



# WELCOMING YOUR FIRST CHILD

COAST GUARD FINANCIAL READINESS

Congratulations on welcoming your first child into your family! A child changes everything, including your household finances. This checklist, supplemented with information and referrals from the Health, Safety and Work-Life (HSWL) Regional Practice staff, can help you organize your finances efficiently as you work through the many changes that come with a new birth or adoption.

Use this checklist as a solution-focused tool to help set goals, establish priorities, and develop a family action plan. Space is provided to add local resources and reminders about additional topics.

## HANDOUTS

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

**Counselor:** Ask your members about their household: Are they married or single parents? Is the Coast Guard member Active Duty or a member of the Reserve? Is the child a newborn, a stepchild, or an adoptee? If a stepchild or adoptee, what is the child or children's age(s)? Has the member made child care arrangements and if not, what options are they considering? Answers to these questions can help you prioritize discussion topics, provide resources, and make referrals.

## ★ Administrative Tasks

- ☐ Obtain an official copy of your child's (or children's) birth or adoption certificate(s).

**Counselor:** Remind members that an official copy is often embossed or certified in some way. Court documents may be notarized. To replace a lost or misplaced birth certificate, parents should check with the Bureau of Vital Statistics in the state where the child was born or see <https://www.usa.gov/replace-vital-documents> for information on how to obtain a replacement. Remind adoptive parents that they may qualify for partial reimbursement of adoption expenses. (<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/Adoption-Reimbursement>)

- ☐ Apply for a Social Security card for your child or children.

**Counselor:** Refer members to <https://www.ssa.gov/pubs/EN-05-10023.pdf> for more information.

- ☐ Add your new dependent(s) to your Defense Enrollment Eligibility Reporting System (DEERS) account. Bring the birth certificate(s) and/or court documents to the nearest Defense Enrollment Eligibility Reporting System/Real-Time Automated Personnel Identification System (DEERS/RAPIDS) office.

**Counselor:** Tell members that this is something they must do in person. They may review the list of acceptable identification documents at [www.cac.mil/Portals/53/Documents/List\\_of\\_Acceptable\\_Documents.pdf](http://www.cac.mil/Portals/53/Documents/List_of_Acceptable_Documents.pdf). They can find the nearest DEERS/RAPIDS office at <https://idco.dmdc.osd.mil/idco>.

- ☐ Check your Payslip for information in Direct Access after DEERS updates.

**Counselor:** Remind members to verify the requested changes have been made and they are receiving the correct pay and allowances. Suggest they be especially careful about overpayments, as these will be recouped. Remind members to set aside money from an overpayment. Tell them if they do not know why they received it, they should probably save it until they find out.

- ☐ Seek out and take advantage of financial workshops for parents.

**Counselor:** Promote workshops that are available through your Health, Safety and Work-Life (HSWL) Regional Practice staff. Share your class schedule with the members, or similar providers in other services (e.g., Air Force Aid Society (AFAS), Navy-Marine Corps Relief Society (NMCRS) on a joint base.

- ☐ Enroll in financial assistance programs for which you may qualify.

**Counselor:** The federally funded Women, Infants, and Children (WIC) program, for example, can be especially helpful to new families. Refer members to <https://www.fns.usda.gov/wic/who-gets-wic-and-how-apply>. Introduce them to the New Parent Resource Guide for additional guidance. ([https://www.dcms.uscg.mil/Portals/10/CG-1/cg111/docs/pdf/CG1\\_Pregnancy\\_and\\_New\\_Parent\\_Resource\\_Guide\\_v15.pdf?ver=2019-06-26-122711-810](https://www.dcms.uscg.mil/Portals/10/CG-1/cg111/docs/pdf/CG1_Pregnancy_and_New_Parent_Resource_Guide_v15.pdf?ver=2019-06-26-122711-810))

Additional notes: \_\_\_\_\_  
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## ★ Basic Finance

- ☐ Update your personal spending plan using the *Spending Plan Worksheet* Handout. A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four steps financial experts suggest to get started.

**Counselor:** Inform members that you can provide a **Spending Plan Worksheet** Handout as well as more detailed templates with features that can help them understand their financial situation and reduce excessive debt.

### 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. 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.
- 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.

***Counselor:*** Review ***Goal-Setting Worksheet Handout***. Share with the members the concepts of paying yourself first, automating savings, and keeping their emergency fund in a separate account. Remind members they can make saving effortless by setting up an automatic transfer through their bank or an allotment, time permitting.

## 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.

***Counselor:*** Speak with members about planning for maternity/paternity leave and the potential change to income. Also discuss the upfront and recurring costs that come with a newborn or young child: crib, stroller, car seat, diapers, clothing, etc.

*Remind them to be smart shoppers, looking for bargains on used and refurbished items as well as new ones. Coast Guard Mutual Assistance promotes the Air Force Aid Society's "Bundles for Babies" class or the Navy-Marine Corps Relief Society's "Budget for Babies" class.*

- ☐ Check each of your three major credit reports for free at <https://www.annualcreditreport.com>. Members can request free credit monitoring services from the nationwide credit reporting agencies: Equifax, Experian, and TransUnion. Review the *Understanding Credit* Handout for more information.

***Counselor:*** Tell members that they may be dealing with many new creditors, which increases their exposure to billing errors and identity theft. Also remind them children are a favorite target of identity thieves, who sometimes commit fraud under a child's assumed identity for many years without being detected.

*Remind members that they can get a free copy of credit reports from their Coast Guard CFS or PFM. The PFM can also help them interpret their reports and discuss what they need to do to improve their scores.*

- ☐ Review your new tax situation and change federal and state withholding as needed via Direct Access: <https://hcm.direct-access.uscg.mil>. Reserve members will need to do this with their employers as well.

**Counselor:** *Remind members that for additional help, they may wish to consult with a CG SUPRT Money Coach.*

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## ★ Consumer Protections

- ☐ Review the *Military Consumer Protection* Handout for additional information on identity theft, the Servicemembers Civil Relief Act (SCRA), and Military Lending Act (MLA).

**Counselor:** *Remind members the local legal assistance office can review contracts to help prevent members from falling victim to predatory lenders and fraudsters.*

- ☐ Protect yourself from misleading consumer practices and know basic procedures for handling a consumer complaint or dispute. Review the *Sources of Help for Military Consumers* Handout.

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## ★ Major Purchases

- ☐ Analyze your housing and transportation needs and be sure to prepare your finances for any major purchases. Review the *Major Purchases* and *5 Rules of Buying a House* Handouts for more information.

**Counselor:** *Remind members to speak with a Command Financial Specialist within their unit to build and review their spending plan before taking on any major purchases. Contact your Health, Safety and Work-Life (HSWL) Regional Practice for tips on car buying and child safety restraints, if applicable.*

- ☐ Work with the housing office for any housing needs related to your new child.

**Counselor:** *Remind members that if they are renting a new residence, to be sure their lease contains a military clause.*

- ☐ Review the *Education Benefits and Savings* and *Paying off Student Loans* Handouts to learn more about financing education, available benefits, obligations, and repayment options.

**Counselor:** *Remind members that now is the time to start planning and saving for your child's education. Suggest, they research transferability of the Post-9/11 GI Bill benefits. Also, if they have student loan debt, remind them of income-based repayment plans, which might help due to their new family size.*

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★ **Planning for the Future**

- Review your retirement savings goals. For more information on components of military retirement and the TSP, refer to the *Military Retirement* and *Thrift Savings Plan* Handouts.

**Counselor:** Encourage members to visit <https://www.tsp.gov> and learn more about investing for retirement.

- Evaluate your life insurance needs to ensure you have enough coverage, the right type of coverage, and correct beneficiaries. A simple method to calculate your life insurance needs is to use the acronym LIFE. Start by totaling all four categories listed below.

<b>L</b> liabilities	Debt you would like to pay off, like a mortgage, auto loan, or credit card(s)	\$
<b>I</b> ncome to be replaced	Multiply targeted annual income amount by the number of years to replace	\$
<b>F</b> uneral and final expenses	The amount you would like to set aside for final expenses	\$
<b>E</b> ducation and other goals	The amount you want to set aside to fund education and other goals for family, friends, or charitable organizations	\$
<b>Total life insurance needed</b>		\$\$\$\$

Then compare your life insurance needs with your current amount of coverage plus any assets and benefits available at death. If you find you need additional coverage, then consider supplementing Servicemembers’ Group Life Insurance (SGLI) with a commercial life insurance policy. Review the policy for any restrictions, such as a war clause. Common life insurance policies include:

- Term insurance — provides a stated amount of coverage over a specific period of time and is designed to provide a large amount of coverage for the least cost
- Permanent insurance — provides coverage designed to last for your entire life and can build cash value

There are several permanent life insurance options offered such as universal life, whole life, variable life and even variable universal life insurance. These policies may have a surrender period and be subject to fees and penalties if canceled during this time.

**Counselor:** Remind members to ask questions and fully understand any commercial life insurance policy they consider purchasing. They should understand the cost, coverage, terms and conditions, as well as how the agent is compensated before making a decision to buy.

- ☐ Review the beneficiaries of your Servicemembers' Group Life Insurance (SGLI). Children are covered by Family SGLI at no cost.

**Counselor:** Inform members that children are automatically covered at \$10,000 as soon as they are registered in DEERS. Also inform Coast Guard member(s) that the SGLI Online Enrollment System (SOES) allows members with full-time SGLI coverage to make fast and easy changes to their life insurance coverage and beneficiary information at any time without completing a paper form or making a trip to their personnel office. To access SOES, they must sign into <https://milconnect.dmdc.osd.mil/milconnect> and go to the "Benefits" tab, Life Insurance SOES-SGLI Online Enrollment System.

- ☐ Review and update your homeowners or renters property and liability insurance policies to ensure that they are adequate for your new circumstances.

**Counselor:** Members exposure to property or liability losses might be higher with a child in the household than it was before. For example, new friends may bring their children to the members' home. Members should be sure they have enough liability insurance to cover injuries to playmates occurring on the members' property. Suggest they consider purchasing an "umbrella" or excess liability policy in addition to homeowners or renters insurance.

- ☐ Update your auto insurance policies, and ensure coverage is appropriate for your current needs.
- ☐ Review the *Estate Planning* Handout and see your local legal assistance office (or other legal counsel) to establish or update estate planning documents such as wills, power of attorney, trust, etc.

**Counselor:** If a member does not yet have an estate plan, encourage them to develop a plan with assistance from the local legal assistance office (Active Duty) or civilian legal services (Reserve; legal services are sometimes available through civilian employers). To help Active Duty Coast Guard members learn more about Coast Guard legal services, refer them to <https://www.uscg.mil/Re-sources/Legal>. Suggest members should seek legal assistance as soon as possible. They should not wait until right before temporary duty (TDY) travel or deployment, when appointments may be difficult to get.

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## ★ Compensation, Benefits, and Entitlements

- ☐ Enroll new family member(s) in TRICARE (Active Duty), TRICARE Reserve Select (Reserve members) or other health insurance plan. Review the *TRICARE Overview Handout* for more information.

**Counselor:** Note that TRICARE Prime and TRICARE Select require annual enrollment. Members may also want to reassess their own TRICARE plan. Refer Active Duty Coast Guard members to <https://www.tricare.mil/Plans/HealthPlans>. Refer Reserve Component Coast Guard members to <https://www.tricare.mil/Plans/HealthPlans/TRS>.

*Remind Reservists that they must ensure continuous, regular payments to stay enrolled in TRICARE Reserve Select. Irregular drill pay can cause members and family members to be dropped until the next open enrollment period.*

*Remind Coast Guard members with civilian insurance plans to review available policies for features like deductibles, copays, prescription coverage, costs for in-network and out-of-network coverage, and other options that can affect the true cost of health care.*

- ☐ If your spouse is employed and also has health insurance (OHI or “other health insurance”), arrange coordination of benefits with TRICARE or other insurance carrier.

**Counselor:** Normally, TRICARE becomes secondary insurance for a spouse with OHI. Some civilian insurers will not allow coverage under more than one policy.

- ☐ Enroll new family member(s) in the TRICARE Dental Program. Monthly premiums and copays will apply. Visit <https://www.tricare.mil/Dental> for more information.

**Counselor:** Refer members to 1(844) 653-4061 or to <https://www.tricare.mil/CoveredServices/Dental> to learn more. Reserve members should examine available programs to determine the best insurance available for their situation.

- ☐ Review the *Survivor Benefits Overview Handout* for more information on financial resources available to eligible dependents, including the Survivor Benefit Plan (SBP).

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## ★ Savings and Investing

- ☐ 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.

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