

# DISABLING SICKNESS OR CONDITION

COAST GUARD FINANCIAL READINESS

**Preparation:** Distribute and discuss the *Disabling Sickness or Condition* Checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at [Coast Guard Personal Financial Management Program - FINRED Learning Resource Library - APAN Community](#).

## ★ PART ONE: Getting Started

### Play Videos 1 and 2

**Introduction:** Welcome to this training course: Disabling Sickness or Condition. This is a subject that none of us probably want to discuss. However, it is one that we should plan for appropriately. There are several topics that we will discuss today related to the financial implications of caring for someone with a disability, including yourself. The upcoming discussions and videos will aid in creating a dialogue aimed at helping you be financially aware and prepared.



1. Disabling Sickness or Condition Overview



2. Spending Plans, and Emergency Funds

### DISCUSSION QUESTIONS

#### 1. How can you tell if you are spending beyond your means?

**Talking Points:** Securing your financial future means knowing where you currently stand. Don't be afraid to start right where you are. Look at what you have coming in (Payslip) and what is going out (bank and credit card statements). Do you have a surplus or a deficit at the end of the month? If the answer is a deficit, it may only be a matter of time before you run into financial troubles.

#### 2. What are the percentage limits or ranges of your pretax pay that should go toward the following: housing, car, saving/investing?

**Talking Points:** It's not enough to know where your money is going. It's important to start setting limits. A simple formula is no more than 25% – 30% of pretax pay should go toward housing (rent or mortgage, taxes, utilities, and maintenance) and no more than 15% – 20% of pretax income should go toward transportation expenses (car payments, insurance, gas, and maintenance). Let's not forget about savings and investing. Strive to put away 10% – 15% of your pretax income to establish an emergency fund of three to six months of expenses and to prepare for your future needs like retirement.

#### 3. How can you begin making changes?

**Talking Points:** Begin by creating a plan. That's where things happen. See where you are spending over the percentages we just discussed and start making a few cuts. Start putting limits on where you are overspending. Be honest with yourself. This plan is yours. You want your financial plan to succeed so be realistic when you start making cuts. If you need help building your spending plan, don't be afraid to ask. Speak to a Personal Financial Manager (PFM) at your local Health, Safety and Work-Life (HSWL) Regional Practice.

## KNOWLEDGE CHECK

**Question:** Where can you get assistance developing your spending plan?

**Answer:** Visit your local HSWL Regional Practice.

## ★ PART TWO: Taxes

### Play Video 3

**Introduction:** Taxes can be complicated in a “normal” situation. But add in the potential tax impacts of a disabling sickness or condition and things can get REALLY complicated, really quickly. This section will provide you with a greater awareness of how your disability may affect your tax situation. It is paramount to consult tax professionals to help with your specific situation and needs as they change.



3. Taxes

### DISCUSSION QUESTIONS

#### 1. Are all disability compensations nontaxable?

**Talking Points:** As mentioned in the video, tax issues can be very complicated. It is important to always consult tax professionals when you have tax-related questions. Disability compensations can be taxed or non-taxed depending on the provider. Most disability payments that are generated from employer benefits are taxed. VA benefits and disability benefits paid from insurance policies that were purchased with after-tax money are not.

#### 2. Can I claim a medical deduction on my taxes if I build a wheelchair ramp on the front of my house?

**Talking Points:** You may be able to claim a medical deduction for some of these costs of improvements made to accommodate a disability. Improvements such as wheelchair ramps, chair lifts, and grab bars are just a few examples of possible medical deductions. Speak with a tax consultant to see if other items can also be claimed.

#### 3. What happens if I need to bring in a home health nurse to assist my family member while I am at work?

**Talking Points:** You may be eligible for a tax credit if you have to bring a part-time or live-in health professional into the home. Check with your tax professional for more details.

## ★ PART THREE: Transportation, Housing and Educational Benefits

### Play Videos 4, 5, and 6

**Introduction:** Now that we have established the importance of having an effective spending plan and a better understanding of taxes, let's talk about some programs that can help with any changes you may need to implement with regards to transportation and housing. Also, let's take this time to learn about the educational benefits available to you as a Coast Guard member.



4. Changes to Your Lifestyle

#### DISCUSSION QUESTIONS

##### 1. What government agency can help with housing and vehicle needs if there is a disabling sickness or condition?

**Talking Points:** The Veterans Administration (VA) has several programs that can provide assistance for both housing and vehicle needs.



5. Housing and Transportation Needs

##### 2. Are there any grants available for you to make modifications on your home?

**Talking Points:** Yes, the three VA Housing Grant programs are:

1. The Specially Adapted Housing Grant
2. The Special Housing Adaptation Grant
3. The Temporary Residence Adaptation Grant



6. Education Benefits

The first two are to buy, build, or upgrade a home to support a service-connected disability and are available for Service members and retirees.

The last one is for those who qualify for one of the first two grants and are temporarily living in a family member's home which needs modifications to support the disabled Service member.

All of these grants have their own application process and maximum payout.

##### 3. What if I live in base housing?

**Talking Points:** Make sure you check with your base housing office to specify any accommodation you or your family member may need.

##### 4. What if I need specialized equipment?

**Talking Points:** There are other grant programs that may assist in offsetting adaptive equipment and even assisting in purchasing of a specially equipped vehicle.

##### 5. Are there any educational benefits that I can use while I'm still enlisted or commissioned in the Armed Forces?

**Talking Points:** Tuition Assistance (TA) is available to Active Duty and Reserve Coast Guard members. This assistance can be used for an associate's degree all the way to a graduate degree. For more information, visit <https://www.forcecom.uscg.mil/Our-Organization/FORCECOM-UNITS/ETQC/VOLUNTARY-EDUCATION/Tuition-Assistance> and search "tuition assistance" or contact your local Education Service Officer (ESO). You may also have GI Bill benefits to assist in paying for college. You can visit <https://www.va.gov/education> to get more information.

## 6. What if I already have student loans? Is there any assistance to help reduce this debt?

**Talking Points:** If you accrued your student loan debt before entering into Active Duty, you can now use the Servicemembers Civil Relief Act (SCRA) to reduce the interest rates to 6%. You can also explore the Income-Driven Repayment Plans. If your income is decreased, you may be able to have your monthly payments reduced. There are also disability rules regarding educational benefits. Borrowers with a total and permanent disability may be eligible to have some or all of their federal student loans discharged. Visit <https://studentaid.gov> and search "disability discharge" for more information. You can also speak to a PFM at your local HSWL Regional Practice for more information.

## ★ PART FOUR: Caring for Aging Loved Ones

### Play Video 7

**Introduction:** There may come a time in your military career when you have to take care of an aging loved one. The upcoming discussion and video will give you valuable information regarding some steps to take to ensure your aging family member is well cared for while you are still performing your military duties.



7. Caring for Aging Loved Ones

### DISCUSSION QUESTIONS

#### 1. What if I need to take care of my elderly parents as a Coast Guard member?

**Talking Points:** It will be important to know all of your options before you make a final decision. One option might be for your family member to stay in their own home and elect for home health care providers to assist them. Doing this may require thinking about the cost of care and the cost of potential home modifications. Another option may be moving your loved one in with you. Please consider the transient nature of your job as a Coast Guard member. Remember, making housing modifications at every move may get expensive. Finally, there are assisted living facilities which may be a good fit in some situations. This very personal decision belongs to you. Make the best decision that will best benefit you and your family.

#### 2. How can having a new child affect your estate plan?

**Talking Points:** You may want to start with your legal assistance office. This may be a lengthy process so make sure you give yourself enough time to get everything done.

## KNOWLEDGE CHECK

**Question:** Is there anyone who can provide further information regarding caring for an aging family member?

**Answer:** Contact CG SUPRT or Family Resource Specialists (FRS) at your local HSWL Regional Practice. They can assist with an elder care consultation and discuss any questions or concerns you may have. Consultations are free, confidential, and can include a one-on-one session with an experienced counselor. For more information, visit <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Human-Resources-CG-1/Health-Safety-and-Work-Life-CG-11/Office-of-Work-Life-CG-111/Eldercare-Services>.

## ★ PART FIVE: Medical and Life Insurance

### Play Videos 8, 9, and 10

**Introduction:** We have talked about several lifestyle changes that you may need to make when there is a disabling sickness or condition or a need to take care of an aging loved one. Now, let's shift our focus to another very important financial topic as it relates to a disabling sickness or condition: insurance; specifically, health insurance and life insurance.



8. Transition to Insurance and Planning for the Future



9. Health Insurance



10. Life Insurance

### DISCUSSION QUESTIONS

#### 1. Why is it important to have insurance?

**Talking Points:** First, it's important to understand that the general purpose of insurance is to help protect it's beneficiaries against financial losses. Different types of insurance provide protection against different losses. For example, without adequate health insurance, medical bills could quickly wipe out your savings and leave you in debt. Without adequate life insurance, your financial dependents could struggle at your death.

#### 2. What type of health insurance benefits are available for aging parents?

**Talking Points:** Medicare and Medicaid are the most common health care programs available for aging adults. Medicare is a federal plan and is typically available to those age 65 and older, while Medicaid is a state-run program and is typically available to low income or elderly adults and people with disabilities. Also, it is important to speak with your parents regarding other private insurance policies that they may have purchased.

#### 3. Will TRICARE pay for any of an aging parent's medical bills when you're helping to take care of them?

**Talking Points:** As covered in the previous section on caring for an aging loved one, TRICARE may be an option, but only if you have officially made your loved one a dependent. Again, this can take up to two years to complete. If this is something you'd like to consider, it's best to check with your local legal assistance office help.

#### 4. What are the benefits of enrolling in the Special Needs Program?

**Talking Points:** The Special Needs Program aids in ensuring that the family member's special needs are taken into consideration before new orders are drafted. This helps to guarantee a continuation of care and services for the family member.

#### 5. What is TRICARE ECHO?

**Talking Points:** The TRICARE Extended Care Health Option or TRICARE ECHO can assist in buying needed supplies for your family member and offer services beyond what TRICARE covers.

#### 6. Do you need to buy a private life insurance policy as a Service member?

**Talking Points:** It all depends on how much insurance you believe that you need. Don't forget the acronym LIFE (Liabilities (or debts) to be paid off, Income to be provided, Final expenses to be paid, and Education and other goals to be funded). While in the service, you should be enrolled in Servicemembers' Group Life Insurance (SGLI). Unless you reduced your coverage, your beneficiary will receive \$500,000 if you pass away while on Active Duty. They may also be eligible to receive another \$100,000 from the death gratuity. Knowing this, you can then decide if you need additional coverage.

#### 7. Can you keep SGLI after you separate from the military?

**Talking Points:** In most cases, SGLI coverage ends 120 days after you separate from Service. However, you can choose to convert SGLI to Veteran's Group Life Insurance (VGLI). There are deadlines for converting your coverage, so visit <https://www.va.gov> and search "VGLI" for more information.

#### 8. What's one big difference between a term policy and permanent policy?

**Talking Points:** A term policy is often intended to only provide coverage for a specific time period or a term, typically 10, 15, 20, 25, or 30 years. A permanent policy is often intended to last your whole life. As long as the required premium payments are made, you will not have to renew it and the policy is intended to remain in force until you die.

#### KNOWLEDGE CHECK

**Question:** Can you decide not to enroll a family member with a chronic condition in the Special Needs Program?

**Answer:** No. The Special Needs Program is a mandatory program.

**Question:** Who can you contact if you have questions regarding the Special Needs Program?

**Answer:** A Family Resource Specialist (FRS) or other Work-Life Specialists located at your local HSWL Regional Practice.



**Question:** Whom can you name as a beneficiary for your life insurance policy?  
**Answer:** Anyone you choose. Don't forget during life events such as marriage or divorce you may need to update your beneficiary. It's important to know that the beneficiary named on your life insurance policy trumps any instructions you may provide for those proceeds in your will.

## ★ PART SIX: Estate Planning

### Play Video 11

**Introduction:** So far, we have discussed how to plan for possible financial situations associated with a disabling sickness or condition, whether personally or of a loved one. In the upcoming video we will discuss estate planning and survivor benefits. Even though this subject is probably not going to be your favorite, it is necessary.



11. Estate  
Planning  
and  
Survivor  
Benefits

### DISCUSSION QUESTIONS

#### 1. What's the importance of estate planning?

**Talking Points:** It is important to already have a plan in place to assist your family members in the unfortunate event that something happens to you. Estate plans, including updating beneficiaries, can greatly reduce the stress that comes with loss.

#### 2. Do you need a living will?

**Talking Points:** A living will is important because it gives instructions on how you would like to live out your last days if you ever become incapacitated. Your family members or those close to you are relieved of the decision-making process. For example, you may have a do-not-resuscitate (DNR) order in place in case of a medical emergency. You can see that having something in writing would cut down on confusion and conflict in the future.

#### 3. How can you help ensure that minor children are taken care of if something happens to you?

**Talking Points:** Your wishes for the care of your children, including naming a guardian for them, should be spelled out in your will. It's also important to consider the amount of financial resources you would like to have available for them as well as who will be the steward of those funds. It's always a good idea to seek legal counsel when creating an estate plan, but it is especially important when minor children are involved.

#### 4. What are some other Service member benefits should something happen to you?

**Talking Points:** Your family will have access to a Casualty Assistance Calls Officer (CACO) who will be there to assist your loved ones during their loss. The CACO will be there to help explain their benefits and help ensure that they receive those benefits and entitlements.

## KNOWLEDGE CHECK

**Question:** What's a medical power of attorney?

**Answer:** A medical power of attorney authorizes someone to make medical decisions for you in the event that you become incapacitated.

**Question:** How can you authorize someone to make financial decisions for you?

**Answer:** You can draft a durable power of attorney. This type of power of attorney authorizes someone of your choosing to make financial decisions on your behalf.

## ★ PART SEVEN: Retirement Overview

### Play Video 12

**Introduction:** It is important to begin investing in your retirement while you are still a Coast Guard member. This will definitely be your biggest investment. That's why it's important to set S.M.A.R.T. retirement goals and begin contributing to those goals early. In this next discussion, we will talk about how to prepare financially for your retirement.



12. Retirement  
System  
Overview

### DISCUSSION QUESTIONS

#### 1. What are the main differences between the two retirement systems?

**Talking Points:** The two retirement systems are the Legacy (High-3) Retirement System and the Blended Retirement System (BRS). For both, you will need to serve at least 20 years in the armed forces to benefit from a pension. The Legacy system has a larger pension payout. While the pension payout for the BRS is lower, it does offer automatic and matching contributions into your Thrift Savings Plan (TSP).

#### 2. Can you switch over to the Blended Retirement System?

**Talking Points:** If you entered into the service after Jan. 1, 2018, you are automatically enrolled in BRS. If you entered before then and did not opt into the BRS you are covered by the Legacy (High-3) Retirement System and you can no longer opt into BRS. When is the best time to start saving for your retirement?

**Talking Points:** "Time is money." The longer you wait to start putting money away in some type of future investment, the more money you are forfeiting for your future. It is imperative to start making consistent payments to a retirement fund. Try not to wait until everything lines up financially to start saving. Start now.



## KNOWLEDGE CHECK

**Question:** What are some civilian retirement plans in which you can invest?

**Answer:** Civilian employers often offer retirement plans that are similar to the TSP such as a 401(k) or a 403(b) plan. You can also contribute to a self-funded plan such as an Individual Retirement Account (IRA) while you are still in the military.

**Question:** Where can you go to get more information regarding retirement questions?

**Answer:** You can always speak to the PFM at your local HSWL Regional Practice.

## ★ PART EIGHT: Conclusion

### Play Video 13

**Conclusion:** We have covered a lot of information on the topic of Disabling Sickness or Condition. We even expounded on the importance of starting to save for your retirement needs. Now, let's put it all together.



13. Final Thoughts

### CONCLUSION

In summary, we have discussed financial considerations regarding dealing with a disabling sickness or condition, ensuring that your family will be taken care of in case of a misfortune, and saving for retirement. Remember if you have questions or concerns you can speak with a PFM at your local HSWL Regional Practice. You are not in this alone.