



# Financial Implications of Divorce

## Instructor Guide



**GUARD  
YOUR  
FINANCIAL  
FUTURE**

PERSONAL FINANCIAL MANAGEMENT PROGRAM

## I. COURSE ORGANIZATION AND OUTLINE

This *Financial Implications of Divorce* course is **comprised of nine parts**:

1. **Administrative Tasks** (5 minutes)
2. **Introduction and Agenda** (2 minutes)
3. **Basic Finance** (10 minutes)
4. **Consumer Protection** (5 minutes)
5. **Major Purchases** (10 minutes)
6. **Planning for the Future** (10 minutes)
7. **Compensation, Benefits, and Entitlements** (10 minutes)
8. **Saving and Investing** (5 minutes)
9. **Summary and Resources** (3 minutes)

**TOTAL:** 60 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 the fundamentals of income tax and common benefits, and potential changes to tax situation.
3. Comprehend the components of the Service member's military retirement system and the importance of preparing for retirement
4. Discuss the reasons, needs, types, and options for purchasing insurance.
5. Understand purpose and implications of estate planning (e.g. beneficiaries, wills, trusts, power of attorney).
6. Discuss TRICARE options and costs.
7. Discuss survivor and dependent benefits, including Survivor Benefit Plan and Servicemembers' Group Life Insurance.
8. Recognize the importance of and be able to develop savings and an emergency fund.
9. Understand education financing, to include available benefits, obligations, and repayment options.

### 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><div><b>INSTRUCTOR NOTE:</b></div><div></div></div>	<p><b>Instructor Note</b> – (indicates additional information related to the content for the instructor)</p> <p><b>Checklist and Handout</b> – (indicates a checklist or handout is associated with the content)</p> <p><b>Learning Activity</b> – (indicates a learning activity)</p> <p><b>Video</b> – (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
- *Financial Implications of Divorce* course PowerPoint slides

#### *Optional:*

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

### **Forms and Handouts:**

- *Financial Implications of Divorce* Member Checklist
- Course sign-in sheet
- Course evaluations

#### *Optional:*

- *Goal-Setting Worksheet* Handout
- *Spending Plan Worksheet* Handout
- *Understanding Credit* Handout
- *Military Consumer Protection* Handout
- *Sources of Help for Military Consumers* Handout
- *Major Purchases* Handout
- *5 Rules of Buying a House* Handout
- *Education Benefits and Savings* Handout
- *Paying off Student Loans* Handout
- *Military Retirement* Handout
- *Thrift Savings Plan* Handout
- *Estate Planning* Handout
- *TRICARE Overview* Handout
- *Survivor Benefits Overview* Handout

### **Videos:**

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

## IV. CONTENT



SLIDE 1

### Introduction

#### Facilitator Introduction

Introduce yourself.

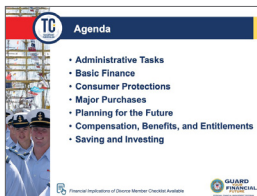
Hello, my name is \_\_\_\_\_.

I am a \_\_\_\_\_.

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

Divorce is 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.

***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

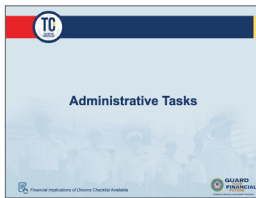


**INSTRUCTOR NOTE:** Review *Financial Implications of Divorce* Member Checklist.

To help you understand the content in this presentation, we will use the *Financial Implications of Divorce* Member Checklist to explore:

- Administrative Tasks
- Basic Finance
- Consumer Protections
- Major Purchases
- Planning for the Future
- Compensation, Benefits, and Entitlements
- Saving and Investing

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



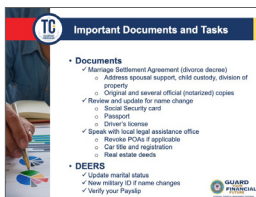
**SLIDE 3**

## Administrative Tasks

Let's begin by reviewing some of the important documents and tasks you should keep in mind.



**INSTRUCTOR NOTE:** Play the optional video, *Divorce Documents*.



**SLIDE 4**

## Important Documents and Tasks

Reorganizing your finances to adjust to your divorce starts with some administrative tasks. Let's take a look at what you need to take care of by following the *Financial Implications of Divorce Checklist* we provided.

### Documents

First, you will need to get a variety of documents in order. If you are even considering divorce, you need to start looking at all your household financial documents and make copies of everything.

The first document is your “marriage settlement agreement” (divorce decree). This document should specifically address spousal support, child custody, and the division of property (including financial assets).

Get several copies of your marriage settlement agreement. Official, notarized 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.

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.

Be prepared for possible impacts to your retirement pay and Social Security. Depending on the terms within your divorce decree, you might have to account for automatic allotments for child support or alimony while you continue to serve. Your former spouse might be awarded a portion of your monthly retirement pay if or when you become eligible for retired pay.

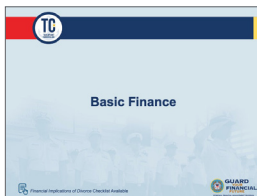
To understand how divorce may affect your Social Security benefits, go to the Social Security website at <https://www.ssa.gov>.

Your local legal assistance 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.

### DEERS

Another important step is updating DEERS to change your marital status. This has to be done in person. Bring your divorce decree when you go to the DEERS/RAPIDS office. This is also an opportunity to get a new military ID if you're changing your name.

Then, verify your Payslip once DEERS is updated with your changes.



### SLIDE 5

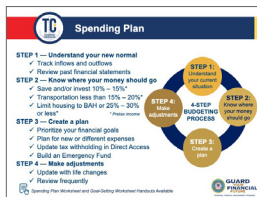
## Basic Finance



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

Let's move on to discuss basic finances and consider how your situation may change as a result of your divorce.





## SLIDE 6

# Spending Plan



**INSTRUCTOR NOTE:** Review the *Goal-Setting Worksheet* and *Spending Plan Worksheet* Handouts and play the optional video, *Bank Accounts, Bill Paying and Emergency Funds*.

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

Remember, a good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four tips financial experts suggest could help you get started on your new journey.

### Step 1: Understand your current situation

In this step, it's important to understand what's REALLY going on with your money today. Start tracking all your income and spending for the next 30 days or review past financial statements. How you do the tracking is up to you, but what's important is you do it.

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

Financial experts offer these general guidelines when budgeting your money:

- Try to save and/or invest 10% – 15% of pretax pay.
- Strive to keep transportation expenses including car payments, insurance, gas and maintenance to 15% – 20% of pretax pay.
- Limit housing expenses, including mortgage or rent payment, taxes, utilities, and maintenance to your Basic Allowance for Housing or 25% – 30% or less of pretax pay.

### Step 3: Create a plan

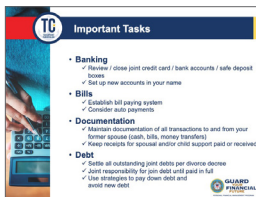
Build a plan for setting aside money and putting limits on how much you'll spend each month per category.

- Prioritize your financial goals using the *Goal-Setting Worksheet* Handout as your guide.
- Plan for new or different expenses.

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

#### Step 4: Make adjustments

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



**SLIDE 7**

## Important Tasks

### Banking

You should also review your banking and credit card arrangements. As appropriate, you may want to close all joint credit card, bank and credit union accounts and safe deposit boxes and open new accounts in your own name as soon as possible. Seek professional financial or legal counseling if you're unsure about taking that step.

While you're at it, this is a good time to consider moving to a new bank or credit union. With some shopping around, you may find an institution with lower fees, and better interest rates on savings accounts and credit cards.

### Bills

Review your system for paying bills. If you do not have a system in place, make sure to set one up to ensure bills are paid on time. 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.

### Documentation

Be sure to document 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.

Ensure you document all payments you receive from your spouse.

## Debt

If you have joint debts with your spouse or former spouse, they remain a shared responsibility as long as 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 former spouse has agreed to make payments, make sure they're doing so. If payments are missed, it will hit your credit report and credit scores too. When you review your credit report, make sure all debts you are responsible for are accurately listed. We'll cover credit in more detail in the next section. If debt reduction is a goal for you, there are a few strategies that can help you do it efficiently.

- First, if you have multiple debts, you should generally start by first paying down the debt that has the highest interest rate.
- Look for opportunities to transfer your debts to lenders that will charge you a lower interest rate.
- As you eliminate a debt payment, use that extra money to start attacking the next debt.



### SLIDE 8

## Protect Your Credit Reputation



**INSTRUCTOR NOTE:** Review the *Understanding Credit* Handout and play the optional video, *Post-Divorce Credit*.

An important part of personal finance is understanding how your decisions about debt and credit impact your financial success. Let's review the *Understanding Credit* Handout.

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

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

### **Healthy credit habits**

Understand how credit works and make wise decisions with these tips:

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

### **Understanding credit**

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.annualcreditreport.com>.

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

### Know the factors determining your credit score

Credit scores may range from 300 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.

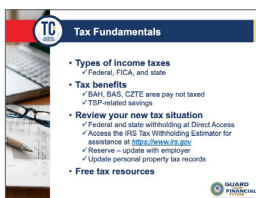
Let's look at the chart on the slide and the *Understanding Credit* Handout. It indicates the five key components of a FICO credit score.

- 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.

### Free credit monitoring

Coast Guard members are eligible for free credit monitoring from each of the three reporting agencies. This tool is so important because you'll be notified of positive or negative changes to your credit score, who is looking at your credit report and what is being reported, new credit activities, and potential identity theft. Review the *Understanding Credit* Handout to learn how to sign up.



## SLIDE 9

### Tax Fundamentals

**INSTRUCTOR NOTE:** Play the optional video, *Potential Divorce Related Income Tax Changes*.

Divorce can affect your income taxes. Let's take a moment to review income tax fundamentals and tax benefits you may be eligible for as a Coast Guard member. We'll also cover how your tax situation may change as a result of your divorce.

## **Types of income taxes**

There are three types of income taxes. Federal income taxes fund the federal government and federal programs. FICA taxes fund Social Security and Medicare. State income taxes fund state governments and programs.

## **Tax benefits**

Next, we'll cover some of your tax benefits. Basic Allowance for Housing (BAH), Basic Allowance for Subsistence (BAS), and pay earned in certain combat zone tax exclusion areas are not taxed. Contributions to the Thrift Savings Plan (TSP) may provide certain tax benefits as well.

## **Review your new tax situation**

Review your new tax situation and change your federal and state withholding as needed. At <https://www.irs.gov>, there's a tax withholding estimator that can help you figure out how to set up your withholding. Then you can make the change at <https://hcm.direct-access.uscg.mil/psp/HCPRD/?cmd=login&languageCd=ENG&>. If you have a civilian employer, contact your manager or HR department to adjust your withholding. Ensure your filing status is accurate. If you're divorced as of Dec. 31, the IRS considers you to be divorced for the entire year.

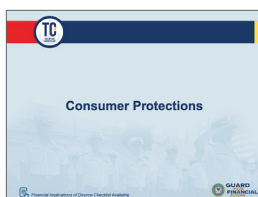
Make sure you have your former spouse's and children's Social Security numbers. You may need them to file your tax returns.

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.

## **Free tax resources**

Remember, you don't have to figure all of this out on your own. Tax assistance is available through CG SUPRT Money Coaches.



## SLIDE 10

## Consumer Protections

Now, let's move on and discuss important consumer protections for Service members.

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



## SLIDE 11

## Military Consumer Protections



**INSTRUCTOR NOTE:** Review the *Military Consumer Protection* Handout.

### Know your rights

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

### Servicemembers Civil Relief Act

Under SCRA, Active Duty Service members and reserve members are protected under the law. SCRA (for all) begins on the first day of Active Duty, which means when the person leaves home for basic or occupational training.

SCRA provides many legal protections, including:

#### Contracts

- Loan rate capped at 6%
- Terminate residential or auto lease. Speak with your local legal assistance office to review your situation and see if you qualify. Legal can also review your lease before you move in.
- Cancel applicable consumer contracts

### Stay civil judgments

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

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

### Insurance

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

For more information about the SCRA review your SCRA Handout and/or visit your local legal assistance office.

### Military Lending Act



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

Under the Military Lending Act (MLA), Active Duty Coast Guard members (including Reserves and covered dependents), cannot be charged an interest rate higher than 36% on most consumer loans, along with other protections. This act does not cover peer-to-peer loans. Visit <https://www.consumerfinance.gov>, for more information about the MLA.

If you need more information on SCRA or MLA, visit your local legal assistance office. Their team can provide support and guidance on your specific situation and protections available to you as a military consumer.

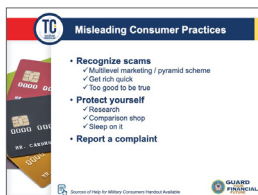


## Identity theft protections

Identity theft is a serious problem that can damage your credit reputation and take a significant amount of time, effort, and money to resolve. It happens when someone steals your personal information and uses it to open fraudulent accounts and/or make unauthorized purchases. Warning signs include: missing bills, unauthorized accounts on credit reports, unsolicited credit cards or bills, and credit denial. You can defend yourself by taking the following actions:

- Safeguard mail
- Keep your wallet or purse secure
- Save receipts and review with account statements regularly
- Shred documents
- Notify creditors of address updates
- Check your credit reports regularly

Visit <https://www.identitytheft.gov> to report identity theft and create an action plan.



### SLIDE 12

## Misleading Consumer Practices



**INSTRUCTOR NOTE:** Refer to the *Sources of Help for Military Consumers* Handout.

### Recognize scams

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

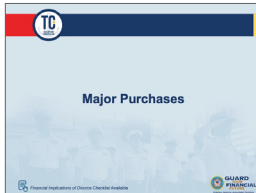
### Protect yourself

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

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

## Report a complaint

If you feel you've been cheated, report it. The *Sources of Help for Military Consumers* Handout gives you a step-by-step process on how to effectively complain. If you're not sure where to direct your complaint, contact your local legal assistance office.



**SLIDE 13**

## Major Purchases

You may be considering a major purchase, like a home, vehicle, or paying for college as a result of your divorce. Let's review key concepts to keep in mind as you plan for your next chapter.



**SLIDE 14**

## Housing and Vehicles



**INSTRUCTOR NOTE:** Review *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.

### Housing needs

Inform your base housing office about your divorce so they can advise you on how it will affect your situation.

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, closing costs, and move-in expenses. The more you put down, the lower your payment will be. We also have two handouts for your review: *Major Purchases* and *5 Rules of Buying a House*.

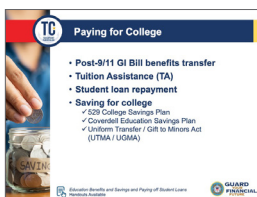
Change your electric, cable, water, other utilities, and other household accounts so they're only in the name of the person who will continue living in the home or apartment.

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 needed. Contact your local legal assistance office if you have questions about how to do this. Please note that refinancing may be required to remove your former spouse from your vehicle loan.

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.



## SLIDE 15

## Paying for College



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

Your educational goals and funding options may change as a result of your divorce.

### Post-9/11 GI Bill transfer

If you transferred your Post-9/11 GI Bill benefits to your spouse before your divorce and would like to revoke or change the transfer to other qualified dependents, you must submit a Transfer of Entitlement (TOE) through milConnect. Certain requirements apply; visit <https://www.va.gov/education/transfer-post-9-11-gi-bill-benefits> for more information.

## **Tuition Assistance**

Take advantage of the Tuition Assistance (TA) program to reach your academic and professional goals. Coast Guard members are eligible for up to \$4,500 each year under TA.

## **Student loan repayment**

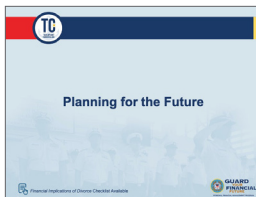
Student loan payments can be a significant part of your monthly spending plan. Investigate your options for repayment to learn if you're eligible for the College Loan Repayment Program (CLRP) or Public Service Loan Forgiveness (PSLF). If your income has changed as a result of your divorce and you're on an income-based repayment plan, you may need to adjust your payment. Check out the *Paying off Student Loans* Handout for details.

## **Saving for college**

Next, we'll cover a few accounts that can help you save for a child's education. We'll cover the three most common. Advantages and disadvantages vary for each of these programs so make sure to review the *Education Benefits and Savings* Handout for more details.

- 529 College Saving Plans: tax advantaged account allowing for tax-free withdrawals to pay for qualified education expenses including K-12 public, private, and religious school tuition and qualified college expenses
- Coverdell Education Savings Accounts: tax-advantaged account for education savings, must be opened by a parent or legal guardian and income limits apply
- Uniform Transfer to Minors Act (UTMA) and Uniform Gift to Minors Act (UGMA) Custodial Accounts; owned by the child and managed by the parents; does not have to be used for education expenses

Paying for college for yourself and those you love can be a challenge. Use the resources provided to learn more about the benefits available to you and meet with a CFS or PFM for one-on-one guidance.



## SLIDE 16

## Planning for the Future

Your financial goals may change as a result of your divorce. In the next section, we will discuss topics related to planning for the future including retirement, insurance, and estate planning.



## SLIDE 17

## Retirement



**INSTRUCTOR NOTE:** Review the *Military Retirement and Thrift Savings Plan* Handouts and play the optional video, *Military Retirement System Overview*.

Retirement is one of the most important goals any of us will save for. It's also one of the most expensive. Moreover, unlike other goals, we typically don't get a second chance to get this one right.

### Review retirement savings goals

Start by deciding 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% – 15% of your gross income.

Next, think about where you will save. The Thrift Savings Plan (TSP) is usually a good choice; it is similar to a civilian 401(k) plan. As you evaluate where to direct your retirement money, consider:

- If the employer matches your contributions.
- How quickly you become vested in those employer contributions. Vesting means when the money that the employer chips in becomes yours. For example, Coast Guard automatic and matching contributions to the TSP vest after two years of service.

Next, decide how you will invest. 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 that take some of the guesswork out of investing for retirement. These are often called "lifecycle" or "target" funds.

### **Thrift Savings Plan**

Be sure to review your beneficiary designations on your TSP and update them as needed. If your former spouse is listed as your beneficiary, you may want to choose someone else, if it's in accordance with your divorce decree. You should also review your investment choices and your contribution rate.

You should also review and update the beneficiaries on any IRAs you have.

**INSTRUCTOR NOTE:** The TSP underwent a major upgrade in 2022. Remind students to visit <https://www.tsp.gov> to learn more about new user experience tools and expanded investment options through the mutual fund window.

### **Qualified Domestic Relations Order (QDRO)**

All individual retirement accounts (IRAs) and 401(k)s are individually owned accounts. Therefore, separating the assets during a divorce may require a document called a Qualified Domestic Relations Order (QDRO).

A QDRO is a court document that allows the splitting of a retirement account without tax implications. If your divorce involves dividing up these types of accounts, you'll need to submit a QDRO to each retirement plan administrator to ensure accounts are split and titled correctly.

## Retirement Benefits Court Order (RBCO)

The rules for qualified domestic relations orders (QDROs) that apply to private sector plans do not apply to the TSP. A valid Retirement Benefits Court Order (RBCO) is required to divide your TSP account.

A RBCO instructs the plan administrator that a portion of your TSP will be awarded to another individual due to a divorce, annulment, or legal separation.

Visit <https://www.tsp.gov/planning-for-life-events/divorce-annulment-and-legal-separation> to learn more.

## Uniformed Services Former Spouses Protection Act

This law allows state courts to divide military retired pay between Coast Guard members and former spouses. It can also allow for a former spouse to receive that retirement pay directly from the government. Please contact your local legal assistance office for questions regarding the Uniformed Services Former Spouses Protection Act.



The image shows a calculator titled "LIFE Insurance Needs" with a "TC" logo. It includes fields for "Liabilities (debts and obligations)", "Income (amount X number of years needed)", "Final expenses", "Education and other goals", and "Subtract current coverage and assets". A "Your Total Need" box is at the bottom. Logos for "Financial Implications of Divorce Member Checklist Available" and "COAST GUARD FINANCIAL" are at the bottom.

**SLIDE 18**

## LIFE Insurance Needs

**INSTRUCTOR NOTE:** Play the optional video, *Post-Divorce Life Insurance Topics*.

Let's start with an easy 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.
- 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 Servicemembers' Group Life Insurance (SGLI) and other coverage you already have plus assets and benefits available at your death.



## SLIDE 19

# Life Insurance

After your divorce, you may still have others depending on you. Make sure you have enough life insurance protection so they don't face financial hardship if you're not around.

Review and update your SGLI. The SGLI Online Enrollment System makes it easy to adjust your coverage without having to make a trip to an office or fill out paper forms. Those adjustments may include removing a spouse you had covered under Family SGLI.

## Servicemembers' Group Life Insurance

You can buy up to \$500,000 in SGLI coverage. You're automatically insured for \$500,000 unless you decline coverage or choose a smaller amount.

Use the SGLI Online Enrollment System (SOES) to update your coverage amount or change your beneficiaries as needed.

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 without a medical exam. To do so, they must choose an eligible insurer, apply with that company, and present proof of FSGLI coverage and the divorce decree. You can learn more at <https://www.va.gov>.

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

If you need more coverage for yourself, you can buy your own individual life insurance policies from private insurers. You may also want to arrange to purchase life insurance on your former spouse, if that person will be paying you alimony or child support. This may be something that's negotiated under the marriage settlement agreement.



## Private life insurance

Review private life insurance coverage you have and update beneficiaries as needed. Keep in mind your will does not overrule your beneficiary designations. That means if a former spouse is listed as a life insurance beneficiary and you die, the former spouse will get the money no matter what your will says.

If you're looking for more life insurance, there are two main types:

- Term insurance — temporary coverage that lasts for a certain period of years
- Permanent insurance — designed to last your entire life

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

Watch out for policy exclusions. These are things that are not covered. Watch out for war clauses or other restrictions you may not have known about.

If you want to buy additional coverage, 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).



**SLIDE 20**

## Property and Disability Insurance



**INSTRUCTOR NOTE:** Play the optional video, *Property, Health, and Disability Insurance*.

### Review and update property coverage

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. Change these policies as needed so they're only in one of your two names.

Make sure you have enough protection for individual, high-value items. Most policies have limits on certain types of property, and 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.

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

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.

### Disability insurance

Consider purchasing disability insurance. Also if your former 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 insure there's a source of funds if that person becomes unable to earn income.



**SLIDE 21**

## Estate Planning



**INSTRUCTOR NOTE:** Review the *Estate Planning* Handout and play the optional video, *Estate Planning Overview*.

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

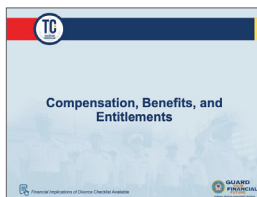
Estate planning can include things like:

- Writing a will
- Giving someone else a power of attorney (POA), 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
- Establishing a trust
- Titling your assets, which means selecting ownership arrangements for those accounts that make it easier for your survivor to inherit them

If you've already done some or all of these estate planning tasks, they should ALL be reviewed now that you're divorcing. 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 residency. That state's laws will dictate how your will is handled in probate and which state inheritance or estate taxes might apply to your assets. It also dictates your exposure to state income taxes.

Your local legal assistance office can help you create and update documents and make informed decisions.



**SLIDE 22**

## Compensation, Benefits, and Entitlements

Next, we'll cover potential changes to your former spouse's TRICARE benefits as well as your options concerning the Survivor Benefit Plan.



**SLIDE 23**

## TRICARE, Dental, and Other Insurance



**INSTRUCTOR NOTE:** Review the *TRICARE Overview* Handout.

Insurance protects us against a variety of different financial risks. Divorce is an important time to review and update your protection plan. We've already covered life, property, and disability insurance so let's turn now to medical coverage.

### TRICARE

We'll cover medical and dental insurance in this section. In general, notify your insurer about your divorce and, as appropriate, remove your spouse.

### **Medical coverage**

If you have TRICARE or TRICARE Reserve Select, visit the DEERS office to remove your former spouse. Contact your nearest local DEERS office to find out the required documents you must bring with you to your appointment. 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 can remain eligible for TRICARE coverage. You can learn more about this at <https://tricare.mil>.

### **Reserves**

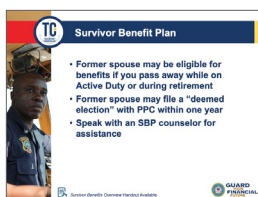
If you are a Reserve member, you may have coverage through both your civilian employer and TRICARE Reserve Select. Review both policies, if required, to remove your former spouse.

### **Dental coverage**

If your former spouse is covered by TRICARE Dental, you must take the additional step of removing your former spouse. In addition to updating your status in DEERS and removing your former spouse, you must also access <https://milconnect.dmdc.osd.mil/milconnect> to complete the process to discontinue dental coverage.

### **Other health and dental policies**

Update your medical and dental insurance if you and/or your children were covered on your spouse's policy. You might need to enroll your children in a different level of TRICARE or the military's dental plan. Update DEERS and visit <https://milconnect.dmdc.osd.mil/milconnect> to manage medical and dental coverage for you and your eligible family members.



## SLIDE 24

## Survivor Benefit Plan

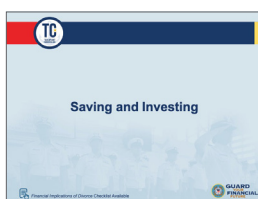


**INSTRUCTOR NOTE:** Review the *Survivor Benefits Overview* Handout.

The Survivor Benefit Plan (SBP) permits retired Coast Guard members to ensure that, after their death, a lifetime annuity is paid to their dependents. Before your divorce is finalized, speak with an SBP counselor to discuss your options and what impact your divorce may have if you die while serving. You can find more information and support at <https://www.dcms.uscg.mil/ppc/ras/sbp>.

If the divorce decree states the former spouse is awarded SBP, you must elect for Former Spouse SBP when you retire. The former spouse may also file a “deemed election” with Pay & Personnel Center (PPC) within one year of the date of the divorce to secure the SBP benefit ordered by the court. Visit <https://www.dcms.uscg.mil/ppc/ras/sbp> for more information.

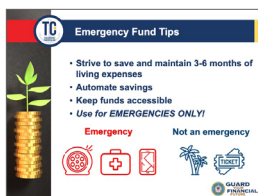
Every situation is unique. Speak with an SBP counselor for guidance on your specific situation and options.



## SLIDE 25

## Saving and Investing

Even though you are going through a stressful time, you still need to focus on your future and be financially prepared for the unexpected. We will discuss the importance of having an emergency fund and how to estimate how much you'll need to set aside.



## SLIDE 26

## Emergency Fund Tips

### Emergency fund

Everyone should have an emergency fund. 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 purpose of an emergency fund is to have money on hand so you don't have to take on expensive credit card debt when surprise expenses pop up.

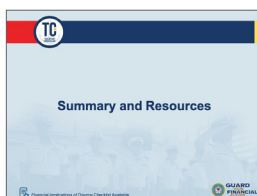


**ACTIVITY:** Ask attendees to think of some examples of unexpected expenses that an emergency fund could help cover. Answers may include: vehicle repairs, home repairs, insurance deductibles, appliance replacements, travel on short notice, job losses.

How much should you have in your emergency fund? Experts generally say it should be equal to three to six months of your regular living expenses. If you don't have that much saved yet, start with an initial goal of setting aside \$1,000. Save a little with each pay period and consider automating savings to help you reach your goal.

One-income households are generally more vulnerable to financial surprises. If divorce leaves you with one income, you may want to aim for the longer end of that range.

Remember, your emergency fund should be used for emergencies only. Your next vacation or concert tickets are not emergencies. If you have to tap into it, make sure to replenish it as soon as possible.



**SLIDE 27**

## Summary and Resources

We will finish the course with a review of the topics we covered and resources that are available to help as you move forward with your next chapter.

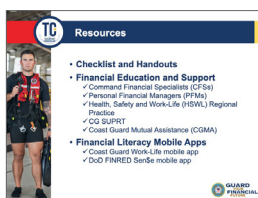


## SLIDE 28

## Summary

Divorce is tough, which is 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 we discussed.

- Administrative Tasks
- Basic Finance
- Consumer Protections
- Major Purchases
- Planning for the Future
- Compensation, Benefits, and Entitlements
- Saving and Investing



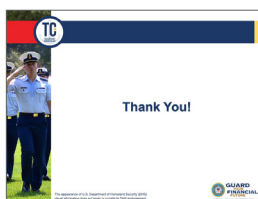
## SLIDE 29

## 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) at your Health, Safety and Work-Life (HSWL) Regional Practice. CG SUPRT Money Coaches and Coast Guard Mutual Assistance (CGMA) are also additional sources. 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.



## SLIDE 30

## Thank You!

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