

# 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
- ✓ TRICARE Overview
- ✓ Thrift Savings Plan
- ✓ Basic Investing
- ✓ Education Savings and Benefits
- ✓ Paying Off Student Loans



## COMPENSATION AND BANKING

- 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](http://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](http://militarypay.defense.gov).
- 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.



## FINANCIAL BASICS

- Create a 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 tips financial experts suggest could help you get started.

Tip 1: Understand your current situation. In this step, it's important to understand what's REALLY going on with your money today. Start tracking your spending and income for the next 30 days, or check the last 30 days using statements. How long you do the tracking is up to you.

Tip 2: Know where your money should go. Financial experts offer these general guidelines on the following page when budgeting your money:



- 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, maintenance, etc. to Basic Allowance for Housing (BAH) or 25% of pretax pay.

Tip 3: Create a plan. Build a plan for setting aside money and putting limits on how much you'll spend each month per category.

- 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 using some of your pay raise to help get you there.

*Counselor: Share with the Sailor(s) the concepts of paying yourself first, automating savings, and keeping their emergency fund in a separate account. Suggest the Sailor(s) make it effortless by setting up an automatic transfer through his/her bank or an allotment, time permitting.*

- Review the "Understanding Credit" handout for information on your credit rating and how to improve it.

*Counselor: Review the "Understanding Credit" handout with the Sailor and caution them how easy it is to fall into debt with undisciplined credit card use.*

- Obtain a free credit report annually from each of the three major credit bureaus at [www.annualcreditreport.com](http://www.annualcreditreport.com). Effective 31 October 2019, Sailors will be able to request free credit monitoring services from the nationwide credit reporting agencies, under certain conditions.



## TAXES

- Review your tax situation and change federal and state withholding as needed via [mypay.dfas.mil](http://mypay.dfas.mil).

*Counselor: Remind Sailor(s) that for additional help, such as deciding whether to file tax returns separately or jointly, they may wish to consult with a PFM/E at the FFSC or the on-base Volunteer Income Tax Assistance (VITA) office. Usually through the legal 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.



## CONSUMER PROTECTION

- Review the handout "Military Consumer Protection" for additional information on identity theft, the Servicemembers Civil Relief Act (SCRA), and Military Lending Act (MLA).

- Understand why Service members are targets for predatory lending and fraud. Fraudsters and some lenders may target Sailors because of their steady pay, deployments, age, and financial experience. Be on guard and protect yourself.

*Counselor: Remind Sailor(s) the base legal office can assist by reviewing contracts to help Sailors from falling prey to predatory lenders and fraudsters.*

- Understand the components and protections for Sailors under the Servicemembers Civil Relief Act (SCRA). SCRA provides financial and legal protections for active and reserve component Service members, and their families. Review the information provided at Military OneSource ([www.MilitaryOneSource.mil](http://www.MilitaryOneSource.mil)) and search "SCRA."

*Counselor: Ask the Sailor(s) about any debt they acquired before joining the Navy and educate them of the protections afforded by SCRA. Remind Sailor(s) the base legal office can assist with additional questions about SCRA.*

- Understand the components and protections for Sailors under the Military Lending Act (MLA). The MLA limits interest rates on most loans and provides other significant rights. It does not apply to loans secured by the property you are buying, like a mortgage or vehicle loans. The MLA applies to active-duty Sailors (including active RC) and covered dependents.

*Counselor: Remind the base legal office can assist with questions about MLA. They can also visit [www.consumerfinance.gov](http://www.consumerfinance.gov) and search "MLA" for additional information.*

- 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 handout "Major Purchases" for more information on purchasing and financing a vehicle.
- Understand that financial counselors are available at the Fleet and Family Support Center to assist with car buying questions.

*Counselor: Remind Sailor(s) to speak with financial counselors on their installation to build and review their spending plan before taking on any major purchases.*



## EDUCATION AND CAREER DEVELOPMENT

- Review the "Education Savings and Benefits" 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.
- 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 MOS 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](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 Army, Navy, Marine Corps and Air Force Credentialing Opportunities Online (COOL): [https://dodcareerready.usalearning.gov/service\\_members/credentials](https://dodcareerready.usalearning.gov/service_members/credentials).

**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](https://dodcareerready.usalearning.gov/service_members/tuition_assistance).

*Counselor:* For more information on these programs, visit [https://dodcareerready.usalearning.gov/service\\_members](https://dodcareerready.usalearning.gov/service_members) and show the Sailor(s) around these programs, discuss future career goals, and how building skills and gaining education can increase their earning power. Refer Sailor(s) to the Transition Assistance and Employment Readiness programs, as needed.



## INSURANCE

### 1. HEALTH INSURANCE:

- Enroll 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. Visit [www.tricare.mil](http://www.tricare.mil) to find out more about your options.

*Counselor:* Note that TRICARE Prime and TRICARE Select require annual enrollment. Sailors may also want to reassess their own TRICARE plan. Refer active-duty Sailor(s) to [www.tricare.mil/Plans/HealthPlans](http://www.tricare.mil/Plans/HealthPlans). Refer Reserve Component Sailor(s) to [www.tricare.mil/Plans/HealthPlans/TRS](http://www.tricare.mil/Plans/HealthPlans/TRS). Remind Reservist 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 Sailor(s) 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 family member(s) in the TRICARE Dental Program. Monthly premiums and copays will apply. Visit [www.tricare.mil/Dental](http://www.tricare.mil/Dental) for more information.

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

### 2. PROPERTY INSURANCE:

- Review or consider obtaining renter's (homeowner's) insurance policies to ensure that they are adequate for your circumstances.

### 3. LIFE INSURANCE:

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

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

*Counselor: Inform Sailor(s) that FSGLI provides up to \$100,000 in coverage in \$10,000 increments for as little as \$0.45/month. (Children are automatically covered at \$10,000 as soon as they are registered in DEERS.) Refer Sailor(s) to [www.benefits.va.gov/insurance/fsgli.asp](http://www.benefits.va.gov/insurance/fsgli.asp) for more information.*

- 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.

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

Then compare your life insurance needs with your current amount of coverage plus any assets 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 have a surrender period and will be subject to fees and penalties if canceled during this time.

*Counselor: Remind counselees 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.*



## 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](http://TSP.gov), log in with your account number. If you have misplaced or lost your account number, visit [tsp.gov/tsp/forgottenAccount.html](http://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 Sailor(s) to the [TSP.gov](http://TSP.gov) website to complete Form TSP-3 Designation of Beneficiary form to update beneficiaries.*