



FINANCIAL IMPLICATIONS OF DIVORCE

VIDEO DISCUSSION GUIDE

NAVY FINANCIAL READINESS

CFS Preparation: Distribute and discuss the Divorce checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at <https://finred.usalearning.gov/SPL/Training/NavyResource/TouchpointCurriculum>.

HANDOUTS

- ✓ Divorce Counselee Checklist
- ✓ 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



PART ONE: INTRODUCTION

CFS Introduction: Welcome to training. Today's conversation is not an easy one. Divorce is a difficult event to go through. The goal of today's discussion is to make sure you take the necessary steps to update your financial documents to reflect your change in marital status. This includes administrative requirements and considerations to protect the financial plan you have worked hard on.

The following videos will cover the financial planning effects of divorce. So, whether you find yourself going through the divorce process now, or if your divorce is final, you will find the information helpful in adjusting your finances to your new life.



Overview

DISCUSSION QUESTIONS

1. Life, work, activities, and even the emotions of a divorce can cause procrastination on tasks that must get done. What ways can you make sure essential tasks are accomplished?

CFS Talking Points (refer to "Administrative Tasks" section of the checklist): It can be helpful to list tasks that need to be accomplished and create a deadline for yourself. Review the "Administrative Tasks" section of the checklist to get started. Complete the tasks you dread most first OR the smallest tasks first. Choose what motivates you to get stuff done. Take one thing at a time. Prioritize and communicate with your command if you need time during work hours to complete items.



Important Documents and Tasks

2. Important paperwork, like your divorce decree and updated will, must be kept organized and secured. Like with other financial documents, what practices are best?

CFS Talking Points: Ensure you have original copies. Use a file folder to store documents and label documents accordingly in the folder. Immediately return documents to the folder after use and keep in a safe at home while not using. Be sure not to pack these, and other important documents, in unknown boxes when moving. Pack and carry them with you. If digital copies are kept, use passwords to protect sensitive information. Make sure you change any passwords your ex-spouse knows. Refer to the **Estate Planning** Handout for more details.

KNOWLEDGE CHECK

Question: What documents and entities do you need to update if you decide to change your name as a result of divorce?

Answer: If you change your name, you will have to update your Social Security card, military ID, other IDs, driver license, passport, employer, voter registration, utilities, insurance, bank accounts, investment accounts, debts, property titles, deeds, and trusts. This is not an exhaustive list, evaluate your situation for additional updates your name change may require.



PART TWO: FINANCIAL PLANNING

CFS Introduction: Up next, we'll cover topics related to your day-to-day expenses and saving for retirement. These areas may need updating and careful attention as a result of your divorce.



Spending Plans



Emergency Funds,
Banking and
Paying Bills



Military
Retirement

DISCUSSION QUESTIONS

1. How will your household finances change as a result of your divorce?

CFS Talking Points (refer to “Basic Finance” section of the checklist): Roles may have shifted, so it is important to do a thorough review to ensure all obligations are being met. Start with creating a budget and identify action steps such as establishing and funding an emergency fund, check due dates on bills, and close joint accounts which may require joint owner consent. It's essential to find a routine/system that works for you. Research how your tax situation will change: Will you now be filing Single or Head of Household? Will you downsize your home or other major areas of your life? Refer to the [Spending Plan Worksheet](#) and [Understanding Credit](#) Handouts for assistance with these tasks.

2. What new goals do you have with your finances?

CFS Talking Points (refer to “Basic Finance” section of the checklist): It is important to update or create new financial goals. The financial plan you had was based on a set of goals with someone else. Since your marital status has changed, revise your expenses, savings and investing goals, tax withholding, insurance, and retirement plan.

3. Are there any areas of your finances you have identified that you will need to coordinate with your ex-spouse?

CFS Talking Points: Possible areas of coordination may include alimony, child support, and shared assets and liabilities.

4. Splitting assets with an ex-spouse can have financial and emotional implications.

The tasks can add additional stress if you feel a deep connection from the hard work you put in to accumulate them. What should you keep in mind as this process occurs?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): Keep a clear head. Move forward with the process once the divorce decree is final. Work toward accomplishing the requirements of the decree so that you can close that book and move on. Focus on the future, which will require a new financial plan to meet your new financial goals. Be determined and focused with a fresh vision for what your financial future holds.

5. Your divorce may impact your survivor and dependent benefits. Where can you find more information?

CFS Talking Points: Review the [Survivor Benefits Overview](#) Handout accompanying this training. Speak with a Survivor Benefit Plan (SBP) counselor if you are nearing retirement to discuss the impact of your divorce on your SBP.

KNOWLEDGE CHECK

Question: What are general guidelines for saving and investing, housing expenses, and vehicle expenses in relation to your income?

Answer: Save and invest at least 10% – 15% of pretax income. Keep housing expenses to no more than 25% of pretax income or BAH. Limit vehicle expenses to no more than 15% – 20% of pretax income.

Question: If you named your spouse as a beneficiary for your TSP account, will divorce null that election?

Answer: No! Even if you have updated your will, the beneficiary designation will supersede the will. If you wish to update your TSP beneficiary, do so using Form TSP-3. If you are unsure whether you filled out the form, check your TSP account to verify.

Question: What court document allows splitting of retirement account assets without tax implications?

Answer: Qualified Domestic Relations Order (QDRO)

★ PART THREE: INSURANCE, INCOME TAXES AND EDUCATION BENEFITS

CFS Introduction: Your insurance and tax situation may have changed as a result of the divorce. Also, know the options available to you for education financing as you factor in goals for the next chapter. It's important to revisit these topics and plan for possible changes.



Life Insurance



Health,
Property
and Disability
Insurance



Income Taxes

DISCUSSION QUESTIONS

1. How might your life insurance needs have changed as a result of divorce?

CFS Talking Points (refer to “Planning for the Future” section of the checklist): Life insurance is often connected with your spouse. This will change when your spouse becomes your ex-spouse. It will be spelled out in the divorce decree if you are required to carry a certain level of life insurance. For instance, you may be required to continue spousal and child support. Did your liabilities increase or decrease? Will your wishes for your final expenses change?

2. What changes may you need to make to your TRICARE coverage?

CFS Talking Points (refer to “Compensation, Benefits and Entitlements” section of the checklist): You may need to update your medical and dental enrollments to suit your current situation. If you are removing dependents, remember that this must be done in person at your nearest DEERS office. Make sure you review and understand the policies you have, including deductibles, copay, prescription coverage, and in-network and out-of-network care. Refer to the [TRICARE Overview](#) Handout for more details.

3. Are you considering new educational goals?

CFS Talking Points: Know the educational benefits that are available to you, which could include GI Bill benefits, tuition assistance, and the College Level Examination Program (CLEP). If you have student loans, account for changes in your spending plan and consider an income-based repayment plan if needed. Review the [Education Benefits and Savings](#) and [Paying off Student Loans](#) Handouts for more information.

KNOWLEDGE CHECK

Question: How long can your ex-spouse keep Family Servicemembers' Group Life Insurance (FSGLI)?

Answer: 120 days

Question: How do you update your beneficiary for Servicemembers' Group Life Insurance (SGLI)?

Answer: Sign in to milConnect at <https://milconnect.dmdc.osd.mil/milconnect/> and navigate to the "Benefits" tab, then select SGLI Online Enrollment System (SOES).

Question: When would you consider taking out a disability policy on your ex-spouse?

Answer: If your ex-spouse pays alimony or child support to you, and you rely on those specific funds to cover immediate needs, disability insurance coverage would protect you if they become disabled.

Question: Where can you update your tax exemptions to change tax withholding from your pay?

Answer: myPay

★ PART FOUR: CONCLUSION



CFS Conclusion: Speak with a Financial Counselor on base if you have questions or concerns following this discussion on the financial considerations of your divorce. You are not in this alone. Resources are available to assist you as you navigate these changes. Please remember to sign your checklist and input into NSIPS to acknowledge completion of this course.