



WELCOMING YOUR FIRST CHILD

CFS/PFM CHECKLIST

MARINE CORPS FINANCIAL READINESS

Congratulations on welcoming your first child into your family! A child can change everything, including your household finances. This checklist, supplemented with information and referrals from the Marine Corps Community Services (MCCS) 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
- ✓ 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 counselees about their household: Are they married or single parents? Is the Marine 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 Marine 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.



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 counselees 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% 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: 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.

Counselor: Speak with counselees 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. For information about the Marine's parental leave policy see <https://www.marines.mil/News/Publications/MCPEL/Electronic-Library-Display/Article/2153779/mco-500012f-cancels-mco-500012el>.

Remind them to be smart shoppers, looking for bargains on used and refurbished items as well as new ones. Suggest they consider the Navy-Marine Corps Relief Society (NMCRS) Thrift Store for baby items and utilize resources from the Bundles for Baby class on their base. (Provide information about the schedule and registration procedure.)

- ☐ Check each of your three major credit reports for free at **annualcreditreport.com**. Marines 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 counselees 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 counselees that they can get a free copy of credit reports from the personal financial counselor/ educator (PFM/E) at the MCCS. 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 MCCS or the on-base Volunteer Income Tax Assistance (VITA) office.

Additional notes: _____





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 counselees the Legal Assistance Office on base 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: _____



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 counselees to speak with financial counselors on their installation to build and review their spending plan before taking on any major purchases. Contact your MCCS for tips on car buying and child safety restraints, if applicable.*

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

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.

Counselor: *Remind counselees 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.*

Additional notes: _____



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 counselees 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.

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

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.

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.

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

Counselor: Inform counsees that children are automatically covered at \$10,000 as soon as they are registered in DEERS. Also inform Marine(s) 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 www.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: Counsees 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 counselee's home. Counsees should be sure they have enough liability insurance to cover injuries to playmates occurring on the counselee's 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 Legal Assistance Office on base (or other legal counsel) to establish or update estate planning documents such as wills, power of attorney, trust, etc.

Counselor: *If a counselee does not yet have an estate plan, encourage them to develop a plan with assistance from the Legal Assistance Office on base (active duty) or civilian legal services (Reserve; legal services are sometimes available through civilian employers). Suggest counselees 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.*

Additional notes: _____



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. Counselees may also want to reassess their own TRICARE plan. Refer active duty Marines to www.tricare.mil/Plans/HealthPlans. Refer Reserve Component Marines to 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 Service members and family members to be dropped until the next open enrollment period.

Remind Marines 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 www.tricare.mil/Dental for more information.

Counselor: *Refer counselees to 1(844) 653-4061 or to www.tricare.mil/CoveredServices/Dental/TDP 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).

Additional notes: _____



SAVING 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.



ADMINISTRATIVE TASKS

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

Counselor: Remind counsees 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 www.usa.gov/replace-vitaldocuments for information on how to obtain a replacement. Remind adoptive parents that they may qualify for partial reimbursement of adoption expenses. (Reference: <https://www.dfas.mil/militarymembers/payentitlements/adoptionreimbursement.html>).

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

Counselor: Refer counsees 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 counsees 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://www.dmdc.osd.millrsl/appj/site>.

- ☐ Check your Leave and Earnings Statement (LES) after DEERS updates.

Counselor: Remind counsees 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 counsees 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 MCCS. Share your center's schedule with the counsees, or similar providers in other services (e.g., Air Force Aid Society (AFAS), Army Emergency Relief (AER), or Coast Guard Mutual Assistance (CGMA) 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 counsees to: <https://www.fns.usda.gov/wic/who-gets-wic-and-how-apply>. Introduce them to the New Parent Support Program on your base for additional guidance.

Additional notes: _____