

**CFS Intro:** Welcome to training. Today's conversation is not an easy one. Divorce is a difficult event to go through. The goal of today's discussion is to make sure you take the necessary steps to update your financial documents to reflect your change in marital status. This includes administrative requirements and considerations to protect the financial plan you have worked hard on.

The following videos will cover the financial planning effects of divorce. So, whether you find yourself going through the divorce process now, or if your divorce is final, you will find the information helpful in adjusting your finances to your new life.

## Play Videos 1 & 2

### Discussion Questions



1. Course Overview

1. Life, work, activities, and even emotions of a divorce can cause procrastination on tasks that must get done. What ways can you make sure essential tasks are accomplished?

**CFS Talking Points:** It can be helpful to list out tasks that need to be accomplished and create a deadline for yourself. Complete the tasks you dread most first OR the smallest tasks first. Choose what motivates you to get stuff done. Take one thing at a time. Prioritize and communicate with your command if you need time during work hours to complete items.



2. Documents

2. Important paperwork, like your divorce decree and updated will, must be kept organized and secured. Like with other financial documents what practices are best?

**CFS Talking Points:** Ensure you have original copies; have a file folder to store documents; label documents accordingly in file folder; immediately return to folder after use; keep in safe at home while not using; be sure not to pack in unknown boxes when moving — carry with you. If digital copies are kept, use passwords to protect sensitive information. Make sure you change any passwords your ex spouse knew.

## Knowledge Check

**Question:** What documents and entities do you need to update if you decide to change your name as a result of divorce?

**Answer:** Not limited to... Social Security card, military ID, other IDs, driver license, passport, employer, voter registration, utilities, insurance, bank (checking, saving, investments, debts), property titles, deeds, trusts

## PART 2: Transition to Financial Planning

**CFS Intro:** Up next are areas of your day-to-day expenses that need careful attention as a result of your divorce.

### Play Videos 3, 4, & 5

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#### Discussion Questions



3. Transition to Financial Planning

1. How will your household finances change as a result of your divorce?

**CFS Talking Points:** Roles may have shifted, so it is important to do a thorough review to ensure all obligations are being met. Start with creating a budget and identify action steps such as establishing and funding an emergency fund, check due dates on bills, close joint accounts (you may need joint owner consent). It's essential to find a routine/system that works for you. Research how your tax situation will change: Will you now be filing Single or Head of Household? Will you downsize your home or other major areas of your life?



4. Spending Plans

2. What new goals do you have with your finances?

**CFS Talking Points:** It is important to update or create new financial goals. The financial plan you had was based on a set of goals with someone else, now that has changed, so revise your expenses, savings/investing goals, tax withholding, insurance and retirement plan.



5. Bank Accounts, Bill Paying, Emergency Funds

3. Are there any areas of your finances you have identified that you will need to coordinate with your ex-spouse?

**CFS Talking Points:** Alimony, child support, shared assets and liabilities

#### Knowledge Check

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**Question:** What are general guidelines for saving and investing, housing expenses, and vehicle expenses in relation to your income?

**Answer:** Saving and investing at least 10%-15% of pretax income; housing no more than 25% of pretax income; vehicle expenses no more than 15-20% of pretax income.

**Question:** How do you update your tax exemptions to change tax withholding from your pay?

**Answer:** myPay or Direct Access for Coast Guard

## PART 3: Credit Reports and Scores

**CFS Intro:** Understanding credit now can make life much easier when it comes to a divorce.

### Play Video 6

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#### Discussion Question



6. Credit

What are reasons as to why you should be concerned about joint accounts that are listed on your credit report, and what can you do to protect yourself?

**CFS Talking Points:** Untangling your financial lives can be difficult but necessary. Divorce proceedings don't affect your credit report and score directly. Even though your divorce decree may state that joint accounts will now be the responsibility of one party, your creditor doesn't know that and doesn't care. If you entered into a joint legal agreement with your spouse to repay a loan, credit card, etc., the lender has the right to require you to meet your obligation, even if the divorce decree says differently.

It is important to separate accounts after divorce as your spouse could abuse credit lines and fail to make payments on time, which will affect your credit score. Start by checking your credit report to identify how accounts are listed. Close joint accounts and remove your name on any accounts where you are an authorized user. Do the same if your ex-spouse is an authorized user on any of the accounts you will continue to use. Change the passwords to bank accounts and request new card and PIN numbers. Vehicles and homes will most likely need to be refinanced in the assuming party's name.

#### Knowledge Check

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**Question:** Which credit reporting agency is required by law to provide you a copy of your report each year?

**Answer:** All three credit reporting agencies — Equifax, TransUnion, and Experian. Use [www.annualcreditreport.com](http://www.annualcreditreport.com) to view or contact your installation Financial Counselor.

**Question:** The FICO score which is the most commonly used credit score, ranges from 300 to 850. What do lenders generally consider a good FICO score?

**Answer:** Generally above 660, however this can vary by lender

**Question:** What part of your FICO score has the largest percentage impact?

**Answer:** Payment history which is 35% of your FICO score

## PART 4: Transition to Financial Planning

**CFS Intro:** The next few videos will cover some additional financial planning topics to revisit as a result of your divorce. Take note of specific areas you will need to update.

### Play Videos 7 & 8

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#### Discussion Question



7. Transition  
to Financial  
Planning, Pt. 2

Splitting assets with an ex-spouse can have financial and emotional implications. The tasks can add additional stress if you feel a deep connection from the hard work you put in to accumulate them. What should you keep in mind as this process occurs?

**CFS Talking Points:** Keep a clear head. Move forward with the process once the divorce decree is final. Work toward accomplishing the requirements of the decree so that you can close that book and move on. Focus on the future, which will require a new financial plan to meet your new financial goals. Be determined and focused with a fresh vision for what your financial future holds.



8. Retirement  
Planning

### Knowledge Check

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**Question:** If you named your spouse as a beneficiary for your TSP account, will divorce null that election?

**Answer:** No! Even if you have updated your will, the beneficiary designation will supersede the will. If you wish to update your TSP beneficiary, do so using Form TSP-3. If you are unsure whether you filled out the form, check your TSP account to verify.

**Question:** What court document allows splitting of retirement account assets without tax implications?

**Answer:** Qualified Domestic Relations Order (QDRO)

## PART 5: Transition to Insurance

**CFS Intro:** Your insurance needs may have changed as a result of the divorce so it's important to revisit this topic. The next two videos will dive into insurance coverage needs and possible updates to life, property, health and disability types of insurance.

### Play Videos 9 & 10

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9. Life  
Insurance



10. Health,  
Property, and  
Disability Insurance

### Discussion Question

How might your life insurance needs have changed as a result of divorce?

**CFS Talking Points:** Life insurance is often connected with your spouse. This will change when your spouse becomes your ex-spouse. It will be spelled out in the divorce decree if you are required to carry a certain level of life insurance. For instance, you may be required to continue spousal and child support. Did your liabilities increase or decrease? Will your wishes for your final expenses change?

### Knowledge Check

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**Question:** How long can your ex-spouse keep Family Servicemembers' Group Life Insurance (FSGLI)?

**Answer:** 120 days

**Question:** How do you update your beneficiary for Servicemembers' Group Life Insurance (SGLI)?

**Answer:** Milconnect website. Sign into CAC (LINK?). Navigate to the "Benefits" tab. SGLI Online Enrollment System.

**Question:** When would you consider taking out a disability policy on your ex-spouse?

**Answer:** If your ex-spouse pays alimony or child support to you, and you rely on those specific funds to cover immediate needs, the insurance would protect you if they become disabled.

## PART 6: Transition to Property Ownership

**CFS Intro:** Let's continue the money conversations. Additional discussion is needed to include assets such as vehicles, housing, and other property that ownership and responsibility has changed as a result of divorce.

### Play Video 11

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#### Discussion Questions



11. Housing & Vehicles

1. What will you need to put in your name only if you decide to stay in the same residence you shared with your ex-spouse?

**CFS Talking Points:** As the video mentioned, you will want to make sure all bills, policies, the deed and lease are in your name if you are staying put. This is to protect you should your ex-spouse try to make changes. Have students list out examples — electric, water, gas, pest, security system, trash, HOA, renters insurance, homeowners insurance, deed to house

2. What will you need to remove your name from if you decide to move out of the residence you shared with your spouse?

**CFS Talking Points:** Instead of ADDING your name to everything, make sure to REMOVE it from everything. Use the list that was created with previous discussion question to review.

### Play Video 12

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12. Recap

**CFS Conclusion:** Speak with a Financial Counselor on base if you have questions or concerns following this discussion on the financial considerations of your divorce. You are not in this alone. This installation has the resources to assist you as you navigate these changes.

**CFS Note:** You will need the contact information for the Financial Counselor, legal office, and other available resources relevant to divorce.