

CFS Intro: Welcome to today's training: Disabling Sickness or Condition. This is a subject that none of us probably want to talk about. However, it is one that we should plan for. There are several topics that we will discuss today related to the financial implications of caring for someone with a disability, including yourself. The upcoming discussions and videos will aid in creating a dialogue to ensure that you will be financially aware and prepared if you or a family member experience a disabling sickness or condition in the future.

Play Videos 1 & 2

Discussion Questions



1. Disabling Sickness
or Condition Overview

1. How can you tell if you are spending beyond your means?

CFS Talking Points: Securing your financial future means knowing where you currently stand. Don't be afraid to start right where you are. Look at what you have coming in (Leave and Earnings Statement) and what is going out (bank and credit card statements). Do you have a surplus or a deficit at the end of the month? If the answer is a deficit, you are living beyond your means.



2. Spending Plans,
and Emergency
Funds

2. What percentage of your pretax paycheck should go toward the following: housing, car, saving/investing?

CFS Talking Points: It's not enough to know where your money is going. It's important to start setting limits on where your money is going. A simple formula is 25% of pretax income can go toward housing (rent or mortgage, taxes, utilities, and maintenance); 15% – 20% of pretax income can go toward transportation expenses (car payments, insurance, gas, and maintenance). Let's not forget about savings and investing. Strive to put away 10% – 15% of your pretax income to establish an emergency fund of 3 to 6 months of expenses and to prepare for your future needs like retirement.

3. How do I begin making changes?

CFS Talking Points: Begin by creating a plan. That's where things happen. See where you are spending over the percentages we just discussed and start making a few cuts. Start putting limits on where you are overspending. Be honest with yourself. This plan is yours. You want your financial plan to succeed so be realistic when you start making cuts. If you need help building your spending plan, don't be afraid to ask. Speak to a Command Financial Specialist or Personal Financial Manager on your installation.

Knowledge Check

Question: Where can you get assistance developing your spending plan?

Answer:

- Air Force: Airman & Family Readiness Center
- Marine Corps: Marine & Family Services
- Navy: Fleet and Family Support Services
- Army : Army Community Services
- Cost Guard: Health, Safety, & Work Life Regional Practice

PART 2: Taxes

CFS Intro: Taxes can be complicated. Couple that with a disability or sickness to an already complicated situation and what do you have? A VERY complicated situation. This section will provide you with a greater awareness of how your disability may affect your tax situation. It is paramount to consult tax professionals to help with your specific situation and needs as they change.

Play Video 3



3. Taxes

Discussion Questions

1. Are all disability compensations untaxable?

CFS TALKING POINT: As mentioned in the video, tax issues can be very complicated. It is important to always consult tax professionals when you have tax-related questions. Disability compensations can be taxed or non-taxed depending on the provider. Most disability payments that are generated from employer benefits or insurance policies are taxed; while VA benefits and disability insurance paid from after-tax money are not.

2. Can I claim a medical deduction on my taxes if I build a wheelchair ramp on the front of my house?

CFS TALKING POINT: You may be able to claim a medical deduction for some of these costs of improvements made to accommodate a disability. Improvements such as wheelchair ramps, chair lifts, and grab bars are just a few examples of improvements. Speak with a tax consultant to see if other items can also be claimed.

3. What happens if I need to bring in a home health nurse to assist my family member while I am at work?

CFS TALKING POINT: You may be eligible for a tax credit if you have to bring a part-time or live-in health professional into the home. Check with your tax professional for more details.

PART 3: Transportation and Educational Needs

CFS Intro: Now that we have established the importance of having an effective spending plan and a better understanding of taxes, let's talk about the necessary lifestyle changes that you may need to implement with regards to transportation and housing. Also, let's take this time to learn about the educational benefits available to you as a Service member.

Play Videos 4, 5 & 6



4. Changes to Your Lifestyle

Discussion Questions

1. What government agency can help with housing and vehicle needs if there is a disability or sickness?

CFS Talking Point: The Veterans Administration (VA) has several programs that can provide assistance for both housing and vehicle needs.

Discussion Questions, cont.



5. Housing and Transportation Needs

2. Are there any grants available for me to make modifications on my home?

CFS Talking Point: Yes. The three main programs are:

- 1) The Specially Adapted Housing Grant
- 2) The Special Housing Adaptation Grant which are used to buy, build, or upgrade a home to support the disability or sickness. Both are available for Service members and retirees.
- 3) The Temporary Residence Adaptation Grant is used if you are currently living in a family member's home which needs modifications to support the disability or sickness.

All of these grants have their own application process and maximum payout.



6. Education Benefits

3. What if I live in base housing?

CFS Talking Point: Make sure you check with your base housing office to specify any accommodation you or your family member may need.

4. What if I need specialized equipment?

CFS Talking Point: There are other grant programs that may assist in offsetting adaptive equipment and even assisting in purchasing of a specially equipped vehicle.

5. Are there any educational benefits that I can use while I'm still enlisted or commissioned in the Armed Forces?

CFS Talking Point: Tuition Assistance (TA) is available to active duty and reserve Service members. This assistance can be used for an associate's degree all the way to a graduate degree. For more information, you can contact MilitaryOneSource.com or speak to a representative at your Navy College if they are on site. You may also have GI Bill benefits to assist in paying for college. You can visit va.gov/education to get more information.

6. What if I already have student loans? Is there any assistance to help reduce this debt?

CFS Talking Point: If you accrued your student loan debt before entering into active duty, you can now use the Servicemembers Civil Relief Act (SCRA) to reduce the interest rates to 6%. You can also explore the Income-Driven Repayment Plans. If your income is decreased, you may be able to have your monthly payments reduced. There are also disability rules regarding educational benefits. Borrowers with a total and permanent disability may be eligible to have some or all of their federal student loans discharged. Visit studentaid.gov and search "disability discharge" for more information. You can also speak to a Personal Finance Manager on your installation for more information.

PART 4: Caring for Aging Loved Ones

CFS Intro: There may come a time in your military career that you have to take care of an aging loved one. The upcoming discussion and video will give you valuable information regarding some steps to take to ensure your aging family member is well cared for while you are still performing your military duties.

Play Video 7

Discussion Questions



7. Caring for Aging Loved Ones

1. What if I need to take care of my elderly parents as a Service member?

CFS Talking Points: It will be important to know all of your options before you make a final decision. Some options may be to allow your family member to stay in their home and elect for home health care providers to assist them. Doing this may require thinking about the cost of home modifications. Another option may be moving your loved one in with you. Please consider the transient nature of your job as a Service member. Remember, making housing modifications at every move may get expensive. Finally, there are assisted living facilities which may be a good fit for your loved ones. This very personal decision belongs to you. Make the best decision that will best benefit you and your family.

2. Where can I find resources to assist me in making such a big decision?

CFS Talking Point: You may want to start with your Legal Office. This may be a lengthy process so make sure you give yourself enough time to get everything done.

Knowledge Check

Question: Is there anyone who can provide further information regarding caring for my aging family member?

Answer: Military OneSource is an excellent source of information. They have Elder Care Consultants available to assist with any questions or concerns you may have. These consultants are free and can offer one-on-one sessions.

PART 5: Medical and Life Insurance

CFS Intro: We have talked about several lifestyle changes that you may need to make when there is a disabling sickness or condition or a need to take care of an aging loved one. However, it is also important to think about your long-term financial plans. The upcoming discussion and videos will focus on protecting your assets by making sure you have an adequate amount of health and life insurance.

Play Videos 8, 9 & 10

Discussion Questions



8. Planning for the Future

1. Why is it important to have insurance?

CFS Talking Points: The purpose of insurance is to protect your assets. You can quickly deplete your emergency funds and investments without an adequate amount of insurance.

2. What type of health insurance benefits are available for my parents who are getting older?

Discussion Questions, *cont.*



9. Health Insurance

CFS Talking Points: Medicare and Medicaid are the most common health care programs available for aging adults. Medicare is a federal plan and is typically available to those age 65 and older, while Medicaid is a state-run program and is typically available to low-income or elderly adults and people with disabilities. Also, it is important to speak with your parents regarding other private insurance policies that they may be paying into.



10. Life Insurance

3. Will TRICARE pay for any of my parents' medical bills?

CFS Talking Point: It all depends on if you have enrolled them into one of TRICARE's plans. An immediate family member may be able to seek medical assistance through TRICARE. I would recommend checking with your local Legal Office for more information.

4. What are the benefits of enrolling into the Exceptional Family Member Program?

CFS Talking Point: The Exceptional Family Member Program (EFMP) aids in ensuring that the family member's special needs are taken into consideration before new orders are drafted. This helps to guarantee a continuation of care and services for the family member.

5. What is TRICARE ECHO?

CFS Talking Point: The TRICARE Extended Care Health Option or TRICARE ECHO can assist in buying needed supplies for your family member and offer services beyond what TRICARE covers.

6. Do I need to buy a private life insurance policy as a Service member?

CFS Talking Point: It all depends on how much insurance you believe that you need. Don't forget the acronym LIFE (liability, income, final expenses, and education and other goals). While in the service, you should be enrolled in Servicemembers' Group Life Insurance (SGLI). Your beneficiary will receive \$400,000 if you pass away while on active duty. They may also be eligible to receive another \$100,000 from the death gratuity. Knowing this, you can then decide if you need additional coverage.

7. Can I keep SGLI after I separate from the military?

CFS Talking Point: Servicemembers' Group Life Insurance (SGLI) is a term policy. This means SGLI will end when you exit the armed services. However, you can choose to convert SGLI to Veteran's Group Life Insurance (VGLI). There are deadlines for converting your coverage, so visit va.gov and search "VGLI" for more information.

8. What's the difference between a term policy and permanent policy?

CFS Talking Point: A term policy lasts for a specific time period or a term, typically 10, 15, 20, 25, or 30 years. A permanent policy is just that, permanent. You will not have to renew it and the policy is intended to remain in force until you die.

Knowledge Check

Question: Can I decide not to enroll my family member with a chronic condition into the Exceptional Family Member Program?

Answers: No. The Exceptional Family Member Program is a mandatory program.

Question: Whom can I contact if I have questions regarding the Exceptional Family Member Program?

Answer: Marine & Family Support Center, Fleet and Family Support Center, the Army's Exceptional Family Member Program, and the Health Safety Work Life Regional Manager or Liaison.

Question: Whom can I name as the beneficiary for my insurance policy?

Answer: Anyone you choose. Don't forget during life events such as divorce or death you will need to update your beneficiary. It's important to know that the name on the policy trumps whoever's name is on the will.

PART 6: Estate Planning

CFS Intro: So far, we have discussed how to plan for possible financial challenges you may have if you ever deal with a disabling sickness or condition whether personally or of a loved one. In the upcoming video we will discuss estate planning and survivor benefits. Even though this subject is probably not going to be your favorite, it is necessary.

Play Video 11

Discussion Questions



11. Estate Planning and Survivor Benefits

1. What's the importance of estate planning?

CFS Talking Point: It is important to already have a plan in place to assist your family members in the unfortunate event that something happens to you. Estate plans will greatly reduce the stress that comes with loss. Beneficiaries should already be named on insurance policies, homes, and other properties.

2. Do I need a living will?

CFS Talking Point: A living will is important because it gives instructions on how you would like to live out your last days if you ever become incapacitated. Your family members or those close to you are relieved of the decision-making process. For example, you may have a do not resuscitate (DNR) order in place in case of a medical emergency. You can see that having something in writing would cut down on confusion and conflict in the future.

3. How can I ensure that my minor children are taken care of financially if something happens to me?

CFS Talking Point: All of your wishes should be spelled out in a will. You should specify a guardian for your minor children and name an executor who is there to ensure that your wishes are carried out through the years.

4. What are some other Service member benefits should something happen to me?

CFS Talking Point: Your family will have access to a Casualty Assistance Calls Officer (CACO) who will be there to assist your loved ones during their loss. The CACO will be there to help explain their benefits and help ensure that they receive those benefits and entitlements.

Knowledge Check

Question: What's a medical power of attorney?

Answers: A medical power of attorney authorizes someone to make medical decisions for you in the case that you become incapacitated.

Question: How can I authorize someone to make financial decisions for me?

Answer: You can draft up a durable power of attorney. This type of power of attorney authorizes someone of your choosing to make financial decisions on your behalf.

Question: When do I have to make the decision to enroll in the Survivor Benefits Plan (SBP)?

Answer: This is a discussion that you will need to have with your spouse or partner early on. This is not a decision that you as the Service member can make on your own. You will need your spouse or partner to agree if you choose not to enroll in the SBP. This decision will need to be made at your retirement from the service.

PART 7: Retirement Overview

CFS Intro: It is important to begin investing in your retirement while you are still a Service member. This will definitely be your biggest investment. That's why it's important to set SMART retirement goals and begin contributing to those goals early. In this next discussion, we will talk about how to be fully prepared financially for your retirement.

Play Video 12

Discussion Questions



12. Retirement System Overview

1. What's the difference between the two retirement systems?

CFS Talking Point: The two retirement systems are the Legacy (High-3) Retirement System and the Blended Retirement System (BRS). For both, you will need to serve at least 20 years in the armed forces to benefit from a pension. The Legacy system has a larger pension payout. While the payout for the BRS is lower, it does have a Thrift Savings Plan automatic contribution of 1% and matching contributions.

2. Can I switch over to the Blended Retirement System?

CFS Talking Point: If you entered into the service after Jan. 1, 2018, you are automatically enrolled in BRS. If you entered before then and did not opt into the BRS you are covered by the Legacy (High-3) Retirement System and you can no longer opt into BRS.

3. When is the best time to start saving for my retirement?

CFS Talking Point: "Time is money." The longer you wait to start putting money away in some type of future investment, the more money you are forfeiting for your future. It is imperative to start making consistent payments to a retirement fund. Try not to wait until everything lines up financially to start saving. There will always be something else to do. Start now.

Knowledge Check

Question: What are some civilian retirement plans that I can invest in?

Answers: If you are out of the military you can contribute to another employer-provided retirement plan such as a 401(k) and a 403(b) plan. You can also contribute to a self-funded plan such as an Individual Retirement Account (IRA) while you are still in the military.

Question: Where can I go to get more information regarding retirement questions?

Answer: You can always speak to the Personal Finance Manager on your local installation.

PART 8: Conclusion

CFS Intro: We have covered a lot of information on the topic of Disabling Sickness or Condition. We even expounded on the importance of starting to save for your retirement needs. Now, let's put it all together.

Play Video 13

CFS Conclusion



13. Final Thoughts

Now that we have discussed financial considerations regarding dealing with a disabling sickness or condition, ensuring that your family will be taken care of in case of a misfortune, and saving for retirement, remember that if you have questions or concerns you can speak with a Financial Counselor on base. You are not in this alone. This installation has the resources to assist you as you navigate these changes.