TOUCHPOINT CURRICULUM



First Duty Station

Instructor Guide



I. COURSE ORGANIZATION & AGENDA

The ***First Duty Station*** course **is organized into 10 parts**:

1. **Introduction and Agenda** (3 minutes)
   - Welcome
   - Facilitator Introduction
   - Review of Agenda

2. **Compensation and Military Banking** (5 minutes)
   - Compensation
   - Leave and Earning Statement (LES)
   - Military Banking

3. **Basic Finance** (15 minutes)
   - Create/Manage a Spending Plan
   - Manage Debt and Credit
   - Your Tax Situation

4. **Consumer Protection** (15 – 20 minutes)
   - Why Are Service Members Vulnerable?
   - Misleading Consumer Practices
   - Identity Theft
   - Servicemembers Civil Relief Act (SCRA)
   - Military Lending Act (MLA)
   - Make Smart Purchases
   - Car-Buying Basics

5. **Education and Career Planning** (2 minutes)

6. **Insurance** (5 minutes)
   - Health Insurance
   - Property and Auto
   - Life Insurance
   - Life Insurance Needs

7. **Saving and Investing** (10 – 15 minutes)
   - Saving vs. Investing
   - Compound Interest
   - Types of Investments
   - Mutual Funds and ETFs
   - Common Investment Strategies

8. **Thrift Savings Plan** (10 – 15 minutes)
   - Understanding Your TSP: Roth vs. Traditional
   - TSP Investment Choices: Core Funds
   - TSP Investment Choices: Lifecycle Funds
   - Automatic and Matching Contributions
   - Manage Your TSP

9. **Summary** (2 minutes)

10. **Resources and Thank You** (1 minute)

TOTAL: 80 – 90 minutes

II. LEARNING OBJECTIVES

Terminal Learning Objectives (TLOs) and Enabling Learning Objectives (ELOs)

1. **TLO:** Understand the fundamentals of banking services and fees.
   ELOs: Understand the importance of tracking deposits and expenditures. Know how to balance a personal banking register against a recent bank statement. Know how to recognize and correct banking errors. Know ways to avoid banking fees. Understand basic considerations of debit and credit card use and tracking expenditures. Know common apps and programs for budgeting and banking.
2. **TLO:** Understand the fundamentals of creating and managing a spending plan, and the importance of updating a spending plan.
   ELOs: Understand why it is important to have a spending plan. Know characteristics of SMART Goals (Specific, Measurable, Achievable, Relevant and Time-bound) and develop financial goals that follow these guidelines. Be able to create a personal spending plan. Know strategies to minimize expenses and keep a spending plan on track.
3. **TLO:** Understand the fundamentals and management of debt and credit.
   ELOs: Understand FICO score. Know how to check and resolve errors on a credit report. Understand strategies to raise a credit score. Know strategies for managing credit and debt.
4. **TLO:** Understand fundamentals of income tax and common tax benefits, and potential changes to tax situation.
   ELOs: Understand various tax costs and their use. Understand how to make the most of tax deductions. Know how to review tax payments. Know how to research state taxes and the differences associated with residency. Understand the various components and resulting implications of a W-4 form. Be able to collect and prepare documentation for tax filing. Know where to find tax information on the LES.
5. **TLO:** Know military consumer protection law fundamentals, including the Servicemembers Civil Relief Act (SCRA) and Military Lending Act (MLA).
   ELOs: Understand why Service members are targets for predatory lending and fraud. Understand the components and protections for Service members under the SCRA. Understand the components and protections for Service members under the MLA. Know basic procedures for handling a consumer complaint or dispute associated with the SCRA or MLA.
6. **TLO:** Recognize and understand how to protect yourself from misleading consumer practices, and report complaints.
   ELOs: Understand the threat of predatory lenders and identify better alternatives like military aid societies. Know how to find information on state-specific consumer protection laws. Recognize fraud and scam tactics and know how to safeguard against them. Be able to access and read a credit report to identify fraudulent activity. Understand credit fraud and the process for placing alerts and freezes on accounts. Know the basic procedures for handling a consumer complaint or dispute. Know which federal agencies support consumer protections and how to find information.
7. **TLO:** Recognize and identify steps to resolve identity theft.
   ELOs: Know what type of information is subject to identity theft. Know strategies for protecting one's identity. Recognize warning signs that identity theft has occurred. Know steps for resolving identity theft activity.

8. **TLO:** Analyze the implications and identify strategies for financing a major purchase.
ELOs: Know how to add a major purchase to a spending plan and evaluate for feasibility. Know how to identify predatory lenders. Know how to research product quality for major purchases. Be able to compare and contrast various funding sources for major purchases. Understand and separate emotional spending from major purchases. Understand how using credit for major purchases can impact future credit scores and access to lines of credit.
9. **TLO:** Analyze financial implication and identify strategies for buying a car.
ELOs: Know how much to pay for transportation (recommended percentage of total income transportation expenses). Know how to re-evaluate the financial impact of a vehicle at each duty station.
10. **TLO:** Understand education financing, to include available benefits, obligations, and repayment options.
ELOs: Understand options to lower interest rate. Understand income-driven repayment plans and Public Service Loan Forgiveness (PSLF). Understand eligibility to have loans deferred for a certain period of time.
11. **TLO:** Discuss the reasons, needs, types, and options for purchasing insurance.
ELOs: Discuss basic insurance terminology and how insurance works. Identify the various insurance options available (auto, renters, health). Recognize the difference in mandatory and suggested insurance. Determine insurance levels necessary to minimally cover personal assets and liabilities. Understand the implications of various deductible levels. Understand benefits under Servicemembers' Group Life Insurance (SGLI). Know how to update SGLI. Know how to compare benefit levels for private life insurance including term and permanent life insurance. Know how to review beneficiaries and levels for life insurance. Know the different types of life insurance that are offered to military members and their families.
12. **TLO:** Examine the impact of special pay and entitlements.
ELOs: Understand requirements of common special pay considerations (hardship duty pay, assignment incentive pay, and hazardous duty pay). Know where to find information regarding special pay and entitlements on the LES. Understand the differences between special and incentive pay and basic pay and allowances. Understand the role and compensation for government housing CONUS and OCONUS.
13. **TLO:** Discuss TRICARE options and costs.
ELOs: Know what the Defense Enrollment Eligibility Reporting System (DEERS) is, how to enroll, and make changes. Know how to sign up for eCorrespondence in milConnect. Understand the difference between the various TRICARE options. Recognize differences and benefits of TRICARE versus private insurance options. Know how to locate military treatment facilities for use of TRICARE. Know how to check what medical services are covered under TRICARE. Know how to access TRICARE when traveling or during an emergency. Know what to consider and how to switch between TRICARE plan options.
14. **TLO:** Understand future financial benefits afforded by the Department's Career Investment Programs.
ELOs: TBD
15. **TLO:** Understand interest and how the concept of compounding works.
ELO: Know the difference between simple and compound interest.
16. **TLO:** Recognize the importance of and be able to develop savings and an emergency fund.
ELOs: Understand importance of building up emergency savings for unexpected events. Identify financial tools that can be used for short-term savings.

17. **TLO:** Describe the fundamentals of investing.
ELOs: Know the difference between stocks, bonds and mutual funds. Be able to assess current and long-term saving and investment goals. Understand differing risk levels for investing. Know how to diversify an investment portfolio. Know how to choose between various investment options.

18. **TLO:** Understand and be able to manage a Thrift Savings Plan (TSP) account.
ELOs: Know how to adjust TSP contributions. Understand the investment choices offered in the TSP.

III. CHAPTER PREPARATION

Sections labeled **"INSTRUCTOR NOTE:"** include additional information for instructor background, as well as activities that provide practical application of key learning points. Instructor notes contain an icon and appear in a shaded text box for easier recognition.

CONTENT ICONS — The following icons are used throughout the guide:

INSTRUCTOR NOTE:



Instructor Note
(indicates additional information related to the content for the instructor)

Checklist and Handout
(indicates a Checklist or Handout is associated with the content)

Learning Activity
(indicates a learning activity)

INSTRUCTOR NOTE: Being prepared for training promotes organization, projects a positive image, and reduces stress.

Be prepared to discuss each Checklist and Handout in class. You should familiarize yourself with this content so you can effectively discuss each document during your presentation.

While this guide is written as a script, avoid reading it word-for-word. Familiarize yourself ahead of time so you feel comfortable covering the material in your own words.

Throughout the presentation, the Checklist or Handouts will be identified with an icon on the PowerPoint and an Instructor Note in this Instructor Guide.

Materials and equipment needed:

- Projector/screen
- *First Duty Station* course PowerPoint slides
- Chart paper and easel or whiteboard and markers
- Paper, pens, pencils
- Course sign-in sheet

Forms and Handouts:

- *First Duty Station* Counselee Checklist
- *Military Banking* Handout
- *Spending Plan Worksheet* Handout
- *Understanding Credit* Handout
- *Military Consumer Protection* Handout
- *Sources of Help for Military Consumers* Handout
- *Major Purchases* Handout
- *Education Benefits and Savings* Handout
- *TRICARE Overview* Handout
- *Basic Investing* Handout
- *Thrift Savings Plan* Handout
- *Paying off Student Loans* Handout

IV. CONTENT

Introduction



SLIDE 1

Facilitator Introduction

Introduce yourself by providing:
Hello, my name is _____.
I am a _____.
(Describe your experience as a facilitator or with personal financial management.)

The information I'll provide over the next 90 minutes will help you better understand a variety of personal financial management issues as you begin your military career. So, let's get started!

Agenda



SLIDE 2

INSTRUCTOR NOTE: *First Duty Station* Counselee Checklist

To help you understand the content in this presentation, we will explore:

- Compensation and Military Banking
- Basic Finance
- Consumer Protection
- Education and Career Planning
- Insurance
- Saving and Investing
- Thrift Savings Plan

I'll also point you to free resources that can help you take action on what we discuss.

Compensation



SLIDE 3

INSTRUCTOR NOTE: *First Duty Station* Counselee Checklist

Let's start off by using the *First Duty Station* Checklist and talking about your compensation (your paycheck and benefits) and banking.

Basic Pay
One of the best parts about your military service is your paycheck, right? It's important to understand that your basic pay is normally determined by rank (grade) and years of service and is taxable.

Special and Incentive Pay
The other pays, often referred to as special and incentive pays, are for specific qualifications or events, which are also taxable. To learn more about basic, special and incentives pays you may visit *militarypay.defense.gov.*

Allowances
Allowances are moneys provided for specific needs and are non-taxable, 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.*



SLIDE 4

Leave and Earning Statement (LES) or Payslip

Anytime you have a major life change, such as a permanent change of station (PCS) move, it's a good idea to make sure your LES or Payslip is up to date and accurate.

INSTRUCTOR NOTE: Military OneSource has a great resource for understanding how to read your LES or Payslip. Visit this website for more LES or Payslip information: *https://www.militaryonesource.mil/military-life-cycle/new-to-the-military/getting-settled/your-leave-and-earnings-statement.* Visit this website to find your specific branch's LES or Payslip *https://www.dfas.mil/militarymembers/.*

Pay particular attention to the following sections/boxes:

Entitlements — 10
Are you getting the correct basic pay, BAH, BAS and any other special or incentive pays? BAH will be based on new duty station. PCS may result in overpayments. Look for "advance debt" in this section and in remarks.

Deductions — 11
Are they deducting the correct taxes – federal, state, Social Security and Medicare? Are the other deductions correct such as SGLI, FSGLI, TSP, meal deduction, AFRH and child support paying.

Pay Data (BAH Status) –
50 (BAQ Type), 51 (BAQ DEPN), 52 (VHA ZIP) and **57 (DEPNS)**
Is the information in these four boxes correct? These boxes impact your BAH status and Variable Housing Allowance (VHA) entitlements. Note: Unless your area is receiving a VHA entitlement, block 57 will be zero. The ZIP code will populate your number of dependents automatically.

Remarks – 76

The remarks section records any recent or upcoming changes. If you have been overpaid and the government plans to garnish your wages next pay period, this is where it will show. Read this every month. Read from the bottom right up for specific information pertaining to you. If you see "advance debt," speak to your personnel or admin to request proration of debts and to verify validity.

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT

ID	NAME (LAST, FIRST, MI) 1	SOC. SEC. NO. 2	GRADE 3	PAY DATE 4	YRS SVC 5	ETS 6	BRANCH 7	ADSN DSGN 8	PERIOD COVERED 9

ENTITLEMENTS		DEDUCTIONS		ALLOTMENTS		SUMMARY	
TYPE	AMOUNT	TYPE	AMOUNT	TYPE	AMOUNT	+ AMT FWD	13
A	10	11		12		+ TOT ENT	14
B						- TOT DED	15
C						- TOT ALMT	16
D						= NET AMT	17
E						- CR FWD	18
F						= EOM PAY	19
G						DEMS	RET PLAN
H						23	24
I							
J							
K							
L							
M							
N							
O							
TOTAL	20	21		22			

LEAVE	BF BAL 25	END 26	USED 27	CR BAL 28	ETS BAL 29	LV LOST 30	LV PAID 31	USE/LOSE 32	FED TAXES	WAGE PERIOD 33	WAGE YTD 34	M/S 35	EX 36	ADD'L TAX 37	TAX YTD 38				
FICA TAXES	WAGE PERIOD 39	SOC WAGE YTD 40		SOC TAX YTD 41	MED WAGE YTD 42	MED TAX YTD 43	STATE TAXES	ST 44	WAGE PERIOD 45	WAGE YTD 46	M/S 47	EX 48	TAX YTD 49						
PAY DATA	BAQ TYPE 50	BAQ DEPN 51	VHA ZIP 52	RENT AMT 53	SHARE 54	STAT 55	JFTR 56	DEPNS 57	2D JFTR 58	BAS TYPE 59	CHARITY YTD 60	TSC 61	PACIDN 62						
Thrift Savings Plan (TSP)	BASE PAY RATE 63	BASE PAY CURRENT 64		SPEC PAY RATE 65	SPEC PAY CURRENT 66	INC PAY RATE 67	INC PAY CURRENT 68		BONUS PAY RATE 69	BONUS PAY CURRENT 70									
	CURRENTLY NOT USED 71			TSP YTD DEDUCTIONS 72		DEFERRED 73		EXEMPT 74		CURRENTLY NOT USED 75									

REMARKS 76 YTD ENTITLE 77 _____ YTD DEDUCT 78 _____



SLIDE 5

Military Banking

INSTRUCTOR NOTE: *Military Banking* Handout

You may have quickly selected a bank in boot camp but now you can take your time to decide what your best option is. Choosing a bank or credit union is a matter of personal preference. Serving in the military puts you in a unique situation that requires making smart choices with your money. Deployments and temporary duty assignments can be disruptive if you don't plan ahead. Flexibility is key!

Often, your first financial decision is to choose a banking institution. So, it is important to select one that meets your needs and has a good reputation. Let's discuss the basics of military banking. Please follow along by using the *Military Banking* Handout provided.

Types of Banking Institutions

There are two types of banking institutions: Credit unions and banks.

Credit unions are nonprofit organizations owned by their members. Because of their nonprofit status, interest rates on loans and savings accounts tend to be more favorable to you.

Banks are "for-profit" institutions. Generally, interest rates on loans tend to be higher and interest paid on deposit accounts tend to be lower than credit unions.

Things to Consider

When searching for a banking institution, keep the following in mind:

- **Convenience** — Are ATMs and branch locations easily accessible?
- **Fees** — What charges are associated with the type of banking you plan to use? Try to keep banking fees to a minimum.
- **Deposits** — What interest rate is paid to you for the deposits?
- **Balances** — Are there minimum balance requirements?
- **Direct Deposit** — Does the bank/credit union offer early direct deposit of active-duty pay, which could allow you to access your pay sooner than regular military paydays?
- **Special Programs** — Do you qualify for any special military savings programs that will help you boost your savings?
- **Mobile Banking** — Can you deposit checks electronically?

Products and Services Offered

Select a banking institution that meets your needs by offering a **range of products** or accounts, including:

- Savings
- Checking
- Money Market
- Certificates of Deposit
- Loans

Also, select a banking institution with a **variety of services**, including:

- Interest on deposits
- ATM
- Credit and debit cards
- Online and mobile banking
- Cashier's checks
- Deposit insurance
- Overdraft protection
- Automatic and web bill pay
- Electronic funds (EFT and wire transfers)

Look for a bank or credit union that has low to no fees and offers special military benefits. These are some common banking fees to watch out for:

- ATM withdrawal fees
- Overdraft or non-sufficient funds (NSF) fees
- Loan interest and origination fees
- Monthly service charges
- Low or minimum balance fees
- Usage fees
- Online banking

Online and Mobile Banking
Conducting financial transactions online and mobile is common and offers a great deal of convenience; however, there is some risk. To limit your risk, be careful not to expose your personal data and account information. Avoid public computers, unsecured Wi-Fi access points, and make sure your device's software and security settings are up to date. Also, remember that online balances may not include all pending transactions. To know your balance, keep a record of transactions by using an app, notebook or register.

Credit and Debit Cards
Credit cards can be a great tool, but they can also get you into trouble if misused. Strive to pay your balance off every month. Interest charges are typically high and are added to your balance, making it difficult to get ahead.

Debit cards are similar to writing a check. The money is withdrawn from your account within three to five days. Because of this, you'll need to track your account balance to make sure you have enough money in the account to cover your spending transactions. Also, be mindful that some organizations like gas stations and hotels may freeze a larger amount until the transaction clears.

Bank Statements
Bank statements provide a lot of information. Review your statement monthly to verify all transactions. If you write checks, remember it may take some time before the money is deducted from your account.

Review, Protect Your Accounts
Review your bank, loan and credit card statements frequently for errors or unauthorized/fraudulent activity. I cannot emphasize this enough!

If you need assistance to correct errors or handle fraudulent activity, first contact your bank. If the issue is not corrected, use the following resources:

Office of the Comptroller of the Currency (OCC)
www.HelpWithMyBank.gov
Phone: (800) 613-6743

Federal Trade Commission (FTC)
www.consumer.ftc.gov

National Credit Union Administration (NCUA)
www.ncua.gov or *www.mycreditunion.gov*



SLIDE 6

Create/Manage a Spending Plan

INSTRUCTOR NOTE: *Spending Plan Worksheet* Handout and *First Duty Station* Counselee Checklist

Now that we've reviewed the basics of military banking, let's turn our attention to the basics of personal finance—the management of your money.

We'll start by looking at your personal **spending plan or budget**, which you can update using the *Spending Plan Worksheet* provided.

Remember, 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, listed on *First Duty Station* Checklist.

Step 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 using statements. How long you do the tracking is up to you.

Step 2 — Know Where Your Money Should Go
Financial experts recommend these general guidelines when budgeting your money:

- Save and/or invest 10% — 15% of pretax income.
- 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 BAH or 25% of pretax pay.

Step 3 — Create A Plan
Build your plan for setting aside money and putting limits on how much you'll spend each month on expenses.

It's a good idea to prioritize your financial goals. Make the **most of future pay increases to help achieve your financial goals**. In other words, **pay yourself first!** Consider using injections of income to contribute more toward your Thrift Savings Plan (TSP) or other saving/investing goals.

Don't forget to **establish an emergency fund**. Financial experts suggest you should keep at least three to six months of living expenses in an account just for emergencies. If you do not have that much saved, consider setting aside a little each paycheck to help get you there. However, if you have high interest debt, try to save at least $1,000 and then focus on paying down the debt first. And don't forget about periodic expenses that don't happen on a monthly basis, such as car maintenance and holidays.

Step 4 — Make Adjustments
Update your budget as life changes, especially after you move to your first duty station and experience the true cost of things like housing, utilities and groceries.



SLIDE 7

Manage Debt and Credit

INSTRUCTOR NOTE: *Understanding Credit* Handout

Another important part of personal finance is to know how to **manage debt and credit**. Let's now take a look at the *Understanding Credit* Handout.

Credit can be a valuable part of your long-term financial plan. It can be used for large purchases, such as college education, a new vehicle, or a home. It even helps you build a credit reputation (summarized in a credit report).

However, credit can be dangerous if misused. Some individuals make the mistake of viewing credit as a license to spend. Poor spending decisions can leave you deeply in debt and damage your credit reputation for years.

Healthy Credit Habits
Understand how credit works and make wise decisions with these tips.

- Create and follow a spending plan, so that you don't overspend and take on debt.
- Pay bills on time. Do not skip payments particularly the Star Card as they will garnish your pay.
- Strive to pay off credit cards in full each month. If you have to carry a balance, try to keep it as low as possible.
- Do not apply for credit you do not need, unless you are trying to establish a credit history. Start with a savings-secured loan and credit card.
- Keep credit card and loan information in a safe, secure place to reduce the risk of identity theft.
- Keep your receipts and compare charges when your billing statements arrive. Call your bank, credit card or finance company immediately if there is a discrepancy.

Understand and Protect Your Credit Reputation (Score)

Your credit report is a record of your payment history with creditors. Lenders, employers, landlords, insurers and other businesses often evaluate this report to determine if you are dependable and to make decisions about your credit worthiness. Your credit report shows the following:

- How much credit you are using
- How well you pay your debts
- Who is inquiring about your credit
- Information on bankruptcies or federal income tax liens

To maintain a solid credit score, it's important to monitor your credit report for any errors. You can obtain a free credit report annually from each of the three major credit bureaus at *www.annualcreditreport.com*. Effective 31 October 2019, Service members are able to request free credit monitoring services from the nationwide credit reporting agencies, under certain conditions.

INSTRUCTOR NOTE: Be prepared to answer questions about co-signed loans and authorized users on credit cards and how this can affect their credit score.

Know the Factors Determining Your Credit Score

Credit scores may range from 300-850 depending on the credit-scoring model. A FICO Score is one credit score model and is considered by lenders to be the industry standard for determining how likely a person is to repay a loan.

Let's look at the chart on the *Understanding Credit* Handout. It indicates the five key components of a FICO credit score.

- 35% = Payment history
- 30% = Amounts owed
- 15% = Length of credit history
- 10% = Types of credit used
- 10% = New credit

Be sure to keep all five credit score components in check to maintain the highest possible score.



SLIDE 8

Your Tax Situation

Review Your Tax Situation and Make Needed Changes
Now is a great time to review your tax situation and make any needed changes. The idea is to NOT get a big refund. Instead, strive to break even or only receive a small refund or pay a small amount each year. So, claim your correct federal and state withholding to have more money in your paycheck each month to either pay down debt or build up your savings. The IRS has a tax-withholding estimator to assist you at *irs.gov.*

Have you recently married or had a new child? You may want to adjust your federal and state withholding via *mypay.dfas.mil* or Direct Access to prevent a big refund.

Review the Military Spouse Residency Relief Act (MSRRA)

INSTRUCTOR NOTE: MSRRA Information is on the Checklist.

If you are married, you may also want to 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.

INSTRUCTOR NOTE: Seek help from Military OneSource for free tax filing software and professional assistance.



SLIDE 9

Why Are Service Members Vulnerable?

Be on the lookout for people trying to scam you out of your hard-earned money. From aggressive salespeople to criminals, there are many people who would love to take your money off your hands. Unfortunately, the military are often targets.

INSTRUCTOR NOTE: Ask, “Why do you think the military are vulnerable targets?” Confirm any of their answers and then discuss the list quickly: young, away from home, deployments, frequent moves, and spouse unemployment.

Military members tend to have increased financial management issues for a number of reasons including age and military lifestyle. We come from different states and countries with possibly different consumer laws.



SLIDE 10

Misleading Consumer Practices

INSTRUCTOR NOTE: *Sources of Help for Military Consumers* Handout

Recognize Scams
Avoid offers to join **multilevel marketing organizations**, and steer away from somebody offering you a way to **get rich quick**. Remember, if it sounds **too good to be true**, it probably is.

Protect Yourself
Before giving your money to anyone else, even a legitimate business, be sure to **protect yourself**.

First, understand the difference between **needs, wants and wishes**. Your family may need a vehicle, you may want a brand-new car, and you may wish for that $100,000 foreign sports car. When spending money – and especially when you're borrowing it – stick to your needs.

Before spending or investing money, do your **research and comparison shop**. If you're unsure, give yourself extra time to **sleep on it**. Don't give in to pressure. Be mindful of businesses requiring you to set up allotments on the spot, this is illegal.

Report a Complaint
If you feel you've been cheated, **report it**. The *Sources of Help for Military Consumers* Handout gives you a step-by-step process on how to effectively complain. If you're not sure where to direct your complaint, contact your installation's Legal Service Office.



SLIDE 11

Identity Theft

INSTRUCTOR NOTE: *Military Consumer Protection* Handout. Let's review the *Military Consumer Protection* Handout and discuss how you can manage your personal affairs to defend against identity theft.

Identity theft occurs when someone steals an individual's personal information and uses it without his or her permission to open fraudulent accounts and make unauthorized purchases.

In the course of your military duty, it's important to follow the **Personally Identifiable Information (PII) regulations**.

- Safeguard your wallet, debit cards/checkbooks, ID cards, credit cards and your mail.
- Sign up for electronic delivery of your banking, credit and other financial statements to avoid mail theft.
- Opt-out of prescreened credit offers by visiting *optoutprescreen.com*.
- Opt-out of marketing phone calls by visiting *donotcall.gov.*
- Periodically review your credit report.
- Ensure your computer's security settings are up to date.
- Avoid unsecured Wi-Fi networks.
- Consider placing active-duty alerts or a credit freeze on your credit report – they are easy to implement and can protect your credit.

You can also put a complete freeze on your credit. That means nobody, even you, can open new credit in your name until you lift the freeze. To freeze your credit, contact all three of the credit bureaus.

You can learn more about protecting yourself from ID theft by visiting *identitytheft.gov, consumer.gov* and *ftc.gov.*

You can refer back to the *Military Consumer Protection* Handout for these websites in the future.



SLIDE 12

Servicemembers Civil Relief Act (SCRA)

INSTRUCTOR NOTE: Keep following along the *Military Consumer Protection* Handout.

Protecting yourself from scammers and scams isn't enough. It's also important to know your rights as a member of the military under the Servicemembers Civil Relief Act (SCRA) and Military Lending Act (MLA).

Under SCRA, active-duty Service members, Reservists, and members of the National Guard (when on active service) are protected under the law. SCRA (for all) begins on the first day of active duty, which means when the person leaves home for basic or occupational training.

SCRA provides many legal protections, including:

Contracts

- Loan rate capped at 6% — You can request to have the interest rate reduced to 6% for the duration of your military obligation on pre-service debts such as credit cards, loans, mortgages, etc.
- Terminate residential or auto lease — You can request termination of any lease (residential or vehicle) when called to active duty or PCS or deployed. It's best to notify those companies in writing before you execute your orders. Speak with the Legal Service Office to review your situation and see if you qualify. Legal can also review your lease before you move in.
- Cancel cellphone service contract — You can make this request without penalty.

Stay civil judgments – SCRA offers certain protections from legal proceedings while you are deployed. Generally, you are protected from:

- Eviction and foreclosure
- Default judgment
- Property repossession or seizure
- These issues will not go away entirely, and you will have to deal with them when you return.

Insurance

- Life insurance premium payments – Companies cannot cancel your policy or increase your premiums because you are on active duty.
- Health insurance reinstatement – Companies must reinstate your health insurance when you leave active duty.

State income tax statutes – Active duty and their spouses can keep their state of residency, which means they can request a tax exemption if not living in that state (if applicable, not all states participate), and they are not required to pay state income tax where they currently live.

For more information about the SCRA visit *www.militaryonesource.mil* and search the keyword "SCRA."



SLIDE 13

Military Leading Act

INSTRUCTOR NOTE: Keep following along with the *Military Consumer Protection* Handout.

Under the Military Lending Act (MLA), active-duty Service members (including active Guard and Reserves and covered dependents), cannot be charged an interest rate higher than 36% on most consumer loans, along with other protections. This act does not cover peer-to-peer loans.

Visit *www.consumerfinance.gov*, for more information about the MLA.



SLIDE 14

Make Smart Purchases

INSTRUCTOR NOTE: *Major Purchases* Handout

Making a major purchase doesn't mean you have to risk your financial future in the process, you just need to be smart about it.

Let's discuss and review together the *Major Purchases* Handout.

Think First

Stop major purchases from becoming major problems by keeping these things in mind:

- **Logic beats emotion.** Be smart. Don't let fancy marketing suck you in.
- **Additional costs matter**. What else will you have to pay? As an example, cars require maintenance, repairs, gas, taxes/annual registration and insurance. Other big purchases are often similar.
- **Things change**. Your life can be completely different in a year or two. Will today's purchase still make sense then or could you regret it?
- **Shopping around is smart**. It forces you to slow down the purchase decision and be more levelheaded about what you are purchasing.
- **Cash or credit?** Paying cash is often smarter than financing. Just don't use all of your cash. Keep some for emergencies.

Avoid Trouble

Ask yourself, "**want or need**?" Is the purchase you're considering absolutely necessary? Be honest. For example, you may legitimately need a car, but you probably don't need the nicest one available. You should be just as excited about making a smart purchase as you are about what you want to buy. If not, you could be headed for trouble.

Wait. One of the best ways to bypass an emotional buying decision is to implement a cooling-off period before you pull the trigger. Sleep on it — maybe for a couple of days — and see if it still seems like a good move.

Ask someone else. Ask a parent, family member or friend to be a sounding board on major purchases. Just be sure to find a helper and not an enabler.



SLIDE 15

Car-Buying Basics

INSTRUCTOR NOTE: Be sure to review this section of the *Major Purchases* Handout in detail. Service members often get in over their head when they buy a car. Catch them now before it's too late! Encourage learners to attend a car-buying class at the local Fleet and Family Service Center or Installation Family Service Center.

Buying a vehicle is a major financial move that will factor significantly into your financial planning and your monthly budget. It is important that you assess your needs, identify your priorities, and understand the available financing options before you decide on the most appropriate vehicle for you. It's easy to rationalize that you need more in a vehicle than you really do, but resist that urge.

Prior to buying a vehicle, you'll want to be sure to understand the basics of vehicle financing, such as:

- When you finance a car, the financial institution or dealership that loaned you the money to buy that car also has an interest, and they are considered the lienholder. In most states, the lienholder will keep the vehicle's title until you pay the loan in full. If you default or fail to pay the loan, the lienholder can repossess it.
- Borrowing money costs you money! Your lender will typically charge you an Annual Percentage Rate or APR, which includes interest and fees. The lower the APR, the less total interest you'll pay!
- You should try to limit your total transportation expenses to 15% — 20% of your gross pay. Be sure to include the cost of gas, insurance, maintenance and repairs.
- Consider your personal situation. Will you deploy anytime soon? Will your household income be decreasing for any reason? A lot can change over a few years, so it is important to think about your purchase not only in terms of whether you can afford the vehicle today, but also whether you will be able to afford it in the future. Most vehicles decline in value rather quickly; making it easy to owe more than the vehicle is worth, so watch out! Remember that some lenders will not allow you to take your financed vehicle out of the country. So be mindful if you are looking to PCS overseas.

Finally, understand there are **three separate deals** that happen when you purchase a vehicle. The **first** is the purchase price; the **second** is financing, so be sure to get pre-approved before you go shopping; and **finally** a trade-in, if you have a vehicle you plan to trade. Each of these should be thought of as separate negotiations to add up to the best deal.



SLIDE 16

Education and Career Planning

INSTRUCTOR NOTE: *Education Benefits and Savings* and *Paying off Student Loans* Handouts

Education can be expensive. Fortunately, in the military, there are several opportunities to invest in yourself, and maybe even save some money on your education and professional development while you're at it. Taking the time to *learn* more can help you *earn more* over the long term.

According to recent studies, the average college graduate earns over $1 million more dollars over their lifetime than a high school graduate.

Tuition Assistance
Consider taking advantage of *The Tuition Assistance* program to earn an associate, bachelor's, or even graduate degree while you are serving. For more information, visit Navy: *https://www.navycollege.navy.mil/.*

Paying Back Student Loans
The military may help you save money when paying back student loans. The *Paying off Student Loans* Handout has information about options and programs. Take advantage of the **Servicemembers Civil Relief Act** to lower the interest rate to 6% on student loans you incurred before joining the service.

Also keep in mind most federal student loans are eligible for at least one income-driven repayment plan. If your income is low enough, your payment could be dramatically reduced.

Finally, the **Public Service Loan Forgiveness Program** forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full time for a qualifying employer. Visit *studentaid.gov* for additional information.

INSTRUCTOR NOTE: *First Duty Station* Checklist

The *First Duty Station* Checklist has additional options to help you invest in your future marketability. Let's review them.

Take your career into your own hands and consider registering for an **apprenticeship** related to your rate.

You can even earn a U.S. Department of Labor "Certificate of Completion" for programs you complete.

These certificates are nationally recognized and can be an advantage in getting a better job in the future.

Visit the United Services Military Apprenticeship Program website to identify and register for apprenticeships, track progress, and report completion. *https://dodcareerready.usalearning.gov/service_members/apprenticeships*

Credentialing Opportunities On-Line Program (COOL)
The Credentialing Opportunities On-Line Program or COOL for short, can help determine if your military experience translates into a civilian credential.

Think about all the training, education, and experience you will receive throughout your military career.

The COOL program has mapped over 1,700 civilian licenses and certificates to military skills, and that number increases all the time.

To learn more about this helpful program visit the website *https://www.cool.navy.mil/*.



SLIDE 17

Health Insurance

Whenever you move to a new duty station and state, especially to your first duty station, it's a good idea to review and update all your insurance policies — this includes property, auto, life and health insurance — to make sure you're protected. Let's start by discussing health insurance.

INSTRUCTOR NOTE: *TRICARE Overview* Handout

TRICARE

If you are married or have dependents enrolled in TRICARE, review your coverage and **become familiar with your benefits** before moving to your first duty station. Once you arrive at your new duty station, you may need to find a new primary care manager (PCM) or health care provider.

Reserve members are generally eligible for TRICARE Prime when activated for 30 days or more. Eligibility begins on the date your orders are issued or 180 days before you report to active duty, whichever is later. If you are a member of the Reserve, it's important to review any civilian coverage you want.

If you're a member of the Selected Reserve and have enrolled in TRICARE Reserve Select, you'll need to convert your coverage as you enter active duty and then convert it back later.

To be eligible for TRICARE, you must first be registered in the **Defense Enrollment Eligibility Reporting System (DEERS)**. So, if you plan to marry or expect a child, be sure to enroll them in DEERS. When you separate from active duty or demobilize, the Transitional Assistance Management Program (TAMP) can provide TRICARE benefits for another 180 days.

If your spouse is employed and has other health insurance, be sure to coordinate other health insurance benefits with TRICARE.

Visit *www.tricare.mil* for more information.

TRICARE Dental

Once you move to your first duty station, you'll also want to **enroll family member(s)** in the TRICARE Dental Program. Monthly premiums and copays will apply. Visit *www.tricare.mil/Dental* for more information. Reserve members should examine available programs to determine the best insurance available for their situation.



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Property and Auto

Renters Insurance
Review or consider obtaining renters (homeowners) insurance policies to ensure that they are adequate for your circumstances. Even if you live in the barracks you need renter's insurance to protect your personal property.

Auto Insurance
Once you've moved to your first duty station, review your auto policies to be sure you have adequate coverage for the **state** you are now living in. A key page to look for is the policy specifications page, which shows types and amounts of coverage. Also, make sure your insurance meets your loan requirements as well.



SLIDE 19

Life Insurance

SGLI
You're automatically insured for $400,000 of **Servicemembers' Group Life Insurance** (SGLI) unless you decline coverage or choose a smaller amount. TSGLI (also known as Servicemembers' Group Life Insurance Traumatic Injury Protection) provides short-term financial support to help you recover from a severe injury. For eligibility requirements or more information visit *va.gov* and search "TSGLI."

Be sure to review your SGLI beneficiaries often. You can now manage your Servicemembers' Group Life Insurance (SGLI) coverage using the SGLI Online Enrollment System (SOES). SOES allows you to change to your life insurance coverage and beneficiary information at any time. To access SOES, sign into *www.dmdc.osd.mil/milconnect* and go to the Benefits Tab, Life Insurance SOES (SGLI Online Enrollment System).

FSGLI
If you are married, enroll your family members in the **Family SGLI** program, which provides coverage up to $100,000 for a spouse for a low-cost premium and $10,000 for each child at no cost.

Private Life Insurance Considerations
If you're looking for additional life insurance, there are two main types of **private life insurance** — term and permanent insurance.

Think of **term insurance** as temporary coverage that lasts for a certain period of years. Permanent insurance is designed to last your entire life.

Permanent insurance costs more, but also builds cash value. Term gives you the most coverage for your dollar right now.

Watch out for policy exclusions or restrictions. These are situations when you may not be covered, like combat. Also, make sure that the life insurance company you work with has a solid reputation.



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LIFE Insurance Needs

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.

- "**L**" stands for liabilities, which are debts you would like to pay off, such as a mortgage, student loans, car loans, or credit cards. Keep in mind, some federally funded student loans may be forgiven at death.

- "**I**" represents the income you would like to replace. Multiply that by the number of years your survivor(s) will need the income. So, if you want to replace $20,000 of income for 20 years, that's $400,000. Note, this does not account for inflation.

- "**F**" of course, is for funeral and other final expenses. The National Funeral Directors Association estimates funeral costs range between $6,000 and $10,000. This can vary by location and should be added to any other expenses, like the administration of your estate.

- "**E**" represents education and other things you would like to provide for your survivor(s).

After you've added it all up, subtract SGLI and additional death benefit coverage you already have, plus assets available at your death. If you need more coverage, consider supplementing your SGLI and speak with a financial counselor at ACS to develop a plan. Remember, you're looking for life insurance, which generally covers any cause of death (other than a suicide that happens in the first two years of the policy).



SLIDE 21

Saving vs. Investing

INSTRUCTOR NOTE: *Basic Investing* Handout

Now let's turn out attention to some opportunities to save and invest for your future and the *Basic Investing* Handout.

Saving involves setting money aside in safe, relatively low interest paying accounts so it's there when you need it. Usually you are saving for a specific purchase such as your emergency fund or to buy a low-cost item like a TV or game system.

In simple terms, **investing** is using money to try to make a profit or produce income. Investing money is different from saving money. Investing is about taking calculated risks with your money to try to earn more with it. Most people invest to achieve a goal, whether it be a long-term goal like retirement or short-term goal like saving for a down payment on a house.



SLIDE 22

Compound Interest

INSTRUCTOR NOTE: Reference *Basic Investing* Handout.

In simple terms, compound interest is the cycle of earning interest on interest! Here is an example to help illustrate the power of compound interest and why it's important to start early.

Pressy, Mandi and Steve all want to save for retirement.

- Pressy starts at age 20 saving $200 per month.
- Mandi starts at age 25 saving the same $200 per month.
- Steve waits until age 35 and also saves $200 per month.

Assuming the same 8% rate of return for each of them, see the chart below for their results. Even though Pressy only saves $12,000 ($2,400 for 5 years) more than Mandi, she ends up with over $350,000 more by age 65. Steve, by age 65 has significantly less than both, so **the moral of the story is to start saving early for your retirement**.

Read through the Question and Answers *Why Should I Invest?* on the Handout.



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Types of Investments

INSTRUCTOR NOTE: *Thrift Savings Plan* Handout

Cash and cash equivalents such as savings accounts, money markets, and certificates of deposit (CDs) are intended to be relatively safe and accessible.

They tend to offer relatively low yields and returns because there's not as much risk associated with these products, like with stocks or bonds. This typically makes cash and cash equivalent products a poor choice for long-term goals because many of them won't even keep up with inflation.

A **bond** is an investment representing a loan made by an investor to a borrower — typically a business or government entity. The borrower promises the debt will be paid back with interest at a specific time. Bonds are typically issued by companies, municipalities, states, and sovereign governments to finance projects and operations.

A **stock** — also known as a share or equity — is a type of investment representing ownership in a company. Companies sell stock to raise money to fund their business. You become a shareholder and own part of the company when you buy stock. As a shareholder you share in the company's profits if it chooses to distribute periodic payments called dividends. If the company is successful, then the stock may become more valuable and can be sold for a profit. On the other hand, if the company has problems, then the shares in the company might become less valuable or become completely worthless, and an investor can lose money from the original investment.



SLIDE 24

Mutual Funds and Exchange-Traded Funds (ETFs)

A **mutual fund** is a type of investment made up of a pool of money collected from many investors to invest in securities like cash, bonds, stocks and other assets. Mutual funds are operated by professionals, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

An **ETF,** or exchange-traded fund, is an investment that tracks a particular set of equities, similar to an index. It's similar to a mutual fund but trades just as a normal stock would on an exchange, and its price adjusts throughout the day rather than at market close. ETFs can track stocks in a single industry, such as energy, or an entire index of equities like the S&P 500.



SLIDE 25

Investing — Things to Consider

INSTRUCTOR NOTE: *Basic Investing* Handout

Let's briefly review some common strategies to invest listed on the *Basic Investing* Handout:

- Invest regularly
- Invest for the long term
- Keep emotions out of your actions
- Avoid high-risk investments
- Avoid chasing performance
- Diversify
- Evaluate your investment plan at least annually.



SLIDE 26

Understanding Your TSP

INSTRUCTOR NOTE: *Thrift Savings Plan* Handout

The Thrift Savings Plan (TSP) is a type of retirement saving plan open to federal employees and members of the Uniformed Services. Similar to a civilian 401(k), the TSP offers the opportunity for Service members to save and invest for retirement.

Let's now take out the *Thrift Savings Plan* Handout and explore more about the TSP, which is also a tax-advantaged account.

Traditional vs. Roth Contributions

So, what does "tax-advantaged" mean? When you put money into the TSP, this is known as making a contribution, and you get to pick the type of tax bucket you want your money to go into: Traditional or Roth. You can even do both if you want.

When you make **Traditional contributions**, your taxable income is reduced now, but withdrawals from these accounts are taxable later.

When you make **Roth contributions**, your taxable income is not reduced now, but withdrawals from these accounts can be tax-free later, as long as a few rules are followed.

These are treated differently in a tax-free zone. Traditional contributions go in tax-free but all of the growth will be taxed. Roth contributions go in tax-free and the growth will never be taxed.

But what about contributions made by your branch of service?

These contributions won't impact your tax bill today. However, since they all go into your Traditional account, the contributions and the earnings will be taxable later when they are withdrawn.

The IRS does set annual limits for all retirement accounts including TSP. Visit *tsp.gov* to learn the current annual limit and special limit or "additional" limit for combat zones.

INSTRUCTOR NOTE: Recommend you look up the current annual and additional limit amounts before class.



SLIDE 27

TSP Investment Choices: Core Funds

Now let's look at the many TSP **investment choices** available to you.

- Let's start with the **G Fund,** which invests in government bonds and is considered very low risk because it's guaranteed to never go down in value.
- Next up the on the risk and potential reward scale is the **F Fund**, which offers low to moderate volatility via government, corporate, and mortgage-backed bonds, Barclays US Aggregate Index. The F Fund is not guaranteed and can lose value.
- This is also the case for all the remaining funds we're about to cover.
- Next up are three stock-based funds.
- The **C Fund** is managed to replicate the S&P 500 Index.
- The **S Fund** invests in small to mid-sized company stocks, Dow Jones Index.
- And the **I Fund** invests in international company stocks across more than 20 developed countries.



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TSP Investment Choices: Lifecycle Funds

INSTRUCTOR NOTE: *Thrift Savings Plan* Handout

If you don't feel comfortable deciding how to mix these investments to create a portfolio that's right for you, there's a remaining group of funds called the **Lifecycle Funds** that may be right for you.

Each of these funds invests in a professionally developed mix of the funds we just covered, starting out with a riskier blend but then getting more conservative over time.

An age-appropriate Lifecycle Fund is where your automatic contributions will go, unless you change it.

To learn more about the investment funds covered today, visit *tsp.gov.* There you can find the key features, rates of return, and top 10 investment holdings for each of the funds offered.



SLIDE 29

Blended Retirement System: Automatic and Matching Contributions

Under BRS, you receive an automatic 1% contribution into your TSP after serving 60 days. After two years of service you are considered "vested" in the TSP meaning that you have met the service requirements that entitle you to keep the automatic 1% contribution and you gain eligibility for service matching contributions. Let's take a look at the chart to see how your contributions will be matched after two years of service.

The DoD will match dollar for dollar the first 3%, after that they will match $.50 for each additional percent up to 5% — this is the maximum they will match. So if you contribute 5% the DoD will contribute the 1% automatic and a 4% match. All automatic and matching funds will be deposited into the traditional TSP. Remember you start getting the match after two years of service. Also, automatic and matching contributions continue through the end of the pay period during which you reach 26 years of service.



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Manage Your TSP

There are two main websites you will use to access and manage your TSP: *tsp.gov,* myPay and Direct Access.

myPay and Direct Access. To start, stop, or change contributions to your TSP, log in to myPay at *mypay.das.mil/mypay* or Direct Access. This pertains to the percentage you are contributing and the type (Traditional or Roth). Also, verify and update your address. This is the address TSP uses to send your account information.

***TSP.gov*.** To access and manage your TSP account, you'll need to visit TSP.gov and log in with your account number*. Here you can view your portfolio, manage your investments, and change your future allocations.

You can also review and update beneficiaries in your TSP account, if applicable. Access the form TSP-3 Designation of Beneficiary. This can be completed electronically and then printed; however, it must be manually signed, witnessed, and faxed.

INSTRUCTOR NOTE: If you have misplaced or lost your account number, visit *www.tsp.gov/tsp/forgottenAccount.html* to request the account number be mailed to you. Be sure to verify and update your address in myPay and Direct Access first.



SLIDE 31

Summary

Congratulations on your First Duty Station assignment!

Let's recap what you learned about:

- Compensation and Military Banking
- Basic Finance
- Consumer Protection
- Education and Career Planning
- Insurance
- Saving and Investing
- Thrift Savings Plan



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Resources

Please read through your Checklist and Handouts and refer back to them. They are a great resource to help navigate the financial decisions you'll need to make.

You are not alone! You have many layers of support to help you learn more and make good financial decisions.

You can talk to your CFS at your unit or meet with a PFM and attend a class at your local installation service center. You can call Military OneSource or CG SUPRT for additional assistance. This is a great option for flexibility of scheduling since the call center has extended hours. You may also access the FINRED Sen$e mobile app or the MyNavy Financial Literacy mobile app for assistance with a variety of personal finance issues.



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Thank You!

Thank you for participating! I wish you the best of luck as you prepare to move to your first duty station. Please let me know if you have any questions or if you would like to schedule an in-person appointment to review your personal finances.