



# DISABLING SICKNESS OR CONDITION

## CFS/PFM CHECKLIST

NAVY FINANCIAL READINESS

Combining personal, caregiving and everyday needs can be challenging and overwhelming if you or your family member — whether a child or an adult — becomes disabled. It's important you gather information about the condition and discuss issues with others involved in their care. Being informed will help you make more knowledgeable health care decisions and improve understanding about any challenges your family might face. Use this checklist as a solutions-focused tool to help set goals, establish priorities, and develop a family action plan. Space is provided to add notes and reminders about additional topics.

## HANDOUTS

- ✓ Spending Plan 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 counselees where they are in this difficult process. Sacrifices are often made financially, professionally, and personally to support those they love. It's important you help them to understand the resources available to assist them and their family. Inquire about changes to military status, spousal employment, and additional expenses for things like caregiving, travel, medical equipment and therapies. If additional legal counsel is needed and/or cost prohibitive, the base legal office may be able to help find pro bono or reduced-fee assistance.



## BASIC FINANCE

- Update your personal spending plan using the *Spending Plan Worksheet*. 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 counselees that you can provide a **Spending Plan Worksheet** as well as more detailed templates with features that can help them understand their financial situation and reduce excessive debt. Ask the counselee questions to assess their current situation.

- Will your spouse need to quit their job due to their disability or to care for a child(ren) and/or aging parent(s)?
- Will you be medically separated or medically retired due to your disability?
- Will there be additional expenses for caregiving, traveling to/from appointments, equipment, therapies, etc.?

### 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% 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. Add any additional monthly expenses for caregiving, travel to/from appointments, equipment, therapies, etc.

**Counselor:** *Share with the counselees the concepts of paying yourself first, automating savings, and keeping their emergency fund in a separate account. Remind counselees 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.

- ☐ Check each of your three major credit reports for free at **[annualcreditreport.com](https://annualcreditreport.com)**. Sailors 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:** *Remind counselees that they can get a free copy of credit reports from the personal financial counselor/educator (PFM/E) at the FFSC. The PFM/E 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 **<https://mypay.dfas.mil/#/>**. Reserve members will need to do this with their employers as well.

**Counselor:** *Remind counselees that for additional help, they may wish to consult with a PFM/E at the FFSC or the on-base Volunteer Income Tax Assistance (VITA) office.*

- ☐ Keep receipts and records of your medical and home modification expenses for tax purposes. You might be able to claim these expenses on your tax return. See IRS Publication 502 for more information and speak to a tax specialist.

Additional notes: \_\_\_\_\_  
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## CONSUMER PROTECTION

- ☐ 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 counselees the base legal office can assist by reviewing contracts to help counselees from falling prey 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.

Additional notes: \_\_\_\_\_  
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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.
  - Do you need to modify your residence to accommodate for the disability such as wheelchair accessibility?
  - Will you need to make additional living arrangements such as long-term care facilities?
  - Do you need to modify or replace your vehicle to accommodate for the disability?

**Counselor:** Remind counselees to speak with financial counselors on their installation to build and review their spending plan before taking on any major purchases.

- ☐ Work with the base housing office for any housing needs related to your situation.

**Counselor:** Remind counselees 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.

Under certain conditions, federal student loans may be discharged. Visit this website link for more information: <https://studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge>.

**Counselor:** Remind counselees to check on GI Bill benefits, tuition assistance, and the College Level Examination Program (CLEP) to help cover or offset costs of higher education. Suggest to counselees that they may want to investigate if an income-based repayment plan is appropriate if their household income is changing.



## 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.
- ☐ Update beneficiaries of your Thrift Savings Plan (TSP) and Individual Retirement Accounts (IRA), as appropriate.
- ☐ 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 cards(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>		<b>\$\$\$\$</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 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.

If you are being separated due to disability, you are eligible to convert your SGLI coverage to VGLI (Veterans' Group Life Insurance). Coverage is not available for family members under VGLI. Consider obtaining private life insurance to meet family members' needs. Visit <https://www.va.gov/life-insurance/> for more information.

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

- ☐ Update the beneficiaries of your Servicemembers' Group Life Insurance (SGLI), if appropriate.

**Counselor:** Note that 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. They are also covered for 120 days following separation or release from duty. Refer counsees to [www.benefits.va.gov/insurance/](http://www.benefits.va.gov/insurance/) for more information. Inform counsees that the SGLI Online Enrollment System (SOES) allows Service 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 "Manage my SGLI" tab.

- ☐ Update/enroll your family members in Family Servicemembers' Group Life Insurance (FSGLI), if there has been a change.
- ☐ Review/update your homeowners or renters property and liability insurance policies to ensure that they are adequate for your new circumstances.
- ☐ Review/update your auto insurance policies, if applicable.
- ☐ Review the *Estate Planning* Handout and see your base legal office (or other legal counsel) to establish or update estate planning documents such as wills, power of attorney, trusts, etc.

**Counselor:** If a counselee does not yet have an estate plan, encourage them to develop a plan with assistance from the base legal office (active duty) or civilian legal services (Reserve; legal services are sometimes available through civilian employers). To help Active Duty Sailors learn more about Navy legal services, refer them to [https://www.jag.navy.mil/legal\\_services.htm](https://www.jag.navy.mil/legal_services.htm). Suggest counsees 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.

- ☐ Consider a testamentary/non-testamentary trust or ABLE account for your disabled spouse/child(ren)/parent. It may help protect income options for the disabled party should an inheritance disqualify them for state or government benefits they are enrolled in. Your base legal office can assist you in determining if this is a viable option for your situation.

- ☐ **Counselor:** *In certain cases, a Special Needs Trust (SNT) may need to be established for the counselee or their family member. A SNT is tailored to a person with special needs and is designed to manage assets for that person's benefit while not compromising access to important government benefits.*

Review/update home ownership and vehicle documents to ensure appropriate titling based on your state laws and estate planning needs.



## COMPENSATION, BENEFITS, AND ENTITLEMENTS

- ☐ File a Veterans Administration (VA) disability claim if being separated from the military.
- ☐ Apply for disability income through the Social Security Administration (SSA). Spouses, children and disabled veterans may qualify for Social Security Disability Income (SSDI). Visit <https://www.ssa.gov> to locate an office near you.
- ☐ Verify/update family member(s) enrollment in TRICARE (Active Duty), TRICARE Reserve Select (Reserve members), or other health insurance plan. Review the *TRICARE Overview Handout* for more information. Visit <https://www.tricare.mil> to learn more about your options.

**Counselor:** *Note that TRICARE Prime and TRICARE Select require annual enrollment. Counselees may also want to reassess their own TRICARE plan. Refer active-duty Sailors to <https://www.tricare.mil/Plans/HealthPlans>. Refer Reserve Component Sailors to <https://www.tricare.mil/Plans/HealthPlans/TRS>. Remind Reserve Sailors that they must ensure continuous, regular payments to stay enrolled in TRICARE Reserve Select. Irregular drill pay can cause Sailors and family members to be dropped until the next open enrollment period.*

- ☐ Arrange coordination of benefits with TRICARE or another insurance carrier if your spouse is employed and also has health insurance.

**Counselor:** *Remind Reserve counselees 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.*

- ☐ Enroll family members into the Exceptional Family Member Program (EFMP), for Active Duty and activated Reservists only. Visit your medical treatment facility for information. Your Fleet and Family Support Center, EFMP Liaison can also assist you and your family with resources and information.
- ☐ Enroll family members in the Extended Care Health Option (ECHO) Program if applicable. For eligibility, they must already be enrolled in the EFMP. This provision is available for Active Duty and activated Reservists only.
- ☐ Enroll family members in any federal and state health care programs available, such as Medicare and Medicaid, if eligible. Visit your state's public health department office or website for more information.
- ☐ Locate your nearest VA medical clinics and hospitals if you are being separated due to disability. You will need to complete the application for health benefits (VA Form 10-10EZ). Visit this website for more information <https://www.va.gov/health-care/apply/application/introduction>.
- ☐ Verify/update family member(s) enrollment in the TRICARE Dental Program. Monthly premiums and copays will apply. Visit [www.tricare.mil/Dental](http://www.tricare.mil/Dental) for more information.
- ☐ Review the *Survivor Benefits Overview Handout* for more information on financial resources available to eligible dependents.



## SAVING AND INVESTING

- ☐ Establish an emergency fund. Financial experts suggest you should keep at least three to six months of living expenses in reserve. Add any additional monthly expenses for caregiving, travel to/from appointments, equipment, therapies, etc.



## CARING FOR AGING PARENTS

- ☐ Consider housing and care options: in-home care, assisted living, nursing home or residing with a family member.
- ☐ Consider making your disabled parent a dependent if they come to live with you. You will need to complete the following: DD137-3, verification of dependent's income, proof of support, copy of NAVPERS 1070/602 and DD1172-2. This process can take up to two years. Speak with your legal office for more information on the process.
- ☐ Parents who are dependents can enroll in TRICARE Plus, where available, for a monthly fee.

Additional notes: \_\_\_\_\_  
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