



Leadership Training

Instructor Guide



**GUARD
YOUR
FINANCIAL
FUTURE**

PERSONAL FINANCIAL MANAGEMENT PROGRAM

I. COURSE ORGANIZATION AND OUTLINE

The *Leadership* course is **organized into six parts**:

1. **Introduction and Agenda** (1 minute)
2. **Basic Finance** (10 minutes)
3. **Consumer Protections** (5 minutes)
4. **Planning for the Future** (10 minutes)
5. **Compensation, Benefits, and Entitlements** (5 minutes)
6. **Summary and Resources** (4 minutes)

TOTAL: 35 minutes

II. LEARNING OBJECTIVES




Terminal Learning Objectives (TLOs):

1. Recognize the importance of personal financial management and what resources are available.
2. Identify warning signs of Service members at risk for financial problems.
3. Know military consumer protection law fundamentals, including Servicemembers Civil Relief Act and Military Lending Act.
4. Comprehend the components of Service member's military retirement system and the importance of preparing for retirement.
5. Understand future financial benefits afforded by the Department's career investment programs.

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
- *Leadership Training* course PowerPoint slides

Optional:

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

Forms and Handouts:

- *Leadership Training* Checklist
- Course sign-in sheet
- Course evaluations

Optional:

- *The Need for Personal Financial Management* Handout
- *Understanding Credit* Handout
- *Military Consumer Protection* Handout
- *Servicemembers Civil Relief Act* Handout
- *Sources of Help for Military Consumers* Handout
- *Financial Warning Signs* Handout
- *Military Retirement* Handout
- *Thrift Savings Plan* Handout

Videos:

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

IV. CONTENT



SLIDE 1

Introduction

Facilitator Introduction

Introduce yourself.

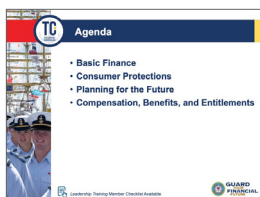
Hello, my name is _____.

I am a _____.

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

Taking on a leadership role in the Coast Guard comes with many responsibilities. One of which is to ensure financial readiness to sustain mission readiness. This training can help you, as a new or seasoned leader, handle the challenges that come with your leadership role.

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.



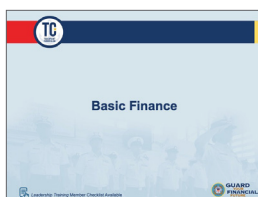
SLIDE 2

Agenda



INSTRUCTOR NOTE: Distribute *Leadership Training* Member Checklist. Play the optional video, *Financial Readiness for Coast Guard Leaders*.

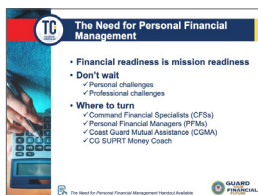
To help you understand the content in this presentation, we will explore: **Basic Finance; Consumer Protections; Planning for the Future; and Compensation, Benefits, and Entitlements.**



SLIDE 3

Basic Finance

Let's begin today's course by discussing the importance of financial management and how you can help yourself and those you lead develop and maintain a strong financial foundation.



SLIDE 4

The Need for Personal Financial Management



INSTRUCTOR NOTE: Review *The Need for Personal Financial Management* Handout.

Let's use the *Leadership Training Checklist* and the *Need for Personal Financial Management (PFM)* Handout to discuss the following:

Financial readiness is mission readiness

As leaders, we need to understand that if a Coast Guard member is financially fit, they are better able to fulfill their duties of the mission. Understanding the need for personal financial management and how to achieve it are the first steps to helping your members navigate their way to financial readiness and a better future.

Let's start with understanding the meaning of personal financial management – simply put, it's managing your money, saving and investing. You can help your members start on the road to improved financial management by following these six suggestions: Set financial goals, create and follow a spending plan, save for emergencies, adequately insure (protect) your family, save/invest 10% – 15% of pretax income, and have an estate plan.

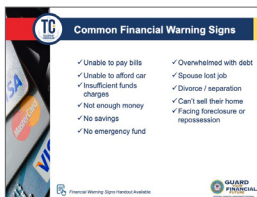
Don't wait to get started

It's important to stress to your members that not taking action to learn about and improve their financial readiness can hurt them.

On a personal level, financial problems can lead to health problems and result in conflict and instability within their family.

Professionally, financial issues that are not dealt with can result in stress at work, the inability to focus on their job, time and energy lost, negative evaluations, loss of promotions, and can even cost their security clearance due to poor credit history.

It is important to know that help is available, we'll discuss resources in more detail at the end of the course. For now, know that your unit Command Financial Specialists (CFSs), Personal Financial Managers (PFMs), and CG SUPRT Money Coaches can provide support to you and members in your command.



SLIDE 5

Common Financial Warning Signs



INSTRUCTOR NOTE: Refer to the *Financial Warning Signs* Handout. Ask the class what they have seen with someone who's "broke."

Having more awareness of financial warning signs can help you as a leader identify members in need, provide referral and resource assistance, and follow up before a financial issue becomes a "command" issue.

Some of the identifiers include:

- Unable to pay bills
- Unable to afford car
- Insufficient funds charges
- Not enough money
- No savings
- No emergency fund
- Overwhelmed with debt
- Spouse lost job
- Divorce / separation
- Can't sell their home
- Facing foreclosure or repossession

TC Potential Consequences	
Military	Financial
Negative evaluation	Overdraft fees
Loss of promotion	Denied credit
Loss of overseas transfer	Bad credit report
Loss of security clearance	Low credit score
Reduction in rank	Repossession
Non-judicial punishment (NJP)	Foreclosure
Admin discharge	Bankruptcy

SLIDE 6

Potential Consequences

As we've discussed, financial problems can have a serious impact on a member professionally and personally. Let's review the following list of potential consequences.

Potential military consequences could include:



- Negative evaluation
- Loss of promotion
- Loss of overseas transfer
- Loss of security clearance
- Non-judicial punishment (NJP)
- Administrative discharge

Potential financial consequences could include:

- Overdraft fees
- Denied credit
- Bad credit report
- Low credit score
- Repossession / foreclosure
- Bankruptcy

Security clearances

Individuals are under continuous monitoring, meaning their financial data is reviewed automatically and regularly. Issues that are not dealt with can result in a loss of clearance. As a leader, it is critical to identify and provide help to members in need before there is a risk to the mission by losing a clearance.

TC Leaders and Economic Security	
<ul style="list-style-type: none"> • Three areas of focus: <ul style="list-style-type: none"> ✓ Financial well-being ✓ Housing availability ✓ Food security • Installation resources: <ul style="list-style-type: none"> ✓ CFS and PFM personnel, Health, Safety and Work-Life (HSWL) Regional Practice, housing office • Online resources: <ul style="list-style-type: none"> ✓ Coast Guard Economic Security Toolkit ✓ FINRED - Financial Well-Being Assessment 	 

SLIDE 7

Leaders and Economic Security

As a leader in the Coast Guard, you know that a Coast Guard family's economic security is critical to mission readiness. You are in a unique position to provide tools and resources promoting economic security for those within your chain of command.

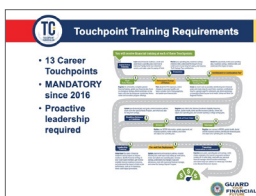
Let's cover three areas:

- **Financial well-being** is when a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.
- Current events have impacted **housing availability** for members across the country. Housing costs are up and there are fewer homes available for rent and purchase.
- **Food security** is another important area to keep in mind for those you lead. Food security means having enough food for an active and healthy life for all household members.

If you or those you lead are in need of support, help is available. Resources may include your Command Financial Specialists (CFSs), Personal Financial Managers (PFMs) at your local Health, Safety and Work-Life (HSWL) Regional Practice, and the housing office. The Coast Guard Personal Financial Management Program (PFMP) and the Office of Financial Readiness (FINRED) have guidance and information as well. Review the Military Leaders Economic Security Toolkit at <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/Economic-Toolkit/>.



INSTRUCTOR NOTE: Request responses from the class on available Coast Guard and civilian resources for members and families experiencing economic insecurity. Make sure CG SUPRT, CFS, PFM, HSWL Regional Practice, housing office, state benefits including SNAP and WIC, and military relief societies are included for leaders' awareness.



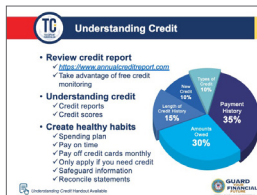
SLIDE 8

Touchpoint Training Requirements

As leaders, we need to ensure members understand they are required to complete financial training at various career milestones and life events. The 12 career touchpoints include: Initial Entry Training, First Duty Station, Subsequent Duty Station (for members in paygrades E-4 or below and O-3 or below), Promotion (for members in paygrades E-5 or below and O-4 or below), Vesting in TSP, Major Life Events (Marriage,

Divorce, New Child, Disability), Leadership Training, Entitlement to Continuation Pay, Pre- and Post-Deployment, and Transition.

Financial readiness training has been mandatory since 2016. Proactive leadership is required to ensure this training reaches Coast Guard members you lead.



SLIDE 9

Understanding Credit



INSTRUCTOR NOTE: Review the *Understanding Credit* Handout.

Review credit report

You need to remind them to check their credit reports from each of the major credit reporting agencies <https://www.annualcreditreport.com>. Also inform them that, Active Duty, Reserves, and family members can obtain a free copy of their credit report from their CFS or PFM.

Understand credit

Another important part of personal finance is to know how to manage debt and credit. Let's now take a look at 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.

Practicing good credit habits leads to a strong credit reputation and score. Encourage your members to access their credit reports on a regular basis. An annual review is a good rule. A credit report shows how much credit you're using, how well you pay your debts, who is inquiring about your credit, and information on bankruptcies or federal income tax liens.

A credit score, on the other hand, is like a grade potential lenders, employers, landlords and others use to determine your credit worthiness. The most common type is the FICO score, ranging from 300 to 850. The higher the score, the better. The five key components carry different weight in the overall calculation, so it is important to keep all in check for the highest possible score. Review the *Understanding Credit* Handout for more in-depth information.

Create healthy habits

As a leader in the Coast Guard, help your members create and practice healthy credit habits. This includes following a spending plan, paying bills on time, paying off credit cards in full each month, applying for credit only when needed, keeping personal and financial information secure, and crosschecking receipts with monthly statements. Get in touch with your financial institution right away if you find a discrepancy or unauthorized charge.



SLIDE 10

Consumer Protections

Military members tend to have increased financial management issues for a number of reasons including age and military lifestyle. There are a few legal protections we'll discuss.



SLIDE 11

Military Consumer Protection Laws



INSTRUCTOR NOTE: Refer to the *Military Consumer Protection, Servicemembers Civil Relief Act*, and *Sources of Help for Military Consumers* Handouts. Play the optional video, *Military Consumer Protections*.

As leaders, you need to know and understand two consumer protection laws that protect your members: Servicemembers Civil Relief Act (SCRA) and Military Lending Act (MLA).

Servicemembers Civil Relief Act (SCRA)

Let's start with the SCRA. The SCRA provides extra financial and legal protections to Active Duty Service members and Reserve members when in active military service. Let's discuss a few of its provisions:

6% APR cap for Pre-Active Duty debt — You and your members can request to have the interest rate be reduced to 6% for the duration of your Coast Guard obligation on debts acquired before Active Duty like credit cards, loans, mortgages, etc.

Student loans — There are special rules when it comes to student loans. You and your members may be able to defer payments or pay no interest while deployed.

Leases — If you or your members have a lease (residential or vehicle) or entered into a consumer service agreement, you can request termination of the lease when called to Active Duty or PCS or deployed. It's best to notify those companies in writing before you execute your orders. Speak with your local legal assistance office. They can review your situation and see if you qualify.

INSTRUCTOR NOTE: For auto leases, the protection only applies 1) if activating for 180 days or longer, 2) PCS orders CONUS to OCONUS, OCONUS to OCONUS, or OCONUS to CONUS (but usually not CONUS to CONUS), or 3) deploying for 180 days or longer.

For residential leases, member should give at least 30 days notice from the date the orders were issued. Once notified, leases can be terminated 30 days after the next payment is due.

Legal proceedings — SCRA offers certain protections while you and your members are deployed. Generally, you are protected from being evicted, default judgments, and having any property repossessed that you used to secure a loan. These issues may not go away entirely, and you may have to deal with them when you return.

Default judgments — The SCRA also protects you from default judgments while on Active Duty when you are deployed or overseas. If a civil action, a civil proceeding or an administrative proceeding is filed against you, the judge must appoint a lawyer to represent you in your absence. The court may grant a delay. This applies to civil lawsuits, suits for paternity, child custody suits, bankruptcy debtor/creditor meetings, and administrative proceedings.

Military Lending Act (MLA)

While you and your members are on Active Duty, whether deployed or not, the MLA prohibits charging an interest rate higher than 36% on most consumer loans, and provides other protections as well.

Understand that military consumer protections available under SCRA and MLA are not automatic. You and those you lead may have to assert your rights. If you or your members need help asserting your rights with your lenders, or have questions about your legal obligations, get help from your local legal assistance office.



SLIDE 12

Sources of Help for Military Consumers



INSTRUCTOR NOTE: Review *Sources of Help for Military Consumers* Handout.

Consumer complaints

Dealing with a defective product or poor customer service can be frustrating and costly. When this happens, you may decide to make a complaint.

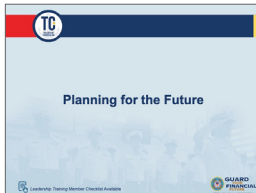
- Contact the business.
- Contact the company president.
- Contact local and state consumer advocates.

See your CFS, PFM, or your local legal assistance office for guidance.

Key takeaways

Make sure you and your members

- Protect your personal information.
- Protect your credit.
- Practice online safety.



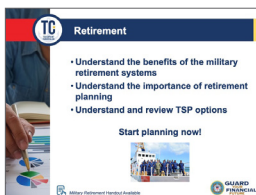
SLIDE 13

Planning for the Future

Remember the time when you first entered the Coast Guard. Do you wish someone educated you with what you could do with your money? This is your chance to have a positive impact on the those you lead, not only to share what you've learned but also to help them be prepared for a future outside of the Coast Guard.



INSTRUCTOR NOTE: Play optional video, *Retirement System Overview*.



SLIDE 14

Retirement



INSTRUCTOR NOTE: Review the *Military Retirement* Handout.

Retirement may seem distant to you and your members, but it's important to help them start planning **now** to build financial security during their retirement. As leaders, it's important to understand the following:

- The benefits of all retirement systems
- The importance of retirement planning itself
- The Thrift Savings Plan (TSP) and its options

	Legacy (High-3)	Blended Retirement System (BRS)
Pay Formula	Based on 3 highest years of service x 2.5% x average of 3 highest months of base pay	Based on 3 highest years of service x 2% x average of 3 highest months of base pay
COLA	Full	Full
30 YOB	85%	40%
35 YOB	90%	50%
40 YOB	95%	60%
TSP	No, but optional government contributions	No, 40% government contributions
Cost-of-Living Pay	No	Yes, between 3-12% with service obligation
Lump Sum Option at Retirement	No	Yes (20% or 50% with reduced annuity after age 62)

SLIDE 15

Military Retirement Overview

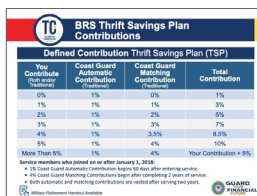
Let's take a look at the *Military Retirement* Handout and review the benefits of each retirement system displayed on this slide, which shows a side-by-side comparison of the two main military retirement options: Legacy (High-3) and Blended Retirement System (BRS).

As a leader in the Coast Guard, you may be covered under the Legacy or the BRS. Those you lead may be covered under either system, and Coast Guard members entering service will be covered under the BRS. Ensure you know the major points of both systems to assist with this discussion with your members.

Both military retirement options consist of two components to help you and your members reach their retirement goals.

These components include retirement pay (pension) for serving the equivalent of 20 years and the TSP retirement savings account regardless of time served. The BRS has additional components that we will briefly discuss.

INSTRUCTOR NOTE: Briefly discuss the information on the slide and the *Military Retirement* Handout noting the key differences such as pay formula multipliers, matching TSP, Continuation Pay and lump-sum options. Check <https://militarypay.defense.gov> for more information.



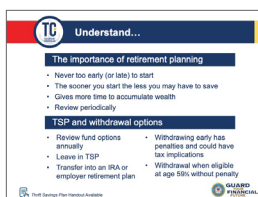
BRS Thrift Savings Plan Contributions			
Defined Contribution Thrift Savings Plan (TSP)			
You Contribute (Total Salary)	Coast Guard Automatic Contribution	Coast Guard Matching Contribution	Total Contribution
0%	0%	0%	0%
1%	1%	1%	2%
2%	1%	2%	3%
3%	1%	3%	4%
4%	1%	3.5%	4.5%
5%	1%	4%	5%
More Than 5%	1%	4%	Your Contribution + 5%

Service members who joined on or after January 1, 2018:
 • The Coast Guard automatic contribution begins 60 days after entering service.
 • The Coast Guard matching contribution begins after completing 2 years of service.
 • Both automatic and matching contributions are vested after serving two years.
 • Military Retirement Handbook

SLIDE 16

BRS Thrift Savings Plan Contributions

Let's discuss how the BRS TSP government contributions work. The Coast Guard will match, dollar for dollar, the first 3%. After that, they will match \$.50 on the dollar for each additional percent up to 5%. This is the maximum they will match. Matching contributions begin after 24 months of service. The Coast Guard 1% automatic contribution begins after 60 days of service. So, if your member contributes 5%, the Coast Guard will contribute the 1% automatic and 4% match. After 24 months of service, members are vested in Coast Guard contributions. This means they have full ownership of these contributions and may take it with them if they leave the Coast Guard.



SLIDE 17

Understand...



INSTRUCTOR NOTE: Refer to the *Thrift Savings Plan Handout*.

Leaders need to help their members understand:

- The importance of retirement planning and
- TSP and withdrawal options

The importance of retirement planning

Never too early (or late) to start — It's important to convey this to your members. Whether they are brand new in the Coast Guard or about to retire, it's always the right time to start saving for retirement even if it's a small amount.

The sooner you start the less you have to save — Saving for retirement early can make a big impact later on.

Gives more time to accumulate wealth — Compound interest and time work hand in hand. The more time they give their money to make money, the more wealth they'll build.

Review periodically — As leaders, remind those you lead to review their savings goals, funds and tools regularly to ensure they are reaching their goals and maximizing compound interest and time as well as minimizing risk according to their risk tolerance.

TSP and withdrawal options

Now let's discuss the TSP and the withdrawal options.

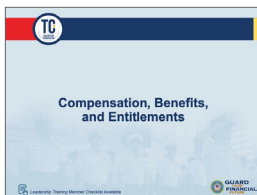
Review fund options annually — Remind your members to review their TSP funds annually to ensure it meets their retirement goals and needs. Do they need to reallocate to take more or less risk?

Leave in TSP — When you or your member leaves the Coast Guard, they can leave their money in TSP and allow it to grow until they are eligible to make penalty-free withdrawals at age 59½. They will not be able to make monthly contributions to their TSP once they separate from service, but they can make transfers from most employer retirement plans (if the plan allows) and from a traditional IRA.

Transfer into an IRA or employer retirement plan — They can transfer their TSP into an IRA or other employer's retirement plan, if the plan allows. However, be mindful that the administrative fee may be higher than TSP's, which is currently 0.057% and 0.090% per \$1,000 managed for individual and Lifecycle Funds. Administrative fees for management of 401(k) plans are generally higher. Check your plan for specific information.

Withdrawing early has penalties — Be sure to inform your members that withdrawing early could have tax implications and penalties. If they withdraw their money before 59½ there is a 10% early withdrawal penalty on the taxable portion. On Traditional account distributions, the taxes and penalties typically apply on the entire distribution (except any tax-exempt contributions). On Roth account distributions, the taxes and penalties apply only on the growth.

Withdraw when eligible at age 59½ without penalty — If you wait until you are 59½, there is no 10% withdrawal penalty. However, your Traditional funds will be subject to taxation (growth on Roth accounts if owned for less than five years, are also subject to taxation).



SLIDE 18

Compensation, Benefits, and Entitlements



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

Let's move on to discuss career investment benefits available to you and those you lead.



SLIDE 19

Career Investment Programs

United States Military Apprenticeship Program (USMAP)

Encourage those you lead to take their career into their own hands and consider registering for an apprenticeship related to their rate.

A U.S. Department of Labor “Certificate of Completion” can be earned for meeting program requirements.

These certificates are nationally recognized and can be an advantage in getting a better job in the future.

Visit the United Services Military Apprenticeship Program website to identify and register for apprenticeships, track progress, and report completion <https://usmap.osd.mil/apprenticeships.htm>.

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.

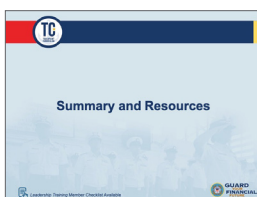
Think about all of the training, education, and experience you and your members will receive throughout your Coast Guard career.

The COOL program has mapped over 1,700 civilian licenses and certificates to military skills, and that number increases all the time.

Military Tuition Assistance Program

The Military Tuition Assistance Program can help you and those you lead pursue educational opportunities and possibly increase earning potential. Check out the Coast Guard College Program for eligibility and funding information.

INSTRUCTOR NOTE: Encourage those you lead to visit <https://www.forcecom.uscg.mil/Our-Organization/FORCECOM-UNITS/ETQC/VOLUNTARY-EDUCATION/Tuition-Assistance/> to check for program updates.



SLIDE 20

Summary and Resources

Let's recap the topics we covered and discuss helpful resources, including those on your checklist.



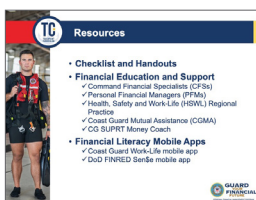
SLIDE 21

Summary

We discussed the following topics:

- Basic Finance
- Consumer Protections
- Planning for the Future
- Compensation, Benefits, and Entitlements

Do you have any questions?



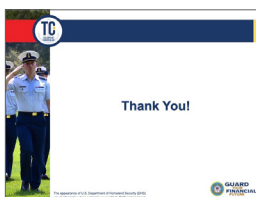
SLIDE 22

Resources

Please read through your checklist and handouts and refer back to them. They are a great resource for you and those you lead.

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 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.



SLIDE 23

Thank You!

Thank you for participating, and I wish you the best.