMT program.

b. Provide and document, using Five Vector Model (5VM) or other data base, PFM training that will be provided for all enlisted Sailors following recruit training.

c. Provide and document, using 5VM or other data base, PFM program training using PFM standardized curriculum for all officer candidates, Navy Reserve Officers Training Corps (NROTC), and personnel in other officer accession programs.

d. Include/maintain the CFS training course in the Corporate enterprise Training Activity Resource Systems (CeTARS), Standard Training Activity Support System (STASS), Navy Integrated Training Resource Administration System II (NITRAS), as applicable.

e. In concert with CNIC program manager, develop curricula, materials, assessment instruments, and other procedures and systems necessary to implement the requirements of reference (a), paragraph E3.1.1.3, that fulfills the following requirement: "prior to assuming a leadership role as a supervisor, officers and non-commissioned officers shall demonstrate a basic understanding (as defined in reference (a), paragraph E2.1.1) of

PFM policies and practices." Implementation shall be completed within 180 days of promulgation of this instruction.

f. In concert with CNIC program manager, develop curriculum, materials, assessment instruments, and other procedures and systems necessary to implement the requirements of reference (a), paragraph E3.1.1.1., which fulfills the following requirement: "within three months of reporting to first permanent duty station, servicemember must demonstrate a basic understanding (as defined in reference (a), paragraph E2.1.1) of a variety of PFM subjects and skills." Implementation of this assessment requirement shall be completed within 180 days of promulgation of this instruction.

g. Ensure PFM training (as required by enclosure (5)) that would occur in NETC school houses is conducted.

5. Chief of Navy Information (CHINFO) shall, in coordination with the CNIC program manager, review and provide PFM information for frequent inclusion in Navy internal media.

6. U.S. Naval Academy (USNA) shall provide PFM program training as detailed in enclosure (5) to all Naval Academy Midshipmen using PFM standard curriculum. Designate one member of staff to serve as a Financial Advisor and educator for the Midshipmen. This individual is an officer or civilian equivalent and is trained as a CFS.

7. Echelon 2 commands/area coordinators shall:

a. Monitor timely establishment and ensure continuing effective program implementation. Echelon 2/area coordinators with CFS course training sites shall provide CNIC program manager a consolidated schedule of course training dates, quota availability and other information in the manner required for inclusion in NITRAS and CANTRAC by NETC.

b. Include PFM in ISIC inspections to ensure program policy compliance follows the guidelines in paragraph 9 of the basic instruction.

c. Assess requirements for CFS training in area of responsibility coordinating with CNIC program manager to ensure

that the CFS course is provided with sufficient frequency and resources to meet Fleet, training, and policy requirements.

8. Echelon 3 commands/regional coordinators shall:

a. Monitor timely establishment and continuing effective implementation of the program as it applies to commands under their cognizance.

b. Establish priorities for quota control for CFS training courses under their cognizance. Quota preference is to be given to commands that do not have a trained CFS. Quota allocations must address both local, out-of-area/isolated and remote, and reserve commands. Course schedules and locations must be readily accessible to Fleet units on demand.

9. Commanders, COs, and OICs shall:

a. Designate CFS(s) in writing (enclosure (8) provides a sample designation letter). When more than one CFS is assigned, designate one as the lead CFS or as a Command Special Assistant for Personal Finances (enclosure (9) provides a sample designation letter). Meet with the lead CFS on a recurring, but not less than quarterly, basis to discuss PFM. Enclosure (2) provides qualifications criteria, functions, and training for CFSs.

b. Ensure compliance with the provisions of this instruction and associated references.

c. Ensure all command inspection items are followed as stated in paragraph 9 of basic instruction.

d. Per reference (a), ensure that in all cases where personnel are the subject of a bad check report or letter of indebtedness, that a determination be made as to whether or not financial mismanagement by the individual is involved. In all cases of financial mismanagement, individuals should receive mandatory PFM counseling from CFS or FEC.

e. Establish and maintain records between command inspection cycles of PFM education, training, and counseling conducted.

f. Per reference (g), maintain PFM counseling records so as to ensure confidentiality, including compliance with applicable Privacy Act provisions.

g. Per references (b) and (i), obtain a review and recommendation from the servicing FFSC's FEC, an opinion from the local representative of the Staff Judge Advocate (SJA), and approval from the installation CO prior to granting authorization for any personal financial management presentation on base offered by a commercial or other entity not specifically authorized under reference (a) of this instruction. DOD personnel shall observe training provided by sources other than those authorized under this instruction as required in reference (a), paragraph E3.1.6.

h. Permit and encourage Command Career Counselors (CCCs) and Command Ombudsman to attend CFS training to raise their awareness of the financial issues and resources available to Sailors and families. This provision in no way intends to make the CCC or Ombudsmen serve as financial counselors or CFSs.

i. Promote among members of the command, maximum utilization of a proactive lifecycle approach to PFM by encouraging attendance at a Career Options and Navy Skills Evaluation Program (CONSEP) workshop.

10. Installation COs/OICs with an FFSC shall also:

a. Be the final approving official with concurrence from the local FFSC PFM staff and the SJA, per references (a), (b), and (i), for all persons and/or entities not referenced in this instruction or on the DOD Military Home Front Web site (www.militaryhomefront.dod.mil) as acceptable resources for PFM.

b. Provide for the FFSC to maintain a library/resource center of current financial information and resources (including current periodicals) to assist servicemembers and their families in successful personal financial readiness.

c. Ensure computer and internet resources are available.

d. Provide support to host and tenant command CFSs, especially to afloat, deployable, or Marine Expeditionary Unit commands.

e. Ensure that, at a minimum, the FFSC staff includes one member who is assigned, trained, and certified per reference (a), paragraph E3.1.9.

11. CFSS shall:

a. Report directly to the command level (CO/executive officer (XO)) as a special assistant. Enclosure (2) of this instruction lists basic CFS qualifications, functions, and training requirements.

b. Ensure CFS training or any other PFM course completed is documented.

c. Provide financial education, counseling, training, and information and referral. When appropriate, refer to the servicing FFSC FEC.

e. Per references (d) and (g), ensure that client confidentiality and records are maintained.

f. Upon transfer, notify receiving command that you are a trained CFS. Provide a thorough pass down to your CFS relief.

g. Schedule meetings with command leadership per paragraph 10a. (above) to ensure that PFM issues and trends are communicated.

**SAMPLE COMMAND FINANCIAL SPECIALIST LETTER OF DESIGNATION
FOR OFFICIAL USE ONLY - PRIVACY SENSITIVE**

1740
Date

From: Commanding Officer/Officer in Charge
To: Rate/Rank, Name, Last four SSN

Subj: DESIGNATION AS COMMAND FINANCIAL SPECIALIST (CFS)

Ref: (a) OPNAVINST 1740.5B

1. Per reference (a), you are hereby designated as (Command Name) Command Financial Specialist (CFS). You will familiarize yourself with the policies and procedures of reference (a) and other applicable Personal Financial Management program elements in the performance of your duties.

2. In your capacity as CFS, you will report directly to the commanding officer/officer in charge or their representative (e.g., Command Special Assistant for Personal Finances). Complete the information requested below and forward as indicated. This designation remains in effect until rescinded in writing or three years after CFS course completion (unless refresher training is completed and documented), whichever occurs first.

Signature

Name/Rate/SSN of CFS:

Date of Designation:

Date Completed CFS Course:

Global Email Address:

DSN Phone Number:

Location of Servicing Fleet and Family Support Center (FFSC):

I accept the designation of (Command Name) CFS.

Member Signature

Copy to:

Servicing Fleet and Family Support Center
Service Record

Enclosure (8)

7 May 07

**SAMPLE COMMAND SPECIAL ASSISTANT FOR PERSONAL FINANCES
LETTER OF DESIGNATION
FOR OFFICIAL USE ONLY - PRIVACY SENSITIVE**

1740
Date

From: Commanding Officer/Officer in Charge
To: Rate/Rank, Name, Last four SSN

Subj: DESIGNATION AS COMMAND SPECIAL ASSISTANT FOR PERSONAL
FINANCES (CSAPF)

Ref: (a) OPNAVINST 1740.5B

1. Per reference (a), you are designated as (Command Name) Command Special Assistant for Personal Finances. You will familiarize yourself with the policies and procedures of reference (a) and other applicable Personal Financial Management program elements in the performance of your duties.

2. In your capacity as CSAPF, you will report directly to the commanding officer/officer in charge or their representative. Complete the information requested below and forward as indicated. This designation remains in effect until rescinded in writing.

Signature

Name/Rate/SSN:

Date of Designation:

Date Completed CFS Course:

Global Email Address:

DSN Phone Number:

Location of Servicing Fleet and Family Support Center (FFSC):

I accept the designation of (Command Name) Command Special Assistant for Personal Finances.

Member Signature

Copy to:

Servicing Fleet and Family Support Center
Service Record

Brief the Bosses

What five talking points would you use for a 5-minute brief to command leadership on the need for PFM?

1. _____

2. _____

3. _____

4. _____

5. _____

OPNAVINST 1740.5B

Instruction Review

1. What is the primary focus of the PFM program?

The primary focus of the PFM program is “prevention of financial difficulties and mismanagement through education of Sailors and their legal dependents.”

(Location: Page 3, para 6.b)

2. Who has the responsibility to address personal financial obligations?

“Service members and the Navy have a joint responsibility to address personal financial obligations.”

(Location: Page 3, para 7.b)

3. What is the responsibility of all Sailors as outlined in para 7.c?

“All sailors shall become familiar with the PFM program policies and objectives, use prudent PFM practices in pursuit of personal excellence, and support their shipmates by sharing their PFM knowledge.”

4. Which agency is a primary referral and educational resource for the Survivor Benefit Plan?

Navy Mutual Aid Association will be a primary referral and educational resource where Survivor Benefit Plans are concerned.

(Location: Page 5, para 7.j)

5. What is the responsibility of the CPO Mess as outlined in the OPNAV?

“The Chief Petty Officers’ Mess shall exercise proactive leadership and mentorship in PFM.”

(Location: Page 6, para 8.a)

6. What are the seven minimum requirements to be reviewed in an ISIC’s inspection?

- 1) CFS is identified in writing per encl (8)

- 2) CFS receives appropriate training per encl (2)

- 3) Appropriate ratio of CFS to crew is maintained

- 4) One CSAPF is assigned and meets at least quarterly with the CO and CMC to discuss PFM issues. CSAPF and contact information shall appear on the masthead of the command POW/POD

- 5) The CFS will be included in command indocs, and pre- and post-deployment programs, as applicable

- 6) PFM counseling records will be maintained to ensure confidentiality and compliance with the Privacy Act

- 7) The CFS is identified in appropriate locations

(Location: Page 6, para 9)

7. What are the reporting requirements for the CFS?

“Report quarterly to the CO the CFS activity (education and counseling) conducted at the command.”

(Location: Enclosure 2, para 2.j)



Introduction to PFM and the Financial Planning Worksheet

I. INTRODUCTION

This chapter introduces the learner to the Financial Planning Worksheet, the main tool used by Command Financial Specialists in counseling. By way of introduction, the learners are given an overview of financial planning and the Financial Planning Pyramid. This overview functions as a road map, showing the student where this topic fits in the whole of financial planning. The Financial Planning Pyramid is used throughout the course and the PFMSC, so it is introduced and used as early as possible to get learners thoroughly familiar with it.

Next, the student gets hands-on intensive instruction on the Financial Planning Worksheet. The five components are broken down into Net Worth Statement, Budget or Cash Flow, Action Plan, Spending Plan and Expense Tracking. After an overview of the five components, each component is explained thoroughly. The learners get hands-on practical application of the Income Page during the Income Case Studies. Also, on Monday afternoon learners participate in a group exercise on options to reduce living expenses. The Reduce Indebtedness option is covered on Wednesday during the credit and debt-management sections.. A computer demonstration of the Excel version will be provided on Wednesday.

After completing this chapter, learners should be prepared to complete their own Financial Planning Worksheet, which is to be handed in for review at the beginning of class Wednesday morning. Learners will get further practice with the Financial Planning Worksheet throughout the week when they work on their group case studies and on Thursday during the Financial Counseling Role Play.

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 major OPNAVINST 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 page of the FPW, learners become familiar with an important referral tool and are exposed to information and referral aspects of reducing living

expenses, increasing income and reducing indebtedness.

3. **Counseling:** Learners get hands-on experience with the major tool used in financial counseling in the PFM program, the Financial Planning Worksheet, and thus the planning and budgeting process, which are major counseling tasks. Training on using the projected column puts learners in a future orientation, a key element of Solution-Focused Financial Counseling.

II. LEARNING OBJECTIVES

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

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

Working in small groups, the learners will identify at least five ways to reduce living expenses in the Housing, Transportation, Food, Clothing, Communication and Entertainment categories.

III. OUTLINE

1. Introduction
 - a. Topics
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
5. The Financial Planning Worksheet
 - a. Developing Your Spending Plan
 - b. Overview of the Financial Planning Worksheet
 - c. Net Worth
 - d. The Budget Pages/A Cash-Flow Statement
 - e. Overview of the Income Page
 - f. Overview of the Savings and Living Expenses Page



- g. Tracking Expenses
- h. Overview of the Indebtedness Page
- i. The Action Plan
- j. Using the Projected Columns
- k. The Spending Plan
- 6. Summary
 - a. Optional Review Activity: Bowling for Budgets Game
 - b. Activity: What Are My Options?

IV. CHAPTER PREPARATION

Presentation Time:

- 80 minutes Monday afternoon (introduction session)
- 45 minutes Monday afternoon (What Are My Options? activity)

Presentation Materials

- PowerPoint Slides, “Intro to PFM and the FPW”
- Student Manual Chapter 4
 - ▶ The Financial Planning Pyramid
 - ▶ The Financial Planning Worksheet
 - ▶ Sample Completed Financial Planning Worksheet
 - ▶ Budgeting Tip Sheet
 - ▶ The Financial Planning Worksheet Checklist
 - ▶ Women, Infants and Children
 - ▶ Group Activity — What Are My Options?
- Optional Bowling for Budgets Review
- Extra hard copies of FPW (Two per student)
- Current USDA “Cost of Food at Home” — www.usda.gov/cnpp
- What Are My Options? group activity:
 - ▶ Six blank newsprint pages
 - ▶ Masking tape or thumbtacks — minimum six markers
 - ▶ Local resource guides, if available
- Pencils and paper

Summary of Learner-Centered Activities:

- **Financial Goal-Setting Activity:** After a brief explanation of long- and short-term goals, learners will write one short- and one long-term goal.
- **(Optional) Average American Expenses activity:** In this activity, learners guess how much the “average American” spends on living expenses. The purpose is to get learners to focus on how much they spend each month and, if they have no idea, it gets them to realize the value of tracking expenses over a period of time to learn how much they spend.
- **Debt-to-Income Activity:** Learners have the opportunity to calculate their debt-to-income ratio in class.
- **(Optional) Bowling for Budgets Game:** A quick question-and-answer review of session content included in the PFMSC.
- **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 Fogue, Raymond E. Personal Finance, 5th Ed. Boston, Mass.: Houghton Mifflin Co., 1997.

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

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

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

www.irs.gov (Earned Income Tax Credit)

www.usda.gov/cnpp (Official USDA Food Plans: Cost of Food at Home at Four Levels)

www.nffsp.org (Fleet and Family Support Center site with eFPW)



VI. CONTENT

Introduction

SLIDE 1

Chapter Four

SLIDE 2

Topics

1. **Defining Financial Planning:** We will have a brief discussion about what effective financial planning entails. We will relate the field of financial planning to 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- 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. **The Financial Planning Worksheet:** The bulk of this session will be taken up with training on the Financial Planning Worksheet, the main tool used by you will use in your CFS program. It is critical that everyone fully understand the components of this worksheet and how to complete it correctly. By the end of Tuesday, you should have full familiarity with the document and be prepared to complete your own personal Financial Planning Worksheet, which must be handed in for review at the beginning of class Wednesday.
5. **What Are My Options? Activity:** Finally, at the end of today we will have a group brainstorming exercise on options to reduce living expenses. We'll talk more about this exercise this afternoon.



SLIDE 3

Defining Financial Planning

Financial planning is the process of developing and implementing coordinated financial goals to achieve financial success. There are five standard areas of emphasis in financial planning:

1. Financial and Insurance Planning, including developing financial statements and goals and practicing risk management
2. Investment Planning
3. Retirement Planning
4. Tax Planning
5. Estate Planning



SLIDE 4

What does financial planning do for you? Why do we want to develop coordinated 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 Sailors, lack the financial skills to achieve them. That's where the Navy's PFM program comes in, and the CFS program in particular. The Navy's 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. If you recall the major topic areas mandated in the OPNAV instruction, you can see the correlation between them and the areas of emphasis in financial planning.

Setting Financial Goals

SLIDE 5

SMART Goals

Successful people have goals. They take control of their money and plan its use. It's important to commit your financial goals in 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 the next 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
- ▶ Measurable
- ▶ Action-oriented
- ▶ Realistic
- ▶ Timely (start and stop dates)

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

SLIDE 6

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?



Chapter Four



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 percent.” 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.

SLIDE 7

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 SRB installment.
- Sell my current vehicle for at least \$7,000.
- Use my existing savings of \$5,000.

SLIDE 8

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.
- Close credit-card accounts except for one.
- 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

Procedure: Ask learners to turn to Page 5 of the Financial Planning Worksheet on page 4.8 in the Student Manual, and direct their attention to the “Setting Your Goals” section. Have learners draft one long-term and one short-term goal using the SMART goal method (Specific, Measurable, Action-oriented, Realistic and Timely). 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.

The Financial Planning Pyramid

SLIDE 9

REFER learners to page 4.3 in the Student Manual, the Financial Planning Pyramid.

- EXPLAIN that along with understanding the elements of financial planning and how they are integrated into the Navy’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 mouse



click.) 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 record-keeping. In the PFM program, all of this is embodied in the Financial Planning Worksheet that we are about to begin using today. Controlled spending also means you know how to make wise consumer purchases and manage credit.
 3. *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. We will go in-depth into this topic later in the week.
 - 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 one to three months of your net pay.
 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 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 financial goals.
 - **The Investing Level.** The remaining level of the Financial Planning Pyramid is 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.

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

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

Chapter Four



The Financial Planning Worksheet

Developing Your Spending Plan

- What is a spending plan? A spending plan is a written method to achieve financial goals by measuring and managing the money that comes in and goes out of your “pocket.” A common name for a spending plan is a budget.

SLIDE 10

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 11

- Is based on current income and expenses
- Is practical and realistic
- Is flexible
- Provides for pleasures as well as necessities

SLIDE 12

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

Overview of the Financial Planning Worksheet

SLIDE 13

NOTE: Have two extra copies of the complete FPW for each student available as extra handouts and for use in case studies.

- REFER learners to pages 4.4 through 4.10 in the Student Manual or FPW copies.

The Financial Planning Worksheet you have 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. A **Net Worth Statement** on Page 1
 2. A **Budget** or **Cash Flow** plan on Pages 2 through 4
 3. An **Action Plan** on Page 5
 4. A paycheck-by-paycheck **Spending Plan** on Page 6
 5. A **Monthly Spending Record** — expense-tracking form on Pages 7 and 8
- We will review each of the five components in detail. One of your first assignments this week is to complete your own FPW and hand it in for review Wednesday morning.

Net Worth

SLIDE 14

Overview of the Net Worth Page

ASK learners to look at the first page of the FPW. The top of the form provides a place to write personal information. Fill this out as completely as possible. The more information you have on this form, the easier it will be to work with your clients— so be detail-oriented. For FSGLI, be sure the spouse's age and the number of children are noted. Consider using only the last four digits of the Social Security number for added security.

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

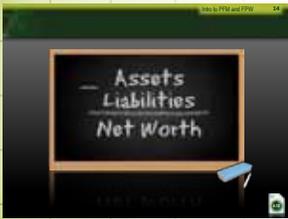
Completing the Net Worth Page

Begin by listing all of your assets (things that you own). Start with your cash or cash equivalents. Then move on to any cash-value life insurance you have. Note that if the only life insurance you have is SGLI, this line will be blank. Cash value exists only with whole-life products. If you are not sure if you have any cash value, look in your policy for a cash-value chart.

Next, list any investments and retirement plans you hold. Value them as of the date you are putting at the top of the form.

List the value of your personal property. For your home, list the fair-market value, or what you reasonably could get for your home if you put it on the market today. If you own any rental property, list the fair-market value, here. Also, for any vehicles you own, list the “Blue Book” value here. Lastly, estimate the value of your belongings, household goods, jewelry, collections, artwork, etc. Unless you have an official appraisal of an item, be conservative, and ask yourself what you could get for your possessions in a yard sale.

- Total the value of all your assets write it on the line next to **Total Assets**. It is important that you accurately estimate the value of what you own (items in the





assets column). To find the value of savings bonds, go to www.savingsbond.gov. If you don't know your home's value, you can get an estimate at www.homegain.com. And to find your car's value, check www.kbb.com or www.nadaguides.com.

- Next, you need to list your 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).
- Total the balances of all liabilities, and write it on the line next to **Total Liabilities**
- Finally, in the net worth box, subtract your liabilities from your assets to calculate your **Net Worth**. ASK the class to estimate what they think their net worth is and write it in pencil on the Net Worth line. Tell them to figure out their net worth this evening and see how close they were with their estimate.
- 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. So 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.

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.

Sample Review

REFER learners to page 4.12 in the Student Manual to see a completed Net Worth Page. Ask for any questions on completing this page. REMIND them to complete their own Net Worth Statement this evening.



The Budget Pages/A Cash Flow Statement

SLIDE 15

Overview of the Budget Pages

The Budget: Next, we'll take a look at Pages 2 through 4 of the FPW, which comprise the Cash Flow Statement, commonly known as a budget. When these three pages are completed, you will have a snapshot of one month's worth of income and expenses, 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. You subtract the outgoing from the incoming, and you are left with a surplus (money left over, unaccounted for), zero (break even — all dollars accounted for), or a deficit (more going out than coming in).

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) 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 a FPW? Why or why not? Respond as appropriate.

NOTE: In the Counseling brief we will show 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 16

Overview of the Income Page

Income Page: Most of the information needed to complete this page will come directly from the LES or myPay.

The Income Page has three sections: calculating Total Military Compensation, calculating Total Deductions, and calculating Total Net Monthly Income. Only the military paycheck is included in the top two sections of the form. Income from non-military sources and spouse's income will be listed in the bottom section.

Before we begin, let's review a few income definitions:

1. Gross — your total pay, everything you earn.
2. Net — your total pay (gross) less taxes.
3. Take-Home — net pay 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. 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 12 months out, and depending on the client's situation you may project for only a month or two or may need to do several different projections. To keep it simple the first time, start by filling in just the actual column.

NOTE: You may get questions about what to do in the case of dual military couples. The paper version of the FPW can be adjusted so that one member's pay is listed in the "actual" column, and the other's gets listed in the "projected" column. This will allow you to ensure that deductions from both paychecks are entered in the right expense category.

Completing the Income page

Entitlements: The top one-third of the form is where you enter your entitlements. Copy all monthly amounts for pays and allowances to which you are entitled from your Leave and Earnings Statement (LES), or use a current pay chart to calculate your monthly gross pay, which is entered on the Total Military Compensation (A) line. This amount also is known as Gross Pay.



Note that all taxable items (pays) will have an asterisk (*) next to them in the entitlement section. Have learners add up all taxable pays and enter it under the Total Military Compensation (A) line. Explain that often Gross Pay and Taxable Pay can be two different amounts, since Gross Pay will include allotments, which are not taxable. Check with the client to find out if she/he is making a TSP or MGIB contribution. If so, be sure to deduct the contribution amounts from Taxable Pay as well, since TSP and MGIB contributions come out before taxes.

Deductions: The middle one-third of the page is for entering any and all deductions from the military paycheck. Only items taken out of monthly pay by the military go here. List all taxes withheld, SGLI, Armed Forces Retirement Home contribution, CFC or NMCRS contributions, TSP and MGIB contribution, 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 column. Also, if one allotment amount pays on several accounts, note the breakdown of the payment in the Remarks column 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 (B) line.

Take-Home Pay: Next subtract Amount (B) (Total Deductions) from Amount (A) (Total Military Compensation or Gross Pay) to arrive at Service Member's Take-Home Pay (A-B).

Total Net Monthly Income: Finally, calculate the Total Net Monthly Income in the bottom one-third of the page by listing the member's other earnings (nonmilitary) and the spouse's earnings. Add back anything that came out of the military paycheck that is not a tax (FITW and FICA). Also, list any money coming into the family from savings and investments, any child support or alimony coming into the family, and any other income at all (for example, rental property income) that the family receives. Add all of these to the service member's take-home pay to arrive at what we call "Total Net Monthly Income."

It is important that individuals know what their family's Total Net Monthly Income is. 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. Thus, we add back any deductions from gross pay (except taxes) to calculate Total Net Monthly Income. These amounts will be subtracted from the budget on the living expense or debt page, whichever is appropriate. When done in this way, the client gets a true picture of where they have decided to spend their money.

NOTE: You may want to point out that it is helpful to note in the Remarks column where the expense will get listed on the next two pages of the budget. For example, when SGLI is added back, write, "to insurance" in the Remarks column. If a car payment is added back, write "to indebtedness" in the Remarks column, etc.

- The Total Net Monthly Income figure also is important to us as CFSs because we will use it to calculate the client’s savings ratios and debt-to-income ratios. 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 two pages of the budget form.

Turn to Page 4 of the FPW and note the “Summary” section at the bottom. Enter the Total Net Monthly Income amount in the appropriate box of the summary (Actual).

Sample Review

REFER learners to page 4.13 in the Student Manual to see what a completed Income page looks like, along with the corresponding “Summary” entry on page 4.15.



SLIDE 17

Overview of the Savings and Living Expense Page

Monthly Saving and Living Expense Page: Turn to Page 3 of the FPW. On this page and the next, you will list all the money you spend.

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 advisers suggest you save 5 percent to 10 percent of net income. The average American saves less than 3 percent of their income; however, the average millionaire saves 10 percent. In which category do you want to be?

While we account for the client’s income on one page, we account for their outgo on two pages: One page 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 — 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 column. 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.

Completing the Savings Section

Savings is the second level of the Financial Planning Pyramid. It is divided into several funds:

- **Emergency Fund:** This is money set aside for the unexpected — breakdowns, sickness, repairs, emergency leave, disasters, etc. The client will determine a set amount that they feel is adequate to have in this fund. They may be putting money into this fund every month to increase their balance, or they may not be putting anything into it because they have met their goal balance. A general guideline for emergency savings balance for military personnel is three months of base pay.



Without a doubt, the emergency fund is one of the most critical elements of a client's financial plan. ASK: Without an emergency fund, how will a client pay for their emergencies? They typically resort to using credit, but let's call it what it is: debt. What do we know about debt? It is a liability, and it moves us in the wrong direction, away from financial freedom. You could say debt is the enemy of financial health. The lack of an adequate emergency fund is one of the main reasons junior Sailors experience financial problems.

- **Reserve Fund:** This is money set aside for those items that occur regularly but not monthly, such as birthdays, vacations, holidays and insurance payments. It also is used to hold money that would be used to cover variable expenses (e.g., a phone bill that is higher than normal). Having a reserve fund will keep a client from using other funds for these expenses, like 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 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 determined. In the saving and investing seminar, we will discuss the reason for this five-year time frame. Account balance depends on the client's particular short-term financial goals.
- **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 long-term financial goals. This is money needed beyond five years. Monthly investments listed here may include IRA contributions or monthly mutual fund purchases.
- **TSP:** Monthly TSP contribution amount is listed here.

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.

Total the amount going into saving and investing on a monthly basis and enter on the Total Monthly Savings line. It is recommended that clients save 10 percent of their Net Income each month. You could calculate this amount for the client and write it in the Savings block on the left of the form as a reminder.

Turn to the bottom of Page 4 of the FPW to the **Summary block**, and fill in the Total Monthly Savings amount in the appropriate box.

Sample Review

- REFER learners to page 4.14 in the Student Manual to see what a completed Savings section looks like, along with the corresponding "Summary" entry on page 4.15.



Completing the Living Expense Section

Monthly Living Expenses: Back on Page 3 of the FPW, below Savings, fill in estimated or actual monthly living expenses. The line items are grouped into major areas of expenses: Housing, Food, Utilities, 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.

To start, fill in any living expenses that were paid right out of the paycheck. For example, the client may have an allotment that pays their rent. Be sure to enter the amount in the rent space, and note in the Remarks column that the expense is paid “by allotment.” The same would be true of SGLI/FSGLI and TRICARE Dental, which should be entered in the Insurance category. If the client pays a car payment or other debt out of their paycheck, those will be entered on the Indebtedness page. Only Living Expenses go on this page.

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; clients usually know those amounts. In fact, you may want to start filling in the Living Expense page by listing fixed expenses to encourage the client in completing the form. With variable expenses, where the amount changes from month to month, 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 page with the client, be sure to use the Remarks column liberally. If the client says that a particular expense was high the past month, but usually is lower, note that in the Remarks column. If a client mentions that a particular bill is “high,” or that they can reduce it, put a note on that in the Remarks column. 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 record-keeping 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 page. If they carry a balance on the credit card, then the bill belongs on the Indebtedness page. For Living Expenses paid with a credit card where a balance is carried from month-to-month, note in the Remarks column that the expense will be listed on the Indebtedness page. Explain to the client that a good goal is not to use credit (which carries a month-to-month balance) for regular living expenses.

Optional Activity: Average American Expenses



Time: 10 minutes

Preparation: Scratch paper and pencils

Procedure:

- Ask the class, “How much do you spend on groceries every month?” Get a few answers. Then ask, “How much do you spend on transportation each month?” Get a few answers. Pass out scratch paper and ask learners to number it 1 to 8.
- You can do this activity two ways: Have learners answer each question and then go back through with the answers that follow, or let learners shout out answers one question at a time and give them the correct answer as you go along. Updated statistics are available at www.bls.gov.

Discussion:

- TELL the learners that the U.S. Department of Labor and the Bureau of Labor Statistics publish a Consumer Expenditure Survey that outlines statistics about the average income and spending of Americans. The latest survey (2009) reports findings as of 2007, when the average income before taxes was \$63,091, or \$5,257 per month. The average family had 2.5 people, approximately two cars, and 67 percent owned a home. The following reflects what the “average” American spent each month.

Average American Expenses Question-and-Answer Bank

1. How much does the average family of 2.5 people spend on food each month? Let's consider food at home and then put a slash and write an amount for food eaten away from home.

Answer: \$510 (at home: \$288; away from home: \$222)

2. How much does the average family spend on housing? Remember, 67 percent owned their home. This would include taxes, insurance and upkeep.

Answer: \$1,410

3. How much does the average family spend on clothing and services? Services would be things such as haircuts, dry-cleaning, etc.

Answer: \$156

4. How much does the average family spend on transportation? Remember, our average family has two vehicles and this includes payments, gasoline, maintenance and insurance.

Answer: \$729

5. How much does the average family spend on health care each month? Remember, they probably have to pay something for health insurance.

Answer: \$237

6. How much does the average family spend for entertainment each month?

Answer: \$224

7. How much does the average family spend on personal insurance and pensions? This would include things like such as insurance, contributions to their 401(k), etc.

Answer: \$444

8. How much does the family spend on everything else? Tuition, veterinarian bills, stamps, church contributions, whatever you can spend money on.

Answer: \$421

Here are some things you may want to emphasize with clients as you work through the Living Expense form:

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

- **Household:** 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 here on the living-expense page. However, if the client has a mortgage on rental property (not their primary residence), that mortgage would go on the Indebtedness page. Remind clients to plan for annual maintenance and repairs that are an inevitable part of homeownership. You also may want to inquire as to any monthly “homeowner” services such as pest control and lawn care.
- **Food:** Ask clients what they spend on food in a month. If they cannot come up with a figure, use the USDA food estimates. These can be downloaded from the USDA Web site at www.usda.gov/cnpp, “Official USDA Food Plans: Cost of Food at Home at Four Levels.” You also can use the amount of BAS if they cannot settle on an amount. Question clients about their eating and cooking habits — do they know how to cook, do they eat out a lot, do they shop with a list, etc. If they eat out a lot, ask if the expense of eating out belongs under “Entertainment” rather than in the “Food” category. This is an important distinction, as the client may realize they have been eating out for fun, when they could be using the money saved by eating at home to pay some other expenses. Inquire as to whether the client receives WIC or food stamps/FSSA.



- **Utilities:** Question the client on all their utility bills — electric, natural gas, propane, water, oil, sewer, garbage removal, cable television and telephone. If they give you one amount, ask what is included in the bill. Work with the client to add up all the amounts spent on communication. This would include local and long-distance telephone, cell phone, and pagers as well as Internet service charges.
- **Child Care:** List the amount of monthly child care. Also list here the amount of child support that the client pays OUT, as well as any alimony the client is responsible for paying. If either of these are paid directly from the military paycheck, note that they are “paid by allotment” in the Remarks column. If any allowances are given to children, note that in this category as well.
- **Automobile:** If a client says they don’t have a car, question them as to how they get around. If they get rides from other people, ask if they ever contribute money for gas. Maintain a questioning attitude to help the client account for all of their expenditures. For auto repairs, if the client cannot settle on an amount, a general guideline is \$100 for each year of the car’s age (divide amount by 12 for monthly amount.) Note that the car payment does not go on this page; it is a debt and will be listed on the Indebtedness page.
- **Clothing:** Ask if the client has a washer and dryer or if they use the Laundromat, and list expenses accordingly. As mentioned above, the client may have difficulty settling on an amount spent on clothing. A general guideline is \$50 per month per person in the household, or 5 percent of Net Income.
- **Insurance:** Besides SGLI/FSGLI and TRICARE Dental, which will be entered here and noted as paid by allotment, any other insurance premiums the client pays should be listed here. Car insurance is another bill that the client may pay for four months and then take two months off. If so, ask what it costs for six months or a year, and divide accordingly to get a monthly average figure. Inquire as to any other life insurance premiums they pay, renters insurance, property insurance, or other health insurance.
- **Health Care:** Help the client to list any health-care expenses they may have. You may become aware of family health problems when working through this category.
- **Education:** List any education-related expenses. You may become aware of courses the client is taking, or that they send their children to private school. You also may want to inquire as to any school-related expenses the parents have, such as sports equipment and field trips. A general guideline for field trips is \$10 per month per child.
- **Contributions:** List any regular contributions to churches, charities or clubs. Note that any contributions that are made out of the military paycheck, such as NMCRS or CFC, would be carried over to this page and listed here. Write in the Remarks column that the contributions are “made by allotment.” In this category the client may disclose that they tithe, which can be a contribution to their church for up to 10 percent of their pay. If they give a large amount to their church, it is OK to ask them if this amount is monthly tithing. This is information you may use later when constructing solutions with the client.

- **Leisure:** List any regular subscriptions the client has here. If they have a lot of magazine subscriptions, inquire as to whether they actually read the magazines. Inquire as to book, music and photo club subscriptions. Ask if they also rent movies for entertainment and what that cost is each week or month. Ask the client what he does for fun, and list it here. Dinners, movies, hobbies, sports, video game playing/rental/purchasing, whatever comes to mind. Explain to the client that it is absolutely OK for them to spend money on these things, and encourage them to be open about their expenditures.
- **Gifts:** Everyone gives gifts at some point during the year, even those in financial turmoil. Plan for these expenses every month.
- **Personal Care:** List monthly amounts spent on beauty and barbershop. If there are children in the family, inquire as to the expense for their personal care. Have clients who are smokers calculate their monthly expense. If they aren't sure, ask how many cigarettes they smoke each day and how much they pay for a pack. Calculate the monthly expense using this information. If the client purchases soda, liquor, beer and/or wine separate from their groceries, list it in this category. If drinks are purchased while out at restaurants or clubs, this amount may be more appropriate in the "Entertainment" category. Also in this category you may want to inquire as to whether the client (and spouse) has "allowances"— money that they each get to spend without having to account for it. This should be encouraged, as long as the amount of the allowance is written into the budget. This amount can go under "other" in this category.
- **Pet Care:** List any expenditure on pets. You may want to note what pets the client has in the Remarks column. As a general guideline you can suggest that the client budget \$300 per year for each cat and \$500 per year for each dog they own.
- **Job Expense:** If the client or their spouse is looking for a job, they will have expenses in this area. Some may be reimbursed costs and some non-reimbursed. It is important to track these expenses, as the non-reimbursed expenses may be tax-deductible.
- **Miscellaneous:** List any fees for ATM transactions or bounced checks. Finally, include a "buffer" in the budget. This amount is added to the budget to account for things that might have been forgotten or for fluctuations in expenses. As a guideline, you can use \$50 per month for the service member and \$25 per month for every other member of the household. Explain to the client that this is a "peace of mind" expense that provides the budget with needed flexibility.

Ask what other expenses the client has that haven't been listed on this page. If they have one that isn't on the printed page, 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 to be. 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. If so, suggest that they track expenses when you work on constructing solutions with them on the Options page.



When all Monthly Expenses are listed, total them and write in the amount on the Total Monthly Living Expenses line at the bottom of the page. Note that a general guideline for how much net income should be spent on living expenses is 70 percent. You can calculate 70 percent of the client's net income and write that figure to the left of the Total Monthly Living Expenses line as a guide.

Turn to Page 4 of the FPW and enter the amount in the appropriate box in the Summary section. Complete the "actual" column on the left side of the summary by subtracting Total Monthly Savings and Total Monthly Living Expenses from Total Monthly Net Income. Enter this amount in the "Amount Left To Pay Debts" block.

Sample Review

REFER learners to page 4.14 in the Student Manual to see what a completed Living Expense section looks like, along with the corresponding "Summary" entry on page 4.15.



Tracking Expenses

SLIDE 18

The last two pages of the FPW provide a tool for 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 percent of their income. They simply do not know where it went. There are lots of ways to track expenses. There's a form on Pages 7 and 8 you can use. It's kind of big to carry around. Lots of people keep a sticky note in their wallet or purse and write everything they spend on that. You have to write down everything — the \$1 for a Coke, the \$3.50 for Girl Scout cookies, the \$5 you lend to a co-worker, etc. Do not forget to include voluntary allotments.



After everything is recorded for a month, organize expenditures into categories similar to those listed on Page 3 of the Financial Planning Worksheet. ASK, Is anyone currently tracking or has tracked expenses in the past? If so, what method did you find helpful, and what did you learn about your spending patterns?

Living expenses take up the majority of income. Some expenses are fixed, such as rent and insurance. Others are variable, such as entertainment, food and clothing. Variable expenses can be controlled and adjustments made to the amounts spent in these categories to have more to use somewhere else.

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 19

Overview of the Indebtedness Page

NOTE: Detail for teaching the Indebtedness page is included here. If time is running short note that there is time set aside for a review of the Indebtedness page and Spending Plan on Tuesday with the computer demonstration.

Page 4 is the indebtedness section. This is where you list all of your outstanding debt along with the minimum payment required and the annual percentage rate (APR) charged. Budget items entered on this page include:

- Credit cards (bank, department store, gas, etc.)
- Car loans
- Personal loans
- Consolidation loans
- Student loans
- Advanced payments
- Over payments
- Indebtedness to NMCRS, NEX, family and friends

DO NOT include your mortgage. For our purposes, your mortgage is a living expense. DO include any rental property you have that is not your primary residence.

Completing the Indebtedness Page

The first debts that will go on this form are any that are paid right out of the military paycheck. These payments have been noted on the Income sheet and should be transferred here. This would include Advance Pay repays, Over-payment repays, loans from NMCRS or ARC, and perhaps car payments or furniture payments.

Next list any mortgage on a house that is NOT the primary residence, such as rental property.

The client needs to list each creditor, the purpose of the debt (what they used it for), the MINIMUM monthly payment required, the total outstanding balance of the bill, and the APR. Some clients may find it difficult to list the purpose of the debt, but question them and try to get a general idea — was it a consolidation loan? Was it for travel? Clothes? Household goods? Is the line of credit used for regular living expenses (that are better paid with cash)? Get as much information as possible.

The Minimum Monthly Payment: Many clients pay more than the minimum monthly payment. If so, list the amount they usually pay in the Projected Payment column. However, in order 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 2 percent to 2.5 percent of the outstanding balance until they have a chance to look at their credit contract.

Chapter Four



SM
4.15

Fill out all the information for each debt you have and total it at the bottom, then carry the Total Monthly Debt Payments amount down into the Summary. Subtract that amount from the “Amount Left to Pay Debts” to arrive at the bottom line of the budget — either a Surplus, Deficit or Break-even.

Sample Review

REFER learners to page 4.15 in the Student Manual to see what a completed Indebtedness page looks like, along with the corresponding “Summary” entry.

You now have completed the first part of the budget, the actual columns, and have some idea of where the client stands on their monthly cash flow — whether or not they are making ends meet as things stand today.

SLIDE 20

REFER learners to the Budgeting Tip Sheet on page 4.18.

General Budgeting Guidelines: We noted earlier that a good goal for savings is 10 percent of Total Monthly Net Income, and a good goal for Living Expenses is 70 percent of Total Monthly Net Income. Since $70 + 10 = 80$, that means we still have 20 percent of net income to allot, and that typically goes to Monthly Debt Payments. Therefore, we can say that a general guideline for a balanced budget is 70-20-10, with 70 percent of the net monthly income going to living expenses, 20 percent to debt payments, and 10 percent to savings.

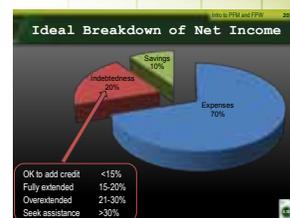
Percentages may vary in different households based on different lifestyles. For example, a single Sailor living in the barracks may have a breakout of 50-50-0, with 50 percent going to living expenses and 50 percent going to debt (probably a car payment) and nothing going to savings. He may be doing just fine day to day, but is not building any wealth. Furthermore, as the Sailor gets increases in pay the ratios will change, and if he doesn't start dedicating some money to savings his budget will not be healthy for long, as he risks taking on too much debt.

SLIDE 21

Debt-to-Income Ratio: In the 70-20-10 guideline, the middle number is known as the debt-to-income ratio (D/I ratio). You will run this calculation on all of your clients (and yourself) to see if they are “in debt.” When does debt become problematic? The D/I ratio gives us a guide to gauge the severity of the debt. Working on the Indebtedness page in the Summary section, divide Total Monthly Debt Payments by Total Net Monthly Income, then multiply the result by 100, and you will have the D/I ratio.

NOTE: Learners may find it helpful if you demonstrate computation of a D/I ratio on the board or newsprint. Show them that “The Little Number Gets Divided by the Big Number.” Examples are also included on the slide.

1. Total Net Income = \$2,000
Monthly Debt Payments = \$200
D/I ratio = 10 percent



2. Total Net Income = \$3,750
Monthly Debt Payments = \$680
D/I ratio = 18 percent
3. Total Net Income = \$3,230
Monthly Debt Payments = \$450
D/I ratio = 14 percent

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

- Less than 15 percent D/I ratio: Use caution when taking on more debt.
- 15 percent to 20 percent: Fully extended; refrain from taking on more debt.
- 20 percent to 30 percent: Overextended; do not take on more debt; pay down existing debt.
- 30 percent or more: Seek help from professional debt-management experts.

NOTE that in the FPW, 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 percent (depending on the financial institution) versus 20 percent. Generally a bank or credit union will assume 25 to 33 percent of the 36 to 44 percent is for the mortgage, which would leave only 11 percent for non-mortgage debt — a big difference from the 20 percent we use. This shows the importance of keeping debt payments down, especially if you are thinking of buying a home.

The Action Plan

SLIDE 22

Overview of the Action Plan Page

Page 6 of the FPW is a planning page. 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:

- Proposed options in the form of increasing income, decreasing living expenses, and decreasing indebtedness
- Referrals and recommended training
- Goals

Completing the Action Plan

The proposed options include three ways that the budget can be improved: increase income, decrease living expenses, or decrease indebtedness. These are the only three things you can do to find solutions (usually a combination of the three), and a large part of your role as a CFS is helping the client work through these options to come up with an 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 column, 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.

SLIDE 23

- **Increase Income:** This is the first area at which you will look with a client. Changes here may not happen immediately but can add significantly to cash flow. For example, the client may need to get a second job, and that can take some time, but a second income 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 and verify how much income tax is being withheld from their paycheck. Many 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 with PSD or via the MyPay system.

NOTE: Clients can use the *Income Tax Withholding Calculator* on the IRS Web site to determine if they are over-withholding, how many exemptions they should claim, and what the impact of the change will be 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:** If your client's income is low enough and their family is big enough, they may qualify for food stamps, which would tie in with the military's Family Subsistence Supplemental Allowance. Learners can find out more about this benefit at www.dmdc.osd.mil/fssa.
 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
 - ▶ Seeking loans on collateral
 - ▶ Borrowing from whole life insurance policies
 - ▶ Seeking second-mortgage (home equity) loans
 - ▶ Refinancing current mortgage
 - ▶ Withdrawing money from retirement plans
 - ▶ Paying off debts
- **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 effect 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.

- Once the Living Expense page is 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 only working with only half of a married couple, any cuts decided in the CFS office still need to be accepted by the other spouse. To help you make workable suggestions to your client, we will explore ways to cut living expenses in a dedicated exercise this afternoon.
- **Decrease Indebtedness:** When you have explored all options for decreasing living expenses and increasing income, you will need to explore options dealing with indebtedness. You already may know that many changes need to take place here based on the D/I ratio calculation, and in fact the options discussed under Decreasing Living Expenses and Increasing Income all may be needed to pay down debt. These options will be discussed in detail during the credit and debt sessions.
- **Referrals:** The middle section of the action plan provides space to list any referrals for the client. Included here would be any other government or civilian agencies that could assist the client with their finances. Examples would be Navy-Marine Corps Relief Society and non-profit debt-management programs. You will get ample training on typical referral resources during the Tuesday session.
- **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 clarify in their minds. Help the client write SMART goals like those we discussed earlier. The importance of helping your clients set some short- and long-term goals cannot be understated — they will be their road map to financial success. Successful people take control of their money and plan its use. 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.

Sample Review

REFER learners to page 4.16 in the Student Manual for the Action Plan page that is included with their completed sample. Note that this page is blank because they will be getting a homework assignment later in the week where they will be asked to complete the page for a specific client scenario.

Using the Projected Columns

Once clients have completed the Action Plan page and designated which options they will act on today, it is time to go back and complete the projected column of the budget.





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, and to help them, show them how to carry it out on a paycheck-by-paycheck basis by introducing them to the Spending Plan.

The Spending Plan

SLIDE 24

Overview of the Spending Plan

This is where the plan comes together. All of the details worked out in the budget are put into action on this page. EXPLAIN that this is a paycheck-by-paycheck plan of how the bills get paid. Once clients complete, it we need to encourage them to keep it with them at all times to guide their spending.



Completing the Spending Plan Page

For each month, fill in the amount of total take-home pay, then below that fill in take-home amounts by payday. This would include the member's take-home pay (B from the Income Sheet), as well as any other income coming into the family. Remember that where we used "Net Monthly Income" to calculate the budget in order to allow us to analyze it appropriately using 70-20-10, the Spending Plan is reality-based, so we want to use what the member ACTUALLY gets each pay period. If the client or family gets paid on a weekly basis, change the form to weekly by labeling each set of P and A columns with the date income is received.

Fill in the budgeted amounts for each category of expenditure. Amounts will come from Pages 3 and 4 of the FPW.

Next, you will use the "P" column to list the expenses the client is "PLANNING" on paying with each paycheck. For example, the first category is savings. When does this money actually get saved? If they save \$100 each pay period right out of the paycheck ("By Allotment"), don't account for it here, since we are using Take-home pay. However, if they actually transfer money from their checking to their savings on the 1st or the 15th, fill in the amount in the appropriate "P" column. Another example would be Housing: They probably pay rent on the 1st of the month, so fill in the rent amount in under the 1st in the P column. Finally, let's say they get their utility bill on the 13th of the month and pay it with the money from the paycheck received on the 15th. You would fill the amount they are planning to pay in the "P" column under the 15th only.

REMEMBER: When you get expense amounts from the budget, be sure to use the amounts from the PROJECTED column, which lists the changes they have decided to make to their cash flow.

Continue on down the form, allocating each expense that the client actually pays to the appropriate pay period. List each creditor individually at the bottom of the form. When you total the P columns for the 1st and 15th, they should add together to equal the Total Monthly take-home at the top. If not, there is some unaccounted money.

NOTE: You can use either take-home pay or total net income. Check the box for the amount you will base the Spending Plan on. If you use take-home pay, list only what is deposited into your account each payday and then note all other expenses as indicated. If you have allotments coming out of your salary, do not include them again on this page. If you use the net income amount, include all expenses whether paid by allotment or directly by you.

The Planned column can be filled out for months in advance. As each bill is paid, the amount ACTUALLY paid gets entered in the A column under the appropriate week. For example, let's say the client wrote in the P column under the 15th that they were planning on paying an electric bill of \$85. When the bill arrived, it was \$60, so that amount would be entered in the A column for that expense. Now the client has \$25 extra — what should he do with it? All the client needs to do is refer back to the “Goals” on the Action Plan page to see what his priorities are and where to allocate the dollars. Alternatively, let's say the client was PLANNING on paying \$85 for electric, but when the bill arrived, it was ACTUALLY \$100. Now the client needs to find the extra \$15 to pay the bill. If he budgeted for a cushion on the Living Expense page, or has money in his Reserve Fund, that is where he will get the extra money, without having to spend money needed for another bill.

Note that if all money available for a pay period is not spent, it needs to be put into a reserve saving fund to hold the money for expenses in the next pay period. Often people will spend more at one pay period than another. For example, most people pay rent or mortgage on the 1st along with other bills and need to reserve money from the 15th pay period. Show clients how to build this reserve element into their spending plan so their money is available when it is needed.

Sample Review

REFER learners to page 4.17 in the Student Manual to see what a completed Spending Plan looks like.”

Deliberate Spending: A properly completed Spending Plan used as a working document forces the client to make deliberate spending decisions. Planning is the key. Perhaps the client is in a store and impulsively decides to buy something for \$150. The client only needs to look at the spending plan to see if the item is budgeted (that is, if he had been planning on purchasing the item.) If the item is listed and the money already planned, he should go ahead and make the purchase if he so desires. But if the item is NOT listed on the Spending Plan, then the client has to make a choice — take on more debt (what is the D/I ratio like?), or spend money that was planned for something else (from where will the money come?) You can see that when armed with the Spending Plan at the moment of choice, the client may see that the purchase is not in their best financial interest and wait to make the purchase until they have planned for it.

ASK for any questions on the Spending Plan. Ask learners to fill in AT LEAST one month of the Spending Plan when they complete their own Financial Planning Worksheet.



Summary

SLIDE 25

We have reviewed Financial Planning and the PFM program, the Financial Planning Pyramid and the Financial Planning Worksheet. ASK: Does everyone understand the five components of the FPW? What questions do you have at this time? RESPOND as appropriate and time allows. ASK class for their comfort level with the form. ASSURE them that they will get more comfortable as the week progresses.





EXPLAIN that there will be an opportunity to complete a few Income pages in order to get some hands-on experience with the form. There will also be an activity that focuses on reducing living expenses, and other opportunities for working with the FPW during the rest of the course. By the end of the week learners should be proficient enough to use it confidently when in counseling.

TELL the class that by the end of the day they should have enough baseline information on the FPW to complete at least the Net Worth Statement and Budget Portion tonight, and have any questions ready first thing in the morning.

REFER learners to the Financial Planning Worksheet Checklist on page 4.19. 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 Wednesday morning. Explain that this checklist includes most of the items the instructor will check, and they may find it provides a helpful guide in properly completing the form.



Optional Review Activity: Bowling for Budgets Game



Time: 10 to 20 minutes

Materials: Bowling for Budgets PowerPoint slides from the Developing Your Spending Plan PFMSC Module

Procedure: [See the PFM Standardized Curriculum for details on using the “Bowling for Budgets” PowerPoint review game]

Question Bank

1. What are the five components of the Financial Planning Worksheet?
Net Worth, Cash Flow or Budget, Action Plan, Spending Plan, Expense Tracking.
2. What are the four parts of the cash flow or budget portion of the FPW?
Income, Savings, Living Expenses, Indebtedness
3. What are three ways any budget can be improved?
Decrease expenses, decrease indebtedness, increase income
4. In goal-setting, what does SMART stand for?
Specific, Measurable, Action-oriented, Realistic, Timely (start and stop dates)
5. What is the difference between a short- and long-term goal?
Short-term is a goal to be achieved in five years or less. Long-term is over five years. Also acceptable: Savings are used for short-term; investments can be used for long-term.
6. Name two things that form the foundation or Management Level of the Financial Planning Pyramid.
Adequate income, controlled spending, insurance

7. What are the three types of savings funds on the Savings Level of the Financial Planning Pyramid?
Emergency fund, reserve fund, goal-getters fund
8. What is the definition of “net income?”
Total pay and allowances (gross) less taxes
9. What are the guidelines (percentages) for a well-balanced budget?
70 percent living expenses, 20 percent indebtedness, 10 percent savings
10. Net Worth is a measure of wealth. What is the formula for Net Worth?
Assets minus liabilities, or what you own minus what you owe.
11. List at least three ways having 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
12. What is the definition of gross income?
Total pay and allowances: everything you earn.
13. Name at least one source of help for developing your spending plan.
Your Command Financial Specialist; Fleet and Family Support Center; Navy-Marine Corps Relief Society; budget counselors; debt-management programs at credit unions; consumer credit counseling; services or other non-profit debt-management counseling program
14. What does it mean if you have a debt-to-income ratio that is higher than 40 percent excluding your mortgage?
You need to seek help!
15. How long should you track expenses to get a realistic picture of your spending habits?
30 days or more
16. How much of your income should you save each month?
10 percent
17. Where can you get a copy of the Excel version of the Financial Planning Worksheet?
From your Command Financial Specialist, your FFSC financial educator, or online at www.nffsp.org.
18. When should you start working on your Spending Plan?
Today! (only acceptable answer!)



Activity: What Are My Options?

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

Time: 45 minutes

Materials:

- Six sheets of newsprint pre-printed with one of the following topics on the top of each:
 1. Housing
 2. Transportation
 3. Food
 4. Entertainment
 5. Communication
 6. Clothing
 7. And “Referral Resources:” written at the bottom of each topic
- 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 4.21 and 4.22.

Process:

- DIVIDE the class into four, five or six groups, depending on class size. Optimum size is four people per group. If you do not have six groups, you will not need to use all categories of expenses.
- 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 on ways to reduce living expenses in their category and list suggestions on the worksheet. Ask them also to list any emergency referrals appropriate for a crisis in their category (provide them with resource guides, if available).
- 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:

- Base housing
- Refinance
- Renter's insurance
- Use water savers
- Recycle
- Change air filter monthly
- Wash dishes by hand
- Use credit union for deposits
- Combine insurance coverage
- Navy housing office for referrals
- Take in a roommate
- Move to a less expensive home
- Decrease cable TV
- Fix it yourself
- Maintain upkeep of home
- Use clothesline to dry clothes
- Raise homeowners insurance deductible
- Conserve energy
- 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
- Cancel newspaper subscription
- Rent garage for storage

TRANSPORTATION:

- Keep cars for a long time
- Replace cars that break down a lot
- Do maintenance yourself
- Increase insurance deductible
- Use self-service gas stations
- Don't purchase unneeded options
- Use the bus or other public transportation
- Check on military discounts for tags, taxes, insurance, 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
- Car pool
- Don't let license expire
- Drive the speed limit
- Use cash, not credit, for gas
- Emergency Referrals: ARC, NMCRS, AAA



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, 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
- 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
- Eat at the galley
- Don't treat friends
- Use ITT tickets for discounts
- Do things that don't cost \$\$
- Play sports
- Emergency Referrals: (not applicable — there are no “entertainment” emergencies)

COMMUNICATION:

- Shop for best local phone rates
- Shop for best long-distance phone rates
- Shop for best cell-phone rates
- Shop for best beeper rates
- Shop for best Internet rates
- Get rid of cell and beeper
- Cancel long-distance
- Use a timer to limit length of calls
- Write a letter
- Tell person on other end that you can talk only for a short time
- Make a list of discussion topics before your phone calls
- Use e-mail rather than long-distance calls
- Buy phone cards and budget them
- Ask for discounts from all service providers
- Call 700-555-4141 to identify your long-distance carrier of choice
- Call your local carrier to “freeze” your long-distance carrier
- Emergency Referrals: Contact service provider

CLOTHING:

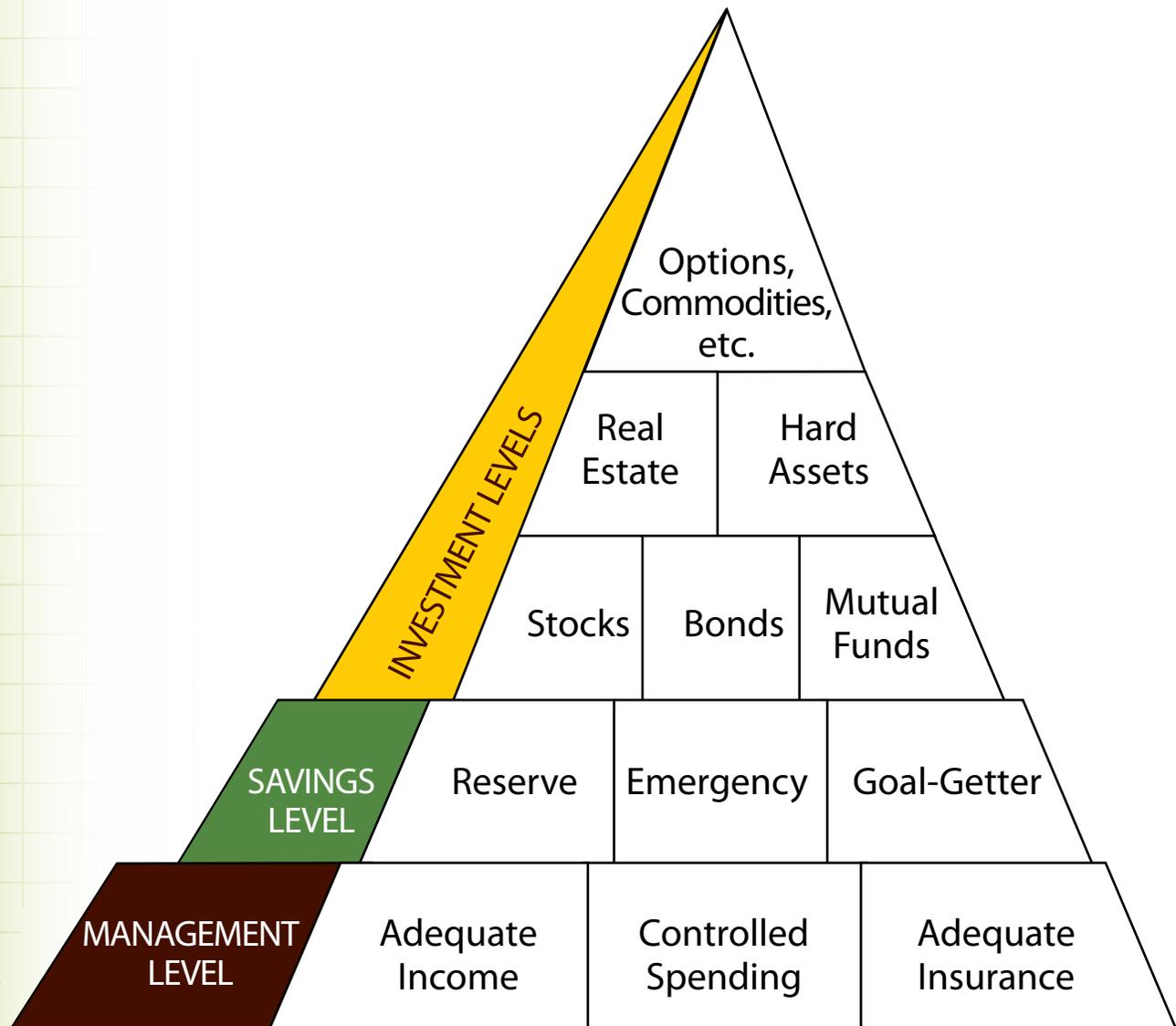
- Shop yard sales
- Use thrift shops
- Shop sales
- Learn to sew
- Mend clothes
- Use hand-me-downs
- Don't dress in latest fashion
- Don't dress kids in latest fashion
- Give children a clothing budget and have them buy their own clothes
- Use layaway
- Shop at the NEX
- Budget for clothing expense
- 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, Thrift Shops



VIII. FORMS

- The Financial Planning Pyramid
- The Financial Planning Worksheet
- Sample Completed Financial Planning Worksheet
- Budgeting Tip Sheet
- The Financial Planning Worksheet Checklist
- Women, Infants and Children
- Group Activity — What Are My Options?

Financial Planning Pyramid



Financial Planning Worksheet

Date _____ SSN _____ Rate _____

Name _____ Age _____

Pay Grade _____ Yrs. in Svc. _____ Date Reported/PRD (Transfer) _____

Marital Status _____ Spouse's Name _____ Age _____

Spouse's Place of Employment _____

Number of Children and Ages _____

Home Address _____

Work Telephone _____ Home Telephone _____

Command & Referred By (Self, CMD, NMCRS, FFSC, etc.) _____

Amount of SGLI Elected _____ Amount of FSGLI Elected _____

TSP Monthly Contribution _____ MGIB Monthly Contribution _____

STATEMENT OF NET WORTH

ASSETS

Cash on hand \$ _____
 Checking Accounts \$ _____
 Savings Accounts \$ _____
 Certificates of Deposit \$ _____
 Cash Value of Life Insurance \$ _____
 U.S. Savings Bonds \$ _____
 Mutual Funds/Money Market \$ _____
 Stocks/Bonds \$ _____
 College Funds \$ _____
 401(k)/403(b)/TSP \$ _____
 Other (IRAs, etc.) \$ _____
Real Estate (Market Value)
 Home \$ _____
 Rental Property \$ _____
 Other (Vac Home/Trailer/Time Share) \$ _____
 Personal Property
 Vehicles/Motorcycles/Boats \$ _____
 Furniture \$ _____
 Jewelry \$ _____
 Other (Collectibles, etc.) \$ _____

LIABILITIES

Signature Loans \$ _____
 Auto Loans or Leases \$ _____
 Consolidation Loans \$ _____
 Student Loans \$ _____
 NEX/AAFES (Star Card) \$ _____
 Department Store Credit Cards \$ _____
 Other Credit Cards \$ _____
 NMCRS (Loan) \$ _____
 Other (Friends, Relatives, etc.) \$ _____
 Advance/Over Payments \$ _____
Mortgages-Balances Due
 Home \$ _____
 Rental Property \$ _____
 Other (Vac Home/Trailer/Time Share) \$ _____

TOTAL ASSETS	\$ _____
TOTAL LIABILITIES	\$ _____
NET WORTH (Assets - Liabilities)	\$ _____

Counseling Provided By: _____
 Counselor Phone #: _____
 Appointment Date: _____ Time: _____
 Place: _____

MONTHLY INCOME

ENTITLEMENTS		ACTUAL		PROJECTED		REMARKS
* Base Pay						
Basic Allowance for Housing (BAH I or II)						
Overseas Housing Allowance (OHA)						
Basic Allowance for Subsistence (BAS)						
Family Separation Allowance (FSA)						
* Flight Pay/Diving Pay/Flight Deck Pay						
* Submarine Pay						
* Other Hazardous Duty Pay						
* Sea Pay						
Taxable COLA						
Other (tax exempt/allowance eg. COLA/FSSA)						
TOTAL MILITARY COMPENSATION	(A)					
* Taxable pay ()						Excludes pretax ded for TSP/MGIB
DEDUCTIONS		ACTUAL		PROJECTED		REMARKS
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)						
Uniform Services TSP						
MGIB						
FITW Filing Status Actual						Proj. Status:
FICA (Social Security)						Base Pay Only, Excludes MGIB
FICA (Medicare)						Base Pay Only, Excludes MGIB
State Income Tax						State Claimed:
AFRH (Armed Forces Retirement Home)						
TRICARE Dental Plan (TDP)						
Advance Payments						Ends:
Overpayments						Ends:
TOTAL DEDUCTIONS	(B)	\$		\$		
CALCULATE NET INCOME		ACTUAL		PROJECTED		REMARKS
Service Member's Take Home Pay	(A-B)	\$		\$		Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)						
Spouse's Earnings (less taxes)						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)						
Uniform Services TSP						
MGIB						
TRIDARE Dental Plan (TDP)						
Advance Payments						
Overpayments						
Child Support/Alimony (Received/Income)						
Other Income (e.g. SSI, Rental Income)						
TOTAL MONTHLY INCOME		\$		\$		

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.

MONTHLY SAVINGS AND LIVING EXPENSES

Note: Actual or Projected Figures can be carried forward to spending plan.

SAVINGS		ACTUAL	PROJECTED	REMARKS
SAVINGS	Emergency Fund (1-3 months)			Monthly Contribution Amount
Goal: 10% of Net Income	Reserve Fund			
Actual	"Goal-Getter" Fund			
Projected	Investments/IRAs/TSP/etc.			
\$				
\$				
TOTAL SAVINGS AND INVESTMENTS (10%)		\$	\$	
LIVING EXPENSES		ACTUAL	PROJECTED	REMARKS
HOUSING	Furnishings			
	Maintenance/Repairs			
	Mortgage/Rent			
	Taxes/Fees			
FOOD	Dining Out			
	Groceries			
	Lunches			Include school and work lunches
	Vending Machines			
	Meal Deductions			
UTILITIES	Cable/Satellite TV			
	Cellular/Pagers/Phone Cards			
	Electricity			
	Internet Service			
	Natural Gas/Propane			
	Telephone			Local=\$____ Long Distance=\$____
	Water/Garbage/Sewage			
CHILD CARE	Allowances			
	Daycare			
	Support			Include other dependant care
AUTOMOBILE	Gasoline			
	Maintenance/Repairs			
	Other			
CLOTHING	Laundry/Dry Cleaning			
	Purchases (\$50 monthly per person)			
INSURANCE	Automobile			
	Health/Life			
	Homeowners/Renters			
	SGLI/FSGLI			Both service member/Family SGLI
	TRICARE Dental			
HEALTHCARE	Dental			
	Eye Care			
	Hospital/Physician			
	Prescriptions			
EDUCATION	Books			
	Fees (Other/Room & Board)			
	Tuition			
	MGIB			Montgomery GI Bill (MGIB)
CONTRIBUTIONS	Charities (CFC/NMCRS)			
	Club Dues/Association Fees			
	Religious			
LEISURE	Athletic Events/Sporting Goods			Include spectator sports
	Books/Magazines			
	Computer Products (Software/Hardware)			
	DVD/VHS & Video Games Rentals			
	DVD's & CD's			
	Entertainment			
	Lessons			Dance, Music, Self-Defense, Tutor
	Toys & Games			
	Travel/Lodging			
PERSONAL	Beauty Shop/Nails			
	Barber Shop			
	Cigarettes/Other Tobacco			
	Vending Machines			
	Liquor/Beer/Wine			ABC, Package Store, etc.
	Other (Toiletries, Supplements, etc.)			
GIFTS	Holidays			
	Birthdays/Anniversaries			
PET CARE	Food/Supplies			
	Veterinarian/Service (Boarding/Grooming)			
MISCELLANEOUS	ATM Fees/Stamps/etc.			
	Other			Recommend \$50-\$150 Buffer
TOTAL MONTHLY LIVING EXPENSES (70%)		\$	\$	

INDEBTEDNESS 20%

CREDITOR	PURPOSE	MONTHLY PAYMENT	BALANCE	PROJECTED PAYMENT	REMARKS <small>(Mos Behind, Pd by Allotment, etc.)</small>	APR %
1. US Govt.	Advance Pay				Automatic Deduction	
2. US Govt.	Over Payments				Automatic Deduction	
3.						
4.						
5.						
6.						
7.						
8.						
8.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
TOTAL						

SUMMARY

	ACTUAL	PROJECTED
NET INCOME (Bottom of Page 2)		
SAVINGS & INVESTMENTS (Page 3)	-	
LIVING EXPENSES (Page 3)	-	
AMOUNT LEFT TO PAY DEBTS	=	
TOTAL MONTHLY DEBT PMTS (Page 4)	-	
SURPLUS OR DEFICIT	=	
DEBT TO INCOME RATIO	=	

(Total Monthly Debt Payments ÷ Net Income x 100 = Debt-to-Income Ratio)

ACTION PLAN

INCREASE INCOME

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

DECREASE LIVING EXPENSES

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

DECREASE INDEBTEDNESS

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

REFERRALS/RECOMMENDED TRAINING

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____

SETTING YOUR GOALS (Short & Long Term)

GOAL	COST	DATE WANTED	= MONTHLY SAVINGS TO REACH GOAL
1.			
2.			
3.			
4.			
5.			
6.			

DAILY EXPENSES

Keep track of your daily expenses for two weeks

Keep a record of how you spend your money for the next two weeks. The secret is to record it when you spend it. Using a "stickie" note in your wallet or purse will help you track your expenditures. When you go for your money make a note on your "stickie" (write the amount and the item). At the end of the day, transfer the recorded amounts to this record. Be sure to include bills paid, along with sodas, lunches, etc.

Remember this is for tracking your take home pay, don't include allotments.

TAKE HOME PAY FOR TWO WEEKS

Dates

DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		Take Home Pay: \$ _____ Amount Spent: \$ _____ Balance: \$ _____ (+ or -)	
Item:	Amount:	Item:	Amount:	Item:	Amount:		

DAILY EXPENSES

Keep track of your daily expenses for two weeks

Keep a record of how you spend your money for the next two weeks. The secret is to record it when you spend it. Using a “stickie” note in your wallet or purse will help you track your expenditures. When you go for your money make a note on your “stickie” (write the amount and the item). At the end of the day, transfer the recorded amounts to this record. Be sure to include bills paid, along with sodas, lunches, etc.

Remember this is for tracking your take home pay, don't include allotments.

TAKE HOME PAY FOR TWO WEEKS

Dates

DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		DATE:	
Item:	Amount:	Item:	Amount:	Item:	Amount:	Item:	Amount:
DATE:		DATE:		DATE:		Take Home Pay: \$ _____ Amount Spent: \$ _____ Balance: \$ _____ (+ or -)	
Item:	Amount:	Item:	Amount:	Item:	Amount:		

Financial Planning Worksheet

Date Today SSN xxx-xx-222 Rate ET

Name Sailor Sample Age 20

Pay Grade E-4 Yrs. in Svc. 2 Date Reported/PRD (Transfer) _____

Marital Status Single Spouse's Name _____ Age _____

Spouse's Place of Employment _____

Number of Children and Ages _____

Home Address _____

Work Telephone _____ Home Telephone _____

Command & Referred By (Self, CMD, NMCRS, FFSC, etc.) _____

Amount of SGLI Elected 400,000 Amount of FSGLI Elected 0

TSP Monthly Contribution 5% MGB Monthly Contribution 0

STATEMENT OF NET WORTH

ASSETS

Cash on hand \$ 28
 Checking Accounts \$ 75
 Savings Accounts \$ 300
 Certificates of Deposit \$ _____
 Cash Value of Life Insurance \$ _____
 U.S. Savings Bonds \$ _____
 Mutual Funds/Money Market \$ _____
 Stocks/Bonds \$ _____
 College Funds \$ _____
 401(k)/403(b)/TSP \$ 1,200
 Other (IRAs, etc.) \$ _____
Real Estate (Market Value)
 Home \$ _____
 Rental Property \$ _____
 Other (Vac Home/Trailer/Time Share) \$ _____
 Personal Property
 Vehicles/Motorcycles/Boats \$ 22,000
 Furniture \$ _____
 Jewelry \$ _____
 Other (Collectibles, etc.) \$ _____

LIABILITIES

Signature Loans \$ _____
 Auto Loans or Leases \$ 25,000
 Consolidation Loans \$ _____
 Student Loans \$ _____
 NEX/AAFES (Star Card) \$ _____
 Department Store Credit Cards \$ _____
 Other Credit Cards \$ _____
 NMCRS (Loan) \$ _____
 Other (Friends, Relatives, etc.) \$ 2,000
 Advance/Over Payments \$ _____
Mortgages-Balances Due
 Home \$ _____
 Rental Property \$ _____
 Other (Vac Home/Trailer/Time Share) \$ _____

TOTAL ASSETS	\$ <u>23,603</u>
TOTAL LIABILITIES	\$ <u>27,000</u>
NET WORTH (Assets - Liabilities)	\$ <u>-3,397</u>

Counseling Provided By: _____

Counselor Phone #: _____

Appointment Date: _____ Time: _____

Place: _____

MONTHLY INCOME

ENTITLEMENTS		ACTUAL		PROJECTED		REMARKS
* Base Pay		1,920	00	1,920	00	
Basic Allowance for Housing (BAH I or II)		8	10	1,016	00	
Overseas Housing Allowance (OHA)						
Basic Allowance for Subsistence (BAS)		323	87	323	87	
Family Separation Allowance (FSA)						
* Flight Pay/Diving Pay/Flight Deck Pay						
* Submarine Pay						
* Other Hazardous Duty Pay						
* Sea Pay		80	00	80	00	
Taxable COLA						
Other (tax exempt/allowance eg. COLA/FSSA)						
TOTAL MILITARY COMPENSATION	(A)	2,332	87	3,340	77	
* Taxable pay ()		1,904	85	1,904	85	Excludes pretax ded for TSP/MGIB
DEDUCTIONS		ACTUAL		PROJECTED		REMARKS
ALLOTMENT		25	00	25	00	For/ends? <i>CFC Charity Allot.</i>
ALLOTMENT				800	00	For/ends? <i>Rent</i>
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT		280	00	280	00	For/ends?
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)		27	00	27	00	
Uniform Services TSP		96	05	96	05	
MGIB						
FITW Filing Status Actual		220	28	220	28	Proj. Status:
FICA (Social Security)		119	10	119	10	Base Pay Only, Excludes MGIB
FICA (Medicare)		27	85	27	85	Base Pay Only, Excludes MGIB
State Income Tax						State Claimed:
AFRH (Armed Forces Retirement Home)			50		50	
TRICARE Dental Plan (TDP)						
Advance Payments						Ends:
Overpayments						Ends:
TOTAL DEDUCTIONS	(B)	\$ 795	78	\$ 1,595	78	
CALCULATE NET INCOME		ACTUAL		PROJECTED		REMARKS
Service Member's Take Home Pay	(A-B)	\$ 1,537	09	\$ 1,744	99	Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)						
Spouse's Earnings (less taxes)						
ALLOTMENT		25	00	25	00	
ALLOTMENT						
ALLOTMENT						
ALLOTMENT		280	00	280	00	
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)		27	00	27	00	
Uniform Services TSP		96	05	96	05	
MGIB						
TRIDARE Dental Plan (TDP)						
Advance Payments						
Overpayments						
Child Support/Alimony (Received/Income)						
Other Income (e.g. SSI, Rental Income)						
TOTAL MONTHLY INCOME		\$ 1,965	14	\$ 2,973	04	

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.

MONTHLY SAVINGS AND LIVING EXPENSES

Note: Actual or Projected Figures can be carried forward to spending plan.

SAVINGS		ACTUAL		PROJECTED		REMARKS
SAVINGS	Emergency Fund (1-3 months)					Monthly Contribution Amount
Goal: 10% of Net Income	Reserve Fund					
Actual	"Goal-Getter" Fund					
Projected	Investments/IRAs/TSP/etc.	96	05	96	05	
\$						
TOTAL SAVINGS AND INVESTMENTS (10%)		\$ 96	05	\$ 96	05	
LIVING EXPENSES		ACTUAL		PROJECTED		REMARKS
HOUSING	Furnishings					
	Maintenance/Repairs					
	Mortgage/Rent			800	00	
	Taxes/Fees					
FOOD	Dining Out	200	00	200	00	
	Groceries					
	Lunches					Include school and work lunches
	Vending Machines					
	Meal Deductions	280	00	280	00	
UTILITIES	Cable/Satellite TV			40	00	<i>1/2 share of Cable/Internet</i>
	Cellular/Pagers/Phone Cards	60	00	60	00	
	Electricity			100	00	<i>1/2 share of electricity</i>
	Internet Service					
	Natural Gas/Propane					
	Telephone					Local=\$ _____ Long Distance=\$ _____
	Water/Garbage/Sewage			20	00	<i>1/2 share</i>
CHILD CARE	Allowances					
	Daycare					
	Support					Include other dependant care
AUTOMOBILE	Gasoline	75	00	75	00	<i>Apartment 25 miles from command</i>
	Maintenance/Repairs	25	00	25	00	
	Other					
CLOTHING	Laundry/Dry Cleaning					
	Purchases (\$50 monthly per person)	50	00	50	00	<i>Estimate</i>
INSURANCE	Automobile	133	00	133	00	
	Health/Life					
	Homeowners/Renters					
	SGLI/FSGLI	27	00	27	00	Both service member/Family SGLI
	TRICARE Dental					
HEALTHCARE	Dental					
	Eye Care					
	Hospital/Physician					
	Prescriptions					
EDUCATION	Books					
	Fees (Other/Room & Board)					
	Tuition					
	MGIB					Montgomery GI Bill (MGIB)
CONTRIBUTIONS	Charities (CFC/NMCRS)	25	00	25	00	<i>CFC (by allot.)</i>
	Club Dues/Association Fees					
	Religious	100	00	100	00	<i>\$25/week to the base chapel</i>
LEISURE	Athletic Events/Sporting Goods	100	00			Include spectator sports
	Books/Magazines	30	00			<i>Frequents the bookstore</i>
	Computer Products (Software/Hardware)					
	DVD/VHS & Video Games Rentals	20	00			
	DVD's & CD's					
	Entertainment					
	Lessons					Dance, Music, Self-Defense, Tutor
	Toys & Games					
	Travel/Lodging					
PERSONAL	Beauty Shop/Nails					
	Barber Shop					
	Cigarettes/Other Tobacco	80	00	80	00	
	Vending Machines					
	Liquor/Beer/Wine					ABC, Package Store, etc.
	Other (Toiletries, Supplements, etc.)					
GIFTS	Holidays					
	Birthdays/Anniversaries					
PET CARE	Food/Supplies					
	Veterinarian/Service (Boarding/Grooming)					
MISCELLANEOUS	ATM Fees/Stamps/etc.	10	00			
	Other					Recommend \$50-\$150 Buffer
TOTAL MONTHLY LIVING EXPENSES (70%)		\$ 1225	00	\$ 2015	00	

INDEBTEDNESS 20%

CREDITOR	PURPOSE	MONTHLY PAYMENT	BALANCE	PROJECTED PAYMENT	REMARKS <small>(Mos Behind, Pd by Allotment, etc.)</small>	APR %
1. US Govt.	Advance Pay				Automatic Deduction	
2. US Govt.	Over Payments				Automatic Deduction	
3. <i>Supreme Credit Union</i>	<i>Auto Loan/lease</i>	<i>\$350.00</i>	<i>\$25,000.00</i>	<i>\$350.00</i>	<i>Stereo Equipment</i>	
4. <i>Supreme Credit Union</i>	<i>Major Credit Card</i>	<i>\$75.00</i>	<i>\$2,000.00</i>	<i>\$75.00</i>	<i>Stereo Equipment</i>	
5.						
6.						
7.						
8.						
8.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
TOTAL		<i>\$425.00</i>	<i>\$27,000.00</i>	<i>\$425.00</i>		

SUMMARY

	ACTUAL	PROJECTED
NET INCOME (Bottom of Page 2)	<i>\$1,965.11</i>	<i>\$2,973.04</i>
SAVINGS & INVESTMENTS (Page 3)	<i>-\$96.05</i>	<i>-\$96.05</i>
LIVING EXPENSES (Page 3)	<i>-\$1,225.00</i>	<i>-\$2,015.00</i>
AMOUNT LEFT TO PAY DEBTS	<i>=\$644.09</i>	<i>=\$861.99</i>
TOTAL MONTHLY DEBT PMTS (Page 4)	<i>-\$425.00</i>	<i>-\$425.00</i>
SURPLUS OR DEFICIT	<i>=\$219.09</i>	<i>=\$436.99</i>
DEBT TO INCOME RATIO	<i>= 21.63%</i>	<i>14.60%</i>

(Total Monthly Debt Payments ÷ Net Income x 100 = Debt-to-Income Ratio)

ACTION PLAN

INCREASE INCOME

1. *Track your expenses for four pay periods*
2. *Use the spending plan for at least four pay periods*
3. *Increase savings to establish an emergency savings fund of at least three months of rent (2400)*
4. _____
5. _____
6. _____

DECREASE LIVING EXPENSES

1. *Need to make logical projections for living out in town, including groceries, laundry, gas for car and other common expenses.*
2. _____
3. _____
4. _____
5. _____
6. _____

DECREASE INDEBTEDNESS

1. *Keep debt down to below 20% of net income. Pay off credit card and use payment to build up savings.*
2. _____
3. _____
4. _____
5. _____
6. _____

REFERRALS/RECOMMENDED TRAINING

1. *Take some courses at FFSC—Developing Your Spending Plan; Saving and Investing*
2. *Check out some of the websites that help roommates manage finances*
3. *myPay website to set up allotment for rent payment.*
4. _____
5. _____
6. _____

SETTING YOUR GOALS (Short & Long Term)

GOAL	COST	DATE WANTED	= MONTHLY SAVINGS TO REACH GOAL
1. <i>Pay off credit card</i>	<i>\$2,000.00</i>	<i>24 months</i>	<i>Currently paying, increase payment to \$90.00</i>
2. <i>Establish Emergency Savings</i>	<i>\$2,400.00</i>	<i>18 months</i>	<i>\$133.00</i>
3. <i>Track Spending</i>	<i>\$0.00</i>	<i>immediately</i>	<i>N/A</i>
4. <i>Dedicate 50% of future raises to TSP</i>	<i>50% of raise</i>	<i>immediately</i>	<i>N/A. Make necessary changes on myPay website</i>
5.			
6.			

MONTHLY SPENDING PLAN

<input type="checkbox"/> TOTAL NET INCOME	MONTH		\$2,973.00		MONTH		\$2,973.00		MONTH		\$2,973.00	
<input type="checkbox"/> TOTAL TAKE HOME PAY	MONTH		\$2,973.00		MONTH		\$2,973.00		MONTH		\$2,973.00	
BY PAYDAY	1st	\$2,100.55	15th	\$872.50	1st	\$2,100.55	15th	\$872.50	1st	\$2,100.55	15th	\$872.50

*If using take-home pay amount, do not include any savings, expenses, or debt payments that are deducted from pay or paid by allotment.

P = Planned Expenses A = Actual Expenses	Budgeted Amount	P	A	P	A	P	A	P	A	P	A	P	A
Savings & Investments	96.05	96.05				96.05				96.05			
Housing	800.00	400		400.00		400	400.00		400		400.00		400.00
Food	480.00	380		100.00		380	100.00		380		100.00		100.00
Utilities	220.00	110.00		110.00		110.00	110.00		110.00		110.00		110.00
Transportation	100.00	50.00		50.00		50.00	50.00		50.00		50.00		50.00
Clothes	50.00	25.00		25.00		25.00	25.00		25.00		25.00		25.00
Insurance	160.00	93.50		66.50		93.50	66.50		93.50		66.50		66.50
Health													
Education													
Contributions	125.00	62.50		62.50		62.50	62.50		62.50		62.50		62.50
Subscriptions													
Personal	80.00	40.00		40.00		40.00	40.00		40.00		40.00		40.00
Entertainment													
Dependent Care													
Miscellaneous													
Creditors													
Supreme Credit Union	\$350.00	350.00				350.00			350.00				
Supreme Credit Union	75.00	75.00				75.00			75.00				
TOTALS	\$2,536.05	1,682.05		854.00		1,682.05	854.00		1,682.05		854.00		854.00

Budgeting Tip Sheet

1. General Budgeting Guidelines:
 - ▶ Living Expenses = 70 percent of net monthly income
 - ▶ Indebtedness (minimum credit payments, not including mortgage) = 20 percent of net monthly income
 - ▶ Savings Expenses = 10 percent of net monthly income
2. Debt-to-Income Ratio: Total of monthly debt payments divided by net income x 100. Example: Total Monthly Debt Payment = \$300; Total Net Income = \$1500
 $\$300 / 1500 = .20 .20 \times 100 = 20$ percent.
 - ▶ Less than 15 percent: Use caution when taking on more debt.
 - ▶ 15 percent to 20 percent: Fully extended; refrain from taking on more debt.
 - ▶ 20 percent to 30 percent: Overextended; do not take on more debt; pay down existing debt.
 - ▶ 30 percent or more: Seek help from professional debt-management experts.
3. Change Federal Income Tax Withholding: Help the client check their LES and verify how much income tax is being withheld from their paycheck. Many 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 with their PSD or via the MyPay system. Ask the client what their income tax refund was last year. As a general guideline, if only one spouse works, a client can claim two exemptions for each child under 17 due to the Child Tax Credit. Refer clients to www.irs.gov. Calculators on the IRS Web site can be used to determine withholdings, exemptions, and the impact of changes on cash flow.
4. State Income Tax Withholding: Must be changed separately from the change in FITW.
5. Earned Income Tax Credit (EITC): Is your client eligible for this refundable federal income tax credit for low-income and working individuals and families? The credit reduces the amount of federal tax owed and can result in a refund check. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. Income and family size determine the amount of the EITC. For more detailed information, see the IRS Web site, www.irs.gov, or IRS Publication 596, The Earned Income Tax Credit and/or IRS Publication 3, Tax Issues for the Armed Forces.
6. Food Stamps/FSSA: Depending on your client's income and family size, they may qualify for food stamps, which would tie in with the military's Family Subsistence Supplemental Allowance.

Financial Planning Worksheet Checklist

NET WORTH

- Is the worksheet dated?
- Are the spouse and children listed?
- Is the spouse working?
- Is cash value listed for insurance? (not death benefit)
- Did they use fair-market value of personal property (not what it cost originally)?
- Are debts owed to the government (APA, etc.) listed?
- Is there a net worth shown?
- Do total liabilities match the debt page?

INCOME

- Are the entitlement amounts correct? Verify with LES or payable.
- Check federal and state tax withholding status; amend if necessary using W-4
- What are allotments for and when will they end? When will advance/overpayments end?
- Are other income sources listed as after-tax figures?
- Are the allotments and other deductions from pay (except taxes, Social Security and Medicare) added back in at the bottom to arrive at true net monthly income?

SAVINGS AND LIVING EXPENSES

- Are there any savings or investments listed? Pay yourself first and aim for 10 percent.
- Is there a cushion?
- Is there enough planned for insurance? Auto, life, health, personal property
- Is there money being set aside for holidays, anniversaries and birthdays?
- For those with children, even in public school, are any expenses listed under education?
- Are deduction and allotment items from the Income page carried forward as savings or expenses? Are they really used to contribute to savings and investments or pay monthly living expenses?
- Are food expenses realistic? Check USDA estimates.
- Are personal expenses realistic? Have expenditures for all family members been included?

INDEBTEDNESS

- Are the liabilities (debts) listed on Net Worth page carried over to the Indebtedness page?
- Are the APRs and minimum monthly payments listed on the Indebtedness page?
- Has the debt-to-income ratio been calculated? Is it correct?
- What's the bottom line? Surplus or deficit? Has the summary been completed correctly?

ACTION PLAN

- Are options listed on the action plan?
- Is there at least one goal listed along with the plan for achieving it?

SPENDING PLAN

- Has the spending plan been completed?
- Do the numbers for the "planned" amount to spend by payday match the totals for the categories from the Living Expense page and the Indebtedness page?

GENERAL

- Is the FPW done in pencil?
- Is any information counted twice?
- Has a Monthly Spending Record been completed?
- How do savings, expenses and indebtedness totals compare to 70-20-10 guidelines?
- Are Remarks columns utilized?
- Has the projected column been used and are options listed on the Action Plan page?

Women, Infants and Children

WIC AT A GLANCE

Population Served: The WIC target population are low-income, nutritionally at-risk:

- Pregnant women (through pregnancy and up to six weeks after birth or after pregnancy ends). One in four new mothers participate in WIC.
- Breastfeeding women (up to infant's 1st birthday)
- Nonbreastfeeding postpartum women (up to six months after the birth of an infant or after pregnancy ends).
- Infants (up to 1st birthday). WIC serves 45 percent of all infants born in the United States.
- Children up to their 5th birthday.
- WIC participants must meet income guidelines, a state residency requirement, and be individually determined to be at "nutrition risk" by a health professional.

Benefits: The following benefits are provided to WIC participants:

- Supplemental nutritious foods
- Nutrition education and counseling at WIC clinics
- Screening and referrals to other health, welfare and social services

Who Gets WIC? To be eligible for the WIC program, applicants must meet all of the following eligibility requirements:

- Categorical
- Residential
- Income
- Nutrition Risk

Contact the WIC state or local agency serving your area, to schedule an appointment. Applicants will be advised about what to bring to the WIC appointment to help determine eligibility.

Length of Participation: WIC is a short-term program. Therefore, a participant will "graduate" at the end of one or more certification periods. A certification period is the length of time a WIC participant is eligible to receive benefits. Depending on whether the individual is pregnant, postpartum, breastfeeding, an infant, or a child, an eligible individual usually receives WIC benefits for six months to a year, at which time he/she must reapply.

Waiting List/Priority System: Sometimes WIC agencies do not have enough money to serve everyone who needs WIC or calls to apply. When this happens, WIC agencies must keep a waiting list of individuals who want to apply and are likely to be served. WIC agencies then use a special system, called a Priority System, to determine who will get WIC benefits first when more people can be served. The purpose of the Priority System is to make sure that WIC services and benefits are provided first to participants with the most serious health conditions such as having anemia (low blood levels), being underweight, or having a history of problems during pregnancy.

Moving: WIC participants who move from one area or state to another are placed at the top of a waiting list when they move and also are served first when the WIC agency can serve more individuals. WIC participants who move can continue to receive WIC benefits until their certification period expires as long as there is proof that the individual received WIC benefits in another area or state. Before a participant moves, they should notify the WIC office.

Eligibility Guidelines: For current income eligibility guidelines for each state and overseas, refer to the Web site below.

Web site: www.fns.usda.gov/wic.

Group Activity

What Are My Options?

What Are My Options? A group activity in ways to reduce living expenses.

You will be assigned one of the following six categories of expenses. Brainstorm with your group to determine ways in which your future clients could reduce their living expenses to free up dollars for use elsewhere in their spending plan.

Expenses Categories:

1. Housing
2. Transportation
3. Food
4. Entertainment
5. Communication
6. Clothing

Use this space to record responses on ways to reduce living expenses.

HOUSING:

Referral Resources:

TRANSPORTATION:

Referral Resources:

FOOD:

Referral Resources:

ENTERTAINMENT:

Referral Resources:

COMMUNICATION:

Referral Resources:

CLOTHING:

Referral Resources:



Military Pay Issues

I. INTRODUCTION

This chapter is designed to ensure that learners are working from the same baseline level of knowledge in this topic area. It is assumed that they are familiar with many of the basic aspects of Pay and Allowances. The chapter reviews the Leave and Earnings Statement (LES); military pay and allowances; common allotments and deductions from pay; how the Navy pay system works; tax issues of concern to military personnel; and problem resolution. This material can be covered by a DK well-versed in this topic, in which case the CFS instructor should cover the tax issues and facilitate the income case studies. There is sufficient detail for the CFS instructor to cover the material adequately.

Although some of this information changes regularly (e.g., the dollar amount of compensation), most of the information remains constant from year to year (i.e., base pay is based on pay grade and years of service).

This chapter also starts the learners using the pay and allowance and tax tables as well as the Monthly Income page of the FPW. Three “Income” case studies are to be completed after the information has been presented. Ideally the first case study is done by the class with the instructor, and then the class works independently to complete the rest. Any case study not completed in class is assigned as homework.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** The Military Pay Issues module of the PFMSC is incorporated into this chapter. The majority of the PFMSC module is modeled, and income case studies are added. Learners have adequate exposure to the topic to allow them to present this training at the command level. Case-study work provides exposure to an additional instructional technique.
2. **Information and Referral:** If a subject matter expert conducts the brief, learners are exposed to an important referral resource. They also are provided with resources for dealing with pay and tax problems.
3. **Counseling:** Through the Income Case Studies, learners continue to develop counseling skills in completing the FPW.

II. LEARNING OBJECTIVES

The learner will correctly identify seven key sections of the LES.

The learner will differentiate between monetary and non-monetary compensation by correctly completing a sorting activity.

The learner will demonstrate the difference in income-tax withholding by correctly completing three mini-case scenarios.

The learner will demonstrate an understanding of military pay components and the Income page of the Financial Planning Worksheet by correctly completing three income case studies.

III. OUTLINE

1. Introduction and Topics
 - a. Introduction
 - b. Topics
2. How Navy Members Are Paid
 - a. When you are paid
 - b. Direct Deposit System
 - c. Changes in pay
 - d. Split Pay Option and Navy Cash Card
3. MyPay
 - a. What is it?
 - b. What can I do on myPay?
4. Understanding Your Leave and Earnings Statement (LES)
 - a. What is the LES?
 - b. Who is responsible for the information?
 - c. Sections of the LES
 - d. Activity: Military Compensation
5. Cash Compensation: Pay, Allowances, Allotments and Deductions
 - a. Pay
 - b. Allowances
 - c. Allotments
 - d. Deductions
6. Non-Cash Compensation
 - a. SGLI and FSGLI
 - b. TSP
 - c. SBP
 - d. Survivor benefits
 - e. Medical and dental
 - f. Education



- g. Leave
- h. Retirement
- 7. Military Tax Issues
 - a. FICA (Social Security and Medicare) taxes
 - b. Federal income taxes
 - c. Activity: Income-Tax Withholding—Get It Right!
 - d. State income taxes
 - e. VITA
- 8. Common Pay Problems and Options to Correct Them
 - a. Activity: I've Got a Problem
 - b. Repayment options
- 9. Review and Conclusion
 - a. Activity: Using the Pay and Compensation Calculator (case study—John Dough)
- 10. Activity: Income Case Studies

IV. CHAPTER PREPARATION

Presentation Time: 100 minutes

- 50 minutes for topic presentation
- 50 minutes for income case studies

Presentation Materials

- PowerPoint slides: “Military Pay Issues”
- Student Manual Chapter 5
 - ▶ A Summary of Your Military Compensation
 - ▶ Understanding Your LES
 - ▶ Military Pay Breakdown
 - ▶ Income-Tax Withholding—Get it Right! activity
 - ▶ I've Got a Problem activity
 - ▶ Income Case Studies
 - ▶ Monthly Income Sheets
 - ▶ Pay and Compensation Calculator example (if no Internet connection is available)
 - ▶ Pay Tables (www.dod.mil/dfas)

- ▶ Federal Income-Tax Withholding Tax Tables (IRS Pub 15) www.irs.gov
- ▶ Extra pencils and calculators
- ▶ Newsprint, markers and tape
- ▶ Prepared Military Compensation Cards

Preparation

- Prior to chapter presentation, the instructor should review all information contained in the Detail section for accuracy. Some information may need to be updated. Look for the update icon and check the Course Planning Checklist for an update chart with source citations.
- Determine the method of presentation for the Military Compensation and Pay Compensation Calculator participant activities. Determine if an Internet connection is available in the classroom for the Pay and Compensation Calculator. If available, do a practice run of the example.

Summary of Learner-Centered Activities

- **Military Compensation:** A familiarization and categorization exercise with commonly used compensation acronyms.
- **Income-Tax Withholding—Get It Right!:** A quick exercise to help learners understand the difference proper withholding can make to a budget.
- **I've Got a Problem:** Learners propose solutions to common pay problems.
- **Pay and Compensation Calculator Example—John Dough:** The value of the military compensation package is explained to the class using the Pay and Compensation Calculator from the www.npc.navy.mil/CareerInfo/StayNavyTools/CareerTools Web site. If classroom Internet is unavailable, the activity can be done manually using a hard-copy printout of the calculator.
- **Income Case Studies:** Working alone or in pairs, students complete the Monthly Income page of the Financial Planning Worksheet utilizing the Income page with Pay Charts and Tax Tables.

V. REFERENCES

Personal Financial Management Standardized Curriculum: Military Pay Issues Module (2007).

Uniformed Services Almanac. (current edition) Washington, D.C.: Uniform Services Almanac Inc.

www.dfas.mil (DFAS Web site for pay tables)

www.defenselink.mil/militarypay/ (OSD Military Compensation)

<http://www.defenselink.mil/comptroller/fmr/07a/> (Financial Management Regulations Chapter 7a.)



www.npc.navy.mil/CareerInfo/StayNavyTools/CareerTools/ (StayNAVY Web site and Pay and Allowance Calculator)

www.irs.gov (Pubs 3, 15, 17 and 596 and Armed Forces Tax Benefits Section)

www.va.gov (Department of Veterans Affairs—VA Insurance Home Page)

<https://mypay.dfas.mil> (Defense Finance Accounting Service—MyPay)

<http://perdiem.hqda.pentagon.mil/perdiem/bah/html> (BAH Rates)

VI. CONTENT

Slide 1

Introduction and Topics

Slide 2

Introduction

TELL learners that we will turn our attention to the specifics of military pay and allowances. ASK why do they think it is important that they know about the elements of military compensation? Answers may include:

- ▶ to know the client's current entitlements;
- ▶ to know to the client's entitlements in the future;
- ▶ to keep current on changes in the pay system; and
- ▶ to encourage the client to pay attention to their pay.

It is essential that the CFS keep current on changes occurring in this area. Navy pay is governed by many laws, instructions and policies that always are changing in order to recruit and retain qualified personnel. The changes mean that more must be known about a member to pay that person correctly. Mistakes occur, and knowledge of pay will help correct them quickly when they do, ensuring that clients are getting their full entitlements—no more, no less.

Fluctuations in pay can complicate a member's financial situation and perhaps catch them off guard. Many events occur in a member's life that necessitate pay changes, from going to sea or transferring, to getting married or re-enlisting, and everything in between. Awareness of how the military pay system works and knowledge of how to check an LES for accuracy can stave off many problems. This knowledge combined with a future orientation will help the CFS help the client get all they have coming to them in the future.

Furthermore, a steady paycheck is a double-edged sword in that service members have a tendency to get complacent about their pay. They know it just will keep coming, payday after payday. As you guide your clients to learn more about pay and



understand the LES, they hopefully will find the motivation to manage their money better in order to move in the direction of financial freedom.

Slide 3

Topics

This session will cover the following topics:

- How Navy members are paid.
- The myPay Web site.
- A review of the LES.
- Cash and non-cash compensation.
- Tax issues.
- Common pay problems and solutions.
- The military pay compensation calculator available online.
- Practical application of all topics using three income case studies.

Slide 4

How Navy Members Are Paid

When You Are Paid

All Navy members are paid on the 1st and 15th of each month. If the date falls on a holiday or weekend, you normally will receive your pay on the workday prior.

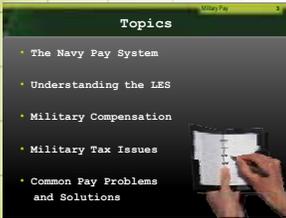
Direct Deposit (DDS)

With the Direct Deposit System, net pay amounts are sent to the financial institution designated by you. These payments are sent via electronic funds transfer from DFAS-CL. It is your responsibility to ensure that the account selected for DDS payments is open and in good standing. This pay can go to only one account. If you want to distribute your pay differently, you must make those arrangements with your financial institution, or use the allotment system through DFAS.

Changes in Pay

There are many events that will cause changes in pay. These must be reported to the local pay and personnel offices or made by you on myPay:

- Allotment changes, starts or stops.
- Tax changes, including changes in exemptions, state of legal residence, or additional withholding.
- Assignment or termination of government quarters for members with dependents.
- Marriage, divorce or other change in dependency status.





- Relocation

Split Pay Option and Navy Cash Card

Ships have a Split Pay Option where the member may designate a portion of net pay to be deposited to the ATM on board ship, with the remainder going to the designated DDS financial institution. Sailors and Marines who elect Split Pay have a portion of their pay sent directly to their Navy Cash accounts each payday. Cashless ATMs on board ship provide 24/7 access to Navy Cash accounts. Cashless ATMs also provide 24/7 offline access to bank and credit union accounts ashore and the ability to move money electronically to and from Navy Cash accounts and bank and credit union accounts. Sailors and Marines no longer need to cash personal checks to obtain cash or buy money orders to send money home to their spouses.

With Navy Cash, everyone on the ship receives a Navy or Marine Cash Debit MasterCard®. The card combines a chip-based electronic purse with the traditional magnetic strip. The electronic purse replaces bills and coins for purchases on the ship. The magnetic strip, with its branded debit feature, provides access off the ship to funds in Navy Cash accounts at more than 23 million locations in over 210 countries and territories globally and more than 1 million ATMs in over 120 countries worldwide. By providing electronic access to all pay and allowances, Navy Cash improves on the traditional financial services available on board ship. For more information on the Navy Cash Card, visit the Treasury's Financial Management Service Web site at: <http://www.fms.treas.gov/navycash/index.html> .

Slide 5

MyPay

What Is It?

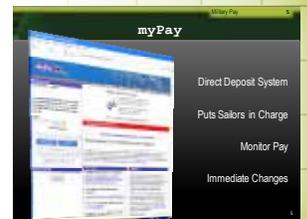
MyPay is an automated system that puts you in control of your pay account. You can access your account nearly 24/7 to change or review your current information or to check your recent pay statements. Each service member is provided an initial PIN for their first visit that must be changed to a private PIN for continued access. MyPay is available online at <https://mypay.dfas.mil>. If you are not able to access myPay, you should address this issue immediately with your local disbursing office.

Slide 6

What Can I Do on MyPay?

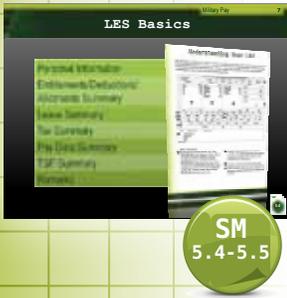
MyPay has these functions to allow members to manage their money better, and to make the pay system more efficient:

- Access LES
- Savings Deposit Program (SDP) statements
- Change allotments
- Arrange direct deposit



- Purchase savings bonds
- Adjust/change income-tax withholding
- Contribute to TSP
- Get travel voucher Advice of Payment
- Submit SDP withdrawal requests
- Change e-mail address and other personal settings

Slide 7



Understanding Your Leave and Earnings Statement (LES)

REFER learners to pages 5.4 and 5.r in the Student Manual, Understanding Your LES, or have them use their own LES if they have it. SUGGEST the learners highlight the areas of the LES as you review them.

What is the LES?

The LES is a monthly statement showing all pay changes and information for the month including entitlements (pays and allowances); deductions and allotments; and pay-related remarks.

Who Is Responsible for the Information?

Your pay is your responsibility. Verify your LES each month. If your pay varies and you don't understand why, see your local disbursing office or go to myPay to check and investigate the changes. To contact DFAS directly, service members should be directed to the DFAS Web site at www.dfas.mil/navy2/contactus.html for more information.

Sections of the LES

The LES contains the following summary information sections:

- Personal information
- Entitlements/deductions/allotments/summary
- Leave summary
- Tax information summary
- Pay data summary
- Thrift Savings Plan summary
- Remarks

BRIEFLY REVIEW the sections of the LES:



Section A—Personal Information: Contains information that specifically identifies you, such as your full name, Social Security number (SSN), pay grade, pay base date, years of service, and ETS.

Sections B, C, D, E—Entitlements/Deductions/Allotments/Summary: Lists the other figures that make up your monthly compensation, such as pay, allowances, taxes, deductions, garnishments (if any), and allotments. This section allows you to see exactly how your take-home pay is calculated. Date of initial entry into military service (DIEMS) is the date you signed your contract committing to the military. The type of military retirement plan for which you are eligible is shown in the RETPLAN box.

Section F—Leave Summary: This is your beginning leave balance, the leave you have earned from the beginning of the fiscal year (1 Oct), and the leave you have used, cashed in or lost as a result of exceeding the maximum balance. Be certain to check “leave used” to make sure it is correct. Also check the “use/lose” block so you do not exceed the maximum allowable accrued leave.

Sections G, H, I—Tax Summary: This is the tax paid for the period and for the year. It shows the number of exemptions you claim for tax withholding. It is important to keep your December LES as a backup for other IRS documents (such as a W-2) to use when doing your income-tax preparation. Also, check the M/S and EX block listed in sections G and I. This shows the marital status and number of exemptions you currently are claiming. Most military members enter the service S00 (single claiming 0), and many forget to change this once they marry or have children. Changing this to the correct status can have a big effect on the amount of pay you receive. Many members find a big increase in their monthly check when they adjust these items.

Section J—Pay Data Summary: The specific information used to determine the allowances you are entitled to receive. The data includes dependent information, the ZIP code of your duty station, the amount you pay in rent if living “out-in-town,” and unit identification numbers. Verify the ZIP code information to ensure that you are receiving the proper BAH for the area in which you are living.

Section K—Thrift Savings Plan Summary: Information on TSP contributions. The rate boxes show percentage of pay specified for contribution. The current boxes show the amount contributed this pay period, while the YTD shows the amount for the year. You also can view your TSP account at www.TSP.gov.

Section L—Remarks: Notes from DFAS regarding your monthly statement or other information, such as the starting or stopping of allotments or direct deposit (DDS), use of leave, garnishments, or general notes regarding pay, allowances, deductions, or other military benefits.

Activity: Military Compensation



Time: 10 Minutes

Preparation:

- Using the 30 military compensation topics provided on the next page, prepare 30 index cards with one term on each.
- Provide each learner with a piece of tape. On the class board or on three separate sheets of newsprint, write “Cash Compensation,” “Non-Cash Compensation,” and “Neither.”

Procedure:

Choose the method of presentation. Do not provide any explanation of acronyms at this point. Once all cards have been assigned, review the categories and ask the class for the correct name for each acronym.

- **Individual method:** Pass out one or more cards to each participant, and have them tape the card under the appropriate category.
- **Group method:** Divide the class into three groups, and provide each group with 10 cards. Allow the groups to tape the cards to the appropriate category paper.
- **Instructor-assisted method:** Call out each item and ask the learners in which category the item belongs. Write each item on the appropriate newsprint page.

Once all cards have been posted, review the correct categories and move the cards as necessary. Ask the class for the correct name for each acronym. Specific information on compensation benefits follows this activity and can be reviewed after the activity or explained during the activity itself.

Discussion:

Before we take a look at specific pays and allowances, now is a good time to talk about the military compensation package in general. Often when we think of military compensation we think of “military pay,” or what we get in our paycheck. But the full range of military compensation stretches way beyond just our monthly salary. To illustrate this point, let’s play a matching game. You see three categories on the board; let’s take these commonly known terms and determine if they are “cash compensation,” “non-cash compensation,” or “neither.” Our goal is to place the cards in the appropriate category.

Military Compensation Categories—Answers



Cash Compensation	Non-Cash Compensation	Neither
BAH	MWR	WMD (Weapons of Mass Destruction)
BAS	NEX	FICA (taxes)
COLA	Paid Holidays	DHS (Department of Homeland Security)
CRA	SGLI	FAA (Federal Aviation Administration)
CSP	MGIB	CFC (Combined Federal Campaign)
DLA	AFRH	LES
FSA	SBP	IRS
OHA	TSP	CNO
TLE/TLA	Vacation	DoD
MIHA	Legal	
Base pay	TRICARE	

When all terms have been matched, ask the learners how they could use an activity such as this at their command. Tell them the importance of helping Sailors recognize the value of their total compensation package. Explain that at the end of this session, you'll look at a great tool to use for calculating not just pays and allowances but the cash value of non-cash compensation. Refer the learners to page 5.3 in their Student Manual for a summary of military compensation.



Slide 8

Cash Compensation: Pay, Allowances, Allotments and Deductions

REFER learners to page 5.6 in the Student Manual, Military Pay Breakdown.

NOTE: BRIEFLY review the types of cash compensation paid to military members. Additional information is included for instructor information in case questions arise.

Pay

Items listed as “pay” are taxable unless received in a designated combat zone or imminent-danger area. There are three basic types of pay in your military compensation package:

1. Base Pay
2. Special Pays
3. Incentive Pays



Base Pay: This taxable pay is determined by rank and years of service. This is the portion of pay on which your military retirement is calculated. Raises are earned upon promotion or advancement for years of service.

Slide 9

Special and Incentive Pays: These pays are given to qualified members who possess specific or unique skills or skills determined to have critical shortages. They can be based on an annual lump-sum bonus, monthly pay, or pay when the duty is performed. These types of pays come in three main categories:

1. Special-recognition pays are monthly cash payments for duty performed.
2. Skill-incentive pays are retention tools that are paid monthly on a long-term basis.
3. Critical-skill and re-enlistment bonuses are retention tools that usually require an additional service obligation and are lump-sum annual cash bonuses.

Special pays you may see on an LES include:

- Sea Pay
- Submarine Pay
- Career Enlisted Flier Incentive Pay—enlisted
- Aviation Career Incentive Pay—officers
- Hazardous Duty Incentive Pay
- Hostile Fire Pay/Imminent Danger Pay/Combat Pay
- Diving Duty Pay
- Special Assigned Duty Pay
- Foreign Language Pay
- Various professional pays for doctors, dentists, nurses, etc.
- Wounded Warrior Pay

Pays may be based on pay grade, years of service, years of sea service, years of aviation experience, billet (or NEC), location of billet, qualifications, or any combination of these. Some of these entitlements must be recertified annually to verify that you still qualify for them.

Slide 10

Allowances

Members also may receive allowances to cover living expenses, housing, travel, and moving expenses. These are nontaxable items. Allowances are based on many different circumstances and criteria, varying from whether or not you have dependents, to whether or not you are authorized to live off-base. If you have





received pay(s) or allowance(s) to which you are not entitled, notify disbursing immediately, and put the money into savings until the Navy comes to collect it. They will collect it at some point. Never take anything you don't have coming to you.

There are three basic types of allowances:

1. Housing Allowances
2. Living Expense Allowances
3. Moving and Travel Expense Allowances

Slide 11

1. Housing Allowances

BAH: BAH is paid to those authorized to live off-base. It is based on pay grade, location and dependency status and is designed to reflect comparable civilian housing costs for those with similar salary and location. BAH is designed to allow a standard quality of housing regardless of where you live in the United States. Members assigned to suitable government quarters are not entitled to BAH. BAH offers two rates, one with dependents and one without. BAH rates are published on the Per Diem Committee Web page — www.dtic.mil/perdiem.

- **BAH-DIFF:** If you are paying court-mandated child support, you may be entitled to BAH-DIFF.
- **BAH PARTIAL:** Paid to members without dependents who live in government quarters.

COLA: There is a cost-of-living allowance (COLA) for overseas and certain U.S. locations designed to offset the additional expenses of being assigned to a high cost-of-living area. The COLA index changes every two weeks and is based on both inflation and exchange rates.

MIHA: There is a move-in housing allowance (MIHA) for those overseas designed to assist with covering the costs of setting up a household overseas.

OHA: Overseas housing allowance (OHA) is paid to service members who live in private housing at their overseas duty station.

Slide 12

2. Living Expense Allowances

BAS: Basic Allowance for Subsistence is designed to offset costs for your meals. It is paid to all active-duty personnel except those in boot camp or initial entry training. All enlisted service members are paid the full monthly rate, but those required to eat in the mess hall will have most of the allowance automatically withdrawn from pay to cover the cost of their meals (meal deduction). Officers collect BAS and then pay cash for meals, including those eaten in government dining facilities.



FSA: FSA provides compensation for added expenses incurred because of an enforced family separation under certain conditions. FSA is payable in a monthly amount of \$250 (2009). Members should refer to the DoD FMR Chapter 7a for specific restrictions and qualifications for receipt of FSA. Types of FSA are:

FSA-R (Restricted): Transportation of dependents, including dependents acquired after effective date of orders, is not authorized at government expense, and the dependents do not live in the vicinity of the member's homeport/permanent duty station. Also, effective 1 Jan 2002, transportation of dependents is authorized at government expense, but member elects an unaccompanied tour of duty because a dependent cannot accompany the member to that homeport/permanent station due to certified medical reasons, regardless of the date on which the member first made the election to serve an unaccompanied tour.

- **FSA-S (Ship):** The member is on duty aboard a ship, and the ship is away from the homeport continuously for more than 30 days.
- **FSA-T (Temporary):** The member is on temporary duty (TDY) (or temporary additional duty) away from the permanent station continuously for more than 30 days, and the member's dependents are not residing at or near the TDY station. This includes members who are required to perform a period of the TDY before reporting to their initial station of assignment.

CRA: Clothing allowances may be issued to help members pay for their uniforms. There are four main types of clothing allowance.

1. **Initial Clothing Allowance:** Both officers and enlisted members of the U.S. Armed Forces are entitled to an initial clothing allowance. Officers, however, are entitled to the allowance only once (with a few exceptions).
2. **Cash Clothing Replacement Allowance:** This allowance is payable only to enlisted members annually following initial clothing allowance on the anniversary month. This is for the replacement of uniforms based on normal wear and tear.
3. **Extra Clothing Allowance:** Extra Clothing Allowance is additional to the other two and does not affect them. This allowance is for situations in which a member may need additional uniforms or is required to have civilian clothing to perform his/her duties.
4. **Military Clothing Maintenance Allowance:** This allowance is for replacement and maintenance of military items during and after three years of active duty. If a member has a break in military service, he/she will start over with the initial clothing allowance upon returning to the service. He/she then will receive Cash Clothing Replacement Allowance and Military Clothing Maintenance Allowance as applicable.

For more information about clothing allowances and other living expenses, visit www.dfas.mil/navy2/militarypay/clothingallowance.html

Slide 13

3. Moving and Travel Expense Allowances

Travel Allowances: The government pays for expenses associated with orders requiring travel, usually after the travel is completed. A government-issued travel charge card usually is used while you are traveling and to obtain funds from ATMs.

Types of travel allowances:

- Mileage/transportation: based on the distance traveled, where you have been ordered to go, and how you were directed to travel.
- Per diem: based on the normal costs for meals and other incidental expenses during travel and at your destination.
- Miscellaneous: baggage handling fees, tips and other authorized expenses associated with your travel.

With travel orders you can get advance payment of per diem and prepaid transportation tickets. You must fill out a travel claim of your expenses and any advance payments that you received.

Slide 14

Moving Allowances: Under PCS orders that require you to move, you are entitled to moving allowances to cover expenses such as:

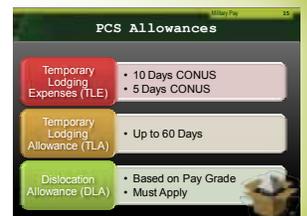
- Shipment of personal goods
- Temporary lodging
- Vehicle mileage and highway tools
- Meals during the move

You may have your goods shipped by a commercial moving company, or move your things yourself. The Personally Procured Move (PPM) pays you directly for up to 95 percent of what it would cost the government to move you. Any money you earn above the actual cost is taxable. Shipments arranged by the transportation office are paid directly by the government to the carrier and are not taxable, since you don't receive any compensation.

Slide 15

Permanent Change of Station Allowances: Provided for members who are moving their households. This includes:

- Temporary Lodging Expenses (TLE): provides for the temporary cost of housing while in transition. It is payable for 10 days in CONUS and five days when going OCONUS.
- Temporary Lodging Allowance (TLA): payable up to 60 days OCONUS.
- Dislocation Allowance (DLA): varies by pay grade and dependency status. DLA is not an advance and does not have to be repaid.





Slide 16

Advance Pay: Members are authorized certain advance pay when moving; however, it is necessary to apply for it. You can get up to three months of advance pay and you can receive up to three months advance BAH (CONUS) and 12 months OHA (OCONUS) when moving into non-government housing.



Slide 17

TDY: While on TDY you can receive per diem. Per diem meal rates are based on location and the availability of meals at authorized dining facilities. Per diem rates for lodging are based on the location.

For current rates, refer to <http://perdiem.hqda.pentagon.mil/perdiem>.



Slide 18

Allotments

The allotment of pay is provided to help service members adjust their personal and family finances to military service. It is a convenience and privilege not to be exploited or abused.

Allotments are a definite portion of a member's pay and allowances and are authorized to be made payable to a qualified person or institution. Some allotments can have an indefinite time-frame, while others can have a specified time-frame. Some restrictions apply to allotments; see the DFAS Web site for details.

Discretionary and **non-discretionary** are two types of allotments. Members are required to complete a written request DD Form 2558 to establish, discontinue or make changes to existing allotments. Some allotments can be changed on the myPay Web site. The maximum amount that can be allotted is the total of all pay and allowances less standard withholdings (for example, federal and state taxes).

Discretionary Allotments: For discretionary allotments, members specify the individual, institution or business to receive the allotment. No more than six discretionary allotments are allowed. Examples of discretionary allotments include:

1. Payments of premiums for commercial life insurance on the member or the member's spouse or children
2. Voluntary payments to dependents or other relatives
3. Deposits to financial institutions, mutual fund companies, or investments
4. Mortgage or rent
5. Car-loan payments
6. Payments to repay a loan from a loan or finance company
7. Deposits into the savings deposit program



Non-Discretionary Allotments: Non-discretionary allotments are made to a specifically designated agency or purpose. There is no limit to the number of non-discretionary allotments a member can have at any given time. Non-discretionary allotments are limited to the following:

1. Purchase of U.S. savings bonds
2. Relief repayments (Navy-Marine Corps Relief Society and American Red Cross)
3. Government indebtedness
4. Charity (Navy-Marine Corps Relief Society)
5. Child and spousal support
6. Debts for non-discretionary allotments (payment of delinquent federal, state or local income or employment taxes; commercial debt; delinquent Travel Charge Card Debt)

Slide 19

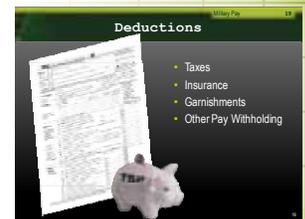
Deductions

Deductions are amounts that are taken out of your paycheck. Most deductions are automatic. There are four types of deductions:

- **Taxes:** Includes state and federal income tax and Social Security and Medicare tax (FICA). Some military members do not have to pay state income tax, because some states do not have income tax and some states “exempt” residents serving in the Armed Forces. This is based on your “home of record.” Even though the military assigns you to a different state, you are allowed to maintain your original home of record if you choose.
- **Insurance:** Includes those for Serviceman’s Group Life Insurance (SGLI and FSGLI) and the Dental Health Plan.
- **Garnishments:** An involuntary deduction taken from your pay as a result of legal action against you. When a garnishment is ordered, the government is required to withhold money from your check to pay your debts.
- **Other Pay Withholding:** You also can choose to have pay withheld from your check for things like educational assistance programs or the Thrift Savings Plan. You choose the amount to be deducted. This also is where you will see advance pay and BAH or OHA paybacks.

Following is a list of deductions in the Navy pay system:

1. Meal deduction
2. Serviceman’s Group Life Insurance (SGLI)
3. Family SGLI (FSGLI)
4. Federal income-tax withholding



5. Federal Insurance Contribution Act (FICA) — Social Security tax and Medicare tax withholding
6. State income-tax withholding
7. Dental
8. Advance Pay
9. Advance BAH or OHA
10. Overpayment
11. Armed Forces Retirement Home Assessment
12. Thrift Savings Plan (TSP)

Slide 20

Non-Cash Compensation



As we saw earlier, there is a lot more to your pay than just the dollars showing up in your account each month. In fact, the Navy has one of the best compensation systems available from any employer in the country. We're going to take a few moments to review briefly key non-cash compensation benefits. Quite a few of these will be covered in detail later in this training.

SGLI and FSGLI

SGLI is a term-insurance policy with coverage of up to \$400,000 per member. You can determine the amount of your coverage by checking your LES in the "deductions" section. If there is no deduction listed for SGLI, then you are not covered. When you leave the service, it goes away after 120 days or can be converted to another type of insurance after service ends.

FSGLI is life insurance for your whole family. If you are covered by SGLI, your children will be covered automatically at \$10,000 per child at no cost to you. Your spouse may be covered up to \$100,000 or the dollar amount of your coverage, whichever is less. The cost for this coverage varies by age.

Thrift Savings Plan (TSP)

The Thrift Savings Plan is a defined-contribution retirement plan available through the U.S. government. Participation in the TSP is likely to be a wise choice, as it provides automatic savings. There are numerous benefits to the program; most significant is the pre-tax deduction. This means you are lowering your overall tax bill.

Survivor Benefit Plan (SBP)

The Survivor Benefit Plan is a choice you will face as you get ready to retire. If you are on active duty, retirement-eligible and have a spouse and/or children, they are protected automatically under SBP at no cost to you while still on active duty. When you retire, you may elect any of several SBP options. SBP allows you to have a portion of your retirement pay go to a designated beneficiary after you die. You pay the premium for this benefit directly from your retirement pay.



Survivor Benefits

We will discuss these benefits in greater detail on Thursday:

- Fallen Hero Compensation (death gratuity of \$100,000)
- Burial
- Round-trip travel and household goods move
- 12 months BAH or 12 months of housing
- Arrears in pay and accumulated leave
- Social Security (\$225 burial and other survivor benefits)
- Dependency and Indemnity Compensation (DIC)
- VA education benefits
- Continuing medical and dental benefits for a limited time

To ensure that survivors get all the benefits to which they are entitled, it is critical that members keep their Page 2 (NAVPERS 1070/602 Dependency Application/Record of Emergency Data) up to date. The Page 2 is the form used to apply for dependency allowance and to document family-member data. The important information on your Page 2 should be updated whenever there are changes in family-member status. The family members you designate to receive your death gratuity and any unpaid allowances also are listed on your Page 2.

Medical and Dental

Medical and dental coverage is provided at no cost to active-duty members and at varying costs to family members depending upon the type of coverage selected.

Education

Depending on your date of entry, you may be eligible for the GI Bill, the Voluntary Education Assistance Plan (VEAP), or the Montgomery GI Bill. These are programs where you share in the cost of the benefit. There also are programs funded entirely by the government.

Leave

You earn 2.5 days of leave every month, for a total of 30 days per year. Depending on duty requirements, you also are provided leave on federal holidays. You may accrue leave up to 60 days. Leave in excess of 60 days must be taken or lost by the start of the fiscal year (1 Oct). You also may sell back up to 60 days of leave at the end of enlistment or separation. If you are deployed in a year, you may accrue more than 60 days in that year.

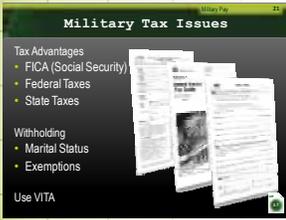
Retirement

Normally, you must serve for 20 years to become eligible for retirement pay. The longer you serve, the more retirement pay you will receive. The percentage amount of

your base pay varies depending upon the plan in effect at your date of entry. You also continue to receive commissary and exchange rights and low-cost health insurance.

Slide 21

Military Tax Issues



Serving in the military has some big tax advantages: Allowances are not taxed, FICA is applied to base pay only, and many members are exempt from paying state income taxes. These and other benefits can provide a significant tax advantage. Let's take a quick look at your taxes in more detail.

FICA (Social Security Taxes)

Social Security taxes, or Federal Insurance Contributions Act (FICA) deductions, are withheld from all military members' basic pay. This is separated into Social Security and Medicare contributions.

Federal Income Taxes

FITW is based on all pays (not allowances, and not just base pay, like FICA). The amount withheld is determined by how you filled out your W-4 form, available at your local disbursing office or on myPay. The federal income-tax system is pay-as-you-go, meaning that as you earn your money, you must pay taxes on it.

Withholding: The goal of paying your federal taxes should be to pay your fair share and break even, so that when tax returns are due April 15, you don't owe, and are not owed, any money. Some people like to over-withhold so they get a big refund. That is an option if you do not have the discipline to save otherwise. Just realize that you are making an interest-free loan to the government, instead of having that money to use on a monthly basis to pay bills or invest. If you have the discipline, withhold only what you must, and save and invest the rest so you can earn a return on your money.

W-4 Form: Look at your LES, under the headings Fed Taxes/State Taxes, Marital Status (M/S) and Exemptions (EX) (sections G and I). This is for marital status and the number of exemptions you are claiming. Is it correct? Many service members forget to update this form and have taxes withheld at too high a rate. This is one of the most common problems financial counselors see, and it is the easiest way to get more money into your paycheck.

Activity: Federal Income-Tax Withholding — Get It Right!



Materials: Calculators, pencils, Student Manual

Time: 5 minutes

Procedure: Refer earners to page 5.7 in the Student Manual, where they will see a chart listing three examples of income-tax withholding. Using the tax table excerpts that follow, the learners should find the current withholding amount, the projected withholding amount, and calculate the difference.





Explain that the first example is a simple change increasing withholding by one. This is a common example of a change that may occur when people add a new family member, typically when a child is born or adopted.

The second example is a more drastic change and may be encountered when a member never has changed their initial income-tax withholding of S00. In this case, assume the member currently is married with two dependents and sensibly can claim M03 (self, spouse, child).

In the final example, the withholding goes from M04 to S02 and may be encountered when a divorce occurs. In this case, assume the member is married with two children, but upon divorce the member and spouse split the exemptions, so the member can claim self and one child.

Reinforce the difference that income-tax withholding can make to a person's cash flow. Encourage the learners to check out their own income-tax withholding and to ensure they are having the correct amount withheld.

NOTE: The tax tables in the Student Manual are for TY 2009. There is no need to update this exercise to make the teaching point.

Monthly Taxable Income	Current Withholding	Projected Withholding	Change
\$2,980	M02	M03	+ \$46
	\$123	\$77	
\$2,775	S00	M03	+ \$258
	\$314	\$56	
\$3,190	M04	S02	- \$218
	\$65	\$283	

State Income Taxes

Your military compensation may be subject to state income-tax withholding for the state you claim as your legal residence. Treat state taxes like federal taxes — don't pay any more than you must. If you are a resident of a state with an income tax, and the state does not exempt military pay, check your LES marital status and exemptions and keep this current and correct as well.

The Servicemembers Civil Relief Act of 2004 provides that a member of the Armed Forces who is a legal resident of one state but who is living in another solely by reason of military orders is not liable to the second state for income taxes on his/her military income. However, non-military income from the second state is legally taxable by the state.

The following states do not presently have an income tax, but some of these states do have intangible personal property tax or tax only dividend and interest income:

- Alaska
- Florida
- Nevada
- New Hampshire*
- South Dakota
- Texas
- Tennessee*
- Washington
- Wyoming

*New Hampshire and Tennessee tax only dividend and interest income.

VITA

Remember, at tax time the Volunteer Income Tax Assistance program is available to help you fill out your federal income-tax forms (and possibly state forms) and may even be able to file your taxes electronically for you.

Slide 22 and 23

Common Pay Problems and Options to Correct Them

Activity: I've Got a Problem



Time: 5 minutes

Procedure: Working individually or in groups, learners should use page 5.7 in their Student Manual to suggest solutions and sources of help for the common pay problems listed. Review responses with the class. Note that most of the solutions depend on the members being proactive with their pay. Reinforce the need for the CFS to conduct education on these points.

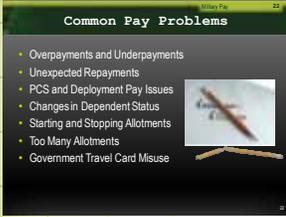
INSTRUCTOR NOTE: *Pay Problems are listed on slide 22, and solutions and referrals are listed on slide 23.*

Common Pay Problems	Possible Solutions and Referrals
<ul style="list-style-type: none"> Overpayments and underpayments Unexpected repays (garnishments, overpayments) Pay problems related to PCS and deployments Changes in dependent status (marriages, children, etc.), exemptions incorrect Allotments not stopping or starting on time Too many allotments being used at once Government travel card 	<ul style="list-style-type: none"> Monitor LES monthly Notify PSD immediately when there is a change in family status (marriage, birth, death, divorce) Keep Page 2 current, and update the information on myPay Change income-tax withholding (federal and state) Closely monitor allotment start and stop requests, and keep copies of everything Closely monitor budget/spending plan Don't use government credit cards for unauthorized expenses Refer to Disbursing or Legal if necessary

Slide 24

Repayment Options

If members receive pay or allowances to which they are not entitled, the government will recoup the money. Ideally, members learn that when they get money that isn't





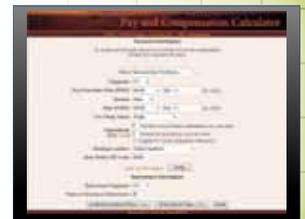
theirs, they should set it aside until collection is made. In reality, however, often the money is spent, and when the government recoups the money, a financial hardship is created. There are a few limited options to help members when a government indebtedness repayment will create a hardship.

1. Extend repayment period — contact disbursing or DFAS to arrange for a longer repayment period. You will need to explain your situation and may need command backup for the reasons why you need more time to pay.
2. Make payment arrangements — again, contact DFAS or disbursing to see if an arrangement can be made that is more favorable to your financial situation.
3. Waiver of Indebtedness — This allows a bit of breathing room to sort out your finances. All pay and allowances return to their original amount for a period of time. This is a complicated form and must be approved by the command. This is not to be taken lightly. The indebtedness issue must be resolved, but this extra time can provide you with an opportunity to work out a repayment plan that is easier on your budget. You must act quickly to stop monies from being deducted from your pay.

Slide 25

Review and Conclusion

Activity: Pay and Compensation Calculator



Time: 10 minutes

Materials:

Student Manual Chapter 5 — Understanding Your LES

Hard copy of the Pay and Compensation Calculator example (in Instructor Guide only) if Internet is not available

Procedure:

Choose your method of presentation:

- **Web site method:** Go online to www.staynavy.navy.mil and click on the Pay and Compensation link under Career Tools, then click on Launch Calculator. Use the John Dough Sample LES from the Student Manual and have the class provide the inputs. Click on Special Pays, input the Sea Pay information and then click Calculate. Review the information with the class. Once you have completed the example online, if time allows, ask the class for inputs and run through another example.
- **Hard-copy method:** If no Internet connection is available, provide the Pay and Compensation Calculator example to the class. Review the information provided. Explain to the class that the inputs came from the LES sample and that they can use the calculator on their own when they have access to an Internet connection.

NOTE: This example is based on the *Understanding Your LES materials in the Student Manual and the case information provided below. Numbers are current for 2009.*

Discussion:

INFORM the learners that to wrap up this session, we will take a look at a Pay and Compensation Calculator. This calculator is provided to help military members understand the monetary value connected with both their pay and benefits. Its goal is to be factual, honest and unbiased. Using the inputs we provide, it will give us a monthly and annual breakdown of earnings, as well as compute the tax advantage we receive as military members.

PROVIDE the following information, using John Dough from the sample LES for the inputs to the calculator:

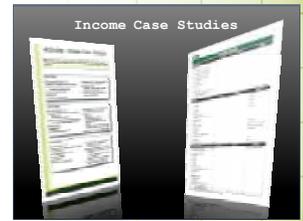
- Assume all dates are 1 Jan.
- He is an E-6.
- PEBD (PAY DATE) is 1 Jan 1991.
- His birthday is 1 Jan 1971.
- The LES shows he is claiming married with no dependents.
- He is receiving BAH, so he is living in civilian quarters and the ZIP code is 23511.
- We'll assume he is going to retire at his present rank at exactly 20 years of service.
- The remarks section of the LES shows 12 years of sea time.

When this data is calculated, we see his total monthly and annual pay information for taxable pay and allowances, as well as the tax information, to come up with take-home pay. Then we find the tax advantage provided by the non-taxed compensation. These amounts are estimates based on the information we provided and will not necessarily reflect the exact amounts.

The calculator provides us with Civilian Equivalent Pay information to help put the value of the compensation in context. This example shows what John would have to earn in the civilian world to stay even with his military compensation. It does not take into account the value of the Indirect Compensation shown next. So you should add this overall total to the amount you would need to stay even.

The next section shows the retirement payout he would receive under his High-3 retirement plan and how much he would need to put aside on his own to even that out as well.

This calculator does a great job showing in very concrete terms the many benefits provided by your total compensation package and not just the dollar amount that shows up in your account every two weeks. ASK learners how they would use this in their role at the command. ASK if they would be tempted to talk about this tool at an all hands, or incorporate it into their indoc sessions.



Slide 26

Activity: Income Case Studies



Purpose: To have learners complete the Monthly Income page of the Financial Planning Worksheet

Time: 50 Minutes

Materials:

Student Manual Chapter 5 — Activity: Income Case Studies

Current pay tables

Current federal income-tax withholding tables

Current local BAH tables (optional)

Extra pencils and calculators

Current Excel spreadsheet solutions or overheads with solutions (produced by instructor)

Preparation:

Direct learners to the blank Monthly Income sheets on pages 5.11 through 5.13 in the Student Manual, and provide current pay tables and federal income-tax withholding tables to each student. You may want to review the components of the tax tables to orient the learners to this tool.

Process:

EXPLAIN that the objective of this activity is to practice using pay and allowance information by completing the income page of the FPW.

DIRECT learners to page 5.10 in their Student Manual “Activity: Income Case Study” worksheet, and explain that the class will complete a few short income case studies.

COMPLETE Case Study “A” as a class, going over each element of the case study and filling in the form appropriately. Note use of the remarks column and the calculation of Gross (A), Take-Home (A-B) and Net Income.

After completing the first case as a class, DIRECT learners to complete the second case study. They can work alone or in pairs, as they choose. The instructor should circulate and answer any questions.

REVIEW answers on the Excel spreadsheet or overhead once all learners have arrived at a Net Income figure.

CONTINUE with the next case study as time allows, and assign any remaining case study or portion thereof for homework.

On reviewing each case study, ASK the class if they got it all correct. ASK, if you did not get it correct, do you know why? They should answer in the affirmative. If not, query as to misunderstanding and provide additional training on the topic.



Optional: If any case studies are given for homework, the instructor may want to give learners the “bottom line” so they know what they are working toward. Review any case study done for homework Tuesday in class.

VIII. FORMS

- A Summary of Your Military Compensation
- Understanding Your LES
- Military Pay Breakdown
- Pay and Compensation Calculator — Example John Dough
- Practical Application: Income Case Studies
- Monthly Income Sheets

A Summary of Your Military Compensation

It's Probably More Than You Think...

- § **PAY (Taxable):** Base, Sea, Sub, Flight, HDIP, Diving, Special, Proficiency, etc.
- § **ALLOWANCE (Non-Taxable):** BAH, BAS, Clothing, FSA, FSSA, DLA, TLE, TLA, COLA, MMA, OHA, MALT
- § **BONUS and SPECIAL PAYS:** Reenlistment, Nuclear, Professional (Doctors, Dentists, etc.), Accession, VSI/SSB
- § **Base Facilities:** Theaters, gyms, pools, recreation areas, RV parks, beaches, picnic areas, theaters, gas stations, mini-marts, package stores, laundry and dry cleaning, libraries, chapels, transient quarters, military hotels, and clothing stores.
- § **Casualty Assistance**
- § **College Education Benefits:** GI Bill, Tuition Assistance
- § **Commissary Privileges for Members and Family Members:** Save up to 27%
- § **Dental Program**
- § **Disability (Member)**
- § **DoD Schools at Overseas Base**
- § **Employee Assistance Program:** Fleet and Family Support Centers — Deployment, Relocation, Transition, Financial, Career Development, Retiree, Ombudsman and Counseling Programs
- § **Entertainment:** Theaters, single service member programs, MWR recreation services, travel and ticket offices, open messes (clubs)
- § **Exchange Privileges:** Tax-free Purchases Save up to 19%
- § **Group Term Life Insurance:** for Member, Spouse and children (SGLI and FSGLI)
- § **Healthcare after Retirement**
- § **Healthcare for Members and Family Members**
- § **Housing Services:** Education on Buying, Renting and Managing Property; Home-buying benefits (VA Loans); military quarters
- § **Legal Services:** Wills, Power of Attorney, general legal services and advice
- § **Military Discounts:** available all over the world
- § **Navy-Marine Corps Relief Society**
- § **Paid Disability Leave**
- § **Paid Holidays**
- § **Paid Maternity Leave**
- § **Paid Sick Leave**
- § **Paid Vacations**
- § **Defined-Benefit Pension Plan**
- § **Defined-Contribution Retirement Plan:** Thrift Savings Plan
- § **Professional Education and Training**
- § **Religious Programs**
- § **Service Academies**
- § **Space-A Travel**
- § **Subsidized Childcare**
- § **Survivor Benefits**
- § **Tax Preparation Services**
- § **Veteran's Programs**

Understanding Your LES

This handout is published as a guide to inform you about your DFAS Leave and Earnings Statement (LES) and what it means to you. Every month, you will receive, or find on myPay, an LES showing entitlements, deductions and allotments. If, after reading this pamphlet, you have any questions concerning your pay, check with your Disbursing Office.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																		
ID	NAME (Last, First, MI)			SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN	PERIOD COVERED							
	DOUGH, JOHN M.			000-55-5555	E6	910101	18	041122	NAVY	4015	THIS MONTH							
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY						
Type	Amount			Type	Amount			Type	Amount			+ Amt Fwd						
A	BASE PAY	3369.90			FEDERAL TAXES	410.99			DISCRETIONARY ALT	100.00			+ Tot Ent 5463.97					
B	BAH	1235.00			FICA-SOC SECURITY	208.93			DISCRETIONARY ALT	100.00			- Tot Ded 3103.35					
C	CSP	480.00			FICA-MEDICARE	48.86			AFAF ALLOT	10.00			- Tot Almt 240.29					
D	BAS	323.87			SGLI FOR 250,000	27.00			TRICARE DENTAL	30.27			= Net Amt 2120.33					
E	CRA	55.20			AFRH	.50							- Cr Fwd .00					
F					MEAL DEDUCTION	286.75							= EOM Pay 52120.33					
G					MID-MONTH-PAY	2120.32							DIEMS XXXXXX					
H													RETPLAN REDUX					
I																		
J																		
K																		
L																		
	TOTAL	5463.97				3103.35				240.29								
F	LEAVE	BF Bal	Ernd	Used	Cr Bal	ETS Bal	LV Lost	LyPd	Use/Lose	FED TAXES	Wage Period	Wage YTD	M/S	Ex	Add Tax	Tax YTD		
		15.0	3.0	.0	18.0	68.0	.0	0.0	.0		3849.90	11549.70	M	00	.00	1232.97		
H	FICA TAXES	Wage Period	Soc Wage YTD	Soc Tax YTD	Med Wage YTD	Med Tax YTD	STATE	FL	St	Wage Period	Wage YTD	M/S	Ex	Tax YTD				
		3369.90	10109.70	626.79	10109.70	146.58			3849.90	11549.70	M	00	.00					
J	PAY DATA	BAQ Type	BAQ Depn	VHA Zip	Rent Amt	Share	Stat	JFTR	Depns	2d JFTR	BAS Type	Charity YTD	TPC	PACIDN				
		W/DEP	SPOUSE	23511	1200.00	1	A		4			30.00						
K	THRIFT SAVINGS PLAN (TSP)	Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Rate	Inc Pay Current	Bonus Pay Rate	Bonus Pay Current									
		0	.00	0	.00	0	.00	0	.00									
		TSP YTD Deductions				Deferred		Exempt										
		.00				.00		.00										
REMARKS: YTD ENTITLEMENTS: 16391.91 YTD Deductions: 2727.84																		
L BAH BASED ON W/DEP, ZIP 23511 SEA DUTY TIME 12/01/15 BANK NAME ACCOUNT #																		

DFAS Form 702, Jan 02

Key to Sections

- A** Shows period covered by this LES. This LES will reflect any changes to Petty Officer Dough's pay that the Defense Finance Accounting Service Cleveland (DFAS) has processed. There may have been other changes to his entitlements, but due to mail or processing delays, they are not reflected on this LES. In most cases, these changes will be reflected on the next LES.
- B** Displays all entitlements for the period covered. Any entitlements that were earned in previous months will be added to like entitlements or allowances.
- C** Displays all deductions from pay for the period covered. Any retroactive deductions will be added to like deductions.
- D** Displays all allotments deducted from pay for the period covered.

- Summarizes entitlements, deductions and allotments to provide the actual amount of money to be paid to the member on payday. Amount shown is the amount to be paid on the end-of-the-month payday.

“DIEMS” is the date John Dough signed up for military service.

“RETPLAN” is the retirement plan under which John Dough entered service.

- Provides the current status of Petty Officer Dough’s leave account.

“BF Bal” (brought forward leave balance) shows the days leave carried forward from the previous fiscal year ending 30 Sep.

“Ernd” is the cumulative amount of leave earned this fiscal year or current term of enlistment if service member re-enlisted/extended since the beginning of the fiscal year.

“Used” is the cumulative amount of leave used this fiscal year.

“Cr Fwd” is the current leave balance as of the end of the period covered by the LES.

“ETS Bal” shows the projected leave balance to the Expiration Term of Service (ETS).

“Lv Pd” periodically will display any leave sold back to the Navy.

“Use/Lose” is the projected number of days of leave that will be lost if not taken in the current fiscal year.

- Shows current federal tax information.

- Shows FICA information (Social Security tax plus Medicare tax).

- Shows current state tax information, including marital status and number of exemptions.

- Provides information for local disbursing use.

- Provides information on TSP contributions for the current year.

“Rate” boxes indicate the percentage of pay elected for contribution.

“Current” boxes indicate the contribution for this pay period.

- Provides information about changes in allotments, deductions or entitlements. Indicates career sea service counter.

Web sites:

www.npc.navy.mil/CareerInfo/StayNavyTools

www.militaryonsecource.com

www.dfas.mil/militarypay.html

www.nko.navy.mil

www.dod.mil/militarypay

www.lifelines.navy.mil

REMEMBER

Your pay is your responsibility. Verify and keep your LES each month. If your pay varies significantly and you don’t understand why, visit your Disbursing Office or mypay.dfas.mil

Military Pay Breakdown

WHAT GOES IN

1. Taxable Pays

- a. Base Pay
- b. Special and Incentive Pays
- c. List of Pays
 - Base Pay
 - Sea Pay
 - Submarine Pay
 - CEFIP and ACIP
 - HDIP
 - Hostile Fire Pay/Imminent Danger Pay/Combat Pay
 - Diving Duty Pay
 - Special Assigned Duty Pay
 - Foreign Language Pay
 - Various Pays for Doctors, Dentists, Nurses, etc.
 - Wounded Warrior Pay

2. Non-taxable Allowances

- a. Housing
 - BAH
 - COLA
 - MIHA — Overseas
 - OHA — Overseas
- b. Living Expenses
 - BAS
 - FSA
 - CRA
 - FSSA
- c. Moving/Travel
 - Mileage/Transportation
 - Per Diem
 - TLE
 - TLA
 - DLA

WHAT GOES OUT

1. Allotments

- a. Discretionary and Non-discretionary
- b. Examples
 - Savings
 - Savings Bond Purchases
 - Commercial Insurance Premiums
 - Charitable Contributions
 - Commercial Loan Repayments
 - Home Mortgage and Rent Payments
 - Government Indebtedness
 - Garnishment/Bankruptcy Payments
 - Education
 - TRICARE Dental
 - Dependent Allotments
 - SDIP Deposits
 - Relief Repayments
 - Child and Spouse Support Payments

2. Deductions

- a. Taxes
 - Federal
 - FICA
 - State
- b. Insurance
 - SGLI
 - FSGLI
- c. Garnishments
- d. Other
 - Meal Collection
 - Advance Pay
 - Advance BAH or OHA
 - MGIB
 - AFRH
 - Overpayment Repays
- e. TSP

Pay and Compensation Calculator (Example—John Dough)

Military Pay	Monthly	Annual
Military Basic Pay	\$3,369.90	\$40,438.80
Other Taxable Military Pay (Yearly Bonuses)	\$0.00	\$0.00
Other Special Pays		
Career Sea Pay	\$480.00	\$5,760.00
Gross Taxable Military Pay	\$3,849.90	\$46,198.80
Tax Deductions (Standard Deduction + Dependent Deduction)		\$11,400.00
Adjusted Gross Income (AGI) Gross Pay - Deductions = AGI (Identifies Tax Bracket)	\$2,899.90	\$34,798.80
Non-Taxable Allowances		
Basic Allowance for Subsistence (BAS)	\$323.87	\$3,886.44
Housing Allowance (BAH or OHA) – If Applicable	\$1,235.00	\$14,820.00
Clothing Replacement Allowance – If Applicable	\$55.20	\$662.40
Family Separation Allowance – If Applicable	\$0.00	\$0.00
Total Allowances	\$1,614.07	\$19,368.84
Military Gross Pay (Gross Taxable Military Pay + Non-Taxable Allowances)		\$65,567.64
Taxes (Federal + Social Security + Medicare)		
Tax Bracket = 15 percent		
Federal Income Tax		\$4,384.67
Social Security		\$2,864.33
Medicare		\$669.88
Total Taxes Paid		\$7,918.88
Military Take-Home Pay (Military Gross Pay – Total Taxes Paid)	\$4,804.06	\$57,648.76
Tax Advantage	Monthly	Annual
Tax Break [1.0 - (Federal Income Tax Bracket% + FICA% + Medicare%)]	\$473	\$5,672

This section is for illustration only.

Tax Break is additional income that the service members retain because allowances, such as BAH and BAS, are not subject to federal income tax.

Tax Advantage is the additional civilian income that service members would have to earn to give them the same after-tax income they would receive if their non-taxable allowances were subject to federal income tax.

Civilian Equivalent Pay

Civilian Equivalent Pay represents your **Military Gross Pay** plus Tax Advantage.

According to your input, your Military Gross Pay is \$65,567.64 annually.

As a civilian, you would have to earn \$71,239.32 to have a comparable after-tax income.

Annual Indirect Compensation	
Medical	\$3,780.27
Dental	\$342.69
Vision	\$22.52
Commissary	\$2,957.00
Government Quarters — If Applicable	\$0.00

The Medical, Dental and Vision amounts are averages. The Commissary amount represents the money you save by shopping at a military Commissary in comparison to a civilian grocery store.

REDUX/High-3 Retirement Plan

All dollar amounts are pre-tax estimates.

High-3 Participants Retirement

- Based on your input, your total retirement payout over 40 years would be \$1,606,303.
- As a civilian, you would have to accrue \$838,701 at the time of your retirement to receive a comparable payout. In order to achieve this amount, you would have to invest \$18,327 annually at an 8 percent return over a 20-year period.

REDUX Participants Retirement

- Based on your input, your total military retirement payout over 40 years would be \$1,340,127.
- As a civilian, you would have to accrue \$701,415 at the time of your retirement to receive a comparable payout. In order to receive this amount, you would have to invest \$15,327 annually at an 8 percent return over a 20-year period.

Additional Benefits

Visit the Per Diem, Travel and Transportation Allowance Committee Web site to calculate your CONUS COLA, OCONUS COLA, or Overseas Housing Allowance.
<http://perdiem.hqda.pentagon.mil/perdiem>

Significant Benefits the Navy Offers That Civilian Jobs Don't Offer:

- 30 Days Paid Vacation. Most civilian jobs offer 10 days.
- 10 Paid Holidays a Year. Most civilian jobs offer six holidays.

- Lifetime Medical Care. Less than half of civilian employers offer retiree medical insurance.
- Disability Coverage. In the Navy if you are injured and unable to work, you continue to receive your compensation indefinitely. In the civilian sector, you cease to be paid when you exhaust your sick and vacation time. Disability insurance can be purchased, but it is very expensive and pays only a percentage of your income.
- Educational Opportunities. The Navy has a generous tuition-assistance program, as well as numerous other programs leading to college degrees. Many civilian jobs offer nothing in this area. The Navy has arrangements with numerous colleges to grant credit toward bachelor's and master's degrees for your Navy experience. See <https://www.npc.navy.mil/CareerInfo/Education> for more details.
- Morale, Welfare and Recreation Services. The range of recreational services and assistance provided to you by the Navy is unmatched by any civilian job. They include:
 - ▶ Base Clubs
 - ▶ MWR Events and Discounted Tickets
 - ▶ Fitness Center, Pool, Tennis, Golf
 - ▶ Discounted Equipment Rentals
 - ▶ Flying, Sail and Scuba Clubs
 - ▶ Spouse Social Clubs
 - ▶ Hobby Shops
- Other Benefits Include:
 - ▶ Free Legal Services
 - ▶ Space "A" Travel
 - ▶ Discounted Child Care
 - ▶ Spouse Employment Assistance
 - ▶ o Thrift Savings Plan

Brought to you by StayNAVY: <http://www.npc.navy.mil/CareerInfo/StayNavyTools/CareerTools>

Activity: Income Case Studies

These are case studies in computing military pay and allowances in situations that are similar to those with which you will be working as a Command Financial Specialist. Please determine the NET INCOME for each case study. Worksheets are provided for your answers.

Instructor Note

- Prepare solutions to each case study using the excel FPW, current version.
 - ▶ Use current BAS meal entitlement and deduction.
 - ▶ If using tax tables in the class, you will need to overwrite the tax amount computed by your Excel FPW solution to reflect the round number in the tax tables that the learners will be using.
 - ▶ Use local BAH rate for A and B.

CASE STUDY A

Name: Seaman John Paul Jones — E-3

Command: USS Seagoing (not deployed at this time)

Whole years of creditable service: over two years
(11 months of accumulated sea duty)

Housing: renting civilian housing

Dependents: two

Tax-filing status (exemptions): S00

Other deductions: SGLI — full coverage, member only; dental — family coverage; AFRH

Allotments: wife — \$300

Advance pay — \$162.24 (ends in 12 months)
Navy-Marine Corps Relief Society — \$3

Other income: none; wife not employed (seeking a position at the present time)

CASE STUDY B

Name: TM2 Bill Dolphin — E-5

Command: USS Blue Fish (SSN 46) (has been deployed for two months)
Seven (six years sub-qualified)

Whole years of creditable service: three years of accumulated sea duty (two years of consecutive sea duty)

Housing: owns home

Dependents: four

Tax-filing status (exemptions): M05

Other deductions: SGLI — full coverage, member only; dental — family coverage; AFRH

Allotments:

Wife — \$600
Whole-life insurance — \$53.75
Combined Federal Campaign — \$2
Navy Federal Credit Union — \$50 (savings account)
Any Bank (mortgage) — \$643 (ends in 28 years)
Advance pay — \$243.35 (ends in three months)

Other income: wife employed — \$225 semi-monthly

CASE STUDY C

Name: ATI Rachel Bird — E-6

Command: VAW-110, flight crew member (not deployed at present time)

Whole years of creditable service: nine

Housing: base housing

Dependents: five

Tax-filing status (exemptions): M03

Other deductions: SGLI — full coverage, member only; dental — family coverage; AFRH
TSP — 4 percent of base pay

Allotments: whole-life insurance — \$23 (ongoing)
Navy-Marine Corps Relief Society — \$53 (ends in 10 months)
XYZ Bank — \$66 (collateral loan for furniture, ends in six months)
Overpayment — \$143 (ends in eight months)

Other income: child support received — \$150;
husband not employed outside the home

MONTHLY INCOME

ENTITLEMENTS	ACTUAL	PROJECTED	REMARKS
* Base Pay			
Basic Allowance for Housing (BAH I or II)			
Overseas Housing Allowance (OHA)			
Basic Allowance for Subsistence (BAS)			
Family Separation Allowance (FSA)			
* Flight Pay/Diving Pay/Flight Deck Pay			
* Submarine Pay			
* Other Hazardous Duty Pay			
* Sea Pay			
Taxable COLA			
Other (tax exempt/allowance eg. COLA/FSSA)			
TOTAL MILITARY COMPENSATION (A)			
* Taxable pay ()			Excludes pretax ded for TSP/MGIB
DEDUCTIONS	ACTUAL	PROJECTED	REMARKS
ALLOTMENT			For/ends?
Family SGLI (For Spouses)			
Servicemembers' Group Life Insurance (SGLI)			
Uniform Services TSP			
MGIB			
FITW Filing Status Actual			Proj. Status:
FICA (Social Security)			Base Pay Only, Excludes MGIB
FICA (Medicare)			Base Pay Only, Excludes MGIB
State Income Tax			State Claimed:
AFRH (Armed Forces Retirement Home)			
TRICARE Dental Plan (TDP)			
Advance Payments			Ends:
Overpayments			Ends:
TOTAL DEDUCTIONS (B)	\$	\$	
CALCULATE NET INCOME	ACTUAL	PROJECTED	REMARKS
Service Member's Take Home Pay (A-B)	\$	\$	Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)			
Spouse's Earnings (less taxes)			
ALLOTMENT			
Family SGLI (For Spouses)			
Servicemembers' Group Life Insurance (SGLI)			
Uniform Services TSP			
MGIB			
TRIDARE Dental Plan (TDP)			
Advance Payments			
Overpayments			
Child Support/Alimony (Received/Income)			
Other Income (e.g. SSI, Rental Income)			
TOTAL MONTHLY INCOME	\$	\$	

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.

MONTHLY INCOME

ENTITLEMENTS		ACTUAL	PROJECTED	REMARKS
* Base Pay				
Basic Allowance for Housing (BAH I or II)				
Overseas Housing Allowance (OHA)				
Basic Allowance for Subsistence (BAS)				
Family Separation Allowance (FSA)				
* Flight Pay/Diving Pay/Flight Deck Pay				
* Submarine Pay				
* Other Hazardous Duty Pay				
* Sea Pay				
Taxable COLA				
Other (tax exempt/allowance eg. COLA/FSSA)				
TOTAL MILITARY COMPENSATION	(A)			
* Taxable pay ()				Excludes pretax ded for TSP/MGIB
DEDUCTIONS		ACTUAL	PROJECTED	REMARKS
ALLOTMENT				For/ends?
Family SGLI (For Spouses)				
Servicemembers' Group Life Insurance (SGLI)				
Uniform Services TSP				
MGIB				
FITW Filing Status Actual				Proj. Status:
FICA (Social Security)				Base Pay Only, Excludes MGIB
FICA (Medicare)				Base Pay Only, Excludes MGIB
State Income Tax				State Claimed:
AFRH (Armed Forces Retirement Home)				
TRICARE Dental Plan (TDP)				
Advance Payments				Ends:
Overpayments				Ends:
TOTAL DEDUCTIONS	(B)	\$	\$	
CALCULATE NET INCOME		ACTUAL	PROJECTED	REMARKS
Service Member's Take Home Pay	(A-B)	\$	\$	Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)				
Spouse's Earnings (less taxes)				
ALLOTMENT				
Family SGLI (For Spouses)				
Servicemembers' Group Life Insurance (SGLI)				
Uniform Services TSP				
MGIB				
TRIDARE Dental Plan (TDP)				
Advance Payments				
Overpayments				
Child Support/Alimony (Received/Income)				
Other Income (e.g. SSI, Rental Income)				
TOTAL MONTHLY INCOME		\$	\$	

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.

MONTHLY INCOME

ENTITLEMENTS		ACTUAL		PROJECTED		REMARKS
* Base Pay						
Basic Allowance for Housing (BAH I or II)						
Overseas Housing Allowance (OHA)						
Basic Allowance for Subsistence (BAS)						
Family Separation Allowance (FSA)						
* Flight Pay/Diving Pay/Flight Deck Pay						
* Submarine Pay						
* Other Hazardous Duty Pay						
* Sea Pay						
Taxable COLA						
Other (tax exempt/allowance eg. COLA/FSSA)						
TOTAL MILITARY COMPENSATION	(A)					
* Taxable pay ()						Excludes pretax ded for TSP/MGIB
DEDUCTIONS		ACTUAL		PROJECTED		REMARKS
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
ALLOTMENT						For/ends?
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)						
Uniform Services TSP						
MGIB						
FITW Filing Status Actual						Proj. Status:
FICA (Social Security)						Base Pay Only, Excludes MGIB
FICA (Medicare)						Base Pay Only, Excludes MGIB
State Income Tax						State Claimed:
AFRH (Armed Forces Retirement Home)						
TRICARE Dental Plan (TDP)						
Advance Payments						Ends:
Overpayments						Ends:
TOTAL DEDUCTIONS	(B)	\$		\$		
CALCULATE NET INCOME		ACTUAL		PROJECTED		REMARKS
Service Member's Take Home Pay	(A-B)	\$		\$		Divide by 2 for Payday Amount
Service Member's Other Earnings (less taxes)						
Spouse's Earnings (less taxes)						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
ALLOTMENT						
Family SGLI (For Spouses)						
Servicemembers' Group Life Insurance (SGLI)						
Uniform Services TSP						
MGIB						
TRIDARE Dental Plan (TDP)						
Advance Payments						
Overpayments						
Child Support/Alimony (Received/Income)						
Other Income (e.g. SSI, Rental Income)						
TOTAL MONTHLY INCOME		\$		\$		

*Note: Pay Entitlements are taxable. Allowance Entitlements are non-taxable.



Introduction to Financial Counseling

I. INTRODUCTION

This chapter provides the learner with a general introduction to Solution-Focused Financial Counseling and the eight-step counseling cycle. This is an introductory segment that will be explored in further detail during the week and put into practice through practical application during 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. Furthermore, where the last few hours of training focused on the Financial Planning Worksheet and related concepts, such as the “science” of being a CFS, here we begin to show the student how “science” merges with “art” in the counseling arena.

This chapter also introduces several counseling tools for use in the CFS program.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter has no direct correlation to PFMSC modules. 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.
3. **Counseling:** Solution-Focused Financial Counseling is introduced. A practical eight-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 eight-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
 - c. Activity: Applying SFFC: The Best Response
3. The Eight-Step Counseling Cycle
 - a. Activity: Two-Minute Brainstorming Activity
 - 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. Privacy Act Statement
 - c. Your Financial Counseling Book
 - d. Guide to Writing a Case Narrative
 - e. Homework: Financial Values Clarification and How Do You Rate as a Money Manager?

IV. CHAPTER PREPARATION

Presentation Time: 45 minutes

Presentation Materials

- PowerPoint slides, “Introduction to Financial Counseling”
- White board or newsprint and markers
- Student Manual Chapter 6
 - ▶ Applying SFFC: The Best Response
 - ▶ The Eight-Step Counseling Cycle



- ▶ Financial Counseling Checklist
- ▶ Privacy Act Statement
- ▶ Hierarchy of Concerns
- ▶ Your Financial Counseling Book
- ▶ Guide to Writing a Case Narrative
- ▶ How Do You Rate as a Money Manager?
- ▶ Financial Values Clarification

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 use a blank Eight-Step Counseling Cycle worksheet to develop appropriate questions to ask during each stage of the 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 Learning Partners Activity:** Given as homework, this is a communication exercise that will provide the learner with an understanding of how money dynamics affect couples.

V. REFERENCES

- Waddell, 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

Introduction

Slide 2

At this time, we would like to turn our attention to counseling and introduce you to Solution-Focused Financial Counseling (SSFC) and the eight-step counseling cycle used in financial counseling. We have spent a lot of time today learning how to use the FPW, since it is a lengthy document, packed with information, and a critical tool in the counseling process. Because we spend so much time making sure you know how to use it properly, there is a tendency for a new CFS to see the FPW as the beginning and end of their job. Therefore, we'd like to show you how the tool fits into the process and that it is, in fact, a critical part of the process but far from being the whole of the process.



Slide 3

Overview of Solution-Focused Financial Counseling

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.



Counseling Session Structure

In solution-focused counseling, the session structure is:

- Short-term: as few meetings as possible
- Goal-oriented
- Task-centered
- Positive: Emphasis is on what the client can do and is doing
- Encouraging: Find a trend toward positive change and encourage it

Slide 4

Counseling Session 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 or 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 to 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 just a few things in mind as we move toward Thursday, when we will revisit in depth the major features of 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.

NOTE: You may want to let learners know they can purchase Dr. Waddell's *Solution Focused Financial Counseling Manual* if they want to explore the method in more detail.

Slide 5

Activity: Applying SFFC: The Best Response



Time: 10 minutes

Materials: Student Manual page 6.2

Procedure:

Refer learners to page 6.2 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 always run short of money at the end of the month. Managing my money is a problem.	<p>a. That sounds really tough.</p> <p>b. Are you spending all the money, or is it your wife?</p> <p>c. <u>Can you think of a time when this doesn't happen?</u></p> <p>d. How long has this been going on?</p> <p>*Best response helps client find exceptions to problem.</p>

<p>2. I can't track my spending.</p>	<p>a. <u>What would happen if you did track your spending?</u></p> <p>b. Why can't you track it?</p> <p>c. Most people find that hard to do.</p> <p>d. It isn't critical at this time.</p> <p>*Best response has a future orientation.</p>
<p>3. I've never been able to budget my money.</p>	<p>a. That is a common problem.</p> <p>b. Have you ever stuck to a diet?</p> <p>c. Maybe you just don't have the right help.</p> <p>d. <u>What would you need in order to begin budgeting?</u></p> <p>*Best response helps client develop a solution.</p>
<p>4. I worry about money and my financial future.</p>	<p>a. Yes, worrying will cause you significant stress.</p> <p>b. <u>When do you not worry?</u></p> <p>c. Do you know anyone who doesn't worry about that?</p> <p>d. I can take care of that.</p> <p>*Best response helps the client find exceptions to the problem.</p>
<p>5. I always screw up with my money.</p>	<p>a. You're in good company.</p> <p>b. What typically happens when you screw up?</p> <p>c. <u>What is one good thing you've done for your situation?</u></p> <p>d. Most people feel the way you do.</p> <p>*Best response looks for something positive on which to build.</p>



Slide 6

Eight-Step Counseling Cycle

Later this week, you will be provided with a step-by-step guide to using Solution-Focused Financial Counseling techniques when you are working with a client, and you will be shown how to incorporate these techniques into an actual counseling session.



If your role as a CFS is both art and science, later in the week we will work on the “art” part. For today, however, we would like to continue our focus on the “science” of being a CFS by presenting you with an eight-step cycle for counseling sessions.

Activity: Two-Minute Brainstorming Activity



Time: Two to five minutes

Process:

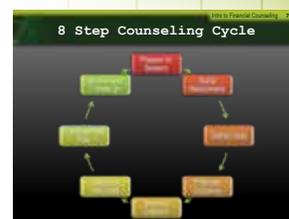
REFER learners to page 6.4 in their Student Manual, the Eight-Step Worksheet. Working individually, in pairs or small groups, have learners write one question they would use with a client for each stage of the cycle. When all have at least one question for each step, continue with the lecture. As you get to each step in the cycle, ask for the questions that were generated, and compile them on the board or newsprint. Encourage learners to write down all the questions in their manual.



Slide 7

The Eight-Step Counseling Cycle consists of the following steps:

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 8

Step 1: Prepare for the Counseling Session

REFER the learners to page 6.5 and 6.6 in their Student Manual for the Financial Counseling Checklist 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:

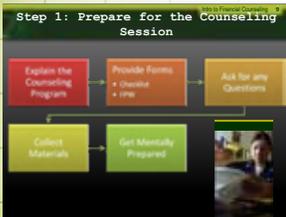
1. Schedule appointment.
2. Obtain data on the client (name, telephone number, division, person referring the client, problem and/or concern).
3. Determine the type of counseling:
 - a. **Preventive:** The client has a problem, but it is not a crisis or an immediate need. It is appropriate to schedule the appointment for a week or two weeks later. This will give the client time to start developing a better



awareness of his/her own spending pattern and start thinking about solutions before the first interview. Recommend that the client begin to track expenses.

- b. **Remedial:** The client has an immediate problem needing help. Schedule an appointment as soon as possible, preferably within one to two days. Determine any crisis needs and make crisis referrals as necessary.
- c. **Productive:** The client doesn't necessarily have a financial "problem," but they want to improve their situation (you could call these "good" problems). 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.

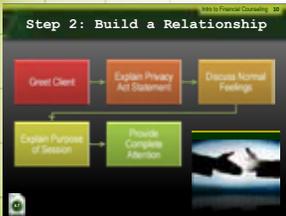
Slide 9



- 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.
- 7. Collect materials you will need — refer to the form "Your Financial Counseling Book" for guidance.
- 8. Just prior to the appointment, get mentally prepared to see the client.

Slide 10

Step 2: Build the Relationship



REFER learners to the Privacy Act Statement on page 6.7 in the Student Manual. ASK learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint. 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. Explain the command's policy on confidentiality and ask the client to sign the Privacy Act Statement. EXPLAIN what this 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.





3. The CFS should understand that these 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

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” (from Waddell, SFFC):
 - ▶ 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

Activity: The “I” Exercise



Purpose:

To encourage learners to use effective listening skills.

Time: Two to five minutes

Process:

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:

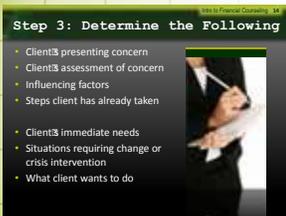
1. What is your goal in coming here? You also can ask: Has something happened recently that has led you to seek my help? This helps to identify quickly any emergency or crisis situation.
2. What are you doing that is working now?
3. How do you make that happen? (How do you manage to do that?)

Slide 14

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

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.



Chapter Six

Slide 15

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. In Solution-Focused Financial Counseling, it is noted that the planning process reveals much important information, such as:

- Amounts and sources of income
- Amounts being withheld from income in taxes
- Deductions by employers for various purposes
- Amounts of money spent on various items
- Frivolous spending and leaks in spending

Slide 16

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

Slide 17

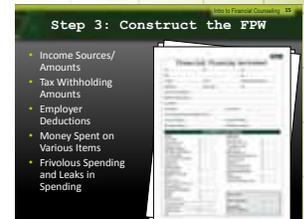
- Poor communication between spouses
- Spending as punishment or retaliation against a spouse
- Spending on addictions

Armed with the information the Financial Planning Worksheet reveals, whether outright or through your experienced interpretation, you will be well-equipped to work with a client constructing solutions to their financial problems.

Slide 18

EXPLAIN FURTHER that 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 is supplying is something that is familiar to him.
- When discussing basic living expenses, the client may feel that this is something he 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.

Slide 19

- Complete the Net Worth Statement.
- Complete the Actual columns for Monthly Income, Monthly Savings and Living Expenses, and Indebtedness.
- Complete the Summary and assess the bottom line — Surplus, Zero and Deficit.
- Review for accuracy.

Slide 20

Step 4: Prioritize Concerns

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint. REFER learners to the Hierarchy of Concerns on page 6.8 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
 - ▶ Letters of Indebtedness to the command
 - ▶ Utility disconnects
 - ▶ 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
- ▶ Bounced checks
- ▶ Letters of Intent
- **Long-term concerns** are issues that neither are immediate and critical, nor 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

Slide 21

- **Make appropriate referrals**, if needed, to deal with the immediate financial concerns.
 - ▶ Determine what other agencies within the military are available, and determine what agencies in the community are available.
 - ▶ Consult with the Information and Referral Specialist at the FFSC if necessary.



Slide 22

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. In this step of the cycle, the FPW again provides guidance. Referring to the Action Plan page, help the client realistically explore available options and solutions by Increasing Income, Decreasing Living Expenses and/or Decreasing Indebtedness. List any and all options discussed under the appropriate category.

- 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 NOT doing each option.
- 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 Navy’s policy on indebtedness and possible ramifications of not “paying his/her just debts.” Refer to MILPERSMAN 7000-020, Indebtedness and Financial Responsibility of Members.

Slide 23

Step 6: Construct Solutions

ASK learners what questions they developed for this step in the cycle, and write the questions on the board or newsprint. 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 often clients do the wrong thing because at the time they thought it was the right solution. Remind clients that change not only is possible, it is 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.
- Emphasize the importance of cooperation and involvement of all family members in implementing the plan.

Slide 24

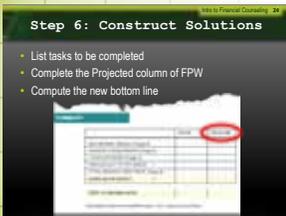
- List the tasks that need to be completed by the client, family members, you and the command, if necessary, on the Action Plan page.
- Go back and complete the “Projected” column of the FPW.
- Compute the new “bottom line.”

Slide 25

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 newsprint.

- Help the client complete the Monthly Spending Plan.
- Ask the client which chosen options he will start TODAY.
- Explain to the client how to track their expenditures, and 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.
- Set a definite time and date for the next session to evaluate and monitor the outcome of the plan.

Slide 26

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 newsprint.

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 isn't 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.
- Remember, however, that Solution-Focused Financial Counseling is short-term in nature. Limit appointments to three to five in number or over the course of three months. If the client needs more sessions, refer them to outside assistance.

Slide 27

The Client Is in Financial Recovery: The eight-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 himself.

ASK before moving on to some of the counseling tools included in your manual, are there any questions on the eight-step counseling cycle? RESPOND as appropriate.





SM
6.5-6.9

Slide 28

Financial Counseling Tools

REFER learners to pages 6.5 through 6.9 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 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.
- **Privacy Act Statement:** Discussed above.
- **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.
- **Guide to Writing a Case Narrative:** Following this guide will lead the CFS to writing a comprehensive narrative on the case and will allow 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. You’ll find them at the end of your chapter: the How Do You Rate as a Money Manager? form, and the Financial Values Clarification form.

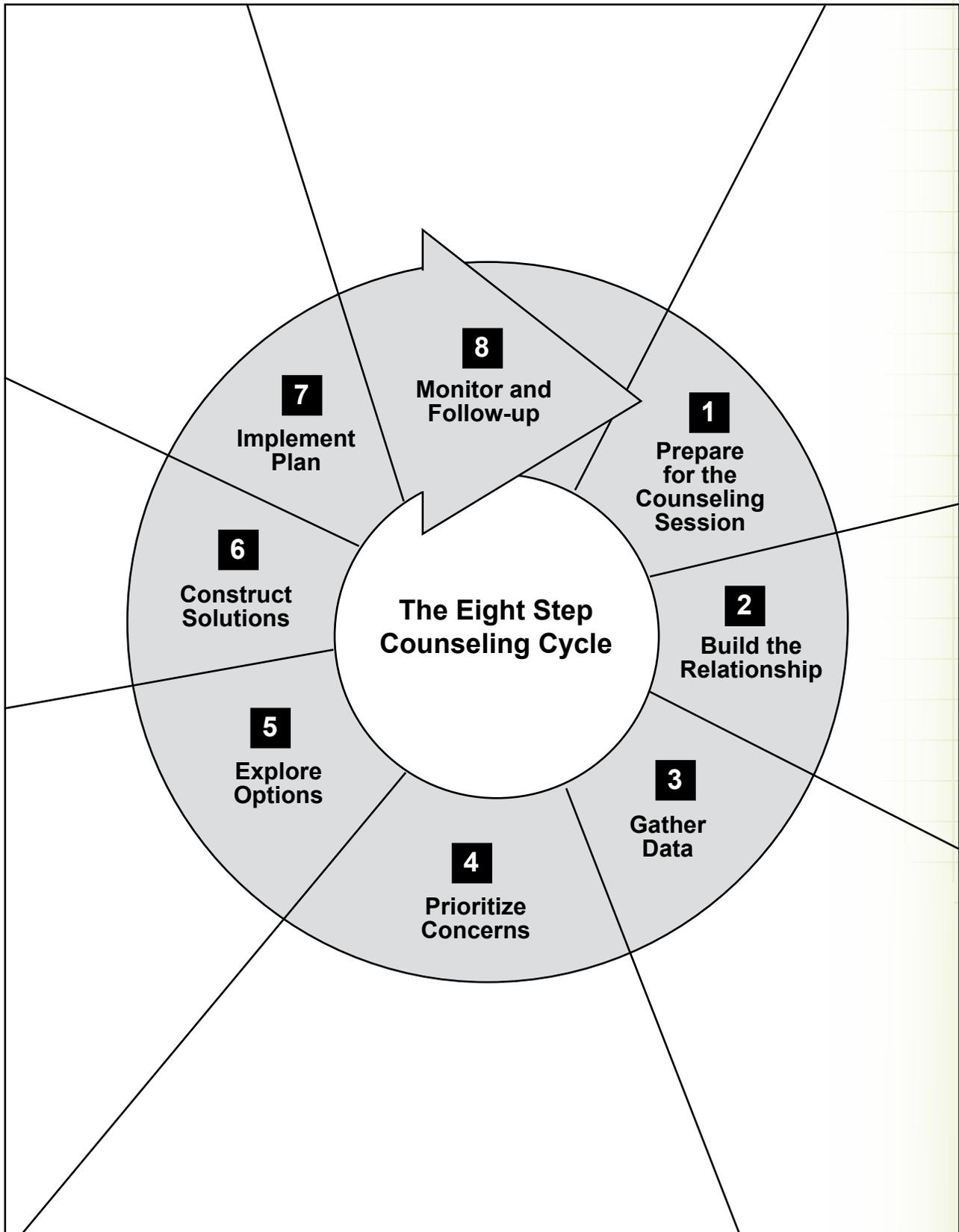
Homework: How Do You Rate as a Money Manager? is a general assessment of money-management habits and practices. It is not scientific in nature but provides an excellent starting point for a financial discussion or an education program. For homework, you are to read each item and circle the answer in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

Financial Values Clarification is an excellent tool to use with married or engaged couples to help start a dialogue about money. Everyone should complete this tonight but especially those of you with spouses. You’ll want to mark your answers separately and then compare your responses: Did you agree on everything? Was there any discussion? We’ll talk about this one in the morning as well.

VII. FORMS

- The Eight-Step Counseling Cycle
- Financial Counseling Checklist
- Your Financial Counseling Book
- Privacy Act Statement
- Hierarchy of Concerns
- Guide to Writing a Case Narrative
- How Do You Rate as a Money Manager?
- Financial Values Clarification

The Eight-Step Counseling Cycle



Financial Counseling Checklist

Your next meeting is _____ (day/date)
at _____ hrs,
at _____ (location)

Please bring the following items to assist in our meeting:

Item	Remarks
_____ Most recent LES	_____
_____ Bills (past/anticipated)	_____
_____ Correspondence from creditors	_____
_____ Contracts	_____
_____ Your budget OR _____	_____
_____ Completed Financial Planning Worksheet	_____
_____ Checkbook and register	_____
_____ Letters of Indebtedness	_____
_____ Most recent credit report	_____
_____ Other	_____

Financial counselor: _____

Telephone: _____

Your Financial Counseling Book

Compiling a financial counseling notebook with just the essential forms and reference materials you will need for most counseling sessions will help you be better prepared and organized for the interview. Materials to include in your financial counseling notebook:

Privacy Act Statement

Financial Planning Worksheets

Debt-to-Income Ratio Sheet

Pay Tables

Tax Tables

IRS Form W-4

State Income Tax Tables

Sample Letter to a Creditor

MILPERSMAN ARTICLE 7000-020, Indebtedness
and Financial Responsibility of Members

Guide for Writing a Case Narrative

Financial Referral Resources

Privacy Act Statement

1. **LEGAL AUTHORITY:** The authority for soliciting and maintaining this information is found in 5 U.S.C. Sect. 301, in addition to 10 U.S.C. 6161 and 10 U.S.C. 2774 as added by Public Law 92-453.
2. **PRINCIPAL PURPOSE:** The information you provide will help the Command Financial Specialist assist you and your dependents in planning your personal financial affairs.
3. **ROUTINE USES:** The information collected on this form by the Command Financial Specialist will be used as a chronological consultation sheet to provide aid and insight for future financial counseling sessions, to monitor the progress achieved, and to prepare periodic statistical reports on the financial case load of the Command Financial Education Program. In addition to using the information you provide for the “principal purpose” given above, the blanket routine uses of all Navy Privacy Act systems of records are applicable.
4. **OTHER DISCLOSURE OF YOUR INFORMATION:** In addition to using the information you give the Command Financial Specialist for the “principal purpose” and “routine uses” given above, your information may be disclosed in certain other situations, as permitted by exceptions to the Privacy Act. These could include disclosures to a commanding officer and other DoD officials in connection with certain security clearances, personnel reliability programs, and family-abuse situations.
5. **DISCLOSURE IS VOLUNTARY:** The information you provide is strictly voluntary; however, failure to provide this information may result in inadequate facts and hinder or prevent the Command Financial Specialist from being able to assist you.

I have read and understand the above important information and Privacy Act statement. My Command Financial Specialist has explained the contents of the Privacy Act statement to me.

Date _____

Signature

Spouse

Witness/Counselor

Hierarchy of Concerns

Immediate critical financial concerns

Emergency issues that must be addressed right away.

- Housing: immediate eviction or no housing
- No food
- No Transportation
- Clothing: inappropriate for current weather
- Immediate medical attention
- Utility disconnects: shut-offs

Long-term concerns

Issues that are neither immediate and critical, nor pressing, but require assistance.

- Developing a savings plan
- Investment options
- College savings
- Tax issues
- Debt-management plans

Pressing financial concerns

Concerns that are imminent but not an emergency; address within the 10 days.

- Involuntary allotments
- Threat of legal actions, repossession or bankruptcy
- Loans placed for collections by creditors
- Letters of Indebtedness to the command
- Utility disconnects
- 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
- Bounced checks

Guide to Writing a Case Narrative

1. If client was referred to the Command Financial Specialist Program, who made the referral (name of person, organization, etc.)?
2. Who attended the counseling session (service member, spouse or both)?
3. What are the main concerns of the client regarding his/her financial situation (having problems between paydays, establishing a spending plan, delinquent accounts, Letters of Indebtedness to the command, etc.)?
4. What circumstances in the past have contributed to the present financial situation (transfer, emergency, loss of income, etc.)?
5. Does the client have any emergency needs (food, eviction, loss of electricity, summons to appear in court for judgment, etc.)?
6. What is the “bottom line” after working up the monthly budget (surplus or deficit)?
7. Was a “break down” by paydays and projected budget prepared?
8. What options and/or assistance were given to the client (how to economize on living expenses, how to establish a budget and record-keeping system, how to contact creditors and make repayment arrangements, etc.)?
9. What referrals were made?
10. Were other people or agencies contacted in regard to the client’s case (name, agency, address, phone number, information shared, agreements made, etc.)?
11. What tasks were assigned to the client (keep record of all spending, contact creditors to establish a repayment plan, etc.)?
12. Was a follow-up session scheduled (date and time)?
13. What was discussed and accomplished at the follow-up session (what has happened since last session, what tasks were accomplished and assigned, what still needs to be addressed, etc.)?
14. When is case closed (date and status of the client)?

How Do You Rate as a Money Manager

Answer the questions according to your PRESENT financial experiences.

	A	B	C
1. I have managed the bulk of my own expenses since I was:	16 to 18	18 to 21	over 21
2. I have my own checking account.	now	at one time	never
3. I have my own savings account	now	at one time	never
4. I have trouble balancing my checkbook.	never	sometimes	usually
5. I run out of money before I run out of month.	never	sometimes	usually
6. I am bothered by a creditor demanding payment on an overdue bill.	never	sometimes	usually
7. I worry about money.	never	sometimes	usually
8. I have been refused credit.	never	once	more than once
9. I am in debt.	never	sometimes	usually
10. I spend more than I planned.	never	sometimes	usually
11. I can afford what I want.	never	sometimes	usually
12. I regret what I buy.	never	sometimes	usually
13. I save regularly.	never	sometimes	usually
14. I enjoy spending money.	never	sometimes	usually
15. I feel as if I've thrown my money away.	never	sometimes	usually
16. My wife/husband thinks I'm a _____.	penny pincher	prudent spender	spendthrift
17. I think I'm a _____.	penny pincher	prudent spender	spendthrift
18. I like extravagances.	never	sometimes	usually
19. Lack of money is my biggest problem.	never	sometimes	usually
20. I buy on impulse.	never	sometimes	usually
21. I buy ahead.	never	sometimes	usually
22. I have to juggle my creditors.	never	sometimes	usually
23. There are important things I want that I will _____ get.	probably	possibly	never
24. I would go into debt to take a vacation.	never	sometimes	usually
25. I review my net worth.	each year	sometimes	never
26. I count on future raises or bonuses to pay some of my bills.	never	sometimes	always
27. I write checks and then have to cover them.	never	sometimes	usually
28. I have had checks bounce.	never	sometimes	often
29. I estimate my expenses well.	usually	sometimes	never
30. My monthly rent or mortgage payments are _____ of my monthly after-tax income.	less than 25%	25%	more than 25%

Scoring: A=1 B=3 C=5

Total: _____

Financial Values Clarification

This exercise is designed to start you thinking and talking about your financial values in terms of goods and services that are important to you. Spending your money is a very personal thing — what you consider to be a luxury, your spouse or “significant other” may consider a necessity. If necessary, what items could you eliminate from your possessions or goals? Do your work individually—do not consult with your partner. Respond in accordance with your feelings and not as you “think” you should respond.

Beside each of the items listed below, indicate how you would rate each one:

1 Necessary	2 Very Useful	3 Merely Desirable	4 Luxury	5 Not Desirable
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- | | | | |
|---|-------|---|-------|
| 1. Annual vacation | _____ | 22. Health club membership for spouse | _____ |
| 2. Dinner out once a week..... | _____ | 23. College education for children | _____ |
| 3. Washing machine..... | _____ | 24. Extra money for liberty while deployed | _____ |
| 4. Long-distance calls to spouse’s family | _____ | 25. Dinner out once a month | _____ |
| 5. Savings account | _____ | 26. Investments (stocks, bonds) | _____ |
| 6. Own a home..... | _____ | 27. Department store credit cards | _____ |
| 7. Surround-sound system | _____ | 28. VISA and Mastercard credit cards | _____ |
| 8. Health club membership for yourself..... | _____ | 29. Health insurance for family | _____ |
| 9. Hairdresser once a week..... | _____ | 30. Second car | _____ |
| 10. Motorcycle..... | _____ | 31. Additional education for yourself | _____ |
| 11. Movie once a week | _____ | 32. Dishwasher | _____ |
| 12. Life insurance..... | _____ | 33. Long-distance calls to your family | _____ |
| 13. Family car or station wagon..... | _____ | 34. Hairdresser once a month | _____ |
| 14. Family van | _____ | 35. Visits with your family | _____ |
| 15. Additional education for spouse | _____ | 36. Extra baby-sitting money when spouse
is deployed | _____ |
| 16. Visits to spouse’s family | _____ | 37. Sporting events tickets | _____ |
| 17. Air-conditioning in home..... | _____ | 38. HD TV | _____ |
| 18. Gasoline credit card | _____ | 39. Movie once a month | _____ |
| 19. New outfit once a month..... | _____ | 40. Swim club membership for family | _____ |
| 20. Swimming pool in backyard..... | _____ | 41. Clothes dryer | _____ |
| 21. Checking account..... | _____ | 42. Boat | _____ |