



WELCOMING YOUR FIRST CHILD

VIDEO DISCUSSION GUIDE

NAVY FINANCIAL READINESS

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

HANDOUTS

- ✓ Welcoming Your First Child Counselor 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: Congratulations on the arrival of your first child! Our conversation today will cover important financial matters related to your new addition. The goal of today’s discussion is to improve your understanding of personal finance as a new parent. Together we will watch videos and discuss some of the financial aspects of welcoming a new child. It is an exciting time and knowing what to expect can ease stress. Let’s begin with covering the paperwork and administrative tasks as you bring your new child into your military family.



First Child Course Overview

DISCUSSION QUESTIONS

1. What is the process for adding a new dependent to Defense Enrollment Eligibility Reporting System (DEERS)?

CFS Talking Points (refer to “Administrative Tasks” section of the checklist): Be sure to research how to get an official birth certificate for your new child in the state of birth. You can also determine how long it might take to receive the document and schedule an appointment online at your local installation DEERS office. You have 90 days to add your child in DEERS to avoid any lapse in TRICARE coverage. It’s recommended to get multiple copies of your child’s birth certificate and keep all important documents organized in a file folder that is labeled accordingly.



Paperwork and Administrative Tasks

2. What differences might you see on your LES once a new child is added?

CFS Talking Points: You will see a change in your tax deductions if you update your federal or state tax exemptions to include a new child. If you are located in an area that receives COLA, adding a dependent will increase the amount received. Additionally, your BAH status may change depending on your family makeup.

3. How can having a new child affect your estate plan?

CFS Talking Points (refer to “Planning for the Future” section of the checklist and *Estate Planning* Handout): By assigning guardianship, which is typically done through your will, updating beneficiaries, and potentially creating a trust. Also don’t forget to review other important estate planning documents like your power of attorney (POA) and advanced medical directive.

KNOWLEDGE CHECK

Question: How can you obtain your new child’s Social Security card?

Answer: Ask the medical records department at your hospital if they request your child’s Social Security card on your behalf. If they do not, you can apply at www.ssa.gov.

★ PART TWO: FINANCIAL PLANNING

CFS Introduction: Your finances will change with a new member in the family. The next video will cover common expenses to consider when updating your financial plan.



Financial
Tips
Overview

DISCUSSION QUESTIONS

1. As you saw on the video, the cost of raising a child from birth to age 18 averages around \$250,000. What costs do you think make up this amount?

CFS Talking Points: Child care, diapers, formula, food, school, activities/hobbies, clothes, entertainment, etc.



Financial
Tips for New
Parents

2. How may your income and expenses change? Do you anticipate transitioning to one income when your new child arrives?

CFS Talking Points (refer to “Basic Finance” section of the checklist): Carefully examine your financial situation and think through how your income and expenses can change. The *Spending Plan Worksheet* Handout is a great tool for this task. Weigh the financial benefits and challenges of both parents working and factor in associated costs including child care. Explore available options including remote work, part-time care, and availability of care at CDC facilities. Consider speaking with a Financial Counselor at the Navy FFSC to help navigate this new stage.



Emergency
Funds

3. Another topic to consider as you welcome your first child is your tax situation. Where can you review and adjust your tax withholding to align with your current situation?

CFS Talking Points (refer to “Basic Finance” section of the checklist): Your tax withholding is listed on your LES. Review and update exemptions in myPay. Update your withholdings at major life events, like if your family situation changes, your income changes, you buy/sell major items, or go to school, to name a few. With a new qualifying child, you will be able to claim them on your taxes, which means you may be eligible for child-related deductions and credits.

4. Do you anticipate any major financial changes that may need to be addressed, such as housing or vehicle needs?

CFS Talking Points (refer to “Major Purchases” section of the checklist and *Spending Plan Worksheet* and *Major Purchases* Handouts): Before making major decisions, think through needs versus wants and consider if certain expenses can be delayed allowing time to save. Review your spending plan and ensure your emergency fund is sufficient. Consider second-hand, used, or hand-me-down items as appropriate.

5. Should I save for retirement over my child's higher education expenses?

CFS Talking Points (refer to *Military Retirement* Handout): Trying to prioritize your family's financial goals can be a difficult task when you have a new child in the household. Remember, there are many loan and other financial aid options to pay for college, but no loans to pay for retirement. If you need help trying to balance saving for your financial goals with saving for your new child, speak with a Financial Counselor at the Navy FFSC.

KNOWLEDGE CHECK

Question: What resources are available to assist you with addressing the additional costs of a new child?

Answer: WIC, NMCRS Budget for Baby, New Parent Support, Installation PFM, Unit CFS, Base Housing Office

Question: How much should you save in your emergency fund?

Answer: Financial experts recommend having three to six months' worth of living expenses saved in a separate, easily accessible account such as a savings or money market account. If that seems like a lot right now, start by saving \$1,000 and keep saving until you reach your target.

★ PART THREE: THE COST OF COLLEGE

CFS Introduction: One day you are changing diapers and the next preparing to send your child off to college. Time can go by fast. Ensure you are prepared for this expense as planning is essential for peace of mind and the sooner you start, the better.



Cost of
College

DISCUSSION QUESTIONS

1. What discussions are important to have when planning for your child's college experience?

CFS Talking Points (refer to *Education Benefits and Savings* Handout): How much of your child's college education (which could include undergraduate, graduate, or doctorate degrees) would you like to be able to afford? Will your child attend college in a particular location or specific state? Can you afford to do so while saving and investing for your current and future expenses as well as retirement? Let's consider the possible advantages and disadvantages of covering the entire cost of your child's college education.

- Advantages: More job opportunities, higher earnings, no student loan debt, possible tax benefits, concentration on school, being able to provide for your child(ren).
- Disadvantages: Entitlement and dependency could lead child to caring less about their education, lower incentive to graduate, doesn't encourage grants or scholarships/ financial aid, may take from the parent's retirement.

Clarification will come as your child gets older, but you don't want to miss out on the opportunity for time and compound interest to do its magic. Consider working with the Financial Counselor at your FFSC to talk through what type of account(s) are appropriate for your college funding goals. Also, consult with the installation education office on opportunities to transfer education benefits to your dependents.



Cost of College

2. Currently the average cost for a four-year degree from a public university is more than \$82,000. In 20 years, the cost is projected to be \$220,000. What factors impact this?
CFS Talking Points: College costs have risen at a faster pace than the consumer price index (CPI) — a measure of inflation. In recent years, education inflation for public universities has been at 5% per year while CPI has averaged 2.5%. With public universities, changes in state government appropriations, the overall economy, and technology causes changes in tuition and fees.

Source: collegeboard.org

3. Where can you turn if you are still trying to pay off student loan debt?

CFS Talking Points: The *Education Benefits and Savings* and *Paying off Student Loans* Handouts are available online with helpful resources to tackle your student loan debt.



PART FOUR: INSURANCE

CFS Introduction: The purpose of insurance is to protect you and your family from severe financial loss. With a strong financial plan, you will work hard to accumulate assets. It is essential to protect what you've worked for — this is where insurance comes into play. The next three videos will take us through changes to insurance that are affected by bringing a new child into your military family.



Transition to Insurance

DISCUSSION QUESTIONS

1. What sort of health care expenses can occur when having a new child?

CFS Talking Points: Potential expenses include prenatal care, lab work, birthing classes, labor and delivery, hospital stay, doctor's visits, medication, and ongoing care. Do a thorough review of your insurance to understand what is covered, deductible (if any), and copay costs. Tip: check with your primary care provider and base hospital for options of OTC meds and vitamins provided at no cost. Review the *TRICARE Overview* Handout for more.



Health Insurance Overview

2. What ideas/suggestions do you have for talking with loved ones about life insurance beneficiaries?

CFS Talking Points (refer to "Planning for the Future" section of the checklist): Discuss the implications of naming a minor as beneficiary (minors cannot manage an inheritance without an adult administering assets until they reach majority age of their state). Inform previous beneficiaries if you updated your life insurance beneficiary and no longer list them as beneficiaries. Your spouse will be notified if you elect a beneficiary other than your spouse or child. Updates to SGLI are completed at the SGLI Online Enrollment System (SOES).



Life Insurance

3. What survivor benefits may be available to your family in addition to life insurance?

CFS Talking Points (refer to the *Survivor Benefits Overview* Handout): The DoD and Veterans Affairs may provide additional benefits for fallen Sailors including Casualty Assistance Officers, the Survivor Benefit Plan, and Dependency and Indemnity Compensation. Understand how these programs can help protect your family now that your new child has arrived.

4. The acronym LIFE can help you calculate your life insurance needs. What does each letter stand for?

CFS Talking Points (refer to the “Planning for the Future” section of the checklist):

LIFE stands for:

- Liabilities: Debt you’d like to pay off, like a mortgage, auto loan, or credit cards(s)
- Income to be replaced: Multiply target annual income by the number of years to replace
- Funeral and final expenses: Amount to put aside for final expenses
- Education and other goals: Amount to set aside to fund education and other goals for family, friends, or charitable organizations

Review the “Planning for the Future” section of the checklist for more details.

KNOWLEDGE CHECK

Question: How do you enroll your child into TRICARE?

Answer: Your child must be enrolled in DEERS first, then select your TRICARE plan

Question: Full SGLI and FSGLI includes how much coverage?

Answer: SGLI \$400,000; FSGLI (spouses) \$100,000; FSGLI (children) \$10,000

★ PART FIVE: CONCLUSION

CFS Introduction: Our last video today has a few more suggestions to keep in mind as we wrap up our conversation on financial planning with a new child.



Final
Thoughts

CFS Conclusion: Remember that you can speak with a Financial Counselor at your Navy FFSC if you have questions or concerns regarding the financial considerations of welcoming your new child. The NMCRS Budget for Baby® workshop and the FFSC New Parent Support Program are additional resources that can assist you as you navigate the changes that come with your new addition. Please remember to sign your checklist and input into NSIPS to acknowledge completion of this course.