



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

SECNAVINST 1740.4
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9 October 2007

SECNAV INSTRUCTION 1740.4

From: Secretary of the Navy

Subj: DEPARTMENT OF THE NAVY PERSONAL FINANCIAL MANAGEMENT
(PFM) EDUCATION, TRAINING, AND COUNSELING PROGRAM

Ref: (a) DOD Instruction 1342.27, Personal Financial
Management for Service Members, of 12 Nov 04
(b) DOD Directive 1342.17 of 30 Dec 88
(c) DOD Instruction 1342.22, Family Centers, of 30 Dec 92
(d) DOD Instruction 1344.07 of 30 March 06
(e) DOD Directive 1344.9 of 27 Oct 94
(f) SECNAVINST 1754.1B
(g) SECNAVINST 5211.5E
(h) SECNAV M-5210.1 of Dec 05
(i) SECNAVINST 1740.2D
(j) SECNAVINST 5040.3A
(k) DOD 7000.14-R, Department of Defense Financial
Management Regulations

Encl: (1) Definitions
(2) Command Financial Specialist (CFS) Qualifications,
Functions and Training
(3) Family Center and/or Regional Personal Financial
Management Program Responsibilities
(4) Core Personal Financial Management Training Subjects
(5) Initial/Lifecycle Training Continuum
(6) Department of Defense Financial Education Partner
List
(7) Sample Command Financial Specialist Letter of
Designation
(8) Sample Command Special Assistant for Personal
Finances Letter of Designation

1. Purpose. To establish Department of Navy (DON) policy and assign responsibilities for the implementation of Personal Financial Management (PFM) education, training, and counseling programs. Recent Navy community needs assessment data clearly identifies personal financial management as a top concern of Navy families. Operational commanders have identified financial issues as having a direct impact on readiness and retention. In

many cases, resultant financial problems have had a serious negative impact on service members and families, as well as a debilitating effect on operational readiness, morale, and retention.

2. Applicability and Scope. Provisions of this instruction apply to all DON Active Duty and Reserve personnel, regular and reserve commands, permanent detachments, and departments. DON civilian employees serving at duty stations outside continental United States (OCONUS) are also included under some provisions of this instruction. Active Duty and Reserve personnel of other Department of Defense (DOD) Components and Coast Guard are included when assigned to DON commands.

3. Definitions. Terms used in this instruction are defined in enclosure (1).

4. Background

a. Reference (a) establishes PFM policy for all DOD components. DON hereby provides amplification of policy.

b. Management of personal finances presents an increasing challenge to service members and their families. For some, the lack of basic consumer skills and training in how to prudently manage finances sets the stage for financial difficulty. Other contributing factors that magnify the impact of a military lifestyle are:

(1) High cost of living in some areas in the United States and overseas.

(2) Prevalence of easy credit and payday lenders.

(3) High-pressure sales tactics.

(4) Clever advertising techniques that include internet ads.

(5) Undisciplined buying.

(6) Consumer rip-off schemes.

5. Mission

a. U.S. Navy (USN) and U.S. Marine Corps (USMC) PFM programs exist to provide education, counseling, and information and referral to DON personnel and commands to increase personal, family, and operational readiness. Locally, the PFM programs assist commands in achieving a higher state of mission readiness, improving service member performance and retention through personal financial readiness.

b. Although the PFM program has a counseling mission, the primary focus is on prevention of financial difficulties and mismanagement through education of Sailors, Marines, and their legal dependents (hereafter referred to as family members).

6. Policy

a. References (a) through (k) mandate specific programs, actions, or requirements that are relevant to the PFM program.

b. PFM is a key Quality of Life (QOL), readiness, and retention program. As detailed in references (a) and (b), service members and DON have a joint responsibility to address personal financial obligations. Members have an obligation to meet the financial needs of their families and discharge their just financial debts in a timely fashion. Commanding officers have a responsibility to encourage financial responsibility and sound financial planning. DON promotes sound financial practices, personal integrity, and responsibility among its members.

c. All DON service members shall become familiar with PFM program policies and objectives, use prudent personal financial management practices in pursuit of personal excellence, and support their fellow service members by sharing their PFM knowledge.

d. The PFM program consists of three major elements:

- (1) Financial education and training.
- (2) Financial information and referral.
- (3) Financial counseling.

e. At the individual command level, the three elements of the program are under the control of a qualified Command Financial Specialist (CFS). General duties and responsibilities of the CFS are detailed in enclosure (2).

f. As described in references (a), (b), (c), and (f), Family Centers provide support to all elements of the PFM program. Each Family Center shall provide at least one trained and qualified staff member to function as a financial counselor as detailed in enclosure (3).

g. Core PFM training subjects, listed in enclosure (4), will be delivered in a continuum of learning throughout a Sailor's and Marine's career and transition to civilian life. Financial education, training, and counseling will be provided as a collaborative effort between the CFS and the Family Center PFM staff. If these two resources are not available, commands should refer to enclosure (6) and/or consult the Family Center to obtain names of other authorized resources.

(1) Under reference (a), paragraph E3.1.5, programs shall be established by Family Centers to encourage spouses to participate in the PFM program.

(2) DOD personnel shall observe training provided by sources other than those authorized under this instruction as required in reference (a), paragraph E3.1.6.

h. Providing current PFM information to military personnel is an integral part of the program. Relevant PFM information will be issued or published regularly in DON internal media. The United States' financial world and consumer markets are very dynamic; therefore, it is incumbent upon commands, CFSs, and PFM staff to raise awareness of PFM concerns and assistance available to service members and their families.

i. A qualified CFS or Family Center PFM staff will counsel DON personnel, family members, and other DOD personnel experiencing financial difficulties or seeking information on PFM concerns. If the CFS or Family Center cannot provide assistance, referrals shall be made to other authorized agencies (e.g., Navy Marine Corps Relief Society (NMCRS); Navy or Marine Corps Legal Service Office; and National Foundation of Credit

Counseling affiliated, non-profit Consumer Credit Counseling Services (CCCS); or other resources detailed in enclosure (6)).

7. Action and General Responsibilities

a. The Chief of Naval Operations (CNO) and Commandant of the Marine Corps (CMC) shall:

(1) Establish and maintain a PFM program consistent with the policy and guidance contained in this instruction and reference (a).

(2) Ensure sufficient fiscal, physical, and personnel resources are provided to carry out the requirements of this instruction.

(3) Ensure maximum cooperation and resource sharing among the DON services, including jointly sponsoring or sponsoring in conjunction with a nationally chartered PFM organization, a minimum of one training conference every 2 years for the maintenance of Family Center PFM staff Continuing Education Units (CEUs), professional training, and sharing of best practices.

(4) Ensure that system(s) are in place to capture PFM activity/data/metrics as outlined in reference (a). Navy and Marine Corps headquarters personnel, in cooperation with the Office of the Secretary of Defense (OSD) staff, shall identify the specific data to be collected, the frequency, and other reporting elements.

(5) Deputy Chief of Naval Operations (DCNO (N1)) and Deputy Commandant, Manpower and Reserve Affairs (DC, M&RA) shall issue such instructions they deem appropriate to implement the DON PFM program. Such policies shall detail and implement the provisions of reference (a) and this instruction.

b. Commanders, commanding officers, officers in charge, division officers, department heads shall:

(1) Ensure compliance with the provisions of this instruction and associated references.

(2) Designate CFS(s) in writing (enclosure (7) provides a sample designation letter). When more than one CFS is assigned, designate one as the lead CFS or as a Command Special Assistant for Personal Finances (enclosure (8) provides a sample designation letter). Meet with the lead CFS on a recurring basis to discuss PFM. Enclosure (2) provides qualifications criteria, functions, and training for CFSs.

(3) Installation commanding officers/officers-in-charge with a Family Center shall also:

(a) Be the final approving official with concurrence from the local Family Center PFM staff and the Staff Judge Advocate, per references (a), (d), and (i), for all persons and/or entities not referenced in this instruction or on the DOD Military Home front Web site (www.militaryhomefront.dod.mil) as acceptable resources for PFM.

(b) Provide for the Family Center to maintain a library/resource center of current financial information and resources (including current periodicals) to assist service members and their families in successful personal financial readiness.

(c) Ensure computer and Internet resources are available.

(d) Provide support to host and tenant command CFSs, especially to afloat, deployable, or Marine Expeditionary Unit commands.

(e) Ensure that, at a minimum, the Family Center staff includes one member who is assigned, trained, and certified per reference (a), paragraph E3.1.9.



William A. Navas, Jr.
Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

Distribution:
Electronic only via Navy Directives Web site
<http://neds.daps.dla.mil/>

TERMS AND DEFINITIONS

Basic understanding. To comprehend the underlying principles of the subject matter in order to apply them to everyday life situations.

DON personnel. Active Duty, Guard, and Reserve component members of the Sea Services, family members, and civilian employees including non-appropriated fund employees and special Government employees of all offices, agencies, and departments carrying out a function on a Defense installation.

Extended absence financial plan. A plan developed by a service member prior to deployment, specifying the following for the period of the absence: legal power of attorney to accomplish personal and financial requirements, plan for covering financial obligations, disposition of car and auto insurance, allotments for appropriate monthly expenditures, and disposition of other financial issues that might occur during the period of absence.

Financial planning and counseling. The act of evaluating an individual or family's income and expenditures and recommending short and long-term actions to achieve financial goals and ensure individual, family, and mission readiness.

Personal financial management. The process (or steps) involved in managing one's personal finances, including income, expenses, and investments for an individual or family.

Personal financial readiness. Adequately preparing for the management of personal responsibilities prior to departure on an extended absence, to include: family matters and potential family contingencies, personal finances, personal property, and other personal obligations that can and do arise during one's career lifecycle. Also includes prudent day-to-day management of personal finances, including financial planning (budgeting), saving and investing (including Thrift Savings Plan (TSP)), consumer awareness, and credit management. Considerations include: career and transition planning, spouse employment, and relocation entitlements and expenses.

Service members. Active Duty, Guard, and Reserve component members of the military Services whether permanently assigned or Temporary Duty (TEM DU) or Temporary Duty Under Instruction (TEM DUINS).

**COMMAND FINANCIAL SPECIALIST (CFS)
QUALIFICATIONS, FUNCTIONS, AND TRAINING**

1. Qualifications of the Command Financial Specialist (CFS). The CFS shall function as the command's principal advisor on policies and matters related to PFM. The following qualifications apply:

a. Military members in pay grade E6 and above (including officers) may be appointed a CFS. Each Service shall establish, by policy, a single point waiver authority for commands seeking to appoint a CFS at the E5 level. Waivers will not be granted below E5.

(1) Such request shall contain, at a minimum:

(a) Command rank demographics (e.g., indicating the absence of senior personnel meeting established criteria).

(b) Certification of the designated member's qualifications.

b. Be highly motivated and financially stable (must meet the financial overseas screening standards, paragraph 2.i. below). For assistance with the CFS screening process, commanding officers may refer to the Family Center PFM staff for guidance. Screening shall be completed prior to training.

c. Successfully complete the authorized CFS training course provided by a Family Center.

d. Have at least 1 year remaining in the command at time of CFS course completion.

e. Participate in continuing education including, but not limited to, periodic CFS forums and refresher training at least every 3 years.

2. Functions of the CFS. At the completion of formal training, the CFS shall be able to perform the following functions:

a. Assist the command to establish, organize, and administer the command PFM program including a thorough pass down to the incoming CFS.

b. Disseminate financial management information within the command through General Military Training (GMT), plan of the day (POD) notes, newsletters, e-mail, etc.

c. Maintain current PFM resource books, directories, references, and training materials for use in GMT, divisional training, and counseling. In addition, CFSs shall maintain close liaison with the Family Center PFM staff, where possible.

d. Present PFM training as part of the command GMT program and provide divisional/departmental/branch PFM training as required.

e. Provide basic PFM counseling to individual members of the command as requested.

f. Maintain records of counseling conducted and counseling referrals. Per references (d) and (e), maintain PFM counseling records to ensure confidentiality.

g. Refer members with serious financial problems to the appropriate resource or agency capable of providing necessary assistance/counseling, such as Family Center PFM staff, NMCRS, non-profit Consumer Counseling Credit Service (CCCS), and per reference (j), Defense Federal Credit Unions and Banks located on military installations. Ensure the individual is seen and counseled. Furthermore, continue to maintain contact with the individual and the resource/counseling agency to monitor progress.

h. Assist members with the development of their Extended Absence Financial Plan and coordinate the administrative responsibilities for the command.

i. Perform financial screenings as needed for members of the command. In the absence of a CFS, or in a complicated case, the Family Center PFM staff can perform the screenings. For Overseas Duty Screening, the following guidance applies:

(1) Members will be approved for overseas orders if:

(a) E4 and below, Debt to Income Ratio does not exceed 30 percent (monthly debt payments (not including primary residence mortgage) divided by net monthly income).

(b) E5, W2, and O1 and above, the member does not have any outstanding or unresolved Letters of Indebtedness or outstanding returned checks for insufficient funds.

(c) Such screening shall be documented by an administrative remarks page entry into the member's service record.

(2) The CFS will ensure the member completes a Financial Planning Worksheet (FPW) or other Service specified budget tool. The FPW is available at <http://www.ffsp.navy.mil/pfm/personaltraining.htm>.

(3) The CFS will counsel the member on the projected living expenses at the overseas location and on the need for the member to fully understand their expenses, entitlements, and pay and allowance changes related to the Permanent Change of Station (PCS) move.

**FAMILY CENTER AND/OR REGIONAL PERSONAL FINANCIAL MANAGEMENT
PROGRAM RESPONSIBILITIES**

Family Center PFM staff shall support local commands and area CFSs by serving as the primary resource and subject matter expert in tailoring PFM information, materials, and education programs to the local area. Family Centers will also:

a. Provide financial education/training, information, and referral assistance to military personnel and their family members. Provide financial counseling to DON personnel and other DOD personnel, as defined in reference (a), when assigned aboard a DON installation.

b. Maintain records, and ensure privacy and confidentiality of all records and information regarding PFM counseling conducted, per references (g) and (h).

c. Maintain ongoing liaison with financial institutions located on base to encourage military and family member awareness and use of their PFM counseling and information services as detailed in reference (k).

d. Foster and establish working relationships with the local representatives of the DOD partners listed in enclosure (6) or as updated on the DOD Military Home front Web site (www.militaryhomefront.dod.mil).

e. Ensure compliance with reference (a), paragraph E.3.1.9. Individuals assigned to provide PFM services at DON Family Centers shall:

(1) Obtain Accredited Financial Counselor (AFC) certification within 2 years of their assignment.

(2) Possess a baccalaureate degree from an accredited college or a combination of education and experience which equips them to serve as a personal financial management counselor.

(3) Receive continuing education on personal financial management on an annual basis and maintain professional certification.

(4) Read and understand references contained within this instruction.

f. Hold an area-wide PFM awareness forum/meeting at least quarterly to discuss PFM issues. At a minimum, the following personnel should be invited: Senior Enlisted Advisors, Command Financial Specialists, and Command Career Counselors/Career Planners. Meeting reports (minutes) shall be provided to the cognizant commanding officers.

g. Conduct, at least semi-annually, an informational seminar for area command leaders that provides an introduction and overview of PFM program services, assistance, and initiatives.

h. When training CFSs by any method, at a minimum, provide two on-site individuals (one instructor must be from the Family Center PFM staff and others may be a CFS or other qualified DON civilian employee and/or contractor), capable and trained as instructors of the CFS course. An additional person capable of acting as an alternate instructor should also be available.

PERSONAL FINANCIAL MANAGEMENT TRAINING SUBJECTS

1. Military Pay Issues
2. Banking and Financial Services
3. Developing Your Spending Plan
4. Credit Management
5. Car Buying Strategies
6. Introduction to Saving and Investing
7. Consumer Awareness
8. Insurance/Risk Management
9. Legal Issues
10. Home Purchase/Housing
11. Financial Planning for Deployment
12. Money and the Move
13. Savings and Investments
14. The Basics of Retirement Planning
15. College Savings
16. Retirement Resources

NOTE: Additional Core Educational Programs can be added as necessary by the respective Service PFM Program Manager to keep curriculum current.

CATEGORY	TYPE TRAINING	TRAINING SOURCE/VENUE	LEARNING ENVIRONMENT	PFM TOPICS
Officer	Personal and Leadership	United States Naval Academy; Officer Candidate School; Officer Indoctrination School Basic Course*; Reserve Officer Training Corps	Instructor Lead (not less than 4 hrs)	Pre-commissioning PFM education (appropriate training materials TBD by Service PFM Program Manager)
	Personal	Annual General Military Training	Instructor Lead (CFS)	Hot Topics
	Personal	Transition Assistance/Pre-Separation Briefing/Counseling	Instructor Lead	PFM for Transitioners (appropriate training materials TBD by Service PFM Program Manager)
	Leadership	Division Officer	Instructor Lead	Division Officer PFM education (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
	Leadership	Prospective Commanding Officer/Prospective Executive Officer	Instructor Lead	Leading a command PFM Program (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
Enlisted	Personal	Delayed Entry Program	Blended**	Leave and Earnings Statement; Financial Planning; Navy Expectations of Financial Responsibility
	Personal	Recruit Training Command	Instructor Lead (1-2 hrs)	Leave and Earnings Statement; Banking Basics; Direct Deposit; Hot Topics; Thrift Savings Plan; MyPay; Navy Expectations of Financial Responsibility
	Personal	A School (USN) AIT/MOS School (USMC)	Instructor Lead (16 hrs) Blended	Military Pay; Banking and Financial Services; Developing your Spending Plan; Credit Management; Consumer Awareness; Car Buying Strategies; Insurance; Savings and Investments/Thrift Savings Plan; Government Travel Card; Financial Planning for Deployment
	Personal	Annual General Military Training	Instructor Lead (CFS)	Hot Topics
	Personal	Transition Assistance/Pre-Separation Briefing/Counseling	Instructor Lead	PFM for Transitioners (appropriate training materials TBD by Service PFM Program Manager)
	Leadership	Recruit Division Commander Seminar	Instructor Lead	Specially designed curriculum to augment existing PFM knowledge and skills that will enable the RDCs/DIs to serve as quasi PFM mentors to the recruits
	Leadership	Prospective Petty Officer Leadership Course	Instructor Lead	PFM for Prospective Petty Officers (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)

	Leadership	Work Center Supervisor Leadership Course/Noncommissioned Officer Academy (NCOA) Sergeants Course	Instructor Lead	PFM for Work center Supervisors (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
	Leadership	Leading Petty Officer Leadership Course/NCOA Career Course	Instructor Lead	PFM for Leading Petty Officers (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
	Leadership	Prospective Chief Petty Officer Leadership Course/NCOA Advanced Course	Instructor Lead	PFM for Prospective Chief Petty Officers (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
	Leadership	Leading Chief Petty Officer Leadership Course/First Sergeant Course	Instructor Lead	PFM for Leading Chief Petty Officers (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
	Leadership	Command Master Chief/Chief of the Boat Leadership Course	Instructor Lead	“Operating a Successful Command PFM Program” (appropriate training materials TBD by Service PFM Program Manager and ***CNL/TECOM)
All (Available Additional Training)	Personal	Command Financial Specialist; Fleet and Family Support Centers or MCCS Personal Readiness and Community Support Centers	Instructor Lead	Various PFM topics
	Personal	Career Options and Navy Skills Evaluation Program – First Term (USN Only)	Instructor Lead (8 hrs) (FFSC)	Per CONSEP curriculum
	Personal	Career Options and Navy Skills Evaluation Program – Mid Career (USN Only)	Instructor Lead (8 hrs) (FFSC)	Per CONSEP curriculum
	Personal	Navy Knowledge Online; Marine Corps Institute	Web	Various PFM topics
	Personal	Stand Up Training	Instructor Lead (CFS)	Various PFM topics

* Prior enlisted are not required to complete this “personal” PFM training since they would have received it under enlisted personal training.
 ** Blended learning environment may be any combination of instructor led classes or self-paced learning accomplished via distance learning or CD ROM based training that include appropriate assessments of learning where applicable.
 *** Center for Naval Leadership (CNL) will provide appropriate complimentary scenario based training as coordinated with USN PFM Program Manager (CNIC staff).

DEPARTMENT OF DEFENSE FINANCIAL EDUCATION PARTNER LIST

Air Force Aid Society (AFAS)
Army Emergency Relief Society (AERS)
Association of Military Banks of America (AMBA)
Better Business Bureau (BBB)
Command Career Counselor (CCC)
Consumer Credit Counseling Services (CCCS)
Consumer Federation of America (CFA)
Defense Credit Union Council (DCUC)
Department of Labor (DOL)
Department of Treasury (DOT)
Employee Benefits Research Institute (EBRI)
American Savings Education Council (ASEC)
Federal Citizen's Information Center (FCIC)
Federal Deposits Insurance Corporation (FDIC)
Federal Reserve Board (FRB)
Federal Trade Commission (FTC)
Freddie Mac
In-Charge Institute of America
Internal Revenue Service (IRS)
Jumpstart Coalition
National Association of Securities Dealers (NASD) Investor
Education Foundation
National Endowment for Financial Education (NEFE)
National Foundation for Credit Counseling (NFCC)
National Military Family Association (NMFA)
Navy and Marine Corps Relief Society (NMCRS)
NEX/MCEX/AAFES
North American Securities Administrators Association (NASAA)
Red Cross
Securities and Exchange Commission (SEC)
Small Business Administration (SBA)
Social Security Administration (SSA)
U.S. Department of Agriculture, Cooperative State Research
Education and Extension Service (USDA, CSREES)
TRICARE

NOTE: Updates to this list can be found at
<http://www.militaryhomefront.dod.mil/>

**SAMPLE COMMAND FINANCIAL SPECIALIST LETTER OF DESIGNATION
FOR OFFICIAL USE ONLY (When Filled In)**

1740
Date

From: Commanding Officer/Officer in Charge
To: Rate/Rank, Name, SSN

Subj: DESIGNATION AS COMMAND FINANCIAL SPECIALIST (CFS)

Ref: (a) SECNAVINST 1740.4

1. Per reference (a), you are hereby designated as (Command Name) Command Financial Specialist (CFS). You will familiarize yourself with policies and procedures of reference (a) and other applicable Personal Financial Management program elements in the performance of your duties.

2. In your capacity as CFS, you will report directly to the commanding officer/officer in charge or their representative (e.g., Command Special Assistant for Personal Finances). Complete the information requested below and forward as indicated. This designation remains in effect until rescinded in writing.

Signature

Name/Rate/SSN of CFS:

Date of Designation:

Date Completed CFS Course:

Global E-Mail Address:

DSN Phone Number:

Location of Servicing Family Center:

I accept the designation of (Command Name) CFS.

Member Signature

Copy to:
Servicing Family Service Center
Service Record

Enclosure (7)

**SAMPLE COMMAND SPECIAL ASSISTANT FOR PERSONAL FINANCES
LETTER OF DESIGNATION
FOR OFFICIAL USE ONLY (When Filled In)**

1740
Date

From: Commanding Officer/Officer in Charge
To: Rate/Rank, Name, SSN

Subj: DESIGNATION AS COMMAND SPECIAL ASSISTANT FOR PERSONAL
FINANCES

Ref: (a) SECNAVINST 1740.4

1. Per reference (a) you are designated as (Command Name) Command Special Assistant for Personal Finances. You will familiarize yourself with policies and procedures of reference (a) and other applicable Personal Financial Management program elements in the performance of your duties.

2. In your capacity as Command Special Assistant for Personal Finances, you will report directly to the commanding officer/officer in charge or their representative. Complete the information requested below and forward as indicated. This designation remains in effect until rescinded in writing.

Signature

Name/Rate/SSN:

Date of Designation:

Date Completed CFS Course:

Global E-Mail Address:

DSN Phone Number:

Location of Servicing Family Center:

I accept the designation of (Command Name) Command Special Assistant for Personal Finances.

Member Signature

Copy to:
Servicing Family Service Center
Service Record