



# PRE-DEPLOYMENT

## CFS/PFM CHECKLIST

NAVY FINANCIAL READINESS

Preparing for deployment can be a stressful time for you and your family. A deployment can also provide an excellent opportunity to improve your financial situation, if you're prepared. This checklist is all about getting your finances ready before you deploy, so you can take advantage of opportunities and help alleviate stress.

In addition to the training materials contained in this checklist, the financial counselors at the Fleet and Family Support Center (FFSC), can help you with your specific situation before you deploy.

## HANDOUTS

- ✓ Spending Plan Worksheet
- ✓ Financial Warning Signs
- ✓ Understanding Credit
- ✓ Combat Zone Tax Exclusion
- ✓ Military Consumer Protection
- ✓ Sources of Help for Military Consumers
- ✓ Paying off Student Loans
- ✓ Estate Planning
- ✓ TRICARE Overview
- ✓ Survivor Benefits Overview
- ✓ Thrift Savings Plan



## BASIC FINANCE

- ☐ Update your personal spending plan using the *Spending Plan Worksheet*. A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four steps financial experts suggest to get started.

**Counselor:** Inform counselees that you can provide a **Spending Plan Worksheet** as well as more detailed templates with features that can help them understand their financial situation and reduce excessive debt.

### 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 all your income and spending for the next 30 days. How you do the tracking is up to you, but what's important is you do it.

### Step 2: Know where your money should go.

Financial experts offer these general guidelines when budgeting your money:

- Try to save and/or invest 10% – 15% of pretax pay.
- Strive to keep transportation expenses including car payments, insurance, gas and maintenance to 15% – 20% of pretax pay.
- Limit housing expenses, including mortgage or rent payment, taxes, utilities, and maintenance to your Basic Allowance for Housing or 25% of pretax pay.

### Step 3: Create a plan.

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

- Prioritize your financial goals.
- Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. If you do not have that much saved, consider setting aside a little each paycheck to help get you there.

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

### Step 4: Make adjustments.

Update your spending plan as your life changes. Monitor your plan until you have fully adjusted your finances to reflect your new situation.



- ☐ Understand the warning signs of debt and know where to get help. Review the *Financial Warning Signs* Handout for more information.
- ☐ Consider setting up automatic bill payments to ensure you keep up with your financial obligations and communicate with your power of attorney (POA) about payments that need to be made throughout the month.

**Counselor:** *Remind counselees to ask their financial institution about any fees associated with bill pay and online banking so they can budget accordingly and be prepared.*

- ☐ Check each of your three major credit reports for free at **[annualcreditreport.com](https://annualcreditreport.com)**. Sailors can request free credit monitoring services from the nationwide credit reporting agencies: Equifax, Experian, and TransUnion. Review the *Understanding Credit* Handout for more information.

**Counselor:** *Remind counselees that a Personal Financial Manager/Educator (PFM/E), can provide a free copy of their credit report, help them interpret their reports and discuss what they need to do to improve their scores.*

- ☐ Consider obtaining a power of attorney (POA) to authorize your spouse to use the Navy-Marine Corps Relief Society (NMCRS). This will allow your spouse to apply for emergency financial assistance if needed. NCMRS can offer financial assistance, grants, and zero interest loans to Sailors who are experiencing financial hardships.
- ☐ Review the *Combat Zone Tax Exclusion* Handout to learn more about common tax benefits and special IRS rules that may apply to your deployment.

**Counselor:** *Eligible Sailors, serving in a combat zone, can exclude income from taxation by the Internal Revenue Service (IRS). Refer to the **Combat Zone Tax Exclusion** Handout provided and IRS Publication 3, The Armed Forces Tax Guide to learn more about tax-filing deadlines, CZTE, and other tax considerations.*

- ☐ Review your tax situation and act accordingly.
  - For Sailors who will be deployed out of the country, extensions of tax filing deadlines may apply. Some extensions are automatic, while some have to be requested of the IRS. The lengths of time involved vary.
  - Consider providing tax documentation to your power of attorney (POA), if applicable.
  - For more information, visit <https://www.irs.gov> and search “IRS Publication 3, The Armed Forces’ Tax Guide.” This publication covers Service members’ tax benefits and responsibilities in detail.

Additional notes: \_\_\_\_\_

---



## CONSUMER PROTECTION

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

**Counselor:** *In addition to interest rate benefits, the SCRA may also be helpful with termination of cell phone contracts, automobile leases and residential leases. The SCRA also provides protection in certain situations such as evictions, foreclosures, court proceedings, taxes and liabilities, and installment contracts.*

- ☐ Protect yourself from misleading consumer practices and know basic procedures for handling a consumer complaint or dispute. Review the *Sources of Help for Military Consumers* Handout.
- ☐ Set up an Active-Duty alert through any one of the three major credit bureaus to help protect against identity theft while you are deployed. An Active-Duty alert requires creditors to take steps to verify the identity of the applicant before granting credit in that person's name. It is effective for one year, unless you request for it to be removed sooner. If your deployment lasts longer than one year, you may place another alert on the report.

**Counselor:** *Inform the counselees to call the toll-free number for one of the three nationwide consumer credit reporting agencies to place an Active-Duty alert. The agency they call is required to contact the other two agencies and the law allows for personal representatives to place or remove an alert. Encourage them to review their credit report for errors.*

Additional notes: \_\_\_\_\_  
\_\_\_\_\_



## MAJOR PURCHASES

- ☐ Take advantage of student loan programs offered to deployed Sailors. You are legally entitled to have interest on certain student loans suspended for the duration of your service while deployed in a combat zone. Review the *Paying off Student Loans* Handout for more information.
- ☐ Reserve Sailors with federal student loans may qualify for an income-based payment reduction if they earn less as a result of their mobilization. Service in hostile-fire area may entitle you to loan cancellation.
- ☐ The SCRA can reduce the interest rate on student loans for Reserve Sailors ordered to Active Duty. Speak with your loan servicer to meet documentation requirements.

**Counselor:** *Explain to counselees that information about their student loans can be found on the National Student Loan Data System (NSLDS) at [https://nslds.fapf.edu/nslds\\_FAPF/](https://nslds.fapf.edu/nslds_FAPF/).*



## PLANNING FOR THE FUTURE

- ☐ Evaluate your life insurance needs before you deploy to ensure you have enough coverage, the right type of coverage, and correct beneficiaries. A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

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

Then compare your life insurance needs with your current amount of coverage plus any assets and benefits available at death. If you find you need additional coverage, then consider supplementing Servicemembers' Group Life Insurance (SGLI) with a commercial life insurance policy. Review the policy for any restrictions, such as a war clause. Common life insurance policies include:

- Term insurance — provides a stated amount of coverage over specific period of time and is designed to provide a large amount of coverage for the least cost.
- Permanent insurance — provides coverage designed to last for your entire life and can build cash value.

There are several permanent life insurance options offered such as universal life, whole life, variable life and even variable universal life insurance. These policies may have a surrender period and be subject to fees and penalties if canceled during this time.

**Counselor:** Remind counselees to ask questions and fully understand any commercial life insurance policy they are considering purchasing. They should understand the cost, coverage, terms and conditions, as well as how the agent is compensated before making a decision to buy.

- ☐ Check the amount of your SGLI coverage, which is automatically \$400,000 unless another election is made.

**Counselor:** Selected Reservists can purchase SGLI coverage that is in effect 365 days of the year. If mobilized, they may be eligible to elect SGLI or increase coverage. They are also covered for 120 days following separation or release from duty. Refer counselees to <https://www.benefits.va.gov/insurance/> for more information. See [www.benefits.va.gov/BENEFITS/factsheets/insurance/SGLI.pdf](https://www.benefits.va.gov/BENEFITS/factsheets/insurance/SGLI.pdf) for more information.

- ☐ Review the beneficiaries of your Servicemembers' Group Life Insurance (SGLI). To update the beneficiaries of your SGLI, access the SGLI Online Enrollment System (SOES), by signing into milConnect at <https://milconnect.dmdc.osd.mil/milconnect/> and select the "Manage my SGLI" tab.
- ☐ Review your Record of Emergency Data (DD Form 93), or Page 2, by visiting the Navy Standard Integrated Personnel System (NSIPS) at <https://nsips.nmci.navy.mil/>.
- ☐ Carefully review any additional life insurance coverages for potential disqualifying events, like war clauses.

- ☐ Review and update your homeowners or renters property and liability insurance policies to ensure that they are adequate for your circumstances.
- ☐ Update your auto insurance policies, and ensure coverage is appropriate for your current needs.

**Counselor:** Remind counsees to let their insurer know their car will be “off the road,” if appropriate. Also, if counsees owe money on a car, the creditor will require insurance coverage. It may not be advisable to cancel coverage in most cases. Direct counselee to check with their insurance agent to review options.

- ☐ Review the *Estate Planning* Handout and see your base legal office (or other legal counsel) to establish or update estate planning documents such as wills, power of attorney, trusts and advance directive. If applicable, designate one or more guardians for your dependent(s).

**Counselor:** For single parents, it may be wise to give a medical power of attorney to your child care provider to handle any medical emergencies that may arise while you are deployed as prescribed by the Family Care Plan. You may also need a special power of attorney for your child’s caretaker to enroll the child in school, sign permission slips, etc. Many financial institutions may require their own POA document, so encourage the counsees to verify if that is the case.

Additional notes: \_\_\_\_\_

\_\_\_\_\_



## COMPENSATION, BENEFITS, AND ENTITLEMENTS

- ☐ Determine eligibility for special pays and entitlements during your deployment. Also, account for potential changes to your expenses. The chart below outlines a few examples of potential income and expense changes to consider:

### Potential Income Changes:\*

- Family Separation Allowance (FSA): FSA may be payable at the rate of \$250 per month (pro-rated to \$8.33 per day for periods less than a month)
- Hostile Fire/Imminent Danger Pay: HF/IDP may be payable at the rate of \$225 per month (prorated to \$7.50 per day for periods less than a month)
- Career Sea Pay for enlisted members can range from a monthly rate of \$50 to \$805 depending on paygrade and years of sea duty.
- Combat Zone Tax Exclusion (CZTE)
- Promotion
- Reenlistment bonus
- Reserve members may find military pay differs significantly from their civilian pay

### Potential Expense Changes:\*

- Meal deduction in deployment locations
- Extra child care costs
- Extra pet boarding
- Maintenance and repair expenses
- Storage for vehicle or household goods

*\*Check your Leave and Earnings Statement (LES) to verify pay adjustments are accurately reflected.*

**Counselor:** Whether a counselee is single, married, has children, or dual-military, every household faces unique challenges during a deployment. Help the counselee create a plan that works for them and their family. Ask about their financial wishes and if applicable, establish a realistic budget for everyone in their family. They may save money during deployment, but allowances should be made for a recreational break.

- ☐ Notify insurance providers of your deployment. Reserve members receive TRICARE coverage for themselves and their eligible dependents when reporting for Active Duty. Coverage may begin sooner if the orders have a delayed reporting date. Refer to the *TRICARE Overview Handout* for more information about health insurance.

**Counselor:** *Reserve members should coordinate health coverage with their civilian employers to ensure continuity of coverage.*

- ☐ Review the *Survivor Benefits Overview Handout* for more information on financial resources available to eligible dependents, including the Survivor Benefit Plan (SBP).

Additional notes: \_\_\_\_\_  
\_\_\_\_\_



## SAVING AND INVESTING

- ☐ Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve.
- ☐ Understand the benefits of the DoD's Savings Deposit Program (SDP). The SDP offers an opportunity to increase returns on cash savings. The SDP offers an annual return of 10%, compounded monthly and paid quarterly, of up to \$10,000 put in to it. To learn more, visit the DFAS website at: <https://www.dfas.mil/MilitaryMembers/sdpl>.

**Counselor:** *To participate in the SDP, counselees must meet the following qualifications:*

- *Going to an SDP-eligible location.*
- *Visit the service administration or finance office in theater to sign up.*
- *Be in theater 30 days or one day of three consecutive months.*

Sailors may make an initial deposit up to earned unallotted pay (up to \$10,000) during the 30 days previous to the date of deposit. Sign up at the finance office in theater.

**Counselor:** *Help the counselee understand that the SDP offers investment-like returns without investment-like risk of loss.*

- ☐ Review the *Thrift Savings Plan Handout* for more information about investing options and contribution limits while deployed.
- ☐ Consider making Roth contributions to your TSP while deployed, so both contributions and growth can be tax-free for eligible withdrawals at retirement. Special note: Excess contributions made while deployed count toward the Annual Additions Limit, which is \$61,000 for 2022. Sailor contributions above the Elective Deferral Limit (\$20,500 for 2022) go into the Traditional TSP account, which also includes matching and automatic Service contributions.

**Counselor:** *Reserve members who participate in their civilian employer's qualified retirement plan should verify their contributions and any employer match. The IRS limits apply to all plans.*