



# Homework Review, Record-keeping and Instructional Techniques

## I. INTRODUCTION

This chapter includes a review of homework and record-keeping systems and a discussion of instructional techniques for Command Financial Specialists. The review and record-keeping sections should take no longer than 15 minutes each and lead directly into instructor training without a break. The main focus of this training section is the discussion with the learners on instructional techniques. It is crucial to explain the importance of training at the command level and to work with learners to enhance both their training skills and their comfort with providing training.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** Introduction to the chapter includes a review of the Instructional Techniques reading. This is a main element and provides learners the opportunity for specific instruction on how to be an effective trainer.
2. **Information and Referral:** No direct correlation.
3. **Counseling:** This chapter will prepare the CFS to work with clients with no record-keeping system in place, helping them to set up an appropriate system to assist in efficiently developing and maintaining a financial plan.

## II. LEARNING OBJECTIVE

Using instructional materials from the PFMSC, learners will demonstrate appropriate training techniques that result in an 80 percent “yes” response to all items on the Instructional Techniques Critique Sheet.

## III. OUTLINE

1. Welcome
  - a. Daily Agenda Review
2. Homework Review
  - a. Instruction Review
  - b. Income Case Studies
  - c. Financial Planning Worksheet
  - d. Counseling Forms

3. Record-keeping
  - a. Introduction
  - b. The PFM Record-keeping Organizer
4. Instructor Training Techniques
  - a. Adult Learning Styles
  - b. Training Techniques
  - c. Practically Perfect Presentations Checklist and Training Techniques Critique Sheet
  - d. Activity: Training Assignments

## IV. CHAPTER PREPARATION

**Presentation Time:** 60 minutes

**Practical Application Review:** 15 minutes

**Record-keeping:** 15 minutes

**Instructional Techniques:** 30 minutes

**Presentation Materials:**

- PowerPoint slides, “Homework, Record-keeping and Instructional Techniques”
- Completed Answers to Income Case Studies
- Student Manual Chapter 7
  - ▶ PFM Record-keeping Organizer
  - ▶ Instructional Techniques for CFS Instructors
  - ▶ Practically Perfect Presentations Checklist
  - ▶ Instructional Techniques Critique Sheet (have extra copies available for learners presentations)
- Sample Record-keeping systems or tools you would like to bring to class
- Newsprint or White Board and Markers
- PFMSC CD-ROM

**Summary of Learner-centered Activities**

- **Training Techniques Discussion:** Learners provide examples for each motivational element and explain how to demonstrate that element in the training.
- **Training Techniques Application:** Learners are assigned portions of training and are evaluated using a standardized critique sheet.

**NOTE:** You may want to collect and retain sample record-keeping systems at your site.



## V. REFERENCES

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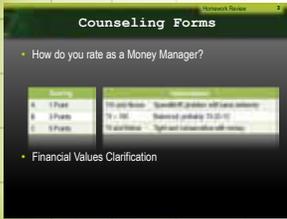
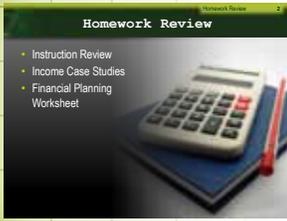
## VI. CONTENT

### Welcome

#### SLIDE 1

- WELCOME learners back for the second day of training. REVIEW the daily agenda and EXPLAIN what the day's focus will be.





## Homework Review

### Slide 2

#### Instruction Review

Review the answers to the Instruction Review that was assigned for homework. (See page 3.36 in the Student Manual, and page 3.49 in this Instructor Guide.) REINFORCE the importance of knowing and understanding the entire Instruction.

#### Income Case Studies

REVIEW any Income Case Studies that were not completed Monday. ASK for any final questions on the form. ASK the learners who did not get the “answer” if they now understand why they didn’t get the answer. COMMENT and EXPLAIN as appropriate.

#### Financial Planning Worksheet

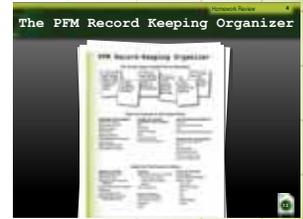
ASK if there are any questions on the FPW at this point in the training. COMMENT and EXPLAIN as necessary. ASK if anyone has completed their FPW, and SUGGEST that if they would like to turn it in now, you will take it.

### Slide 3

#### Counseling Forms

**How Do You Rate as a Money Manager?** Learners were asked to read the statements and circle the response that best applies to them. Instruct the learners to add their answers in each column and give themselves 1 point for each answer in column A, 3 points for each answer in column B, and 5 points for each answer in column C. Learners should add the score for each column for a total score. Explain that although this assessment is not scientific, it is a great way to get a financial conversation started. Explain the score interpretations: a score of 110 and above may mean there is a problem with basic spending behavior. A score of 70 to 100 may mean the budget is “balanced,” probably in the 70-20-10 range. A score of 70 and below may mean the person is tight and conservative with their money. ASK the class how they think they might be able to use this form in the CFS program.

**Financial Values Clarification:** There is no scoring on this assessment; it serves only as a conversation starter for couples and their money-management habits. ASK if any of the learners were able to do this form with their spouse, and if so, get their thoughts about how it worked. ASK the class how they might use this form in their CFS program. Encourage all to make use of assessment tools such as this to get people thinking and talking about their finances.



## Slide 4

# Record-keeping

## Introduction

Briefly review the following record-keeping information. ASK the learners how many of them currently have some system of keeping their records at home. ASK if they found a well-organized record-keeping system to be helpful in filling out the FPW. ASK if anyone feels their records are not well-organized and whether that became apparent as they tried to complete the FPW. For those learners who indicated they do have a record-keeping system, ASK them to explain briefly how it works.

Suggest that the CFS will find many clients, particularly younger clients, who have little or no record-keeping system at all. Some of the signs of lack of a formal record-keeping system will be clients who cannot locate bills, receipts or statements; who have “lost” important documents; and/or who have difficulty providing information for the FPW. These clients in particular are excellent candidates for training on record-keeping.

The CFS should ask each client how they keep their financial records at home. If the client indicates they do not have a system, the CFS should encourage the client to begin to get organized immediately. The CFS can help by explaining the value of good record-keeping, providing the client with the PFM Financial Record-Keeping Organizer, and perhaps even giving the client a few folders or envelopes labeled with basic record-keeping categories. If the client has trouble paying bills on time, the CFS should explain a basic 30-day tickler system and show the client how to start one.

Good record-keeping can prove invaluable to saving the client time, money and frustration. As modern life grows more complicated, we correspondingly accumulate greater numbers of personal financial documents. These records must be put in good order (the floor of the pick-up truck doesn't count!). The benefits of a good record-keeping system are many. A good record-keeping system will:

- Save you time in retrieving information when it is needed.
- Help you recognize problems that require attention.
- Ease stress during emergencies such as illness or unexpected death.
- Help you organize important information and keep track of hard-to-replace documents.
- Ensure you have all your tax records and documents in one place so you can prepare your tax returns in a shorter time and with more accuracy.
- Ensure you can document and prove payment of bills, especially bills such as child support and medical bills.
- Help you enforce warranties.
- Help you document losses for fire damage or theft for insurance claims.

- Help you respond to Letters of Indebtedness and Letters of Intent.

The best record-keeping system is simple and easy. There are many types of record-keeping systems available, from pre-printed folders, forms and files, to extensive software packages that not only help you organize your records but have functions for creating and maintaining financial statements; creating and tracking spending; and tracking and analyzing investments. For our purposes, we are going to focus on the very basics of a simple record-keeping system — what you should keep and where you should keep it.



## The PFM Record-Keeping Organizer

REFER learners to the Record-Keeping Organizer on pages 7.3 and 7.4 in the Student Manual. EXPLAIN that this organizer is one way to help your clients get organized. REVIEW the organizer with the class.

**Record Retention:** Regarding record retention, you should go through records annually and discard anything that does not need to be retained. To make this process easy, you can write a “throw out” date at the top of the document when you file it initially. As a general rule, most documents should be kept for three years. Some documents never should be discarded, including most of the documents kept in the safe-deposit box. Tax records should be kept for a minimum of six years. Consult IRS Pub 552 for specific recommendations on tax-documentation retention. Documents regarding home ownership, including any improvements made to the property, should be kept for as long as you own the property.

- **Current and Long-term Files:** For more sophisticated financial situations, files can be divided further into “current/active” and “long-term/inactive.” Current files contain any documents pertaining to current matters, keep track of personal papers and important contractual obligations, and help in preparing your current year’s tax returns. They should include the last three years worth of tax returns. Keep the “active” files the most accessible — put them somewhere where you will see them and have easy access to them. Long-term or inactive files would contain files from the active file that are more than three years old. They also can include things such as canceled checks and invoices pertaining to home improvements; important personal papers not needed regularly, such as health files; and documents needed only periodically, such as warranties on appliances.
- Keep the system you suggest for your client appropriate to their needs. If they have a relatively simple financial situation, highlight the folders on the organizer that they should create and maintain. If their situation is more complex, let them work through the list and make their system personal and flexible to meet their needs.

ASK for any questions regarding assisting clients with setting up a record-keeping system. Move immediately into the instructional techniques for CFS instructors.

**Slide 5**

## Instructor Training Techniques

### Adult Learning Styles

REFER learners to the Instructional Techniques information starting on 7.5 of the Student Manual. ASK how many have had formal trainer instruction. ASK about their comfort level in conducting training at their command. EXPLAIN that although the local FFSC is available to conduct command-level training, the CFS is encouraged to conduct stand-up training and is provided with all the guides, slides and handouts they need on the PFMSC CD-ROM. REVIEW the contents of the PFMSC as needed to show the class the training materials they have been provided.

**Motivating Adults to Learn:** REVIEW the four Elements of Motivation with the class. ASK learners to provide examples for each motivational element and explain how to demonstrate that element in the training environment.

1. Empathy
2. Enthusiasm
3. Expertise
4. Clarity

**Slide 6**

**Adult Learning Styles:** In your reading last night, you should have reviewed a brief piece on adult learning styles. Generally, adult learning is broken down into three types: visual learners, auditory learners and kinesthetic learners. ASK the class to differentiate between the three. ASK for examples of what types of teaching styles would work best with each learning style.

REINFORCE that a trainer's challenge is to maintain learner attention, build learner interest, and develop learner involvement. This can be done best using active training techniques.

**Slide 7**

### Training Techniques

**Learner-centered Activities:** ASK the class which active learning techniques they read about for homework. Answers should include active lecturing, using visual aids, use of humor, and games and activities.

ASK learners who have done some training to share some of their favorite (and effective) techniques.

ENCOURAGE learners to start training using active training techniques. There are many benefits:

- Active training helps with retention



**NOTE:** *If you have been keeping a running list of the instructional techniques used during the first day of class, you can review the list noting the active training techniques used by classroom instructors.*

- Adds variety
- Maintains learner attention
- Provides methods to reinforce and review learning
- Provides effective evaluation tools that help the trainer know if the learner is learning.

### Slides 8 to 12

Review active training techniques, using visual aids, humor in presentations, games and activities, and working with “unique” learners. ASK learners to describe the best training they’ve ever attended and what made it so good.



### Slide 13

## Practically Perfect Presentations Checklist and Instructional Techniques Critique Sheet

**Practically Perfect Presentations:** Briefly REVIEW the Practically Perfect Presentations Checklist on page 7.10 of the Student Manual. ASK for comments or critiques on how the presenters in the class have done thus far. SUGGEST that they keep these things in mind as the guest speakers address them today — not to be critical of the speakers, but to heighten their awareness of good presentation techniques.



### Slide 14

**Instructional Techniques Critique Sheet:** REFER learners to page 7.11 in their Student Manual where they will find an Instructional Techniques Critique Sheet. EXPLAIN that they will use this sheet during upcoming learner presentations.



## Activity: Training Assignments



**Time:** 3 hours (per agenda)

**Materials:** Instructional materials from PFMSC for each module chosen.

**Procedure:** To provide learners with an opportunity to practice appropriate training techniques, all or a portion of Credit Management, Insurance and/or Car-Buying Strategies can be presented by the learners.

Choose which modules the learners will present, ensuring each individual and/or



group gets at least 5 minutes in front of the class. Total presentation time for each module should match what is set aside in the agenda, and part of the learners' work is to ensure they don't exceed their allotted time.

The presentations can be planned and executed by small groups or by individual volunteers. Decide how you will divide up the learners, and assign them their portion of the training. (The modules can be taught completely by learners only, or the content can be shared with the instructor. Small-group presentations will work best with quiet or shy learners, as well as those with little training experience.)

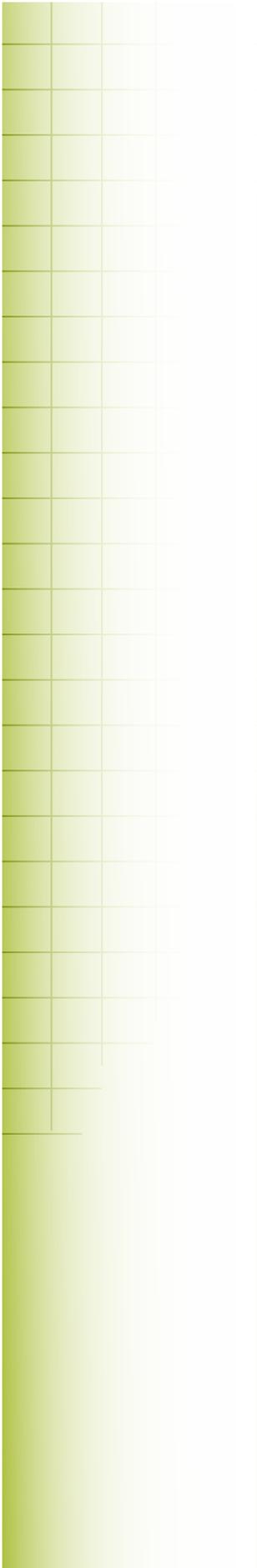
Student trainers should be directed to the relevant portions of the PFMSC CD-ROM for training materials and preparation. If working with a group, the groups will need to review the materials for homework and decide who will present which portion. They should use the information in Chapter 7 to plan their training techniques. Review criteria can be found on the Instructional Techniques Critique Sheet. Remind learners that everything they need to present the program is included in the PFMSC, and if they follow the curriculum they will present a good program. They are, of course, welcome to add additional training techniques if they like, but they should not add content.

While presenting their portions of the training, the student-trainer should be evaluated by the rest of the learners using the Instructional Techniques Critique Sheet. After the training, a class discussion should be conducted on the effectiveness of the training. Note that choosing to have learners present Car-Buying Strategies on Friday provides an excellent capstone activity to all training techniques and skills discussed during the class.

Since all training materials are supplied via the PFMSC, no class time is given to preparing for training. Individuals and/or groups should be able to divide up portions of the training quickly during a break, the lunch hour, or the daily wrap-up.

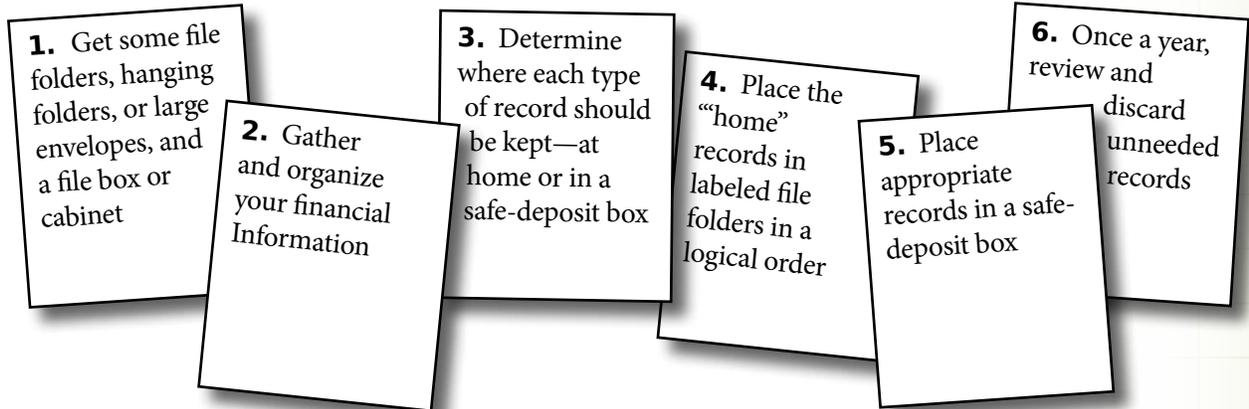
## VII. FORMS

- PFM Record-Keeping Organizer
- Instructional Techniques for CFS Instructors
- Practically Perfect Presentations Checklist
- Instructional Techniques Critique Sheet



# PFM Record-Keeping Organizer

## Six Simple Steps to Better Record-Keeping



## Items for Storage in Safe-Deposit Box

### PERSONAL DOCUMENTS

Family birth certificates  
Family death certificates  
Marriage certificate  
Divorce decree  
Baptismal certificates  
Citizenship/naturalization papers  
Adoption papers  
Military discharge papers  
Social Security verification

### COPIES OF ESTATE-PLANNING DOCUMENTS

Wills  
Living wills  
Health-care proxies  
Trusts  
Letters of instruction  
Guardianship arrangements

### OBLIGATIONS/CONTRACTS

Contracts  
Copies of insurance policies  
IOUs  
Retirement and pension plan documents

### OWNERSHIP DOCUMENTS

Bonds and stock certificates  
Deeds  
Automobile titles  
Household inventories  
Home-ownership records  
Copies of trust documents

## Labels for File Folders at Home

### Banking and Bills

Bills due after this month  
Bills due this month  
Checking account transactions/statements  
Credit-card transactions/statements  
Credit report  
Debt-management plans  
Savings account transactions/statements/passbooks

### Children

Important information for each child  
Social Security numbers  
Copies of birth certificates  
Passports  
School information

### Estate Planning

Durable power of attorney  
Letters of last instruction  
Living wills  
Will(s)

### Financial Planning

Annuity policies  
Financial planning Worksheet  
Insurance policies  
Automobile  
Health and medical  
Home  
Life  
Other  
Personal liability  
Property

# PFM Record-Keeping Organizer

## More Labels for File Folders

### Household

Appliance manuals and warranty/guarantee information  
Complaint letters  
Home purchase and sale documents  
Household inventory (copy in safe-deposit box)  
Property tax information  
Purchase information/receipts for expensive items  
Repair records

### Investments

Investment account information and statements  
IRA and other retirement account transaction statements  
Stocks/bonds/mutual fund statements (original stock certificates and bonds should be kept in a safe-deposit box)  
TSP information

### Job

Command information  
Current resumes  
Employment records/information  
LES and other pay information  
Points of contact for emergency (military)  
Command leadership  
Ombudsman  
NMCRS  
ARC

### Medical

Family dental records  
Family health records  
Insurance statements

### Personal

Certifications/licenses  
Church information  
Divorce/separation papers  
Frequent-flier mileage statements  
Legal papers  
Name and addresses of financial professionals  
Passports  
Powers of attorney  
Safe-deposit box spare key

### Taxes

Business expense records  
Current file for this year's receipts and transactions  
Past-year's tax files

### Vehicles

Buy/sell documents  
Lease information  
Maintenance and repair records  
Registration/titles (keep titles in safe deposit box)

## Record Retention

Three Years for Most Files

Tax Files and Information: Six Years\*

Homeownership Documents: As Long as You Own the Property

Safety-Deposit Box Contents: Indefinitely for Most Items

*\*See IRS Pub 552 for record retention relating to federal income taxes.*

# Instructional Techniques for CFS Instructors

## Motivating Adults to Learn

**What makes a person an instructor?** What makes a good instructor? What makes a great instructor? Are there key elements that can make a good instructor great? How do we motivate our learner to learn the material and then use it in a successful PFM program at their command? Motivation, the “I want” that drives the “I can,” is the driving force that makes you accomplish something. It is stimulus, impetus and incentive. It is key to successful training, as it is a necessary condition for learning, a causal factor in learning, and a consequence of learning. Motivation will make learners cooperative and will stimulate adults to learn. Adults choose to learn, and they will make that choice in an effort to resolve problems, enhance understanding, master a skill or topic, or simply to improve themselves. There are four elements of motivation:

**Empathy:** The Power of Understanding — Relate to the audience with your own experiences. Improve direct contact with audience (move out from behind that podium). Use a friendly approach to understanding the audience. Use common goals as motivators. Involve the whole audience, one-on-one and as a whole. Dress appropriately. Offer tools and resources to learners. Provide a comfortable environment. Ask for feedback and use it. Repeat or paraphrase the learners’ questions. Avoid preconceived notions. Realistically understand learners’ needs and expectations. Adapt instruction to meet learners’ skills and experience level. Consider the learners’ perspective.

**Enthusiasm:** The Power of Commitment — Display enthusiasm. Use body language, correct voice tones. Display practicality. Share personal experience. Be role models. Encourage synergy. Use audience involvement. Be creative. Be energetic. Be knowledgeable. Use positive goals. Use eye contact. Be courageous. Be imaginative. Be entertaining. Illustrate professionalism. Encourage leadership. Get attention. Care about and value what you teach. Exercise powerful influence. Use emotion, animation and energy.

**Expertise:** The Power of Knowledge — Use facts, not fiction. Know something beneficial to the adult. Know your subject well. Be open-minded. Use new ideas. Admit when you don’t know something. Be a subject-matter expert or use them. Have a proven plan — practice what you preach. Give attention to detail. Use appropriate resources. Use life experiences. Conduct research and stay current.

**Clarity:** The Power of Presentation — Provide specific objectives and feedback. Keep the subject timely. Tell stories designed for the audience. Use appropriate instructional techniques. Be concise in communication. Know your subject. Relate relevant personal experiences. Use props and audio/visual aids. Speak to the level of the audience, using appropriate language. Use etiquette and respect. Promote questions and answers. Listen to learner sea stories. Discuss correct facts and figures. Provide detailed information. Ensure instruction can be understood and followed by most learners. Provide additional methods of comprehension of what was taught if it was not clear in the initial presentation. Use active learning techniques. Don’t try to impress but to express.

## Active Training Techniques

**Adult Learning Styles** — For adults to learn, instruction must be stimulating and have something for all types of learners. Some people are **visual learners**. They rely on their sight to learn new information. With visual learners, demonstrations and visual aids (e.g., charts, videos, slides, pictures) are very effective. Some are **auditory learners**. They like to listen to explanations and discuss new information with others. They learn verbally. Lectures, group discussions and audiotapes are effective for this group. Finally, some learners are known as **kinesthetic learners**. This group learns best by doing. They enjoy “hands-on” experiences and need to practice

new skills. Even though most people have a learning-style preference, studies have found that people retain more information when a combination of learning styles is used. An effective instructor will present information in a combination of ways: visually (learners see it), verbally (learners hear it), and interactively (learners do it), so that people are engaged by the training.

Using the various adult learning styles, or a combination of them, trainers need to focus on maintaining learner attention, building learner interest, and developing learner involvement. Maintaining learner attention is accomplished by providing response opportunities frequently through questions, opinions, demonstrations and reactions to feedback. Help learners realize that they are accountable for learning. Provide variety in style, instructional methods and learning materials (visual, auditory, kinesthetic). Provide closure to activities. Use breaks, physical exercises and energizers. Building learner interests is accomplished by relating the learning to adult interests, providing a constant stream of relevant material, using age-related topics, touching on issues that interest people (probably NOT something about you), and defining the clear advantages of learning the materials. Developing learner involvement includes using disequilibria to stimulate, playing the devil's advocate, and making learner reaction and participation an essential part of the learning process via games, exercises, observations, overt bodily activity, and minor challenges.

The Command Financial Specialist Training Course uses many active training techniques in an effort to appeal to all types of learners. These techniques include active lecturing using questions and answers, brainstorming, learning partners, games, role-plays, activities, group work, hands-on practical application, and simulations. Active learning techniques aid in retention, add variety, and keep learner attention. They can be icebreakers, illustrations or session closers. They are single-focus, adaptive, inexpensive, and often humorous. Since many people learn best by doing, active learning lets the learner do the work. Brief, participative, low-risk activities assist learning through repetition, reinforcement, association, and the five senses. Get off the lecture circuit and start training actively! Following are some tips on key types of active training.

## Active Lecturing

- Break down lectures into small pieces, punctuated with practical application
- Use visual aids
- Encourage and use questions (have them prepared)
- APPLE technique: **A**sk question, **P**ause, **P**ick a person to respond, **L**isten to the answers, **E**ncourage the person by responding with positive reinforcement such as “great” or “excellent.”
- Call on non-volunteer students occasionally (use the whole class); prompt those who give a weak or inaccurate answer; answer some questions with a question. Don't ridicule; don't shotgun; give time for a response.
- Use guided note-taking
- Encourage discussion
- Involve learners through written participation
- Use values-clarification exercises
- Use role-play or simulation
- Use brainstorming
- Prepare supplementary handouts
- Illustrate with a case study or critical incident
- Give informal tests

- Conduct interviews
- Encourage directed listening
- Make a concept diagram
- Ask for “I learned...” and “I wonder...” statements
- Team lecture

## Visual Aids

- Reduces explanation time; a picture is worth a thousand words
- Should be:
  1. Accurate: Outdated or incorrect visuals defeat their purpose
  2. Simple: Unnecessary data can confuse the student
  3. Visible: All students must be able to see all aspects of the visual aid (for projection visibility, each row should be no more than three screen-widths wide, the first row should be at least two screen-widths length from the screen, and the back row should be no more than six screen-widths length from the screen)
  4. Necessary: Visual aids must support your program
- Can be transparencies, electronic projections, videos, newsprint and/or wall charts, slides, chalkboard/white board, handouts, and props

## Humor in Presentations

- Appropriate humor will turn “ha-ha” into “a-ha”
- Humor helps people relax
- During and immediately after the use of humor, people suspend judgment. This is a teachable moment — call it the “laughter-math” and take advantage of it.
- Humor can be very simple — showing a funny cartoon, T-shirt, hat or button. It can be more complex — humorous ways of choosing groups, games and activities with a humorous twist. Humor can include props as well. Although humor should be appropriate to the training, there are times when humor for humor’s sake is OK, too.
- Humor makes training fun, but it doesn’t make fun of trainees.
- Humor isn’t necessarily telling a joke so much as communicating a sense of humor.
- Here are eight E’s of humor:
  1. Environment: Have a humor-filled environment
  2. Entrance: Start the workshop with humor
  3. Ear Ye, Ear Ye: Listen to participants; let them share humor
  4. Exercise: Use humorous but relevant exercises
  5. Exaggerate: Use humorous exaggeration to stress a point
  6. Energize: Use energizers that refresh and amuse
  7. Enhance: Use humor that goes for the jocular vein, not the jugular!
  8. Extend: Use humor that will extend learning

## Games and Activities

Games and activities are part of the process of a learning experience. They may be an exercise, illustration, activity or incident used to present or support the trainee's learning.

- Games usually have the following characteristics:
  1. They are brief
  2. They are inexpensive
  3. They are participative
  4. They use props
  5. They are low-risk
  6. They are adaptable
  7. They are single-focus
- Games can be used:
  1. As session icebreakers
  2. To involve the trainees
  3. As illustrations
  4. As session closings
- Games assist the learning process through:
  1. Repetition
  2. Reinforcement
  3. Association
  4. Senses

Games will be dismal failures if insecure, inexperienced or unprepared trainers use them to kill time, impress trainees, or put down trainees. They should not dominate the process but enhance it. Trainees should be able to answer the “What’s in it for me?” questions positively for any game or activity.

### Tips for “Experiential” Activities

1. Explain your objectives
2. Sell the benefits
3. Speak slowly when giving directions
4. Demonstrate the activity if the directions are complicated
5. Divide participants into subgroups before giving further instructions
6. Inform participants how much time they have
7. Keep the activity moving
8. Challenge participants
9. Always discuss the activity — before and after

## Working With “Unique” Participants

Here are a few tips for working with participants who have a unique way of cooperating:

- Five Strategies to Deal With “Over-Participants”
  1. Make questions easier for all to answer
  2. Ignore raised hands
  3. Tell the over-participant you are not ignoring them but want to give others a chance
  4. Have the class discuss a topic in pairs
  5. Offer to speak with the over-participant privately about his/her unique situation
- Four-Step Strategy for Dealing With Resistant Audiences
  1. Don't apologize — openly acknowledge the conditions under which participants are attending
  2. Adjust their perspective
  3. Make a statement of course commitment
  4. Ask for their commitment
- Strategy for Dealing With an Apathetic Audience
  1. Acknowledge the situation
  2. State your observations
  3. Inquire and assist
  4. Explore, commit and adapt

# Practically Perfect Presentations Checklist

If you do not have a lot of experience with making presentations, the following checklist will help you be more comfortable in the classroom and assist in delivering successful training.

## Speaker Analysis

- Do you have a clear purpose in mind? Do you know what you want? Do you know what your listeners want to learn, or to be able to do?
- Have you organized and rehearsed the beginning and ending of your presentation?
- Do you appear calm and prepared?
- Are you establishing and maintaining eye contact?
- Are you speaking in a direct, friendly, conversational manner?
- Are your notes unobtrusive and not distracting?
- Are you relaxed and ready to go?

## Audience Analysis

- Have you considered what interests your listeners have and how these interests will affect their attentiveness?
- Is there a certain person or group with whom you have avoided speaking? Don't do that!
- What is your credibility rating with your audience?
- Have you considered WHOM your listeners are most likely to believe?

## Message Analysis

- Are the central ideas of your presentation important, significant and/or interesting to your audience?
- Do you have a clear, unified, central idea? And is it narrow enough to be done correctly in the time allotted?
- Is the intent of your presentation to inform, to persuade, or both?
- Does the introduction "grab" your audience's attention?
- Does your conclusion adequately summarize your presentation?
- Can you possibly shorten your presentation? If so, do it!

## Opening Remarks

- Look at your audience and smile
- Get their attention; arouse interest in the presentation
- Reveal and preview your topic; make the purpose of your presentation clear
- Establish your credibility for speaking on the topic
- Don't make excuses or apologize
- Never compare audiences

## Closing Remarks

- State that you are concluding your presentation
- Summarize your main idea
- If appropriate, and time allows, ask if there are any questions; set a time limit for questions, and make yourself available to answer questions after the presentation
- Compliment your audience
- Have a "call to action"
- Finish with a BANG!!
- Thank the audience; let them know that this was a good beginning and that you would be happy to come back again

## Questions and Answers

- Decide when and if you'll take questions
- Limit time
- Don't answer unless you can
- Be brief
- Recognize questions in order
- Repeat the question before answering
- Soften words in hostile questions when repeated
- Use the audience to answer questions
- Avoid conversations
- Be courteous
- Don't let the question-and-answer session drag

# Instructional Techniques Critique Sheet

Presenter:	Evaluator:		
		Yes	No
1. The instructor made an impactful “What’s in it for me?” statement.			
2. The opening was effective, caught my attention, and was relevant.			
3. The instructor facilitated learner-centered activities that were useful and effective.			
4. The trainer spoke 50 percent or less of the training time.			
5. The closing was effective and relevant.			
6. The instructor knew the material well.			
7. The instructor knows whether or not I learned the material.			
8. I took part in training techniques I’d like to use.			

**Comments:**



# Consumer Awareness: Deter, Detect, Defend

## I. INTRODUCTION

This chapter provides the learner with exposure to a wide array of consumer issues and methods of using the information in their role as an educator and counselor. Using the Federal Trade Commission's Deter, Detect, Defend model, topics include why service members are vulnerable to consumer rip-offs, the impact of advertising on the buying decision, deterring consumer problems, detecting when a fraud has occurred, and defending against fraud if the member is victimized.

Practical application of each step in the model is used to help the learner determine how best to use the information presented. An optional review session modeled after a game show is included.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter directly correlates to the PFMSC Consumer Awareness Module. Learners have adequate exposure to the topic to allow them to present this segment. Alternative ways to educate command members, besides stand-up training, are suggested and practiced. Several training techniques are utilized in this segment including lecture, class participation, and an optional topic review in a game-show format.
2. **Information and Referral:** Many referral resources are reviewed in this topic that assist the CFS in functioning as a consumer advocate for clients.
3. **Counseling:** The CFS often meets with clients regarding consumer issues. The role of the CFS as a counselor is enhanced by the knowledge of consumer resources available and the techniques to manage consumer problems.

## II. LEARNING OBJECTIVES

Learners will demonstrate knowledge of deterring scams, misrepresentations and frauds and the ability to educate command members by developing five usable Plan of the Day (POD) notes.

Learners will demonstrate knowledge of detecting scams, misrepresentations and frauds and the ability to educate command members by writing an e-mail on ways to detect fraud.

Learners will demonstrate knowledge of defending against scams, misrepresentations and fraud and educating command members by developing an educational flier on ways to avoid fraud.

Learners will demonstrate knowledge of consumer laws and resources by correctly completing a matching exercise.

### III. OUTLINE

1. Introduction and Topics (5 minutes)
2. Deter (20 minutes)
  - a. The Savvy Consumer
  - b. Target: Military Personnel
  - c. The Impact of Advertising
  - d. The Impact of Technology
  - e. How to Deter
  - f. Activity: National Consumer Protection Week POD Notes
3. Detect (20 minutes)
  - a. Misrepresentations, Scams and Frauds
  - b. Major Issues of Concern
  - c. Detecting Identity Theft
  - d. Activity: E-mail to the Command
4. Defend (25 minutes)
  - a. Defensive Techniques for the Savvy Consumer
  - b. Make Smart Purchases
  - c. Borrow Wisely
  - d. Take Action
  - e. For Identity Theft...
  - f. Activity: Fabulous Fliers
5. Your Legal Rights (5 minutes)
  - a. How to Cancel a Contract
  - b. Cooling-Off Periods
  - c. Federal and State Consumer-Protection Laws
  - d. Referrals for Consumer Issues
  - e. Activity: Consumer Laws and Referral Resources Matching
6. Optional Activity: Consumer “Jackpot” Review

### IV. CHAPTER PREPARATION

**Presentation Time:** 80 minutes

**Presentation Materials:**



- PowerPoint slides, “Consumer Awareness: Deter, Detect, Defend”
- Student Manual Chapter 8
  - ▶ Sources of Help for Military Consumers
  - ▶ Deter, Detect, Defend: Avoid Identity Theft
  - ▶ CFA Military Lending Act Fact Sheet
- *Consumer Action Handbook* (available in bulk from the FTC)
- Optional Sample Advertising
- Optional FTC Video (CD) on Identity Theft
- Optional Consumer “Jackpot” PowerPoint Review Game

#### Summary of Learner-centered Activities

- **National Consumer Protection Week POD Notes:** After hearing the “Deter” section, learners will use the lecture material, Student Manual and *Consumer Action Handbook*, if available, to develop five short POD notes suitable for publication during National Consumer Protection Week. All POD notes can be combined into one document and distributed to the learners during “Developing Your Program” on Friday.
- **E-mail to the Command:** After hearing the “Detect” section, learners will draft an informational e-mail to command members educating them on key ways to detect fraud.
- **Fabulous Fliers:** After hearing the “Defend” section, learners will create an informational flier for posting at the command.
- **Consumer Laws and Referral Resources Matching:** After hearing the section on consumer laws and resources, learners will complete a matching activity to reinforce learning. This activity can be skipped if doing the Consumer “Jackpot” review game.
- **Optional Consumer “Jackpot” Review:** A “Jeopardy!”-style game reviewing topics contained in this chapter.

## V. REFERENCES

SECNAVINST 1754.1B, DoN Family Support Programs (27 Sep 2005)

OPNAV Instruction 1740.5B, Personal Financial Management Education, Training and Counseling Program (7 May 2007, amended 2 Jul 2008)

Consumer Awareness Module, Personal Financial Management Standardized Curriculum 2007 and all references listed therein.

Federal Citizen Information Center. *2009 Consumer Action Handbook*. U.S. General Services Administration ([www.consumeraction.gov](http://www.consumeraction.gov))

Federal Trade Commission. 2009. "Deter, Detect, Defend" and various other pamphlets available to consumers.

National Consumer Law Center Inc. May 2003. *In Harm's Way at Home: Consumer Scams and the Direct Targeting of America's Military and Veterans*. Boston, Mass.: NCLC. ([www.nclc.org](http://www.nclc.org))

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[www.pewInternet.org/trends.asp](http://www.pewInternet.org/trends.asp) (Pew Internet and American Life Project). Accessed March 2009.

Web sites consulted:

[www.adage.com](http://www.adage.com) (Ad Age Web site, advertising statistics)

[www.bbb.org](http://www.bbb.org) (Better Business Bureau)

[www.callforaction.org](http://www.callforaction.org) (network of consumer hotlines)

[www.citizen.org](http://www.citizen.org) (Public Citizen Consumer Advocacy Web site)

[www.consumer.gov](http://www.consumer.gov) (consumer safety tips)

[www.consumeraction.gov](http://www.consumeraction.gov) (Consumer Action Web site)

[www.consumerreports.org](http://www.consumerreports.org) (Consumer Reports)

[www.consumerworld.org](http://www.consumerworld.org) (Consumerworld Web site)

[www.DMAchoice.org](http://www.DMAchoice.org) (Direct Marketing Association opt-out programs)

[www.donotcall.gov](http://www.donotcall.gov) (National Do-Not-Call List)

[www.fraud.org](http://www.fraud.org) (Internet Fraud Watch)

[www.ftc.gov](http://www.ftc.gov) (Federal Trade Commission)

[www.ftc.gov/Sentinel/](http://www.ftc.gov/Sentinel/) (FTC Consumer Sentinel Network)

[www.naag.org](http://www.naag.org) (National Association of Attorneys General)

[www.natlconsumersleague.org](http://www.natlconsumersleague.org) (National Consumers League)

[www.nffsp.org](http://www.nffsp.org) (Fleet and Family Support Programs)

[www.nlada.org](http://www.nlada.org) (National Legal Aid and Defenders Association)

[www.pueblo.gsa.gov](http://www.pueblo.gsa.gov) (Federal Citizen Information Center)

[www.responsiblelending.org](http://www.responsiblelending.org) (Center for Responsible Lending)

[www.scambusters.org](http://www.scambusters.org) (scam site updated regularly)

## VI. CONTENT

### Slide 1

## Introduction and Topics

### Slide 2

TELL learners that this chapter very closely models the Consumer Awareness module in the PFM Standardized Curriculum. As part of a proactive CFS program, the learners should be sure to know this information so they can educate members as a way of preventing problems and to be able to use it in counseling to help members who have consumer issues.

The topic is designed to help Sailors get the most for their hard-earned money and to avoid being ripped-off in the consumer marketplace. American consumers pump trillions of dollars into the economy purchasing a variety of goods and services. You could say that every cent a person makes gets spent on something—even money that is “saved” is spent on financial “products” (such as savings accounts, mutual funds, stocks and bonds). Consumers usually buy what they need for a fair price. But with so much money in the consumer marketplace, it is understandable that there would be some bad deals, scams and outright fraud.

Consumer education is the key to avoiding these rip-offs. In fact, fraud is one of the few crimes in which victims can decline to participate—if they recognize the warning signs. Without a sound education in consumer issues, the marketplace turns into a jungle where the law is survival of the fittest, and the fittest often are predators out to get your money in whatever way possible.

Instructor Note: Reinforce with the learners that it is hoped they will use this module for classroom training of their members. However, educating the command doesn't always mean standing up in a classroom, so during the session they will have the opportunity to explore some other ways to pass on this important information when they return to their commands.

A common term used in consumer education is “caveat emptor.” ASK What does this phrase mean? It is a Latin term for “let the buyer beware.” Some unscrupulous business people use this term to argue that it is a buyer's responsibility to make sure they are getting a good deal. It appears that most state attorneys general as well as the federal government would disagree, as there are many laws in place to help protect consumers. However, that doesn't relieve consumers from doing everything they can to make wise spending decisions.

## Chapter Eight



The opportunity for fraud is considerable. According to the Federal Trade Commission, in 2008 1.2 million fraud complaints were reported with a total loss of \$1.2 billion and an average of \$3,219 per person lost. Identity theft was the largest of the fraud complaints, mostly as a result of fraud related to credit cards. If these numbers appear big, consider that less than half of those who have been a victim of fraud actually report it. In fact, 2008 only 62 percent of those who were victimized by identity theft alone filed a police report.

### Slide 3

This program will focus on the three key steps to getting the most for your money and avoiding being a victim of fraud: deter (to prevent bad deals from happening in the first place), detect (to know you have, in fact, been victimized), and defend (to guard against future assault). First, we'll discuss why the military is a target and basic steps to being a savvy consumer. Next, we will look at common scams and frauds and focus on three issues of particular importance to military members — Internet scams, predatory lending and identity theft. Finally, we'll look at ways to defend against consumer fraud and the many resources — military, legal and otherwise — available to help members with problems in this area. Along the way, you will have a chance to apply what you learn in a way that will be useful in your role as a CFS.

### Slide 4

## Deter

### The Savvy Consumer

Consumer awareness simply means ensuring that someone who purchases goods and services is informed, alert and knowledgeable. You work hard for your money, so you want to get the most out of it when you spend it and make sure you're spending your money on the right thing. Consumer awareness means that you have thought about your money and your goals with your money. It means that you have a realistic budget, make deliberate spending decisions, plan your purchases, investigate all offers, comparison-shop, and use credit wisely. Consumer awareness means knowing about frauds and rip-offs and avoiding them completely. It means understanding the impact of advertising, instant gratification, and the mistaken sense of entitlement. Ultimately, it means you understand that it is your very behavior in the consumer marketplace that will determine whether you get the most for your money or become a victim of consumer abuse. Offers abound in the marketplace, and bad offers abound with increasing frequency.

Why are people susceptible to consumer rip-offs? There are several possible answers: because they want to get a good deal and spend as little as possible; because they lack experience with con artists; because they lack consumer education; because they don't have reliable sources of information; because of the impact of advertising; and because of the uneven playing fields of high-pressure sales techniques.



### Slide 5

#### Target: Military Personnel

Military personnel are ripe targets for consumer predators for a variety of reasons. Many are low-income (always the most-targeted group) but have more economically attractive qualities than most low-income people, including these factors:

- They have a steady paycheck (with no danger of being laid off) and a willingness to spend it. Businesses are aware of the ease of paying by allotment and find the ability to garnish the military paycheck an added benefit of dealing with service members.
- More of them are married at a younger age than previous generations and therefore have more financial needs.
- Military codes of conduct that stress the need for orderly personal lives, including orderly finances, inadvertently may be driving service members toward the quick fixes that many consumer predators offer.
- There are more young adults who have no consumer education, are away from home for the first time, and are anxious to experience new things.
- They are a population that is easy for debt collectors to track.

### Slide 6

- They are easy to pick out, even in civilian clothes. It's easy for salespeople who've experienced military life to engage service members in conversation, appear authoritative, and ultimately sell them something.
- Periods of deployment uniquely impact military personnel. It is not uncommon for service members to spend all the money they saved on things they missed for all those months, or to purchase big-ticket items because now they have "money burning a hole in their pocket." For example, we know that about 40 percent of service members buy a vehicle after returning from a six-month deployment.
- Affinity marketing, using military-sounding names, military symbols, and ex-military people in sales and executive capacities, further clouds the identities and goals of many businesses that military people should avoid.
- Consumer-unfriendly businesses often can be found inside the base gates. They get inside bases by skirting on-base solicitation curbs and via ads in military newspapers. The nationally published and widely read Military Times newspapers apparently are thought to be "official" by substantial numbers of service people even though they aren't, leading some to trust those papers' advertisers more than they otherwise might.
- Service members are targeted specifically by ID-theft scams and predatory lenders and retailers. Payday-lending shops have been shown to cluster around military bases. Some states now have laws to protect service members from becoming the victims of predatory lending.



All of these factors combine to make the military consumer, especially the young military consumer, prey to the scams and frauds that exist in the consumer jungle. When these factors are combined with the marketing machine that is American consumerism, the stage is set for a losing battle without adequate awareness, education and prevention.

## Slide 7

### The Impact of Advertising

Marketing and advertising are designed to lure you to make a purchase. Advertising in the United States is a \$150 billion industry each year. Most marketing campaigns follow a simple formula to get you to buy a product: They get your attention, they build your interest and desire, and they spur you to action. With consumers enduring at least 1,000 advertising “hits” a day (as high as 3,000 by some estimates), clearly a number of different messages are competing for your attention. Companies know that to be effective, ads must be repeated extensively and appeal to logic, emotions, and/or symbols.

Everyone is the target of advertising. We are intimately familiar with logos, slogans, icons, even colors! Can you recognize which products these slogans identify?

“Drivers Wanted” (Volkswagen)

“Just Do It” (Nike)

“Run for the Border” (Taco Bell)

What is the 1st Amendment to the Constitution? How about the 7<sup>th</sup> Amendment? Why do we remember these advertising slogans but not our own Constitution?

## Slide 8

The most effective advertising has a timeless appeal — how many of these icons do you recognize? Do you know the year they started to be used?

## Slide 9

### Common Advertising Techniques

Advertising is both an art and a science to get you to buy more in terms of quality or quantity than you planned to buy, to spend more than you intended to spend, and if possible, to get you to buy something you neither wanted nor needed in the first place and to buy it repeatedly. Maximizing the sale is the name of the game. Recognizing some of the common techniques used in advertising will help you separate fact from fiction and allow you to keep more of your money. Techniques include beauty appeal, celebrity endorsement, escape, independence/ individuality, intelligence, lifestyle, nurturing, peer approval, rebellion, rhetorical questions, scientific/statistical claims, and unfinished comparison/claims.



## Chapter Eight



The sales world looks at young military personnel as gullible and inexperienced with their first steady income, their first time away from home, and their tendency to buy on impulse. The sales strategy is to get them in, get them comfortable and get them signed up. While all advertising is geared to make you want to buy the product or service, some advertising actually is misleading, deceptive or outright false. Look out for offers that look too good to be true; they frequently are.

### Slide 10

**Meaningless Terms:** These include expressions such as “greatly reduced” (from what?), “below cost” (how do they stay in business selling this way?), “now or never” (creates a sense of urgency on your part to buy or miss the opportunity. Wait a couple of months, and you will see this item again. This is used in high-pressure sales, such as time-share vacations and campsites), and “special purchase” (usually an excuse to raise the price with special features and looks).

**Misleading Ads:** Beware of sayings such as “we finance E-1s and up,” “specialists in military financing,” “instant financing” and “free ride to the store!” Carefully investigate “free” or “bargain” offers — often, they are neither. Complete the phrase: “If it sounds too good to be true... (it probably is).”



### Slide 11

#### The Impact of Technology

No discussion of consumer awareness today would be complete if there wasn't a focus on the impact of technology. Internet use continues to grow (chart statistics are for 2008):



Online Activity	Gen Y (18-32)	Gen X (33-44)	Boomers (45-54)
Use the Internet	87 percent	82 percent	79 percent
Bank online	57 percent	65 percent	53 percent
Buy online	71 percent	80 percent	68 percent
Use e-mail	94 percent	93 percent	90 percent

With these levels of usage, it is no surprise that the Internet has become a primary locus of consumer fraud and abuse. Protecting your computer and using the Internet with great caution and care are an integral part of consumer awareness.

### Slide 12

#### How to Deter

##### Basic Guidelines

Here are some basic guidelines for being a savvy consumer:

- Know what you can afford. Have a budget and stick to it. This seems like a simple thing, but studies have shown that people who do not keep track of their income



and expenses with some form of a written budget cannot account for 10 percent of their money! A written budget also includes well-thought-out financial goals, so having a budget helps you avoid impulse-buying, a major behavior leading to consumer fraud.

- Separate your needs and your wants. Determining what you need versus what you want (and how both fit into your spending plan) will help you get the most for your money.
- Don't buy on impulse. Impulse-buying is a big contributing factor to getting ripped off. Unplanned spending not only undermines your budget but also means you haven't done any research or comparison shopping. So, you may not be getting the best deal for your money.
- Know the merchant before you buy — do your homework! Never buy from a company with which you are not familiar. If a deal is legitimate, the seller will be willing to give you time to do your homework, so research the company and the product. Be especially careful when dealing with online merchants.

### Stop Telemarketers, Get Off Mailing Lists, Opt-Out!

REFER learners to page 8.6 in their Student Manual. One of the easiest ways to avoid consumer rip-offs and overspending is to eliminate marketing calls, junk mail and spam. This is not difficult to do.

- Start by getting your name removed from calling lists by registering with the federal government's national Do-Not-Call Registry ([www.donotcall.gov](http://www.donotcall.gov)). Registration is good for five years. After five years, you will be able to renew your registration. If you get restricted telemarketing calls after your number has been in the national registry for three months, you can file a complaint at [www.donotcall.gov](http://www.donotcall.gov) or by calling 1-888-382-1222. The Federal Communications Commission requires telemarketers (except tax-exempt nonprofit organizations) to maintain a record of your request not to receive future telephone calls. The record must be maintained for 10 years. If you get another call from the same person or organization, report the date and source to the FCC.
- Next, get your name removed from direct mail, catalog and e-mail solicitations by registering with the Direct Marketing Association's opt-out program at [www.DMAchoice.com](http://www.DMAchoice.com).
- Get your name removed from other solicitation lists and marketing efforts by opting out on your credit report file. This opt-out choice is available through the Direct Marketing Association's process or directly at [www.optoutprescreen.com](http://www.optoutprescreen.com).
- If a telemarketer calls, request that your name be placed on their "do-not-call" list. By law, they must comply.
- When given a choice, opt out of any solicitations. Tell all companies with which you do business to remove your name from customer lists they rent or sell to others. Look for information on how to opt out of marketing lists on sales materials, order forms and Web sites.





### **Protect Personal Information**

- Guard your Social Security number. Give it out only when absolutely necessary. Ask to use other types of identifiers when possible. If your state uses your Social Security number as your driver's license number, ask to substitute another number. Also, minimize the amount of information you put on your checks.
- Sign credit/debit cards when they arrive. It's harder for thieves to forge your signature.
- Carry only the cards you need. Extra cards increase your risk and your hassle if your wallet is stolen. Copy all the contents of your wallet, front and back, and store the copies in a safe place.
- Keep your PIN numbers secret. Never write a PIN on a credit/debit card or on a slip of paper kept with your card.
- Avoid obvious passwords. Avoid easy-to-find names and numbers such as your birthday and phone number.
- Store personal information in a safe place at home and at work.
- Don't give card numbers to strangers. Confirm whether a person represents a company by calling the phone number on your account statement or in the telephone book.
- Watch out for "shoulder surfers." Use your free hand to shield the keypad when using pay phones and ATMs.
- Beware of blank spaces. Draw a line through blank spaces on credit slips. Never sign a blank slip.
- Keep your receipts. Ask for carbons and incorrect charge slips as well.
- Destroy documents with account information. Stop thieves from finding information in the trash by tearing up or shredding receipts, credit offers, account statements, expired cards, etc.
- Protect your mail. Ask your local U.S. Postal Service to put your mail on hold when you are traveling and can't pick it up.
- Keep a record of your cards and accounts. List numbers, expiration dates and contact information in case there is a problem.
- Pay attention to your billing cycles. A missing bill could mean a thief has taken over your account.
- Promptly compare receipts with account statements. Watch for unauthorized transactions. Shred receipts after verifying the charge on your monthly statement.
- Check your credit report once a year. Check it more frequently if you suspect someone has gotten access to your account information.

## Protect Information on Your Computer

The Federal Trade Commission offers these tips for a safer computer:

- Protect your personal information.
- Know who you are dealing with.
- Use anti-virus software and a firewall, and update both regularly.
- Be sure to set up your operating system and Web browser software properly, and update them regularly.
- Protect your passwords.
- Back up important files.
- Learn who to contact if something goes wrong.

## Slide 13

### Deterring Identity Theft

Identity theft is a serious problem that can ruin your credit and your good name. It comprised the majority of all the fraud complaints reported to the FTC in 2008. Most identity theft happens via credit-card fraud. The availability of personal information has made it very easy for thieves to steal your identity and use it to open credit accounts, bank accounts, and get loans. The results can be disastrous, affecting future credit worthiness, credit reports, and jobs — every single facet of your financial life.

Many of the steps consumers should take to safeguard themselves in general apply very specifically to avoiding identity theft:

- Safeguard your mail. The greatest amount of information used in identity theft is found in the garbage and in the mailbox. Cut down on the amount of junk mail you receive, and be sure to shred everything. If you change addresses, let your creditors know. If you are expecting a new or replacement card or check, and if it is late, report it immediately.
- Opt out of unsolicited credit offers.
- Guard your wallet.
- Take your receipts.
- Safeguard your checks.





**Activity:** National Consumer Protection Week POD Notes

**Time:** 15 minutes

**Materials:** Student Manual page 8.9, *Consumer Action Handbook* (if available)

**Procedure:**

The learners will apply what they learned in the “Deter” section by creating five POD notes suitable for publication in the command’s POD. The notes should educate members on some aspect of the information covered. The five notes can be related to one topic, or each can be on an individual topic, but they should be relatively short: four or five sentences. Topic suggestions are provided:

Military as Targets of Consumer Rip-Offs	The Impact of Advertising	Common Advertising Techniques
Technology and Consumer Rip-Offs	Deterring Consumer Problems	Opting-Out and Do-Not-Call Registries
Protecting Your Personal Information	Tips for Smart Computing	Identity Theft and How to Avoid It

Learners can work individually, in pairs or in small groups to write their notes. When all are done, ask for some to read their samples. The sample notes can be collected, combined and distributed to all learners by the end of the week.

Reinforce with the learners that their task under the OPNAV to provide training and education doesn’t necessarily mean stand-up training, and POD notes can offer a quick way to educate as well as a way to advertise the services of the CFS.

**Slide 14**

**Detect**

**Misrepresentations, Scams and Frauds**

Despite all the consumer alerts and warnings and consumer education, there still is an abundance of shady, misleading and illegal business in the marketplace. Anyone can be ripped-off if the circumstances are right. Because most businesses are honest, we tend to trust people. However, an overly trusting attitude and a passive approach to consumer issues often are our worst enemies. Sensitize yourself to the most common dangers. Remember that “awareness = avoidance.” Here are some key terms and examples of each.

**Misrepresentation**

A misrepresentation is not necessarily illegal, but it is misleading. Sellers simply are misleading you by making you think the deal is different than it really is. A key point to remember is that while some business practices certainly may not be ethical, they clearly are NOT illegal. This is precisely why the term “caveat emptor” (“let the buyer



beware”) applies in the absence of legal guidance. Be on the lookout for door-to-door sales, sweepstakes prizes and contests, free gifts, and merchandise you didn’t order.

## Scam

A scam is an unfair act of exploitation, but it is not necessarily illegal. Scams take advantage of areas where there are no consumer laws to provide protection. You frequently will see the terms “scam” and “fraud” used in conjunction with one another. Be on the lookout for free home-inspection deals, get-rich-quick deals, work-at-home schemes, Internet-based business opportunities, Internet scams, and predatory lending.

## Fraud

A fraud is a deliberate deception. It usually is illegal, and there are numerous consumer laws to protect the consumer. Be on the lookout for auto-repair frauds; Ponzi schemes (investment pyramids); bait-and-switch; slamming, cramming and phishing (all types of Internet fraud); telemarketing fraud; and identity theft.

The top five telemarketing frauds in 2007 were fake-check scams, prizes/sweepstakes, advance-fee loans, lotteries and lottery clubs, and phishing.

- In a fake-check scam, consumers are paid with a phony check for work or items sold and instructed to wire the money back. This fraud constituted 58 percent of all telemarketing frauds committed in 2007, with an average loss of \$3,854.
- The prizes/sweepstakes category was 14 percent of complaints and had an average loss of \$6,601. In this fraud, the consumer is asked for a payment to claim a prize that never materializes. Remember, if you have to pay for a prize or sweepstakes winnings, it isn’t a prize at all.

These are only some of the more popular types of schemes awaiting consumers in the marketplace. The Federal Trade Commission’s *Consumer Action Handbook* specifically addresses all of these and more. The handbook offers sound advice on avoidance and how to take corrective action. Download it, or order a copy from the Federal Trade Commission.

## Slide 15

### Major Issues of Concern

The three major issues of concern to the military consumer are Internet fraud, predatory lending and identity theft.

## Slide 16

### Internet Fraud

With over 87 percent of consumers ages 18 to 32 using the Internet, online fraud has become big business.





- The top scam of 2007 involved fake checks, which comprised 29 percent of all complaints with an average loss of \$3,310. In a fake-check scam, consumers were paid with phony checks for work or items sold and then instructed to wire money back.
- The second most popular Internet fraud was via general merchandise sales (not through auctions), where goods were misrepresented or never delivered. These comprised 23 percent of all complaints with an average loss of \$1,136.
- The third most popular fraud was online auctions (goods never delivered or misrepresented). These comprised 13 percent of all complaints with an average loss of \$1,371.
- The fourth most popular fraud in 2007 was the “Nigerian money offer” (and has been in the Top 10 for the past six years), where false promises of riches are made if the consumer will pay to have the money transferred to their bank account. Average losses were \$4,043, and the scam accounted for 11 percent of the total reported (up from 7 percent the previous year).

What can we learn from these statistics? Be extremely cautious when making online purchases, especially at an auction site. If you are making an auction purchase, realize that you will have very little recourse if the seller is out of the country. Remember that if a deal sounds too good to be true, it probably is.

### Slide 17

#### Predatory Lending and the Military Lending Act

**NOTE:** *Although the MLA has limited the impact of payday loans, car-title loans and refund-anticipation loans, details of the lending are included here for instructor background and for questions that may arise from the learners.*



There are many types of lending that can be termed “predatory,” meaning that although it’s legal, they charge extraordinarily high interest rates and/or fees and are not a good deal for the consumer. Three types of predatory-lending practices have been regulated recently by the Military Lending Act to protect the military consumer: payday loans, auto-title loans and refund-anticipation loans. These products have high interest rates coupled with short payback terms.

#### Payday Loans

- Payday loans are extremely expensive cash advances that must be repaid in full on the borrower’s next payday to keep the personal check required to secure the loan from bouncing. Before the MLA was enacted, cash-strapped military consumers ran the risk of becoming trapped in repeated borrowing due to triple-digit interest rates, unaffordable repayment terms, and coercive collection tactics made possible by check-holding.
- Payday loans are short-term cash loans based on the borrower’s personal check held for future deposit or electronic access to the borrower’s bank account. Borrowers write a personal check for the amount borrowed plus the finance

charge, and they receive cash. In some cases, borrowers sign over electronic access to their bank accounts to receive and repay payday loans. Lenders hold the checks until the next payday, when loans and the finance charge must be paid in one lump sum. To pay a loan, borrowers can redeem the check for cash, allow the check to be deposited at the bank, or just pay the finance charge to roll over the loan for another pay period.

- Payday loans range in size from \$100 to \$1,000, depending on state legal maximums. The average loan term is about two weeks. Without the MLA, loans cost on average 470 percent interest (APR). The finance charge ranges from \$15 to \$30 to borrow \$100. For two-week loans, these finance charges resulted in interest rates from 390 to 780 percent on an annual basis. Shorter-term loans had even higher APRs. Payday loans are extremely expensive compared with other cash loans.
- Payday loans are made by payday-loan stores, check cashers, and pawn shops. Some rent-to-own companies also make payday loans. Loans also are marketed via toll-free telephone numbers and over the Internet. At the end of 2006, the Center for Responsible Lending reported about 25,000 payday-loan outlets in the United States with an annual loan volume of at least \$28 billion and almost \$5 billion in loan fees paid by consumers.
- Payday loans trap consumers in repeat borrowing cycles due to the extreme high cost of borrowing, the very short repayment term, and the consequences of failing to make good on the check used to secure the loan. Consumers have an average of eight to 13 loans per year at a single lender. In one state, almost 60 percent of all loans made either are same-day renewals or new loans taken out immediately after paying off the prior loan.
- Every unpaid loan involves a check that is not covered by funds on deposit in the borrower's bank account. Failure to repay leads to bounced-check fees from the lender and the consumer's bank. Returned checks cause negative credit ratings on specialized databases and credit reports. A consumer can lose his/her bank account or have difficulty opening a new bank account if he/she develops a record of bouncing checks used to get payday loans.
- Basing loans on personal checks leads some lenders to using coercive collection tactics. Some lenders threaten criminal penalties for failing to make good on checks. Others threaten court martial if military personnel fail to cover payday-loan checks. In some states, lenders can sue for multiple damages under civil bad-check laws.
- Internet payday lending adds security and fraud risks to payday loans. Consumers apply online or through faxed application forms. Loans are deposited directly into the borrower's bank account and electronically withdrawn on the next payday. Many Internet payday loans are structured to renew automatically every payday, with the finance charge withdrawn electronically from the borrower's bank account.



### Auto-Title Loans

- An auto-title loan is a short-term loan, usually no longer than 30 days. Your car title is used to secure the loan. This means if the loan is not repaid, the lender may take your car and sell it to get back the loan money. Most title lenders will make the loan only if you do not owe anything on the car.
- Auto-title lenders often target people with bad credit, low-income individuals, military members, and elderly people. The lenders make money from high interest rates and the repossession of cars when consumers cannot repay the loans.
- The loan is written with an interest rate for a short time period. For example, the loan will show a 25 percent interest rate for one month. But this rate over a year actually is 300 percent. Auto-title lenders usually will write a loan for 30 days or less. At the end of the month, the lender will accept the interest payment and allow the debt to be “rolled over” for another month. On a \$600 loan, the interest would be about \$150. This means you owe \$750. If you pay only \$150 for the month, you will owe \$750 the next month.

### Refund-Anticipation Loans

- Refund-anticipation loans allow a taxpayer who is due a refund to get an advance on the refund. This is a short term loan with high fees. APRs as high as 774 percent have been reported.
- This type of predatory lending is regarded by many people mistakenly as a service—a tactic common to most predatory-lending practices. For refund-anticipation loans, the lender sometimes is the income tax-preparation company and sometimes a check-cashing service or other short-term lender. The fees paid to get the refund quickly usually are based on a percentage of the refund, so the more you’re getting back, the more the loan will cost.
- What may not be known is that by using electronic tax filing, the taxpayer usually has the full amount of their refund deposited directly to their bank account in less than 10 days. Taxpayers, both military and civilian, can have their returns filed electronically for free using the Volunteer Income Tax Assistance (VITA) program. Military VITA programs usually are coordinated through the base legal office; call them for times and location information.
- If the annual tax refund is large, members should consider increasing their deductions to reduce the tax withheld and saving that amount in an interest-bearing account.

### The Military Lending Act

REFER learners to page 8.12 for a fact sheet on the MLA. As of 1 Oct 2007, the Talent-Nelson Amendment to the John Warner National Defense Authorization Act (informally known as the Military Lending Act) allows the Department of Defense to regulate the terms of payday loans, auto-title loans and refund-anticipation loans to active-duty service members and their dependents.



- The rule for service members and their dependents limits the APR on these loans to 36 percent. All fees and charges should be included in the calculation of the rate.
- The rule also prohibits contracts requiring the use of a check or access to a bank account, mandatory arbitration, and unreasonable legal notice.
- Any credit agreement subject to the regulation that fails to comply with this regulation is void and cannot be enforced.
- The rule further provides that a creditor or assignee that knowingly violates the regulation shall be subject to certain criminal penalties.

The Department of Defense strongly encourages service members and their families to choose alternatives that are designed to help resolve financial crises, rebuild credit ratings, and establish savings for emergencies. Payday loans, auto-title loans and refund-anticipation loans can propel an already-overextended borrower into a deeper spiral of debt.

### Slide 18

Other Businesses Considered “Predatory” and Not Covered by the MLA

**Rent-to-Own:** Our parents and grandparents saved for what they wanted and often paid cash for major purchases. Today’s I-want-it-now culture has produced the rent-to-own scheme. The lender is counting on the buyer not doing his homework. If a salesman told you the price of a sofa was \$1,000, why would you agree to pay \$2,000 for it? That’s basically what rent-to-own does: It stretches out those “convenient, low monthly payments” until you have paid several times the actual value of your purchase. The disguised effect is to charge interest that often exceeds 500 percent APR.

**Adjustable-Rate Mortgages (ARM) and Interest-Only Mortgages:** The lure of lower payments and more house provided by adjustable-rate and interest-only mortgages is proving difficult to resist for many people. Unfortunately, when it comes time for the interest rate to adjust, the borrower may not be able to afford payments if the increase is large. Interest-only mortgages can be even worse. Buyers build no equity and even may lose money when it comes time to sell if the property does not appreciate in value as much as they hope it will.

**Subprime Lending:** Generally these are mortgage loans with a higher credit risk and therefore a higher interest rate for the borrower. Subprime lenders typically lend greater than the standard 80 percent loan-to-value (LTV) and/or to borrowers who would not ordinarily qualify for a conventional loan.

**Credit-Card Fees and Teaser Rates:** Credit-card pricing has become highly complex and increasingly difficult for borrowers to follow. Credit-card issuers at one time charged a single, fixed interest rate to all customers. They now charge individual customers several varying interest rates at once, some of which expire after a short period, and some rates suddenly change to “penalty rates” under certain conditions. The number and importance of fees charged to consumers also has grown dramatically.





While there has been significant public discussion of certain hidden fees that are common on credit cards, manipulating how consumers' payments are allocated toward a borrower's balance is another hidden charge that can impose significant costs on the borrower without their knowledge. Borrowers can have balances on the same card with several different rates at once: a purchase balance; a temporary promotional — or “teaser” — balance; and a high-rate cash-advance balance. By putting all of the payment toward the lowest rate balance (typically the purchase balance or teaser balance), issuers can, in effect, substantially raise the interest rates paid by borrowers.

**Overdraft Protection on a Checking Account:** Overdraft protection is being applied automatically to debit and ATM transactions by some lenders. The terms for this service are much like those at a payday lender: a fee for each transaction with a payback term of one month and one lump-sum payment required.

### Slide 19

### Detecting Identity Theft

Combating identity theft is an ongoing battle. Two-thirds of identity-theft victims were alerted by bogus credit billing and bank-account irregularities. Thieves steal identities via credit-card data, bills, mail, e-mail, telephone solicitations, etc. Be vigilant in checking for these indicators:

- **Missing Bills:** Monitor your mail. Most bills arrive about the same time every month. A missing bill could mean either that someone has gotten access to that account and changed the address, or stolen the bill from your box to gain personal information about you.
- **Mysterious Trade Lines on Your Credit Report:** Check your credit report regularly. Every adult American gets a free credit report annually from each of the three major credit-reporting agencies. By checking one of the three reporting agencies on a rotating four-month schedule, you can monitor your credit reports regularly and become aware quickly that something is amiss.
- **Unsolicited Cards or Bills:** Receiving a credit card for which you didn't apply or a bill for products or services you never received could be signs of identity theft. Call the bank or merchant immediately.
- **Credit Denial:** Sudden denial of credit when you never have had problems could indicate a problem.



### Activity: E-mail to the Command



**Time:** 10 minutes

**Materials:** Student Manual page 8.17 and the *Consumer Action Handbook*, if available.

**Procedure:**



Learners should write a brief (two or three paragraphs) e-mail to the command educating them on some aspect of the “Detect” portion of the program. Learners can work alone, in pairs or small groups. When all have finished, ask for volunteers to read their e-mail to the class. E-mails can be collected, compiled and distributed to the class before the end of the training. Recommended topics for the e-mail are:

Differences Between Misrepresentations, Scams and Frauds, and Current Examples	Types of Internet Fraud and How to Avoid Them	The Military Lending Act and How It Can Help You
Why You Want to Avoid Predatory-Lending Practices	The True Cost of Rent-to-Own	Detecting Identity Theft

## Slide 20

### Defend

#### Defensive Techniques for the Savvy Consumer

REFER learners to page 8.19 in the Student Manual. For every fraud, scam and rip-off mentioned so far, the Federal Trade Commission provides specific protection and prevention suggestions in the annually updated *Consumer Action Handbook*. This resource can be ordered in bulk and provided to command members, used in training, and even downloaded to your computer.

There are many general strategies to keep from becoming a victim. Remember the basics:

- Know why the military is targeted and understand the impact of advertising.
- Be familiar with current scams and frauds in the marketplace.
- Have a budget and stick to it, separating your needs and your wants.
- Stop telemarketers, get off mailing lists, opt-out.
- Be very cautious with your personal information and computer.

## Slide 21

### Make Smart Purchases

- **Get Agreements in Writing, and Keep All Your Receipts.** How good are verbal promises? If you don't have it in writing, it is your word against the salesman's. Remember this saying: “A verbal promise is only as good as the paper on which it is written.”
- **Don't Be Rushed.** Wait 24 hours before making a major purchase. This “cooling-off” period will save you money once you get away from the salesman's hype. If the deal isn't good tomorrow, it isn't a good deal.
- **Know the Merchant Before You Buy:** Businesses that have only a post office box for an address may not be legitimate.



- **Take Prompt Action:** Take prompt action if the product isn't what you want or doesn't live up to its advertising or the salesman's claims.

### Slide 22

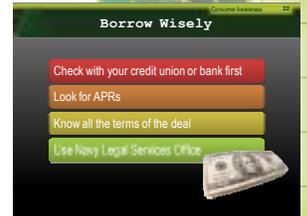
#### Borrow Wisely

- **Check With Your Credit Union or Bank First:** If it's not an actual emergency, shop around for the best deal, just as you would with any other purchase. Remember that you usually can tell if you should borrow money by who is willing to lend it to you. If you find yourself going to businesses known for predatory-lending practices, talk to your CFS or a credit counselor first.
- **Look for the APR:** It should be clearly stated as a percentage on the contract, and you should have that information before the loan is signed — that's federal law.
- **Know All the Terms of the Deal:** Be very clear about what will happen if you are late on a payment or unable to make a payment for any reason, and that the consequences are something you can handle.
- **Use NLSO:** The Navy Legal Service Office is in the business of helping Sailors understand legal documents, including contracts of any kind. There is no fee for their assistance, and you don't need an appointment. Just walk in and ask for help before you sign a contract.

### Slide 23

#### Take Action

- Act immediately if you are unhappy with a product or purchase. There are four basic steps to take:
  1. **Contact the Seller First:** Start with the salesman. If that doesn't solve your complaint, go to the manager. Make sure you have a copy of all of your documentation, a clear description of the problem, and the resolution you want. Be polite; anger never solves anything and only makes the store personnel defensive. If the salesperson cannot help, speak with the manager. Sometimes company policy prevents the manager from giving you the help or remedy you desire. Be patient. Save all purchase-related paperwork, sales receipts, repair orders, contracts and any letters to or from the company, and keep a log of your conversations and actions that details who, what, where and when, with the times and results.
  2. **Go to the Company President and/or Manufacturer:** If the store manager is unable to help you, write a letter to the president of the company and/or the manufacturer of the product. Try to obtain his/her name and address from the store manager. Calmly and accurately explain the problem and what action you would like taken. Be brief and to the point. Include all documentation and anything else you need to tell your side of the story. You are starting a paper trail that clearly will show your good-faith efforts to resolve the problem. Sending the letters by certified mail with a return receipt requested is the best way to verify that it was delivered.



3. **Contact the Appropriate Trade Associations, National Consumer Organizations, and/or Media Organizations.** Many of these are listed in the *Consumer Action Handbook*.
4. **Use Your Consumer Advocate Resources if You Still Are Not Satisfied.** These include:

## Slide 24



- **The State Attorney General or State Office of Consumer Affairs:** This is the primary resource for people who have been the victims of fraud, misrepresentations and scams. They can take legal action against the company. Find your local office at [www.naag.org](http://www.naag.org).
- **State regulatory and licensing agencies:** These can be researched on the Web or may be listed in the *Consumer Action Handbook*.
- **The Armed Forces Disciplinary Control Board:** This is the military's own consumer watchdog organization. You can make a report to the local regional AFCDB if you believe the company has taken advantage of you because of your military status or it is likely to take advantage of other military personnel.
- **The Better Business Bureau:** This is a network of nonprofit organizations supported by local businesses that tries to resolve buyer complaints against sellers. Records are kept on unresolved complaints as a source of information for the seller's future customers. The bureau also assists with complaints concerning the truthfulness of national advertising and helps settle disputes with automobile manufacturers.
- **Dispute-Resolution Programs:** This is used as an alternative to court. Programs may be offered through a corporation or the court system and typically include mediation, arbitration and conciliation.
- **Small-Claims Court:** This court resolves disputes over small amounts of money. Typically, you will not need a lawyer. The maximum amount that can be brought into small-claims court varies from state to state.

## Slide 25

### For Identity Theft



- **Place an Active-Duty Alert on Your Credit Report:** If you are deployed away from your usual duty station and do not expect to seek new credit while you are deployed, consider placing an “active-duty alert” on your credit report.
- An active-duty alert requires creditors to take steps to verify your identity before granting credit in your name.
- An active-duty alert is effective for one year, unless you ask for it to be removed sooner. If your deployment lasts longer than one year, you may place another alert on your report.
- To place an active-duty alert, or to have it removed, call the toll-free fraud number for one of the three nationwide consumer credit-reporting companies. The company you call is required to contact the other two.

- The law allows you to use a personal representative to place or remove an alert.

### Slide 26

- **Close Accounts:** Close any accounts that have been tampered.
- **File a Police Report:** The police report will show that you were a victim of identity theft if creditors try to get you to pay for a debt that you did not incur.
- **Keep a Journal:** Keep a written record of who you spoke with, when, and what was said.
- **Contact the Federal Trade Commission at 877-ID-Theft or [www.consumer.gov.military](http://www.consumer.gov.military).** The Federal Trade Commission serves as the federal clearinghouse for complaints by victims of identity theft. While the FTC does not resolve individual consumer problems, your complaint helps the FTC investigate fraud and can lead to law-enforcement action. The FTC enters Internet, telemarketing, identity-theft and other fraud-related complaints into Consumer Sentinel®, a secure, online database available to hundreds of civil and criminal law-enforcement agencies worldwide.



### Activity: Fabulous Fliers



**Time:** 10 to 15 minutes

**Materials:** Student Manual pages 8.21 and 8.22; blank sheets of paper.

**Procedure:** Using the lecture material, Student Manual, and *Consumer Action Handbook*, if available, the learners should choose one topic and create an effective educational flier for posting at the command. The flier should be targeted to younger members of the command. Learners can work on the flier individually, in pairs or small groups. When all are done, fliers can be posted in the room for the remainder of the week, or collected and copied so each member of the class has a collection of fliers to use.

**Topic suggestions:**

Defensive Techniques	Making Smart Purchases
Borrowing Wisely	Taking Action When You Are Unhappy With a Consumer Purchase
What to Do if You Have Been a Victim of Identity Theft	Consumer Advocates

### Slide 27

## Your Legal Rights

### How to Cancel a Contract

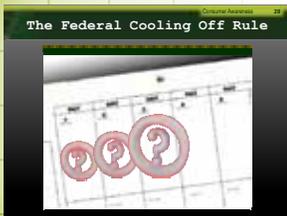
REFER learners to page 8.23 in the Student Manual. There are four steps to cancel a contract legally:

1. Cancel in writing.



2. Keep a copy of your cancellation letter.
3. Send the cancellation by certified mail with return receipt requested, so you have a record that your cancellation request was received if a dispute arises.
4. Keep a copy of your letter and signed return receipt until you get your money back.

If you cancel a contract by telephone, be sure to get the name of the person with whom you spoke and follow up your call with a letter using the steps above. Mention the name of the person with whom you spoke on the phone. Be sure to act within the window of three business days. Saturdays are considered business days, while Sundays and holidays are not.



### Slide 28

## Cooling-Off Periods

When you buy something at a store and later change your mind, your ability to return the merchandise depends on the store's policy. If you buy an item in your home, you might have three days to cancel. This cooling-off rule also applies to purchases of \$25 or more at your workplace and places rented by a seller on a temporary basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants. The cooling-off rule requires sellers to tell you that you have three business days after the sale to change your mind. Specific information about cooling-off periods can be found in the *Consumer Action Handbook*.



### Slide 29

## Federal and State Consumer-Protection Laws

Consumers have legal rights at both the state and federal level. You do not lose these rights because you are in uniform, but you do need to know what they are in order to protect yourself.

Federal consumer laws include:

- **Servicemembers Civil Relief Act:** This 2003 update originally was passed by Congress as the Soldiers' and Sailors' Civil Relief Act of 1940 and provides a number of specific protections for military members. One of these provides the opportunity for a service member to delay a court date when military duties make it impossible to appear. You are guaranteed the right to have your day in court. You cannot be tried in absentia.
- **Consumer Bill of Rights:** These are general rights of access to product and price information and the right to an informal dispute process.
- **Fair Credit Billing Act:** This applies only to credit purchases and allows you to withhold payment on a disputed product or service. This law allows you to challenge a credit-card charge when the charge was unauthorized or is an error, you never received the product, or the product did not perform as promised.
- **7th Amendment (right to trial by jury):** This is the cornerstone to a consumer's



right to appeal and is imbedded in the Bill of Rights. Many large-ticket contracts have a waiver of the right to court appeal to avoid costs and class action against manufacturers. Never waive this hard-won right by signing a contract without taking it to NLSO first.

- **The Military Lending Act of 2007:** This law, also known as the Talent-Nelson Amendment, took effect in October 2007. The most discussed and recognized provision of this act is the 36 percent cap on consumer credit extended to service members. The cap applies to payday loans, auto-title loans and refund-anticipation loans. In addition to this rate cap, the Talent-Nelson Amendment also prohibits repeat financing with the same creditor, prohibits a borrower from waiving their rights to legal recourse, defines annual percentage rate (APR), and bans the use of a check as collateral for a loan.

State consumer-protection laws include:

- **Lemon Laws (also known as the Motor Vehicle Warranty Enforcement Acts):** These laws allow you to return a new vehicle that has safety or repeat mechanical or cosmetic problems that constitute a major defect. You are entitled to a refund or a replacement. Some states also have lemon laws regarding used vehicles.
- **Usury Laws:** A usury law sets a cap on interest rates. Since there is no federal limit, each state determines its own maximum allowable rate. Almost every state has some form of usury law, but there always are businesses that are able to find their way around them.

### Slide 30

### Referrals for Consumer Issues

REFER learners to pages 8.6 and 8.7, Sources of Help. The consumer marketplace can be a complicated place. As a CFS you aren't expected to be a consumer expert, but you are expected to keep current on consumer issues, provide basic consumer education and advocacy, and know where to refer a member when a consumer problem arises that you cannot handle. Besides the resources already mentioned, additional referrals may include:

**Consumer Credit Counseling Service:** CCCS is a non-profit agency that works with people who have severe debt problems to get them back on track. They will contact your creditors, try to work out an equitable settlement, and make up a payment plan to pay off your debt. Instead of paying a little bit to each creditor each month, the Sailor writes one check to CCCS, which then distributes the money to the creditors. Many banks and credit unions also offer debt-management plans; some are free of charge. This is an excellent solution for severe debt problems, but be aware that many payday lenders refuse to work with debt-management programs, including CCCS.

**Navy Legal Service Office (NLSO):** Can provide assistance in a dispute over a bill or contract. They strongly encourage service members making a major purchase to come in with a copy of the contract before signing, offering "head-of-the-line" service.



## Activity: Consumer Laws and Referral Resources Matching



**Time:** 10 minutes

**Materials:** Student Manual page 8.25.

**Procedure:** Learners should complete the matching exercise. When completed, review answers as a class. If doing the Consumer “Jackpot” review, this exercise should be skipped. Answers to the matching exercise:

Letter	Law/Resource	Description
d	1. Cooling-Off Rule	a. Allows you to withhold payment on a credit-card charge for a disputed amount.
c	2. State Lemon Laws	b. Applies 36 percent cap on interest for payday loans, auto-title loans, and refund-anticipation loans.
g	3. Usury Laws	c. Applies only to used cars.
e	4. Servicemembers Civil Relief Act	d. Federal rule gives three days for purchases made in a place that isn't the merchant's normal place of business.
f	5. Consumer Bill of Rights	e. Guarantees a member their right to a day in court (among other things).
a	6. Fair Credit Billing Act	f. Provides general rights of access to product and price information.
h	7. 7th Amendment	g. Sets a cap on consumer interest rates, but there often are ways around them.
b	8. Military Lending Act	h. Some contracts try to get you to sign away your right to a trial by jury.
m	9. Consumer Credit Counseling Services	i. This resource is a clearinghouse for business information and provides some dispute-resolution services.
l	10. Navy Legal Service Office	j. This resource is the military's own consumer watchdog organization.
i	11. Better Business Bureau	k. This resource will take legal action against a company if a complaint is valid.
k	12. State Attorney General or Office of Consumer Affairs	l. Will review an unsigned contract to help members avoid being ripped-off or unwittingly waive their legal rights.
j	13. Armed Forces Disciplinary Control Board	m. Works with consumers who have severe debt problems.



## Optional Activity: Consumer “Jackpot” Review

**Time:** 15 to 20 minutes

**Materials:** PowerPoint slide Set “Consumer Jackpot for CFS”

**Procedure:** See the PFM Standardized Curriculum (Introduction) for directions on running the “Jackpot” game.

Consumer Jackpot for CFS Question Bank

**Categories:** Where to Complain; Your Legal Rights; What a Rip-Off!; Sources of Help; and Deter, Detect, Defend

### WHERE TO COMPLAIN

#### 100

A: A network of nonprofit organizations supported by local businesses that tries to resolve buyer complaints against sellers.

Q: WHAT IS... the Better Business Bureau?

#### 200

A: The military board that has the power to place a business establishment off-limits for illegal and unsafe practices.

Q: WHAT IS... the Armed Forces Disciplinary Control Board?

#### 300

A: An organization to contact to reduce the amount of “junk” mail you receive.

Q: (any one of the following) WHAT IS... the Direct Marketing Association, the credit reporting agencies, or 1-888-5OPTOUT?

#### 400

A: Report fraud to this organization.

Q: WHAT IS... the Federal Trade Commission?

#### 500

A: One of the four steps in making a consumer complaint.

Q: (any one of the following) WHAT IS... contact the seller; contact the company president or headquarters; contact the appropriate trade associations, national consumer organizations, and/or media organizations; use your consumer advocates?

## YOUR LEGAL RIGHTS

### 100

A: The total number of days you have to cancel a contract signed at the merchant's place of business.

Q: WHAT IS... zero days?

### 200

A: The common name for the Motor Vehicle Warranty Enforcement Act that applies ONLY to new cars involving safety or repeat mechanical problems.

Q: WHAT IS... the Lemon Law?

### 300

A: The law that protects the military from predatory lending.

Q: WHAT IS... the Military Lending Act?

### 400

A: One provision of this act provides for a delay in court procedures if you are deployed.

Q: WHAT IS... the Servicemembers Civil Relief Act?

### 500

A: The best place to go when your consumer rights have been violated.

Q: WHAT IS... the state attorney general or state consumer-affairs office?

## WHAT A RIP-OFF!

### 100

A: The motto or creed a consumer should follow in the marketplace to avoid being "ripped-off."

Q: WHAT IS... "caveat emptor" or "let the buyer beware"?

### 200

A: One of the phrases used in misleading advertising.

Q: WHAT IS... We Finance E-1 and up! Greatly Reduced! Below Cost! Free Ride to the Store! etc. (accept any answer from the discussion)

### 300 (Daily Double)



A: The type of fraud/money-making scheme where the person at the bottom buys his or her way into a program that promises to make them a lot of money.

Q: WHAT IS... a pyramid or Ponzi scheme?

**400**

A: One way to detect identity theft.

Q: WHAT IS... missing bills, mysterious trade lines on credit reports, receiving credit cards for which you didn't apply, sudden denial of credit? (any one is acceptable answer)

**500**

A: The three types of predatory-lending loans covered by the MLA.

Q: WHAT ARE... payday loans, auto-title loans, and refund-anticipation loans?

**REFERRAL RESOURCES**

**100**

A: The organization where Sailors and family members can attend financial, parenting and resume-writing classes at no cost.

Q: WHAT IS... the Fleet and Family Support Center?

**200**

A: This organization provides no- or low-cost debt-management counseling.

Q: WHAT IS... Consumer Credit Counseling Services?

**300**

A: A publication from the Federal Trade Commission that aids consumers with all aspects of consumer protection.

Q: WHAT IS... *the Consumer Action Handbook*?

**400**

A: The military resource where Sailors can take unsigned contracts to be reviewed by an attorney at no cost.

Q: WHAT IS... the NLSO, or the Navy Legal Service Office?

**500**

A: An Internet resource to keep telemarketers from calling.

Q: What is [www.donotcall.gov](http://www.donotcall.gov) (or the National Do-Not-Call Registry)?

## **DETER, DETECT, DEFEND**

### **100**

A: This is a key indicator of whether or not you should borrow money.

Q: WHAT IS... who is willing to lend it to you? (Stay away from predatory lenders.)

### **200**

A: Complete this sentence: Verbal promises are only as good as the paper on which they are \_\_\_\_\_.

Q: WHAT IS... “written”? (Verbal promises are worthless if you need to prove something in court.)

### **300**

A: A way to keep yourself from being rushed into making a purchase.

Q: WHAT IS... wait 24 hours?

### **400**

A: Three of the “basics” you should remember to defend against consumer rip-offs.

Q: (may include any three of the following) WHAT IS... know why the military is targeted and understand the impact of advertising; be familiar with current scams and frauds in the marketplace; have a budget and stick to it, separating your needs and your wants; stop telemarketers, get off mailing lists, opt-out; be very cautious with your personal information and computer?

### **500**

A: Two ways to ensure you are borrowing wisely.

Q: (may include any two of the following) WHAT IS... check with your credit union or bank first; look for the APR; know all the terms of the deal; use NLSO to review contracts?

## **FINAL JACKPOT**

A: The first person you should contact if you are dissatisfied with a product or service you have purchased.

Q: WHO IS... the seller?



## VII. FORMS

- Sources of Help for Military Consumers
- CFS Predatory Lending Protections for Service Members
- Deter-Detect-Defend Brochure

# Sources of Help for Military Consumers

## Sample Complaint Letter

Your Address  
Your City, State, Zip  
Date

Name of Contact Person, if available  
Title, if available  
Company Name  
Consumer Complaint Division (if you have no specific contact)  
Street Address  
City, State, Zip Code

Dear (Contact Person),

Re: (account number, if applicable)

On (date), I (bought, leased, rented, or had repaired) a (name of the product, with serial or model number or service performed) at (location, date and other important details of the transaction).

Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem). I am disappointed because (explain the problem: for example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented, etc.).

To resolve the problem, I would appreciate your (state the specific action you want — money back, charge-card credit, repair, exchange, etc.). Enclosed are copies (do not send originals) of my records (include receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers and any other documents).

I look forward to your reply and resolution to my problem and will wait until (set a time limit) before seeking help from a consumer-protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (home and/or office numbers with area code).

Sincerely,  
(Your Name)

Enclosure(s)

- Describe purchase.  
Include name of product and serial number.  
Include date and place of purchase.
- State problem.  
Give history.
- Ask for specific actions.  
Include copies of documents.
- Allow time for action.  
State how you can be reached.

Keep copies of all your letters, faxes, e-mails, and related documents.

## How to Complain Effectively

- See your Command Financial Specialist for guidance.
- Save all purchase-related paperwork. Include copies of receipts, repair orders, warranties, cancelled checks, contracts, and any letters to or from the company.
- If you have a problem:
  1. Contact the business — the salesperson with whom you dealt or the manager. Clearly and calmly describe the problem and the action you would like them to take. Document their response in writing.
  2. Contact the company president or a representative of the manufacturer. Use the Sample Complaint Letter. Send it certified mail, return receipt requested.
  3. Contact industry trade associations.
  4. Contact local and state consumer advocates for further assistance. Don't give up until you are satisfied. Use the quick resource list on the reverse side of this page for consumer-protection contacts.



Type of Solicitation	Contact	Other Information
Junk Mail, E-Mail and Spam	The Direct Marketing Association <a href="http://www.DMAChoice.org">www.DMAChoice.org</a>	Included at this site: ▶ Credit Offers ▶ Catalogs ▶ Magazine Offers ▶ Other Mail Offers ▶ Email Preference Service
Credit and Insurance Offers	Credit Reporting Industry's Opt-Out Program <a href="http://www.optoutprescreen.com">www.optoutprescreen.com</a> 1-888-567-8688	The official credit reporting industry website to accept and process request from consumers to opt-in or opt-out of firm offers of credit or insurance.
Phone Solicitation	Federal Government's Do-Not-Call Registry <a href="http://www.donotcall.gov">www.donotcall.gov</a> 1-888-382-1222 (TTY: 1-866-290-4236)	Remember, for calls that do come through to your phone, tell the caller to take your name off their mailing list.
Mail that looks like it is from a government agency but isn't	Contact the U.S. Post Office	

**How To File A Complaint About A Sales Call**  
If you think a sales call is in violation of the Federal Trade Commission rule and want to file a complaint, use the online resource at [www.ftc.gov](http://www.ftc.gov) and click on the "File a Complaint Online" link.

## Protect Your Personal Information

- Give personal information only when absolutely necessary, and only when you initiated contact.
- Carry only the credit cards you need.
- Store personal information in a safe place at home or work. Copy all the contents of your wallet, front and back, and store with other personal information.
- Keep your PIN numbers secret. Never write a PIN on a credit/debit card or on a slip of paper kept with your card.
- Avoid obvious passwords.
- Watch out for “shoulder surfers.” Use your free hand to shield the keypad when using pay phones and ATMs.
- Do not leave any blank spaces on checks, credit slips and contracts.
- Keep all receipts. Ask for carbons and incorrect charge slips as well. Promptly compare your receipts with account statements. Watch for unauthorized charges.
- Destroy (shred) documents with account information.
- Protect your mail. Ask your local U.S. Postal Service to put your mail on hold when you are traveling and can't pick it up.
- Get your free credit report once a year.

## Think Before You Click: Practice Safe Computing

- Protect your personal information.
- Know who you are dealing with.
- Use anti-virus software and a firewall, and update both regularly.
- Be sure to set up your operating system and Web browser software properly, and update them regularly.
- Protect your passwords.
- Back up important files.
- Learn who to contact if something goes wrong.
- In short, think before you click!

## Web Sites for Consumers

### The Consumer Action Handbook

[www.consumeraction.gov](http://www.consumeraction.gov)

### Consumer Protection

Better Business Bureau: [www.bbbonline.org](http://www.bbbonline.org)

Consumer World: [www.consumerworld.org](http://www.consumerworld.org)

Consumer Safety Tips: [www.consumer.gov](http://www.consumer.gov)

Consumer Reports: [www.consumerreports.org](http://www.consumerreports.org)

Federal Citizen Information Center: [www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov)

Internet Crime Complaint Center: [www.ic3.gov](http://www.ic3.gov)

Kelley Blue Book: [www.kbb.com](http://www.kbb.com)

National Consumer League's Fraud Center: [www.fraud.org](http://www.fraud.org)

Military OneSource Web site: [www.militaryonesource.com](http://www.militaryonesource.com)

Military Sentinel Fraud Website: [www.consumer.gov/military](http://www.consumer.gov/military)

NADA Car Guides: [www.nada.com](http://www.nada.com)

National Association of Attorneys General: [www.naag.org](http://www.naag.org)

National Consumers League: [www.natlconsumersleague.org](http://www.natlconsumersleague.org)

National Legal Aid & Defender Association: [www.nlada.org](http://www.nlada.org)

Network of Consumer Hotlines: [www.callforaction.org](http://www.callforaction.org)

Public Citizen, consumer advocacy: [www.citizen.org](http://www.citizen.org)

Scam Site: [www.scambusters.org](http://www.scambusters.org)

### Emergency Financial Assistance

American Red Cross: [www.redcross.org](http://www.redcross.org)

Navy-Marine Corps Relief Society: [www.nmcrcs.org](http://www.nmcrcs.org)

### Financial Information and Counseling

Bill Tracking: [www.billmonk.com](http://www.billmonk.com); [www.buxfer.com](http://www.buxfer.com)

Consumer Credit Counseling: [www.nfcc.org](http://www.nfcc.org)

Credit Reporting Agencies: [www.experian.com](http://www.experian.com);  
[www.transunion.com](http://www.transunion.com); [www.equifax.com](http://www.equifax.com)

Free Annual Credit Report: [www.annualcreditreport.com](http://www.annualcreditreport.com)

Navy Fleet and Family Support Programs: [www.ffsp.navy.mil](http://www.ffsp.navy.mil)

Power Payment Plans: <https://powerpay.org>

Tightwad Central Frugality Website: [www.tightwad.com](http://www.tightwad.com)

### Predatory Lending

Center for Responsible Lending: [www.responsiblelending.org](http://www.responsiblelending.org)

Payday Loan Information: [www.PayDayLoanInfo.org](http://www.PayDayLoanInfo.org)



## Predatory Lending Protections for Service Members

In 2006 Congress enacted the Talent-Nelson amendment to the John Warner Defense Authorization Act of 2007 to provide landmark federal protections against predatory lending for Active duty Service members and their eligible family members. The Department of Defense issued final regulations for the Military Lending Act (MLA), effective for loans written on or after October 1, 2007.

### Creditors and Consumer Credit Covered by Rules

The Department narrowly defined three types of loans as “consumer credit” to be subject to the protections of the MLA.

- **Payday Loans** (at stores or made via the Internet or telephone/fax)
  - Loans up to \$2,000 (one or more loans)
  - Closed-end (single advance of credit over fixed term)
  - Term of 91 days or less
  - Based on check held for future deposit or electronic access to account for future payment
- **Vehicle Title Loans**
  - Term of 181 days or less
  - Closed-end
  - Secured by title to a registered motor vehicle owned by a covered borrower (except to buy the car)
- **Tax Refund Anticipation Loans**
  - Closed-end credit
  - Tax refund goes to creditor to repay loan

### Credit Not Covered per Military Lending Act or Regulations

1. Residential mortgages, including refinancing, home equity loans or lines of credit, and reverse mortgages.
2. Credit to finance the purchase or lease of a vehicle, and secured by the vehicle being purchased or leased.

3. Open-end credit, including all credit cards, bank overdraft lines of credit, and any truly open-end payday or vehicle title loans. (“Open end” involves repeat use of credit without approval necessary, no fixed term to repay, charge based on outstanding balance)
4. Any debt to a bank that can be paid by set-off of deposited funds, such as overdraft loans. (Set-off means the bank withdraws payment directly from account per standard account contract terms.)
5. Any credit not subject to Truth in Lending Act disclosures, such as overdraft loans. (FRB regulations currently exempt bank overdraft loans from TILA cost disclosures, though pending legislation H.R. 946 would reverse this.)
6. Installment loans with terms longer than 91 days, including all military installment lenders, or all installment loans not secured by a check or electronic access to an account.
7. Rent to own transactions.
8. Any credit transaction to finance the purchase or lease of personal property when the credit is secured by the property being purchased.
9. Credit secured by a qualified retirement account.

#### **Covered Borrowers**

1. Regular or reserve member of the **Army, Navy, Marine Corps, Air Force or Coast Guard**
2. Serving on active duty under a call or order that specifies longer than 30 days
3. Member serving on Active Guard and Reserve Duty (10 U.S.C. 101(d)(6))
4. Card-carrying dependent of active duty military. (Member’s spouse, child (38 U.S.C. 101(4)), or individual who gets over half support for 180 days immediately preceding an extension of credit)

#### **Protections That Apply to Covered Credit: Payday Loans, Car Title Loans, Tax Refund Loans**

**36% Annual Interest Rate Cap**, including most fees (but not late or default fees) and insurance premiums, called the Military Annual Percentage Rate (MAPR)

**Ban on securing loan with a personal check or other access to bank account, title to a personal vehicle, or military allotment.** (Service member can choose to pay other types of credit by allotment.)

**No Prepayment penalties**

**No Roll-overs, renewals, refinancing or consolidation** unless the renewal is at better terms for the borrower, such as a lower cost.

**Ban on mandatory arbitration clauses, waiver of legal rights, and onerous legal notice in case of dispute** (Borrower cannot sign away legal rights.)

**Mandatory disclosures orally and in writing before credit is issued:**

**Military annual percentage rate of interest**

**Truth In Lending Act required disclosures**

**Clear description of payment obligations**

For loans made via the mail or Internet, oral disclosures may be made by providing a 1-800 #.

### **Federal vs. State Laws**

**Military Lending Act and DOD regulations apply unless a state law provides additional protection to the borrower. (State rate cap can be lower than 36%, for example, or cover open-end payday loans.)**

**States must enforce state laws to protect non-resident Service Members stationed in their state for covered consumer credit.**

### **Where to File Complaints**

**Notify the base legal office if a payday loan, title loan or tax refund loan fails to comply with the law and regulations.**

**File a complaint with the state credit regulator. Go to [www.paydayloaninfo.org](http://www.paydayloaninfo.org), click on State Information, then the state where the Service member got the loan. Contact information and online complaint forms for state officials are provided.**

Public Law 109-364, the John Warner National Defense Authorization Act for Fiscal Year 2007, Section 670, "Limitations on Terms of Consumer Credit Extended to Service Members and Dependents," (October 17, 2006.)

Title 32, Code of Federal Regulations, Part 232—Limitations on Terms of Consumer Credit Extended to Service Members and Dependents

### COMMON WAYS ID THEFT HAPPENS:

Skilled identity thieves use a variety of methods to steal your personal information, including:

- 1. Dumpster Diving.** They rummage through trash looking for bills or other paper with your personal information on it.
- 2. Skimming.** They steal credit/debit card numbers by using a special storage device when processing your card.
- 3. Phishing.** They pretend to be financial institutions or companies and send spam or pop-up messages to get you to reveal your personal information.
- 4. Changing Your Address.** They divert your billing statements to another location by completing a "change of address" form.
- 5. "Old-Fashioned" Stealing.** They steal wallets and purses; mail, including bank and credit card statements; pre-approved credit offers; and new checks or tax information. They steal personnel records from their employers, or bribe employees who have access.

Identity theft is a serious crime. It occurs when your personal information is stolen and used without your knowledge to commit fraud or other crimes. Identity theft can cost you time and money. It can destroy your credit and ruin your good name.

The rigors of military life can compound the problems that identity theft creates.

#### Active Duty Alerts:

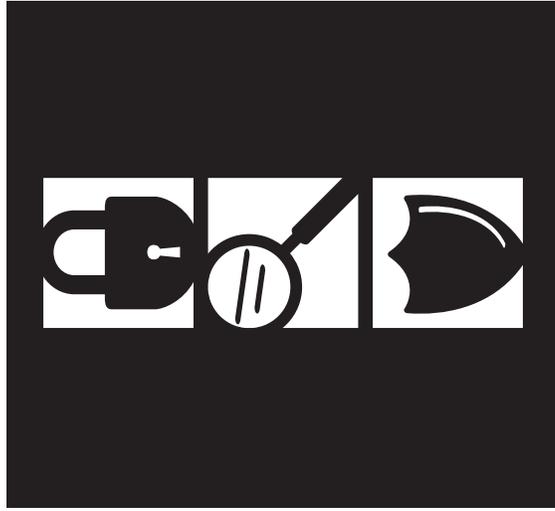
If you are deployed away from your usual duty station and do not expect to seek new credit while you are deployed, consider placing an "active duty alert" on your credit report. An active duty alert requires creditors to take steps to verify your identity before granting credit in your name.

An active duty alert is effective for one year, unless you ask for it to be removed sooner. If your deployment lasts longer than a year, you may place another alert on your report.

To place an active duty alert, or to have it removed, call the toll-free fraud number of one of the three nationwide consumer reporting companies. (Check under "Defend!" in this brochure.) The company you call is required to contact the other two.

The law allows you to use a personal representative to place or remove an alert.

DETER · DETECT · DEFEND  
**AVOID** ID THEFT  
www.ftc.gov/idtheft



DETER · DETECT · DEFEND  
**AVOID** ID THEFT  
www.ftc.gov/idtheft

To learn more about ID theft and how to deter, detect, and defend against it, visit [ftc.gov/idtheft](http://ftc.gov/idtheft). Or request copies of ID theft resources by writing to:



**Consumer Response Center**  
Federal Trade Commission  
600 Pennsylvania Ave., NW, H-130  
Washington, DC 20580



**MILITARY PERSONNEL & FAMILIES  
FIGHTING BACK AGAINST  
IDENTITY THEFT**

FEDERAL TRADE COMMISSION





## DETER

**Deter identity thieves by safeguarding your information.**

- **Shred** financial documents and paperwork with personal information before you discard them.
- **Protect** your Social Security number. Don't carry your Social Security card in your wallet or write your Social Security number on a check. Give it out only if absolutely necessary or ask to use another identifier.
- **Don't give out** personal information on the phone, through the mail, or over the Internet unless you know who you are dealing with.
- **Safeguard your military ID.** Keep it with you or locked up at all times.
- **Never lend** your credit cards or account information to anyone else.
- **Do not click on** links sent in unsolicited e-mails; instead, type in a Web address you know. Use firewalls, anti-spyware, and anti-virus software to protect your home computer, and keep them up to date. Visit [OnGuardOnline.gov](http://OnGuardOnline.gov) for more information.
- **Don't use** an obvious password like your birth date, your mother's maiden name, or the last four digits of your Social Security number.
- **Keep** your personal information in a secure place, especially if you live in barracks or with roommates.
- **Don't let** mail pile up unattended if you can't collect it. Use a mail stop or P.O. Box, or have someone you trust hold your mail while you are away.

## AVOID

[www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)



## DETECT

**Detect suspicious activity by routinely monitoring your financial accounts and billing statements. If you are unable to take these steps while you are deployed, consider placing an "active duty alert" on your credit report.**

- **Inspect:**
  - **Your credit report.** Credit reports contain information about you, including what accounts you have and your bill-paying history.
    - The law requires each of the major nationwide consumer reporting companies—Equifax, Experian, and TransUnion—to give you a free copy of your credit report every year if you ask for it.
    - Visit [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or call 1-877-322-8228, a service created by these three companies, to order your free credit reports each year. You also can write: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.
  - **Your financial statements.** Review your financial accounts and read your billing statements regularly, looking for charges you did not make. If you review financial accounts online from a public computer, be sure to log off of financial sites before you end your session.
- **Be alert to signs that require immediate attention:**
  - Bills that do not arrive as expected
  - Unexpected credit cards or account statements
  - Denials of credit for no apparent reason
  - Calls or letters about purchases you did not make



## DEFEND

**Defend against ID theft as soon as you suspect it.**

- **Place a "Fraud Alert" on your credit reports, and review the reports carefully.** The alert tells creditors to follow certain procedures before they open new accounts in your name or make changes to your existing accounts. The three nationwide consumer reporting companies have toll-free numbers for placing an initial 90-day fraud alert; a call to one company is sufficient:
  - Equifax: 1-800-525-6285
  - Experian: 1-888-EXPERIAN (397-3742)
  - TransUnion: 1-800-680-7289
 Placing a fraud alert entitles you to free copies of your credit reports. Look for inquiries from companies you haven't contacted, accounts you didn't open, and debts on your accounts that you can't explain.
- **Close accounts.** Close any accounts that have been tampered with or established fraudulently.
  - Call the security or fraud departments of each company where an account was opened or changed without your okay. Follow up in writing, with copies of supporting documents.
  - Use the ID Theft Affidavit at [ftc.gov/idtheft](http://ftc.gov/idtheft) to support your written statement.
  - Ask for verification that the disputed account has been closed and the fraudulent debts discharged.
  - Keep copies of documents and records of your conversations about the theft.
- **Explain the situation to your commanding officer.** You don't want your C.O. taken by surprise if contacted by creditors looking to collect on charges made by the identity thief. You also may want a referral to a legal assistance office.
- **File a police report.** File a report with military law enforcement and the local police (if you are in the United States). Their reports will help you with creditors who may want proof of the crime.
- **Report the theft to the Federal Trade Commission.** Your report helps law enforcement officials across the United States in their investigations.
  - Online: [ftc.gov/idtheft](http://ftc.gov/idtheft)
  - By phone: 1-877-ID-THEFT (438-4338) or TTY, 1-866-653-4261
  - By mail: **Identity Theft Clearinghouse**, Federal Trade Commission, Washington, DC 20580

To learn more about ID theft and how to deter, detect, and defend against it, visit [ftc.gov/idtheft](http://ftc.gov/idtheft).



# Legal Issues of PFM

## I. INTRODUCTION

This chapter presents some of the legal issues of personal financial management. The service member is bound not only by civilian law but also by military law. It is important for the CFS to understand the nature of the legal processes affecting the client and what means are available to alleviate a client's legal difficulties. This chapter is meant as a review of legal issues and a GUIDE for making the appropriate referrals when legal issues are a part of a client's financial issues. The CFS should NOT attempt to provide legal advice.

This chapter can be presented by a Navy Legal Service Office representative or the instructor. The guest speaker should be provided with the outline below to show the topic areas that need to be covered in the brief along with the content and PowerPoint slides. The instructor can choose to present this material using the PowerPoint presentation provided or using the learner-centered training technique options as outlined below.

- Chapter correlation to major OPNAVINST task areas:
  1. **Education and Training:** There is no legal issues module in the PFMSC. The information provided here is for the CFS's reference and will be useful in individual educational settings during a counseling session.
  2. **Information and Referral: Navy Legal Service Office (NLSO)** is a major referral resource for the CFS, and having a NLSO representative present during this brief will provide the class with valuable face-time with NLSO. Other legal resources may be presented, depending on the guest speaker.
  3. **Counseling:** This chapter will help the CFS recognize when a client has legal issues and assist them in making an appropriate referral, thus allowing the counseling process to focus on the client's financial issues.

## II. LEARNING OBJECTIVE

Using a scenario-based activity, learners will identify situations for which a referral to NLSO would be appropriate.

## III. OUTLINE

1. Introduction
2. Agenda
3. Domestic Relations
  - a. Divorce

- b. Division of marital property
  - c. Top Tips if you are heading for separation or divorce
  - d. Spousal and child support
  - e. Top Tips if you are responsible for child support
4. Contracts
- a. Credit contracts
  - b. Clauses
  - c. Cancellation of contracts
  - d. Top Tips if you are going to negotiate and/or sign a contract
5. Landlord/Tenant Transactions
- a. Customary arrangements
  - b. Military clauses
  - c. Insurance
  - d. Security deposits
  - e. Top Tips for landlord/tenant transactions
6. Warranties
- a. Implied warranties
  - b. Expressed warranties
  - c. Service contracts
  - d. Top Tips for warranties
7. Servicemembers Civil Relief Act
- a. Provisions
  - b. Top Tips for the SCRA
8. Credit, Collection and Bankruptcy Laws
- a. Federal Truth in Lending Act
  - b. Fair Credit Billing Act
  - c. Electronic Funds Transfer Act
  - d. Fair Debt Collections Practices Act
  - e. Fair Credit Reporting Act
  - f. Fair and Accurate Credit Transactions Act
  - g. Equal Credit Opportunity Act
  - h. Military Lending Act



- i. Letters of Indebtedness
  - j. Bankruptcy
  - k. Top Tips for credit, collection and bankruptcy issues
9. Summary
- a. Activity: Heading for Trouble

## IV. CHAPTER PREPARATION

**Presentation Time:** 50 Minutes

### **Presentation Materials**

- PowerPoint slides, “Legal Issues of PFM”
- Student Manual Chapter 9
  - ▶ Reference Information: Domestic Relations
  - ▶ Top Tips to Avoid Legal Tangles
  - ▶ Servicemembers Civil Relief Act
  - ▶ Reference Information: Credit and Collection Laws
  - ▶ Heading for Trouble?

### **Summary of Learner-centered Activities**

- **Presentation Options:** For an alternative to a guest speaker and a lecture presentation by the trainer, use the worksheet “Top Tips for Legal Tangles” and briefly review the major sections (10 minutes). Refer the learners to the more detailed information on the Servicemembers Civil Relief Act as additional reading to supplement their knowledge in this area. Then proceed to the “Heading for Trouble?” worksheet. The questions either can be discussed as a full class exercise or assigned to groups. Allow 30 minutes for this portion of the activity.
- **Full Class Method:** Ask someone to read the first situation aloud. Then ask the class to provide the reason for the problem and how to resolve it. Refer to the detailed summary section of this chapter for the correct responses and supplement the class responses as necessary from the chapter content.
- **Small Group Method:** Working in small groups, assign a few questions to each group and challenge them to come up with the reason for the problem and how to resolve it. Allow 5 minutes for this small group discussion and then have each group report their finding. The instructor should refer to the detailed summary section of this chapter for the correct responses and supplement the class responses as necessary from the chapter content.
- **Heading for Trouble?** A small group review exercise requiring learners to apply their knowledge of legal issues to common situations they will encounter as a CFS.

## V. REFERENCES

Debt Collection FAQs: A Guide for Consumers. "Fair Debt Collection." Washington, D.C.: Federal Trade Commission, February 2009.

DoD Instruction 1344.9 Indebtedness of Military Personnel

Facts for Consumers: Credit and Your Consumer Rights. Washington, D.C.: Federal Trade Commission, March 2005.

Fair and Accurate Credit Transactions (FACT) Act of 2003. Washington, D.C.: Federal Trade Commission

Fair Credit Reporting. Washington, D.C.: Federal Trade Commission, March 1999.

MILPERSMAN 1754-030, Support of Family Members

MILPERSMAN 5800-010, Paternity Complaints

MILPERSMAN 7000-010, Worthless Checks by Members and/or Their Families

MILPERSMAN 7000-020, Indebtedness and Financial Responsibility of Members

Truth in Lending Act (TILA) 15 U.S.C. Sec. 1601 et seq.

<http://www.lifelines.navy.mil> (Lifelines Services)

<http://usmilitary.about.com/cs/sscra/a/scra1.htm> (Servicemembers Civil Relief Act)

[www.abanet.org](http://www.abanet.org) (American Bar Association)

[www.law.cornell.edu](http://www.law.cornell.edu) (Legal Information Institute of Cornell Law School)

[www.supportguidelines.com](http://www.supportguidelines.com) (Child Support Guidelines on the Web)

[www.findlaw.com](http://www.findlaw.com)

[www.divorcesource.com](http://www.divorcesource.com)

[www.MilitaryOnesource.com](http://www.MilitaryOnesource.com)

## VI. CONTENT

### Slide 1

### Introduction

The topic of this training is Legal Issues of Personal Financial Management. This brief is not intended to be a substitute for legal advice. Rather, it is intended to inform you of some of the typical issues that may arise in relation to your personal finances and highlight some of your legal rights. If you have specific situations that require the advice of an attorney, please contact NLSO for an appointment.



## Chapter Nine

### Slide 2

### Agenda

REFER learners to page 9.3 in the Student Manual, Reference Information. EXPLAIN that this page contains details and explanations they will find helpful for future reference.

Today we will review six areas where Navy lawyers and financial counselors typically see Sailors and their families having concerns. They are:

- Domestic relations
- Contracts
- Landlord/tenant transactions
- Warranties
- The Servicemembers' Civil Relief Act
- Credit, collection and bankruptcy laws

### Slide 3

REFER learners to page 9.4 and 9.5 in the Student Manual, Top Tips to Avoid Legal Tangles. EXPLAIN that we will be reviewing each section as we proceed through the training.

### Slide 4

## Domestic Relations

When we talk about domestic relations, we are referring to a wide range of issues, concerns, rights and responsibilities regarding marriage, separation, divorce and children. Even though some of you, maybe many of you, are not married, there is a pretty good possibility you need to know some of this information, if not for yourself, then perhaps to help send a shipmate in the right direction.

### Divorce

- Divorce is driven by state law. Traditionally, divorces are based on “fault” grounds, such as adultery, desertion, or spousal abuse. In some states, however, fault divorces have been abolished entirely and statutes have been passed providing for divorce based either on fault or no-fault grounds. The time required to obtain a divorce and the expense involved will vary greatly, depending on whether the service member proceeds with a fault or no-fault divorce.
- State law varies further concerning jurisdiction for purposes of obtaining a divorce. The state of domicile of either party traditionally has been the basis for jurisdiction. Nearly every state also imposes a residency requirement. The service member must meet both the domiciliary and residency requirements of the state in which the divorce is sought in order to meet jurisdiction requirements. Beware of divorces obtained in foreign countries. They may not be recognized as valid in the United States.



## Division of Marital Property

- Whenever there is a divorce, the parties either will agree mutually, or obtain by court decree, a division of marital property. “Marital property” generally means those items acquired by the parties during the marriage. In the majority of states, retired pay is treated as marital property and therefore is subject to division between the parties. The Uniformed Services Former Spouse Protection Act governs the division of retired (retainer) pay in divorce. A former spouse can get some portion of retired pay after as little as one year of marriage. The 20/20/20 and 20/20/15 rules you may have heard mentioned apply to other benefits (commissary and health-care benefits, for example), and the “10” year rule applies to receiving payments directly from DFAS but not to amounts that may be awarded.
- Marital debts also are subject to division via mutual agreement or court decree. Before such an agreement or court decree, both parties still are equally responsible for joint debts. Each party can protect themselves to some extent by closing any joint credit or checking accounts and notifying all creditors of their wishes regarding future charges. Note that if a debt is under the name of Spouse A, and mutual agreement or court decree says Spouse B must pay the debt, if Spouse B does not pay the debt, Spouse A still is liable for the debt according to the creditor. Creditors always will seek repayment from the party who has legal liability for a debt based on the contract (not the court decree). The creditors are never a party to your divorce. If both names are on the contract, creditors can and will go after either or both, regardless of court decree or mutual agreement.

Separation agreements, which provide for the division of marital property and debts as well as for spousal and child support, are complex and important documents and ALWAYS should be reviewed by an attorney before signing. These agreements can become part or all of the divorce decree and are enforceable by the court against the party breaching any of the terms.

### SLIDE 5

## TOP TIPS if you think you are heading for separation or divorce

- Organize your documents.
  - a. Review credit report for discrepancies and/or unknown accounts. Check with all three major credit bureaus both before your divorce and six months after.
  - b. Retitle property to reflect any changes in ownership.
  - c. Wills, powers of attorney, and beneficiary declarations should be changed when the intentions of the parties change.
  - d. Set new goals.
- Close all joint accounts.
- Create a new financial plan.
- Seek legal assistance in drafting the separation agreement. The first party to NLSO will become the client. NLSO **cannot** represent both parties.



## Chapter Nine



- Get a court order.
- Retrieve and revoke any powers of attorney. Notice must be provided to any party who may have entered into agreements under the POA that the authority has been terminated.

### Slide 6

#### Spousal and Child Support

- All states have laws governing spousal/child support. Generally, an action can be brought in court at any time during the marriage if the spouse with the greater income fails to support the other spouse adequately. It is not a requirement that a divorce action be pending. As stated earlier, the parties can agree mutually, in writing, to the level of support that will be provided by one spouse to the other.
- Most states provide for specific dollar amounts of child support, based on the number of children and gross income of BOTH parents. If parties can't agree, the court will impose the statutory amount.

Non-Support: The Navy's official stance on non-support is found in the MILPERSMAN Article 1754-030: "The Navy will not act as a haven for personnel who disregard or evade obligations to their legal family members.

All members shall provide adequate and continuous support for their lawful family members and fully comply with the provisions of separation agreements and valid court orders." By common law, it is the duty of the husband to support his wife and children. In many states, the failure to support one's legal dependents also is a criminal offense. The military recognizes a service member's moral and legal obligations to support family members and uses its resources to ensure that this obligation is met.

### SLIDE 7

Navy Guidelines for Support: The Navy provides counseling services to family members and requires commands to counsel service members when a non-support complaint is received. The Navy, however, does not possess the direct authority to force the service member to provide support by allotment or other means. The MILPERSMAN provides guidelines for child support that can be used in the absence of a court order or mutual agreement. State law will take precedence over Navy guidelines — they are guidelines only:

- Spouse only: 1/3 gross pay
- Spouse and one minor child: 1/2 gross pay
- Spouse and two or more children: 3/5 gross pay
- One minor child: 1/6 gross pay
- Two minor children: 1/4 gross pay
- Three minor children: 1/3 gross pay



Category	Percentage of Gross Pay
Spouse only	1/3 gross pay
Spouse and one minor child	1/2 gross pay
Spouse and two or more children	3/5 gross pay
One minor child	1/6 gross pay
Two minor children	1/4 gross pay
Three minor children	1/3 gross pay

Gross pay is basic pay plus basic allowance for housing

“Gross pay will include basic pay and basic allowance for housing if entitled, but does not include hazardous duty pay, incentive pay, or basic allowance for subsistence.”

The DoD Pay Manual Section 30236 states that when a member is receiving BAH with dependents, the money is to be used for the support of dependents. Non-support while receiving BAH Differential (BAH/D) can result in recoupment and in some cases disciplinary action as severe as court martial.

Where support payments are in arrears, the service member may find that a court order for support payments has been turned into a judgment (a legal decision, order or decree), which can result in garnishment and/or involuntary allotment. In a garnishment, a debtor’s wages are used to pay a debt by court order. Therefore, if a member’s pay is garnished for support payment in arrears, money is taken out of the paycheck automatically and used to pay the arrearage. The arrearage must be for two months or more for a garnishment to result. The member should also be made aware that the Internal Revenue Service (IRS) may withhold any tax refunds payable to the member or his or her spouse due to child support arrearage.

In particularly severe cases of non-support, the command may take disciplinary action ranging from NJP to discharge. Non-support, as well as a fraudulent claim or receipt of BAH/D, can be the basis for such action. The service member’s best bet is to determine the amount of support owed and set up an allotment to pay it. If it is not paid by allotment, checks are preferred over money orders for the sake of record-keeping. Copies of all documents (including checks) should be retained in case they are needed in the future.



## SLIDE 8

Who are my children? Your children are determined as follows:

- Born while you are married
- Adopted, even after divorce
- Born out of wedlock with paternity test
- Does not include stepchildren

If you are not the parent of a child, beware of anything that can be construed by the court as evidence of paternity, such as sending money to take care of the child. Do not acknowledge paternity in any manner whatsoever until you are sure the child belongs to you. **When in doubt, have a paternity test performed.**



## SLIDE 9

### TOP TIPS if you are responsible for child support

- If you are responsible for child support, pay it, and keep a record of all payments made.
- If paternity is in question, get a paternity test. Refrain from taking any action that can be construed as child support. It may be considered to establish paternity.



- If you are due child support and it is not being paid, visit your local child-support enforcement office and seek assistance from NLSO.

An involuntary allotment for back child support will take priority over all other debts save those owed to the government.

## SLIDE 10

## Contracts

### Credit Contracts

- A credit contract, or note, is a legal document that names the borrower and lender and the terms of the loan agreement. These terms are the amount borrowed, interest rate, finance charge, time for making payments, amount of each payment, and the effect of missing a payment. The Federal Truth in Lending Act requires that other important credit terms, such as the annual percentage rates and the finance charge, be included in any consumer contract.

REFER learners to the Reference Information Sheet, Contracts section.

### Clauses

- There are several key clauses to look for in the “fine print” of a consumer credit contract that refer to the rights and responsibilities of the creditor and debtor if payments are missed. Remember, the “big print giveth, and the fine print taketh away.”
- **Security Clause:** This clause itemizes the property that the creditor may claim as collateral if the member does not pay the loan as agreed. The item purchased may be the collateral, as well as any other items the member may have pledged in order to obtain the loan.
- **Attorney’s Fee Clause:** States that the member is responsible for paying the creditor’s attorney’s fees if the creditor sues the member for non-payment.
- **Repossession Clause:** States that if the item purchased is repossessed, the service member still is responsible for paying any outstanding balance on the loan if the creditor does not receive enough money when the collateral is sold to pay off the loan, as well as other charges related to the repossession.
- **Late Fee Clause:** States when and how the creditor will charge the service member late fees if payments are not made as agreed.
- **Acceleration Clause:** States that if the debtor defaults on the loan, the creditor can demand payment of the outstanding balance. A default can be only ONE missed payment on a loan.

### Cancellation of Contracts

Generally, a contract is presumed binding on both parties and cannot be canceled by one party without the express permission of the other party. Some contracts, however, contain various “cooling-off” provisions that allow the purchaser to cancel the contract within a specified period of time. While negotiating the contract,



the purchaser should inquire as to whether there are any applicable cancellation provisions. Make sure they are in writing in the body of the contract itself. State law also may govern the cancellation of various contracts (time-shares, health clubs, etc.).

*Review state guidelines on cancellation/cooling-off rules as needed.*



## Slide 11

### TOP TIPS if you are going to negotiate and/or sign a contract

- Read the fine print.
- Get everything in writing — no verbal promises.
- Understand all the terms of the contract — ask questions.
- Before signing any contract, but especially one for a vehicle purchase, take a copy of the unsigned contract to NLSO to have an attorney check it out.
- Be sure the whole contract is filled in — leave no blanks.
- A contract is presumed legally binding on both parties. If the seller wants to cancel the existing contract, change some of the terms (such as the interest rate) and sign a new one, you have the right to stay with the original contract if signed by both parties.
- Cancellation of a contract may require the agreement of both parties. Get it in writing, and deliver it via certified mail, return receipt requested.
- Be wary of any rights you may waive regarding collection of delinquent accounts.

## SLIDE 12



## Landlord/Tenant Transactions

### Customary Arrangements

In many states, property may be rented either by written or oral agreement. Oral agreements are not advisable, because it may be very difficult to establish the terms of the agreement and to resolve disputes. A copy of the recommended lease that favors the lessee's interests (as a tenant and member of the military) may be obtained from the Housing Referral Office. Service members need to check in with the Housing Office before signing a lease in order to avoid loss of BAH, and all leases should be reviewed by a legal officer or a counselor at the Housing Office before signing.

Leases generally either are for a fixed term or from period-to-period, such as from month-to-month. The lease should specify the period covered by the agreement, as well as contain a provision regarding termination procedures.

Beware of lease provisions that provide for an automatic renewal of the lease term unless proper notice is provided. Get a receipt for the notice to prove it was provided.



## Military Clauses

A statutory military clause has been enacted in some states. A military clause generally permits the service member to cancel the lease upon receipt of PCS orders; an order to move into government quarters; or discharge from military service. Make sure that your lease has a military clause. If your lease does not have a military clause, then you will still have the protections of the Servicemembers Civil Relief Act (SCRA) as it applies to residential real property leases. Note that some state laws may allow landlords to charge tenants a penalty for terminating a lease early using the military clause.

## Insurance

Normally the landlord is not responsible for loss of the tenant's personal property unless the landlord's negligence caused the loss. Tenants therefore should have a form of renter's insurance to protect their personal property. Tenants also should obtain insurance covering liability to third parties on the property. Note that in most states the landlord is not responsible for the physical safety of the tenant from other than structural property. Criminal acts by non-tenants alone are not a basis for the termination of a lease unless personal physical protection is provided specifically in the lease.

## Security Deposits

State law varies regarding the reasons a landlord may retain the deposit. The deposit generally may not be retained for normal wear and tear charges, such as replacing carpeting and repainting. The length of time within which the landlord either must refund the deposit or advise why any portion is being withheld also varies among states. Triple damages may be awarded for judicial finding of failure to comply with statutes regulating the return of the security deposit.

### Slide 13

#### TOP TIPS for landlord/tenant transactions

- Get a written lease — do not accept oral promises.
- Ensure there is a military clause in the lease.
- Get renter's insurance to protect your property, whether you are renting or living in government quarters.
- Thoroughly inspect the property before moving in and note IN WRITING any discrepancies. Retain your list for when you vacate. Take photographs or videotape the premises for your records.
- Be cautious about withholding rent or violating lease provisions over disputes with the landlord; your actions may place you in breach of the contract. Strict compliance with the law is required to use rent-escrow or rent-withholding.
- See NLSO with concerns about your lease.





## SLIDE 14

### Warranties

Warranties vary in the amount of coverage provided. Warranties apply to all types of property, such as automobiles, appliances, houses, etc.

#### Implied Warranties

The Magnuson-Moss Act of 1975, a federal law, gives these warranties on all products and services whether the warranty is written or not. Look to state law for additional statutes providing warranties, such as automobile and lemon laws.

- **Warranty of Merchantability:** Means that the dealer promises that the product will do what it is supposed to do; i.e., a car will run, and a toaster will toast.
- **Warranty of Fitness for a Particular Purpose:** This applies when you buy a product on the seller's advice that it is suitable for a particular purpose; i.e., the seller said that a certain sleeping bag is suitable for zero-degree weather.

#### Expressed Warranties

Written or oral warranties supplied by a manufacturer or seller usually are one of the following:

- **“As Is”** — no warranty is given as to the condition or workability of the product. The seller has no liability for faulty goods.
- **“Limited”** — the seller or manufacturer will provide a warranty only on specific things, such as paying for all parts within the first year but not the cost of labor.
- **“Full”** — the seller or manufacturer guarantees completely the condition, parts and labor for the product for a specific period of time.

## SLIDE 15

### Service Contracts

Although service contracts often are called “extended warranties,” they are not warranties. Warranties are included in the price of goods and services, but service contracts will cost extra money. To decide whether to buy a service contract in addition to the warranty, consider:

- Whether the service contract covers repairs that you would get for free under the warranty.
- Whether the product is likely to need repairs and the potential costs. (Consult *Consumer Reports* or other consumer resources for repair history.)
- How long the service contract is in effect.
- The long-term cost of the extended warranty, especially if you are financing it.
- The reputation of the company offering the service contract.



### SLIDE 16

#### TOP TIPS for warranties

- Read any warranty and know what is covered.
- Seriously scrutinize any offers of extended warranties or service contracts, which are written like insurance policies and frequently have exclusions, limitations or conditions that reduce or eliminate the general coverage and protection stated in the agreement.
- Inspect anything you are going to purchase "as is." What you see is what you get, and what you DON'T see is what you get (especially when it comes to used cars).
- When something goes wrong with an item, take action while the warranty is in effect. As in all business transactions, elements of proof are very important. Always communicate in writing or follow up on phone calls with letters.



### SLIDE 17

#### Servicemembers Civil Relief Act

REFER learners to pages 9.6 through 9.8 in the Student Manual, Servicemembers Civil Relief Act Simplified.

#### Provisions

The Servicemembers Civil Relief Act provides a number of significant protections to service members. These protections include: staying civil court hearings if military service materially affects service members' ability to defend their interests; reducing interest to 6 percent on pre-service loans and obligations; requiring court action before a service member's family can be evicted from rental property for nonpayment of rent if the monthly rent is \$2,400 or less; termination of a pre-service residential lease; and allowing service members to maintain their state of residence for tax purposes despite military relocations to other states.

The updated law includes the following provisions:

- Extends the application of a service member's right to stay court hearings to administrative hearings. It now requires a court or administrative hearing to grant at least a 90-day stay if requested by the service member. Additional stays can be granted at the discretion of the judge or hearing official.
- Clarifies the rules on the 6 percent interest-rate cap on pre-service loans and obligations by specifying that interest in excess of 6 percent per year must be forgiven. The absence of such language in the SCRA had allowed some lenders to argue that interest in excess of 6 percent merely is deferred. It also specifies that a service member must request this reduction in writing and include a copy of his/her orders.
- Modifies the eviction-protection section by precluding evictions from premises occupied by service members for which the monthly rent does not exceed



\$2,932.31 for the year 2009. The Act requires the DoD to adjust the amount annually to account for inflation.

- Extends the right to terminate real property leases to active-duty members moving pursuant to permanent change of station (PCS) orders or deployment orders of at least 90 days. This eliminates the need to request a military termination clause in leases.
- Adds a new provision allowing the termination of automobile leases for use by service members and their dependents. Pre-service automobile leases may be cancelled if the service member receives orders to active duty for a period of 180 days or more. Automobile leases begun while the service member is on active duty may be terminated if the service member receives PCS orders to a location outside the continental United States or deployment orders for a period of 180 days or more.
- Adds a provision that would prevent states from increasing the tax bracket of a nonmilitary spouse who earned income in the state by adding the service member's military income for the limited purpose of determining the nonmilitary spouse's tax bracket. This practice has had the effect of increasing the military family's tax burden.

The act does **NOT**:

- Help the service member rescind a rental or purchase agreement begun after entry onto active duty.
- Exempt the service member from the payment of local real estate taxes.
- Assist the service member in avoiding or postponing court action resulting from civilian criminal charges — civil only.
- Cover federal student loans.

### Slide 18

### TOP TIPS for the SCRA

- If you think you have a defense under the SCRA, consult an NLSO attorney.

### Slide 19

## Credit, Collection and Bankruptcy Laws

REFER learners to page 9.9 in the Student Manual for reference information on credit and collection laws.

This information will be covered in detail during the credit and debt sessions so we will not review these extensively today.

There are many laws that have been enacted by the federal government to provide consumers with certain rights regarding credit and collections. These are some of the major laws that you need to know:





## Federal Truth in Lending Act

The purpose of the act is to protect consumers by requiring lenders to provide a “meaningful disclosure of all credit terms.” For closed-end credit transactions (one-time purchase or loan for a set amount payable over time), disclosures include the identity of the creditor, amount financed, annual percentage rate, finance charge, total of payments, payment schedule, and penalties. For open-end credit transactions (line of credit for multiple purchases payable over time), disclosures include annual percentage rate; method of determining finance charge and balance upon which finance charge is imposed; security interests; and statement of billing rights. By having this information, consumers will be better able to comparison shop for the best terms and rates. The act does NOT regulate the amount that lenders may charge for credit. (Also contains some cooling-off provisions for some home-equity loans.)

## Fair Credit Billing Act

The purpose of this act is to help consumers resolve disputes with creditors over billing errors, including transactions by unauthorized users, and to ensure fair handling of credit accounts. “Billing errors” (mistakes) include charges made by an unauthorized user; charges for goods or services not accepted by the consumer; computation errors; and charges for the wrong amount or on the wrong date. The consumer must notify the creditor in writing within 60 days of receiving an incorrect bill. The creditor will investigate the allegation of unauthorized use and if they find it valid, the maximum liability is \$50. See the Electronic Funds Transfer Act for contracting regulations.

## Electronic Funds Transfer Act

Adopted to provide protection to EFT users. Affects the use of many point-of-sale (POS) transfers, ATM transfers, direct deposit or withdrawal of funds, transfers initiated by telephone, debit cards, and credit cards used as debit cards. A major tenet of this act regards cardholder liability for unauthorized transfers. Consumers are liable for only the first \$50 of unauthorized use if they notify the company within TWO business days of discovering the loss or theft. If the consumer notifies the issuer between two and 60 days after the loss or theft, liability rises to \$500. If the consumer fails to notify the issuer within 60 days, the liability can be unlimited (notification can be oral or written). Note how this differs from liability for unauthorized use of a credit card under the Fair Credit Billing Act of the Truth in Lending Act.

## Fair Debt Collections Practices Act

The purpose of this act is to eliminate abusive debt-collection practices, ensure that those collectors who refrain from using abusive debt-collection practices are not completely disadvantaged, and promote consistent state action to protect consumers against debt-collection abuses. This act applies to “debt collectors,” a business for which the principle purpose is the collection of any debts or who regularly collect debts owed to others. Debt collectors may not:

- Harass, oppress or abuse any person by making threats of violence, using obscene or profane language, or by using the telephone repeatedly to annoy.
- Call before 8 a.m. or after 9 p.m.
- Make any false statements when collecting a debt.
- Engage in unfair practices in attempting to collect a debt by depositing a post-dated check before the date on the check or by taking a debtor's property unless done legally.
- Debtors have the right to notify a debt collector in writing to have no further contact with them. The law allows the collector one final contact, usually to invoke a specific remedy. If the collector continues to contact the debtor after a written request has been made to cease all contact, the debtor has the right to report the violation to the Federal Trade Commission for action. In cases like these, the members should seek assistance from NLSO.

### **Fair Credit Reporting Act**

The purpose of this act is to ensure that consumer credit-reporting agencies furnish correct and complete information to businesses for use in evaluating applications for credit, insurance or employment. Have you seen your credit report in the past 12 months? Mistakes do occur, and you are wise to check your report periodically and correct any erroneous information. Among other things, this act gives you the right to see your credit bureau file and to dispute the completeness or accuracy of the report. It also requires disclosure to you of the name and address of any credit-reporting agency that supplied information about you. Further, it gives you the right to put a 100-word statement on your credit report.

### **Fair and Accurate Credit Transaction Act**

This amendment to the Fair Credit Reporting Act is intended primarily to help consumers fight identity theft. Among other things, this act gives you the right to one free credit report annually. It also allows free access to specialty reports (medical, insurance, and check-writing history) annually. FACTA provides the right to add a "fraud alert" to your file if you have been the victim of identity theft. It also provides for "active-duty alerts" for military members — a very useful idea when going overseas.

### **Equal Credit Opportunity Act**

Provides for credit being granted to all consumers in a fair and equitable manner. Prohibits discrimination based on sex, marital status, race, national origin, religion, age or the receipt of public assistance. Prohibits women from having to reapply for credit due to separation or divorce. A person still can be denied credit if they fall into one of these categories, but a poor credit history is the only allowable reason for denial of credit.



## Military Lending Act

Payday loans (and certain other financing) offered to service members and their dependents must include certain protections, under federal law and a Department of Defense rule. For example, for payday loans offered after 1 Oct 2007, the military annual percentage rate cannot exceed 36 percent. Most fees and charges, with few exceptions, are included in the rate. Creditors also may not, for example, require use of a check or access to a bank account for the loan, mandatory arbitration, and unreasonable legal notices. Military consumers also must be given certain disclosures about the loan costs and your rights. Credit agreements that violate the protections are void. Creditors that offer payday loans may ask loan applicants to sign a statement about their military affiliation.

Even with these protections, payday loans can be costly, especially if you roll over the loan. You instead may be able to obtain financial assistance from military aid societies, such as the Army Emergency Relief, Navy-Marine Corps Relief Society, Air Force Aid Society, or Coast Guard Mutual Aid. You may be able to borrow from family or friends or get an advance on your paycheck from your employer. If you still need credit, loans from a credit union, bank, or a small-loan company may offer you lower rates and costs. They may have special offers for military applicants and may help you start a savings account. A cash advance on your credit card may be possible, but it could be costly. Find out the terms for any credit before you sign. You may request free legal advice about a credit application from a service legal assistance office or financial counseling from a consumer credit counselor, including about deferring your payments.

Military consumers can contact the Department of Defense, toll-free 24 hours a day, seven days a week, at 1-800-342-9647, or at [www.militaryonesource.com](http://www.militaryonesource.com). Information on the Department of Defense rule on payday loans, alternatives to payday loans, financial planning, and other guidance is available.

## Letters of Indebtedness

Members are expected to pay their just financial obligations in a proper and timely manner. If a member owes a debt to a creditor, the creditor may send a Letter of Indebtedness (LOI) to the member's command and the command may notify the member. If it is the type of debt with which the command may become involved pursuant to Navy regulations, such as enforcement of child support or alimony obligations, then the command may counsel the member and advise him or her of the consequences of a failure to comply.

The command may take administrative or punitive action in appropriate cases, to include service record entries, denial of reenlistment, administrative separation, or punitive action under the UCMJ. The member must also be made aware that failure to pay just debts may be considered evidence of irresponsibility which can adversely affect a career, such as negative evaluations or loss of a security clearance. Note that an LOI coming from a debt collector may be in violation of the FDCPA unless the collector obtained consent from the member prior to sending the LOI.

## Bankruptcy

Bankruptcy is a legal proceeding provided by federal law, in which people who cannot pay their bills can get a fresh financial start. All bankruptcy cases are handled in federal court. Filing for bankruptcy immediately stops all creditors from seeking to collect debts from you (called an “automatic stay”) except landlords who still may proceed with eviction, at least until your debts are sorted out according to the laws. There are two types of bankruptcy typically filed by individuals: Chapter 7, which is a straight liquidation of assets to pay debts; and Chapter 13, which is a court-ordered plan to pay debts. A means test is applied to determine which type must be filed. In addition, credit counseling within 180 days of filing is required, as is completion of a personal financial management course.

There are both positive and negative aspects of bankruptcy. On the positive side, bankruptcy can:

- Eliminate the legal obligation to pay most or all of your debts.
- Stop foreclosure on your house or mobile home and allow you an opportunity to catch up on missed payments.
- Prevent repossession of a car or other property, or force the creditor to return property even after it has been repossessed.
- Stop wage garnishment, debt-collection harassment, and similar creditor actions.
- Restore or prevent termination of utility services.
- Allow you to challenge the claims of creditors who have committed fraud or who otherwise are trying to collect more than you really owe.

On the negative side, bankruptcy cannot:

- Eliminate certain rights of “secured” creditors.
- Discharge certain types of debts such as child support, alimony, some student loans, criminal fines and taxes.
- Protect co-signers on your debts.
- Discharge debts that arise after bankruptcy has been filed and in many cases debts incurred just prior to filing bankruptcy.

A bankruptcy stays on your credit report forever. It is reported to general creditors for 10 years. After the 10-year period, it will be reported only to creditors with whom you seek a mortgage or loan for \$150,000 or more, an insurance policy with a value of \$150,000 or more, and employment with a salary of \$75,000 or more. A person may not file for Chapter 7 for another eight years or Chapter 13 for another four years.

Although the bankruptcy laws exist for a reason, bankruptcy is a final resort and should be pursued only after all other options have been ruled out. Clients should be referred to the FFSC Financial Education Specialist, NMCRS, and/or non-profit debt-management counseling programs available at the local federal credit union or through non-profit consumer credit counseling organizations. For most military

members, there are alternatives to bankruptcy that allow them to live up to their legal and moral debt obligations without filing bankruptcy.

## Slide 20

### TOP TIPS for credit, collection and bankruptcy issues

- Make sure all finance contracts include the Federal Truth in Lending Act information: annual percentage rate, finance charge, amount financed, and total of payments.
- If wrong information is on your credit report, dispute it.
- Report any loss or theft of credit or debit cards as soon as you realize they are missing.
- If you are being harassed by third-party collection agents, ask them to stop calling you. Seek debt-management counseling.
- Avoid Letters of Indebtedness to the command by developing and using a personal financial plan and keeping debt payments down to an affordable level.
- Get counseling **before** talking to a bankruptcy attorney.



## SLIDE 21

### Summary

Since we are not lawyers, we can't be expected to be legal experts. However, a little knowledge can go a long way when it comes to your legal rights and responsibilities. While you are in the Navy, you are expected to pay your just debts in a proper and timely manner. You also are expected to support your legal dependents. While you have many responsibilities, you also have many rights: some that all Americans are afforded, and some that are specific to the military member (such as those under the Servicemembers Civil Relief Act). Take some time to become familiar with your rights in the six important areas that we covered today.

If a client needs assistance with any legal issue, or isn't sure if he even has a legal issue, seek assistance. Your Navy Legal Service Office and your Fleet and Family Support Center financial educator are ready to help. There also are many resources available in the civilian community, from the agencies that enforce our laws (such as the Federal Trade Commission) to local legal-aid societies. Help clients to exercise their rights and understand the law, and they will avoid any legal tangles that may be heading their way.



## Slide 22

### Activity: Heading for Trouble

**Time:** 15 Minutes

**Materials:** Student Manual page 9.10

**Procedure:**



SAY today we have covered six important areas of personal finances where legal issues typically arise. Sailors and their families can avoid legal complications by being aware of and exercising their rights under the law. To help apply what we have learned today, here are a few common scenarios. Are they heading for trouble?

1. A service member is separated from her spouse. The spouse has custody of their one child. The member and spouse are arguing over how much child support should be paid. The service member decides not to pay anything to the spouse until there is a court decree. She continues to live in their apartment and receive BAH at the “with dependents” rate. Is she heading for trouble?

**Yes. She needs to pay, at a minimum, the difference between BAH with dependents and BAH single (if she is authorized to receive it).**

2. A service member wakes up one Saturday and decides to go out and buy his dream car. While on the lot, the salesperson tells the member to sign the retail installment sales contract and a promissory note as well as a few other miscellaneous sheets of paper. He also recommends that the member purchase a service contract to keep the car running smoothly. The member is late for a date, and since he trusts the salesperson, he signs all the documents without reading them. Is he heading for trouble?

**Yes. Never sign a legal document without reading the whole thing and understanding it. Before signing, take contracts to NLSO to have them reviewed. He probably doesn't need the service contract.**

3. A very junior service member is having difficulty paying bills he incurred before he joined the military. Some of the debts have interest rates as high as 20 percent. Is he heading for trouble?

**Maybe not. The Sailor may be able to get the interest rate reduced under the Servicemembers Civil Relief Act. He needs to consult with NLSO and also seek debt-management counseling from his CFS, FFSC or a local consumer credit counseling service. There also may be a Letter of Indebtedness sent to the commanding officer.**

4. A service member and her husband are moving into an apartment and sign a lease without a military clause. Are they heading for trouble?

**Yes. They could owe a lot of money if they are transferred suddenly, depending on the terms of the lease. Ensure that there is a military clause, and get leases checked out by NLSO or the Housing Office before signing.**

5. A service member and her husband are moving into government quarters. They believe the government will pay for any damage to personal property if there is a disaster, such as fire or flood. Are they heading for trouble?

**Yes, if they don't have any renters insurance and a disaster should occur. Be on the safe side. For a few dollars a month, it is worth it to get the coverage offered under a renter's policy.**



6. A Sailor is buying a used car and asks the salesman for a copy of the unsigned contract to take to his legal officer before he signs it. Is he heading for trouble?

**No. This is the right thing to do. If the salesman won't provide a copy, try another dealer.**

7. The court tells a Sailor he must pay debts legally incurred by his ex-wife while they were married. The Sailor decides there is no way he will pay the debts. Is he headed for trouble?

**Yes and no. The ex-wife is liable for the debt because it is in her name, no matter who the courts say must pay it. However, the ex-wife can sue the Sailor for payment of the debt under the court decree. The ex-wife can request that the Sailor be held in contempt of court, which could result in jail time or other penalties.**

8. A Sailor living in the barracks has fallen behind three months on court-ordered support for his estranged wife and baby son, who are living in military housing. His CO orders him to pay half of his gross pay each month. Is anyone headed for trouble?

**Yes. The Sailor needs to pay the child support. Since he is behind three months, he could be facing an involuntary allotment. They both need to find out how long the wife and son can live in housing. A CO cannot order a Sailor to pay child support under the MILPERSMAN Article — it is meant as a guideline in the absence of a court order. Since there is a court order, that will take precedence.**

9. A Sailor does not believe he is the father of a new baby, but he agrees to provide financial support until “things are straightened out.” Is he headed for trouble?

**Yes. The temporary support can be construed as providing child support and can be used to establish paternity. Get a paternity test if paternity is in doubt.**

10. A Sailor buys a heavy-duty steam carpet cleaner from a department store. The saleswoman tells the Sailor it will clean heavy-duty dirt from most carpets. The Sailor notes, upon using the cleaner, that it forms small, muddy ponds in his living room. Is he headed for trouble?

**No. This probably is a breach of the implied warranty — an item should do what it is supposed to do. He probably will get a replacement cleaner. As for the carpet...**

11. A Sailor buys a used car marked “as is.” When he puts the key in the ignition, nothing happens. He then lifts the hood and notes that there is no engine. Is he headed for trouble?

**Yes. Since he bought the car “as is,” he gets it as is. Always have a used car checked by a mechanic before you buy it, especially if it is being sold with no warranties.**

12. A Sailor realizes she has lost her credit card. She informs the issuer immediately. When she gets her next bill, there is a charge of \$400 she didn't make. Is she headed for trouble?

**Yes. Even though she reported the loss as soon as she was aware of it, the Sailor must WRITE to notify the creditor under the Fair Credit Billing Act. The use of oral or telephonic communication is not effective to enforce rights under the act.**

13. A Sailor realizes she has lost her debit card. She doesn't call the issuer for three days. Meanwhile, there was unauthorized use of the card for \$400. Is she headed for trouble?

**Yes. The situation is different for debit cards. She has two days to report the loss, and then she is liable for the first \$500 of unauthorized charges. She will have to pay.**

14. Bonus: A Sailor gives her husband a general power of attorney to take care of business while she is deployed. Is she headed for trouble?

**Could be. Although we didn't cover powers of attorney, we'd just like to add it here as a footnote. Beware of general powers of attorney. It gives complete control over most financial situations. If there are any marital problems, or if the husband has undisciplined spending habits, problems could arise. A specific power of attorney would be a better option.**

## VII. FORMS

- Reference Information: Domestic Relations and Contracts
- Top Tips to Avoid Legal Tangles
- Servicemembers Civil Relief Act
- Reference Information: Credit and Collection Laws
- Heading for Trouble?

# Reference Information

## Domestic Relations

### 1. MILPERSMAN Article 1754.030 — Relevant Excerpts

Support obligations: “The Navy will not act as a haven for personnel who disregard or evade obligations to their legal dependents.” “All members shall provide adequate and continuous support for their lawful family members and fully comply with the provisions of separation agreements and valid court orders.”

#### Guidelines

- Spouse only .....  $\frac{1}{3}$  gross pay
- Spouse and one minor child .....  $\frac{1}{2}$  gross pay
- Spouse and two or more children .....  $\frac{3}{5}$  gross pay
- One minor child .....  $\frac{1}{6}$  gross pay
- Two minor children .....  $\frac{1}{4}$  gross pay
- Three minor children .....  $\frac{1}{3}$  gross pay

Gross pay is basic pay plus basic allowance for housing. This is a guideline to use until a mutual agreement is reached or a court order is issued. The Navy provides counseling regarding non-support issues but does not possess the direct authority to force service members to provide support. Failure to support dependents is a criminal offense in most states. The military recognizes a service member’s moral and legal obligation to support family members and as such provides for involuntary allotments from Navy pay for support obligations. When a member is receiving BAH with dependents, the money is to be used for the support of dependents. Non-support while receiving BAH/D will result in recoupment and possible disciplinary action.

### 2. Marital Debts

Marital debts are subject to division via mutual agreement. Before an agreement or court decree, both parties still are equally responsible for joint debts. The creditor never is a party to your divorce. If both names are on the contract, creditors can and will go after either or both, regardless of court decree or mutual agreement.

### 3. Children

Your children are those who are born while married, adopted or determined by paternity test. This does not include stepchildren.

## Contracts

1. **Clauses:** There are several key clauses to consider in the “fine print” of a consumer credit contract that refer to the rights and responsibilities of the creditor and debtor if payments are missed. Remember, the “big print giveth, and the fine print taketh away.”

- **Security Clause:** This clause itemizes the property that the creditor may claim as collateral if the member does not pay the loan as agreed. The item purchased may be the collateral as well as any other items the member may have pledged in order to obtain the loan.
- **Attorney’s Fee Clause:** This clause states that the member is responsible for paying the creditor’s attorney’s fees if the creditor sues the member for non-payment.
- **Repossession Clause:** This clause states that if the item purchased is repossessed, the service member still is responsible for paying any outstanding balance on the loan if the creditor does not receive enough money when the collateral is sold to pay off the loan, as well as other charges related to the repossession.
- **Late Fee Clause:** This clause states when and how the creditor will charge the service member late fees if payments are not made as agreed.
- **Acceleration Clause:** This clause states that if the debtor defaults on the loan, the creditor can demand payment of the outstanding balance. A default can be only ONE missed payment.

### 2. Cancellation

Generally, a contract is binding on both parties and cannot be canceled by one party without the express permission of the other party. Some contracts, however, contain various “cooling-off” provisions that allow the purchaser to cancel the contract within a specified period of time. Make sure any applicable cancellation provisions are in writing in the body of the contract itself. When canceling, always send the notice in writing via certified mail.

# Top Tips to Avoid Legal Tangles

## Separation or Divorce

- Organize your documents.
- Review your credit report for discrepancies and/or unknown trade lines.
- Retitle property to reflect any changes in ownership.
- Review wills, powers of attorney, and beneficiaries declarations and change as necessary.
- Set new goals.
- Close all joint accounts.
- Create a new financial plan.
- Seek legal assistance in drafting a separation agreement.
- Get a court order.
- Tear up and revoke any powers of attorney.

## Child Support

- If you are responsible for child support, pay it, and keep a record of all payments made.
- If paternity is in question, get a paternity test. Refrain from taking any action that can be construed as child support, because it may be considered in establishing paternity. Fathers also can request the court's assistance to determine paternity, custody and child support.
- If you are due child support and it is not being paid, visit your local child support enforcement office and seek assistance from NLSO.
- An involuntary allotment for back child support will take priority over all other debts except those owed to the government.

## Contracts

- Read the fine print.
- Get everything in writing — no verbal promises.
- Understand all the terms of the contract — ask questions.
- Before signing any contract, but especially one for a vehicle purchase, take a copy of the unsigned contract to NLSO to have an attorney review it.
- Be sure the whole contract is filled in — leave no blanks.
- A contract is presumed legally binding on both parties. If the seller wants to cancel the existing contract, change some of the terms (such as the interest rate) and sign a new one, you have the right to stay with the original contract if it was signed by both parties.
- Cancellation of a contract may require the agreement of both parties. Get it in writing, and deliver it via certified mail.
- Be wary of any rights you may waive regarding collection of delinquent accounts.

## Landlord/Tenant Transactions

- Get a written lease — do not accept oral promises.
- If your lease does not have a military cause, then you will still have the protections of the Servicemembers Civil Relief Act (SCRA) as it applies to residential real property.
- Get renter's insurance to protect your property, whether you are renting or living in government quarters.
- Thoroughly inspect the property before moving in and note IN WRITING any discrepancies. Retain your list for when you vacate. Take pictures or videos.
- See NLSO with concerns about your lease.

## Warranties

- Read any warranty and know what is covered.
- Seriously scrutinize any offers of an extended warranty or service contract. You probably don't need it.
- Inspect anything you are going to purchase "as is." What you see is what you get, and what you DON'T see is what you get (especially when it comes to used cars).
- When something goes wrong with an item, take action while the warranty is in effect.
- Implied warranties are valid even when not in writing. These are the warranty of merchantability — the item does what it is supposed to do, (a toaster will toast) and the warranty of fitness for a particular purpose — the item will be suitable for the purpose which the seller said it was, (such as a zero-degree sleeping bag).
- Express warranties can be oral or written — "as is" means no warranty, "limited" means only as specified by the seller, and "full" means completely guaranteed for a period of time.

## Servicemembers Civil Relief Act

- If you think you have a defense under the SCRA, consult an NLSO attorney.
- You have the right to stay court and administrative hearings for at least 90 days or longer if military service materially affects your ability to defend your interests. Request it in writing.
- You must request in writing the provision reducing interest to 6 percent on pre-service loans and obligations.
- You and your family are protected from eviction if the monthly rent does not exceed \$2,932.31 (2009).
- If you undergo PCS or deploy for at least 90 days, you can terminate a lease, even without a military clause.
- You may have the ability to terminate your auto lease, especially if you undergo PCS or deploy overseas.

## Credit, Collection And Bankruptcy

- Make sure all finance contracts include the Federal Truth In Lending information: annual percentage rate, finance charge, amount financed, and total of payments.
- If incorrect information is on your credit report, dispute it.
- Report in writing any loss or theft of credit cards or debit cards as soon as you realize they are missing.
- If you are being harassed by third-party collection agents, ask them to stop calling you. Seek debt-management counseling.
- Avoid Letters of Indebtedness to the command by developing and using a personal financial plan and keeping debt payments to an affordable level.
- Get counseling before you talk with a bankruptcy attorney.

# Servicemembers Civil Relief Act, Simplified

By Rod Powers, <http://usmilitary.about.com>

## What Is the Servicemembers Civil Relief Act?

In 2003, the Soldiers and Sailors Civil Relief Act was re-written and re-named the Servicemembers Civil Relief Act (SCRA). The bill was signed into law by President Bush on 19 Dec 2003. The law now governs legal protections for members of the U.S. military.

## Who Is Covered?

Reservists and members of the National Guard (when in active federal service) also are protected under the law. SCRA (for all) begins on the first day of active duty, which means when the person ships out to basic training (basic training and job-school are considered active duty for Guard and Reserve personnel, as well as active-duty personnel). Some protections under the act extend for a limited time beyond active-duty discharge or release but are tied to the discharge/release date. Additionally, some of the act's protections extend to the member's dependents.

National Guard members recalled for state duty also are protected by the Servicemembers Civil Relief Act in certain circumstances. National Guard members are entitled to SCRA protection when called to state active duty under Title 32, if the duty is because of a federal emergency; the request for active duty is made by the president or secretary of defense; and the member is activated for longer than 30 days.

## Major Legal Protections

1. Termination of Residential Leases. The SCRA allows individuals to break a lease when they go onto active duty, if the lease was signed before going onto active duty. Additionally, the act allows a service member to terminate a residential lease signed while in the military, if the member receives permanent change of station (PCS) orders or orders to deploy for a period of not less than 90 days.

This protection covers "lease of premises occupied, or intended to be occupied, by a service-

member or a servicemember's dependents for a residential, professional, business, agricultural or similar purpose."

To break a lease under these provisions, the service member must make the request in writing and must include a copy of their orders (orders placing them on active duty, PCS orders, or deployment orders). The member may deliver the notification by hand, by commercial carrier, or by mail (return receipt requested).

The earliest termination date for a lease that requires monthly rent is 30 days after the first date on which the next payment is due, following proper notification of termination. For example, if Sailor John pays his rent on the first of every month, and he notifies his landlord (and gives the landlord a copy of his orders) on 18 Jun that he wishes to terminate the lease under the provisions of the SCRA, the earliest termination date is 1 Aug (the next rent is due 1 Jul, and 30 days later is 1 Aug). If some other arrangement is in place, other than monthly rent, the earliest termination of the lease is the last day of the month following the month in which the notice is given. So, if notice is given on 20 Jun, the earliest termination date would be 31 Jul.

The SCRA gives the military member the right to terminate his/her own portion of the lease early, but the law does not require the landlord to decrease the amount of total rent for the property, nor does the law protect remaining non-military roommates (unless, of course, they are the member's legal dependents).

2. Automobile Leases. Military members also may terminate automobile leases in certain circumstances. Just like with residential leases, if a member enters into an automobile lease before going on active duty, the member may request termination of the lease when he/she goes onto active duty. The act specifically covers "lease of a motor vehicle used, or intended to be used, by a servicemember or a servicemember's dependents for personal or business transportation."

However, for this to apply, the active duty must be for at least 180 continuous days. So, if a person joined the Reserves, and had orders for basic training and technical school, the total of which was only 120 days, he/she could not terminate the automobile lease under this act.

Military members making a permanent change of station (PCS) move, or who deploy for 180 days or longer, may terminate such leases.

To terminate the lease, the member must make the request in writing, along with a copy of orders. The member may deliver the notification by hand, by commercial carrier, or by mail (return receipt requested). Additionally, the member then must return the vehicle to the lessor within 15 days of delivery of the termination notice.

The lessor is prohibited from charging an early lease termination fee. However, any taxes, summonses, title and registration fees, and any other obligation and liability of the lessee in accordance with the terms of the lease, including reasonable charges to the lessee for excess wear, use and mileage that are due and unpaid at the time of termination of the lease, shall be paid by the lessee.

3. **Evictions From Leased Housing.** Service members may seek protection from eviction under SCRA. The rented/leased property must be occupied by the service member or his/her dependents for the purpose of housing, and the monthly rent can not exceed \$2,400 (for 2004; the actual amount is adjusted automatically each year for inflation).

The service member or dependent who has received notice of an eviction must submit a request to the court for protection under the SCRA. If the court finds that the service member's military duties have materially affected his ability to pay his rent on time, the judge may order a stay, or postponement, of the eviction proceeding for up to three months or make any other "just" order.

4. **Installment Contracts.** The SCRA gives certain protections against repossessions for installment contracts (including automobile leases). If the contract was signed before going on active duty and at least one payment was made before that time, the creditor cannot repossess the property while the member is on active duty, nor can they terminate the contract for breach, without a court order.
5. **Six Percent Interest Rate.** If a service member's military obligation has affected his/her ability to

pay on financial obligations such as credit cards, loans, mortgages, etc., the service member can have his/her interest rate capped at 6 percent for the duration of the service member's military obligation.

Qualifying debts are debts that were incurred by the service member, or the service member and their spouse jointly, before coming on active duty. Debts incurred after going on active duty are not so protected.

Notice that this particular provision of the act applies only if a service member's military service affects their ability to pay. However, the burden is on the creditor to seek relief in court if the creditor believes the service member's military career does not materially affect his/her ability to pay. The creditor must comply, unless he/she gets a court order stating otherwise.

In order for an obligation or liability of a service member to be subject to the interest-rate limitation, the service member must provide to the creditor written notice and a copy of the military orders calling the service member to military service and any orders further extending military service, not later than 180 days after the date of the service member's termination or release from military service.

Upon receipt of notice, the creditor must reduce the interest rate to a maximum of 6 percent, effective the first day of active duty (even if the service member makes the request at a later time).

The law unambiguously states that no interest above 6 percent can accrue for credit obligations while on active duty (for debts incurred before going onto active duty), nor can that excess interest become due once the service member leaves active duty (that was a "trick" some creditors tried under the old law); instead, that portion above 6 percent is forgiven permanently. Furthermore, the monthly payment must be reduced by the amount of interest saved during the covered period.

6. **Court Proceedings.** If a service member is a defendant in a civil court proceeding, the court may (note the word "may"), on its own motion, grant a 90-day delay in the proceedings. The provision applies to civil lawsuits, suits for paternity, child-custody suits, bankruptcy debtor/creditor meetings, and administrative proceedings.

If the service member asks for a stay, or postponement, the court must grant a minimum 90-day stay, if:

1. The service member submits a letter or other communication setting forth facts stating the manner in which current duty requirements materially affect the service member's ability to appear and stating a date when the service member will be available to appear; and
2. The service member submits a letter or other communication from the service member's commanding officer stating that the service member's current duty prevents appearance and that military leave is not authorized for the service member at the time of the letter.

The new act specifically states that a service member communicating with the court requesting a stay does not constitute an appearance for jurisdictional purposes and does not constitute a waiver of any substantive or procedural defense (including a defense relating to lack of personal jurisdiction). Under the old act, some courts held that merely communicating with the court (i.e., requesting a stay) implied that the member agreed to jurisdiction of the court.

A service member who is granted a stay may request an additional stay, if he/she can show that military requirements affect his/her ability to appear (commander's letter also is needed). However, the court is not obligated to grant the additional stay. If the court refuses to grant an additional stay of the proceedings, the court must appoint counsel to represent the service member in the action or proceeding.

If a default judgment is entered in a civil action against a service member during the service member's period of military service (or within 60 days after termination of, or release from, such military service), the court entering the judgment must, upon application by or on behalf of the service member, reopen the judgment for the purpose of allowing the service member to defend the action if it appears that:

1. The service member was materially affected by reason of that military service in making a defense to the action; and
2. The service member has a meritorious or legal defense to the action or some part of it.

**Enforcement of Obligations, Liabilities, Taxes.**

A service member or dependent may, at any time during his/her military service, or within six months thereafter, apply to a court for relief of any obligation or liability incurred by the service member or dependent prior to active duty or in respect to any tax or assessment whether falling during or prior to the service member's active military service. The court may grant stays of enforcement during which time no fine or penalty can accrue.

Additionally, the act prevents service members from a form of double taxation that can occur when they have a spouse who works and is taxed in a state other than the state in which they maintain their permanent legal residence. The law prevents states from using the income earned by a service member in determining the spouse's tax rate when they do not maintain their permanent legal residence in that state.

# Reference Information

## Credit and Collection Laws

Here are some of the major laws that you need to know:

1. **Federal Truth in Lending Act:** The purpose of the act is to protect consumers by requiring lenders to provide a meaningful disclosure of credit terms before making a loan or extending credit. By having this information, consumers will be better able to comparison shop for the best terms and rates. The act does NOT regulate the amount that lenders may charge for credit.
2. **Fair Credit Billing Act:** The purpose of this act is to help consumers resolve disputes with creditors over billing errors, including transactions by unauthorized users, and to ensure fair handling of credit accounts. Billing errors include charges made by an unauthorized user; charges for goods or services not accepted by the consumer; computation errors; and charges for the wrong amount or on the wrong date. The consumer must notify the creditor in writing within 60 days of receiving an incorrect bill. The creditor will investigate, and if the claim is valid the maximum liability is \$50.
3. **Electronic Funds Transfer Act:** Adopted to provide protection to EFT users. Affects the use of many point-of-sale transfers, ATM transfers, direct deposits, withdrawal of funds, transfers by telephone, debit cards, and credit cards used as debit cards. A major tenet of this act regards cardholder liability for unauthorized transfers. Consumers are liable only for the first \$50 of unauthorized use if they notify the issuing company within TWO business days after the loss or theft. If the cardholder notifies the issuer between two and 60 days after the loss or theft, liability rises to \$500. If the consumer fails to notify the issuer within 60 days, the liability can be unlimited. Notification can be oral or written. Note how this differs from liability for unauthorized use of a credit card under the Fair Credit Billing Act.
4. **Fair Debt Collections Practices Act:** The purpose of this act is to eliminate abusive debt-collection practices, ensure that those collectors who refrain from using abusive debt-collection practices are not competitively disadvantaged, and promote consistent state action to protect consumers against debt-collection abuses. This act applies to “debt collectors” only. Debt collectors may not:
  - Harass, oppress or abuse any person by making threats of violence, using obscene or profane language, or by using the telephone repeatedly to annoy.
  - Call before 8 a.m. or after 9 p.m.
  - Make any false statements when collecting a debt.
  - Engage in unfair practices in attempting to collect a debt by depositing a post-dated check before the date on the check or by taking a debtor’s property unless done legally.

Debtors have the right to notify a debt collector in writing to have no further contact with them. The law allows the collector one final contact, usually to invoke a specific remedy. If the collector continues to contact the debtor after a written request has been made to cease all contact, the debtor has the right to report the violation to the Federal Trade Commission for action. In cases like these, the members should seek assistance from NLSO.

5. **Fair Credit Reporting Act:** The purpose of this act is to ensure that consumer credit-reporting agencies furnish correct and complete information to businesses for use in evaluating applications for credit, insurance or employment. Mistakes do occur, and you are wise to check your report periodically and correct any erroneous information. Among other things, this act gives you the right to see your credit bureau file and to dispute the completeness or accuracy of the report. It also requires disclosure to you of the name and address of any credit-reporting agency that supplied information about you. Further, it gives you the right to put a 100-word statement on your credit report.
6. **Fair and Accurate Credit Transaction Act:** This amendment to the Fair Credit Reporting Act is intended primarily to help consumers fight identity theft. Among other things, this act gives you the right to one free credit report annually. It also allows free access to specialty reports (medical, insurance, and check-writing history) annually. FACTA provides the right to add a “fraud alert” to your file if you have been the victim of identity theft. It also provides for “active-duty alerts” for military members — a very useful idea when going overseas.
7. **Equal Credit Opportunity Act:** Provides for credit being granted to all consumers in a fair and equitable manner. Prohibits discrimination based on sex, marital status, race, national origin, religion, age or the receipt of public assistance. Prohibits women from having to reapply for credit due to separation or divorce.

A person still can be denied credit if they fall into one of these categories, but a poor credit history is the only allowable reason for denial of credit.
8. **Military Lending Act:** For payday loans offered after 1 Oct 2007, the military annual percentage rate cannot exceed 36 percent. Most fees and charges, with few exceptions, are included in the rate. Creditors also may not require use of a check or access to a bank account for the loan, mandatory arbitration, and unreasonable legal notices. Military consumers also must be given certain disclosures about the loan costs and their rights. Credit agreements that violate the protections are void. Creditors that offer payday loans may ask loan applicants to sign a statement about their military affiliation. This applies to payday loans, auto-title loans and refund-anticipation loans only.

# Heading for Trouble?

1. A service member is separated from her spouse. The spouse has custody of their one child. The member and spouse are arguing over how much child support should be paid. The service member decides not to pay anything to the spouse until there is a court decree. She continues to live in their apartment and receive BAH at the “with dependents” rate. Is she heading for trouble?
2. A service member wakes up one Saturday and decides to go out and buy his dream car. While on the lot, the salesperson tells the member to sign the retail installment sales contract and a promissory note as well as a few other miscellaneous sheets of paper. He also recommends that the member purchase a service contract to keep the car running smoothly. The member is late for a date and, since he trusts the salesperson, he signs all the documents without reading them. Is he heading for trouble?
3. A very junior service member is having difficulty paying bills he incurred before he joined the military. Some of the debts have interest rates as high as 20 percent. Is he heading for trouble?
4. A service member and her husband are moving into an apartment and sign a lease without a military clause. Are they heading for trouble?
5. A service member and her husband are moving into government quarters. They believe the government will pay for any damage to personal property if there is a disaster, such as fire or flood. Are they heading for trouble?
6. A Sailor is buying a used car and asks the salesman for a copy of the unsigned contract to take to his legal officer before he signs it. Is he heading for trouble?
7. The court tells a Sailor he must pay debts legally incurred by his ex-wife while they were married. The Sailor decides there is no way he will pay the debts. Is he headed for trouble?
8. A Sailor living in the barracks has fallen behind three months on support for his estranged wife and baby son, who are living in military housing. His CO orders him to pay half of his gross pay each month. Is anyone headed for trouble?
9. A Sailor does not believe he is the father of a new baby, but he agrees to provide financial support until “things are straightened out.” Is he headed for trouble?
10. A Sailor buys a heavy-duty steam carpet cleaner from a department store. The saleswoman tells the Sailor it will clean heavy-duty dirt from most carpets. The Sailor notes, upon using the cleaner, that it forms small, muddy ponds in his living room. Is he headed for trouble?
11. A Sailor buys a used car marked “as is.” When he puts the key in the ignition, nothing happens. He then lifts the hood and notes that there is no engine. Is he headed for trouble?
12. A Sailor realizes she has lost her credit card. She informs the issuer immediately. When she gets her next bill, there is a charge of \$400 that she didn’t make. Is she headed for trouble?
13. A Sailor realizes she has lost her debit card. She doesn’t call the issuer for three days. Meanwhile, there was unauthorized use of the card for \$400. Is she headed for trouble?

## BONUS

A Sailor gives her husband a general power of attorney to take care of business while she is deployed. Is she headed for trouble?



# Financial Referral Resources

## I. INTRODUCTION

This chapter is presented in two sections. The first section introduces common referral resources using guest speakers. The second section provides training on making appropriate referrals.

Having been presented with many consumer issues, the course now turns to some of the key referral resources on the CFS team. The main referral-resources topics should be presented by a representative from the resource itself. Speakers should be scheduled from FFSC, NMCRS, and/or EFM, TRICARE or the housing office. There is time in the agenda set aside for three speakers to have 30 minutes each, so local sites should choose which resources are most appropriate. For NMCRS, a file is included on the Instructor CD that includes a PowerPoint presentation, Fact or Fiction student activity, and a sample case with a completed NMCRS budget form. This material can be used by the instructor to present the NMCRS material in the absence of an NMCRS guest speaker.

Guest speakers should be provided with an outline of speaking points and the time limit for their presentation. If no speakers are available, the site training team should have enough familiarity with the details of each program to cover the topic. Outlines have been provided, along with a fact sheet on each agency.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter has no direct correlation to PFMSC modules. However, the information presented in the resource training portion will complement any and all general training conducted by the CFS, as "Sources of Help" is a part of each PFMSC module. Additionally, the CFS is exposed to many different training techniques when guest speakers are invited into the classroom.
2. **Information and Referral:** Learners are given "face time" with key financial referral resources, enhancing their understanding of what the resource does and clarifying appropriate application to client situations.
3. **Counseling:** Referrals often are an important aspect of counseling, and knowing the right way to make the referral to the appropriate resource can motivate a client to action. This topic provides necessary and relevant training for a key part of the counseling cycle.

## II. LEARNING OBJECTIVES

Using a scenario-based activity, the learner will identify the appropriate referral resources for situations commonly encountered by a CFS.

**NOTE:** *Relevant portions of this outline can be given to guest speakers to use as a guide for presentations.*

### III. OUTLINE

1. NMCRS
  - a. What is NMCRS?
  - b. Who is Eligible for Assistance?
  - c. Financial Assistance
  - d. Policy Limitations
  - e. Making a Referral to NMCRS
  - f. Interview Process
  - g. Loans vs. Grants
  - h. Denials
  - i. Other Services and Programs
  - j. Volunteer Opportunities
  - k. Where to Get Additional Information
  - l. Relevance of Program to CFS Program
2. FFSC
  - a. Deployment Readiness
  - b. Ombudsman Program
  - c. Personal Finances
  - d. New-Parent Support
  - e. Transition Assistance
  - f. Family Employment
  - g. Relocation Assistance
  - h. Family Advocacy
  - i. Sexual Assault
  - j. Life Skills
  - k. Volunteer Services
  - l. Clinical Counseling
  - m. Where to Get Additional Information
  - n. Relevance of Programs to CFS Program
3. EFM
  - a. What is EFM?
  - b. Who Enrolls?



- c. What Determines Assignments?
  - d. How to Enroll
  - e. Where to Get Additional Information
  - f. Relevance of Program to CFS Program
4. TRICARE
- a. What is it
  - b. Eligibility
  - c. Main Features
  - d. Filing Claims
  - e. Enrollment
  - f. Deductibles
  - g. Maximum Out-of-pocket Expenses
  - h. Availability
5. Housing
- a. What does the Housing Office do?
  - b. Issues on the Front Burner at Your Base
  - c. Where to Get Additional Information
  - d. Relevance of Program to CFS
6. Making a Referral
- a. Steps to Making an Appropriate Referral
  - b. Developing Your Resource Database
  - c. Resources for the Savvy CFS
  - d. Activity: Resource Case Studies

## IV. CHAPTER PREPARATION

### Presentation Time:

- Guest Speakers: 90 Minutes (30 each for three speakers)
- Making a Referral Lecture and Resource Case Studies Activity: 50 Minutes.

### Presentation Materials

- PowerPoint Slides, “Financial Referral Resources”
- Student Manual Chapter 10
- ▶ Resource Fact Sheets: NMCRS, FFSC, EFM, TRICARE

- ▶ Making a Referral
- ▶ Resources for the Savvy CFS
- ▶ Military Instructions
- ▶ Resource Case Studies
- Additional Information for Learners as Provided by Guest Speakers
- NMCRS Materials (can be provided to NMCRS guest speaker or used by local site instructor)
  - ▶ Sample Budget
  - ▶ HM2 Sarah Sailor Scenario
  - ▶ NMCRS Fact or Fiction
  - ▶ NMCRS Fact or Fiction Answer Sheet
  - ▶ NMCRS Overview Presentation

#### **Summary of Learner-centered Activities**

- **Resource Case Studies:** Learners match common client problems with appropriate resources.

## **V. REFERENCES**

[www.nmcrcs.org](http://www.nmcrcs.org) (Navy-Marine Corps Relief Society)

[www.tricare.mil](http://www.tricare.mil) (TRICARE Management Activity Portal)

[www.lifelines.navy.mil](http://www.lifelines.navy.mil) (Lifelines Education Information)

### **Fact Sheets**

The following are fact sheets for NMCRS, EFM and TRICARE. If Housing is chosen as a topic and no speaker from Housing is available, refer to PFMSC Module — Money and the Move.

# Navy-Marine Corps Relief Society Fact Sheet

Point of Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

## 1. What is NMCRS?

- Short-term emergency relief agency
- Private non-profit organization
- Provides assistance to Navy and Marine Corp personnel and their families
- Funding from donations and an investment fund

## 2. Who is Eligible for Assistance?

- Active and retired members of the regular Navy and Marine Corps
- Reservists on extended active duty and certain retired reservists
- Dependents and dependent survivors of the above members
- Indigent mothers (65 or older) of deceased service members who have limited resources and no family to provide for their welfare
- Ex-spouses “20-20-20” (un-remarried former spouses) whose marriage to a service member lasted for at least 20 years while the service member was on active duty
- Uniformed members of the National Oceanic and Atmospheric Administration (NOAA)

## 3. Financial Assistance

Interest-free loans or grants to help with emergency needs such as:

- Emergency transportation
- Funeral expenses
- Medical/dental bills (patient's share)
- Food, rent, clothing and utilities
- Disaster relief assistance
- Child-care expenses
- Car repairs, insurance and payments
- Unforeseen family emergencies
- Household setups
- Pay problems (non-NJP related)
- Assistance with car insurance payments
- Quick Assist Loans: Quick Assist Loans of up to \$300 are designed to help with emergency needs for basic living expenses such as housing, utilities, food and clothing; medical or dental expenses; vehicle or transportation expenses; or to assist during family emergencies. Like the society's other loans, QALs are interest-free.

#### 4. Policy Limitations

- Cable TV
- Debt consolidation
- Legal fees and fines
- Government credit cards
- Taxes
- Covering bad checks
- Living beyond one's means

#### 5. Making a Referral to NMCRS

- Client confidentiality
- No promises
- Call ahead for appointment
- What should the service member bring?
- Command involvement

#### 6. Interview Process

- Analyze the need
- Prepare a budget
- Determine repay
- Provide financial education
- Decision
- Service cases
- Check

#### 7. Loans vs. Grants

- Loan-only programs
- Budget
- Best interest of the service member
- Conversions

#### 8. Denials

- Takes two to say no
- Command appeal
- SM requests command assistance
- CO/XO/CMC contacts local NMCRS
- Denial reversed or upheld

#### 9. Other Services and Programs

- Budget for baby
- Layette
- Food bags/vouchers
- Visiting nurse
- Thrift shop
- Budget counseling
- Education programs
- Active-duty survivor benefit program

#### 10. Volunteer Opportunities

- Budget for Baby
- Caseworkers
- Client Services Assistant
- Public Speaking
- Publicity
- Record Keeping
- Thrift Shop

#### 11. Where to get additional information

- Contact local NMCRS office
- NMCRS Web site

#### 12. Relevance of program to CFS program

- Have money for emergency financial needs (send client with completed FPW)
- Avoid predatory lenders
- Budgeting assistance
- Financial education provided
- Consulting for CFS

#### **Notes:**

# Fleet and Family Support Center Fact Sheet

Point of Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

## 1. Services

- Deployment readiness
- Ombudsman program
- Personal finances
- New-parent support
- Transition assistance
- Family employment
- Relocation assistance
- Family advocacy
- Sexual assault
- Life skills
- Volunteer services
- Clinical counseling

## 2. Where to Get Additional Information

## 3. Relevance of Programs to CFS Program

### **Notes:**

# Exceptional Family Member Program Fact Sheet

Point of Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

- The Navy's Exceptional Family Member Program (EFMP) is designed to assist Sailors by addressing the special needs of their exceptional family members (EFM) during the assignment process. Special needs include any special medical, dental, mental-health, developmental or educational requirement; wheelchair accessibility; and adaptive equipment or assistive technology devices and services. EFMP/special needs guidance is contained in:
  - ▶ DOD Instruction 1315.19, 20 Dec 2005, Authorizing Special Needs Family Members Travel Overseas at Government Expense
  - ▶ SECNAV Instruction 1754.5B, 14 Dec 2005, Exceptional Family Member Program
  - ▶ OPNAV Instruction 1754.2C, 22 Jan 2007, Exceptional Family Member (EFM) Program
  - ▶ BUMED Instruction 1300.2A, 23 Jun 2006, Suitability Screening, Medical Assignment Screening and Exceptional Family Member Program (EFMP) Identification and Enrollment
- The primary goal of the EFMP is to ensure the special needs of EFM can be met at a new assignment location. EFMP enrollment information enables Navy detailers to consider a family member's special-need requirements proactively during the assignment process and to pinpoint the assignment to a location with appropriate resources that address the special needs. Successful implementation requires up-to-date enrollment information and extensive coordination among the personnel, medical and educational communities.
- EFMP enrollment is mandatory and required immediately upon identification of a special need. Command points of contact and Navy military treatment facility (MTF) EFMP coordinators can assist service and family members with the enrollment process. DD Form 2792 (11-06), Exceptional Family Member Medical Summary and DD Form 2792-1 (11-06), Exceptional Family Member Special Education/Early Intervention Summary, are used for enrollment. DoD civilian employees and their family members do not enroll in the EFMP.
- There is a reluctance to enroll because of misconceptions that EFMP enrollment may limit assignments and career advancement or preclude family members from accompanying sponsors on overseas tours. These negative perceptions are not supported by fact. Sailors enrolled in the EFMP always have received equal consideration for accompanied assignments and for promotions.
- There are six EFMP enrollment categories which include:
  - ▶ Category I— for monitoring purposes only
  - ▶ Category II— pinpoint to specific geographic locations
  - ▶ Category III— no overseas assignments
  - ▶ Category IV— major medical areas in CONUS
  - ▶ Category V— homesteading
  - ▶ Category VI— temporary enrollment; update required in six to 12 months

- The Navy Personnel Command (NAVPERSCOM) in Millington, Tenn., is the proponent for EFMP. Contact information for EFMP operations (PERS-451) is: CML 901-874-4390, DSN 882-4390 or e-mail: cynthia.granby@navy.mil. Contact information for EFMP policy (N135) is: CML 901-874-6670, DSN 882-6670 or e-mail: marcia.hagood@navy.mil. NAVPERSCOM is responsible for:
  - ▶ Prescribing EFMP enrollment and disenrollment procedures.
  - ▶ Coordinating detailing procedures including those for severely disabled EFM.
  - ▶ Prescribing procedures for expeditious screening and forwarding of EFM forms from the sponsor or MTF via the Central Screening Committee to the EFMP manager.
  - ▶ Establishing and maintaining a database of enrolled service members with EFM.
  - ▶ Establishing and maintaining a current EFM resource database which includes medical, educational and support agencies, facilities, and services in key fleet concentration areas.
  - ▶ Developing and periodically conducting training and information campaigns.
  - ▶ Providing relocation assistance.
- The Bureau of Medicine and Surgery (BUMED) in Washington, D.C., also has EFMP responsibilities. BUMED (M322) EFMP contact information is: CML 202-762-3451, DSN 762-3451, or e-mail: sharon.dempsey@med.navy.mil. BUMED and Navy MTFs are responsible for:
  - ▶ Developing policy for health-care providers and patient administrators to identify and enroll eligible family members in the EFMP.
  - ▶ Maintaining Central Screening Committees composed of health-care providers who review completed EFMP applications and recommend disposition to NAVPERSCOM.
  - ▶ Identifying an EFMP coordinator at each Navy MTF who will assist staff and service members with the application process and provide necessary enrollment forms.
- ▶ Providing training, as necessary, to all area commands on the EFMP.
- ▶ At an overseas MTF, coordinating early intervention, special education and related services with the cognizant Department of Defense Dependents School (DODDS) special-education coordinator and/or military service with responsibility for Educational and Developmental Intervention Services (EDIS).
- Each military component has developed its own program that addresses special needs and assignment coordination. For additional information contact:
  - ▶ Marine Corps, HQ, USMC, Quantico, Va., telephone: 703-784-9654/0298, or e-mail: cheryl.r.erickson@usmc.mil
  - ▶ Army, Army MEDCOM, San Antonio, Texas, telephone: 210-221-8926/6476, or e-mail: audrey.ardison@amedd.army.mil
  - ▶ Air Force, AFSMA/SGOF, Falls Church, Va., telephone: 703-681-6320, or e-mail: carol.copeland@pentagon.af.mil
  - ▶ Coast Guard, HQ, USCG, Washington, D.C., telephone: 202-475-5166
- Additional information can be found in the following publications (available at each command, Fleet and Family Support Center, or Navy MTF) or Web sites:
  - ▶ Exceptional Family Member Program Resource Guide (NAVPERS 15614H)
  - ▶ Children With Special Needs — A Navy Parent Handbook
  - ▶ The Navy Exceptional Family Member Program (VCR or DVD — NAVPERS 806683)
  - ▶ Navy EFMP <[www.npc.navy.mil/Command-Support/ExceptionalFamilyMember/](http://www.npc.navy.mil/Command-Support/ExceptionalFamilyMember/)>
  - ▶ USMC EFMP <[www.usmc-mccs.org/efmp](http://www.usmc-mccs.org/efmp)>
  - ▶ Military Homefront <[www.militaryhomefront.dod.mil](http://www.militaryhomefront.dod.mil)>
  - ▶ Military OneSource <[www.militaryonesource.com](http://www.militaryonesource.com)>

## EFMP Enrollment Process

Special needs are:

- Identified during routine health care (MTF or TRICARE health provider)
- Self-identified (service or family member)
- Identified during suitability screening (suitability screening coordinator)

Special needs include any special medical, dental, mental-health, developmental or educational requirement; wheelchair accessibility; and adaptive equipment or assistive technology devices and services.

**Step 1:** Refer the service and family member to the MTF EFMP coordinator who assists with completing DD Form 2792, Nov 06, Exceptional Family Member Medical Summary or DD Form 2792-1, Nov 06, Exceptional Family Member Special Education/Early Intervention Summary.

For school-age children, both the Medical and Special Education summaries must be completed and signed by appropriate medical and educational officials.

**Step 2:** The MTF EFMP coordinator forwards completed enrollment forms to the appropriate regional Central Screening Committee (CSC), which includes NMC Portsmouth, NMC San Diego and USNH Yokosuka.

**Step 3:** The CSC reviews the enrollment forms, recommends a category code, and forwards the forms to the Navy EFMP (PERS-45) in Millington, Tenn. or to the USMC EFMP in Quantico, Va.

There are six Navy EFMP enrollment categories:

- Category I— for monitoring purposes only
- Category II— pinpoint to specific geographic locations
- Category III— no overseas assignments
- Category IV— major medical areas in CONUS
- Category V— homestead location
- Category VI— temporary enrollment; update required in six to 12 months

**Step 4:** PERS-45 confirms the category code and enters the enrollment data into an EFMP database.

Personnel assignment managers (detailers) use the EFMP enrollment data to pinpoint assignments to locations with appropriate resources that can address the special needs.

# TRICARE Fact Sheet

Point of Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Address: \_\_\_\_\_

	<b>TRICARE Prime</b>	<b>TRICARE Standard and Extra</b>
<b>What is it?</b>	TRICARE Prime is a managed-care option offering the most affordable and comprehensive coverage.	TRICARE Standard and Extra is a fee-for-service option, which allows you the most flexibility in whom you see for care but will cost you more out-of-pocket than a managed-care plan such as TRICARE Prime. With TRICARE Standard and Extra, you can seek care from any TRICARE-authorized provider. If you see a network provider, you'll be using the TRICARE Extra option and will pay less than if you see a non-network provider.
<b>Am I eligible?</b>  Note: Eligibility can be determined only by uniformed services, and eligibility information is reflected in the Defense Enrollment Eligibility Reporting System (DEERS). The information provided here is general. Visit eligibility for more information about eligibility requirements.	In general, the following are eligible for TRICARE Prime if it's offered in their location: <ul style="list-style-type: none"> <li>• Active-duty service members</li> <li>• Active-duty family members</li> <li>• Retirees and their family members under age 65</li> <li>• Survivors under age 65</li> <li>• Certain former spouses under age 65</li> <li>• Medal of Honor recipients and their family members under age 65</li> <li>• Members of the National Guard and Reserves and their families if the sponsor is activated for more than 30 consecutive days</li> </ul>	In general, the following are eligible for TRICARE Standard and Extra: <ul style="list-style-type: none"> <li>• Active-duty family members</li> <li>• Retirees and their family members under age 65*</li> <li>• Survivors under age 65*</li> <li>• Certain former spouses under age 65*</li> <li>• Medal of Honor recipients and their families under age 65*</li> <li>• Family members of National Guard or Reserve members who are activated for more than 30 consecutive days</li> </ul> <p>*If under age 65 and entitled to Medicare Part A, you must have Medicare Part B to remain eligible for TRICARE. When you have Medicare Part A and Part B, you're covered automatically by TRICARE For Life.</p>

<p><b>What are the main features?</b></p>	<ul style="list-style-type: none"> <li>● Enrollment required <ul style="list-style-type: none"> <li>▶ Easy to transfer enrollment when you move</li> </ul> </li> <li>● Enhanced vision coverage and clinical preventive services</li> <li>● Assigned primary-care manager (PCM) provides most of your care and gives you referrals for specialty care*</li> <li>● Time and distance access standards</li> <li>● First priority for military treatment facility appointments</li> <li>● Fewer out-of-pocket costs</li> <li>● No claims to file (in most cases)</li> </ul> <p>*Point-of-service (POS) option available to receive care without a PCM referral, resulting in higher out-of-pocket costs. POS not available for active-duty service members.</p>	<ul style="list-style-type: none"> <li>● Enrollment NOT required <ul style="list-style-type: none"> <li>▶ No enrollment forms to fill out</li> <li>▶ No annual enrollment fees</li> </ul> </li> <li>● Freedom to choose from any TRICARE-authorized provider, network or non-network</li> <li>● Receive care in a military treatment facility on a space-available basis only</li> <li>● Referrals are not required, but some care may require prior authorization</li> <li>● Highest out-of-pocket costs <ul style="list-style-type: none"> <li>▶ Tip: Save time and money with the TRICARE Extra option. When you visit a TRICARE network provider, you'll pay less out-of-pocket, and providers will file claims for you.</li> </ul> </li> <li>● You may have to pay for services when they are received and file your own claims for reimbursement</li> <li>● TRICARE Standard is available worldwide, but TRICARE Extra is not available overseas</li> </ul>
<p><b>Will I have to file my own claims?</b></p>	<p>Your provider will file claims for you (in most cases).</p>	<p>If you receive care from a TRICARE network provider, your provider will submit claims on your behalf. If you receive care from a non-network provider, you may be required to submit your own health-care claims.</p>

<p><b>Do I have to enroll? If so, is there an annual enrollment fee?</b></p>	<p>Yes, to participate in TRICARE Prime, you must enroll by submitting a TRICARE Prime Enrollment and PCM Change Form to your regional contractor.</p> <p>Active-duty service members and activated National Guard and Reserve members are required to enroll in TRICARE Prime (or another Prime option depending on where they live/work). All others may choose to enroll. Eligible beneficiaries who do not enroll in TRICARE Prime are covered by TRICARE Standard and Extra.</p> <p>Active-duty service members and their families; activated National Guard and Reserve members and their families; and transitional survivors are not required to pay an annual enrollment fee.</p> <p>Retirees, their families and all others must pay an annual enrollment fee:</p> <ul style="list-style-type: none"> <li>● \$230/individual</li> <li>● \$460/family</li> </ul>	<p>You do not have to enroll in TRICARE Standard and Extra to participate. Coverage is automatic, as long as you remain eligible in the Defense Enrollment Eligibility Reporting System.</p>
<p><b>What is the annual deductible?</b></p>	<p>There is no annual deductible unless you are using the POS option, which allows you to see any provider without a referral from your primary-care manager.</p> <p>POS outpatient annual deductible:</p> <ul style="list-style-type: none"> <li>● \$300/individual</li> <li>● \$600/family</li> </ul> <p>Note: Active-duty service members and activated National Guard or Reserve members may not use the POS option.</p>	<ul style="list-style-type: none"> <li>● The annual outpatient deductible varies depending on the sponsor's military status and rank:</li> </ul> <p>Active duty family members (sponsor rank E-4 and below):</p> <ul style="list-style-type: none"> <li>● \$50/individual</li> <li>● \$100/family</li> </ul> <p>Active-duty family members (sponsor rank E-5 and above)</p> <ul style="list-style-type: none"> <li>● \$150/individual</li> <li>● \$300/family</li> </ul> <p>All others:</p> <ul style="list-style-type: none"> <li>● \$150/individual</li> <li>● \$300/family</li> </ul> <p>Family members of National Guard or Reserve members activated in support of a contingency operation (OEF, OIF, Noble Eagle): \$0; Deductibles waived as part of the Reserve Family Demonstration Project</p> <p>Note: There is no annual deductible for care received in military treatment facilities.</p>

<p><b>What's the maximum I'll pay out-of-pocket? (Also known as the catastrophic cap.)</b></p>	<p>Your catastrophic cap varies depending on the sponsor's military status:</p> <ul style="list-style-type: none"> <li>● Active-duty families: \$1,000 per family, per fiscal year</li> <li>● National Guard and Reserve families: \$1,000 per family, per fiscal year</li> <li>● Retired families (and all others): \$3,000 per family, per fiscal year</li> </ul> <p>Note: POS fees do not apply toward meeting your catastrophic cap.</p>	<p>Your catastrophic cap varies depending on the sponsor's military status:</p> <ul style="list-style-type: none"> <li>● Active-duty families: \$1,000 per family, per fiscal year</li> <li>● National Guard and Reserve families: \$1,000 per family, per fiscal year</li> <li>● Retired families (and all others): \$3,000 per family, per fiscal year</li> </ul>
<p><b>Where is the program available?</b></p>	<p>TRICARE Prime is available throughout the continental United States in areas known as Prime service areas.</p>	<p>Anywhere in the continental United States. TRICARE Standard is available in U.S. territories and overseas through the TRICARE Standard Overseas program. The TRICARE Extra option is not available overseas.</p>

For more details on TRICARE Prime, Standard and Extra, as well as TRICARE Global Remote Overseas, TRICARE Prime Overseas, TRICARE Standard Overseas, TRICARE Prime Remote, TRICARE Reserve Select, TRICARE for Life, and the U.S. Family Health Plan, visit [www.tricare.mil](http://www.tricare.mil).

## Making a Referral

### Slide 1

REFER learners to pages 10.13 through 10.16 in their Student Manual, Making a Referral. EXPLAIN that one critical part of your role as a CFS is to make successful referrals. There are limitations to your training, authority or personal abilities as a CFS, and the client may have underlying problems that contribute to his or her financial problems that are beyond your expertise. Your goal is to prevent financial problems from recurring by the most effective means possible. Your responsibility is to discuss other sources of help with the client and to suggest referrals to the appropriate community and military agencies.

- In the training thus far you have been introduced to some very common referral resources, and there are more coming as the training progresses. It also is assumed that you come into this class with a broad knowledge base of available resources by virtue of your life and career experience. Shortly, we will pull all of this information together as we work through a few short case studies. It will be obvious to you that you are not alone when functioning as a CFS, but in fact there is a whole team of organizations and agencies standing by to help your client when you have done all you can.

### Steps to Making an Appropriate Referral

### Slide 2

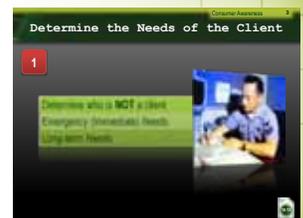
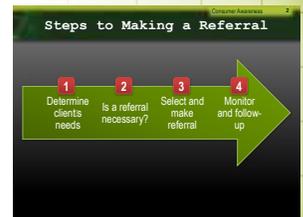
- BRIEFLY REVIEW the steps to making an appropriate referral:
  1. Determine the needs of the client.
  2. Determine if, in fact, a referral is necessary.
  3. Select the appropriate referral resource and make the referral.
  4. Monitor and follow up.

### Slide 3

**Determine the needs of the client:** In step one, we determine the client's specific needs. This should be evident after working through the Financial Planning Worksheet. Consider the following when contemplating a referral.

First, know that there are people you CANNOT help as clients. You will know who these people are, as they will display actions that are exceptions to the Privacy Act. In such cases, work with the command master chief, security, the Drug and Alcohol Program Advisor (DAPA) or other persons in authority. These would include:

- People who are engaged in any kind of criminal activity. Do not endanger yourself or open yourself to possible legal problems and time-consuming criminal court appearances.
- Drug addicts or alcoholics, unless in supervised treatment. If you find a large amount of income for which you cannot account in their listed expenses, there is a



good possibility that such income is being used for alcohol, drugs or gambling, or for some other activity that your client wants to hide.

- Intoxicated persons. Do not attempt financial counseling with someone who is drunk or drugged, but be careful not to jump to conclusions about behavior that initially might suggest that the person is under the influence of alcohol.
- Psychotic and borderline personalities. Such people will tend to exhibit intense outbursts of emotion, such as uncontrolled crying or screaming, amnesia, hallucinations, exceptional fear or rage.

**Identify emotional issues** and other kinds of problems that financial counselors are not prepared to handle. These issues may be exceptions to the Privacy Act; refer to FFSC professional therapists, DAPA, or the local Military Treatment Facility (MTF) for assessment:

- Talk or hints of suicide/homicide
- Problems with substance addictions
- Problems with psychological addictions
- Spousal or child abuse
- Marital problems
- Interpersonal problems at work
- Anger-management problems — intense or uncontrollable outbursts of rage, fear or other emotions
- Chronic and severe depression
- Phobias
- Chronic insomnia
- Amnesia
- Hallucinations
- Feelings of profound helplessness
- Extreme anxiety
- Verbal responses unrelated to your questions
- Generally bizarre behavior

Once you have worked with the client and determined that he or she is to be a client, you will know if a financial referral is appropriate after working through some of the following considerations:

**Emergency needs:** Does the client have an emergency need that must be addressed immediately? Refer to the appropriate emergency referral resource:

- If the client has received an eviction notice, when is the last date the client can occupy the residence?



- If the client has received a cut-off notice for utilities, when will the service be terminated?
- Does the client have enough money for food and other necessities until next payday?
- Does the client have adequate clothing and transportation?
- What resources does the client have available to meet his/her emergency needs, such as savings, checking, cash-value life insurance, family, friends, etc.?

**Longer-term needs:** Assess the client's needs that do not require immediate intervention. Here you may need to refer to an appropriate financial referral resource, or you may be able to handle the client's problems yourself:

- Has the client ever seen a financial counselor regarding financial problems?
- Is the client delinquent in paying any accounts? If so, when was the last payment made on each account and the amount?
- Is this the first time the client has experienced financial difficulties of this sort?
- Have any of the client's debts been turned over to a debt-collection agency?
- Has the client received Letters of Indebtedness concerning the client?
- Has the client received final notices for payment from any creditors?
- Are any of the client's creditors threatening to take legal action?
- Has the client had any judgment filed against him or her by creditors or received notices to appear in court for non-payment of debts?
- Has the client contacted the creditors and tried to work out a repayment plan? If not, when was the last time the client contacted the creditors?
- What has the client done to solve the problem?

#### Slide 4

**Determine if a referral is necessary:** In the next step, you will decide whether the client needs help that goes beyond your scope of training and responsibility as a CFS. In making that decision, consider the following questions:

- What is the client asking of me?
- What is the severity of the problem?
- In what area does the problem exist?
- Who is involved other than the client seeking help?
- What are the consequences of the client's or my actions?
- What additional information is needed to solve the problem?
- What support is the client seeking and/or needing?



- Is the problem similar to other problems with which I have dealt? (ASK What if the answer is no? There is a first time for everything ...)
- Are other personal problems involved outside of the financial concerns? (You take care of financial problems, refer to other resources for other problems, such as emotional fallout.)
- Is money needed to solve the problem? (Refer to an agency with money.)
- Are court proceedings or legal actions indicated? (Refer to NLSO.)
- Does the problem require long-range planning, frequent follow-up and close monitoring? (FFSC is short-term — refer to an outside financial-counseling agency.)
- Will it take longer than three months or five sessions for the client to be able to resume managing his or her financial affairs without my support? (FFSC is short-term — refer to an outside agency.)
- Are the client and/or I uncomfortable discussing the problem? (Find a way to deal with the discomfort, or refer to another CFS or FFSC Financial Educator.)
- Do you know of outside agencies that fit this client's situation? Can we work together?
- Are there other Navy programs that fit this client's situation? Can we work together?



## Slide 5

**Select the appropriate referral resource and make the referral:** By conducting the assessment via the questions listed above, you should be able to come to a decision regarding the appropriateness of a referral. Once you have a thorough understanding of the client's needs and problems and have made the decision to refer the client to a helping resource, you should make the referral promptly.

- explain that you have done all you can as a CFS or that the client's needs go beyond the scope of your service and expertise. Any further progress toward a solution for the problem requires the use of another resource. Select the referral resource best-suited to assist with the client's particular problem. Be specific and direct in suggesting the helping resource.
- Suggest that the client call the specific agency or professional service and make an appointment.
- With the client's permission, you can call the referral resource and set up the appointment while the client is in your office. Let the agency know that this is a command referral and briefly describe the client's problem.
- Make a direct command. Tell the client that he or she must see a helping resource.
- Prepare the client to meet with the referral resource.
  - ▶ List what the client needs to prepare for the appointment.

## Chapter Ten



- ▶ Give written information to the client — date, agency, address, telephone number, contact person, time of appointment, and information to bring to the interview. Use the “Action Plan” referral section of the Financial Planning Worksheet.
- ▶ Arrange for absence from work, if necessary.

### Slide 6

**Monitor and follow up:** Follow up with the agency and the client after completing the referral:

- Did the client keep the appointment?
- Was the referral resource able to help the client? If so, what assistance was given?
- Continue to offer support and encouragement to the client as he or she works out the financial problem and monitor/record progress of the client in your case file.



### Slide 7

## Developing Your Resource Database

Making prompt and appropriate referrals for your client is a key task of the Command Financial Specialist. You must be aware of the available resources in the community and in the military. Find out what they do, if they are reliable, if they are accessible, if your client is eligible for services, etc.

Develop a referral resource listing, database or file system. Include the following information:

- Name, address and telephone number of each referral resource
- The name of a contact at the agency or organization
- A brief description of services provided
- If available, have copies of brochures from the resource

You will be able to compile a substantial listing of financial resource referrals from information given out in this class. Refer to the “References” section of each chapter in the Student Manual to compile your database. Write down the name and number of your FFSC Information and Referral Specialist, who always is ready to assist you with finding the appropriate resource for your client.

## Resources for the Savvy CFS

REFER learners to pages 10.17 through 10.19 in their Student Manual, Resources for the Savvy CFS. BRIEFLY REVIEW the listing along with the Military Directives listing on page 10.20. ENCOURAGE the learners to add to these lists as they find new resources and to share their resources with their fellow CFSs.



## Activity: Resource Case Studies



### Slide 8

**NOTE:** This activity is enhanced by the assistance of the Information and Referral Specialist from the local FSSC, if available.

**Time:** 15 to 20 minutes

#### Materials

- Resource Case Studies, Student Manual page 10.21
- Newsprint and markers
- Option: If using a card system, 14 cards with case studies and a card for each appropriate resource for each case study (there will be repeats)
- Information and Referral listing provided by local FSSC I&R specialist, if one exists or is available

#### Process

- REFER learners to the Resource Case Studies on page 10.21 in their Student Manual. EXPLAIN to learners that the activity will help them apply the resource education they have received as well as resource knowledge they brought into class with them.
- The activity can be done individually, in pairs or in small teams. Have each person or team to read one case study and determine which referral resources would be appropriate. After 5 minutes, ask one person to read the case study and the resources they recommend. Begin a running list of all resources suggested. Continue in like fashion through all the scenarios. At the end of the exercise, the class will have built an extensive list of resources that will be posted throughout the week showing the extent of referral resources available to help the CFS. You can add to the list as the week progresses.
- Use the “Card System” for the Case Study exercise at the end of the day: Put each case study on a separate index card; if you do the exercise this way, you may want to laminate the cards. Put the name of each resource for each case study on a separate card; note that there will be several cards with the same resource listed. Hand out the case study cards to each learner or learner team. Spread out the resource cards on a table at the front of the room. Have learners read their case study to themselves. When they are done reading their case study, invite all learners at the same time to come to the front table and pick out the resources best-suited to their case study. There may be a few moments of confusion and a few moments of “bargaining.” After about 10 minutes, have learners be seated, and progress through the reading of the case studies and listing of resources as spelled out in the practical application above. Collect all cards at the end of the exercise. This option allows for more interaction among the learners and gets them up and out of their seats, should the instructor feel that is needed at this point in the course.



## Resource Case Studies

*Answers may vary from site to site. Instructor should update with any relevant local resources with which the CFS should be familiar.*

1. Petty Officer Jones' wife calls your command and reports that she and her husband were at a party last evening and that after they went home, he beat her. She says this happens whenever he drinks. She demands that the command take action.

**Command family advocacy point of contact command, DAPA, chaplain, FFSC counselors**

2. You are Chief Petty Officer Brown's sponsor. The chief is due to relocate to this area soon. He has a mentally retarded child and is asking you about services for the disabled in this area.

**Exceptional Family Member Program, Community Services Board (early-intervention programs, respite programs, retardation and abuse issues), FFSC I&R specialist and Relocation Assistance Program, TRI-CARE health-benefits adviser**

3. Lance Corporal Hewett reports to your command with a new bride from the Far East. She speaks very little English, and he is asking for resources for her.

**Adult learning center (in city where they live) for English as a second language, FFSC I&R specialist, chaplain or community church**

4. Lt. Greg and his wife have an 8-month-old infant. He is seeking educational resources to answer some questions on child development. Also, his wife would like to join a group to meet with other moms.

**CDC, FFSC I&R specialist, chaplain, community centers, local churches, local YMCA**

5. Petty Officer Third Class Garner and his family just have arrived at your command from Japan. You learn that their household goods have not arrived and they are expecting their second child.

**FFSC Relocation Assistance Program and I&R specialist, Housing and Personal Property Office, NMCRS, CDC**

6. Seaman Green is pregnant and looking for information on child care as well as any other financial resources that might be helpful.

**CDC, WIC, foods stamps/FSSA, NMCRS, SHARE**

7. Master Chief Parker will be retiring in one year after 20 years in the military. He has a mortgage, children in college and doesn't know the first thing about interviewing and writing a resume. Where should he go for help?

**TAP, NCC, FFSC for employment assistance, financial counseling, relocation assistance, retiree programs**

8. Lt. Cornell is a single parent at your command. His sister will be taking care

of his children while the command is deployed for six months. How can she utilize medical, commissary and exchange facilities? Who should he see to get this arranged?

**Designated-shopper or agent-assist program, PSD, NLSO**

9. Cmdr. Smith's 20-year-old daughter is coming home from college for the summer. She'll be searching for jobs to help pay for next fall's tuition.

**Local employment services, FFSC employment assistance**

10. Senior Chief Elkins and his wife are considering adopting a child. They are seeking help with the adoption and a resource for child care.

**Family home care, FFSC I&R specialist, NLSO**

11. Master Chief and Mrs. Dale are experiencing marital problems. They agree to counseling. What are their options?

**FFSC counseling, TRICARE counseling, chaplain**

12. Petty Officer Second Class Lane and his wife have four children and are finding it difficult to make ends meet, even though both spouses work. He also tells you he bought a new car and living room furniture from Rent-To-Own. Where can he get some help?

**CFS, WIC, SHARE, food stamps/FSSA, Consumer Credit Counseling, NMCRS**

13. Crew member Greentree's ex-wife calls to tell you she has not received her court-ordered child-support payments for the past two months.

**Child-support enforcement office, NLSO (CFS should check with member), DFAS**

14. A service member comes to you and reveals that his buddy, from another command, leaves his 8-month-old home alone, all day, while he and his wife work. The service member believes there is something wrong with this practice but isn't sure what to do. What do you tell him?

**Local policy, base security, child protective services, family advocacy**

## VII. FORMS

- Resources for the Savvy CFS
- Military Directives

# Resources for the Savvy CFS

The Navy Fleet and Family Support Programs Home  
Page: [www.nffsp.org](http://www.nffsp.org)

## **Banks**

American Bankers Association: [www.aba.com](http://www.aba.com)

Answers and Solutions for Customers of National  
Banks: [www.helpwithmybank.gov](http://www.helpwithmybank.gov)

Complaints About Banks: [www.occ.treas.gov](http://www.occ.treas.gov)

Credit Union National Association: [www.cuna.org](http://www.cuna.org)

Better Business Bureau

[www.bbb.org](http://www.bbb.org)

Car-Buying

Web Directory for All Types of Car Information:  
[www.autopedia.com](http://www.autopedia.com)

## **Charities**

Better Business Bureau: [www.bbb.org](http://www.bbb.org)

## **College Planning**

College Parents of America: [www.collegeparents.org](http://www.collegeparents.org)

College Savings Plans Network: [www.collegesavings.org](http://www.collegesavings.org)

College Savings Programs (529 Plans):  
[www.savingforcollege.com](http://www.savingforcollege.com)

FastWeb Scholarship Search Engine: [www.fastweb.com](http://www.fastweb.com)

Free Application for Federal Student Aid:  
[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

Lifelines Services Network: [www.lifelines.navy.mil](http://www.lifelines.navy.mil)

Military.com Education Tab: [www.military.com/  
education-home](http://www.military.com/education-home)

MilitaryOneSource: [www.militaryonesource.com](http://www.militaryonesource.com)

Navy College Web site: [www.navycollege.navy.mil](http://www.navycollege.navy.mil)

Navy Knowledge Online: [www.nko.navy.mil](http://www.nko.navy.mil)

The SmartStudent Guide to Financial Aid  
[www.finaid.org](http://www.finaid.org)

U.S. Savings Bonds Web site: [www.savingsbonds.gov](http://www.savingsbonds.gov)

## **Consumer Directories**

[www.consumerworld.org](http://www.consumerworld.org)

[www.consumer.gov](http://www.consumer.gov)

## **Credit Cards**

Consumer World Directory (Money Listing):  
[www.consumerworld.org](http://www.consumerworld.org)

## **Credit Problems**

Association of Independent Consumer Credit  
Counseling Agencies: [www.aiccca.com](http://www.aiccca.com)

Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov)

National Consumer Law Center: [www.consumerlaw.org](http://www.consumerlaw.org)

National Foundation for Credit Counseling:  
[www.nfcc.org](http://www.nfcc.org) and [www.debtadvice.org](http://www.debtadvice.org)

Non-Profit Debt-Management Counseling:  
[www.myvesta.org](http://www.myvesta.org)

## **Credit Reports**

Annual Free Credit Report:  
[www.annualcreditreport.com](http://www.annualcreditreport.com)

Credit-Reporting Agencies: [www.equifax.com](http://www.equifax.com),  
[www.experian.com](http://www.experian.com), [www.transunion.com](http://www.transunion.com)

Credit Scores: [www.brightscore.com](http://www.brightscore.com) and  
[www.myfico.com](http://www.myfico.com)

## **Direct Marketing/Mailing Lists/ Telephone Solicitation Lists**

Complaints: [www.ftc.gov](http://www.ftc.gov)

Credit and Insurance Offers: [www.optoutprescreen.com](http://www.optoutprescreen.com)

Junk Mail, E-Mail and Spam: [www.DMAChoice.org](http://www.DMAChoice.org)

Telephone Solicitation: [www.donotcall.gov](http://www.donotcall.gov)

## **Emergency Financial Assistance**

American Red Cross: [www.redcross.org](http://www.redcross.org)

Navy-Marine Corps Relief Society: [www.nmcrs.org](http://www.nmcrs.org)

## Financial Planning and Education

Alliance for Investor Education: [www.investoreducation.org](http://www.investoreducation.org)

America Saves Program: [www.americasaves.org](http://www.americasaves.org)

Association for Financial Counseling and Planning Education: [www.afcpe.org](http://www.afcpe.org)

EBRI Financial Education Site: [www.choosetosave.org](http://www.choosetosave.org)

Financial Education Program for Military: [www.savandinvest.org](http://www.savandinvest.org)

Financial Industry Regulatory Authority: [www.finra.org](http://www.finra.org)

Financial Planning Association: [www.fpanet.org](http://www.fpanet.org)

U.S. Financial Literacy and Education Commission: [www.mymoney.gov](http://www.mymoney.gov)

## Government Agencies

Bureau of Labor and Statistics: [www.bls.gov](http://www.bls.gov)

Consumer Product Safety Commission: [www.cpsc.gov](http://www.cpsc.gov)

Department of Education: [www.ed.gov](http://www.ed.gov)

Federal Communications Commission: [www.fcc.gov](http://www.fcc.gov)

Federal Deposit Insurance Corp.: [www.fdic.gov](http://www.fdic.gov)

Federal Reserve System: [www.federalreserve.gov](http://www.federalreserve.gov)

Federal Statistics Site: [www.fedstats.gov](http://www.fedstats.gov)

Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov)

Securities and Exchange Commission: [www.sec.gov](http://www.sec.gov)

U.S. Government Official Web portal: [www.usa.gov](http://www.usa.gov)

## Identity Theft

Identity Theft Resource Center: [www.idtheftcenter.org](http://www.idtheftcenter.org)

Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov)

Privacy Rights Clearinghouse: [www.privacyrights.org](http://www.privacyrights.org)

## Insurance

Consumer World Directory, Money Tab: [www.consumerworld.org](http://www.consumerworld.org)

Social Security Administration: [www.ssa.gov](http://www.ssa.gov)

Coalition Against Insurance Fraud: [www.insurancefraud.org](http://www.insurancefraud.org)

Department of Veterans Affairs Insurance Home Page: [www.insurance.va.gov](http://www.insurance.va.gov)

Insure.com Insurance Quote Site: [www.insure.com](http://www.insure.com)

## Internet Fraud

Better Business Bureau: [www.bbb.org](http://www.bbb.org)

Federal Government and Technology Industry Internet Fraud Site: [www.onguardonline.gov](http://www.onguardonline.gov)

Federal Trade Commission: [www.ftc.gov](http://www.ftc.gov)

Internet Crime Complaint Center: [www.ic3.gov](http://www.ic3.gov)

National Consumer League's Fraud Center: [www.fraud.org](http://www.fraud.org)

## Investing

Alliance for Investor Education Help Site: [www.helpforinvestors.org](http://www.helpforinvestors.org)

American Savings Education Council: [www.asec.org](http://www.asec.org)

Company Research: [www.hoovers.com](http://www.hoovers.com)

Financial Engines Retirement Help for Life: [www.financialengines.com](http://www.financialengines.com)

Investing Information: [www.bloomberg.com](http://www.bloomberg.com)  
[www.businessweek.com](http://www.businessweek.com)  
[www.stocks.com](http://www.stocks.com)

Investment Research: [www.morningstar.com](http://www.morningstar.com)  
[www.valueline.com](http://www.valueline.com)  
[www.zacks.com](http://www.zacks.com)

Motley Fool Investor Education: [www.fool.com](http://www.fool.com)

SmartMoney Educational Web site: [www.smartmoney.com](http://www.smartmoney.com)

Social Security Administration: [www.ssa.gov](http://www.ssa.gov)

Thrift Savings Plan of the Uniformed Services: [www.tsp.gov](http://www.tsp.gov)

U.S. Savings Bonds: [www.savingsbonds.gov](http://www.savingsbonds.gov)

## Legal Information

American Bar Association: [www.abanet.org](http://www.abanet.org)

Child-Support Guidelines on the Web:  
[www.supportguidelines.com](http://www.supportguidelines.com)

Legal Information Institute of Cornell Law School:  
[www.law.cornell.edu](http://www.law.cornell.edu)

Legal Information Sites: [www.findlaw.com](http://www.findlaw.com),  
[www.divorcesource.com](http://www.divorcesource.com),  
[www.MilitaryOnesource.com](http://www.MilitaryOnesource.com)

Lifelines Services: [www.lifelines.navy.mil](http://www.lifelines.navy.mil)

Servicemembers Civil Relief Act:  
<http://usmilitary.about.com/cs/sscra/a/sscra1.htm>

## Mediation

Association of Conflict Resolution:  
[www.acresolution.org](http://www.acresolution.org)

Conflict Resolution Information Source:  
[www.crimfo.org](http://www.crimfo.org)

## Military

Lifelines Services Network: [www.lifelines.navy.mil](http://www.lifelines.navy.mil)

MilitaryOneSource: [www.navyonesource.com](http://www.navyonesource.com)

Military Community Site for Education, Career,  
Discounts and Benefits Information: [www.military.com](http://www.military.com)

TRICARE: [www.tricare.mil](http://www.tricare.mil)

Military Compensation:  
[www.defenselink.mil/militarypay](http://www.defenselink.mil/militarypay)

Navy Personnel Command: [www.npc.navy.mil](http://www.npc.navy.mil)

Defense Finance and Accounting Service: [www.dfas.mil](http://www.dfas.mil)

MyPay: [www.mypay.dfas.mil](http://www.mypay.dfas.mil)

## Moving

Automated Housing Referral Network: [www.ahrn.com](http://www.ahrn.com)

Department of Defense Defense Personal Property  
System: [www.move.mil](http://www.move.mil)

Department of Defense Education Activity:  
[www.dodea.edu/](http://www.dodea.edu/)

Department of Defense Per Diem, Travel and  
Transportation Allowance Committee:  
<http://perdiem.hqda.pentagon.mil/perdiem>

Department of Defense Relocation Cost Calculator:  
[www.militaryacclimate.com](http://www.militaryacclimate.com)

Military HOMEFRONT: [www.militaryhomefront.com](http://www.militaryhomefront.com)

Military Move Resources and Tips:  
[http://www.military.com/Resources/ResourceFileView?  
file=Relocation\\_Main.htm](http://www.military.com/Resources/ResourceFileView?file=Relocation_Main.htm)

Military OneSource: [www.militaryonesource.com](http://www.militaryonesource.com)

Navy Exchange Moving Center:  
[www.militarymovingcenter.com](http://www.militarymovingcenter.com)

Navy Housing: [www.housing.navy.mil](http://www.housing.navy.mil)

Navy Lodge: [www.navy-lodge.com](http://www.navy-lodge.com)

Plan My Move:  
[http://apps.mhf.dod.mil/pls/psgprod/  
f?p=107:1:4193531471189394](http://apps.mhf.dod.mil/pls/psgprod/f?p=107:1:4193531471189394)

Smart WebMove:  
<https://www.smartwebmove.navsup.navy.mil/swm/>

StayNAVY: [www.staynavy.navy.mil](http://www.staynavy.navy.mil)

## Taxes

Federal Taxes: [www.irs.gov](http://www.irs.gov)

## Utilities

National Association of Regulatory Utility  
Commissioners: [www.naruc.org](http://www.naruc.org)

National Association of State Utility Consumer  
Advocates: [www.nasuca.org](http://www.nasuca.org)

## Governing Directives

Web sites for source material:

DoD Directives: [www.dtic.mil/whs/directives](http://www.dtic.mil/whs/directives)

DON Directives: <http://doni.daps/dla.mil>

Instructions, Directives and Manuals:

Number	Date	Title
DoDDIR 5400.11 and 5400.11-R	8 May 07	DoD Privacy Program
DoD FMR, Vol 9, Ch 3	March 2005	Government Travel Card Regulations
DoDINST 1000.15	23 Oct 08	Private Organizations on DoD Installations
DoDINST 1341.11	4 Mar 08	Family Subsistence Supplemental Allowance (FSSA) Program
DoDINST 1342.27	12 Nov 04	Personal Financial Management for Service Members
DoDINST 1344.07	30 Mar 06	Personal Commercial Solicitation on DoD Installations
DoDINST 1344.09	8 Dec 08	Indebtedness of Military Personnel
DoDINST 1344.12	18 Nov 95 as updated	Indebtedness Processing Procedures for Military Personnel
MILPERSMAN 1741-020	29 Jan 03	SGLI
MILPERSMAN 1741-030	10 Mar 08	FSGLI
MILPERSMAN 1754-030	26 Apr 06	Support of Family Members
MILPERSMAN 1770 Series	Various	Casualties and Survivor Benefits
MILPERSMAN 5800-010	22 Aug 02	Paternity Complaints
MILPERSMAN 7000-010	9 Jun 05	Worthless Checks by Members and/or Their Families
MILPERSMAN 7000-020	4 Apr 06	Indebtedness and Financial Responsibility of Members
MILPERSMAN 7220 Series	Various	Disbursing
OPNAVINST 1500.22F	29 Dec 06	General Military Training (GMT) and Navy Military Training (NMT)
OPNAVINST 1510.10B	13 Apr 05	Corporate Enterprise Training Activity Resource System (CETARS) Catalog of Navy Training Courses and Student Reporting Requirements
OPNAVINST 1740.5B	7 May 07 (as amended 2 Jul 08)	Personal Financial Management (PFM) Education, Training and Counseling Program
SECNAV M-5510.30	June 2006	Department of the Navy Personnel Security Program Manual
SECNAVINST 1740.2E	12 Jul 08	Solicitation and Conduct of Personal Commercial Affairs on Department of the Navy Installations
SECNAVINST 1754.1B	27 Sep 05	Department of the Navy Family Support Programs
SECNAVINST 5211.5E	28 Dec 05	Department of the Navy Privacy Program
SECNAVINST M-5510.30	no date	Navy Security Manual Adjudicative Guidelines for Security Clearances
SECNAVINST 5510.30B	6 Oct 06	Department of the Navy Personnel Security Program Instruction



# Activity: Group Case Studies

**Purpose:** To present to the class a completed case study incorporating all appropriate learning concepts from the course.

**Time:** 4.5 hours total

- 1 hour Tuesday: introduction and group work
- 1 hour Wednesday: group work with eFPW
- 1 hour Thursday: group work and presentation preparation
- 90 minutes Friday morning: group presentations and evaluations

## Materials

- Student Manual Chapter 11
  - ▶ Six case studies
  - ▶ Group Case Study Presentation Guide
- Six blank copies of the Financial Planning Worksheet (one per group)
- Six computers or laptops available for the Wednesday and Thursday sessions (in addition to using site computers for the Wednesday and Thursday sessions, you can ask the class earlier in the week if anyone has a laptop they would like to bring to use; make sure it has Excel on it)
- Classroom computer and projection system available for Friday presentations
- Newsprint, markers, transparency film and overhead projector, and/or any other materials needed for group presentations
- Watch or classroom clock with second hand to time presentations on Friday
- Time-indication warning sign

## Process

**Introduction:** The six group case studies provide the capstone for course learning application. They are given to the groups on Tuesday afternoon, at which time the groups read the case study and begin working through the various problems and considerations. The case study work continues with an hour on Wednesday and an hour on Thursday and culminates in presentations Friday morning. Spreading the group case study work over three days is an important element of CFS training, as each day new knowledge is added that the groups will incorporate into their cases.

- **Tuesday:** Break class into six equal groups. Assign a case study to each group. All groups are expected to complete the first six pages of the FPW which includes

**NOTE:** *It is helpful if you mix up your groups to ensure that people are working with someone with whom they do not normally sit. This gives groups a chance for exposure to more classmates' experience and expertise and also gives people a break from their everyday seatmates.*

the “Action Plan” page and the “Spending Plan” page; come up with a workable solution(s); and make a clear, concise, sensible presentation to the class. The presentation can take any form as long as it covers the necessary information. The Group Case Study Presentation Guide gives guidance on what needs to be covered in the presentations — review it with the class upon introducing the case studies. Groups are given one hour at this initial session for an explanation of the process by the instructor, and to work with their group to determine strategy and begin the FPW. You will need to circulate among the groups to answer initial questions regarding the case study.

- **Wednesday:** This is a computer “lab” session, and each group will need access to a computer. During this hour they are to put the case study on an Excel version of the Financial Planning Worksheet (eFPW) and check their numbers from the previous day. You should circulate among the groups to ensure that their Excel disks are working, and that they understand how to put the information into the program. Common mistakes include not updating the BAH pay scale and not putting pay grade and years in service into the “projected” column of the Net Worth page so that amounts carry over to the Income page. You also should hear groups well into their discussions of the major issues and how to resolve them.
- **Thursday:** Groups should be working toward conclusion of their cases and developing their presentations during this session. Presentation methods are limited by time and creativity only. Anything is acceptable, as long as they cover the required information. Past presentations have included role-play; dramatizations; PowerPoint presentations; and group explanations using the eFPW, Full Steam and other computer programs. Encourage creativity, but insist on brevity and clarity. You should circulate among the groups and ensure they will have their case study completed by the end of the session. Ask if they have determined how they will present it, remind them of the time constraint, and refer them to the “guide sheet” for the elements of their presentation. For groups presenting with the computer, suggest that they make sure their presentation material is on the classroom computer before Friday morning. Learners should read through all case studies for homework.
- **Friday:** Group case study presentations occur first thing Friday morning. Allow 2 minutes between presentations, and divide the remaining time by the number of groups. Presentations can be ordered by case study numbers or by volunteers. While one group is presenting, the rest of the class should be paying attention and evaluating. Do not allow groups to continue working on their case studies during presentations. You may want to make a sign with a 3-minute warning and a second sign that says “Time’s Up.” Show the signs to the class at the beginning of the session and explain that you, or a designated assistant, will be at the back of the room timing the presentations and will hold up the warning signs to help them keep track of time. Encourage questions and comments from the other learners upon completion of each group’s presentation. Encourage applause after the completion of each presentation. When all groups have presented, you may want to comment on the presentations, commend, and express your level of confidence in their ability to help clients resolve problems.



**Updating Amounts:** BAH rates are printed in the relevant case studies. This is necessary due to course standardization. If you would like to have your learners look up and use local BAH rates, you may need to make the necessary adjustments to other variable expenses so that the integrity of the lesson is maintained. (Note: When using the Excel program, the learners will need to go to the Income page and enter the correct amount of BAH for their client.) Further, you will need to make some adjustments in variable expenses (up) at the beginning of each year to keep up with pay increases.

**Your Role:** As the facilitator, your role is to be available to answer questions for the learners and to give guidance on the use of the Excel spreadsheet and presentation suggestions but not to do the case study for them. Learners may ask you if the deficit or surplus they have computed is correct. You should compute the case studies yourself (before the course) on Excel to be familiar with the details and know if learners are in the ballpark when it comes to their bottom lines, but refrain from telling them specifically what it should be — let them figure it out and be confident in their answers. Of course, if a group is way off-base with their numbers, you will need to guide them in reworking the problem. You also may be asked for additional information not provided in the case study. If this occurs, tell learners they need to make reasonable assumptions but to remember that the class will be critiquing them on Friday, so they need to be prepared to defend their reasonable assumptions. Ensure that the learners are coming up with the major issues for each case study through your questions and suggestions but not through directly telling — let them figure it out.

Be sure to mention to the class that there may be bits of information or numbers that they need to produce on their own to complete the case study. This is a normal part of a CFS's job, as many clients do not have full information or an exact accounting of their monthly living expenses. It is not uncommon for a CFS to make an educated “guess” on some figures based on their knowledge of local costs.

**Area of Emphasis:** Each case study has a different area of emphasis. Summaries of these areas of emphasis follow. These are included for instructor information only, to aid you in understanding the major issues and learning points of each case study and to help you facilitate the case study learning process.

## CASE STUDY 1

Seaman John Smith: This is a young service member without a budget dealing with a Navy move, including a stay at the Navy Lodge, various household deposits, and all relocation allowances received and spent. Major issues include a large deficit; an immediate need for funds to move out of the Lodge and into an apartment; money management, particularly making accurate and realistic budget projections; dealing with the expenses of a move; working with a new service member and a relatively inexperienced consumer (photo club and payday loan). Other considerations:

- Has member checked into command?
- Request advance housing (advance BAH)
- Request to extend advance payment for 24 months
- May not have to pay utility deposits depending on credit-report rating from previous home
- Request utility deposits from Navy-Marine Corps Relief Society or check with the Utility Deposit Program at Navy Federal Credit Union.
- Change income-tax exemptions
- If no car insurance, may have to pay applicable fine
- Illegal to drive on base without car insurance
- Get pay information from PSD or myPay
- Possibly delay payments to cousin
- SHARE/WIC or other food resources (food stamps/FSSA?)
- Will having spouse work be profitable? Will she earn more than the cost of working (child care, income tax, transportation, clothing, etc.)?
- If learners reduce tithing, discuss how to present to client
- Online banking with a no-cost, Web-based bill-paying option to simplify money management during deployment and decrease stamp- and money order-related expenses
- Set aside-type programs through Navy housing available?
- Any additional financial education needed for client?
- TSP participation



## CASE STUDY 2

AT1 Cory Cloud: This couple is requesting the remainder of bonus due and cannot account for all of the initial bonus payment. Major issues include a large deficit and debt-to-income ratio; lack of financial discipline and budgeting; lack of an emergency fund; plans for CSB/Redux; and marital strife. Other considerations:

- Refinance furniture bill if interest rate is high
- Refinance car loan if interest rate is high
- Is whole-life insurance policy necessary? Do they understand its use? Use the VA Web site to check: [www.insurance.va.gov](http://www.insurance.va.gov)
- Adjustments to FITW
- Refer member and spouse to TRICARE health-benefits adviser to explain program
- Adjust living expenses where possible
- Part-time job for service member or spouse?
- Debt-management counseling
- Personal counseling (marital problems, retaliatory spending, etc.)

## CASE STUDY 3

STS2 Patrick Dolphin: In this case study, the spouse has come to see the CFS because the member is at sea. She is short of cash. She is expecting a child, and she wants to quit her job since the member is getting promoted to petty officer first class. Major issues include a large deficit; lack of budgeting and planning; budgeting and planning for a new baby; and determining the impact of the spouse leaving her job. Other considerations:

- Is it cost-effective for wife to work?
- Online banking with a no-cost, Web-based bill-paying option to simplify money management during deployment and decrease stamp- and money order-related expenses
- Adjustments to FITW
- Do they understand the life insurance they purchased, and do they need it?
- What are some options for better money management for this couple?
- Consider cable and Internet combination option
- Try a one-rate local and long distance telephone plan
- They need to have more savings with a family of their size
- What will the budget look like when the baby is here?
- NMCRS for car repair
- Tithing
- TSP participation



## CASE STUDY 4

ET3 Adam Only Jr.: This is a case of the good Sailor, who is smart with his money, thinking that things might be better if he leaves the Navy. Major issues include caring for an indigent father; deciding what to do about his living situation; deciding whether to stay in the Navy or get out; and saving and investment information. In its presentation, this group should show their recommendations very clearly and the reasoning behind their recommendations (cost/benefit analysis). They should demonstrate what his situation could be should he stay in the Navy, what it could be should he decide to get out, and the opportunity cost of each choice. Other considerations:

- Can his father be made a dependent? How does this affect TRICARE? Does he have Social Security?
- Will the 8 percent raise cover the loss of BAH and other tax advantages of military pay, not to mention other military perks? (Commissary, NEX, legal, base facilities, etc.)
- Can he use a VA loan to buy a house for his father? Is this a good idea? It would be a good move to refer him to a good financial planner.
- Can he get tuition assistance to further his education?
- This is a Sailor we want to retain. Hopefully the CFS will spell out the options clearly and show the benefits of staying in the Navy.
- Discuss SRB
- What changes should be made to allotments and living expenses?
- If the father is a dependent, could the Sailor change his FITW? How will it affect his filing?
- What saving and investment suggestions could be made for this Sailor?
- Need to check credit reports to make sure the father's (Adam Only Sr.) bankruptcy information and credit problems have not been put mistakenly on the son's report.

## CASE STUDY 5

MMCS Monica Looney: This case concerns both identity theft and overspending. Major issues include contacting the credit-reporting agencies and working on her budget. In addition, she has a debt-consolidation loan with additional debts added, which is indicative of a credit-abuse problem. In its presentation, the group should show very clearly how to deal with the identity theft and what changes she needs to make to her cash flow if she stays in order to afford the new car and vacation, etc. Other considerations:

- TRICARE dental coverage for child?
- Reason for whole-life insurance policy vs. SGLI at the maximum
- Refinance high interest rates
- Refinance mortgage
- Look at income-tax exemptions
- Increase savings to build for retirement
- Track budget
- Set some goals
- Credit abuse
- Cut expenses
- Debt-management counseling
- Reconsider gifts to son



## CASE STUDY 6

HN Jane Start: This case focuses on an indebtedness case, overseas screening and family-care plans. Major issues include impending deployment; high debt; care for the child while deployed (single parent); and whether she is suitable for an overseas billet (from a financial perspective). The group should consult OPNAV 1740.5B for criteria for overseas screening. Other considerations:

- Change in FITW
- Budgeting
- Pre-deployment preparation: designated-shopper program; medical power of attorney; updated will; ID cards for children; mother on bank accounts or getting an allotment; family-care plan
- SGLI coverage
- TRICARE dental coverage — are her children using it?
- Interest rate on Visa card — can it be lowered?
- Refinance vehicle
- Phone bill control while deployed
- Consumer credit counseling service, or bank or credit union debt-management program
- Home-buying course
- Child-support requirements

# Case Study One—Seaman John Smith

Seaman John Smith reported aboard the USS Underway last month on PCS orders from a base on the opposite coast. He has been in the Navy for two years. This is his first sea-duty assignment, and they are scheduled to deploy in three months. His enlistment expires in 30 months. Seaman Smith is 22 years old. His wife, Susan, is 21. They have a son, John Jr., who is 1 year old. The family has moved to the area with SN Smith. His BAH is \$1,316.

Before leaving his old duty station, SN Smith took an advanced pay of one month's basic pay. He used the money to pay off some bills incurred at his last duty station. He and his family now are in the Navy Lodge and are paid up-to-date. They are paying \$70 a day to stay in the Navy Lodge. They have been apartment-hunting and found one for \$1,200 a month. The landlord requires \$1,800, which includes the security deposit and the first's month's rent before they can move. Electricity and gas deposits total \$500. Susan has found a part-time job to help with the bills; she will make \$400 per month. She plans to start next month after they get settled in their apartment. Child care will be an issue when SN Smith is at sea and on some duty days.

SN Smith and his wife have \$1,000 until next payday (from today's date). Half of this comes from a payday loan that he took right after he got here. He planned to use the loan (\$500) to make some credit payments, and he managed to pay the loan company on time.

SN Smith is slated for promotion to E-4 in three months. The advance pay repayment starts this month and will be deducted from his pay for the next 12 months. He pays federal income tax at the single and zero exemption rate. He pays no state income tax as a legal resident of Florida. He has the following deductions and allotments:

Allotment to his wife .....	\$350 each month
Allotment to Navy-Marine Corps Relief Society .....	\$10 each month
SGLI .....	full coverage
TRICARE dental coverage .....	one family member

The landlord has advised SN Smith that his electricity bill will average \$110 per month. The family vehicle is a four-year-old Ford Explorer that he estimates costs him \$150 per month for gas and maintenance. He bought the vehicle from his cousin for \$8,000. He pays the cousin \$350 per month. There is no interest charge on the loan, and he still owes \$3,500. He has no car insurance at this time. It was due last month, but he didn't have the money to pay it and decided to see if he could get lower rates once he relocated. He received estimates of \$110 per month for liability insurance.

SN Smith does not know how much his family is spending on food or clothing each month. He made an appointment to see the CFS for guidance in estimating these expenses. He and his wife each receive \$25 each pay period for their personal spending money. The following are their estimated monthly miscellaneous living expenses:

Laundry .....	\$50
Church contributions .....	\$250
Haircuts .....	\$40
Money orders/stamps/envelopes .....	\$30
Recreation/sports .....	\$120

Cigarettes .....	\$50
Newspaper .....	\$20
Soda/snacks at work .....	\$35
Entertainment .....	\$75

In addition to his advance pay and vehicle payment, SN Smith has the following bills:

1. EZ Credit for a HDTV he bought last year for \$1,900. Monthly payment is \$95. Outstanding balance is \$285. Due date is 15th of each month.
2. MasterCard, which he got shortly before he moved. He used it for most of his living expenses and vehicle repairs en route to this duty station. Average monthly payment is \$100. Outstanding balance is \$2,000 (credit limit). Due date is 20th of each month.
3. National Photographers for a photo club membership to receive a “free” picture of John Jr. on his birthday each year and unlimited film processing. Initial cost was \$1,900. Monthly payment is \$75. Outstanding balance is \$1,151. Due date is 25th of each month.

SN Smith has received all his travel allowances, Dislocation Allowance, and Temporary Lodging Expense. He is one month behind on his bills. His primary concern is not having enough money for the security deposits needed to move his family into the apartment. He does not have a current LES and is not sure what his pay should be, since he just transferred to the area. He wonders if he qualifies for food stamps or FSSA and if he should enroll in the TSP. At this point, he only can estimate his living expenses as stated above.

**Instructions:**

1. Help SN Smith construct a viable budget, both actual and projected.
2. Make any other appropriate recommendations.
3. Be prepared to defend your recommendations.

# Case Study Two—AT1 Cory Cloud

AT1 Cory Cloud, a qualified air crewman and a career enlisted flier, was directed to see the CFS after he submitted a special-request chit for an early SRB entitlement. The command's policy is that all personnel submitting such requests be interviewed by the CFS. This is the scenario:

Petty Officer Cloud, a 12-year veteran, had tried repeatedly to make petty officer first class. It seemed each time he would miss the final multiple by just a few points. Exasperated, he decided to get out of the Navy at his EAOS. His wife, Kathy, never liked it here anyway. She rented a U-Haul, packed up and left, taking their three children, ages 3, 6 and 14, out of government quarters and back to their home state. She used all the money in their savings account to pay for this spur-of-the-moment decision. Petty Officer Cloud decided to stay in the BEQ until he left the Navy.

Not long after his wife moved home, Petty Officer Cloud was selected for advancement to petty officer first class! Without hesitation, he visited the command career counselor to explore his options. Guess what? The "AT" rating was right at the top of the SRB entitlement list. He immediately called the detailer and struck a deal to re-enlist at his EAOS for four years with orders to a local squadron.

He called Kathy and told her the good news. While not exactly excited, she reluctantly agreed to come back to the area with their children. With all that SRB money, their financial picture looked brighter.

Petty Officer Cloud re-enlisted as planned — one day after getting advanced to first class. His total SRB was \$13,900, so he was all smiles when the skipper handed him an SRB check for \$6,950. Finally, he could get the truck of his dreams, a brand new Dodge Ram for \$28,000. He put \$4,000 down and signed a five-year contract. His monthly payment of \$525 was no dream, but he knew he easily could make the payments. Kathy drives a 5-year-old Ford Freestyle station wagon that they bought three years ago.

They are on the waiting list for government quarters and should move in within two months. He took one month's advance pay to move Kathy and the children back. He agreed to repay this over 12 months, starting next month.

When Kathy arrived, she vowed to start fresh and decided that new furniture was just what they needed. Petty Officer Cloud thought it was best to agree. After visiting several showrooms, she decided to buy on installment \$6,500 worth of furniture from Hankins Furniture Store, since that was the only merchant who would give her free delivery and agreed to hold the purchase until they got their assignment to quarters. The monthly payment would be only \$251, and after all, he got his truck, so she should get something, too. Meanwhile, they are renting a furnished apartment on a month-to-month lease and paying \$1,500 per month including utilities (exactly equal to their BAH).

Shortly after they got settled, Kathy started having some medical problems. She really didn't trust military doctors, so she opted to visit civilian clinics. Anyway, they had plenty of SRB money and TRICARE would cover most of the bills.

Petty Officer Cloud claims "M03" for federal income-tax purposes and pays no state income tax. Kathy currently is unemployed, and they prefer for her to remain so. Because she isn't working outside the home, a friendly insurance agent recommended that it would be a good idea to purchase a \$100,000 whole-life insurance policy on Kathy, with the premiums starting next month. Kathy also receives \$200 per month for child support from a previous marriage.

Petty Officer Cloud has the following allotments and deductions:

Allotment: Whole-life insurance policy .....\$150

Allotment: Navy-Marine Corps Relief Society .....	\$73 (ends in 10 months)
Allotment: XYZ Bank (collateral loan) .....	\$275 (ends in six months)
Advance pay .....	\$143 (ends in eight months)
SGLI .....	full coverage
FSGLI .....	\$100,000 coverage
TRICARE dental coverage .....	family coverage

Their monthly living expenses are as follows:

Barber/beauty shops .....	\$65	Insurance (auto) .....	\$75
Beer/soda .....	\$80	Insurance (renters) .....	\$35
Cable television/Internet service .....	\$125	Laundry/dry cleaning .....	\$30
Telephone (local/long distance plan) .....	\$75	Telephone (cell) .....	\$80
Cigarettes .....	\$70	Newspaper .....	\$20
Clothes .....	\$175	Lunches .....	\$50
Dining out .....	\$200	Entertainment .....	\$120
Gas (auto) .....	\$150	Baby sitters .....	\$80
Groceries .....	\$650	Recreation .....	\$125

Creditors include:	Monthly	Balance	APR (Owner)
Hankins Furniture .....	\$251	\$6,300	22% (joint)
Sears .....	\$57	\$2,330.25	21% (joint)
Visa Gold .....	\$36	\$1113	14% (joint)
Dr. R.U. Sick .....	\$45	\$857	(George)
Blood Bank (truck payment) .....	\$525	\$22,000	7.5% (George)
Nuther Bank (Freestyle payment) .....	\$230	\$13,000	8% (joint)

Having fulfilled only one month of his four-year reenlistment contract, Petty Officer Cloud now is requesting an early SRB installment of \$3,475 (less 27 percent taxes). The CFS will make the final recommendation to the commanding officer on whether Petty Officer Cloud receives the SRB installment early. He and his wife now realize they are living outside their means. If approved, they plan on using the SRB installment to pay off some of their creditors so they at least can break even each month. He mentions that the \$30,000 Career Status Bonus (REDUX) will come in handy in a few years. All they have at the moment is \$1,000 in the TSP which he contributed a few years ago but then stopped. Petty Officer Cloud would like to have two months of living expenses in an emergency fund again, but he does not see how to make it happen.

Other things to consider: Petty Officer Cloud has seven years of sea service and will deploy in five months for a three-month North Atlantic cruise aboard USS Neverdock (CVN 88). At the start of your meeting with Petty Officer Cloud, he discloses that he and his wife have been under a lot of stress due to the "money thing." They now have had a brief trial separation, and he asks for your advice on getting a divorce. He also tells you he cannot account for the remaining \$2,950 in SRB funds.

### Instructions:

1. Help Petty Officer Cloud construct a viable Financial Planning Worksheet
2. Note your SRB recommendation to the command.
3. Make any other appropriate recommendations.
4. Be prepared to defend your recommendations.

# Case Study Three—STS2 Patrick Dolphin

Petty Officer Dolphin has been aboard the USS Yellowtail (SSN-46) for two years. He has been in the Navy for seven years and accumulated three years of sea duty, two years of which have been consecutive. He is deployed and should return to his homeport in about four months. Petty Officer Dolphin is 26 years old and has been married to his wife, Sally, who is 25, for four years. They have three children: Holly, age 5; Heather, age 3; and Sarah, age 1. His BAH is \$1,410 (projected \$1,600 as E-6).

Last year, they bought a three-bedroom ranch house for \$250,000 with a 7 percent mortgage.

Petty Officer Dolphin received three months advance pay when the USS Yellowtail officially changed to this homeport nine months ago. He and his wife decided to use some of the money to take a long-needed family vacation to Disney World between deployments. Petty Officer Dolphin also used some of the advance pay to buy a diamond ring for Sally's 25th birthday. He used the remaining \$500 to buy a savings bond that he could use for the children's education. Other assets include \$6,000 cash value on their whole-life insurance policy, \$250 in checking, and six months worth of TSP contributions at 5 percent of base pay into the "G" fund. Their savings account balance is \$25.

Sally received a message stating that her husband was getting promoted to petty officer first class effective on the first of the month. She was overjoyed and proud of her husband's accomplishments. "How fortunate," she thought. "This advancement must be providential! Now I can tell him that I am three months pregnant and want to quit my job at Wal-Mart!"

Petty Officer Dolphin claims "married, with five exemptions" for federal income-tax purposes. Sally earns a net income of \$450 a month working part-time. In addition, Petty Officer Dolphin has the following allotments and deductions:

Allotment: Combined Federal Campaign .....	\$10
Allotment: savings account .....	\$100
Allotment: Anchors Aweigh Bank (mortgage/escrow) .....	\$ 1,763
Allotment: whole-life insurance (Sally and children) .....	\$ 78.75
Allotment: TSP .....	5 percent
SGLI .....	full coverage
TRICARE dental coverage .....	family coverage
Advance pay (ends in six months) .....	\$ 624

Their monthly living expenses are as follows:

Baby-sitting/day care .....	\$ 500
Cable TV .....	\$ 95
Telephone (local) .....	\$ 45
Garbage .....	\$ 25
Electric .....	\$ 125
Insurance (auto) .....	\$ 120

Telephone (long distance) .....	\$ 75
Sewage/water .....	\$ 85
Cell phone .....	\$ 80
Other expenses include:	
Internet .....	\$ 25
Church contributions .....	\$125
Newspaper .....	\$15
Lunches out .....	\$80
Video rentals .....	\$24
Clothing .....	\$150
Dining out .....	\$80
Gas .....	\$120
Groceries .....	\$550
Haircuts .....	\$40
Prescriptions .....	\$25
Stamps .....	\$10
Movies .....	\$40
Cigarettes .....	\$40

The Dolphins have one car payment. They own an 8-year-old Nissan Sentra that is not running and needs transmission repairs (estimated cost \$2,000).

They also have a 2-year old Dodge Caravan. They took out a five-year loan for \$18,000 at 6.5 percent, of which three years remain. Their monthly payment is \$350, and the balance is \$9,500.

Petty Officer Dolphin uses \$200 per month as spending money for personal items during deployment. In addition to his advance pay payment, he has a Navy Federal Credit Union Visa card with an \$800 limit and a 14 percent interest rate. His monthly payment is \$20, due on the first of each month. His current outstanding balance is \$622.

Petty Officer Dolphin recently received a class “E” message from Sally in which she stated she needed more money to help make ends meet. He was perplexed that Sally was having financial difficulties, since they make good money and their debt is reasonable. He also was concerned about how they would make ends meet once Sally quit her job at Wal-Mart. Petty Officer Dolphin sent a message asking her to make an appointment with the CFS from the squadron.

### Instructions:

1. Help Mrs. Dolphin construct a viable Financial Planning Worksheet, compensating for the loss of her job and estimating for her fourth child, and show how Petty Officer Dolphin’s advancement may offset the changes in income and living expenses.
2. Make any other appropriate recommendations.
3. Be prepared to defend your recommendations.

# Case Study Four—ET3 Adam Only Jr.

ET3 Adam Only Jr. has an EAOS in four months. He is stationed at a local shore command. At his EAOS, he will have four years in the Navy. He is an excellent Sailor but is considering getting out due to financial concerns with his father. He has made an appointment to see the CFS. He indicates the desire to remain in the service after his EAOS but can't see how he can afford to stay. The company for which he worked before his enlistment has offered his old job back at whatever the Navy is paying plus 8 percent. His concern is for long-range planning. His tax-filing status is single with one exemption. He pays no state income tax. His BAH is \$1,016 (single; projected \$1,316 with dependents rate).

Only's concerns are rooted in having to withdraw money from his savings account to pay many of his father's living expenses. Adam Only Sr. owned a small business for many years, but due to economic problems in the local area, the business has failed and he has been forced to declare bankruptcy. As a result, he has lost his home and no longer has medical insurance. He is 60 years old and to top it all off, stress has caused him to have heart problems, and his condition is expected to worsen.

Only Jr. was recruited 45 months ago with the promise that his schooling and experience in an electronics factory would ensure early promotion and "big bucks." His mother had passed away a few years ago, and he wanted to get out of his small hometown and see the world. Only has worked hard, saved carefully, and planned to go back to school to finish his degree in electrical engineering. However, with his father's misfortunes and recent medical issues, Only's savings for education are being depleted.

Only has tried to do all the right things in his Navy career and personal finances. He shares an apartment with a buddy who often is at sea. He almost has paid off his vehicle bought on a 48-month loan at 15 percent the month before he entered the service. He financed the car through Tennessee Trust. He has no expensive habits.

Only approached his CFS for help and was given a copy of the Financial Planning Worksheet to complete. He returned it early so the CFS could get a "feel" for his expenses. Only is ready to discuss the financial options available to him. He also wants to get some investment advice from the CFS.

He has the following allotments:

Allotment (Combined Federal Campaign) .....	\$50 ongoing
Allotment (savings allotment) .....	\$300 ongoing
Allotment (bond) .....	\$50 ongoing
Allotment (father) .....	\$500 ongoing
SGLI .....	full coverage

His monthly living expenses are as follows:

Additional savings .....	\$150
Rent .....	\$600
Food .....	\$200
Soda .....	\$10
Utilities .....	\$50
Insurance (auto) .....	\$55

Cell phone .....			\$60
Dry cleaning .....			\$10
Clothing .....			\$50
Church contributions .....			\$40
Newspaper .....			\$10
Cable and Internet .....			\$30
Barber .....			\$20
Dining out .....			\$95
Movies .....			\$20
Sports .....			\$45
Gas .....			\$50
Creditor:	<b>Monthly</b>	<b>Balance</b>	<b>APR</b>
Tennessee Trust (car) .....	\$ 250	\$750	15%

### Additional information:

ET3 Only has passed all requirements for promotion. He enjoys his job. He indicates he has sent an additional \$100 to \$500 per month for the past six months to help his father pay rent on an apartment. He has \$752.33 in checking; \$2,455 in savings; \$4,850 in an IRA (share certificate); \$4,400 in U.S. Savings Bonds; \$2,500 left to him by his mother in a CD (4.25 percent); a Nissan truck with a book value of \$4,550; \$3,900 worth of furniture; and \$3,100 worth of personal items, such as clothing, books and camping gear. He started contributing 10 percent of his base pay to the TSP last month.

### Instructions:

1. List considerations that ET3 Only must address that could affect his financial position after re-enlistment or separation from the service. If he takes a civilian job, he likely will pay medical, life and dental insurance. Discuss options that might be available.
2. Complete his Financial Planning Worksheet, actual and projected.
3. Make any other appropriate recommendations.
4. Be prepared to defend your recommendations.

# Case Study Five—MMCS Monica Looney

MMCS Monica Looney has exactly 20 years in the Navy. She loves the Navy and could not imagine doing anything else at this point in her life. She recently applied to refinance her mortgage and use some cash against the equity she has in the house to rebuild her savings account; she had noticed that during the past several months, she had been making many withdrawals to pay bills. To her surprise, she was denied by the credit union. Upon further investigation, she discovered that someone had been opening credit-card accounts in her name and running up big debts. Now, her credit score is terrible. She had no idea this was happening and was shocked to find she was a victim of identity theft. The credit union told her it would be at least four months before her credit was cleared of the fraudulent charges, so she needed to hurry and take the necessary steps. She has come to you for help with this situation.

Five years ago, she bought a town house and used the majority of her savings, \$15,000, as a down payment. The fair-market value of the town house is \$130,000. The mortgage balance is \$110,000. The interest rate on her mortgage is 9 percent.

She currently has \$250 in a savings account and \$4,500 in an IRA (government bond fund). Her car is valued at \$2,000; she has about \$6,000 in furniture and \$500 in jewelry. She does not mind driving an older car, but she spends a lot on maintenance and thinks it will quit soon, so she has been shopping and found a car she would like to buy once she gets her credit cleared up. It will cost about \$350 per month.

Her ex-husband currently has custody of their son, age 11. Luckily, they have stayed in the area and even though the husband has custody, when she is not deployed her son spends much of his time with her. She loves to bring him things from her trips to foreign shores. She is trying to save for a special vacation for the two of them to go overseas and explore together.

She has over eight years of sea duty. She currently is assigned to an area shore command but must be ready to deploy on short notice. She is claiming single with zero exemptions for tax-withholding purposes. Seven years ago, right after the divorce, she took out a debt-consolidation loan at Spave Bank.

She is taking college courses at night and will earn her bachelor's degree within a year. She uses tuition assistance to help pay for these courses.

The CFS gave her a copy of the monthly expense record and the Financial Planning Worksheet. The forms have been completed and contain the following information:

BAH .....	\$1,448 (single)
BAH Diff .....	\$238
Allotment: loan (12%) .....	\$228 (ends in 36 months)
Allotment: whole life .....	\$275 (started five months ago)
Allotment: child support .....	\$800 (ongoing)
SGLI .....	\$100,000 coverage
TSP: I Fund .....	8% (started three months ago)

Her monthly living expenses are as follows:

Mortgage .....	\$1200
Groceries .....	\$400
Electricity .....	\$120

Water			\$45
Sewer			\$30
Gas for car			\$130
Maintenance on car			\$100
Gifts			\$115
College tuition/books			\$90
Telephone (home and cell)			\$120
Insurance (auto)			\$70
Dry cleaning			\$30
Savings			\$75
Dentist			\$25
Cable			\$45
Newspaper			\$25
Home repairs			\$60
Church donations			\$80
Property insurance			\$40
Vacation			\$120
Dining out			\$100
Entertainment			\$80
Beauty shop			\$75
Clothing			\$170
Internet access			\$30
YMCA membership			\$55
<b>Creditors include:</b>	<b>Monthly</b>	<b>Balance</b>	<b>APR</b>
Sears	\$25	\$1,090	21%
MasterCard	\$60	\$3,000	18%
Discover	\$56	\$2,200	19%
Visa	\$30	\$900	14%
Spave Bank (debt-consolidation loan)	\$375	\$16,290	12%

### Instructions:

1. List considerations and steps that MMCS Looney must address to clear her credit record.
2. Offer financial options to help Looney construct a viable Financial Planning Worksheet, actual and projected, that will allow her to rebuild her savings, plan for a new car, and possibly take that vacation with her son.
3. Make any other appropriate recommendations.
4. Be prepared to defend your recommendations.

# Case Study Six—HN Jane Start

HN Jane Start is stationed on the USS Comehome (AE-99). She has recently been frocked to Petty Officer Third Class. She is still receiving pay and benefits as an E-3 with less than two years of service. The ship currently is in port but deploys in one month for the Persian Gulf. HN Start expects to start receiving E-4 pay and entitlements in nine months and at that time will have 14 months of sea time. She was married when she entered the Navy but divorced six months ago. She has custody of her two sons, ages 2 and 3. Start claims single with no exemptions for tax-filing purposes and is enrolled in TRICARE dental coverage at the family rate. She has \$250,000 of SGLI coverage. She is receiving BAH at the "with dependents" rate of \$1,316, which will not change when she makes E-4. She pays \$1,200 in rent.

Start has an allotment set up to her credit union to pay for her car, a 3-year-old Hyundai Elantra. She bought the car for \$7,200 last year. Her interest rate is 19 percent, and her monthly payment is \$231. The balance due is about \$4,500. She is paying off the \$160 balance of an NMCRS loan that ends in four months. HN Start's mother lives with her and takes care of the children while she works. This will continue during Start's deployment. Her mother gets occasional part-time work to cover her own expenses. Start will plan on taking \$100 per month during deployment for her personal expenses.

Start has come to see you because she is concerned she may not be able to make ends meet during deployment. She has outstanding medical bills from three years ago, before her enlistment, and isn't sure she'll be able to pay them. She also has been recommended for an early rotation to Rota, Spain when the ship returns. She is asking for you to conduct an overseas screening on her and help her position herself financially to be able to take the OCONUS tour. During the course of the interview, the following is determined:

## Monthly living expenses:

Utilities .....	\$100
Gas for vehicles .....	\$80
Telephone (all) .....	\$150
Insurance (auto) .....	\$120
Food .....	\$300
Laundry/dry cleaning .....	\$60
Clothing .....	\$100
Personal care .....	\$20
Stamps/paper/supplies .....	\$15
Pet care .....	\$50
Fast food .....	\$75
Creditors (all prior to enlistment) include:	<b>Balance</b>
American Family Publishers .....	\$7.97
Parents magazine .....	\$21.95
North Shore Collections (16-month-old magazine bill) .....	\$100.94
Dr. James .....	\$120
Puget Sound Collections (for cable; missed one month) .....	\$38.42
Dr. Roberts .....	\$61

Dr. Vann .....	\$20
AT&T phone bill (two months overdue) .....	\$200
Dr. Health .....	\$150
Dr. Rollins .....	\$175
Wheels & Wings (10-month-old book bill) .....	\$14.90
Feelgood Emergency Medical Group .....	\$16
Feelgood Radiology .....	\$77
Field Publication (five-month-old magazine bill) .....	\$35
Superior Collections Bureau (collection agent for hospital) .....	\$355
Fingerhut (five-month-old bill) .....	\$72.76
William Pitt Jewelers (24-month-old bill) .....	\$63
Mark Account Systems (collection agency for anesthesiologist) .....	\$480
Visa    balance: \$877; monthly payment: \$51; APR 18 percent	

**Instructions:**

1. Help Start construct a viable Financial Planning Worksheet, actual and projected.
2. Work out a debt-management plan.
3. Conduct an overseas screening assessment based on the criteria in OPNAV 1740.5B and make a recommendation. Can you suggest a plan for HN Start that would position her for an OCONUS move at the end of her deployment?
4. Make any other appropriate recommendations.
5. Be prepared to defend your recommendations.

# Case Study Presentation Guide

## Technical Ability

1. Adequately summarize the client's presenting concerns.
2. State the client's real reasons/problems.
3. Say or show the following:

	Actual	Projected
Net worth		
Net monthly income		
Monthly savings		
Monthly living expenses		
Monthly debt payments		
Bottom line: surplus/deficit		
Debt-to-income ratio		

4. Review all options:
  - a. Increase income
  - b. Decrease living expenses
  - c. Decrease indebtedness
5. Make appropriate referrals.
6. Resolve the client's problems.
7. Say what comes next for the client.

## Presentation Techniques

1. Creativity of presentation
2. Clarity of presentation
3. Enthusiasm of group presenters
4. Expertise/grasp of knowledge of group
5. Empathy with client's situation
6. Timing of presentation

**Knowledge Application:** Incorporate all relevant course concepts into the case study.