



# Car-Buying Strategies

## I. INTRODUCTION

This topic will prepare the Command Financial Specialist to help command members research and purchase a new or used car, offer suggestions and education on financing a new or used car, and direct members to the appropriate resource when legal issues or complaints arise. A car often is the single biggest purchase a member will make while on active duty, and it is critical that the CFS leave class prepared to discuss and train on car-buying strategies.

There are several presentation options for this chapter:

- The CFS trainer can present the materials, using either or both of the Car-Go Bingo and Car-Buying Jackpot activities.
- Student trainers can present the material as part of the training techniques lesson in Chapter 7. Presentation options are at the discretion of the student trainers, and the Instructional Techniques Critique Sheet in Chapter 7 should be used by peer evaluators. If this option is chosen, the student trainers should be provided with guidance on session preparation.
- The CFS trainer can facilitate the “Convince Me” whole session activity. This option begins with homework Thursday night, a brief “What’s in It for Me” competition, and the Car-Buying Jackpot. Details are in the Preparation section below.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter directly correlates to the PFMSC Car-Buying Strategies module. Learners have adequate exposure to the topic to allow them to conduct this training at the command. Training techniques include active lecture and class participation.
2. **Information and Referral:** Referral resources reviewed in this topic assist the CFS in functioning as a car-buying advocate and consumer educator for clients.
3. **Counseling:** The CFS often meets with clients regarding car-buying issues (usually post-purchase). The CFS’s role as a counselor is enhanced by a thorough knowledge of car-buying issues and strategies.

## II. LEARNING OBJECTIVES

Learners will demonstrate sufficient topic knowledge to educate command members by participating in the Car-Go Bingo and/or Car-Buying Jackpot review activities.

If using the whole session “Convince Me” option, learners will demonstrate their understanding of the topic by writing an impactful “What’s in It for Me” statement, and participating in the jackpot review activity.

If using the student trainer option, learners will use the Instructional Techniques

Critique Sheet to demonstrate an understanding of appropriate instructional techniques.

If using the student trainer option, learners will demonstrate the ability to train command members by presenting portions of the Car-Buying Strategies module.

### **III. OUTLINE**

1. Introduction
  - a. Optional Presentation Method: Convince Me
  - b. Optional Activity: Car-Go
  - c. Topics
2. Deal #1: The Purchase
  - a. How Much Can You Afford?
  - b. What Type of Car Do You Want?
  - c. Where Will You Buy?
  - d. What Is a Fair Price?
  - e. What About Leasing?
  - f. Negotiating Skills
  - g. Tricks of the Trade
3. Deal #2: The Financing
  - a. Where to Finance
  - b. The Cost of Money: Finance Charges
  - c. The Purchase Contract
  - d. Common Dealership Financing Pitfalls
4. Deal #3: The Trade-in
  - a. Trading-in vs. Private Sale
  - b. What Is a Fair Price?
  - c. What Is the Dealer Willing to Pay?
  - d. What if You Owe More Than It Is Worth?
5. Your Legal Rights
  - a. State Lemon Laws
  - b. Consumer Leasing Act
  - c. Odometer Reading



- d. Used Car Buyer's Guide
  - e. Magnuson-Moss Warranty Act
  - f. State Auto Repair Facilities Act
6. Complaint Resolution
  7. Summary
    - a. Sources of Help
    - b. Optional Activity: Car-Buying Jackpot Review

## IV. CHAPTER PREPARATION

**Presentation Time:** 50 minutes

### Presentation Materials

- PowerPoint slides, “Car-Buying Strategies”
- PowerPoint slides, “Car-Buying Jackpot review game (optional)”
- Student Manual Chapter 21
  - ▶ Convince Me
  - ▶ The Three Deals of Car-Buying
  - ▶ Sources of Help — Car-Buying
  - ▶ Determining Car Payments
  - ▶ Leasing
  - ▶ Car Sales Tricks of the Trade
  - ▶ Questions to Ask Car Dealers
  - ▶ Installment Sale Contract
- Car-Go Bingo Cards (Optional — from the PFMSC Car Buying module))

### Preparation

- Determine which presentation option will be used as detailed in Section I above. If a student trainer(s) will provide the presentation, be sure to assign the material the previous night and provide guidance as necessary. If using the “Convince Me” whole session option, assign the “Convince Me” exercise for homework, which includes a review of the content component of the Car-Buying Strategies PFMSC module.
- If using Car-go Bingo, prepare enough cards so each learner has one.
- Update content information with local phone numbers for appropriate sources of help. Be familiar with local and state laws regarding automobiles (insurance requirements, lemon laws, repair facilities acts, usury laws, etc.)

### Summary of Learner-centered Activities

- **Optional “Convince Me” whole session activity:** In lieu of presenting the content using lecture, this option combines a learner review of content with an exercise in formulating “What’s in It for Me” statements, along with a content review using the Car-Buying Jackpot game.
- **Optional Car-Go Bingo:** A bingo-style game that provides learners with presentation concepts as the lecture is given.
- **Optional Car-Buying Jackpot:** A “Jeopardy!”-style game used to review program content.

## V. REFERENCES

Current Edition. *Edmund’s Car Prices Buyers Guide*. West Hempstead, N.Y.: Edmund Publications Corp.

*NADA Official Used Car Guide*. National Automobile Dealers Association.

*Consumer Reports Magazine*. April issue.

Nerad, Jack R. 1996. *The Complete Idiots Guide to Buying or Leasing a Car*. New York, N.Y.: MacMillan Spectrum/Alpha.

Editors of Consumer Reports. 2006/2007. *New Car Buying Guide 2006 & 2007*. Consumer Reports.

Reed, Philip. 2005. *Edmunds.com Strategies for Smart Car Buyers*. Edmunds Publications.

[www.annualcreditreport.gov](http://www.annualcreditreport.gov) (free annual credit report)

[www.autopedia.com](http://www.autopedia.com) (The Automotive Encyclopedia)

<http://autos.msn.com> (MSN auto Web site)

[www.carfax.com](http://www.carfax.com) (vehicle history reports)

[www.carlemon.com](http://www.carlemon.com) (state lemon law information)

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

[www.edmunds.com](http://www.edmunds.com) (Edmunds car-buying guides)

[www.federalreserve.gov/pubs/leasing/](http://www.federalreserve.gov/pubs/leasing/) (Federal Reserve “Keys to Leasing” booklet)

[www.highwaysafety.org](http://www.highwaysafety.org) (Insurance Institute for Highway Safety)

[www.intellichoice.com](http://www.intellichoice.com) (prices and reviews for new and used cars)

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

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

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

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

## VI. CONTENT

### Introduction

#### Optional presentation method: Convince Me



**Time:** 50 minutes plus homework time

**Materials:** Student Manual page 21.3, “Convince Me” What’s in It for Me? exercise; Car-Buying Strategies content module from the 2007 PFM Standardized Curriculum; Car-Buying Jackpot PowerPoint review game.

**Procedures:** This activity has three parts as outlined below. It is designed to be used in lieu of lecture presentation of content.

**Convince Me Activity.** This is a homework activity to be done the previous night. The learners should review the Car-Buying Strategies module in the PFMSC (content module), and then follow the directions in the Student Manual, page 21.3, to draft an effective “What’s in It for Me” (WIIFM) statement. This activity will accomplish two things. First, the learners will review content on their own, which will alleviate the need for a full lecture. Second, the learners will be able to focus on the importance of having an impactful WIIFM statement at the start of their training.

**Convince Me Face-Off.** The second part of this activity takes place in the classroom during the allotted time for this session. You will need a small panel of “experts” to judge the WIIFM statements. It would be most effective to ask fellow FFSC staff members, or ideally three experienced CFSs, who then can stay to participate in the “Developing Your Program” session that follows. Divide the class into two teams. A representative from one team will face off with a representative from the other team. Each representative will read their WIIFM, and the panel will decide which one is best. The panel should judge the statements based on simplicity, clarity, enthusiasm, creativity and motivation. When they declare a winner, the winner’s team is awarded \$25 (they can keep score, or you can hand them a prepared card with “\$25” written on it). Continue through all learners, pairing up, facing off, judging, and awarding \$25 to the team with the best WIIFM. If there is not an even number of learners, when it comes to the last three participants, the team with two remaining should choose one WIIFM to present. When all have gone, awards are calculated and the team with the most dollars not only wins but gets to apply their winnings to the score in Part 3. As an added bonus, you can offer to gather, print and distribute the WIIFMs to the learners for future use. Before moving on to Part 3, commend the learners for their efforts and remind them of the importance of an impactful WIIFM, both to motivate the learner and to ensure they can articulate the intent of any training event clearly.



**Content Review.** The final part of this activity is the Car-Buying Jackpot review game. Since the learners reviewed the content for homework, there is no need to give a lecture. However, it may be helpful to answer any questions the learners may have about content before going to the game. Proceed with the jackpot game from the Car-Buying Strategies module of the PFMSC. The training techniques component contains the question bank for the game. Remember that the winning team from Part 2 gets to apply their winnings to their jackpot score. As an option, you can have a small team (two or three) of learners lead the game. If choosing this option, ask for volunteers the day before the program so they can prepare.

### Optional Activity: Car-Go Bingo



**Time:** 50 minutes (The game is done during the course of the lecture presentation with an optional review at the end that should take about 10 minutes.)

**Materials:** Car-Go Bingo cards, enough for all learners to have one (from the PFMSC Car Buying module). There are 30 cards in the set. Print duplicates if necessary. Markers can be M&M's, plastic disk bingo markers, or learners simply can mark off the concepts with a pen or pencil.

**Fabulous Prize(s):** Can be anything from “Big Bucks” to candy to a toy car, etc. If you plan on having more than one winner, have enough prizes for all.

**Procedure:** Distribute Car-Go cards and markers to learners. Explain to learners that as you go through the lecture you will mention quite a few concepts, and if a concept appears on their Car-Go card, they should mark it. Concepts will appear on the slides, in the things you say, and on the handouts. The first person to get “Car-Go” wins. Explain what “Car-Go” will be (five in a row, two sets of five in a row, five in a row plus four corners, etc.)

Before beginning the lecture, give learners a few minutes to read through the concepts on their cards so they will be familiar with the terms. When learners have had a chance to review the concepts, begin the lecture with Slide 1. When someone gets “Car-Go,” they should shout out “Car-Go.” Have them read off the concepts on their card, and if you have reviewed all of them, award a Fabulous Prize. You can award Fabulous Prizes to subsequent “Car-Go’s” if you choose. When the lecture is done, use the Car-Go cards as a quick review of program content.

### Slide 1 and 2

#### Topics

REFER learners to pages 21.4 and 21.5 in the Student Manual, “Three Deals of Car-Buying.” SAY almost every service member will purchase a new or used car while on active duty. They will spend more of their disposable income on automobiles than virtually anything else except food and shelter. Many will be “driven” into debt by needless car costs and repairs.

This course is designed to help you save money and hassles on your next car purchase by focusing on the “Three Deals of Car-Buying” — the purchase, the financing and the trade-in. It also will take a look at legal rights you have when buying or selling a car.

SM  
21.4-2.5



Slide 3

## DEAL #1: THE PURCHASE

Many people begin the car-buying process by visiting a dealership — which should be one of the last things they do. Unfortunately, the process often ends the same day with the purchase of an inappropriate car at too high a price. Dealers will ask about financing and trade-ins before offering a bottom-line price so they mentally can calculate their profits to the buyer's disadvantage. You can save yourself hundreds, if not thousands, of dollars on your next purchase by doing some homework *before* you step on the lot, so that you always are in control of the buying process.

There are five things you need to determine *before* you visit a dealership in order to make a successful purchase:

- How much you can afford
- The type of vehicle you want to buy
- Where you will buy the vehicle
- A fair and affordable price for the vehicle
- If you should lease

At the dealership, you need to know:

- What questions to ask
- How to negotiate
- The “Tricks of the Trade”

Slide 4

## How Much Can You Afford?

Rather than selecting the car and then figuring out how you can pay for it, the clever consumer saves a considerable amount of money by determining what they reasonably can pay and then selecting a car and options in that range. You need to know all three of the following key amounts to determine what you reasonably can pay:

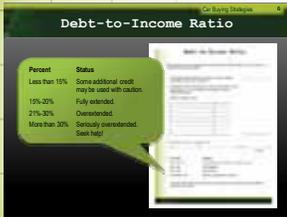
- How much you can spend in total on the vehicle. Reason: If you only figure out how much you can afford to pay each month and not the total amount you want to spend on the vehicle, you probably will get the monthly payment you want but risk paying too much for the vehicle overall.
- How much you can put down on the vehicle. Reason: The larger your down payment, the less you have to finance and the lower your monthly payment.
- How much you can spend per month on a payment. Reason: If you only figure how much you want to pay in total, you risk ending up with a monthly payment that you can't afford. Never “buy payments.”





## Slide 5

**Preparing a Spending Plan.** These key amounts can be found in your budget or spending plan. If you already use a budget at home, review it and determine these three amounts. If you don't already have a spending plan, now is a great time to start. The benefits of having a budget stretch way beyond this car purchase and can affect your entire financial future — so do it!



## Slide 6

**Debt-to-Income Ratio.** You also will want to know how much of your money currently goes to pay monthly debt payments so you don't over-extend yourself if you add a car payment. To find this out, compute your debt-to-income ratio. The debt-to-income ratio is a figure used to determine if a person is carrying a total debt load that is manageable; one that might lead to financial difficulties; or one that indicates a person is in immediate need of debt reduction and significant adjustments in their financial lifestyle. Use it as a guide and not an absolute measure of your ability to take on more debt.

Use the scale at the bottom of the page to determine if you have “room” in your budget to take on more debt. If your debt-to-income ratio is 20 percent or higher, you may want to delay taking on more debt.

Be sure to check your credit report as you work on your spending plan and debt-to-income ratio. A dealership most likely will obtain your report, so if you look at it first, there won't be any surprises. Information on how to get your free annual credit report is included in the “Sources of Help” handout.



## Slide 7

### Determine Car Payments

REFER learners to page 21.6 in the Student Manual, “Determining Car Payments.” If you need some help to determine how much a payment would be for a specific loan amount, you can use the handout, “Determining Car Payments.” The Web sites listed on your “Sources of Help” handout also offer calculators to assist you in this area.



What is a reasonable monthly car payment? Financial advisers usually suggest keeping total car expenses to within 25 percent of your net income (what remains after taxes). It is important for potential buyers to understand that total car expenses include paying for the car as well as maintenance, insurance, operating expenses (fuel, oil, etc.), and taxes. As a general guide, you can use 15 percent of net income for the car payment and 10 percent of net income for the other expenses.



## Slide 8

### What Type of Car Do You Want?

The vehicle you purchase must strike the right balance between wants and needs, and affordability. Everyone has different preferences in their vehicle. There are many factors to consider when deciding what to get:



- Size
- Manual or automatic transmission
- Two-, four- or all-wheel drive
- Use (on- or off-road, length of commute, parking conditions)
- Style
- Safety
- Ownership and operating costs

**New or Used?** Once you have made some choices as far as the type and style of the car you need, you have another choice that can affect the price of the car significantly — should you get a new car or a used car? Each one has positive as well as negative aspects; there are no absolute answers to the question of a new car versus used car. Each buyer must consider his or her needs and resources when making the choice.

New car considerations:

- **Cost.** Almost always more than a used car.
- **Mechanical problems.** Likely to have fewer than a used car.
- **Depreciation.** The value of a new car diminishes rapidly after the purchase, anywhere from 10 to 40 percent the first year. To get the full value of a new car, many consumers plan on owning it for several years.
- **Warranties.** About half of automakers offer a standard three years/36,000-mile warranty, and the other half offer four years/50,000 miles. A few automakers even offer five years/60,000- to 100,000-mile coverage. Extended warranties can be purchased at extra cost.

Used car considerations:

- **Cost.** Generally less than a new car.
- **Mechanical problems.** Likely to have more than a new car. Repair costs can add significant amounts to the cost of owning and operating a car. Are you mechanically inclined and able to make your own repairs? Do you have an auto mechanic you know and trust? Have you considered using base auto hobby shops?
- **Depreciation.** Usually less than a new car, because much of the depreciation already may have occurred.
- **Warranties.** May or may not have any remaining. Service contracts will add significantly to the cost of the car.



## Slide 9

**Performance.** Too many consumers choose their car by the image it portrays. Choose the best-performing car for the price you can afford. Consumer Reports rates the reliability, safety, performance and fuel economy of cars and is relatively unbiased, since it accepts no advertising. You also can consult Consumers Union publications and the Insurance Institute for Highway Safety.



## Slide 10

**Insurance.** Once you've narrowed your choices to a few models, compare quotes on insurance cost. Sometimes two similar vehicles can have very different insurance costs, and that cost difference will help you make a final decision on a model. Moreover, knowing the cost ahead of time enables you to figure this significant expense into the budget. For many junior Sailors, the insurance payment can be as much or more than the car payment! Tips for cutting your car insurance costs include:

- Get at least three rate quotes.
- The higher the deductible, the lower the premium, but make sure you have savings to cover the deductible if you need to make a claim.
- Drop collision and comprehensive coverage on older cars. Add up the collision and comprehensive premiums and multiply by 10. If the amount is more than the car is worth, cancel the coverage. The typical insurance policyholder makes a claim once every 11 years and reports a total loss only once every 50 years.
- Check your credit report — most insurers will!
- Ask about discounts: low annual mileage, group, military, etc.
- Avoid lapses in coverage.
- Be a safe driver. A poor driving record can increase premiums.
- Pay the premium up front, if possible, as there may be a fee associated with an installment plan.
- If leasing, read the lease to see if gap insurance is required. If so, shop around for the best deal. If gap insurance is required, you usually have to have collision and comprehensive coverage as well.

**NOTE:** Additional instructor information on Gap insurance: Gap insurance can provide valuable protection during the early years of your car's life if you have a loan or a lease. If a loss occurs, Gap insurance will pay the difference between the actual cash value of the vehicle and the current outstanding balance on your loan or lease. Gap Insurance protects your vehicle lease or loan. Sometimes it will also pay your regular insurance deductible.



## Slide 11

### Where Will You Buy?

Car buyers should research a minimum of three potential sellers. There are no absolute guidelines to follow in selecting a dealer, a salesperson, or an individual



from whom to buy a car. Do your homework, and you should get a good deal no matter from whom you buy. If you're looking for a new car, though, you'll have to go to a dealer eventually, because that is where new cars are found. Here are some guidelines to use when choosing a dealership.

### Slide 12

**Years in Business.** Although being in business for a long time does not necessarily mean the dealer is straightforward, the worst of the dealers (in terms of how buyers are treated) seem to get out of business fairly quickly.

**Complaints.** Check with the Armed Forces Disciplinary Control Board, Office of Consumer Affairs of the Attorney General, the Better Business Bureau, and any professional associations to which the dealer belongs for any complaints filed against them.

**Salespersons and Mechanics.** How long have these employees been with the company? Again, this is not a foolproof factor, but anything that suggests company stability frequently is a good sign. Is your salesperson pushy? Relaxed? Open? Impatient? Responsive? Make sure the salesperson is someone with whom you can work well.

**References.** These sometimes are used to impress the buyer, but unless you can get a complete list of everyone who ever has bought a car from them, assume they are giving you the names of customers who will say only positive things. You probably can skip checking their references.

**Professional Membership.** Membership in the Better Business Bureau, the National Automobile Dealers Association, or the National Independent Automobile Dealers Association doesn't automatically mean a good deal for you. It does, however, give you some reassurance that there are avenues for you to address concerns if they occur.

### Slide 13

**Dealers vs. Private Sellers.** *Frequently, car buyers can save money by purchasing from a private seller.* The downside is that there is little or no consumer protection after the sale and no repair plan. If the car purchaser truly is knowledgeable about cars or can bring along someone who has that knowledge, this may be an excellent source to consider.

**Internet.** Many people are conducting successful searches for new vehicles over the Internet. At a minimum, there is a wealth of research available to help you make wise consumer choices. Online car-buying services include:

- **Direct Services.** They will sell you the car and deliver it to your house.
- **Referral.** Your quote is given to a "preferred" dealer who contacts you.
- **Auctions.** You name your price, and dealers bid for your business.
- **Online Dealerships.** You browse cyberspace car lots and buy online.





## Slide 14

**More Buying Options.** Some organizations offer their members buying services, in which the consumer indicates the make, model, year and exact options they want, and the organization does the shopping for them. They will present the buyer with several dealers offering the car and the price the dealer offers. The buyer has the option of following up on that offer (which might even be guaranteed) or declining.

Usually this service is offered at no cost to the buyer. Some of these include USAA, NCOA and Auto-by-Tel. The same type of service can be found on the Internet at various Web sites specializing in car-buying information and pricing.



## Slide 15

### What Is a Fair Price?

Auto dealers and private individuals have a right to make a reasonable profit on the sale of a car. What constitutes a reasonable profit? To know this, you must know what is a fair price.

**Where to Find Pricing Information.** All of the components of pricing at dealer invoice and the manufacturer's suggested retail price (MSRP) are available through a variety of resources. Price your vehicle at dealer invoice, subtract any dealer holdbacks or incentives, add 3 to 5 percent dealer profit, and start your offer here. When working with a dealer who provides you with pricing information, make sure you know the source — it could be biased. Your best bet will be to do price research on your own from sources you know are reliable. Check out Internet sites, especially [www.edmunds.com](http://www.edmunds.com) and [www.nada.com](http://www.nada.com). These sites will price a new or used car and also have information on buying and selling, financing and insurance. Additional resources include:

- **Public Libraries.** One of the very best sources of information on car pricing, where many of the items below can be found.
- **Kelley Blue Book and NADA Pocket Guides.** List suggested retail and loan values for specific makes and models of used cars. These are guidelines, not law. Factors such as mileage, options and physical condition of the car affect its value. These guides offer great starting figures. They can be found on the Internet at [www.kbb.com](http://www.kbb.com) and [www.nada.com](http://www.nada.com).
- **IntelliChoice Car Cost Guides.** Besides the dealer cost and sticker prices, lists items such as resale value, economic value, maintenance costs, etc.
- **Consumer Reports/Consumers Union Price Service.** Each April issue is devoted to cars and pricing, and they offer a low-cost service to provide the dealer cost for particular makes, models and options.
- **Edmunds Car Prices Buyer's Guide.** Available in hard copy as well as at their Internet site. Similar to the IntelliChoice guide.

Web sites are listed on the "Sources of Help" handout.



Fair pricing terminology:

**Invoice Price.** What the manufacturer charges the dealer. Dealer's cost actually may be less due to rebates and incentives, etc.

- **Base Price.** Cost of the car with the standard equipment and basic warranty.
- **Destination Charge.** What the manufacturer charges to deliver the vehicle to the dealer.
- **MSRP — Manufacturer's Suggested Retail Price.** The recommended retail price as suggested by the dealer and posted on the vehicle. The dealer can sell a car for whatever they choose.
- **Monroney Sticker Price.** Price listed on the factory sticker on the car. Includes base price, options, destination charges, and fuel-economy information.
- **Dealer Sticker Price.** Monroney sticker price plus suggested retail price (MSRP) of any options added by the dealer.

## Slide 16

### What About Leasing?

REFER learners to page 21.7 in the Student Manual, “Leasing versus Buying.” If you are thinking about leasing instead of buying, you need to understand the differences in the contracts and some of the issues that are unique to people who live the military lifestyle. There often are mileage restrictions, charges for excessive wear and tear, and limits on where you can take a leased vehicle. The next section talks about negotiating skills and legal rights, and these concepts apply to leasing as well as buying. Refer to the handout for specific differences between leasing and buying.



## Slide 17

### Negotiating Skills

Salespeople are trained in the art of selling. In the majority of instances, their pay includes a commission based on the sale price of the vehicle, so they have a vested interest in selling a car at the highest price possible. When you walk into a dealership, the salesperson views you as a profit package: You might buy a new car; you might buy high-profit extras in the finance and insurance office; you might finance the car through the dealership; you might trade in a used car they can resell; you might have your new car serviced at the dealership; and you hopefully will be a return customer the next time you are buying a new car. You present quite an opportunity to the dealership, and this can work in your favor when negotiating.

While the salesperson wants to start high, your goal is to get as much car as you can for as little money as you can. There are a lot of stories about sleazy salesmen and tactics — don't let these generalizations determine your behavior. Treat the sales force and anyone else at the dealership with the dignity you would expect for yourself — but learn how to negotiate and do it effectively. Remember, everything is negotiable! Here are some negotiating tips to help you hone your skills:



- **Information.** The salesperson's goal is to get as much information about you as possible. With your name, military status and particularly your Social Security number, a car dealer can determine what you might pay for a car and, at the least, institute a credit history check (even without your knowledge or permission!). At the beginning of the negotiating process, you need only give them your first name.
- **Trade.** Don't forget there are three elements to the car deal: the purchase price, the financing, and the trade-in. The dealer will try to combine them, and you need to keep them apart. Practice saying the phrase, "That's not important right now."
- **Money Down/Deposit.** Don't advertise how you will pay for the car. Again, use the phrase "That's not important right now." If they ask for a deposit, do not pay it unless you are absolutely certain you will buy the car. Research shows that people who have put down a deposit are much more likely to buy the item, even if they prefer something else! You will have to return even if you change your mind and may have trouble getting your money back. If the car you were considering actually is sold, they will find another for you to purchase, so don't feel pressured.
- **Discounts.** If the salesperson offers a discount, ask if it will apply a week from now. In many cases, it will. If they don't bring up the subject, ask for one. Even the "one-price/no-haggle" dealers might discount options, etc. You never know unless you ask.
- **Like the Car.** One of the goals of the salesperson is to get you to say you "like the car." The sooner they can establish an emotional connection between you and the car, the more likely you are to buy it. Stay detached!
- **Shop Twins.** Some models have identical twins on other car lots under different nameplates. If a car you are considering is one of them (for example, the Chevrolet Suburban, GMC Yukon XL and Cadillac Escalade ESV essentially are twins — triplets, really; the Dodge Dakota and Mitsubishi Raider also are twins), be sure to consider its twin and choose the one for which you can get the best deal.
- **Paying by Cash.** Stating up front that you intend to pay by cash could work against you. The dealership and the salesman make more money when they find the financing for you, and they lose this profit if you pay cash. If you tell the salesman you will use 100 percent financing, they may give you a better deal on the selling price because they plan to make up the profit on the financing end of the deal. This gives them more of an incentive to offer a discount. The best route, however, is to refuse to address financing at all until you have negotiated a fair price.
- **Options.** Dealer-added options frequently are available at other sources and much less expensive than buying through the dealer. Often, they are unnecessary (such as rust-proofing), cheaper if done yourself (such as fabric and paint protection), and sometimes even can void your warranty (such as undercoating). If there are options already on a car that you don't need, tell them to remove the options. Many times, they just will leave them on and not charge you.
- **Road Test.** This is one of the most overlooked steps in buying a car, particularly a used car. When you road-test a car, really test it! Drive it as closely as possible to your actual driving conditions: stop-and-go traffic, long trips, highway



acceleration, rough roads, etc. Turn the radio off and listen carefully. Try every knob and switch. Leave the salesperson behind if possible; if not, ask them politely to be quiet and even sit in the back seat. If you are considering buying a used car, be sure to have a trusted, independent mechanic check it before you make the purchase.

- **Extended Warranty.** Extended warranties or service contracts are more dealer profit than value to the purchaser. They are meant to take over when the manufacturer's warranty runs out. New cars have excellent reliability, which often makes an extended warranty unnecessary. If you do decide to purchase an extended warranty, shop around. You usually can buy something very similar from an insurance company for much less.
- **Best Time to Buy.** There is absolutely no consensus among experts as to when is the best time to buy a car. Therefore, buy only when you need a vehicle and have done all your homework.
- **Take Your Time.** Never buy the first thing you see. Sleep on such a major decision overnight. There always will be other choices if "your car" is sold.
- **180-Degree Turn.** If you don't like what you hear, don't be shy about turning around and leaving. Remember, it's your money and your decision.

## Slide 18

### Tricks of the Trade

REFER learners to page 21.8 in the Student Manual, "Car Sales Tricks of the Trade." Most salespeople are reasonable, honest individuals. Some, however, are not above trying some techniques designed to pressure you into making a commitment you may not be ready to make. Beware and be aware of these tactics. Should you encounter them, you might choose to tell the salesperson you are aware of their tactics and prefer they not try them; to ask to see a different salesperson; or simply to leave. The handout "Car Sales Tricks of the Trade" lists several tactics with which you should become familiar.

## Slide 19

### DEAL #2: THE FINANCING

Remember to negotiate three separate deals: the purchase price of the car, the financing, and the deal on the trade-in. As mentioned earlier, this alone will save you hundreds, if not thousands, of dollars. Things to consider in the financing deal include:

- Where to finance
- The cost of money — finance charges
- Contracts
- Common financing pitfalls





## Slide 20

### Where to Finance

**Credit Unions.** A good place to look because of their non-profit status and competitive terms. By law, federal credit unions can calculate interest using only the “simple” method. Also, your credit union may have an in-house buying service available. You must be a member and have fairly good credit.

**Banks.** Like credit unions, but they are for-profit institutions. Usually the next best option and still require good credit.

**Auto dealerships.** Usually do not have the amount of cash on hand needed to finance a purchase, so they customarily have a relationship with a finance company for this purpose. Consumers who agree to finance a car “through the dealer” frequently find themselves making payments to a finance company and not the dealer. By choosing to use one finance company over another, dealers frequently are paid a percentage of the loan as a commission. This is passed directly on to you, the purchaser, along with the normal cost of financing the loan.

There are some benefits to financing with the dealer, however. It can be convenient (one-stop shopping), and since the dealer probably has multiple finance relationships, they may be able to get an especially good deal. Ideally you should arrange your financing ahead of time by getting pre-approved for a loan at your credit union or bank. But in the interest of shopping around, it doesn’t hurt to see what the dealer has to offer.

**Finance Companies.** Vary widely in interest rates and often cater to credit risks by charging very high rates. Some are affiliated with a particular manufacturer and can have special rates as incentives for certain models.

**Internet.** Many Internet sites that deal with car-buying also deal in financing or have links to financing alternatives.



## Slide 21

### Questions to Ask Car Dealers

REFER learners to page 21.9 in the Student Manual, “Questions to Ask Car Dealers.” Ask dealers about any special dealer promotions and low-interest dealer financing. There often are hidden costs and unstated expenses. The handout “Questions to Ask Car Dealers” provides valuable points of discussion so you will get all the information needed to make a decision on how to finance your purchase.



## Slide 22

### The Cost of Money: Finance Charges

So that you can talk knowledgeably about your financing terms, let’s discuss the different types of interest. Interest is expressed as an annual percentage rate (APR) but is computed in several different ways:



**Add-on Interest.** Interest for the total amount of the loan is computed for the length of the loan and added to the principal. This is an expensive option, since you pay interest on the entire loaned amount for the entire year, even though you are reducing the balance you owe each month. For example, financing \$1,000 for one year at 12 percent add-on interest would result in a finance charge of \$120.

**Simple Interest.** Paid on the outstanding balance only and by far the most reasonable to the consumer. Credit unions are required by federal law to charge only simple interest. For example, financing \$1,000 for one year at 12 percent simple interest would result in a finance charge of \$66.19.

**Usury Laws.** State usury laws limit the amount of interest that can be charged on a loan. Know the limits in your state, and read contracts thoroughly before signing. The federal Truth in Lending Act requires that the annual percentage rate (APR) be disclosed in the financing documents. Read the fine print, and have contracts checked by an attorney at NLSO before you sign.

## Slide 23

### The Purchase Contract

REFER learners to pages 21.10 and 21.11 in the Student Manual, “Installment Sales Contract.” Dealers can make a profit from the sale of the car as well as from extra fees, options and services they add to the contract. Carefully considering which options or services you need ahead of time will help avoid unnecessary expense. If you are not prepared, the first you will hear of some of the extra profit-makers will be when negotiating the contract.

The American Bar Association ([www.abanet.org](http://www.abanet.org)) suggests that the terms of any automobile contract should:

- Describe the car and include the vehicle identification number (VIN). You can find it on the driver’s side of the dashboard near the windshield.
- State whether the car is new, used, or has had a previous life as a demonstrator, rental car or taxicab.
- Include price terms consistent with your oral agreement and details on any trade-in you will supply, including mileage and the dollar amount credited.
- State the warranty terms.
- State financing terms, including price, deposit, trade-in allowance, annual percentage rate of interest (APR), and length of term.

## Slide 24

Here are some other things to consider when reviewing a contract:

- **Read the Fine Print.** Someone once said, “the big print giveth, and the small print taketh away!” Read every word in the contract, front and back, and be sure you understand what it says. Get help if you need it.



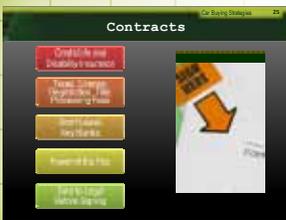
- **Federal Truth in Lending Act Disclosures.** Federal law requires these boxes to have a certain appearance and to include the annual percentage rate, total finance charge, total amount financed, total of payments, and the sales price.
- **Physical-Damage Insurance.** This is required but almost always can be obtained elsewhere at a better price. The property liability insurance offered by some dealers is for their protection only, not yours; in the event the car is totaled, it will compensate them for their loss and do nothing for you.
- **Mechanical-Repair Coverage.** If you purchase an extended warranty or service contract, be sure you understand the term or mileage coverage (whichever occurs first and the deductible you are responsible for paying), as well as what is covered or excluded. Remember that often these are pure profit for the dealer and are overpriced. To receive the covered repairs, you may be required to bring the car to the same dealership; this not only could be inconvenient if you have moved but also can lead to markups in repair costs so that your cost share is much higher than anticipated.
- **Car-Protection Packages.** Examine these aftermarket items and make sure that, if you really need it, it cannot be obtained at a better price elsewhere. They usually can.

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- **Credit Life/Disability Insurance.** If you are covered by other life or disability insurance, is additional credit, life or disability coverage really necessary? Often it is very expensive for the amount of coverage involved and protects the dealer or finance company. If you are so disabled that you cannot work, are you likely to need a car?
- **Taxes, License, Registration, Title and Processing Fees.** Try to pay as many of these upfront as possible, to avoid having to pay interest on them if they are included in the financing. Be sure they are itemized so you know which fees truly are the government fees and which are processing fees (mostly profit for the dealer). Charges in this category may include sales and use taxes; title fee; registration fee; and property taxes.

Be on the lookout for “junk fees,” such as D&H, (delivery and handling). Although most fees are not negotiable, duplicate fees added by the dealer, such as D&H when you already are paying a destination fee, can be negotiable.

- **Power of the Pen.** If you don't understand or approve of something in the contract, line it out and initial it and have the salesperson initial it. This legally removes the item. Better yet, ask for a new contract with the offending items removed.
- **Don't Leave Any Blanks.** Everything should be filled in, and items left off should read “\$0.00,” “N/A,” be lined out, or otherwise denoted. Something simply left blank could be filled in later to your detriment.
- **Take to Legal Before Signing.** If you aren't 100 percent certain of every word in the contract, bring it to the Navy Legal Service Office for an explanation before you sign. Again, if the dealer refuses to let you take it with you before signing, walk away. This is a sure sign something is wrong.





## Slide 26

### Common Dealership Financing Pitfalls

If you are going to sit in the “F&I” (finance and insurance) office, the editors of Edmunds.com suggest you watch out for these common pitfalls:

**Pitfall #1:** Many consumers don’t know what their credit rating is when they apply for an auto loan. The strength of their credit score largely determines what kind of interest rate they will receive. Therefore, it’s critical to make sure your credit report is in the best shape possible before shopping for a car.

**Solution:** Order a copy of your credit report and look for items that may stand in the way of getting a good rate. Correct any issues or errors promptly. Are all of your lines of credit in good standing? Are there any signs of identity theft? The credit bureaus will tell you how to correct errors when they send you the report.

**Pitfall #2:** Many consumers are tempted to overspend once they get to the dealership.

**Solution:** Bring a printout of your budget to the dealership as a reminder of what you planned to spend. Be sure to bring any printouts of pricing you have done.

**Pitfall #3:** Most consumers arrive at the dealership without having researched current interest rates, so they have no idea if they’re being offered a competitive rate.

**Solution:** Use the Internet as a research tool to compare rates. Check out Web sites such as bankrate.com for national averages and the Web site of your own financial institution.

**Pitfall #4:** Most consumers arrive at the dealership without approved financing in hand. This either is because they are not aware of all the financing options available or they assume they will qualify for a low rate at the dealer. This approach deprives the consumer of bargaining power when it comes to negotiating the lowest possible interest rate.

**Solution:** Become an “empowered buyer” by getting a no-obligation loan before visiting the dealership. Having your own loan could save you significant money. For example, a 60-month, \$26,000 loan at 4.49 percent can save the consumer about \$1,500 over the life of the loan, compared with a loan at 6.56 percent.

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**Pitfall #5:** Many dealers offer a choice between discounted (or zero- percent) financing or a rebate — but not both. Consumers may assume erroneously that the zero-percent loan will deliver the most savings.

**Solution:** Sometimes it’s better to take the cash rebate and apply it against the purchase price of the vehicle — and then use your own preapproved car loan to finance the vehicle. The savings chart below shows how a low-interest rate and a rebate can “beat” a zero-percent deal.



### 36-Month Car Loan Comparison

APR	0%	3.99%
Cost of car	\$20,000	\$20,000
Less equity in trade	\$4,000	\$4,000
Less rebate	\$0	\$2,000
Amount to finance	\$16,000	\$14,000
Monthly payment	\$444.44	\$413.27
Total cost	\$16,000	\$14,877.85

Source: Capital One Auto Finance

**Pitfall #6:** The F&I officer may try to confuse you by “intertwining” different elements of your deal. For example, they may say, “We’ll give you an extra-low price on the vehicle, but this interest rate is the best we can do.”

**Solution:** Consumers should “unbundle the deal” and keep it three separate transactions: the purchase, the trade-in, and the financing. Avoid discussions that can take you off this track, such as “how much can you afford to spend per month?” With financing, focus on the APR and not the monthly payment.

**Pitfall #7:** By the time they get to the finance department, many consumers are mentally worn out and don’t review the contract thoroughly before signing. As a result, they may agree to things they didn’t plan to buy, such as an extended warranty, rust-proofing, etc.

**Solution:** Before you sign any papers or hand over any money, check the figures in the contract and understand all the charges. The sudden appearance of extra fees should be questioned. Sometimes, dealers add extra fees — so-called “junk fees” — to retake profit they have lost by selling cars at invoice.

**Pitfall #8:** The consumer sometimes feels rushed, pressured and confused by the dealership’s staff. In some cases, these buyers have second thoughts about completing the deal — but sign the documents anyway.

**Solution:** Consumers who feel out of their comfort zone should walk away. The buyer — not the seller — should be the one in control of the process. Remember, the federal “cooling off” law does not apply to cars.

If you do your homework ahead of time and know what to expect before entering the F&I room, the paperwork process can go quickly and easily. But more importantly, you will receive a fair deal on your auto loan.

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## DEAL #3: THE TRADE-IN

Only after all homework has been done and the purchase price and financing are negotiated, should you address the issue of your trade-in with a dealer.





**Trading-in vs. Private Sale.** In many instances, you can get more for your trade-in if you sell it yourself. The dealer cannot give you full retail value in most cases, because they must resell the vehicle and hope to make a profit. On the other hand, trading in your car at the dealership can make for a quick transaction and could save you some tax dollars. If you buy a new car for \$20,000, and the dealer gives you \$12,000 for your trade, in most states you will pay sales tax only on the difference — in this example, \$8,000 — rather than on the full \$20,000. At 6 percent sales tax, that results in a savings of \$720.

**What Is a Fair Price?** Use the same methods used in determining what to pay for the car you're buying to get a fair price for your trade. Price your used car using resources such as the NADA Pocket Guide, the Kelley Blue Book, or Edmunds Used Car Guide. These resources will provide you with a price range (not a specific price) for your vehicle, from trade-in value to loan value to retail value (aka “blue-book value”). The most up-to-date pricing information is available at Web sites such as [www.kbb.com](http://www.kbb.com), [www.edmunds.com](http://www.edmunds.com), and [www.nadaguides.com](http://www.nadaguides.com).

**What is the Dealer Willing to Pay?** Many people choose to trade in their vehicle to avoid the hassle and delay of selling themselves and accept some loss in the price of the exchange. The pricing guides list “trade-in” values for each model, which are reliable guidelines to determine if the dealer is offering a fair price. Note, however, that the condition of the vehicle will affect the pricing.

**What if You Owe More Than the Car Is Worth?** This is called being “upside- down” on your trade or having “negative equity” and often occurs in the first few years of paying for a car. This occurs because so much depreciation takes place in the early period of ownership. If you really want to trade in such a vehicle, the deficit amount will be added to the price of the car you are purchasing. This probably will leave you even more “upside-down” in the new vehicle. You can see the importance of ensuring the affordability of a new car as a first step in the process, to make sure the last step isn't repossession!

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### Your Legal Rights

Consumers have some standard rights under federal laws, but other rights vary from state to state. Once again, the best legal preparation is to research the car purchase and know what you are agreeing to spend before signing any contracts.

**State Lemon Laws.** Most states have a lemon law, which enables consumers either to get a replacement vehicle or get their money back when the vehicle cannot be repaired to conform to the standards of the warranty. This is for new cars only.

**Consumer Leasing Act.** A 1976 amendment to the federal Truth in Lending Act requires disclosure of the cost and terms of consumer leases and also places substantive restrictions on consumer leases.



**Odometer Reading.** It is illegal to turn back or reset an odometer, even if a new engine is installed on the car. A statement of the odometer miles is required with every purchase. Average mileage per year in the United States is 15,000, and the attorney general estimates that one-third of all vehicles have had their odometer spun. The DMV can provide you with the number of owners your vehicle has had, and this information plus the age and condition of the car, can help you estimate whether the mileage is suspiciously low.

**Used Car Buyer's Guide: "As Is" vs. Implied/Expressed Warranty.** This sticker is required by federal law to be placed in the window of all used cars sold by dealers. For your own protection, an outside mechanic should inspect any used car before you buy, and any promises made by a dealer should be put in writing. Very few assurances are provided by "implied" warranties, and you want everything to be "expressed." The Buyer's Guide sticker states:

- If there is a warranty and what protection the dealer provides.
- If there is no warranty, that the car is bought "as is" and the dealer will not be responsible for any subsequent problems.
- That any car can be subject to major problems and lists them.

**Magnuson-Moss Warranty Act.** A federal law that protects the buyer of any product that costs more than \$25 and comes with an expressed written warranty. This law applies to any product that you buy that does not perform as it should, including cars. This law guarantees a car buyer that certain minimum requirements of warranties must be met and provides for disclosure of warranties before purchase. A consumer may pursue legal action in any court of general jurisdiction in the United States to enforce rights under this law.

**State Automobile Repair Facilities Act.** Many states have enacted laws that deal specifically with businesses that repair vehicles. The rules, which vary from state to state, may deal with issues such as required disclosures on written estimates; unauthorized charges; invoices; disposition of replaced parts; and unlawful acts and practices. To find out if your state has an auto repair facilities act, contact your state attorney general, consult the Consumer Action Handbook, or use a search engine on the Internet.

## Slide 30

### Complaint Resolution

- If you experience a problem, you should follow these guidelines:
- Speak to the dealer first. In many cases, they have a reputation to protect and may be willing to resolve problems quickly at this level.
- If the dealer is part of a chain, speak next to the company regional representative, since they also have an interest in preserving the reputation of their good name.
- If the dealer is a member of a professional association such as the Better Business





Bureau, NADA, NIADA, state or local dealers association, etc., they have dispute-resolution processes to assist you.

- If these steps fail, contact the Office of Consumer Affairs of your state attorney general and the Armed Forces Disciplinary Control Board for investigation and possible prosecution.

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## Summary

### Sources of Help

This class has mentioned numerous resources to help you with your next vehicle purchase. Drop by your local library to look over Consumer Reports, the **Edmunds Car Prices Buyer's Guide**, the NADA Guide Book or the Kelley Blue Book, and the many other resources available. Additional resources are listed on the handout, "Three Deals of Car-Buying."



## VII FORMS

- Convince Me
- The Three Deals of Car-Buying
- Sources of Help — Car-Buying
- Determining Car Payments
- Leasing
- Car Sales Tricks of the Trade
- Questions to Ask Car Dealers
- Installment Sale Contract

# Convince Me

*For this assignment, you are going to write a brief “What’s in It for Me” statement for Car-Buying Strategies. A WIIFM typically comes at the start of training, when the trainer convinces the audience in a few short sentences that the training will be worth their time. Impactful WIIFMs are short, simple, clear and creative attention-getters that show the audience that the trainer understands the scope and relevance of the topic to the learners.*

Assume you are about to give car-buying training to junior members of your command. Imagine these people sitting in your training room, staring at you, and thinking “Sure, convince me I should be here.” What will you say? What hook will you use to draw them into the topic? Review the entire content of the Car-Buying Strategies module in the PFM Standardized Curriculum and use it to draft your WIIFM. You also can use relevant facts and statistics (check out the Internet). For Car-Buying Strategies, the current WIIFM is the first two paragraphs of the content... but you can do better!

# Three Deals of Car Buying

## Deal #1: The Purchase

### How much can you afford?

- Total Amount
- Down Payment
- Monthly Amount
- Prepare a Spending Plan
- Calculate Debt-to-Income Ratio
- Check Your Credit Report

### What type of car should you buy?

- New or Used
- Size and Style
- Safety and Performance
- Cost to Insure

### Where should you buy?

- Dealership
- Private Seller
- Internet
- Car Buying Service

### What is a Fair Price?

- Invoice vs. MSRP
- Library and Internet
- New and Used Car Cost Guides

### Exercise your legal rights

- Read all the contract details
- Do not leave any blanks
- Do not buy unnecessary and unwanted items
- Use the power of the pen
- Have NLSO check out contract before signing
- Take action if you have a complaint

## Deal #2: The Financing

### Where will you finance?

- Credit Union
- Bank
- Dealership
- Finance Company

### How much will the money cost?

- Simple Interest
- Add-on Interest

### Avoid Common Pitfalls

- Know your credit rating
- Know what current interest rates are
- Get pre-approved
- Know the best deal available
- Do not be rushed or pressured

### Negotiate a great deal

- Do your homework
- Take your time
- Limit the information you give out
- Shop twins
- Ask for discounts
- Take a road test
- Avoid unnecessary add-ons
- 180-Degree Turn

### Know the 'Tricks of the Trade'

- Put to Ride
- Low- and High-Balling
- Bait and Switch
- Padding
- Mutt and Jeff Routine
- "Your Car"

## Deal #3: The Trade-In

### Trading vs. Selling

### What if you owe more than the car is worth?

### What is a fair price?

- What is the dealer willing to pay?
- Only negotiate after you are done with your purchase and financing on your new vehicle.

# Sources of Help—Car Buying

## Agencies

- Command Financial Specialist
- FFSC—Financial Educators
- Armed Forces Disciplinary Control Board
- Better Business Bureau
- State Attorney General or Consumer Protection Agencies
- Credit Unions—Car Buying Assistance Programs
- National and local Automobile Dealers Associations (NADA)

## Information

- Consumer Magazines
- Kelley Blue Book and NADA Official Used Car Book
- New Car Pricing Guides (Edmunds, Intellichoice)
- Your Local Library

## Remember

- Do your homework.
- Keep it three separate transactions: the purchase, the financing, the trade-in.
- Have used cars checked by a trusted mechanic before purchase.
- Have NLSO check the contract before signing.
- Beware of the “tricks of the trade.”
- Prepare a budget to know what you can afford.

## Web Sites

- [www.lifelines.navy.mil](http://www.lifelines.navy.mil)
- [www.consumerworld.org](http://www.consumerworld.org)
- [www.nada.org](http://www.nada.org)
- [www.kbb.com](http://www.kbb.com)
- [www.edmunds.com](http://www.edmunds.com)
- [www.intellichoice.com](http://www.intellichoice.com)
- [www.autobytel.com](http://www.autobytel.com)
- [http://autos.msn.com](http://http://autos.msn.com)
- [www.autoweb.com](http://www.autoweb.com)
- [www.autopedia.com](http://www.autopedia.com)
- [www.carfax.com](http://www.carfax.com)
- [www.carlemon.com](http://www.carlemon.com)
- [www.highwaysafety.org](http://www.highwaysafety.org)
- [www.annualcreditreport.com](http://www.annualcreditreport.com)
- [www.federalreserve.gov/pubs/leasing](http://www.federalreserve.gov/pubs/leasing)
- [www.bankrate.com](http://www.bankrate.com)



# Determining Car Payments

When purchasing a vehicle, the most commonly asked question is:

“How much will my monthly payments be?”

The answer of course will depend on the amount financed, the number of months financed, and the interest rate.

Remember, the larger your down payment, the less your monthly payment.

To use the chart, the following steps apply:

1. Cross the interest rate with the number of months you wish to finance for and locate your multiplier.  
For example:  
6.5% at 36 months is .0306490,  
6.5% at 48 months is .0237150,  
and 6.5% at 60 months is .0195661.
2. Multiply the total amount you plan to finance by the multiplier and you will have your monthly payment.  
For example:  
\$10,591.00 at 6.5% for 36 months =  
 $\$10,591.00 \times .0306490 = \$324.60$  per month,  
\$10,591.00 at 6.5% for 48 months =  
 $\$10,591.00 \times .0237150 = \$251.17$  per month,  
\$10,591.00 at 6.5% for 60 months =  
 $\$10,591.00 \times .0195661 = \$207.22$  per month.

	36 Months	48 Months	60 Months
4%	0.0295240	0.0225791	0.0184165
4.5%	0.0297469	0.0228035	0.0186430
5%	0.0299709	0.0230293	0.0188712
5.5%	0.0301959	0.0232565	0.0191012
6%	0.0304219	0.0234850	0.0193328
6.5%	0.0306490	0.0237150	0.0195661
7%	0.0308771	0.0239462	0.0198012
7.5%	0.0311062	0.0241789	0.0200379
8%	0.0313364	0.0244129	0.0202764
8.5%	0.0315675	0.0246483	0.0205165
9%	0.0317997	0.0248850	0.0207584
9.5%	0.0320329	0.0251231	0.0210019
10%	0.0322672	0.0253626	0.0212470
10.5%	0.0325024	0.0256034	0.0214939
11%	0.0327387	0.0258455	0.0217424
11.5%	0.0329760	0.0260890	0.0219926
12%	0.0332143	0.0263338	0.0222444
12.5%	0.0334536	0.0265800	0.0224979
13%	0.0336940	0.0268275	0.0227531
13.5%	0.0339353	0.0270763	0.0230098
14%	0.0341776	0.0273265	0.0232683
14.5%	0.0344210	0.0275780	0.0235283
15%	0.0346653	0.0278307	0.0237899

# Leasing vs. Buying

	Leasing	Buying
<b>Ownership</b>	You do not own the vehicle. You get to use it but must return it at the end of the lease unless you choose to buy it.	You own the vehicle and get to keep it at the end of the financing term.
<b>Up-front Costs</b>	Up-front costs may include the first month's payment, a refundable security deposit, a capitalized cost reduction (like a down payment), taxes, registration and other fees, and other charges.	Up-front costs include the cash price or a down payment, taxes, registration and other fees, and other charges.
<b>Monthly Payments</b>	Monthly lease payments are usually lower than monthly loan payments because you are paying only for the vehicle's depreciation during the lease term, plus rent charges (like interest), taxes, and fees.	Monthly loan payments are usually higher than monthly lease payments because you are paying for the entire purchase price of the vehicle, plus interest and other finance charges, taxes, and fees.
<b>Early Termination</b>	You are responsible for any early termination charges if you end the lease early.	You are responsible for any pay-off amount if you end the loan early.
<b>Vehicle Return</b>	LEASING: You may return the vehicle at lease-end, pay any end-of-lease costs, and "walk away."	You may have to sell or trade the vehicle when you decide you want a different vehicle.
<b>Future Value</b>	LEASING: The lessor has the risk of the future market value of the vehicle.	You have the risk of the vehicle's market value when you trade or sell it.
<b>Mileage</b>	LEASING: Most leases limit the number of miles you may drive (often 12,000-15,000 per year). You can negotiate a higher mileage limit and pay a higher monthly payment. You will likely have to pay charges for exceeding those limits if you return the vehicle.	You may drive as many miles as you want, but higher mileage will lower the vehicle's trade-in or resale value.
<b>Excessive Wear</b>	LEASING: Most leases limit wear to the vehicle during the lease term. You will likely have to pay extra charges for exceeding those limits if you return the vehicle.	There are no limits or charges for excessive wear to the vehicle, but excessive wear will lower the vehicle's trade-in or resale value.
<b>End of Term</b>	At the end of the lease (typically 2-4 years), you may have a new payment either to finance the purchase of the existing vehicle or to lease another vehicle.	At the end of the loan term (typically 4-6 years), you have no further loan payments.

"Keys to Vehicle Leasing" brochure (in English and Spanish) containing some of the information included at this vehicle leasing site is available from Publications Fulfillment, MS-127 Board of Governors of the Federal Reserve System Washington, DC 20551, Telephone: (202) 452-3244 or 3245.

# Car Sale Tricks of the Trade

## Bait and Switch

When a dealership runs an ad with a picture of a well-equipped car with a price of a stripped down model to entice you to come in. You are then shown the stripped down model and quickly switched to the well-equipped one with a higher price tag.

**Solution:** Demand to see the manager to express your dissatisfaction. Ask for a large discount. If they are not willing to deal, leave.

## Padding

Adding charges that increase the dealers' profit at the time you sign the contract; i.e., undercoating, protection packages, dealer installed options, credit life insurance, disability insurance, extended warranties, etc.

**Solution:** Read the contract very carefully, on your own time. Refuse to sign if it is not what you originally agreed upon.

## Put-to-Ride

When a salesperson cannot convince you to buy today, he/she insists that you leave your trade-in at the dealership, keep the new car overnight, and drive it home. This way no other dealership can see your trade-in, your neighbors and relatives see the car, you fall in love with it and have a hard time saying no to purchasing the car when you have to bring it back the next day.

**Solution:** Refuse to take the new car home overnight, and take your trade-in off the dealer's lot.

## Low-and High-Balling

Low-balling occurs when the salesperson quotes you a price on a car that is lower than the current market price. This is done to assure that you will return to him/her before signing with anyone else just to see if the offer still stands. At this point, the salesperson will tell you that he/she cannot sell the car for that low a price because the sales manager will not allow it. High-balling is the same as low-balling, except that a high trade-in allowance figure is offered to you. Again, you come in later and the manager will not allow it.

## Your Car

When the salesperson keeps referring to the car as "your car" to get you unconsciously to accept ownership of the car. Once accomplished, it is easier to get you to sign the contract.

**Solution:** Keep reminding the salesperson that you have not yet decided to purchase the car and make it "your car."

## Mutt and Jeff Routine

When the salesperson plays the role of the "good guy" and the manager plays the "bad guy" to enhance the image of the salesperson. The salesperson and manager may even stage an argument in front of you, with the salesperson trying to persuade the manager to give you a lower price. Once you believe that the salesperson is on your side, you drop your guard and become an easy mark.

**Solution:** Leave the scene and think about the offer overnight before purchasing the car. Comparison shop in the meantime.

# Questions to Ask Car Dealers

## About Special Dealer Promotions:

Does the advertised trade-in allowance apply to all cars, regardless of their condition?

Does a large trade-in allowance make the cost of a new car higher than it would be if you didn't have a trade-in?

Is the dealer who offers high trade-in allowances and free or low-cost options actually giving you a better price on the car than another dealer who does not offer such promotions?

Does the dealer's invoice reflect the costs of options, such as rustproofing or waterproofing, that have already been added to your car? What are other dealers charging for these options?

Does the dealer have other cars in stock without expensive added features? If not, can the dealer order one?

Are the special offers available only if you order rather than buying it off the lot?

Can you take advantage of all special offers simultaneously?

## About Low Interest Dealer Financing:

Will you be charged a higher price for the car to qualify for the low financing?

Does the low-rate financing require a larger-than-usual down payment? Say 25%-30%?

Are you required to pay the loan off in a shorter period of time, say 12 or 24 months, in order to qualify for the low-rate financing? If this is the case, your monthly payments will be higher.

Do you have to buy extra merchandise or services to qualify for the low-rate financing?

Is the financing available for a limited time only, and does it require that you take delivery of the car by a specific date?

Does the low interest rate apply to all cars or only certain models in stock?

If a manufacturer's rebate is offered, are you required to give it to the dealer to qualify for the financing?



**Remember, careful shopping will help you decide which financing, which car, and which options are best for you!**

# Installment Sale Contract for Titled Vehicle and Equipment

<b>Account No.</b>		<b>Dealer No.</b>	
<b>Buyer</b> (and Co-Buyer) Name(s) and Residence Address(es) John Dough USS Always Sail FPO AE 09557-1516		<b>Creditor</b> (Seller) - Name and Business Address Fib's Auto 9603 Shore Drive Anywhere, USA	
After thorough examination, Buyer hereby buys from Seller, grants Seller a security interest in, and acknowledges delivery and acceptance of the following described property ("Property") at the price and upon conditions herein stated, this Contract being valid only upon purchase and acceptance by assignee. This sale is not contingent upon financing on terms satisfactory to the parties hereto.			
<b>DESCRIPTION OF PROPERTY</b>			
<b>New or Used</b>	<b>Year</b>	<b>Make and Model</b>	<b>Body Type</b>
Used	02	Ford Focus St Wagon	4 DR Wagon
		<b>Vehicle Identification Number</b>	<b>Primary Use Intended</b>
		4G3RF1234BB567890	X Personal Business
<input checked="" type="checkbox"/> Air Conditioning	<input type="checkbox"/> Radio	<input checked="" type="checkbox"/> 4-5 Speed Trans.	<input type="checkbox"/> Power Steering
<input type="checkbox"/> Sun Roof	<input checked="" type="checkbox"/> Stereo	<input checked="" type="checkbox"/> Automatic Trans.	<input checked="" type="checkbox"/> Other
<input type="checkbox"/> Other (describe)	<input checked="" type="checkbox"/> CD	<input type="checkbox"/> Custom Wheels	<b>Odometer Miles</b>
			86,905

THE FINANCE CHARGE IS CALCULATED ON A  Precomputed  Simple Interest Basis

FEDERAL TRUTH-IN-LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS	TOTAL SALE PRICE
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.	The total amount of your purchase on credit, including your down payment of:
18%	\$ 1290.00	\$ 6509.00	\$ 7800.00	\$ 1300.00 \$ 9100.00
YOUR PAYMENT SCHEDULE WILL BE				
NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE		
24	\$ 325.00	Monthly Beginning 6 mos. ago		
A Final Payment of	\$	Due On		
<p><b>Late Charge.</b> If a payment is not paid in full within 7 days after it is due, you will pay a late charge of 5% of amount of payment due.</p> <p><b>Prepayment.</b> If you pay off early on a Contract with a precomputed finance charge, you will be entitled to a refund of part of finance charge. If the finance charge is calculated on a simple interest method, you may have to pay a prepayment penalty.</p> <p><b>Security Interest.</b> You are giving a security interest in the Property and related equipment being purchased and in our right of setoff.</p>				

### ITEMIZATION OF AMOUNT FINANCED

1.	Cash Price (including any accessories, services, and taxes)	\$ 5997.00
2.	Total Downpayment = Net Trade-in \$ 0.00 + Cash Downpayment \$ 1300.00	
	Your trade-in is a (YEAR) (MAKE) (MODEL)	\$ 1300.00
3.	Unpaid Balance of Cash Price (1 minus 2)	\$ 4697.00
4.	Other Charges Including Amounts Paid to Others on Your Behalf:	
A.	Cost of Required Physical Damage Insurance Paid to the Insurance Company Named Below - Covering Damage to the Vehicle	\$ 710.00
B.	Cost of Optional Mechanical Repair Coverage for Certain Mechanical Repairs	\$ 720.86
C.	Cost of Optional Credit Insurance for the Term of this Contract Life \$ 0.00 Accident and Health \$ 0.00 Total	\$ 0.00
D.	Official Fees Paid to Government Agencies	\$ 19.52
E.	Taxes Not Included in Cash Price	\$ 198.62
F.	Government License and/or Registration Fees (itemize)	\$ 125.00
G.	Government Certificate of Title Fees	\$ 38.00
H.	Other Charges (Seller must identify who will receive payment and describe purpose) to Road USA for Car Club	\$ 0.00
	to for	
	Total Charges and Amounts Paid to Others on Your Behalf	\$ 1812.00
5.	Amount Financed — Unpaid Balance (amount of credit you will receive) (3+4)	\$ 6509.00

**Insurance.** If any insurance is checked below, coverage will become effective only if insurer issues a policy or certificate which will describe the terms and conditions of coverage.  
**Optional Credit Insurance.** Credit life and accident and health insurance are not required to obtain credit and will not be provided unless you sign below and agree to pay the additional cost(s).

TYPE	PREMIUM		SIGNATURE OF INSURED PARTY	BIRTH DATE
Credit Life Insurance	\$	I want Credit Life Insurance		
Joint Credit Life	\$	We want Joint Credit Life Insurance		
Accident & Health Insurance	\$	I want Accident & Health Insurance (Buyer only)		

**Required Physical Damage Insurance.** Physical damage insurance is required, but you may obtain it from anyone you choose who is acceptable to the Creditor. If obtained through Creditor, the following applies.

Insurance Company: Guaranteed Expense Term: 15 months Cost for Term: \$ 710

- \$ 500 Deductible Collision and either
- Full Comprehensive including Fire, Theft, and Combined Additional Coverage
  - \$ \_\_\_\_\_ Deductible Comprehensive including Fire, Theft, and Combined Additional Coverage
  - Fire, Theft, and Combined Additional Coverage

Optional, if desired

- Towing and Labor costs       Rental Reimbursement       CB Radio Equipment

**Optional Mechanical Repair Coverage.** If Buyer selects this optional coverage, the cost will be listed on line 4B on reverse.

INSURANCE CO. Broke-N-Down

TERM  36 months or 36,000 miles, whichever occurs first

TERM  \_\_\_\_\_

DEDUCTIBLE  \$25       \$50       \$ \_\_\_\_\_

## NO LIABILITY INSURANCE INCLUDED

**Receipt of Goods and Promise to Pay.** You agree that you have received the vehicle and/or services described above and have accepted delivery of the vehicle in good condition. You promise to pay the Creditor the Total Sales Price shown above by making the Total Downpayment and paying the Creditor the Total of Payments in accordance with the Payment Schedule shown above and all other amounts due under this contract.

**DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES.  
 YOU ARE ENTITLED TO AN EXACT COPY OF THE CONTRACT YOU SIGN.**

Buyer acknowledges receipt of a filled-in copy of this Contract and agrees to all terms and conditions hereof.

BUYER'S SIGNATURE John Dough CO-BUYER'S SIGNATURE \_\_\_\_\_

ACCEPTED Fibs Auto BY Fred Salesman  
 CREDITOR SIGNATURE AND TITLE

### [FOR DEMONSTRATION PURPOSES ONLY]

**Note:** Actual documents will contain fine print on reverse. **READ ALL THE FINE PRINT.** Be sure to ask questions if you need clarification.



# Developing Your Program

## I. INTRODUCTION

This chapter reviews the purpose of the course and the role of the CFS upon return to the command. The discussion topics include how to run a command program; how to use the sample leadership and indoctrination briefs; FFSC's role in the CFS program; a course-review activity; and the availability of continuing education. The session also includes an optional panel discussion with experienced Command Financial Specialists.

Chapter correlation to major OPNAVINST task areas:

1. **Education and Training:** This chapter does not correlate to any specific module of the PFMSC. Instead, it includes a matching game to determine which trainings are applicable for specific situations. The chapter presents two model briefs: one to market the program to command leadership, and one that can be used in command indoctrinations. Training techniques include active lecture, panel discussion, and homework review (Plan of Action and Milestones).
2. **Information and Referral:** Referral resources are reviewed via capstone learning activity.
3. **Counseling:** Techniques are reviewed via capstone learning activity.

## II. LEARNING OBJECTIVES

Learners will demonstrate their understanding of how to begin running their program by completing a Plan of Action and Milestones.

Participating in a matching activity, learners will demonstrate an understanding of providing appropriate training from the PFMSC.

If the option is chosen, learners will present a Command Leadership Brief and a Command Indoctrination Brief.

## III OUTLINE

1. Introduction
  - a. Topics
2. Activity: Gallery of Learning
3. Purpose of the Course
4. Developing a Command Program
  - a. Determine Command Needs

- b. Develop Program Goals
- c. Marketing Your Program
- d. Provide Effective Training
- e. Use All Available Resources
- f. Develop a Command PFM Library
- g. Keep Accurate Records
- 5. FFSC Commitment to You
- 6. Continuing Education
- 7. Optional Activity: CFS Panel Discussion
- 8. Conclusion
  - a. Closing Remarks
  - b. Post-Test

## IV. CHAPTER PREPARATION

**Presentation Time:** 50 to 60 minutes

### **Presentation Materials**

- PowerPoint slides, “Developing Your Program”
- Student Manual Chapter 22
  - ▶ Developing a CFS Program
  - ▶ Checklist for Command Financial Specialists
  - ▶ Sample or Template for Command Instruction
  - ▶ Command Financial Specialist Needs Assessment
  - ▶ How May We Help You?
  - ▶ Plan of Action and Milestones
  - ▶ Command Leadership Brief Outline and Content
  - ▶ Command Indoctrination Brief Outline and Content
  - ▶ 2007 Standardized Curriculum Contents
  - ▶ Command Financial Specialist Quarterly Report
- Reference Information
- CFS Pre/Post Test
- Newsprint, markers and tape



### Preparation:

If doing the optional model of one or both of the sample briefs, ask for volunteers on Thursday so they can prepare. Have the slides for the briefs queued up and ready. If doing the optional Command Financial Specialist panel discussion, ensure you have invited guest speakers and confirmed their participation. On Thursday, you may want to remind learners that they will have a chance to talk with experienced CFSs and they may want to write down their questions in preparation.

### Summary of Learner-centered Activities

- **Gallery of Learning:** Learners assess and celebrate what they have learned in the training session through a small group list-making activity.
- **Training Activity Matching Game (optional):** To assist learners in identifying which PFMSC module to use in response to specific issues presented to them.
- **CFS Panel Discussion (optional):** A panel of experienced Command Financial Specialists talk about their experiences to the class and answer questions.

## V. REFERENCES

Silberman, Mel. 1995. *101 Ways to Make Training Active*. San Francisco, Calif.: Jossey-Bass.

## VI. CONTENT

### Slide 1

### Introduction

Congratulations on your participation in CFS Training. I am confident that you have learned a lot that not only will help you but also ensure that you leave the class energized and prepared to use this information to help your shipmates. For this final session together, we will wrap up the course with a discussion of the following points:

### Slide 2

### Topics

- We will celebrate what we have learned and create our own Gallery of Learning.
- We will review the purpose of the course.
- We will discuss how to develop and run a truly effective command program including choosing effective training.
- We'll look at some model briefs that can be used with command leadership and at command indoctrinations.
- We'll talk about the FFSC's continuing commitment to support you after you leave



the classroom.

- We'll consider various continuing education opportunities.
- Finally, we'll have a CFS Panel Discussion, which gives you the opportunity to "pick the brains" of some experienced CFSs.

### Slide 3

#### Activity: Gallery of Learning



EXPLAIN to the class that to wrap up this course, you would like to review what they believe are the key points they are taking away from this week.

Time: 10 minutes

Procedure: Divide learners into groups of two or four or use the same working groups from the case study presentations if they still are sitting together.

ASK each group to discuss what it is taking away from the training session. Points can be both personal and professional outcomes. Then ask the groups to list what they have learned on newsprint paper. Title the lists "What We Are Taking Away."

HANG these lists on the walls.

DIRECT learners to walk by each list and place a check next to learning items on lists other than their own that they also are taking away.

SURVEY the results, and note the most popular learning items. Mention any that are unusual or unexpected.

### Slide 4

#### Purpose of the Course

You will recall on Monday in our introduction to the course that we said the purpose of this training was threefold:

1. To provide a basic understanding of financial issues
2. To create an awareness of assistance resources available
3. To develop skills in problem solving

ASK the learners if they believe these goals were accomplished.

- Do you believe you have a basic understanding of the wide variety of financial issues that can and will involve Sailors at your command?
- Have we created an awareness of all the assistance resources available?
- Have we helped you to develop the skills needed to help Sailors resolve their



financial problems?

### Slide 5

REFER learners to page 22.2 in their Student Manual, “Developing a CFS Program,” and direct their attention to the “Goals of a CFS Program” section, which are the tasks mandated in the OPNAV instruction. ASK the learners if they feel prepared to carry out these tasks.



### Slide 6

## Developing a Command Program

### Determine Command Needs

Now it's time to shift our focus from what you have learned to how you will use it. The purpose of this course is NOT to make you a financial guru but rather to make you a COMMAND Financial Specialist. That means that the time, money and effort that have been devoted to training you this week is to be taken back to the command by you and passed on to others. Let's look at some specific actions you will need to take when you return to your command.

REFER learners to pages 22.2 and 22.3 in the Student Manual, “Steps to Setting Up a Command Program” and the checklist for Command Financial Specialists. Explain that the information on these pages will help them get organized and complete an effective Plan of Action and Milestones.



1. **Draft an Instruction.** REFER learners to pages 22.4 through 22.8. One of the first things you will want to do when you return to the command is draft a Command PFM Instruction if one does not exist already. This should be based on OPNAV 1740.5B.
2. **Talk to the Command.** Next, you will need to know what command members need of the new skills and information you have to offer. This can be determined by speaking with current CFSs at the command. If you are the first CFS at the command, or if you are rebuilding a program that hasn't been functional, you may have more work to do.
3. **Gather Data.** At a minimum, you will need to get some information about the command. Relevant command statistics that will help you develop your program include:
  - ▶ Demographic information (number of men and women, ages, rate and ranks, marital status, children)
  - ▶ Level of security clearances, and number revoked or denied (in the past year)
  - ▶ Number of Letters of Indebtedness received each month or year and how they currently are processed. What will be your role in processing LOIs at your command?
  - ▶ Number of bounced checks from command members at the Commissary and Exchange

- ▶ Number of personnel who have been to CO's NJP for financial problems
- ▶ Dollar assistance given to service members in the command by NMCRS during the past year
- ▶ TSP enrollment statistics
- ▶ Types of financial problems experienced by command personnel
- ▶ PFM topics of interest to command members (for training purposes)

ASK if there are any other statistics or information that would be important for a CFS to know in setting up a program.



4. **Offer Services Based on Need.** REFER students to learners to pages 22.9 and 22.10 in the Student Manual, the Command Financial Specialist Needs Assessment and the How May We Help You? sample forms. EXPLAIN that the needs assessments can be distributed to command personnel to determine what services they would like. "How May We Help You?" is a less-involved needs assessment that focuses more on the training that can be conducted using the PFM Standardized Curriculum. Either of these assessment tools will provide the CFS an idea of what command personnel would like. ASK for any other ways they believe they could gather data on command needs (e-mails, bulletin boards, online surveys, etc.).

## Slide 7

### Develop Program Goals

REFER learners to page 22.11 in the Student Manual, the Plan of Action and Milestones.

ASK learners to take out the Plan of Action and Milestones they were to complete for homework. Once they have a chance to gather specific command data and/or speak with the existing CFS team, they will refine their POA&M. SUGGEST that they share their recommendations with their supervisor immediately and enlist the assistance of their supervisor in refining the POA&M.

ASK learners what will be the first thing they will do upon returning to the command in their role as a CFS. If time permits, get one action from each learner.

**NOTE:** To encourage the use of the POA&M, when assigning it for homework on Thursday tell the learners that you will be collecting them, copying them, and sending a copy to each of the learners' supervisors, so the supervisor can review the plan with them when they return to the command. This will hold the CFS accountable for following through on their plans. Draft a cover letter to each supervisor explaining what the document is and how they can support the transfer of learning back to the command by meeting regularly with the CFS; helping the CFS develop realistic program goals; and providing the necessary support for the CFS to carry out a robust, effective PFM program at the command. Send the letter, with a copy of the POA&M, to the supervisor within a week of the training.

## Slide 8

### Marketing Your Program

An integral part of your POA&M should be a marketing plan. Remind the CFS that they won't get any "customers" if they don't let people know they exist and what





they do. ASK the learners to offer their ideas on how they are going to market their program. WRITE answers on the board or newsprint. Answers should include leadership and indoctrination briefs, check-in sheets, POD/POW notes, bulletin boards, e-mails and intranet, informal discussions, quarters and general military training. TELL the learners they have a set of monthly POD notes that were used in the 2009 “Military Saves” campaign that they can use for marketing purposes.

### Slide 9

#### Sample Briefs

REFER the learners to pages 22.13 in the Student Manual, where they will find two sample marketing briefs. Explain that the slides for these briefs are included on their student disk.

**Command Leadership Brief.** Once you have completed training, talked with any existing CFS team members, gathered command data, and developed program goals and a marketing strategy, it will be time to brief the command leadership to get them to support the program. Some commands will be on board immediately and willing to support the CFS program in any way. Other commands may need some basic education on exactly how the CFS can make life easier for those in leadership positions. To help with this, you have been provided with a basic Command Leadership brief. This short brief (5 minutes) outlines the benefits of a well-run and supported PFM program.

### Slide 10

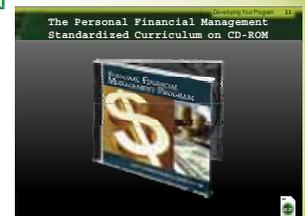
**Indoctrination Brief.** An important part of marketing your program will be to speak at all command indoctrinations regarding the role of the CFS and the Navy’s PFM program. To help with this, you have been provided with a basic indoctrination brief. This brief can be as short as five minutes or can be lengthened and tailored to the needs of the command. It is NOT designed to replace any of the education modules from the PFMSC but rather to provide a basic education to command members on the role of the CFS, the Navy’s policy on PFM, and how financial problems can affect the military career. It also can provide a bit of information on certain critical issues (TSP and CSB/ Redux, for example) that will serve as a teaser to entice members to talk to you.

**NOTE:** As an option, and if time allows, have a class member present one of the sample briefs.

### Slide 11

#### Provide Effective Training

A critical part of running a proactive, effective program at the command is conducting training from the PFMSC. As a review, your 2007 PFMSC disk contains 17 modules (an 18th module, Gambling, is not on the disk but was added to the curriculum in Spring 2009). Each module has a content, training techniques and slide component; handouts in .pdf format; and may have additional game or Excel modules. The programs are designed to run 60 to 90 minutes but often can be customized into smaller parts.



Remember that education and training doesn't always mean standing up in front of a group and giving a lecture. You can present all or just parts of these training modules. You can use some of the handouts for a short brief during quarters. You can use the slides during one-on-one counseling. You can use excerpts from the curriculum for POD notes or to create informational posters. You can create bulletin boards on various topics in the curriculum and post handouts and forms for personnel to take. Be creative in taking advantage of all the different methods of communicating this critical information.

### Optional Activity: Training Matching Game



This activity will help the learners identify which PFMSC module to use in response to specific financial issues and requests that may arise at the command.

**Time:** 8 to 10 minutes

**Procedure:** REFER learners to page 22.21 in the Student Manual, "2007 PFM Standardized Curriculum Contents." EXPLAIN to the class that you are going to do a large group activity to help identify which training module should be used given a specific issue. ENCOURAGE them to call out the name of the PFMSC module they believe would respond best to the issue addressed.

READ each scenario to the class, and ask them to call out their answers. Applaud their responses or correct as necessary to provide the most appropriate training for the situation.

1. Senior Chief Freely just was ripped off by a scam artist who was supposed to build an addition on his home. What class may have helped him to avoid his dilemma?

*Consumer Awareness*

2. HM2 Pickle just bought a car using dealer financing. He drove his old car to the lot and took the dealer's trade-in offer, since he really did not know what the car was worth. What class might have helped him to make a better decision?

*Three Deals of Car-Buying*

3. Petty Officer Moneypenney wants to know what she can do with the \$10,000 she inherited from her grandmother so she can prepare for her future. What class might be of help?

*Tools of Saving and Investing*

4. EN2 Lionheart had an insurance salesman come to his home, and he ended up purchasing a whole life policy, even though he and his wife had more than enough SGLI coverage. What class would help him understand his benefits?

*The Insurance Decision*





5. Senior Chief Jane Dough is tired of having more “too much month left at the end of her money.” She wants to know how to handle her finances better. What class would you recommend?

*Developing Your Spending Plan*

6. Private Emme T. Pockets has bounced several checks in the past month. She states that her ATM receipt balance is positive, so surely she must have more money! Which class would give her the help she needs?

*Banking and Financial Services With the Checking Account Management Exercise*

7. Lt. Rubble just was turned down for a request to increase his credit limit. This may have something to do with the luxury vacation he recently charged and took with his high-rolling law school buddy who just made partner. He also wants to know what it would take to improve his FICO score. What class would you suggest?

*Credit Management for information on credit reports and credit scoring.*

8. GN1 Leadbelly has been in the Navy for 14½ years. He has some debts and is thinking that the CSB check sounds like a good way to reduce some of those bills. What would be a good class for him to check out?

*Planning for Your Retirement*

9. Seaman Nomad is fighting a store where he got some furniture on a rent-to-own basis. He wishes he had known how to start and stop his allotment himself instead of trusting the store to stop when his payments were complete. He did not see his LES for months and didn't realize they still were taking out the money. What class would have informed him of how to check his pay?

*Military Pay Issues*

10. Petty Officer Doolittle is getting married. His bride-to-be does not work and has no insurance of any sort. He is wondering what kind of changes he needs to make to his own insurance now that she will be driving his car and moving her possessions into his house. What would be a good class for him to take?

*Your Insurance Needs*

11. Petty Officer Mooney will be deploying in a few months. He is trying to figure out how to set up his pay so he gets some money on the ship and the rest goes to his wife at home. What class will help to get him ready?

*Financial Planning for Deployment*

12. HM2 Greenspan frequently finds that she has a couple of hundred dollars left in her checking account at the end of the month. She already built up her emergency savings account and is looking for options. She heard there was a program available to military members. Which class would be her best alternative?

## Thrift Savings Plan



### Slide 12

#### Use All Available Resources

Be sure to use all available resources, both military and civilian. REVIEW the resources discussed during the week. ASK learners: Are you alone when it comes to helping your clients? The answer should be a resounding “No!”



### Slide 13

#### Develop a Command PFM Library

Having some financial resources available for all command members is helpful in many ways. First, it provides easy access to important financial information for anyone in the command. Second, it is another way to market yourself as the “go-to” person for all things PFM. Key items to have in a command library would include car-buying resources (NADA books, Kelley Blue Books, Edmunds car-buying guides); consumer resources such as Consumer Reports and the Consumer Action Handbook; and subscriptions to publications from the popular financial press, such as Kiplinger’s and Money magazine. ASK what other resources would be great to have on hand? ENCOURAGE the CFSs to ask the command to dedicate available funds to these important resources.



### Slide 14

#### Keep Accurate Records

REFER learners to page 22.22 in the Student Manual, the “Command Financial Specialist Quarterly Report.” STRONGLY ENCOURAGE the learners to keep accurate records about their program activity. Accurate record-keeping will help in evaluating program effectiveness and in justifying continued command support of the program. It also provides critical statistical data for the PFM Program Manager.



### Slide 15

#### FFSC Commitment to You

REFER learners to page 22.23 in the Student Manual, “Resource Information.” TELL the learners that you can

feel confident that when you walk out of class today, the FFSC’s commitment to you continues. The local Financial Education Specialist/PFM Specialist remains available for:

- Case consultations for new counselors, difficult cases, or both.
- Coaching for new counselors as needed.
- Referrals and resources.



- Training— follow-up training for the CFS and general PFM training to meet command needs.

### Slide 16

## Continuing Education

**Course Credit.** As mentioned at the beginning of the week, the CFS course also should prepare learners to pass the DANTES Subject Standardized Test in Personal Finance. Interested learners should contact Navy Campus and visit the DANTES Web site at [www.dantes.doded.mil](http://www.dantes.doded.mil). The recommended credit for this test is three semester hours. Follow these links to the Personal Finance Fact Sheet: Examination Programs, Fact Sheets, DANTES Subject Tests, Business Personal Finance.

### CFS Forums/Advanced Training.

**NOTE:** *If your site will be providing advanced training for Command Financial Specialists, discuss the schedule here. You also may want to ask the learners on which topics they would like additional training.*

- **Accredited Financial Counselor.** For those learners who are interested in taking their PFM education to the next level, there is the Accredited Financial Counselor (AFC) designation. Offered through the Institute for Personal Finance, the education arm of the Association for Financial Counseling and Planning Education (AFCPE), requirements for this designation include completion of two courses: one in financial planning and one in financial counseling; an exam for each course; and two years of counseling experience. ([www.afcpe.org](http://www.afcpe.org))
- **Certified Financial Planner and Other College Courses.** Finally, any learners interested in going even further with personal finances may be interested in the Certified Financial Planner (CFP) license, which consists of five college-level courses in financial planning, a 10-hour comprehensive exam, and three years of field experience ([www.cfp-board.org](http://www.cfp-board.org)). Encourage learners to continue to gain knowledge in any way, whether it is through professional designations such as AFC or CFP, college courses, or independent study and reading.

### Slide 17

## Optional Activity: CFS Panel Discussion

**Time:** 15 to 20 minutes

### Procedure:

- Introduce visiting Command Financial Specialists, or have guests introduce themselves.
- Ask guests to address the following issues:
  - ▶ When they got their training
  - ▶ How they have used their training (i.e., how they run their CFS program)



- ▶ Share two or three top tips for new CFSs
- Guests can take 5 or 10 minutes to speak, depending on the number of panelists. When each panelist has had a chance to speak, ask for any questions from the class. When there are no more questions, thank the panelists for speaking with the class and continue with the summary and conclusion.

## Slide 18



## Conclusion

In conclusion to our training, please understand the tremendous positive impact a proactive CFS can have on our Sailors and their families. You WILL help your shipmates, and by extension, there are people you never will meet whose lives will be affected positively by the things you do as a CFS. Be aggressive and proactive in running your programs, use all of your resources, and continue to get smart about all things PFM.

Speaking of getting smart, we're going to conclude our training the same way we started it, with the training post-test. (REFER learners to pages 22.24 through 22.27 in their Student Manual.) Again, please complete the test without guessing at any answers. If there is a question you still don't know, just choose the "don't know" response. When you are done, remove the test from your manual and hand it to the instructor.

When you complete the test, also please complete the course-evaluation form and hand it to the instructor as well. When all are done, we'll celebrate by awarding your certificates.



## VII. FORMS

- Developing a CFS Program
- Checklist for Command Financial Specialists
- Sample Command Instruction
- Command Financial Specialist Needs Assessment
- How May We Help You?
- Plan of Action and Milestones
- Command Leadership Brief Outline and Content
- Command Indoctrination Brief Outline and Content
- 2007 Standardized Curriculum Contents
- Command Financial Specialist Quarterly Report
- Reference Information



# Developing a CFS Program

## CFS Tasks:

- Provide financial education and training
- Provide financial information and referral resources
- Provide one-on-one and couples financial counseling

## Steps to Setting Up a Command Program

1. Draft a Command PFM Instruction if one does not exist already, based on OPNAVINST 1740.5B.
2. Determine what command members need.
3. Speak with current CFSs at the command. You may have more work to do if you are the first CFS at the command, or if you are rebuilding a program.
4. Gather relevant command statistics that will help you develop your program, including:
  - ▶ Demographic information (number of men and women, ages, rate and ranks, marital status, children)
  - ▶ Level of security clearances, number of revocations and denials for the past year.
  - ▶ Number of Letters of Indebtedness received each month or year, and how they currently are processed. What will be your role in processing LOIs at your command?
  - ▶ Number of bounced checks from command members at the Commissary and Exchange
  - ▶ Number of personnel who have been to CO's NJP for financial problems
  - ▶ Dollar assistance given to service members in the command by NMCRS during the past year
  - ▶ TSP enrollment statistics
  - ▶ Types of financial problems experienced by command personnel
  - ▶ PFM topics of interest to command members (for training purposes)
5. Conduct a needs assessment to determine what services the command would like from you. A sample needs assessment is included in this chapter as well as a less-involved assessment called "How May We Help You?" that focuses more on the training you can conduct using the PFM Standardized Curriculum. Either of these would provide you with an idea of what command personnel would like.
6. Establish, refine and accomplish program goals using the Plan of Action and Milestones.

# Checklist For Command Financial Specialists

## Action

- Complete CFS Training
- Meet with other member's of Command's CFS Team
- Draft Command PFM Instruction
- Gather Command Data (Needs Assessment)
- Refine Plan of Action and Milestones
- Develop marketing plan for Command PFM program
- Familiarize self with available resources, Command's PFM library
- Brief Command Leadership
- Establish recordkeeping and reporting system
- Input data as required to the CFS reporting/data gathering site of <https://donsir.persnet.navy.mil/cfs>, enter your UIC and the password CFS2004.
- Attend CFS Forums/Advanced Training
- Get on FFSC Mailing List, Advertise PFM Programs
- Get on Command Check-In sheet
- Conduct Command Indocs (PFM)
- Provide appropriate PFM information and referral to Command Personnel
- Conduct PFM training as indicated by needs assessments.
- Conduct PFM counseling as requested, include BAH screenings, assistance with letters of indebtedness and letters of intent, and other short-term counseling.



DEPARTMENT OF THE NAVY  
NAVAL OCEAN PROCESSING FACILITY, WHIDBEY ISLAND  
1280 WEST INTRUDER STREET  
OAK HARBOR, WA 98278-9400

IN REPLY REFER TO

NOPFWIINST 1740.2  
N6  
22 Sep 08

NAVOCEANPROFAC WHIDBEY ISLAND INSTRUCTION 1740.2

Subj: COMMAND PERSONAL FINANCIAL MANAGEMENT (PFM) EDUCATION,  
TRAINING, AND COUNSELING PROGRAM

Ref: (a) OPNAVINST 1740.5B, Personal Financial Management  
Program  
(b) NASWHIDBEYINST 5801.1A, Vehicle Purchasing/Financial  
Counseling  
(c) SECNAVINST 5211.5E, Department of the Navy (DON)  
Privacy Program

Encl: (1) Command Financial Specialist (CFS) Qualifications,  
Functions, and Training

1. Purpose. To promulgate command policy and assign responsibilities for the Personal Financial Management (PFM) education, training, and counseling program. This policy implements specific requirements that establish a systemic approach to address PFM issues for NOPF Sailors and families.

2. Discussion

a. Reference (a) establishes PFM policy for all DON components. This instruction provides amplification of that policy.

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

- (1) High cost of living.
- (2) Prevalence of easy credit and predatory lenders.
- (3) High-pressure sales tactics.
- (4) Clever and deceptive advertising techniques that include internet ads.
- (5) Undisciplined buying and the tendency to live beyond one's means.
- (6) Consumer rip-off schemes.

22 SEP 2008

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

### 3. Mission

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

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

### 4. Action

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

b. The PFM program consists of three major elements:

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

c. NOPF Whidbey Island shall have a trained Command Financial Specialist (CFS) to coordinate the program and to assist the Commanding Officer in providing financial training, information, and counseling to command members. In accordance with reference (a), NOPF Whidbey Island will maintain one CFS for every 75 personnel assigned, including those assigned Temporary Duty (TEM DU), Temporary Duty Under Instruction (TEM DUINS), and members from other services. Personnel assigned as a CFS shall meet the criteria established in enclosure (1).

d. A qualified CFS will counsel command personnel, family members, and other DOD personnel experiencing financial difficulties or seeking information on PFM concerns. If the CFS cannot provide assistance, referrals shall be made to other authorized agencies (e.g., Fleet and Family Support Center (FFSC); Navy Marine Corps Relief Society (NMCRS); National Credit Counseling Services (CCCS); Navy Mutual Aid.) Navy Mutual Aid Association will be a primary referral and educational resource concerning Survivor Benefit Plans.

22 SEP 2008

e. Command personnel will be required to receive financial counseling by a qualified CFS under the following circumstances:

- (1) Command receives a Letter of Indebtedness (LOI).
- (2) Any E-3 and below intending to buy a vehicle.
- (3) Any E-4 and below requesting BAS.
- (4) Any member sent to Commanding Officer's NJP.
- (5) Any screening process requiring CFS counseling (i.e., Overseas Screening.)

f. All Command Financial Specialists shall be appointed in writing by the Commanding Officer.

g. PFM counseling records shall be maintained in accordance with reference (c) to ensure confidentiality and compliance with the Privacy Act.

#### 5. General Responsibilities

a. Specific CFS responsibilities and duties in support of the PFM program are delineated in enclosure (1). It is of critical importance to the readiness of Sailors and the Navy that all leaders, at all levels, engage on this issue and serve as mentors to those in their charge.

b. Service members are responsible for prudently maintaining their day-to-day personal financial matters and to adequately prepare for the management of personal responsibilities prior to departing on an extended absence.



S. J. TRIPP

Distribution:  
NOPFWIINST 5216.1D  
List I (Case 1)

22 SEP 2008

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

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

- a. Military members in pay grade E6 and above (including officers) may be appointed a CFS.
- b. CFS's must be highly motivated, financially stable, and must meet the financial overseas screening standards prior to training.
- c. Successfully complete the authorized CFS training course provided by an FFSC.
- d. Have at least one year remaining in the command at time of CFS course completion.
- e. Participate in continuing education (i.e., periodic CFS forums).
- f. Attend CFS refresher training at least every three years.

2. Functions of the CFS

- a. Establish, organize, and administer the command PFM program including pass down to the incoming CFS.
- b. Disseminate financial management information within the command through General Military Training (GMT), POD notes, newsletters, e-mail, etc.
- c. Maintain current PFM resource books, directories, references, and training materials for use in GMT, divisional training, and counseling. In addition, CFS's shall maintain close liaison with the FFSC PFM staff.
- d. Present PFM training as part of the command indoctrination course.
- e. Provide basic PFM counseling to individual members upon request.
- f. Maintain individual records of counseling conducted and counseling referrals. Per reference (c), those records shall be maintained to ensure confidentiality and compliance with the Privacy Act.

Enclosure (1)

**22 SEP 2008**

g. Refer members with serious financial problems to the appropriate resource or agency capable of providing necessary assistance/counseling, such as FFSC PFM staff and NMCRS. Ensure the individual is seen and counseled. Follow up on referred individuals by maintaining contact with the individual and the resource/counseling agency to monitor progress.

h. Perform financial screenings, as needed, for members of the command. In the absence of a CFS, or in a complicated case, the FFSC PFM staff can perform screenings. For Overseas Duty Screening, the following guidance applies:

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

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

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

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

(2) The CFS will ensure the member completes a Financial Planning Worksheet (FPW).

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

i. Report quarterly to the Commanding Officer the CFS activity (education and counseling) conducted at NOPF Whidbey Island and record activity data to the CFS reporting website at <https://donsir.persnet.navy.mil/cfs/>.

# Command Financial Specialist Needs Assessment

*This command is in the process of developing a Financial Education program for all personnel. This survey is to determine the types of services you would like to have provided at this command to facilitate managing your personal financial affairs.*

**Education** — Please rank the following subjects from 1 to 12 with 1 being the area you are most interested in having training provided.

- Establishing a Spending Plan/Budget
- Credit Management
- Savings and Investments
- Thrift Savings Plan
- Retirement Pay Plans & CSB/REDUX
- Banking Issues
- Car Buying
- Insurance
- Survivor Benefits and Life Insurance
- Pay Issues
- Consumer Frauds, Misrepresentations and Scams
- Money Management for Deployment

**Information** — Would you find it helpful to have the following provided?

- | Yes                      | No                       |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Regular Plan-of-the-Day notes with tips on personal financial management             |
| <input type="checkbox"/> | <input type="checkbox"/> | Information rack with personal financial management brochures and booklets available |
| <input type="checkbox"/> | <input type="checkbox"/> | Personal Financial Management Bulletin Board   |
| <input type="checkbox"/> | <input type="checkbox"/> | Financial management articles in the command's and spouse club's newsletters         |

**Consultation** — Would you find it useful to have the following available?

- | Yes                      | No                       |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Financial counseling service provided by a Command Financial Specialist.                               |
| <input type="checkbox"/> | <input type="checkbox"/> | A Command Financial Specialist to consult with prior to making major purchases or financial decisions. |

Please list other services that you would find useful in managing your personal finances and any comments.

---

---

Please return this complete form to: \_\_\_\_\_  
(Name and e-mail)

Thank you!

(Signature)

# How May We Help You?

Interested in attending a personal financial-management seminar? Number the following topics in order from 1 to 18, with 1 being your most desired and 18 being your least desired:

_____ Banking and Financial Services	_____ Home-Buying	_____ Renting
_____ Car-Buying Strategies	_____ How to Survive the Holidays Financially	_____ Retirement Planning
_____ Consumer Awareness	_____ Military Pay Issues	_____ Saving and Investing
_____ Developing Your Spending Plan	_____ Money and the Move	_____ The Insurance Decision
_____ Don't Bet Your Life on It: Gambling Awareness	_____ Paying for College	_____ The Survivor Benefit Plan
_____ Financial Planning for Deployment	_____ Raising Financially Fit Kids	_____ Using Credit Wisely

Other topics you would like:

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Comments:

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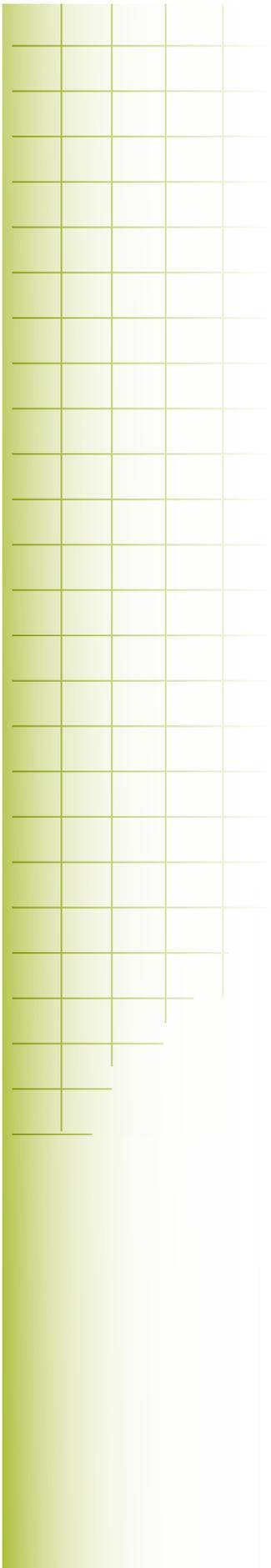
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Please return this complete form to: \_\_\_\_\_  
(Name and e-mail)

Thank you!

(Signature)



# Plan of Action and Milestones

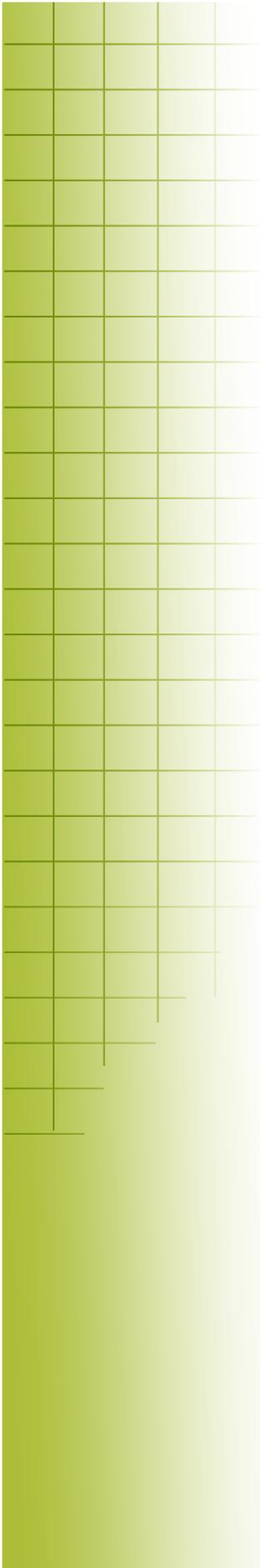
COMMAND: \_\_\_\_\_

FROM: \_\_\_\_\_

TO: \_\_\_\_\_

PERIOD COVERED: \_\_\_\_\_

PRIMARY ISSUES		INDICATORS			ACTIONS REQUIRED/OBJECTIVE		
Objectives/Action	Start Date	Barriers/Strategies for Overcoming	Resource Needs	Estimated Completion	Actual Completion	Remarks/Indicators	
1.							
2.							
3.							





## Command Leadership Brief

**Introduction.** This presentation is designed to tell command leadership clearly and concisely about the Navy's PFM program and your role as a Command Financial Specialist. The brief should take about 5 minutes. Be prepared to explain your plan of action, both immediate and long-term, and ask for the support you require to run an effective and proactive command PFM program.

### Outline

1. Navy PFM Program
  - a. Basics of OPNAV 1740.5B
    - i. Provide basic consumer education and training to personnel
    - ii. Provide training for all command personnel on sound financial-management issues
    - iii. Provide current financial information and publications
    - iv. Provide preventive and remedial counseling
  - b. Benefits of CFS program
    - i. Increase morale and retention
    - ii. Increase productivity
    - iii. Decrease number of LOIs
    - iv. Decrease number of NJPs
    - v. Decrease marital problems
    - vi. Decrease administrative traffic while deployed
    - vii. Financially secure Sailors
2. Role of CFS
  - a. Training and Education
    - i. PFM standardized curriculum
    - ii. Navy PFM GMT
    - iii. Indoctrination briefs
  - b. Information and Referral
    - i. Navy agencies
      1. FFSC
      2. NLSO
      3. PSD
      4. Housing
      5. TRICARE

6. NMCRS
  - ii. Civilian agencies
    1. Non-profit debt-management counseling
    2. Credit unions
    3. Emergency resources
  - c. Counseling
    - i. One-on-one and couples
    - ii. Preventive, remedial and productive
3. Plan of Action
  - a. Initial action
  - b. Long-term plans
4. Support Required

## Content

### SLIDE 1

**Introduce Self.** Explain that you recently completed the Command Financial Specialist training course and would like to speak with leadership about the command's Personal Financial Management Program.

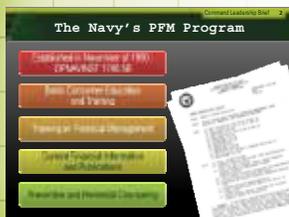
### SLIDE 2

**Navy PFM Program.** The Navy's Personal Financial Management Program was established in November 1990 with the promulgation of OPNAV Instruction 1740.5, now 1740.5B. The instruction mandates that the Navy promote operational readiness, personal responsibility, reliability, morale and quality of life by providing knowledge, skills and counseling to its members regarding sound personal financial-management practices. This is done by providing basic consumer education and training to personnel, training for all command personnel on sound financial-management issues, current financial information and publications, and preventive and remedial counseling. The Command Financial Specialist is responsible for implementing a proactive PFM program at the command.

### SLIDE 3

**Benefits of CFS Program.** Studies and experience have shown that the benefits of a well-run and supported Command Financial Specialist/PFM program are many, including :

1. Improved morale and retention, through education on financial issues, including saving and investing and retirement planning;
2. Increased productivity, because members' minds are on their work and not on their financial problems;





3. Reduced number of LOIs due to better financial management;
4. Decreased number of NJPs;
5. Decreased marital problems (the No. 1 reason couples fight is money...)
6. Decreased administrative traffic while deployed; and
7. Financially secure Sailors.

#### SLIDE 4

**Role of CFS.** The OPNAV instruction specifically charges the Command Financial Specialist to do the following:

1. Provide training and education in personal financial management to all command members. The CNI-HQ Program Manager has provided all Navy CFSs with a PFM Standardized Curriculum. This curriculum has 13 training modules on it, one for each financial topic mandated under the instruction. Topics include Military Pay Issues, Credit Management, Car-Buying Strategies, Saving and Investing, and Retirement Planning. The CFS training course has prepared me to conduct all of these training modules. Training and Education also includes conducting the Navy's PFM GMT. Further, I have been provided with a standard command indoctrination brief so I can introduce new command members to our program.
2. Provide appropriate information and referral to command personnel, including referrals to Navy agencies such as the FFSC, NLSO, PSD, Housing, TRICARE and NMCRS, and to civilian agencies such as non-profit debt-management counseling providers and federal credit unions.



#### SLIDE 5

3. Provide counseling, including one-on-one and couples counseling, for a variety of problems and issues. Counseling is available on budgeting; helping members make the retirement decision between High-3 and the CSB/Redux; enrolling in the TSP; granting advance pay; and Letters of Indebtedness.



#### SLIDE 6

**Plan of Action.** At this point in developing the PFM program at this command, my immediate intentions are to:

**My long-range plans are:**

**Support Required.** In order to carry out this plan of action, I will need the following support:

Are there any questions or comments regarding my plans for the Command Personal Financial Management program? Thank you.



## Command Indoctrination Brief

**Introduction.** This presentation is designed to tell new command members clearly and concisely about the Command PFM program. Speaking at indoctrination allows you to introduce yourself and generate excitement about personal financial-management issues. You will discuss the Navy's PFM program, the role of the CFS, and how the CFS can help command members. You also can offer information on several PFM topics as a "teaser" to generate interest in PFM. The program concludes with an invitation to participate in the PFM program. As written below, this brief should take 5 to 10 minutes. Feel free to add additional information from selected portions of the PFMSC if you have more time available.

### Outline

1. Navy's PFM Program
  - a. Navy Policy (MILPERSMAN 7000-020)
  - b. PFM Program
  - c. Implications of Financial Problems
  - d. Implications of Sound Financial Management
2. Role of CFS
  - a. Education and Training
  - b. Information and Referral
  - c. One-on-One and Couples Counseling
3. How CFS Can Help
  - a. Teach You About Money Management
  - b. Help You Improve Your Money Management
  - c. Help You Get Out of Debt
  - d. Help You Save Money on Major Purchases
  - e. Be a Consumer Advocate for You
  - f. Provide Saving and Investing Information
  - g. Provide Financial Planning Information
  - h. Provide Referrals to Community Resources
4. Sampling of Information Available
  - a. Credit Reports
  - b. Compound Interest and Time and the Thrift Savings Plan
  - c. Car-Buying
5. Invitation to See the CFS

## CONTENT

### SLIDE 1

**Introduction.** Introduce yourself, explain that you are the Command Financial Specialist at the command, and that you are going to tell learners about the command's PFM program.

### SLIDE 2

**Topics.** Review the topics you are going to cover:

- The Navy's PFM Program
- The Role of the CFS
- How the CFS Can Help You
- Information Sample
- Invitation

### SLIDE 3

**The Navy's PFM Program.** Briefly explain that the Navy has a policy on financial management and indebtedness (MILPERSMAN 7000-020) which states:

*"Members of the Naval service are expected to pay their just debts and financial obligations in a proper and timely manner."*

The Navy has mandated that every command have a Personal Financial Management Program, which is run by the Command Financial Specialist. The program was created because needs assessments have indicated that PFM is a top concern of Navy personnel. It was recognized that financial issues have a direct impact on readiness and retention. Some Sailors come into the Navy lacking basic consumer skills and training in how to manage finances. This can lead to financial difficulty. The PFM program is designed to help every Sailor achieve financial success. The program "emphasizes a proactive, career lifecycle approach to accountability by providing basic principles and practices of sound money management, counseling tools and referral services using a comprehensive education and training program." What does that mean? It means the command wants to help you do well with your money management.

### SLIDE 4

**Implications of Financial Problems.** Unfortunately, many Sailors, both young and old, experience some level of financial difficulty. ASK what learners believe are the implications of financial problems. Answers should include:

- Negative evaluations
- Loss of promotions
- Loss of security clearance



- Loss of overseas assignment
- Reduction in rank
- NJP
- Administrative discharge.

And those are just the military implications. Civilian implications can include everything from not being able to get credit to repossessions, bankruptcies, or even jail!

## SLIDE 5

**Implications of Sound Financial Management.** If we're going to talk about the bad things that can happen from mismanagement, let's also talk about all the good things that can happen from good financial practices. ASK what learners believe are the implications of sound financial management. Answers should include:

- Less stress
- More money in savings
- Better quality of life
- Get more of the things you want
- Have financial security
- Become a millionaire ...

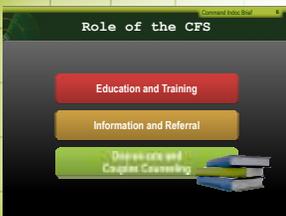
## SLIDE 6

**The Role of the CFS.** Let's talk for a minute about my role in all of this. As the Command Financial Specialist, I am responsible for conducting financial education and training, providing financial information and referral, and conducting one-on-one and couples financial counseling. You could summarize this by saying that when it comes to financial issues, I am the "go-to" person!

## SLIDE 7

**How the CFS Can Help You.** So what, specifically, can I do for you? I can help you with:

- **Money Management.** Whether you need some basic education on budgeting and spending plans, or whether you're looking to improve your system, I can help.
- **Debt Management.** Whether you have taken on too much debt and are having trouble, or are trying to establish credit for the first time, I can help.
- **Saving on Major Purchases.** Thinking of buying a car? I have information that could save you hundreds, if not thousands, of dollars. I can help.
- **Consumer Advocacy.** Have you been ripped off? Did someone sell you something that doesn't work, or misrepresent a purchase? I can help.





- **Saving and Investing Information.** Wondering if you should participate in the Thrift Savings Plan? Want to start saving for emergencies? Are you thinking about buying stocks or mutual funds? I can help.
- **Retirement Choices.** I know retirement seems like a long way off, but the sooner you start saving, the less you'll need to save in the long run, and the more your money will grow. Also, when you need to decide between the High-3 retirement plan and the CSB/Redux, I can help!
- **Referrals to Navy and Community Resources.** Even if you don't think I can help, I probably can help. I've had extensive training regarding all the people out there who can help with different types of problems — so tell me what is going on, and give me a chance to get you to the people who can help, just in case I can't.

## SLIDE 8

ASK learners for any questions.

**Sampling of Information Available.** Now I would like to share with you a few things that could help you, just to give you an idea of the kind of training I've had.

**NOTE:** *You can choose any topics. The following are suggestions:*

**Credit Reports.** ASK how many learners ever have seen their credit report. ASK if everyone knows what a credit report is — if not, explain what it is. ASK how many have seen their credit report in the past 12 months. Did you know that you should check your credit report at least once a year, and you can get it for free at [www.annualcreditreport.com](http://www.annualcreditreport.com)? Did you know incorrect information gets put on credit reports and can cause problems at the worst possible times? For example, let's say someone else's bad information gets on my credit report — I could get rejected for a car loan because of that. Did you also know that you often can spot identity theft by keeping an eye on your credit report? I have contact information on all three credit-reporting agencies and recommend you check your credit report right away.

**OPTIONAL:** Handout on using credit from Credit Management.

- **Compound Interest and Time and the Thrift Savings Plan.** ASK how many learners currently invest. ASK how many of them would like to become millionaires. ASK if they believe they could become a millionaire on the military paycheck. Tell them it is possible through the magic of compound interest and time, which occurs when their money makes interest and that interest is left with the original sum to continue growing.

**OPTIONAL:** Handout Compound Interest and Time chart from Saving and Investing.

One way you can take advantage of the magic of compound interest and time is by participating in the Thrift Savings Plan. Just \$50 a month over the span of a 20-year career can add up to as much as \$30,000 (at 8 percent). I have all sorts of information on saving and investing and the Thrift Savings Plan.



- **Car-Buying Strategies.** ASK how many learners have bought a car. ASK how many thought they got the absolute best deal possible. EXPLAIN that you have had extensive training on car-buying strategies. One hint that you learned that can save a buyer hundreds, if not thousands, is to make the deal three separate transactions: the purchase price of the car, the financing, and the trade-in. ASK how many who have bought cars in the past did it in this manner. Encourage anyone who is thinking about buying a car to come and talk to you first so you can share the rest of the cost-saving techniques you know.



## SLIDE 9

**Invitation.** In conclusion, invite learners to come and see you. Let them know whether they will need an appointment or can stop by for an informal chat. Encourage them to join any financial training you will be offering or that is offered at the FFSC. Provide a schedule, if possible. Explain that command members don't need to have a financial "problem" to talk with you, but that if they do have one, you can help. Suggest to learners that they let you help them build wealth and establish financial security.



## 2007 Standardized Curriculum Contents

Volume 1: Introduction and Resources

Volume 2: Training Materials (by module: Content, Training Techniques, PowerPoint Slides, PowerPoint Games)

1. Banking and Financial Services
2. Car-Buying Strategies
3. Consumer Awareness
4. Developing Your Spending Plan
5. Financial Planning for Deployment
6. Home-Buying
7. Military Pay Issues
8. Money and the Move
9. Paying for College
10. Raising Financially Fit Kids
11. Renting
12. Retirement Planning
13. Saving and Investing
14. The Insurance Decision
15. The Survivor Benefit Plan
16. Using Credit Wisely
17. How to Survive the Holidays Financially

Not on disk but added to the curriculum in Spring 2009:

18. Don't Bet Your Life on It: Gambling Awareness

Volume 3: Handouts

# Command Financial Specialist Quarterly Report

Name: \_\_\_\_\_ Command: \_\_\_\_\_

Command Address: \_\_\_\_\_ Date: Q1 \_\_\_\_\_ Q2 \_\_\_\_\_ Q3 \_\_\_\_\_ Q4 \_\_\_\_\_

1. Date Name of Training Held

1. Date	Name of Training Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Number of training participants:

_____ E-1	_____ E-2	_____ E-3	_____ E-4	_____ E-5	_____ E-6	_____ E-7
_____ E-8	_____ E-9	_____ W-1	_____ W-2	_____ W-3	_____ W-4	_____ W-5
_____ O-1	_____ O-2	_____ O-3	_____ O-4	_____ O-5	_____ O-6	_____ O-7
_____ O-8	_____ O-9	_____ Family Members				

3. Number of one-on-one counseling sessions conducted:

_____ E-1	_____ E-2	_____ E-3	_____ E-4	_____ E-5	_____ E-6	_____ E-7
_____ E-8	_____ E-9	_____ W-1	_____ W-2	_____ W-3	_____ W-4	_____ W-5
_____ O-1	_____ O-2	_____ O-3	_____ O-4	_____ O-5	_____ O-6	_____ O-7
_____ O-8	_____ O-9	_____ Family Members				

4. Number of referrals made:

_____ FFSC	_____ NMCRS	_____ TRICARE
_____ Debt Management	_____ Housing	_____ Other

5. Areas of assistance provided:

_____ Military Pay & Allowances	_____ Insurance
_____ Checking Accounts/ATM's	_____ Letters of Indebtedness/Intent
_____ Consumer Issues	_____ Predatory Lending
_____ Budgeting/Money Management	_____ Bankruptcy/Garnishment
_____ Saving and Investing	_____ Predeployment Financial Management
_____ TSP	_____ PCS/Money and the Move
_____ Military Retirement Plan	_____ Compulsive Gambling
_____ Car Buying/Selling	_____ Overseas Budgeting Issues/TLA
_____ Credit/Debt Management	

# Reference Information

## The Fleet and Family Support Center

Your local Financial Educator/PFM Specialist is available for:

- Case consults for new counselors, difficult cases, or both.
- Coaching for new counselors as needed.
- Referrals and resources.
- Training— follow-on training for the CFS, and general PFM training to meet command needs.

## Continuing Education

**Credit:** Three semester hours credits are available for interested learners upon successful completion of the DANTES Subject Standardized Test in Personal Finance. Interested learners should contact Navy Campus and visit the DANTES web site at [www.dantes.doded.mil](http://www.dantes.doded.mil). Follow these links to the Personal Finance Fact Sheet; Examination Programs, Fact Sheets, DANTES Subject Tests, Business, Personal Finance.

**Accredited Financial Counselor:** Accredited Financial Counselor (AFC) designation. Offered through the Institute for Personal Finance, the education arm of the Association for Financial Counseling and Planning Education (AFCPE), requirements for this designation include completion of two courses, one in financial planning, an exam for each course, and two years of counseling experience ([www.afcpe.org](http://www.afcpe.org)).

**Certified Financial Planner and other College Courses:** The Certified Financial Planner (CFP) license, which consists of five college level courses in financial planning, a ten hour comprehensive exam and three years of field experience ([www.cfp-board.org](http://www.cfp-board.org)).