



Promotion/ Advancement

Instructor Guide



**GUARD
YOUR
FINANCIAL
FUTURE**

PERSONAL FINANCIAL MANAGEMENT PROGRAM

I. COURSE ORGANIZATION AND OUTLINE

The *Promotion/Advancement* course is organized into five parts:

1. **Introduction and Agenda** (2 minutes)
2. **Basic Finance** (15 minutes)
3. **Compensation, Benefits, and Entitlements** (5 minutes)
4. **Saving and Investing** (10 minutes)
5. **Summary and Resources** (3 minutes)

TOTAL: 35 minutes

II. LEARNING OBJECTIVES




Terminal Learning Objectives (TLOs)

1. Understand the fundamentals of creating and managing a spending plan, and the importance of updating a spending plan.
2. Understand future financial benefits afforded by the Department's career investment programs.
3. Recognize the importance of and be able to develop savings and an emergency fund.
4. Understand and be able to manage a TSP account.

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:

<div>INSTRUCTOR NOTE:</div> <div>  </div>	<p>Instructor Note – (indicates additional information related to the content for the instructor)</p> <p>Checklist and Handout – (indicates a checklist or handout is associated with the content)</p> <p>Learning Activity – (indicates a learning activity)</p> <p>Video – (indicates an optional video)</p>
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INSTRUCTOR NOTE: Being prepared for training promotes organization, projects a positive image, and reduces stress.

Be prepared to discuss the checklist and handouts 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. An in-depth review of each handout is not required but you are encouraged to manage time, course work, and audience interest during instruction.

Throughout the presentation, the checklist and handouts will be identified with an icon on the PowerPoint and an Instructor Note in this Instructor Guide.

Materials and equipment needed:

- Computer with display
- *Promotion/Advancement* course PowerPoint slides

Optional:

- Chart paper and easel or whiteboard and markers
- Paper, pens, pencils

Forms and Handouts:

- *Promotion/Advancement* Member Checklist
- Course sign-in sheet
- Course evaluations

Optional:

- *Goal-Setting Worksheet* Handout
- *Spending Plan Worksheet* Handout
- *Understanding Credit* Handout
- *Thrift Savings Plan* Handout

Videos:

<https://finred.usalearning.gov/SPL/ServiceResources/CoastGuardResource/Promotion>

IV. CONTENT



SLIDE 1

Introduction

Facilitator Introduction

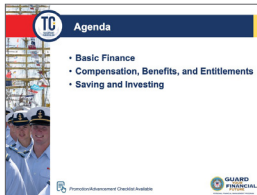
Introduce yourself.

Hello, my name is _____.

I am a _____.

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

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



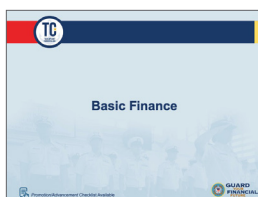
SLIDE 2

Agenda

Congratulations to everyone here today on your recent promotion/ advancement! As your career advances, it's a great time to hit the pause button and review your finances to set yourself up for a more successful, prosperous future.

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

- Basic Finance
- Compensation, Benefits, and Entitlements
- Saving and Investing



SLIDE 3

Basic Finance



ACTIVITY: How many of you already know how you will be spending your pay increase? (Take note of the types of responses and use them as examples throughout the course.)



SLIDE 4

Goal Setting



INSTRUCTOR NOTE: Distribute the *Goal-Setting Worksheet* Handout.

Some of you already have big plans for your pay raise, but let's take a step back and look at the big picture. For those planning to save, invest, or make a major purchase, have you really analyzed how you will accomplish these goals? A good way to set yourself up for success is to use S.M.A.R.T. goals. S.M.A.R.T. stands for Specific, Measurable, Achievable, Relevant and Time-bound. Use this method to define your goals.



INSTRUCTOR NOTE: Demonstrate how to create a S.M.A.R.T. goal.

ACTIVITY: Have members utilize *Goal-Setting Worksheet* Handout to write out their own financial goal.

Let me give you an example.

What if I say, "I want to build up my emergency savings?" Is that a S.M.A.R.T. goal?

No. It is not specific or measurable and there is no deadline.

A S.M.A.R.T. goal is more like: "Six months from today, I want to have \$1,800 in my emergency savings account. I will save \$75 per week by taking my lunch to work and making my own coffee in the morning."

Here are a few example goals; remember to make them S.M.A.R.T.

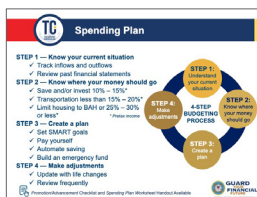
- If you have a lot of debt, or any debt with a high interest rate, it may be a good idea to make eliminating or reducing that debt your top priority.
- You may also want to save more for retirement or for a near-term goal like a down payment on a house.
- Each of us should have an emergency fund. That's money you keep available in a liquid, interest-paying account so you can handle unexpected expenses like repairs or insurance deductibles.

Once you've determined how much you need to save monthly to achieve your goals, consider automating your savings to make it easier.



ACTIVITY: Challenge attendees to write down as many of their financial goals as they can in 60 seconds. Some examples may include: pay down debt, build an emergency fund, save for retirement.

There are several financial tasks you need to be aware of after a promotion or advancement. To help you prepare for these tasks, we will be discussing six key topics: **Basic Finance, Compensation, Benefits, and Entitlements**, and **Saving and Investing**.



SLIDE 5

Spending Plan



INSTRUCTOR NOTE: Play optional video, *Spending Plans*.

A spending plan is a great 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.



INSTRUCTOR NOTE: Distribute the *Promotion/Advancement Member Checklist* and the *Spending Plan Worksheet Handout*.

Step 1 — Know 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.

Track all of your cash inflows (including your pay increase) **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, on a spreadsheet on the computer, or on your phone. The important thing here is to do it for the full 30 days.

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% – 15% of pretax pay.
- Keep transportation expenses, including car payments, insurance, gas and maintenance, to 15% – 20% of pretax pay.
- Housing expenses, including mortgage or rent payment, taxes, utilities, maintenance, etc. should be limited to your Basic Allowance for Housing (BAH) or to 25% – 30% or less 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 your plan**.

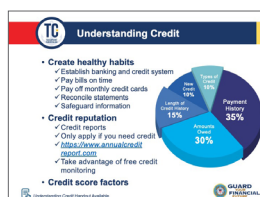
It's a good idea to prioritize your **financial goals** as we discussed earlier. Next, you need to get into the habit of **paying yourself first**. If you are not already allocating a portion of your income toward savings or investments, this may be a good time. **Automate savings** and keep funds in a separate account to help you stick with your plan and avoid temptations to spend.



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, spouse loses job.

Step 4 — Make adjustments

As your life circumstances change, your spending plan needs to adjust as well. Major life events like marriage, birth of a new child, divorce or promotion/advancement could affect your spending plan, so review it regularly.



SLIDE 6

Understanding Credit

Up next, let's talk about your credit. Why does it matter? Your credit impacts your security clearance. It also impacts your ability to get approved for a loan and how much interest you'll pay. If your promotion/advancement plans include making a major purchase or to pay back debt, then it makes sense to review your credit.

Check your three major credit reports for free at <https://www.annualcreditreport.com>. Make sure all the information is correct and dispute errors if needed.

Another benefit available for eligible Service members is free credit monitoring services from the nationwide credit reporting agencies shown on the screen.

- **Equifax:** <https://www.equifax.com/personal/credit-report-services>
- **Experian:** <https://www.experian.com/help>
- **TransUnion:** <https://www.transunion.com/credit-help>



INSTRUCTOR NOTE: Review the *Understanding Credit* Handout.

Finally, review the *Understanding Credit* Handout for more information about credit reports, credit scores, and tips on improving your credit.

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.

Create healthy 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 of 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.

Credit reputation

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 weekly from each of the three major credit bureaus at <https://www.annualcredit-report.com>.

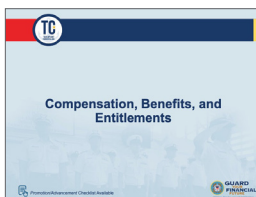
Know the factors determining your credit score

Credit scores may range from 300 to 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 7

Compensation, Benefits, and Entitlements

Even though you were recently promoted/advanced, now is a good time to start planning for your next promotion/advancement. Prepare both personally and professionally by taking advantage of the education and training benefits the military provides.



INSTRUCTOR NOTE: Play the optional video, *Career Investment Programs*.



SLIDE 8

Career Investment Programs

Invest in your future marketability. There's no time like the present — while you have a reliable job and paycheck — to explore how you can develop yourself professionally. Prepare your career for transition from the military to the civilian sector, and improve potential upward mobility and greater earning power with these tips from the DoD Career Ready Portal at <https://www.cool.osd.mil/uscg/index.html>.

United States Military Apprenticeship Program (USMAP)

USMAP is a formal military training program that gives you the opportunity to improve your job skills and complete civilian apprenticeship requirements while still on Active Duty. You can earn a nationally recognized “Certificate of Completion” from the U.S. Department of Labor upon completion of a trade. As a Service member, you can earn an apprenticeship credential with the on-the-job and military training received while serving; you simply need to enroll and record your work hours.

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.

Tuition Assistance (TA)

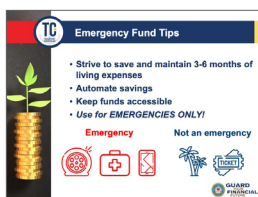
Lastly, take advantage of the military’s Tuition Assistance Program. If one of the reasons you joined the military was to get an education, this program is a great solution. It pays up to 100% of tuition expenses for semester hours costing \$250 or less.



SLIDE 9

Saving and Investing

While we discussed investing in yourself professionally, let’s discuss how to safeguard against unforeseen financial circumstances as well to meet your financial goals we discussed earlier. We’ll cover the importance of an emergency fund, compound interest, and how to understand and manage your Thrift Savings Plan (TSP).



SLIDE 10

Emergency Fund Tips



INSTRUCTOR NOTE: Play optional video, *Emergency Funds*.

Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. If that seems like a lot, start with \$1,000. If you do not have that much saved, consider setting aside a little each paycheck to help get you there. Save your emergency fund in a separate, easily accessible account like a savings or money market account.

Consider the types of emergencies you may experience — car trouble, emergency travel, appliance repair. How would you cover your car insurance deductible if you were in an accident?

Do not get distracted on your journey toward a fully funded emergency fund. Remember, **the purpose of this fund is for emergencies**. A family vacation to your favorite theme park and concert tickets are not emergencies. Consider setting up a separate account for entertainment or travel.



SLIDE 11

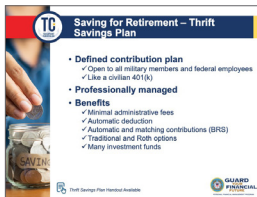
Who Wants to Be a Millionaire?

Compounding (which you might hear called “compound interest” or “compound earnings”) is when the dollars you save or invest accumulate earnings of their own. Let’s think about one goal worth consideration: your retirement. How much you need to save for retirement depends on a variety of factors, but it’s best to start saving as soon as possible so time is on your side. For example, how much would you have to save to have a million dollars at retirement? Assuming “retirement” is age 65 and interest is 8%, it would take the following to have a million dollars:

- \$190/month for 45 years (starting at age 20)
Cumulative invested: \$102,600
Cumulative compound interest: \$899,563
Total: \$1,002,163

- \$290/month for 40 years (starting at age 25)
Cumulative invested: \$139,200
Cumulative compound interest: \$873,192
Total: \$1,012,392
- \$675/month for 30 years (starting at age 35)
Cumulative invested: \$243,000
Cumulative compound interest: \$762,993
Total: \$1,005,993
- \$1,700/month for 20 years (starting at age 45)
Cumulative invested: \$408,000
Cumulative compound interest: \$593,335
Total: \$1,001,335

Although both savings and investments accumulate compound interest or earnings, the return rate for investments is usually much higher than a savings account. But with the higher returns comes higher risk.



SLIDE 12



Saving for Retirement — Thrift Savings Plan

INSTRUCTOR NOTE: Review the *Thrift Savings Plan* Handout and play optional video, *Understanding the TSP*.

To plan appropriately, you should be aware and understand the resources available to help save for retirement. One important resource is the TSP.

The TSP is a defined contribution plan

Coast Guard members can participate in an investment vehicle through their employer that can be a source to supplement their financial needs during retirement. TSP is the Coast Guard's primary vehicle that allows members to contribute a monthly portion of their pay (no entitlements) either by a percentage or fixed amount monthly. They can also place many earned bonuses/special pay such as a reenlistment bonus, Continuation Pay, and sea pay. For those covered under BRS, you will also receive automatic and matching contributions on basic pay as soon as you are eligible. Special pay or bonuses such as a

reenlistment bonus, Continuation Pay, and sea pay may be contributed to the TSP, but these types of pay are not eligible for matching contributions.

- All uniformed Service members have the opportunity to participate in the Thrift Savings Plan.
- The TSP is a long-term, government-sponsored retirement savings plan, which is similar to 401(k) plans offered to private sector employees.

The TSP is professionally managed

The Federal Retirement Thrift Investment Board (FRTIB), which oversees the TSP, contracts with BlackRock Institutional Trust Company, NA and State Street Global Advisors Trust Company to professionally manage the TSPs individual and Lifecycle Funds.

There are many **benefits** to participating in the TSP:

- **Minimal administrative fees** in comparison to other employer sponsored plans
- **Automatic deductions** – it comes right out of the paycheck before you even see it
- **Automatic and matching contributions** for those covered under the Blended Retirement System (BRS)
- **Traditional and Roth Options** – There are options to contribute pretax (Traditional) or post-tax (Roth) contributions (use the *Thrift Savings Plan* Handout to explain the differences)
- **Many investment funds** – There are numerous investment choices and these are outlined on the *Thrift Savings Plan* Handout and at <https://www.tsp.gov>.

Blended Retirement System: Automatic and Matching Contributions			
Defined Contribution Thrift Savings Plan (TSP)			
You Contribute Automatic	Government Automatic Contribution	Government Matching Contribution	Total Contribution
0%	1%	0%	1%
1%	1%	1%	2%
2%	1%	2%	3%
3%	1%	3%	4%
4%	1%	4%	5%
5%	1%	5%	6%
More Than 5%	1%	4%	Your Contribution + 5%

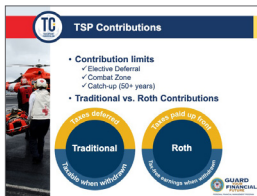
SLIDE 13

Blended Retirement System: Automatic and Matching Contributions

For those covered under the 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 Coast Guard will match dollar for dollar the first 3%. After that it will match 0.5% for each additional percent up to 5% — this is the maximum it will match. So, if you contribute 5% the Coast Guard will contribute the 1% automatically 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.

For those covered under the BRS, it's important to contribute at least 5% of your basic pay to your TSP to take full advantage of the match available from the Coast Guard. If you contribute less than 5%, you are essentially passing up free money because you are not taking full advantage of matching contributions.



SLIDE 14

Contribution Limits

Elective Deferral Limit — It doesn't matter whether you're covered under the Blended Retirement System (BRS) or Legacy "High-3" Retirement System, you can save up to \$23,000 for 2024 into your TSP. This is called the elective deferral limit. Under certain situations, this limit may be higher. See <https://www.tsp.gov> for more information. The elective deferral limit of \$23,000 (2024) applies to the combined total of Traditional and Roth contributions. Annual contribution limit for 2024 is \$69,000. This limit is per service and includes Service member contributions (tax-deferred, after-tax, and tax-exempt), automatic 1% contributions, and matching contributions. The catch-up contribution limit is \$7,500 for 2024. Catch-up contributions allow people age 50 and older to contribute more for retirement to make up for any years they didn't save enough.

Traditional vs. Roth

If you want to lower current taxes and defer them until retirement, select Traditional contributions. Alternatively, select Roth contributions if you prefer to pay taxes on your contributions now and avoid taxes on qualified withdrawals in the future. Consult a tax specialist who can provide you the best recommendation based on your set of circumstances.



SLIDE 15

TSP Experience

The TSP now includes new and updated digital tools, streamlined processes, and investment options through the mutual fund window.

Digital tools include:

- **Traditional and Roth Options** – There are options to contribute.
- **Mobile app** – The official TSP app provides on-the-go access to your My Account with enhanced security and support.
- **Virtual assistant** – 24-hour access and support with transfer to a ThriftLine Representative during business hours, if needed.
- **Live-agent chat** – The online chat function will connect you to a live ThriftLine representative for personalized support during business hours.

Streamlined processes include:

- **Electronic signature** – You will have the ability to complete many transactions online by providing your e-signature.
- **Rollover assistance** – If you want to move retirement money into the TSP, you'll use a streamlined process and will be able to scan your rollover check with your mobile device.
- **Electronic payment options** – You'll be able to make electronic transfers for loan payments and payoffs, including payments after you've separated from service, and disbursements from your account.
- **Secure participant mailbox** – You'll get personalized communications like statements and transaction notices directly in your new My Account inbox.

The addition of the mutual fund window is another significant change to the TSP, and includes:

- **Greater investment flexibility** – There are thousands of mutual funds available with a wide variety of investment choices beyond the core and Lifecycle TSP funds.
- **Eligibility requirements** – This includes account value and initial transfer value for participation.
- **Fees** – Additional administrative, maintenance, trade, and mutual fund fees apply.

Visit <https://www.tsp.gov> for more information on all of these features.



SLIDE 16

Managing Your TSP

Now let's focus on how to manage your TSP account. There are two websites you will use to access and manage your TSP:

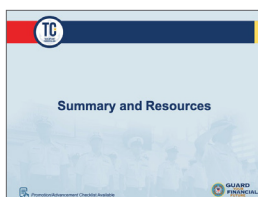
<https://www.tsp.gov> and <https://hcm.direct-access.uscg.mil>.

Start at Direct Access

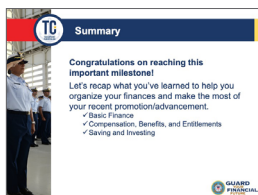
Here is where you will identify your contribution amounts and from which pay source you want your contribution to be withdrawn (base pay, special pays, etc.). You'll also identify if you want your contributions to be fully Roth, Traditional or a combination of both. Maintain your address here to ensure receipt of statements and other important communications from TSP.

Log into TSP.gov

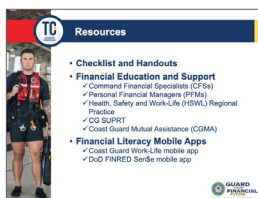
- Log into <https://www.tsp.gov> to continue management of your TSP account. You will need your account number to create a username if you haven't already created one. If you have misplaced or lost your TSP account number, visit <https://www.tsp.gov/access-your-account>. Verify your address in Direct Access first. Once inside your account, review your beneficiary designations and update them as needed. You should also update your contact information, especially if you have a new phone number or email address.
- In addition to these housekeeping items, take some time to review your investment choices and your future allocations. Make sure your investments align to your retirement goals and risk tolerance.



SLIDE 17



SLIDE 18



SLIDE 19



SLIDE 20

Summary and Resources

Now let's take a couple of minutes to discuss key takeaways and resources to help you going forward.

Summary

We discussed the following topics. Do you have questions on any of them?

- Basic Finance
- Compensation, Benefits, and Entitlements
- Saving and Investing

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 Command Financial Specialist (CFS) at your unit or meet with a Personal Financial Manager (PFM) and attend a class at your local Health, Safety and Work-Life (HSWL) Regional Practice. CG SUPRT and Coast Guard Mutual Assistance (CGMA) are also additional resources for guidance. You may also access the Coast Guard Work-Life mobile app or the DoD FINRED Sen\$e mobile app for assistance with a variety of personal finance issues.

Thank You!

Thank you for participating, and once again, congratulations on your recent promotion/advancement!