

# LEADERSHIP TRAINING



## CFS/PFM CHECKLIST

NAVY FINANCIAL READINESS

Taking on a leadership role in the Navy comes with many responsibilities. One of which is to ensure financial readiness in order to sustain mission readiness. This checklist can help you assist a new or seasoned leader in the Navy so they are prepared to handle the challenges that come with their leadership role.

## HANDOUTS

- ✓ Financial Warning Signs
- ✓ The Need for PFM
- ✓ Military Retirement

Military members tend to have increased financial management issues for a number of reasons, including: age, lifestyle and access to credit. Service members tend to move away from home and their support system at a younger age than the general population. Deployments, frequent moves, and difficulties maintaining spouse employment can increase financial challenges. Easy access to credit without a solid understanding of managing credit can also factor into financial problems.

***Counselor:** Use this checklist as a solution-focused tool to help your counselee in a one-on-one conversation. Help a leader understand the importance of personal financial management, learn how to identify financial warning signs, and comprehend the importance of the military's retirement system.*



## PERSONAL FINANCIAL MANAGEMENT

- Be aware of the unique financial issues affecting the military lifestyle. Review the “Need for Personal Financial Management” handout for more information.

***Counselor:** Remind leaders of the struggles they may have had coming into the military. It's important to understand the financial challenges unique to the military such as deployments, frequent moves, etc. The key is to realize the significance of good money management. Strong habits will have a positive impact on personal relationships, stress levels and mission readiness.*

- Obtain and retain security clearances. Check each of your three major credit reports at [www.annualcreditreport.com](http://www.annualcreditreport.com). Effective 31 October 2019, Service members will be able to request free credit monitoring services from the nationwide credit reporting agencies, under certain conditions.

***Counselor:** Remind (or inform) leaders about the new security clearance review process. Historically, individuals were up for periodic reviews every five to 10 years depending on the type of clearance. Now, individuals are under continuous monitoring which automatically pulls financial data. Issues that are not dealt with can result in a loss of clearance. As a leader, it is critical to identify and provide help to Sailors in need before there is a risk to the mission by losing a clearance.*

- Know the resources available to assist your Sailor. Help is available at the Fleet and Family Support Center, your Command Financial Specialists (CFS), and through the Navy-Marine Corps Relief Society (NMCRS).

***Counselor:** Sailors who are struggling and need specific help should come to the Fleet and Family Support Center. Let them know they can speak to a Financial Counselor and get on track. Additionally, they can seek help at the Navy-Marine Corps Relief Society (NMCRS). This is a nonprofit organization providing interest-free loans and educational assistance to members of the Navy, eligible family members and survivors.*





## FINANCIAL WARNING SIGNS

- Know your role and responsibilities as a leader in the Navy. Review the "Financial Warning Signs" handout for more information on financial risk factors.

*Counselor: Remind leaders it is their duty as a leader to help identify the warning signs of financial trouble. Encourage them to use this checklist and the available resources to get informed and manage situations early. It is critical to catch problems before they begin to impact family and work relationships, mental well-being and mission readiness.*

- Know the common financial risk factors and how they impact Sailors.

*Counselor: Review the "Financial Warning Signs" handout for more information on military financial risk factors.*

- Learn how to identify Sailors at risk.

*Counselor: Communication is key. Encourage the counselee to foster an healthy culture of communication and the importance of financial readiness. Try to identify possible warning signs of financial problems sooner rather than later. However, be sure to remind your counselee to maintain confidentiality.*

- Understand that Sailors will be required to complete financial training at various career milestones and life events.

These events include: Initial Entry Training, First Duty Station, Subsequent Duty Station (for members in paygrades E-4 or below and O-3 or below), Promotion (for members in paygrades E-5 or below and O-4 or below), Vesting in TSP, Major Life Event (Marriage, Divorce, New Child, Disabling Sickness or Condition), Leadership Training, Entitlement to Continuation Pay, Pre- and Post-Deployment, and Transition.



## RETIREMENT

- Understand the benefits of each military retirement system: Legacy "High-3" or Blended Retirement System (BRS) and the rules on Thrift Savings Plan matching/vesting. As a leader, you may receive questions on either system.

Review the "Military Retirement" handout accompanying this checklist for more information.

*Counselor: Refer to the "Military Retirement" handout for detailed information. Remind your counselee the ways to succeed with each retirement system. Serving for over 20 years allows a Sailor to receive the pension under the Legacy system and BRS system.*

*In addition, with BRS, the emphasis is on saving a minimum of 5% into the TSP to receive the full matching contribution — which is free money! This money goes with the Sailor when they separate if vesting requirements are met, even if they don't serve 20 years or more.*

*For leaders in the military, they need to ensure their team understands the basics of military pay and benefits. Additionally, leaders may be considering their own continuation pay options if they're in the BRS so be sure to cover that section of the handout and refer to the appropriate resources. <https://militarypay.defense.gov/blendedretirement>*

- Understand the importance of retirement planning throughout the military lifecycle. It is never too early to start planning for retirement. The sooner you begin saving, the less you may have to save over time. Once you start saving, it shouldn't be a "set it and forget it" mentality. Revisit savings goals and TSP contributions regularly.

- See your installation's legal office to review and update your estate planning documents, like your will and power of attorney.

*Counselor: Remind your counselee the importance of periodically reviewing estate documents and beneficiaries on accounts like the TSP and SGLI policy. As life events happen, it's critical to review these key items to ensure plans remains on track and protect your intended beneficiaries.*

- Review TSP and withdrawal/rollover options upon reaching retirement age and/or separating from the military.

*Counselor: Explain to your counselee the high-level options for the TSP upon retirement. Here are three options:*

1. Leave the TSP in place, but once you separate from service, you no longer make contributions to the account.
2. Withdraw the funds in the TSP. This may have tax and penalties applied.
3. Rollover the TSP into an Individual Retirement Account. This typically has no tax implications if the rollover is done into the proper account type (Traditional or Roth). Speak with the new investment company for assistance before transferring any funds to avoid unnecessary tax penalties.

For more information, visit [www.tsp.gov](http://www.tsp.gov). Speak with a financial counselor at the Fleet and Family Support Center for help with your specific situation.