

FIRST DUTY STATION



CFS/PFM CHECKLIST

NAVY FINANCIAL READINESS

Welcome to your first duty station!

Whether you complete a 20-year career or separate after a few years, you will want to take advantage of the benefits offered and personal financial readiness training provided to you.

This checklist, along with the accompanying handouts and the information provided by the Fleet and Family Support Center (FFSC) staff can help you make sound financial decisions.

HANDOUTS

- ✓ Military Banking
- ✓ Spending Plan Worksheet
- ✓ Understanding Credit
- ✓ Military Consumer Protection
- ✓ Sources of Help for Military Consumers
- ✓ Major Purchases
- ✓ Education Benefits and Savings
- ✓ Paying off Student Loans
- ✓ TRICARE Overview
- ✓ Thrift Savings Plan
- ✓ Basic Investing



BASIC FINANCE

- Review the "Military Banking" handout for information on credit unions and banks, typical fees, online banking, and how to manage your bank accounts.
- Understand basics of debit/credit card use and tracking deposits/expenditures.
- Know how to recognize and correct banking errors. Review your transactions periodically and immediately contact your bank if you find errors that need to be corrected.
- Update your personal spending plan using the "Spending Plan Worksheet." A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four steps financial experts suggest to get started.

Counselor: Inform counsees that you can provide a "Spending Plan Worksheet" as well as more detailed templates with features that can help them understand their financial situation and reduce excessive debt.

Step 1: Understand your current situation.

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

Step 2: Know where your money should go.

Financial experts offer these general guidelines when budgeting your money:

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



Step 3: Create a plan.

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

- Prioritize your financial goals.
- Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. If you do not have that much saved, consider saving a little each paycheck to help get you there.

Counselor: Share with counselees the concepts of paying yourself first, automating savings, and keeping their emergency fund in a separate account. Remind counselees they can make saving effortless by setting up an automatic transfer through their bank or an allotment, time permitting.

Step 4: Make adjustments.

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

- Consider setting up automatic bill pay to avoid missed or late payments. Check each of your three major credit reports for free at www.annualcreditreport.com. Sailors can request free credit monitoring services from the nationwide credit reporting agencies: Equifax, Experian, and TransUnion. Review the "Understanding Credit" handout for more information.
Counselor: Tell counselees that they may be dealing with many new creditors, which increases their exposure to billing errors and identity theft. Remind counselees that they can get a free copy of credit reports from the personal financial counselor/educator (PFM/E) at the FFSC. The PFM/E can also help them interpret their reports and discuss what they need to do to improve their scores.
- Review your tax situation and change federal and state withholding as needed via mypay.dfas.mil.
Counselor: Remind counselees that for additional help, they may wish to consult with a PFM/E at the FFSC or the on-base Volunteer Income Tax Assistance (VITA) office.
- Review the Military Spouse Residency Relief ACT (MSRRA), which protects tax, voting and property rights of military spouses. A military spouse may keep their tax domicile (legal residence) if they move because their military spouse is transferred out of state.

Additional notes: _____



CONSUMER PROTECTIONS

- Review the "Military Consumer Protection" handout for additional information on identity theft, the Servicemembers Civil Relief Act (SCRA), and Military Lending Act (MLA).
Counselor: Remind counselees the base legal office can assist by reviewing contracts to help keep them from falling prey to predatory lenders and fraudsters.
- Protect yourself from misleading consumer practices and know basic procedures for handling a consumer complaint or dispute. Review the "Sources of Help for Military Consumers" handout.



MAJOR PURCHASES

- Analyze your housing and transportation needs and be sure to prepare your finances for any major purchases. Review the handouts on "Major Purchases" for more information.
Counselor: Remind counselees to speak with financial counselors on their installation to build and review their spending plan before taking on any major purchases.
- Understand that financial counselors are available at the Fleet and Family Support Center to assist with questions about a major purchase.
Counselor: Remind counselees to speak with financial counselors on their installation to build and review their spending plan before taking on any major purchases.
- Review the "Education Benefits and Savings" and "Paying off Student Loans" handouts to learn more about financing education, available benefits, obligations, and repayment options.
- Research and take advantage of tuition assistance and the College Level Examination Program (CLEP) to help cover or offset the costs of higher education.

Additional notes: _____



PLANNING FOR THE FUTURE

- Evaluate your life insurance needs to ensure you have enough coverage, the right type of coverage, and correct beneficiaries. A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

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

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

- Term Insurance — provides a stated amount of coverage over specific period of time and is designed to provide a large amount of coverage for the least cost.
- Permanent insurance — provides coverage designed to last for your entire life and can build cash value.

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

Counselor: Remind counsees to ask questions and fully understand any commercial life insurance policy they are considering purchasing. They should understand the cost, coverage, terms and conditions, as well as how the agent is compensated before making a decision to buy.

- Enroll your dependents in Family Servicemembers' Group Life Insurance (FSGLI).

Counselor: Inform counsees that FSGLI provides up to \$100,000 in coverage in \$10,000 increments to cover eligible spouses for as little as \$0.45/month. (Dependent children are automatically covered at \$10,000 as soon as they are registered in DEERS.) Refer counsees to www.benefits.va.gov/insurance/fsgli.asp for more information.

- Update the beneficiaries of your Servicemembers' Group Life Insurance (SGLI), if appropriate.

Counselor: Inform counsees that the SGLI Online Enrollment System (SOES) allows service members with full-time SGLI coverage to make fast and easy changes to their life insurance coverage and beneficiary information at any time without completing a paper form or making a trip to their personnel office. To access SOES, they must sign into www.dmdc.osd.mil/milconnect and go to the "Benefits" tab, Life Insurance SOES-SGLI Online Enrollment System.

- Review or consider obtaining renters (homeowners) insurance policies to ensure that they are adequate for your circumstances.

- Update your auto insurance policies, and ensure coverage is appropriate for your current needs.

Additional notes: _____



COMPENSATION, BENEFITS, AND ENTITLEMENTS

- Understand basic pay is normally determined by rank (grade) and years of service. The other pays, often referred to as special and incentive pays, are for specific qualifications or events. To learn more about basic, special and incentives pays visit militarypay.defense.gov.
- Understand allowances are moneys provided for specific needs, such as food or housing. Basic Allowance for Subsistence (BAS) and Basic Allowance for Housing (BAH) are two of the most common allowances, but there are several others including Clothing, Dislocation, Family Separation Allowance (FSA), and Family Subsistence Supplemental Allowance (FSSA). To learn more about allowances, including current rates, visit militarypay.defense.gov.
- Enroll new family member(s) in TRICARE (active duty), TRICARE Reserve Select (Reserve members) or other health insurance plan. Review the handout "TRICARE Overview" for more information.

Counselor: Note that TRICARE Prime and TRICARE Select require annual enrollment. Counsees may also want to reassess their own TRICARE plan. Refer active-duty Sailors to www.tricare.mil/Plans/HealthPlans. Refer Reserve Component Sailors to www.tricare.mil/Plans/HealthPlans/TRS.

Remind Reservists that they must ensure continuous, regular payments to stay enrolled in TRICARE Reserve Select. Irregular drill pay can cause Service members and family members to be dropped until the next open enrollment period.

Remind Sailors with civilian insurance plans to review available policies for features like deductibles, copays, prescription coverage, costs for in-network and out-of-network coverage, and other options that can affect the true cost of health care.

- If your spouse is employed and also has health insurance (OHI or “other health insurance”), arrange coordination of benefits with TRICARE or other insurance carrier.

Counselor: Normally, TRICARE becomes secondary insurance for a spouse with OHI. Some civilian insurers will not allow coverage under more than one policy.

- Enroll new family member(s) in the TRICARE Dental Program. Monthly premiums and copays will apply. Visit www.tricare.mil/Dental for more information.

Counselor: Refer counsees to 1(844) 653-4061 or to www.tricare.mil/CoveredServices/Dental/TDP to learn more. Reserve members should examine available programs to determine the best insurance available for their situation.

- Invest in your future marketability today. It is never too early to prepare your career for transition from the military to the civilian sector, and improve potential upward mobility and greater earning power with these tips from the DoD Career Ready Portal at <https://dodcareerready.usalearning.gov/>.

- **Tip 1:** Look into whether your military career offers a registered apprenticeship for your Navy rating or skills you may have. Visit the United Services Military Apprenticeship Program (USMAP) website to identify and register for apprenticeships, track progress, and report completion of apprenticeships. Learn more: https://dodcareerready.usalearning.gov/service_members/apprenticeships.
- **Tip 2:** Determine if your military experience translates into a civilian credential. Turn your military experience into certifications and licensing by visiting the Department of Navy Credentialing Opportunities Online (COOL): <https://www.cool.navy.mil>.
- **Tip 3:** Explore eligibility for tuition assistance. Did you know that you could qualify for tuition assistance to pursue your education and potentially increase your earning potential? Learn more about all the opportunities: https://dodcareerready.usalearning.gov/service_members/tuition_assistance.

Counselor: For more information on these programs, visit https://dodcareerready.usalearning.gov/service_members and show the counsees around these programs, discuss future career goals, and how building skills and gaining education can increase their earning power.



SAVING AND INVESTING

- Review the “Thrift Savings Plan” and “Basic Investing” handouts to learn more about investing for retirement, compound earnings and fundamentals of investing.
- Manage your TSP account visit TSP.gov, log in with your account number. If you have misplaced or lost your account number, visit tsp.gov/tsp/forgottenAccount.html to request the account number be mailed to you.
- Review and update beneficiaries and contact information for your TSP account, if applicable.

Counselor: Refer counsees to the TSP.gov website to complete Form TSP-3 Designation of Beneficiary form to update beneficiaries.

Additional notes: _____