



Preparing for Divorce

Instructor Guide



SECURING THE
FINANCIAL
FRONTLINE

I. COURSE ORGANIZATION AND OUTLINE

The *Preparing for Divorce* course is comprised of 9 parts:

1. **Introduction and Agenda**
 - Welcome
 - Facilitator introduction
 - Agenda
2. **Administrative Tasks**
 - Documents
 - Power of Attorney (POA)
 - Divorce Decree
 - DEERS
 - Family Care Plan
3. **Financial Planning**
 - Spending Plan
 - Banking
 - Paying Bills
 - Emergency Fund
4. **Managing Credit and Debt**
 - Understanding Credit
 - Your Credit Score
 - Managing Debt
5. **Retirement and Other Benefits**
 - Division of Retirement Accounts
 - Review Retirement Savings Goals
 - Update Beneficiaries
 - Survivor and Education Benefits
6. **Housing and Vehicles**
7. **Insurance**
 - Health and Dental Insurance
 - Property and Disability Insurance
 - Life Insurance
8. **Legal Documents and Income Taxes**
 - Estate Planning
 - Income Taxes
9. **Summary and Resources**

TOTAL: 45 minutes

II. LEARNING OBJECTIVES



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

1. **TLO:** Understand the fundamentals of creating and managing a spending plan, and the importance of updating a spending plan.
ELOs: Update personal spending plan. Understand changes in allowances as a result of a divorce. Be able to develop a spending plan that accounts for necessities and addresses cash flow changes due to child support or spousal support.
2. **TLO:** Understand fundamentals of income tax, and common tax benefits, and potential changes to them
ELO: Understand how to update federal and state withholding as needed.
3. **TLO:** Recognize and understand how to protect against misleading consumer practices, and report consumer 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. Be able to access and read a credit report to identify potentially fraudulent activities. Understand credit fraud and the process for placing alerts and freezes on accounts. Know which federal agencies support consumer protections and how to find information.
4. **TLO:** Understand education financing, to include available benefits, obligations, and repayment options.
ELOs: Be able to assess the cost of educational programs. Know a variety of education benefits available to Service members and families. Understand general information on various financial aid options such as grants, scholarships, and loans. Understand the value of saving early. Identify, compare, and contrast educational saving programs.
5. **TLO:** Comprehend the components of Service member's military retirement system and the importance of preparing for retirement.
6. **TLO:** Discuss the reasons, needs, types, and options for purchasing insurance.
ELOs: Review beneficiaries and levels for life insurance including Servicemembers' Group Life Insurance (SGLI). Know the different types and levels of eligibility of life insurance offered to military family members. Understand the need to update insurance levels and premiums to cover liabilities. Understand benefits of flexible spending accounts.
7. **TLO:** Understand purpose and implications of estate planning (beneficiaries, wills, trusts, power of attorney, etc.).
ELOs: Understand estate planning considerations. Know why it is important to update estate planning documents and beneficiaries.
8. **TLO:** Discuss TRICARE options and costs.
ELOs: Know how to add or remove dependents to/from TRICARE. Know when and how to update DEERS. Understand options for health care beyond TRICARE. Understand the necessity for additional health care for those who may not be covered under TRICARE. Know how to review benefits and costs of various health insurance options. Know which health care benefits will be used for varying scenarios.
9. **TLO:** Discuss survivor and dependent benefits, including SBP and SGLI.
10. **TLO:** Recognize the importance of and be able to develop savings and an emergency fund.
ELOs: Understand the importance of starting and maintaining emergency savings. Know how to set emergency savings goals. Know various methods and modes for keeping emergency funds. Know how to assess how much should be kept in an emergency fund. Be able to set guidelines for starting and replenishing an emergency fund.

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 this 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 Instructor Note in this Instructor Guide.

Materials and Equipment:

- Projector/screen
- *Preparing for Divorce* course slides
- Chart paper and easel or whiteboard and markers
- Paper, pens, pencils
- Course sign-in sheet
- Course evaluations

Forms and Handouts:

- *Financial Implications of Divorce* Soldier checklist
- *Spending Plan Worksheet* handout
- *Major Purchases* handout
- *5 Rules of Buying a House* handout
- *TRICARE Overview* handout
- *Estate Planning* handout
- *Paying off Student Loans* handout
- *Education Benefits and Savings* handout
- *Understanding Credit* handout
- *Free Credit Monitoring* handout
- *Military Retirement* handout
- *Thrift Savings Plan* handout
- *Survivor Benefits Overview* handout
- *Military Consumer Protection* handout
- *Sources of Help for Military Consumers* handout

IV. CONTENT

Introduction



SLIDE 1

Facilitator Introduction

Hello, my name is _____.

I am a _____.

(Describe your experience as a facilitator or with personal financial management.)

Course Purpose and Rationale

Divorce can be a stressful life event in many ways. Today, my goal is to help reduce the stress and uncertainty associated with the financial aspects of divorce.

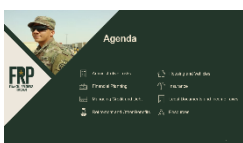
Over the next 45 minutes, I'll share information that will help you prepare to make smart, informed financial moves so you can emerge from your divorce with greater financial confidence. So, let's get started!

This training satisfies the common military training requirement for preparing for divorce.

INSTRUCTOR NOTE: Please inform attendees that you are not an expert on divorce and the specifics outlined in their divorce decree will dictate their financial options.

Disclaimer: *The information provided in this course does not constitute a formal endorsement of any company, its products, or services by the military. Specifically, the appearance or use of external hyperlinks does not constitute endorsement by the military of the linked websites, or the information, products, or services contained therein. The military does not exercise any editorial control over the content you may find in these resources. The intent is to provide informative material to assist Soldiers and their families in identifying or exploring multiple options.*

Agenda



SLIDE 2



INSTRUCTOR NOTE: Distribute *Financial Implications of Divorce* Soldier checklist. Encourage participants to seek legal counsel to fully understand their rights before they take action to divide accounts.

To help you understand how divorce may impact your financial situation, we will explore:

- Administrative Tasks
- Financial Planning
- Managing Credit and Debt
- Retirement and Other Benefits
- Housing and Vehicles
- Insurance
- Legal Documents and Taxes

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

Before we dive in, let's take a few minutes to get to know each other.



ACTIVITY: Take two to three minutes to have attendees partner up and discuss their top five bucket list goals. While some of the goals might be pure fun, many of the goals are likely rooted in their vision of the future. Bring the class back together and call on a few people to share their top goal with everyone. Starting with this discussion will help set a positive tone for the course and get attendees thinking about their new futures and what is most important to them. You do not want the class to turn into a gripe session, so encourage and redirect attendees when needed to keep the mood upbeat.

Administrative Tasks



SLIDE 3

Now that we're acquainted, let's focus on the administrative tasks that need to be done to reorganize your finances and adjust to your divorce.

Documents

First, you will need to get a variety of documents in order. During the divorce process, ideally when you are considering divorce or are separated from your spouse, you need to start looking at all your household financial documents and make copies of everything, including bank accounts, investments, retirement plans, credit cards, loans, airline miles, stock options, season tickets, etc.

The next document you need is your divorce decree, also called a marriage settlement agreement. This document should specifically address spousal support, child custody and support, the division of property (including financial assets), tax filing, and Survivor Benefit Plan (SBP) considerations.

If you are in the process of a divorce, you may not have a divorce decree yet. However, when it's available, get several copies. Official copies are often embossed or stamped in some way. You may need to present official copies to several different agencies and institutions as you update your marital status. To get the ball rolling, visit your finance office and submit the required documents.

If you are changing your name, update your Social Security record and other forms of identification, such as your military ID, passport, and driver's license.

If you hold a security clearance, do not forget that you're required to self-report a change in your personal status (marital status, spouse-like relationships, and name changes).

Be prepared for impacts to your retirement pay and Social Security. Under the terms of the Uniformed Services Former Spouses Protection Act of 2011, some former spouses may be entitled to a portion of your military retired pay. You can learn more about this at <https://www.dfas.mil/garnishment/usfspa/legal/> or <https://www.militaryonesource.mil/>.

To understand how divorce may affect your Social Security benefits, go to the Social Security website at <https://www.ssa.gov/>.

Your installation's Legal Services Office can help you with other changes, such as revoking powers of attorney you may have granted to your spouse, as well as updating vehicle titles and real estate deeds.

Be aware that a Soldier can be prohibited from going to a particular legal office if his/her spouse has already been seen in that office for divorce. The legal office is prohibited from seeing the 'second spouse' due to a potential conflict of interest and the lawyers' professional responsibility rules.

It's also imperative to see your S1, Unit Administrator (UA), or HR Specialist to have your documents updated as soon as possible. Any delay in updating the Army's official records will delay adjustments to your pay and entitlements.

We will discuss the impacts to the Survivor Benefit Plan later as well as updating your beneficiaries according to the divorce decree for your DD-93, SGLI, TSP-3, etc.

Power of Attorney (POA)

If your ex-spouse was designated as a POA, you should consider designating a new POA, like a parent or other family member, before you are deployed or experience any other type of absence, such as training exercises.

A POA is a legal document that grants another person, called an attorney-in-fact, the power to act on your behalf. This can be helpful to transact business like paying taxes, receiving emergency financial assistance, and accepting installation housing, even though you are unavailable.

It is best to consult with a judge advocate or lawyer to make sure you understand what rights you are giving to someone, whether limitations are needed, and when the POA could unintentionally expire. A POA can be drafted with an expiration date or revoked at any time. Keep in mind that a specific power of attorney, rather than a general POA, is likely required for many financial transactions. Your installation's Legal Services Office can prepare the document for you free of charge.

DEERS

Another important step is updating DEERS to change your marital status. This must be done in person at the DEERS/RAPIDS office. In addition to your divorce decree, you will need DA Form 4187 and other documents. Make sure to call ahead and ask what paperwork you should bring with you. This is also an opportunity to get a new military ID if you're changing your name.

Family Care Plan

If you have children, now is also a great time to review or create a Family Care Plan (DA Form 5305) should you ever have to leave your children under the supervision of a designated caregiver for an extended period, such as during a deployment or temporary duty. A Family Care Plan is required for single parents and dual-military couples who are active duty Soldiers or members of the Guard or Reserve, regardless of grade.

For more information on the types of documents you will need to include, visit <https://www.militaryonesource.mil/family-relationships/relationships/parents-%20guardians/preparing-your-family-care-plan/>. You can fill out a Family Care Plan at https://armypubs.army.mil/pub/eforms/DR_a/pdf/DA%20FORM%205305.pdf.

Financial Planning



SLIDE 4



INSTRUCTOR NOTE: Distribute *Spending Plan Worksheet* handout.

Now that we have covered the basic administrative tasks necessary for a divorce, let's turn our attention to another important topic with many changes in a divorce – your financial plan.



SLIDE 5

Spending Plan

The foundation of a solid financial plan is your spending plan, or budget. In your marriage, who took care of the day-to-day finances? If it wasn't you, you may experience a learning curve as you adjust to overseeing your own finances.

You'll need to create a spending plan for your new life. A spending plan is a way to map out all your current income and expenses, including everything from bills and debt payments to retirement plan contributions.

In addition to giving you a clear picture of where you stand, a spending plan also lets you set goals for how you use your money each month. For example, you can plan to decrease spending on some items, and use the extra money to pursue goals such as paying down debt or saving for the future.

Step 1: Understand Your Current Situation

Knowing where your money is going now can help you determine whether these expenses need to remain as is or adjustments are needed. Expenses like alimony and child support can really impact a spending plan, especially if you are paying for your own expenses too.

Track all your combined cash and outflows for the next 30 days or look back at the previous 30 days. You can record it any way you want — by pen and paper, a spreadsheet on the computer, or on your phone using an app. The important thing here is to do it for the full 30 days.

After you've notified your finance office and updated DEERS, take a good look at your LES to make sure the changes are reflected in your pay, allowances, and deductions, including BAH, alimony, child support, TRICARE, dental and vision coverage, and FSGLI. Watch out for overpayments. Money paid to you in error will be recollected. Don't spend it.

INSTRUCTOR NOTE: Make sure to emphasize that depending on pay cycles and when documents are submitted for processing, Soldiers may experience large garnishments from their paycheck.

Step 2: Know Where Your Money Should Go

Once you know where your money is going, you then need to understand where it should go. There are general rules/guidelines that experts suggest:

- Save and/or invest 10% to 15% of pretax pay.
- Keep transportation expenses, including car payments, insurance, gas, and maintenance, to 15% to 20% of pretax pay.
- Housing expenses, including mortgage or rent payment, taxes, utilities, maintenance, etc. should be limited to your BAH or to 25% of pretax pay.

Step 3: Create a Plan

Now that you know how much you are spending, where it's going, and where it should be going, it's time to create a plan. It's a good idea to prioritize your financial goals. These may be different after a divorce. Next, you need to get into the habit of paying yourself first. If you are not already allocating a portion of your income toward savings or investments, this may be a good time to start. Automate savings and keep funds in a separate account to help you stick with your plan and avoid temptations to spend.

INSTRUCTOR NOTE: Tell attendees that as they create their spending plan, they should consider the obstacles that may get in the way when trying to save, invest, and limit household expenses. Based on their current situation, evaluated in Step 1, where do they spend more than they need to? What habits are inhibiting them from reaching their goals? To achieve financial goals, it's important to acknowledge the obstacles that will stand in the way to feel more prepared in those moments to make a different choice.

Step 4: Make Adjustments

As your life circumstances change, your household spending plan needs to adjust as well. Major life events, like divorce or a promotion, could affect your spending plan, so review it regularly.

INSTRUCTOR NOTE: Tell attendees that they should decide how often they want to check in on their spending plan (e.g., every month) and pick the first day that they'd like to check-in (e.g., May 1) to ensure they follow through with updating their plan. They can also identify a system to help ensure they check-in, like a monthly reminder on their phone or a note on the family calendar.

Use the *Spending Plan Worksheet* handout to help with this step and be sure to include any spousal or child support payments that result from your divorce. You may also have costs from the divorce process itself, such as travel, required classes, filing fees, and other legal fees.



ACTIVITY: If time permits, spend a few minutes filling out a mock *Spending Plan Worksheet* handout with attendees. Encourage attendees to complete their own *Spending Plan Worksheet* at home.

The Army has plenty of resources to assist you if you need a helping hand. You can speak to a free and confidential Personal Financial Manager or Counselor at your installation.



SLIDE 6

Banking

You should also review your banking and credit card arrangements. Per your divorce decree, or as appropriate, you may want to close all joint credit card, bank, safety deposit box, and credit union accounts and open new accounts in your own name as soon as possible. Change username and passwords to all financial accounts, as needed. Seek professional financial or legal counseling if you're unsure about taking that step.

INSTRUCTOR NOTE: Remind Soldiers that they should consider protecting themselves by notifying all of their financial institutions.

While you're reviewing accounts, you may consider other bank or credit unions. With some shopping around, you may find an institution with lower fees, and better interest rates on savings accounts and credit cards.

Paying Bills

Review your system for paying bills. Late payments can put a big dent in your credit score, so it pays to stay on top of things. Consider paying bills through an automatic withdrawal from a checking or savings account.

Whether you're on the giving end or receiving end, keep records tracking all alimony and child support payments.

Emergency Fund

Experts suggest having some easy-to-access cash set aside for unexpected expenses. This is money that's kept in a low-risk account, such as a savings account. It should be an account that you can access easily and without any penalties in case you have an emergency.

The idea of an emergency fund is having some cash on hand, so you don't have to take on expensive credit card debt when surprise expenses pop up. Chances are, if you had cash set aside for emergencies, you may have had to dip into that to cover any divorce expenses. As you review and update your financial plan, consider prioritizing replenishing or building this fund.



ACTIVITY: Ask attendees to think of some examples of unexpected expenses that an emergency fund could help cover. Answers may include vehicle repairs, home repairs, insurance deductibles, appliance replacements, travel on short notice, and job losses.

How much should you have in your emergency fund? Experts generally say it should be a minimum of \$1,000 but ideally equal to three to six months of your regular living expenses. One-income households are generally more vulnerable when there are financial surprises. If divorce leaves you with one income, you may want to aim for the longer end of that range.

Managing Credit and Debt



SLIDE 7



INSTRUCTOR NOTE: Distribute *Understanding Credit*, *Free Credit Monitoring*, *Military Consumer Protection*, *Sources of Help for Military Consumers* handouts. For more information about understanding credit and debt, speak to a Personal Financial Manager or Counselor at your installation.

Going through a divorce has the potential to impact your credit and/or debt situation. The decisions you make on these issues have a major impact on your financial success.



SLIDE 8

Understanding Credit

At <https://www.annualcreditreport.com>, you can request a free copy of your credit report from each of the three major credit bureaus. You can request a free report once a year from each of them. Your credit report shows all the current credit that's open in your name, as well as your past history.

When you get your report, look at it carefully and report any errors you find. You may see debts you didn't realize you still owed. Try to pay them off right away. As you go through and emerge from your divorce, pay special attention to your credit report to monitor for unauthorized activity. Your divorce decree may outline who is responsible for paying joint loans; it's important to monitor to make sure payments are being made.

Active duty Soldiers and eligible members of the Guard and Reserve may also be eligible for **free credit monitoring** from each of the reporting agencies. These services warn you about new activity on your credit report.

- <https://www.transunion.com/active-duty-military-credit-monitoring>
- <https://www.equifax.com/personal/military-credit-monitoring/>
- <https://www.experian.com/lp/military.html>

If you have questions about credit, talk to a Personal Financial Manager or Personal Financial Counselor.

Your Credit Score

Your credit report is different from your credit score. Your credit score is a number between 300 and 850. From a lender or creditor's perspective, credit scores indicate how risky it is to lend money or extend a line of credit to a borrower. A score greater than 670 is considered to be a favorable risk and indicates that the borrower is more likely to pay back their loan.

INSTRUCTOR NOTE: Avoid using terms like “good/bad risk” or “credit worthiness” when discussing credit scores. Emphasize that credit scores are a tool used by lenders and creditors rather than a reflection of a person's value or worthiness.

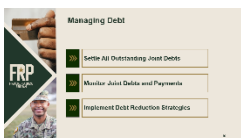
If your score is too low, you may have a hard time being approved for loans or credit cards. The higher your score, the better chance of being approved and the lower your interest rates will be.



SLIDE 9

There are five key factors that drive your score: payment history, amount of debt owed, length of credit history, new credit, and types of credit.

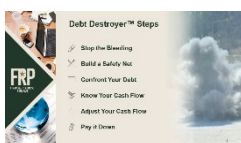
Approximately 65% of your score comes from your payment history and the amounts owed. Be sure to make all your payments on time and to avoid carrying large balances. On credit cards, avoid carrying a balance that's larger than 30% of your credit limit. Unlike your credit report, you're not entitled to see your credit score without paying for it. Some paid credit monitoring services include it as part of the package.



SLIDE 10

Managing Debt

If you have joint debts with your spouse or ex-spouse, they remain a shared responsibility if your name is on the account, no matter who originally took out the debt or why or who was assigned responsibility in the divorce decree. If possible, settle all your outstanding joint debts. Closely monitor outstanding joint debts that continue. If your ex-spouse has agreed to make payments, make sure they're doing so. If payments are missed, it will impact your credit report and credit scores too.



SLIDE 11

If debt reduction is a goal for you, there are a few strategies that can help you do it efficiently. Consider implementing the **Debt Destroyer Steps™** to manage your debt:

1. **Stop the Bleeding.** To get out of debt, you've got to stop adding to it. Try going on a cash-only diet and try not to let a single dollar go to penalties or fees due to missed or late payments.

You can also try to limit your total housing cost to no more than your BAH or 25% of your pre-tax income. Your transportation cost shouldn't be more than 15% to 20% of your pre-tax income, and your total debt – mortgages, car payments, credit cards and other loans – should be less than 36% to 43% of your pre-tax income.

2. **Build a Safety Net.** Stuff happens! If you don't have cash in the bank to handle it when it does, you'll end up going deeper in debt to pay for it. Creating an emergency fund — even if it's just a small one — can be a big help.
3. **Confront Your Debt.** It's important to know what you owe, know how you got into debt in the first place, and know how to minimize your costs. Ask your lenders to lower your rates or consider a consolidation loan or balance transfer. Just be careful with this and make sure you don't run up the original debts again.
4. **Know Your Cash Flow.** Understand what comes in, what goes out, and how you can free up money to put toward your debt.
5. **Adjust Your Cash Flow.** Once you've figured out where to cut, make those budget adjustments to free up that debt-destroying extra cash.
6. **Pay It Down.** One technique is to pay the minimums on all your debts except for the one in which you'll pay extra each month. To save on interest costs, attack the highest rate debts first. To get a bigger

emotional boost, attack the smallest balances first. The key is to have a plan and work it! As you eliminate a debt payment, use that extra money to start attacking the next debt.

Retirement



SLIDE 12



INSTRUCTOR NOTE: Distribute *Military Retirement and Thrift Savings Plan* handouts.

Retirement is one of the most important goals any of us will save for. It's also one of the most expensive. This section is especially important following a divorce if your Thrift Savings Plan (TSP) or military pension were impacted.

Division of Retirement Accounts

Be aware that the **Uniformed Services Former Spouses Protection Act** allows state courts to divide military retired pay between Soldiers and ex-spouses. It can also allow for an ex-spouse to receive that retired pay directly from the government.

If you're going to split the balances of retirement accounts, such as an IRA, TSP or 401(k), you may need to obtain what's called a **Qualified Domestic Relations Order (QDRO)**, often pronounced "quad-rō". If needed, it should be part of the divorce settlement.

Don't try cutting corners here. If you split retirement accounts without a QDRO, you may be hit with both regular income taxes and penalty taxes, too. After you submit your QDRO, follow up with the retirement plan administrator to make sure they've accepted it and properly handle the split of the assets.

A portion of your Thrift Savings Plan (TSP) could also be awarded to your dependents or your current or former spouse if a valid **Retirement Benefits Court Order (RBCO)** is issued. The RBCO can be issued at any time during the divorce, annulment, or separation proceedings. The rules for QDROs that apply to private sector plans do not apply to the TSP. A valid RBCO requires the TSP to freeze your account, preventing you from taking any new loans or withdrawals until the award is paid out or the order is otherwise resolved. However, a freeze will not prevent you from making contributions or changing your contribution allocation or investment choices, and you will still be required to make payments on existing loans.



SLIDE 13

Review Retirement Savings Goals

Upon divorce, it's important to revisit your retirement goals. First, review your account types, balances and investment mix. A lot can change in a divorce so it's a good time to level set on your retirement assets. For example, you may now have a new IRA account from the divorce as part of a QDRO. Once you have a list of all retirement assets, then review balances to help you frame your retirement goals. In addition, it's important to now review the investment mix within each account.

An important driver with this decision is how much risk you're comfortable taking. For example, how will you react if there's a bad market that pushes your balance down 20% in a short period of time. Be sure to take a diversified approach to investing. That means putting your money in a variety of different types of investments, such as bonds, U.S. stocks, international stocks, large stocks, and small stocks.

The TSP and many other retirement plans offer investment options taking some of the guesswork out of investing. These are often called "lifecycle" or "target" funds.

Then, decide how much you'll save for retirement over the next year. The more you save, the better. As a starting point, many experts recommend that you save at least 10% to 15% of your gross or pre-tax income.

Next, think about where you will save. The TSP is usually a good choice. As you evaluate where to direct your retirement money, consider:

- If you are under the Blended Retirement System (BRS) with a Service Automatic Contribution of 1% and the option for Service Matching Contributions.
- How quickly you become vested in those Service contributions. Vesting means when the money that the Service chips in becomes yours. Visit <https://militarypay.defense.gov/BlendedRetirement/> for more information on how vesting works under BRS.

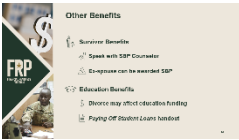
Update Beneficiaries

Be sure to review your beneficiary designations on all retirement accounts including your TSP and update them as needed. If your ex-spouse is listed as your beneficiary, you may want to choose someone else if it's in accordance with your divorce decree. Additionally, review your investment choices and your contribution rate.

You can update your beneficiaries at <https://www.tsp.gov/>. This is also where

you can change contribution allocations and complete an interfund transfer. To review your investment choices, change contribution amounts, set tax treatments, and update your address, visit <https://mypay.dfas.mil/#/>.

Other Benefits



SLIDE 14



INSTRUCTOR NOTE: Distribute *Education Benefits and Savings, Survivor Benefits Overview*, and *Paying off Student Loans* handouts

Survivor Benefits

The Survivor Benefit Plan (SBP) lets retired Soldiers ensure that, after their death, a lifetime annuity is paid to their dependents. Before your divorce is finalized, speak with a SBP counselor to discuss your options and what impact your divorce may have if you die while serving. This is especially important if you have children. There are cases where SBP was awarded to just the former spouse and not the former spouse and children. You can find an SBP counselor at <https://myarmybenefits.us.army.mil/Benefit-Library/Resource-Locator>.

If an ex-spouse is awarded SBP in the divorce, you must elect for Former Spouse SBP when you retire. Otherwise, you may be found in contempt of court. The former spouse may also file a DD2656-10 “deemed election” with DFAS within one year of the date of divorce to secure the SBP benefit ordered by the court.

If the Soldier dies on active or inactive duty or in the Line of Duty (LOD), the former spouse will receive the SBP, if court ordered.

INSTRUCTOR NOTE: Stress the importance of speaking to an SBP counselor prior to finalizing the divorce. Many family practice lawyers have a limited understanding of how these benefits work.

Education Benefits

Check out any education funding changes needed because of your divorce. For example, if you have student loan debt and you’re on an income-based repayment plan, you may need to request to adjust the amount of your payment. The *Paying off Student Loans* handout has more information on that, and you can always reach out to a financial counselor on your installation for help. Your divorce decree may also indicate if any education benefits must be passed on to an ex-spouse or dependents.

Housing and Vehicles

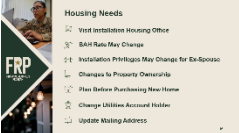


SLIDE 15



INSTRUCTOR NOTE: Distribute *5 Rules of Buying a House* and *Major Purchases* handouts

Next, let's look at adjustments you may need to make regarding your home and your vehicles.



SLIDE 16

Housing Needs

Visit your installation housing office so they can inform you on how your divorce will affect your housing situation. Be aware that your BAH rate may change based on your new living arrangements and marital status. Depending on your rank, you may be required to move back into the barracks. Continued access to installation privileges, like commissary, exchange, and theater privileges, for your former spouse depend on how long you were married. Refer to your lease and/or rules of owner/property manager for additional information.

If you and your divorcing spouse own a home together, your divorce decree may call for you to convert the ownership of the property from both of you to just one of you. This is done by executing something called a quit claim deed. This deed must be filed with the county recorder where the property is located. You may also be required to refinance your mortgage or work out a mortgage assumption. You may want to speak with legal counsel to discuss these changes to property ownership per your divorce decree.

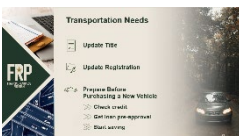
If you will be purchasing a home, start planning now. Check your credit report and score, set a budget, obtain a mortgage pre-approval and start saving up for a down payment and move-in expenses. We also have two handouts for your review: *Major Purchases* and *5 Rules of Buying a House*.

Change your electric, cable, water, and other household utilities and accounts so they're only in the name of the person who will still be living in the home or apartment.

If your mailing address is changing, notify all your creditors, subscription services, and other companies you have ongoing relationships with.

Transportation Needs

Update your car title and registration as defined in the divorce decree



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especially if you must sell your car or transfer the title. If you have questions about how to do this, contact your installation's Legal Services Office.

If you will be purchasing a car, prepare for that purchase now. As with a home, you should check your credit report and score, get a loan pre-approval and start saving up for a down payment. The more you put down, the lower your payment will be.

Insurance



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Insurance protects us against a variety of financial risks. Divorce is a major life event that can impact personal finances, so it's an important time to review and update your protection plan to help avoid financial issues in the future. We are going to discuss health, dental, property, disability, and life insurance. Let's start with health and dental insurance.



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Health and Dental Insurance



INSTRUCTOR NOTE: Distribute *TRICARE Overview* handout.

To remove your ex-spouse from your health or dental insurance, you must have your divorce decree.

If you have TRICARE or TRICARE Reserve Select, visit the DEERS office to remove your ex-spouse. Bring your divorce decree. You can set up an appointment at <https://idco.dmdc.osd.mil/idco/>. Only sponsors can add or remove family members from DEERS.

There are scenarios where unmarried former spouses remain eligible for TRICARE coverage, which will most likely be noted in your divorce decree. You can learn more at <https://tricare.mil/>.

If you are a member of the Guard or Reserve, you may have coverage through civilian employment. Review your coverage. Request your ex-spouse be removed. They will also require the divorce decree.

Contact your insurer to update and review any dental coverage your ex-spouse was enrolled in. They may require a copy of divorce decree to cancel.

If you have children, you may still be responsible for their health or dental coverage per your divorce decree.

Check your LES to ensure the changes are reflected.

Property and Disability Insurance



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Property

Notify your auto insurer and obtain updated proof of insurance cards. In addition to changing who's insured under the policy, review the annual mileage estimate to make sure it reflects your new situation.

You should also review your property coverage – meaning homeowners and renters insurance. If needed, change these policies to reflect new ownership and coverage arrangements.

If you're renting, understand that your landlord's insurance protects the building but doesn't cover your personal property. That's why renter's insurance is very important.

Make sure you have enough protection for individual, high-value items. Most policies have limits on certain types of property, but you can get additional coverage by adding what's called a personal articles floater. Also tell your insurer if you're adding or removing a pet from your home.

Property insurance doesn't only cover possessions, it also protects you from liability claims, like someone falling down your stairs and hurting themselves. Liability coverage also protects you for many liability claims that happen away from your property. You can get extra liability insurance by purchasing what's called an "umbrella" policy.

Consider purchasing disability insurance. Also, if your ex-spouse will be paying you alimony or child support, and if it's feasible, you may want to take out a disability insurance policy on him or her. This will help ensure there's a source of funds if that person becomes unable to earn income.

Purpose of Life Insurance



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Life insurance offers protection for your family in the event of your death. After your divorce, you may still have people who rely on your income or you may want to leave behind a legacy. If so, you'll want to make sure you have life insurance. Should you pass away, the amount of your coverage would go to a named beneficiary or beneficiaries. One goal is to reduce the financial hardship on loved ones in this scenario.

Now that we have an understanding of the purpose of life insurance, let's review how divorce may impact your coverage.

Life Insurance Overview



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Servicemembers' Group Life Insurance (SGLI)

Use the SGLI Online Enrollment System (SOES) to review and adjust your coverage without making a trip to an office or filling out paperwork, this includes removing a former spouse covered by FSGLI and updating your beneficiaries. Sign in to <https://milconnect.dmdc.osd.mil/milconnect/> and go to the Benefits tab.

Keep in mind that you're automatically insured for \$400,000 unless you decline coverage or choose a smaller amount.

Reserve members assigned to a unit scheduled to perform at least 12 periods of inactive duty creditable for retirement purposes can purchase full-time SGLI coverage that is in effect 365 days of the year.

Family Servicemembers' Group Life Insurance (FSGLI)

Divorced spouses can convert their FSGLI coverage to a permanent, individual policy within 120 days of the divorce. To do so, they must choose an eligible insurer, apply with that company, and present proof of FSGLI coverage and the divorce. You can learn more at <https://www.va.gov/life-insurance/options-eligibility/fsgli/>.

Each dependent child is automatically covered for \$10,000 when they're enrolled in DEERS. That can continue after your divorce.

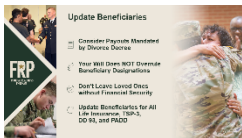
Private Life Insurance

Review your private life insurance coverage and update beneficiaries as needed.

If you need more coverage for yourself, you can buy an individual life insurance policy from a private insurer. There are two main types: term and permanent. 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 may also build cash value. Term gives you the most coverage for your dollar right now.

Watch out for policy exclusions, war clauses, and other restrictions that are not covered. Avoid accidental death insurance. You should be 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).

You may also want to arrange to purchase life insurance on your ex-spouse if that person will be paying you alimony or child support. This may be something that's negotiated under the divorce decree.



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Update Beneficiaries

Life insurance may need to be paid out per the divorce decree. You should update your life insurance beneficiary designations after you are divorced to match any requirements in the divorce decree.

Your will does not overrule your beneficiary designations. This means if an ex-spouse was listed as a life insurance beneficiary before your divorce, you failed to change that designation and you die, the ex-spouse may get the money no matter what your will says.

INSTRUCTOR NOTE: Some states automatically revoke non-federal designations; see VA Code 20-111.1. Revocation of death benefits by divorce or annulment (<https://law.lis.virginia.gov/vacode/title20/chapter6/section20-111.1/>).

Consider the case of Staff Sergeant Sandra Perry. She was married to Jack for two years and then they divorced. Per their divorce decree, Sandra was not required to pay Jack life insurance because they did not have children and it was determined there was no insurable need upon their divorce. But he was still listed as her beneficiary. A few years after the divorce, Sandra remarried Ted and had two children. They created a will, but unfortunately, Sandra never got around to changing her beneficiaries on any of her life insurance policies. She thought the will would take care of it, but it doesn't.

Sandra passed away five years into her marriage with Ted. Since Sandra's death, Ted, a high school science teacher, is having a hard time making ends meet without Sandra's income. A stack of late notices is piling up, and he has quickly burned through their emergency savings. Meanwhile, Jack, Sandra's ex-spouse and the listed beneficiary, received the SGLI and Death Gratuity payout of over a half million dollars! He bought a new house for his family with cash and put the leftovers in a college fund for his kids.

Don't leave your loved ones in a situation like this! Update your beneficiaries following your divorce to ensure your loved ones will be financially secure.

While you are at it, update the DD Form 93 (Record of Emergency Data), which identifies the next of kin for the pay out of the death gratuity, unpaid pay, and allowances, and the Person Authorized to Direct Disposition of Human Remains (PADD).

Life Insurance Needs



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Here is a simple way to calculate your life insurance needs:

- Liabilities are debts you would like to pay off, such as a mortgage, car loans or credit cards.

- Next, think about how much of your annual income you'd like to replace. Multiply that by the number of years. So, if you want to replace \$20,000 of income for 25 years, that's \$500,000. Also, consider the impact of inflation over long periods of time.
- Then come up with how much to set aside for funeral and other final expenses.
- Finally, think about the money you'd like to provide for your survivors' education and other goals.

After you've added it all up, subtract SGLI and other coverage you already have plus assets and benefits available at your death.

Another great resource is the Insurance Needs Calculator offered by the Veterans Benefits Administration at <https://insurance.va.gov/NeedsCalculator>.

Legal Documents and Income Taxes



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Next, we will look at estate planning and taxes.

Estate Planning



INSTRUCTOR NOTE: Distribute *Estate Planning* handout.



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Estate planning is arranging for your wishes to be carried out by your survivors if you die or become incapacitated.

Estate planning can include things like:

- Writing a will.
- Giving someone else a “power of attorney,” which lets them handle transactions on your behalf.
- Creating a “living will” or medical directive that gives legal instructions about your preferences for medical care.
- Titling your assets, which means selecting ownership arrangements for those accounts that make it easier for your survivor to inherit them.
- Naming a guardian if you have children. Generally speaking, your ex-spouse would be named if he or she is the parent of the child(ren). If this is not the case or if something should happen to both you and your ex-spouse, it is important to name a guardian for any minor children. Your divorce decree may provide specific guidance on this subject so be sure to update your documents accordingly.

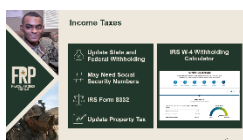
If you've already done some or all of these estate planning tasks, they should be continuously reviewed especially when the divorce is finalized and when other major life events occur. If you haven't done any estate planning, now is a good time to get started.

While you're updating or creating an estate plan, review your state of legal residence. That state's laws will dictate how property is passed during the probate process and if inheritance or estate taxes might apply to your assets. It also dictates your exposure to state income taxes.

Your installation's Legal Services Office can help you create and update documents and make informed decisions free of charge.

Members of the Guard and Reserve may seek assistance from Personal Financial Counselors at Family Assistance Centers, active duty installations, or legal counselors in the local community.

Keep in mind that a Soldier can be prohibited from going to a particular legal office if his/her spouse has already been seen in that office for divorce. The legal office is prohibited from seeing the 'second spouse' due to conflict of interest and the lawyers' professional responsibility rules.



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Income Taxes

Divorce can affect your income taxes. Review your new tax situation and change your federal and state withholding as needed. At <https://www.irs.gov/individuals/tax-withholding-estimator>, there's a tax withholding calculator that can help you figure out how to set up your withholding. Then you can make the change at mypay.dfas.mil.

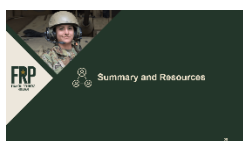
If you have a civilian employer, ask your manager or HR department how to adjust your withholding.

Make sure you have your ex-spouse and children's Social Security numbers. You may need them to file your tax returns.

You or your former spouse may need to sign an IRS Form 8332, Release/Revocation of Release of Claim to Exemption by Custodial Parent. This form tells the IRS who's entitled to claim the children on a tax return. This should have been stated in your parenting plan and/or divorce decree.

If you own real estate, you may need to update the government agency that collects property taxes in your city and/or county.

Summary



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Divorce is tough, that's why it's important to have a plan in place to help get you through the toughest of financial times. This training is a move in the right direction. Let's recap what you learned:

- Administrative Tasks
- Financial Planning
- Managing Credit and Debt
- Retirement and Other Benefits

- Housing and Vehicles
- Insurance
- Legal Documents and Taxes



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Consider these two ideas:

- 1) Talk with a trusted friend or make a mental note of your thoughts, concerns, or “to do” items regarding your changing financial situation.
- 2) Think about the first step you are going to take to prepare and manage your finances. Be specific. Start small. Prioritize items on your list based on what is most important to you and in your control.

Resources



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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.

If you feel confident in your financial plan but are having trouble staying on track, contact an R2 Performance Center to get one-on-one coaching. Your performance coach can give you techniques to keep you motivated and help you overcome obstacles, like unproductive thinking and bad habits. To find an R2 office, please visit

<https://www.armyresilience.army.mil/ard/R2/index.html>.

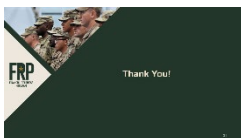
Remember that free, confidential non-medical counseling is available at your local installation service center and Military OneSource.

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

Remember your financial resources for securing the financial frontline!

- Click — Access <https://www.financialfrontline.org>
- Call — Military OneSource at 800-342-9647
- Walk — Come by the local Family Support Center

Thank You!



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Thank you for participating, and I wish you the best as you plan your new future.