



CHRIS

The Challenge

Financial Responsibility for New Leaders

FACILITATOR GUIDE



JAMES

1. Introduction

This Virtual Experience Immersive Learning Simulation, or VEILS®, is designed to help new NCOs increase their personal and leadership financial readiness acumen by increasing their knowledge and improving their critical thinking and decision making about select financial topics.

The simulation allows participants to:

- Practice making financial choices they might encounter as a new leader
- Learn about individual financial topics and understand how they intertwine and affect each other
- Experience the competing emotions around financial decisions and have a taste of the potentially life-changing consequences that result from poor decision making
- Practice handling the financial leadership challenges of dealing with subordinates facing financial difficulties

There are two playable characters: Christine and James, who are both recently promoted NCOs. Class participants will make decisions on behalf of the playable characters and then see the consequences of those decisions play out in a safe environment. Participants will then be able to apply what they learn to their own financial and financial leadership decisions.

2. Financial Education Topics Covered

CHRISTINE	JAMES
<ul style="list-style-type: none">• Importance of personal financial management• Financial leadership• Vehicle buying including military consumer protection laws• Retirement planning and components of the military retirement system• DoD career investment programs	<ul style="list-style-type: none">• Financial leadership• Budgeting/updating spending plans• New child financial considerations• Home buying• Credit cards

To meet the requirements for leadership financial readiness common military training (CMT), it is recommended to first play through the entire Christine character. This will result in coverage of the following terminal learning objectives:

1. Recognize the importance of personal financial management and what resources are available
2. Identify warning signs of Service members at risk for financial problems
3. Comprehend the components of Service member's military retirement system and the importance of preparing for retirement
4. Know military consumer protection law fundamentals, including Servicemembers Civil Relief Act and Military Lending Act
5. Understand future financial benefits afforded by the Department's career investment programs

The James character offers financial readiness education on the topics of budgeting/spending plans, new child financial considerations, home buying and credit cards, in addition to a financial leadership component which, similar to the Christine character, covers the learning objective of identifying warning signs of Service members at risk for financial problems.

3. Course Structure

The course begins with a two-minute introduction of the overarching concepts covered in the program and overviews of the two playable characters. Both characters are now retired NCOs who have each achieved extreme success in their post-military careers. The simulation takes participants back to shortly after each character was promoted to NCO to allow the class to walk in their shoes, see the world as they do, and make the financial decisions that will help them succeed or fail in their careers and in their lives.



As previously noted, the Christine module addresses all the learning objectives required for leadership financial readiness common military training, and as such, is the recommended initial character to play. If additional time is available and coverage of additional financial topics is desired, the James module should be used second.

The individual financial education lessons within each character module flows as follows:

- A setup video that builds on the character's story line and sets up the learning opportunity
- An initial decision screen to allow the class to pick the character's path
- Additional videos, decision opportunities, educational screens and discussion opportunities that will vary depending on the paths chosen
- A series of conclusion screens — regardless of the paths chosen — containing the key educational points to be taken from the section

4. Facilitation Tips

Your role as the facilitator is to assist the students in reaching the learning outcomes by asking questions, encouraging discussion between the group and keeping the conversations on track. You are not expected to be an expert on the financial topics presented and you should not try to take on that role. Additional facilitation tips include:

- Avoid becoming the most dominant participant
- Encourage the participants to speak about how they really feel and their own experiences instead of just saying what they think are the "right" responses
- Remain neutral and do not let your own opinions and ideas influence the group
- Ask open-ended questions to get the most out of the discussion
- Summarize individual inputs to acknowledge the participant's contribution and ensure the entire group understands the message
- Summarize at key points in the discussion before moving on to a new topic
- Ensure that intended learning objectives are being met

Financial topics can be uncomfortable to discuss, so if the group is hesitant to engage in the discussion, you may need to break the ice and get the conversation started. It may help to initially frame discussions from a third-party perspective like, "Who knows someone who has..." or, "Share with me a situation in which someone you know..."

5. Delivering the Lesson

The exact delivery time for each segment will vary based on the paths chosen and the engagement level of the class. However, the course is laid out as shown below and should take approximately the amount of time indicated.

INTRODUCTION

Provides a brief overview of the simulation and characters (approximately two minutes).

CHRISTINE

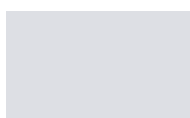
TOPIC	VIDEO(S)	EDUCATION SCREENS AND DISCUSSION	TOTAL TIME
Importance of personal financial management	3 minutes	5 minutes	8 minutes
Financial leadership	3 – 6 minutes	5 minutes	8 – 11 minutes
Vehicle buying and military consumer protection laws	2 – 3.5 minutes	8 minutes	10 – 11.5 minutes
Retirement planning and components of the military retirement system	1.5 – 3.5 minutes	8 minutes	9.5 – 11.5 minutes
DoD career investment programs	1 – 1.5 minutes	5 minutes	6 – 6.5 minutes
Outcome	1 – 1.5 minutes	5 minutes	6 – 6.5 minutes
TOTAL	11.5 – 19 minutes	36 minutes	47.5 – 55 minutes

JAMES

TOPIC	VIDEO(S)	EDUCATION SCREENS AND DISCUSSION	TOTAL TIME
Financial leadership	1.5 – 4 minutes	5 minutes	6.5 – 9 minutes
Budgeting	1 – 2 minutes	5 minutes	6 – 7 minutes
New child spending	1.5 minutes	5 minutes	6.5 minutes
Home buying	2 – 3 minutes	5 minutes	7 – 8 minutes
Credit cards	1 minute	5 minutes	6 minutes
Financial leadership revisited	1 minute	5 minutes	6 minutes
Home buying revisited (possibly)	2 minutes	5 minutes	7 minutes
Outcome	.5 – 1.5 minutes	5 minutes	5.5 – 6.5 minutes
TOTAL	10.5 – 16 minutes	40 minutes	50.5 – 56 minutes

6. Topic Flow

The remainder of this guide provides an overview of the possible content flow for each financial topic presented in the character modules. Each topic section begins with a flow chart that outlines the screens contained within it. Flow chart elements include:



Light Gray rectangles = video screens



Light Blue rectangles with blue border = education, information, discussion or story connection screens



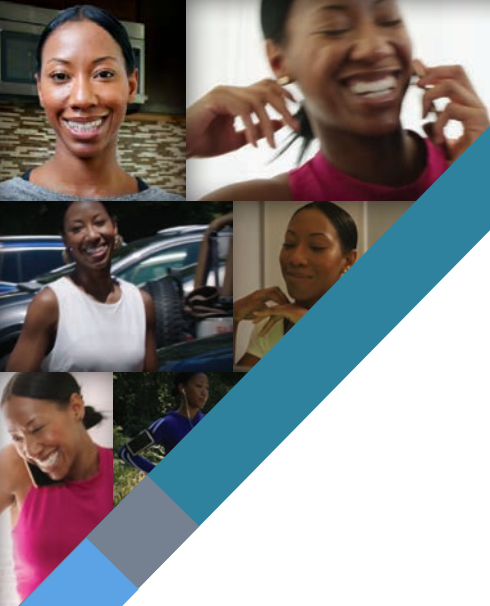
Dark Gray pentagons = decision points



Blue circles = key points/ learning objectives to be emphasized

Each flow chart below is followed by a **FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION** section in which the key points screens for that section are replicated and additional facilitation guidance and information is presented.

Facilitators should review these sections in advance to become familiar with the key points to be covered, gain additional insights into those points, and access additional resources in some cases.



CHRISTINE



The Importance of Personal Financial Management

Call with Uncle Mike —
NCO challenges and
financial questions



Key
Points

FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are two key points screens for this section and one additional information screen.

Personal Financial Management

1.

- Why is personal financial management important?
- What makes it difficult?
- What resources are available to assist you and your troops with personal financial management?

Facilitator Guidance and Additional Information

These questions are designed to start the class thinking and talking about personal financial management. You are not looking for a “correct” answer, but simply trying to get a few responses to each question presented. Potential responses will be on the next screen.

2.

Personal Financial Management

Why is personal financial management important?

- Managing one's finances well can create more life opportunities.
- Managing one's finances well can lead to less stress and more satisfaction.
- Financial readiness impacts mission readiness.

What makes it difficult?

- Human nature
- Societal influences
- Lack of personal finance education
- Misleading/conflicting information
- Others?

What resources are available to assist you and your troops with personal financial management?

- Personal Financial Managers/Counselors on military installations
- Financial Counselors at Military OneSource
- DoD Office of Financial Readiness website
- Mandatory financial training for Service members

Facilitator Guidance and Additional Information

Why is personal financial management important?

There are many benefits to managing one's finances well and many drawbacks to managing one's finances poorly. Positive results could include more opportunities that result from not being limited by money. Negative results could include elevated stress, relationship problems and career consequences. For Service members, financial readiness impacts mission readiness because when someone has their financial act together, they can focus better on the mission. If things are in disarray, they could be distracted and negatively impact both themselves and those with whom they serve.

What makes personal financial management difficult?

Countless factors contribute to challenges in personal financial management, including the general aspect of human nature that often causes many people to focus more on the here and now than on the future. "Keeping up with the Joneses" and other societal influences like social media can add to the pressure. This is often compounded by a basic lack of unbiased personal finance education and when information is provided, it is often misleading or conflicting and sometimes even incorrect. Ask the class who among them remembers being taught basic personal finance topics in high school or college.

What resources are available to assist you and your troops with personal financial management?

One of the best sources of unbiased financial education and assistance for Service members are the Personal Financial Managers and Counselors in the Family Readiness Centers on military installations and the counselors available through Military OneSource. Their services are free, and their role is to provide education and assistance on financial topics, not sell products or services. Service members are encouraged to proactively utilize these services rather than waiting until there is a problem, or they have been directed to visit them. Click the Military OneSource link on the screen to show the class what it contains.

Another great financial education resource is the DoD Office of Financial Readiness website. With a primary goal to foster a financially secure and mission-ready force, this site contains a substantial amount of personal finance materials and education focused on the military community. Click the link on the screen to show the class what it contains.

Mandatory Financial Education [Additional Resource Screen]

The 2016 National Defense Authorization Act mandated financial education training at the following military and life events:

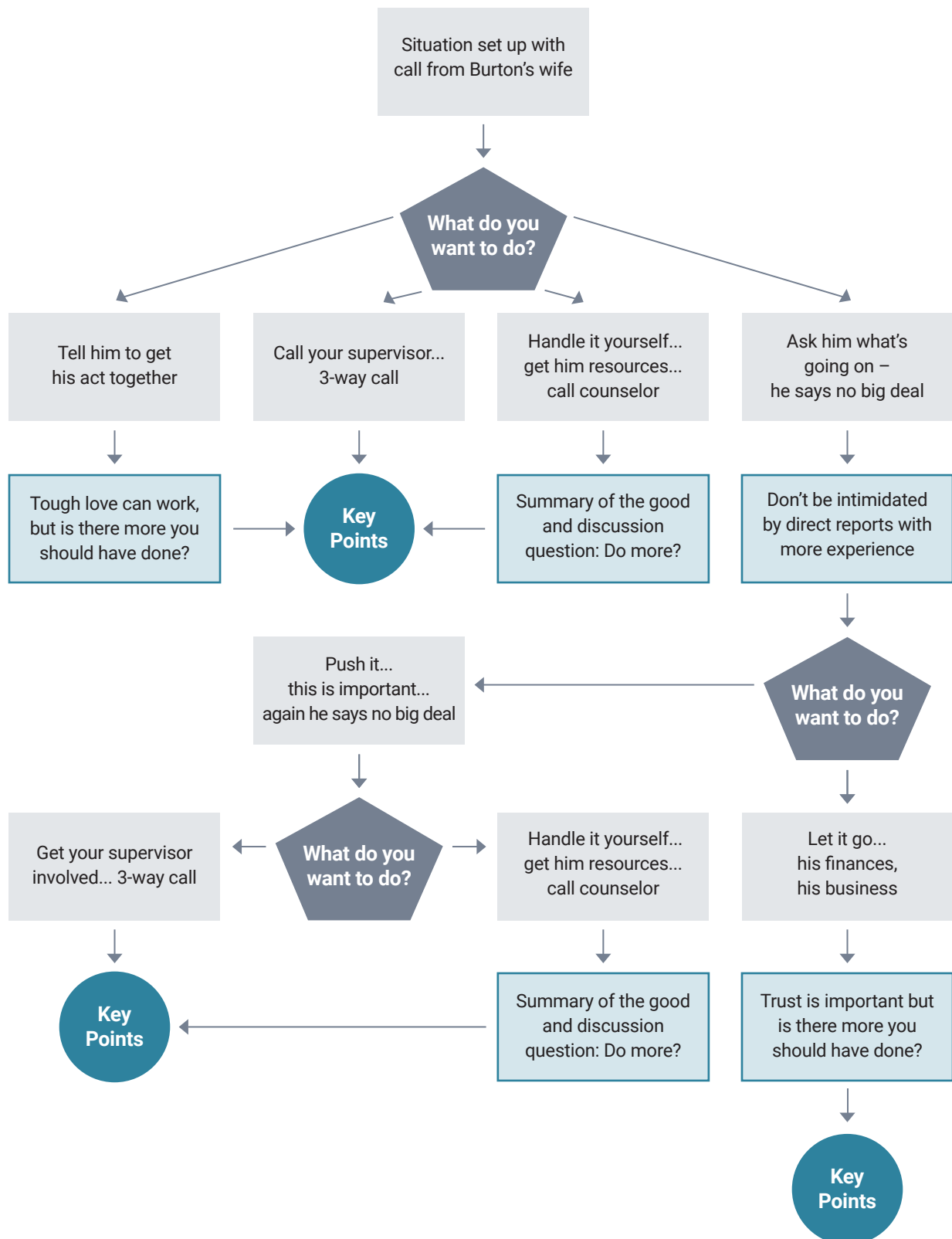
- Initial entry training
- Arrival at first duty station
- Permanent Change of Station (E-1 to E-4 and O-1 to O-3)
- Promotion (E-1 to E-5 and O-1 to O-4)
- Vesting in the TSP
- Marriage
- Divorce
- Birth of a first child
- Disabling sickness or condition
- Entitlement to Continuation Pay
- Leadership training
- Pre-deployment
- Post-deployment
- Military transition (separation, transition between Active and Reserve Components, and retirement)

When permissible and appropriate, spouses may also benefit from attending these trainings with their Service member.

Facilitator Guidance and Additional Information

Mandatory financial training is another great resource to assist Service members with personal financial management. Review the touchpoints listed with the class. Additional information can be found on the DoD FINRED site here: <https://finred.usalearning.gov/assets/downloads/FINRED-Touchpoints-F.pdf>

Financial Leadership



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are four key points screens for this section.

1.

Potential Signs of Someone Headed for Financial Trouble

- Seems to be spending beyond their means
- Recently purchased a very expensive vehicle
- Pays little attention to how much they're spending in social situations
- Heavy spending on trending items such as electronics, clothes, etc.
- Seemingly unaware they're potentially headed for financial disaster

Facilitator Guidance and Additional Information

The items listed are common signs of someone headed for financial trouble and leaders should be aware of these characteristics in those they lead and in their own lives and behaviors.

2.

Potential Signs of Someone Already in Financial Trouble

- Seems anxious, withdrawn, depressed or secretive
- Avoids social situations that involve a cash outlay
- Seems completely carefree when it comes to money as a way to cope with the stress
- Their spouse is asking for help

Facilitator Guidance and Additional Information

The items listed are common signs of someone already in financial trouble and leaders should be aware of these characteristics in those they lead and in their own lives and behaviors. However, as evidenced with Burton, sometimes the Service member won't exhibit any of these behaviors or the behaviors from the previous screen and you won't know until something major happens, such as their spouse contacting you, like Darla Burton did.

3.

Financial Leadership Pro Tips

- A wide range of circumstances shape our relationships with money.
- Your personal experience with money is not everyone else's.
- Money matters can be very emotionally charged.
- It's important to try to be understanding as you deal with people facing financial challenges.
- Follow-up is critical.

Facilitator Guidance and Additional Information

When dealing with someone experiencing financial difficulties, it is critical to keep in mind the items shown on the screen. Money and finances are often very personal and emotionally charged topics, and everyone's relationship and experience with money is different. To help someone with financial issues, it's often helpful to learn their history and experiences so you can connect with them on a level that allows you to influence positive change.

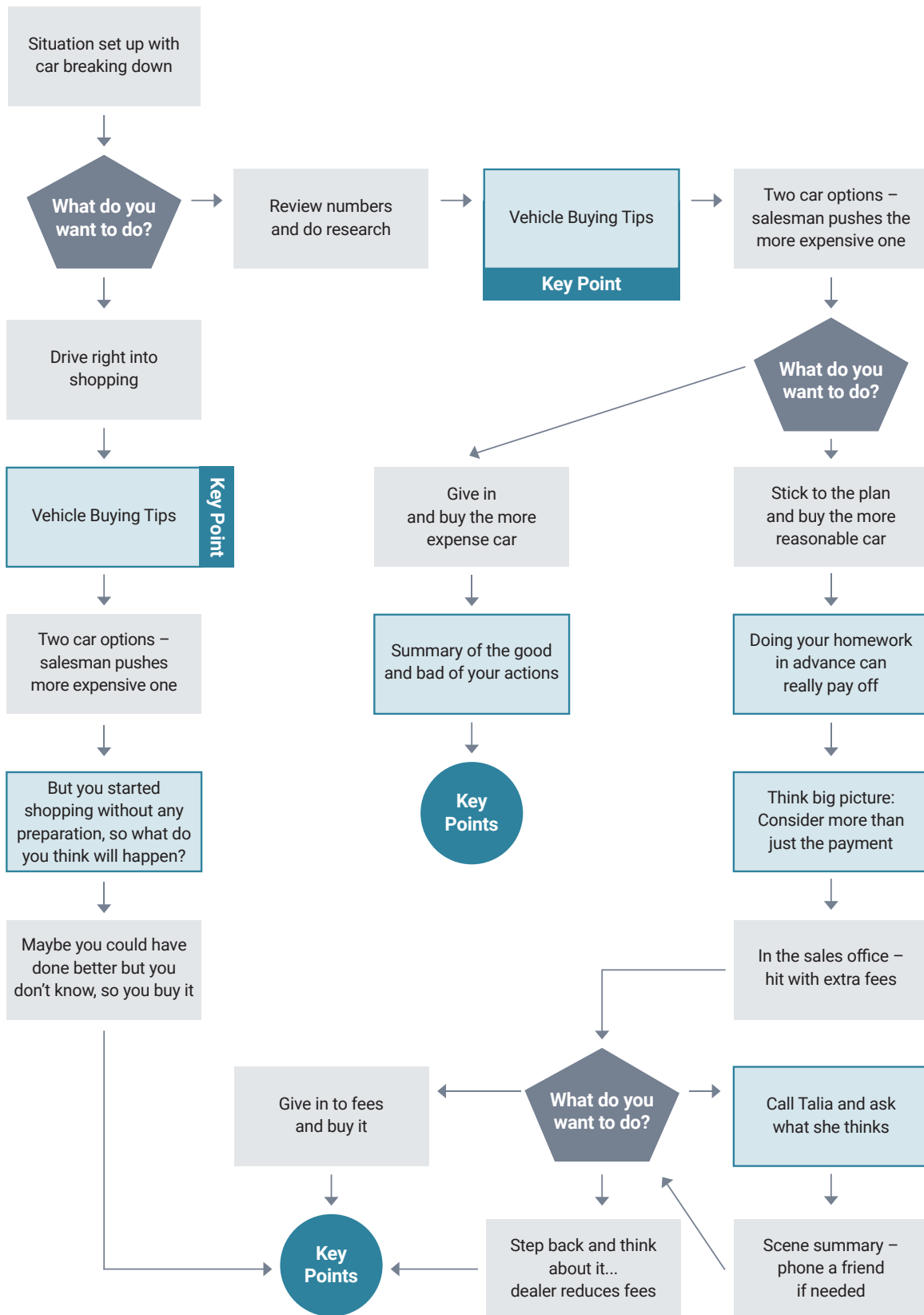
Discussion

4.
 - What is the appropriate tone to take with subordinates facing money challenges?
 - What do you think of the supervisory reactions and tones you witnessed?

Facilitator Guidance and Additional Information

These questions are designed to get the class thinking about how they would/should handle situations like this, given their personalities and the challenges previously discussed regarding dealing with people on financial matters.

Vehicle Buying and Military Consumer Protection Laws



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are four key points screens for this section: “Vehicle Buying Tips,” which is presented in both possible paths after the first decision point, and three additional screens at the end of the section.

1.

Vehicle Buying Tips

- Revisit your spending plan so you know what you can realistically spend.
- Be sure to account for all vehicle-related expenses (payment, insurance, gas, maintenance, etc.).
- Shop interest rates and financing options before shopping for a vehicle.
- If borrowing, get pre-approved for a loan before shopping.
- Research the market so you know how much to expect to pay.
- Focus on logic over emotion.
- Don't fall victim to dealer techniques to lower payments like extending the loan term beyond what might make sense for your situation.
- Take a trusted shopping partner with you to keep you focused on your plan.

Facilitator Guidance and Additional Information

The items shown on the screen are good car-buying tips to keep in mind before doing any actual vehicle shopping. This could be a good opportunity to ask if anyone has tried any of these ideas or if they have any others they've found to be helpful.

2.

The Importance of Getting It Right

- Spending too much on vehicles is one of the biggest financial mistakes younger people often make.
- It can take years to correct a bad purchase decision.

Facilitator Guidance and Additional Information

Buying a vehicle is a transaction full of potential pitfalls:

- It is often the first major purchase decision many young people make so the combination of their excitement and lack of experience can cause them to buy more than they should.
- Dealerships and sales people often have significant incentives to make the sale, often without consideration for the long-term financial impact it can have on the buyer.
- With longer loan terms now available, it can take years before someone is in a financial position to get out of a bad purchase decision.

3.

Car-Buying Tips: At a Dealership

- Remember – you probably don't have to do this today.
- Walking away can help you clear your head and may even result in a better deal.
- Don't fall victim to, "I just want this to be done."
- Before you sign it, take the contract to base legal if you don't understand it.
- Dealerships aren't the only place to buy a vehicle – consider alternatives but do your homework.

Facilitator Guidance and Additional Information

The items shown on the screen are good car-buying tips to keep in mind when someone is at a car dealership. This could be a good opportunity to ask if anyone has tried any of these ideas or if they have any others that they've found to be helpful.

4.

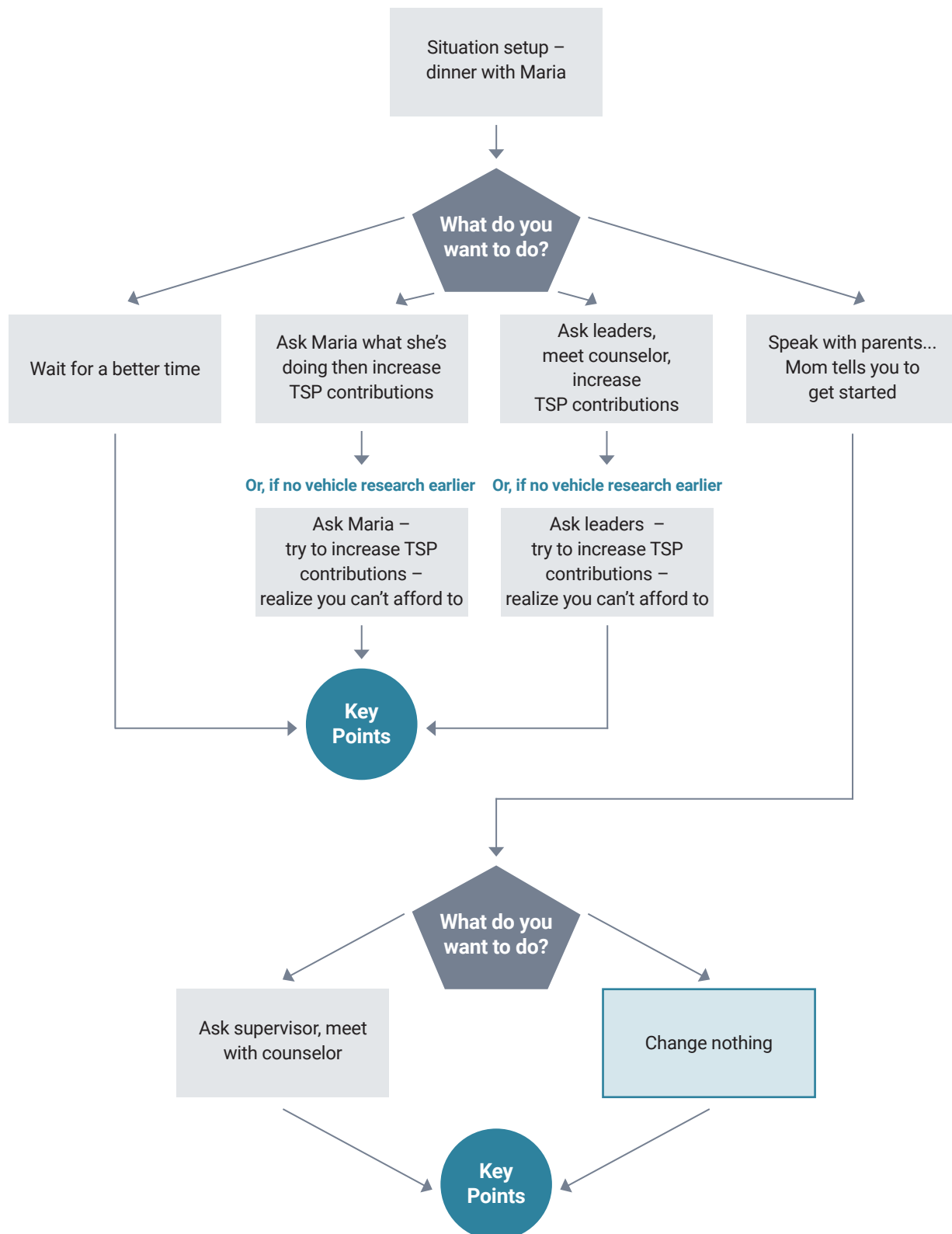
Military Consumer Protection Laws

- When making major purchases, it's important for Service members to understand protections provided by military consumer protection laws.
- Two primary laws to know are the Servicemembers Civil Relief Act (SCRA) and the Military Lending Act (MLA).

Facilitator Guidance and Additional Information

The two primary laws designed to help protect Service members in major purchase situations are the Servicemembers Civil Relief Act and the Military Lending Act. Before clicking on the links for each act, ask the class if anyone is familiar with them or has ever taken advantage of their protections. Then, visit the link for each act and cover the highlights presented. It will be important to familiarize yourself with the information at each of the links before the class.

Retirement Planning and Components of the Military Retirement System



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are three key points screens for this section.

1.

The Importance of Preparing for Retirement

- Retirement is the most expensive goal you'll likely ever save for, so it's important to start saving for it early.
- Starting early allows you to potentially accumulate more through savings and earnings.
- Inflation makes things more expensive over time, so you'll likely need more money in retirement for the same things today.

Facilitator Guidance and Additional Information

Everyone's retirement will be different and because of this, the resources we'll each need to fund our retirements will also be different. For example, someone wanting to retire on the California coast in a house that overlooks the Pacific Ocean, is likely going to need a lot more money than someone looking to retire in a tiny home in rural Montana. Inflation is also a major factor because it makes things more expensive year over year. For example, if prices increase an average of 3% per year, something that costs \$100 today will cost \$243 in 30 years. The retirement and investing education articles and videos available through the DoD Office of Financial Readiness on this webpage <https://finred.usalearning.gov/Saving> can help you better understand these topics.

2.

Understand the Components of the Military Retirement System

- The Blended Retirement System (BRS) and the Legacy (High-3) Retirement System each include two primary components:
 - **Pension:**
 - Typically earned after serving at least 20 years
 - **BRS calculation:**
 $2\% \times \text{years served} \times \text{average of highest 36 months of basic pay}$
 - **Legacy calculation:**
 $2.5\% \times \text{years served} \times \text{average of highest 36 months of basic pay}$
 - **Thrift Savings Plan (TSP):**
 - Tax-advantaged account into which you can contribute your own money for retirement
 - Pretax, Traditional option and after-tax, Roth option
 - Variety of investment funds available
- BRS participants can also receive automatic and matching contributions into their TSP from their branch of Service as illustrated in [this chart](#) (page 15 of 32).

Facilitator Guidance and Additional Information

The military's Blended Retirement System (BRS) went into effect on January 1, 2018 and is the retirement system for anyone joining on or after that date, and for those who were eligible to opt into it and did so by the end of 2018. As noted in the on-screen information, the BRS pension multiplier is smaller than what was offered in the Legacy System, but the BRS offers Service-provided automatic and matching contributions into participants' TSP accounts that are not available to Legacy System participants.

The booklet available at <https://militarypay.defense.gov/BlendedRetirement/> (click the button labeled "SERVICE MEMBER'S GUIDE TO BRS") is a great resource to further explain the BRS. It is important for leaders to understand the basics of this system to be able to help their troops understand it if questions arise.

Understanding BRS-Specific Components

3.

- **Continuation Pay:**

- One-time bonus payment made between 8 and 12 years of service in exchange for agreeing to perform additional years of obligated service
- Each year, the Services individually determine the timing, amount, and additional service requirement to earn this benefit.

- **Lump Sum Option:**

- Service members can elect to receive a discounted portion of their pension up front (lump sum) in exchange for a reduced pension payout (25% or 50% reduction) until they reach normal retirement age, which is currently 67 for most individuals.

Facilitator Guidance and Additional Information:

This screen is simply a continuation of the previous topic with some additional information specific to the BRS. Neither of the features listed are available to Legacy System participants. As with the previous screen, further information about these two topics can be found in the BRS booklet at <https://militarypay.defense.gov/BlendedRetirement/>.

DoD Career Investment Programs

Bad Car-Buying Decisions

Unhappy call with
Uncle Mike

Good Car-Buying Decisions

Helping Talia with
Grandmother's
funeral trip

Having a plan and
staying focused can
benefit every part of
your life

Key
Points

FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are two key points screens for this section.

The Importance of Personal Financial Management

1.

- For better or worse, financial decisions made in the moment often create long-term results.
 - Poor decisions today can lead to financial, career, and life challenges in the future.
 - Sound decisions today can lead to financial, career, and life opportunities in the future.
- Think of a financial decision made by someone you know that went very badly.
- Think of a financial decision made by someone you know that went very well.

Facilitator Guidance and Additional Information

This screen is a great place to engage the class with real-life stories of Service members who have done well financially and those who have struggled. Though it may be tempting to only focus on negative stories and outcomes, if time permits, it is better to explore both sides rather than just focus on the negative.

2.

Career Investment Programs

- Regardless of how good or poor a Service member's financial decisions have been, the future financial benefits afforded by the Department's career investment programs can significantly enhance future earning potential.
- As a leader, it's important you understand the programs available at the [DoD Career Ready Portal](#) under "Resources for Service Members":
 - [Tuition Assistance](#) to help pay for education while serving
 - [United States Military Apprenticeship Program](#) (USMAP) to use military service to obtain a U.S. Department of Labor Certificate of Completion of Apprenticeship related to one's Military Occupation Specialty
 - [DoD Credentialing Opportunities On-Line](#) (COOL) programs to map military service to civilian licensing or certificate opportunities

Facilitator Guidance and Additional Information

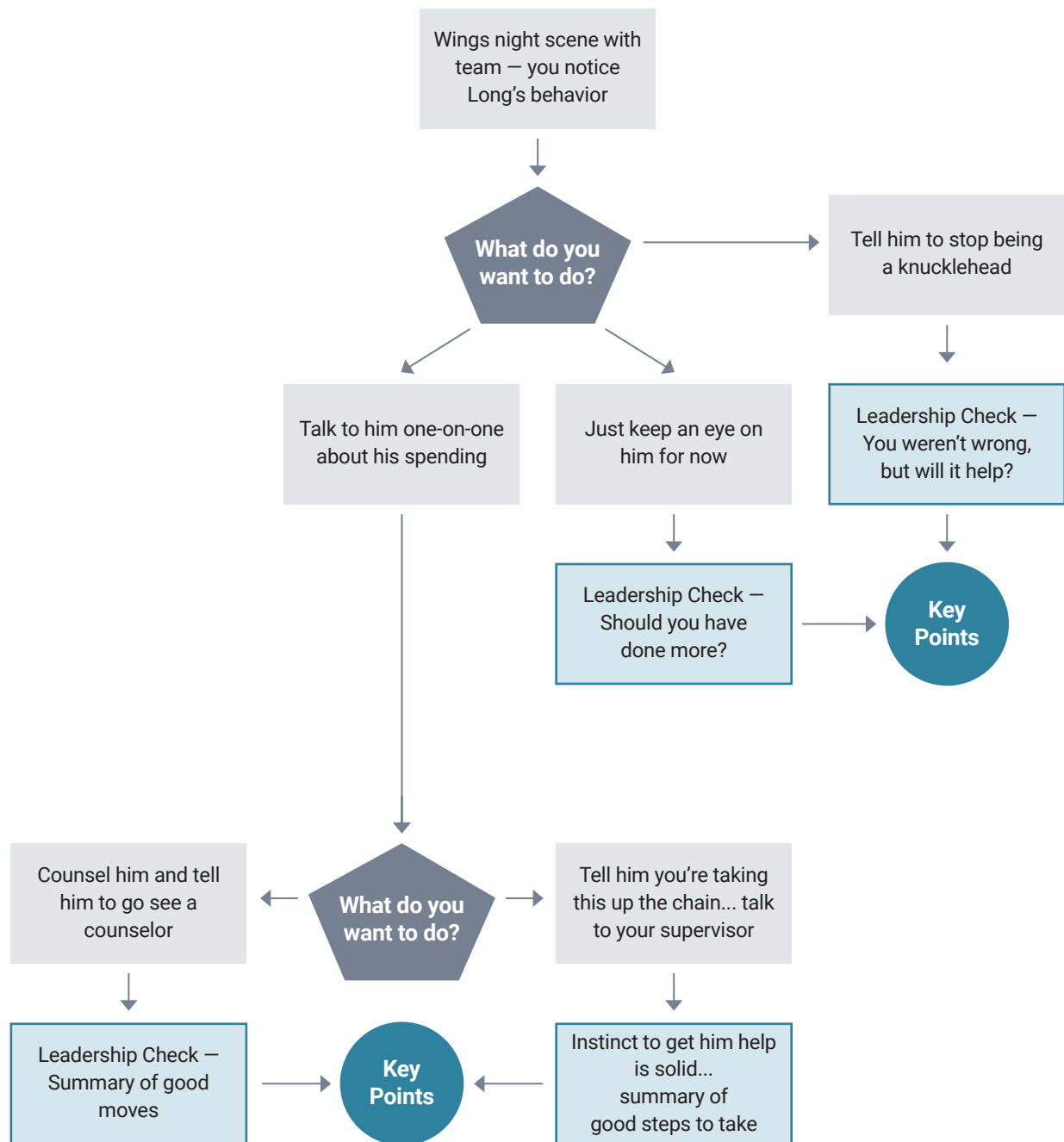
Financial struggles are often the direct result of poor decision making. However, in some cases, financial struggles are more the result of simply not making enough money to cover what is needed. To provide Service members with opportunities to earn more, the DoD has established the career investment programs shown on the screen. Review the material at each of the links in advance of facilitating the class, so that you have a high-level understanding of each program. This could also be a great opportunity to ask the class if anyone is or has participated in any of these programs or if they know of anyone else who has.



JAMES



Financial Leadership



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are four key points screens for this section.

1.

Potential Signs of Someone Headed for Financial Trouble

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Facilitator Guidance and Additional Information

The items listed are common signs of someone already in financial trouble and leaders should be aware of these characteristics in those they lead and in their own lives and behaviors.

2.

Potential Signs of Someone Already in Financial Trouble

- Seems anxious, withdrawn, depressed or secretive
- Avoids social situations that involve a cash outlay
- Seems completely carefree when it comes to money as a way to cope with the stress
- Their spouse is asking for help

Facilitator Guidance and Additional Information

The items listed are common signs of someone already in financial trouble and leaders should be aware of these characteristics in those they lead and in their own lives and behaviors.

3.

Financial Leadership Pro Tips

- A wide range of circumstances shape our relationships with money.
- Your personal experience with money is not everyone else's.
- Money matters can be very emotionally charged.
- It's important to try to be understanding as you deal with people facing financial challenges.
- Follow-up is critical.

Facilitator Guidance and Additional Information

When dealing with someone experiencing financial difficulties, it is critical to keep in mind the items shown on the screen. Money and finances are often very personal and emotionally charged topics, and everyone's relationship and experience with money is different. To help someone with financial issues, it's often helpful to learn their history and experiences so you can connect with them on a level that allows you to influence positive change.

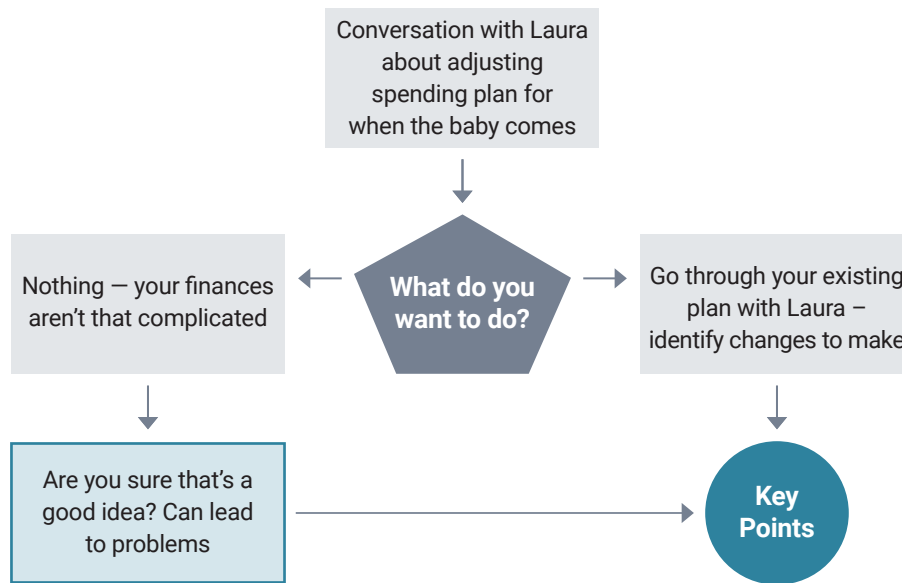
Discussion

4.
 - What is the appropriate tone to take with subordinates facing money challenges?
 - What do you think of the supervisory reactions and tones you witnessed?

Facilitator Guidance and Additional Information

These questions are designed to get the class thinking about how they would/should handle situations like this given their personalities and the challenges previously discussed regarding dealing with people on financial matters.

Budgeting



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are three key points screens for this section.

Discussion

1.

- What are some potential benefits of updating your spending plan?
- What are some potential negatives of not updating your spending plan?

Facilitator Guidance and Additional Information

Whether you call them spending plans or budgets, having a plan for how you intend to use each paycheck – before that money arrives – is often a critical step to financial success. The point of these questions is to engage the class and get their responses. Some of the key benefits will be covered on the next screen.

Potential Benefits of Updating Your Spending Plan

2.

- Helps assure you are not overspending
- Could help identify money that can be intentionally saved
- Can keep you mindful of your priorities and goals
- Can alert you to potentially harmful spending habits before they get out of hand
- Life changes often cause spending changes so regular reviews and updates can help keep you on track

Facilitator Guidance and Additional Information

By knowing how much you can afford to spend each month on various expense categories, you position yourself to stay under that amount. And if you end up spending more in a particular category, you can either cut back in that category going forward or adjust sooner in other areas to keep from falling behind. Paying attention to how you use your money each paycheck also has a natural side effect of keeping you more in touch with your goals and priorities, which can then feed your desire to stay on track and keep going, creating a positive reinforcement cycle. Finally, without an advance plan for saving and spending, people often only save what's left over each paycheck or month, which often is nothing. Having a plan can help you save first, before the money gets spent, thereby increasing your chances of success.

Required Financial Trainings

3.

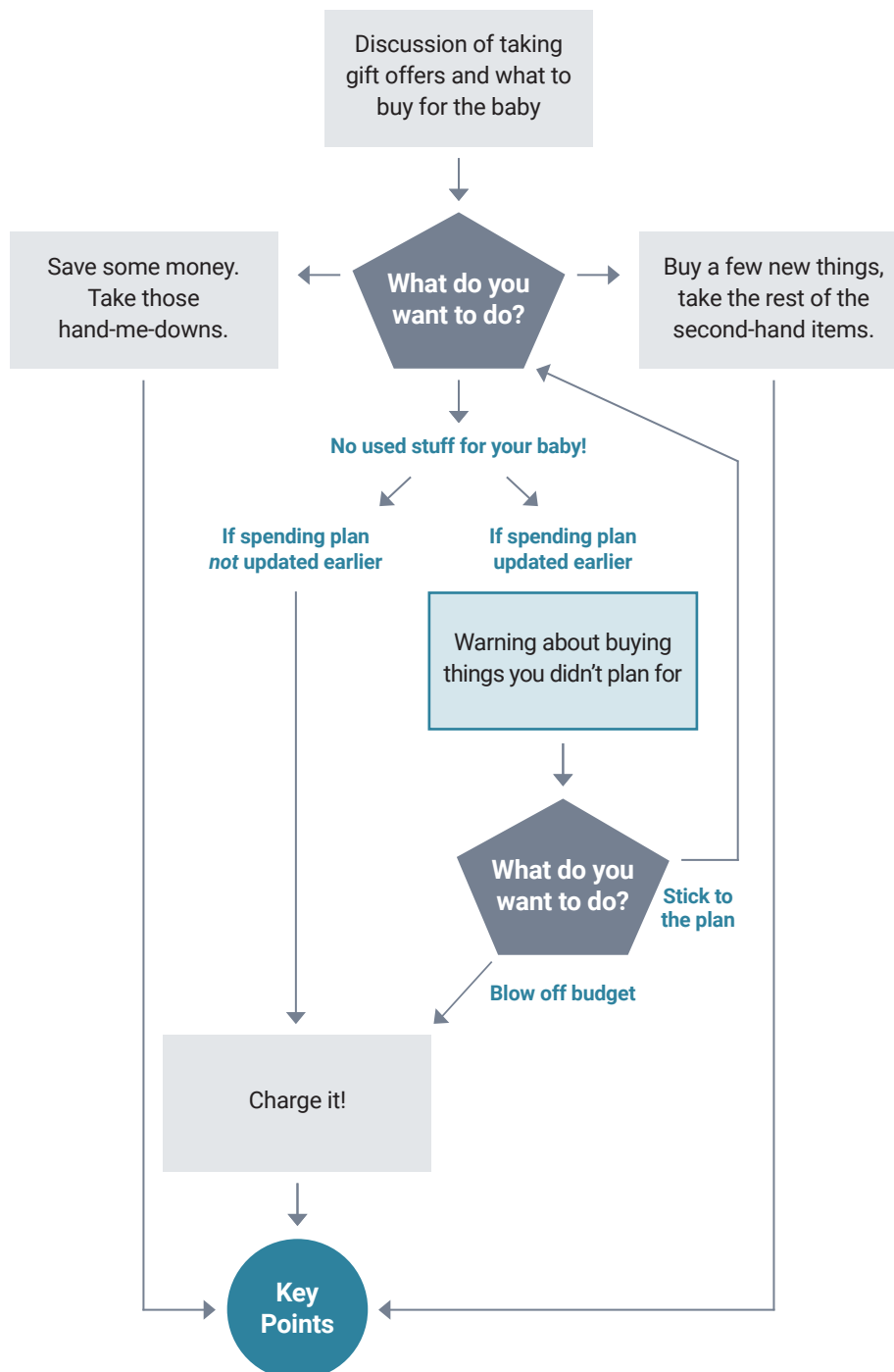
- Two events mentioned in this scenario trigger mandatory financial training as required by the 2016 National Defense Authorization Act: Getting promoted and the birth of a first child.
- The 2016 National Defense Authorization Act mandated financial education training at the following military and life events:
 - Initial entry training
 - Arrival at first duty station
 - Permanent Change of Station (E-1 to E-4 and O-1 to O-3)
 - Promotion (E-1 to E-5 and O-1 to O-4)
 - Vesting in the TSP
 - Marriage
 - Divorce
 - Birth of a first child
 - Disabling sickness or condition
 - Entitlement to Continuation Pay
 - Leadership training
 - Pre-deployment
 - Post-deployment
 - Military transition (separation, transition between Active and Reserve Components, and retirement)

When permissible and appropriate, spouses may also benefit from attending these trainings with their Service member.

Facilitator Guidance and Additional Information

Mandatory financial training is another great resource to assist Service members with personal financial management. This is something that generally does not exist in the civilian sector and, if taken seriously can be a great benefit of military service. Review the touchpoints listed with the class. Additional information can be found on the DoD FINRED site here: <https://finred.usalearning.gov/assets/downloads/FINRED-Touchpoints-F.pdf>.

New Child Spending



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are three key points screens for this section.

1.

How Much New Is Necessary?

- A parent's love for a child isn't measured by how much they spend on it.
- Buying everything new isn't a requirement of quality parenting.
- Lots of baby clothes and furniture are available that only got limited use and consequently are "like new."

Facilitator Guidance and Additional Information

Bringing a new child into one's family is an extremely emotional event that can easily interfere with otherwise sound financial judgment, often causing new parents to overspend on unnecessary items.

2.

Money Motivations

- Our upbringing and family life can have a major impact on our attitudes about money and financial decision-making.
- What positive examples of this have you experienced or seen?
- What negative examples of this have you experienced or seen?

Facilitator Guidance and Additional Information

While these questions are incorporated into the new child spending lesson, they are actually a great opportunity to engage the class in an awareness exercise into why people make the financial decisions they do. By hearing the experiences of other participants in this arena, class members can be exposed to other forms of money motivation in a safe environment.

3.

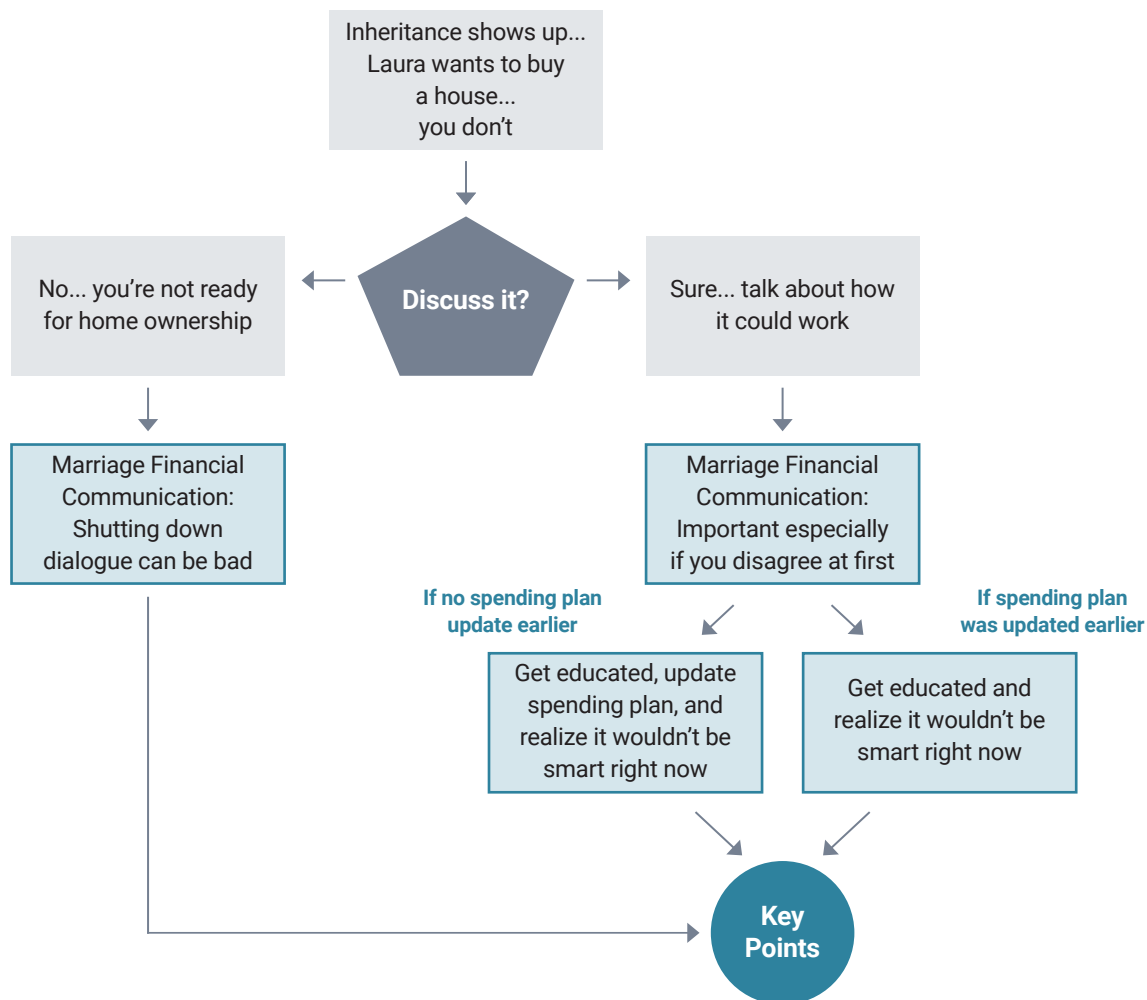
Leave Some Slack

- Major life events can significantly impact your spending plan.
- Predicting how much a life change will impact your spending plan can be difficult when experiencing it for the first time.
- It's smart to leave some slack in your spending plan so you can adjust if you didn't anticipate correctly.

Facilitator Guidance and Additional Information

This could be a good opportunity to ask the class for personal experiences where they significantly underestimated the financial impact of a major life event. It could be having a child or any other significant life event like getting married, moving to a new country, buying a home, etc.

Home Buying



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are two key points screens for this section.

5 Big Home Buying Questions

While each house, family, and real estate market is different, here are 5 questions to help decide if the timing is right for home ownership:

1.

- Do you have a solid emergency fund?
- Do you have and follow a spending plan?
- Have you saved up a down payment?
- Do you have strong future income security?
- Can you keep the house for a long time?

Facilitator Guidance and Additional Information

There is no one-size-fits-all strategy to determine if someone should buy a home or rent however, being able to answer “yes” to each of the questions shown can be a good indicator if you are ready.

Do you have a solid emergency fund?

Homeownership is full of unexpected repairs and maintenance expenses, many of which cost hundreds, if not thousands of dollars. Because of this, having a solid emergency fund in place is critical when owning a home so that you don't have to incur debt to handle them. Experts typically recommend keeping three to six months' worth of living expenses set aside.

Do you have and follow a spending plan?

In addition to all the unexpected expenses just mentioned, home ownership also comes with a lot of expected expenses, which are often much greater than renting. Additionally, since you have more freedom to modify a home you own compared to home you rent, there is often the opportunity to spend more money on it. While having and following a spending plan is also important for renters, this is even more critical for homeowners to help keep from overextending themselves.

Have you saved up a down payment?

Even though Service members can often get mortgages that don't require a substantial down payment, having the financial ability and discipline to save one can often be a good indicator of home ownership readiness. Plus, making a down payment can create instant equity in the home, which can be important when it comes time to sell. At the very least, it is also often recommended that new home buyers have cash reserves in place dedicated to cover all of the upfront expenses of moving into a new home such as new furniture, window treatments, floor coverings, etc.

Do you have strong future income security?

While military life comes with strong income security while serving, if you are married and your spouse's income is necessary to afford the home, it is important that they also have future income security. It's also often a good idea to consider how long you intend to continue serving and what your income prospects are after you separate.

Can you keep the house for a long time?

Because real estate markets are not always guaranteed to go up and there are often considerable costs associated with selling a home, financial experts often suggest that if you can't be confident you will be able to own a home for at least three years (preferably longer), renting might be a better move.

2.

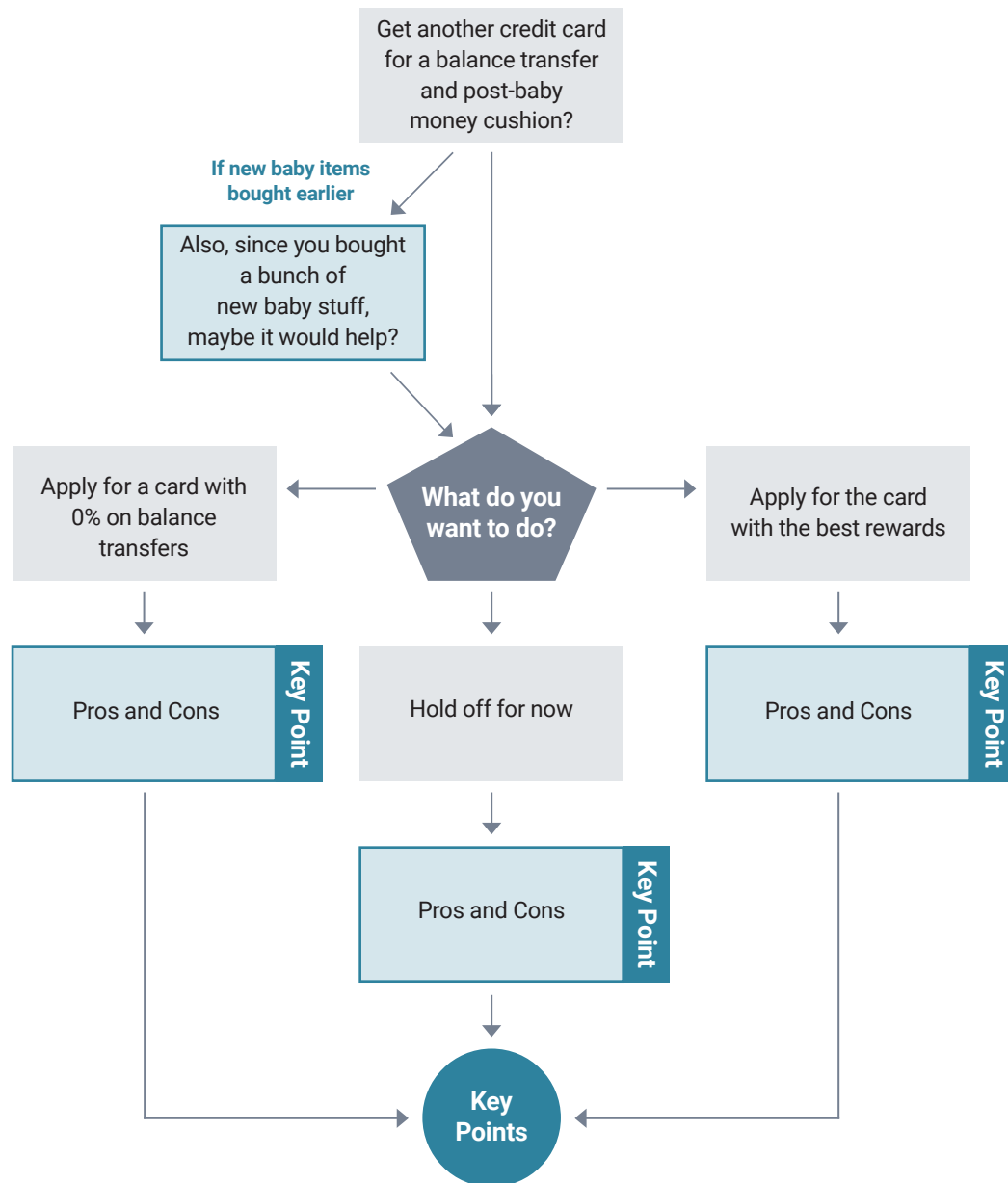
Help is Available

- Financial decisions like whether to buy a home or how to handle a large lump sum of money can be difficult to make, especially if finances aren't your thing.
- Financial counselors in the family readiness centers on military installations and at Military OneSource can be great sources of unbiased help with these types of issues.

Facilitator Guidance and Additional Information

Military-provided financial counselors are often thought of as the place for Service members to get assistance or guidance when something has gone wrong with their financial situation or when they are in some type of crisis. While these counselors can certainly help with those types of issues, they can also be a great source of proactive financial guidance with no risk of them having a hidden motive like trying to sell you something.

Credit Cards



FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There are five key points screens for this section: One “Pros and Cons” screen for each of the three possible paths, and two at the end of the section.

1.

Pros and Cons

- 0% balance transfers done thoughtfully can provide significant benefits.
- Balance transfers can also create more problems if the underlying reasons for the debt balances haven’t been addressed.

Facilitator Guidance and Additional Information

Ask the class if anyone has experienced or seen a situation in which a balance transfer went well and where it went poorly. It’s important here to balance the discussion between good and bad outcomes so that participants are not led to believe they should embrace or avoid balance transfers. To that end, you should have both a positive and negative story available to counter the class discussion if it goes too far in either direction.

2.

Pros and Cons

- Opening new credit cards can sometimes be beneficial.
- Not opening new credit can also sometimes be beneficial.

Facilitator Guidance and Additional Information

Credit cards can be an emotionally charged personal finance topic, with some people loving them and some despising them. The goal here is to drive a balanced discussion and not let the class land on one side or the other of the issue. As will be covered in the key points for this section, opening a new credit card generally causes a short-term drop in one’s credit score, but responsible use of a credit card over time can actually boost one’s score.

3.

Pros and Cons

- Credit card rewards programs can provide substantial financial benefits.
- However, being enticed to use credit cards can cause some people to end up in debt.

Facilitator Guidance and Additional Information

This could be another great opportunity to poll the class for their experiences in this arena, being sure not to support one side or the other.

Credit Matters

4.

- Opening new credit can cause a temporary drop in your credit score.
- How you handle credit accounts can impact many aspects of your life including:
 - The ability to get more credit when needed
 - The interest rate you'll be charged when credit is offered
 - Military security clearances
 - Employment opportunities
 - Home and apartment rentals

Facilitator Guidance and Additional Information

Credit scores and reports are an area of personal finance in which there is often a lot of misunderstanding and myths, so it is critical to make sure you are not inadvertently perpetuating them with your own understanding or the understanding of class participants. The Consumer Financial Protection Bureau, which will be covered on the next screen, offers several different resources that explain credit reports and scores, including information on common credit myths at cfpb.gov (search "credit myths"). If you are uncertain about a credit-related point brought up by a class participant, referring them to the CFPB site is a good option. If time permits, you may even look for clarifying information on the CFPB website during the session to demonstrate the type of information contained on it.

Credit Reports and Scores

5.

- You can access your credit report for free from each of the three major credit reporting bureaus at AnnualCreditReport.com or by visiting a financial counselor on a military installation.
- More information on credit reports and scores is available by searching "Credit Reports and Scores" on cfpb.gov.

Facilitator Guidance and Additional Information

Visit the links on the screen to help familiarize participants with the type of information contained on each of site.

Financial Leadership Revisit

Addressed Long's Situation Correctly

Talked to him one-on-one

Restaurant scene then
follow-up call with Long
and keeping tabs on him

Addressed Long's Situation Incorrectly

Just kept an eye on him or told him
to stop being a knucklehead

Laura tells you Long
was her rideshare
driver

Key
Points

FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There is one key points screen for this section.

Financial Leadership

1.

- Leaders need to be able to recognize people in need of financial help.
- Financial leadership includes being sure to follow up with direct reports in need of help – making personal finance changes can be difficult.
- Know the resources available to help those in need and get them involved:
 - **Readiness Centers:** Financial managers and counselors
 - **Military OneSource:** Military-specific financial education materials and counselors available through ***MilitaryOneSource.mil***
 - **Relief Societies:** Each branch of the military has its own relief society to help both currently serving and retired Service members.

Facilitator Guidance and Additional Information

If you are not familiar with Military OneSource or the relief society for your branch of Service, be sure to visit each of their websites before facilitating the class. This could be a great time to ask the class if they or anyone they know has experience with any of these resources, and/or share a story of your own.

Home Buying Revisit

Bad Home Buying Approach

Didn't discuss it earlier

Spontaneous
open house and
purchase decision



Key
Points

FACILITATOR GUIDANCE AND ADDITIONAL INFORMATION FOR KEY POINTS SCREENS

There is one key points screen for this section.

Home Buying Mistakes

1.

To build on the previous discussion about buying a home, it is quite often the largest financial transaction most of us will ever engage in. As such, it is important to avoid the following mistakes.

- Going shopping before getting pre-approved or knowing how much you can afford
- Buying more house than you can afford because a lender or online calculator said you should be able to
- Making more of an emotional decision than a logical one
- Overlooking the hidden cost of home-buying and ownership

Facilitator Guidance and Additional Information

The key point to drive home with this screen is that a home purchase is often the largest financial transaction most of us will ever make and as such, it's generally best to be approached logically and thoughtfully, rather than spontaneously and without much thought or planning.

The
Challenge
Financial Responsibility for New Leaders

FACILITATOR GUIDE