

NAVY FAMILY SERVICE CENTERS IN HAMPTON ROADS, VIRGINIA

# Command Financial Specialist CHRONICLE

WINTER 1998

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QUICKLY,  
TIME  
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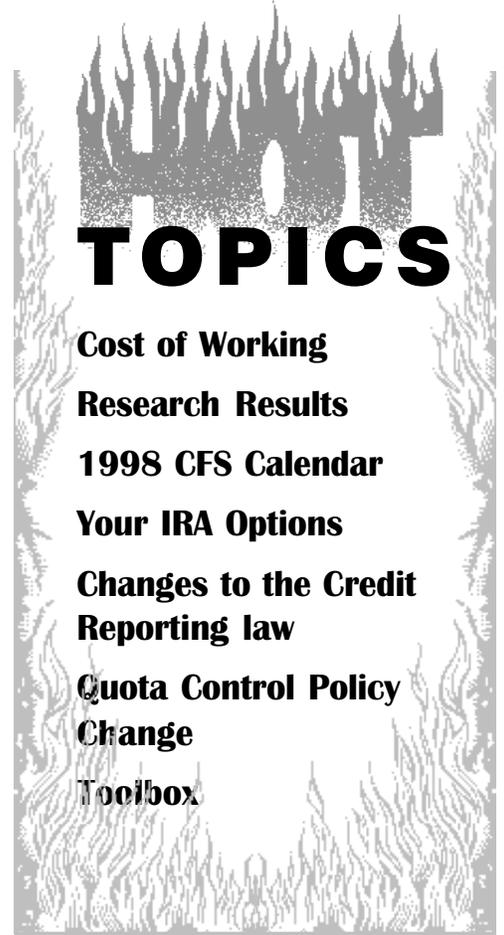
## Changes In The Navy Pay System

The Defense Joint Military System (DJMS) will be implemented Navy-wide effective 15 Feb 1998. Highlights of the Defense Joint Military System include:

- ◆ **Standardization of all military pay systems.**
- ◆ **Enhanced pay delivery** by computing pay on a daily basis instead of twice monthly.
- ◆ **Improved electronic fund transfer (EFT)** as mandated by law by allowing EFT payments to be forwarded on dates other than payday.
- ◆ **Excess Leave:** The practice of carrying over a negative leave balance to an extended enlistment/reenlistment will be discontinued. Under DJMS, pay will be checked the payday after excess leave has occurred.

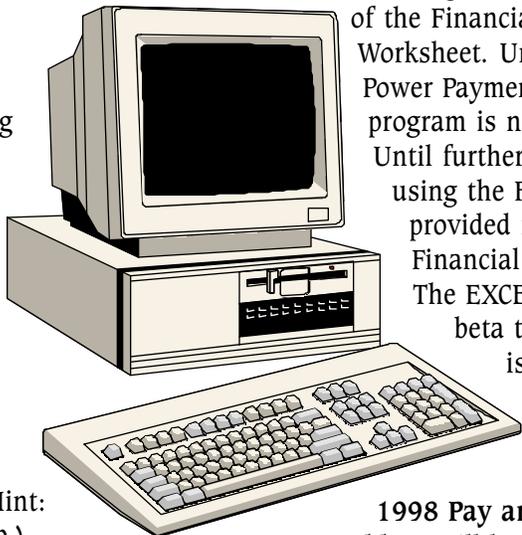
- ◆ **Advance Leave Rations:** This practice is no longer available and will result in the checking of pay if attempted.
- ◆ **Split Pay Option:** Authorized to continue for afloat units. Not authorized for shore activities.
- ◆ **Direct Deposit Slips:** Under DJMS, payday DDS advisories will be discontinued. A Net Pay Advisory (NPA) for the mid-month pay period and an LES for the end-of-month pay period will be received.
- ◆ **Basic Allowance for Housing:** New combined allowance replacing BAQ and VHA, varying by location.

Implementation of DJMS creates a great opportunity for a financial GMT. Call your local NFSC Financial Educator if you would like one provided.



## Updating Your CFS Computer "Finance" Program

As 1998 approaches, the primary CFS counseling computer program "Finance," will require updating. Here's a reminder concerning procedure: on the "Select Client ID" screen, type "TABLES." Select PAY TABLES or BAH TABLES. Indicate pay grade. Change each entry for each pay grade with appropriate figures for 1998. (Hint: Ask your DK to help.)



inquired as to the possibility of obtaining the new EXCEL version of the Financial Planning Worksheet. Unfortunately the Power Payment portion of the program is not yet operational. Until further notice continue using the Finance program provided in Command Financial Specialist Training. The EXCEL program is being beta tested, and when it is operational we will announce it at the monthly CFS Forums.

**1998 Pay and Allowance and Tax Tables:** Will be available at the end of January 1998.

## Navy-Marine Corps Relief Society Changes Policy on Baby Layettes

Effective January 1998 all service members will be eligible to receive the Baby Layette regardless of paygrade. Prior to this policy change the layettes were available to E-5s and below automatically, and others on a case-by-case basis. In order to receive their layettes, new parents should attend the Budgeting For Baby class any time up to three months before the baby is born and one month after. Call your local NMCRS office for more details.

**EXCEL Program:** Many of you have

## Changes to the Credit Reporting Law Took Effect 1 October 1997

A new law, the "Consumer Credit Reporting Reform Act of 1996," has made it easier for individuals to correct mistakes on their credit reports—and keep them off. The main purpose of the law is to make credit reports more accurate. Following are some of the highlights.

1. If you're the victim of credit fraud, or unemployed and looking for work, or a welfare recipient, you are now entitled to get a free copy of your credit report.

2. If you have been denied credit recently, you'll continue to be eligible for a free copy, but now you'll have double the amount of time from the date of the denial to request it: 60 days, rather than the 30 days formerly allowed.

3. If you contest an item on your report, the reporting agency must remove the item unless the creditor verifies that the disputed information is accurate.

4. You can prohibit the use of your credit report for "prescreening," the marketing industry practice of building mailing lists of potential customers based on their credit reports. The three major credit-reporting agencies, Experian, TransUnion, and Equifax are required to establish a single toll-free telephone number for you to call to have your name removed.

5. Credit-reporting agencies cannot charge you more than \$8.00 for a copy of your report. The Federal Trade Commission will, however, adjust that

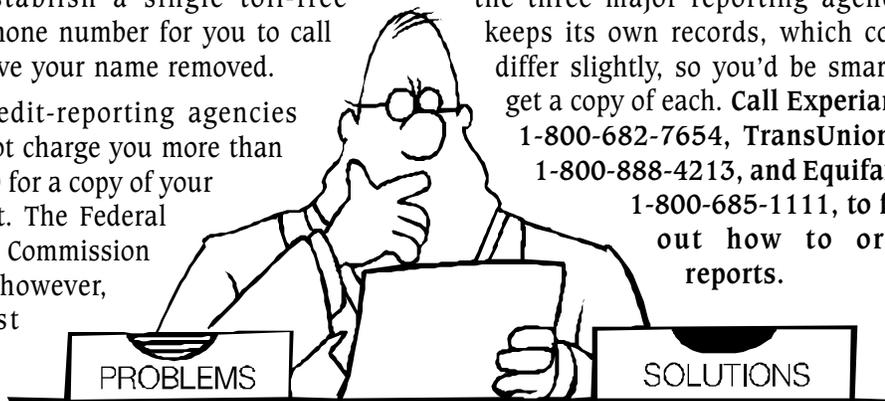
figure for inflation yearly. (Some states have lower limits.)

6. Potential employers must have your written approval if they wish to access your credit report.

7. Inquiries: Consumers who request their credit reports will have to be given the name or full trade name of anyone who has requested their credit report in the past year (two years for inquiries by employers.) And even better, you can ask the credit bureau for the addresses and telephone numbers of any of these companies.

8. Perhaps one of the most helpful provisions in the new law is that it makes it explicitly clear that collection, profit-and-loss, or other similarly delinquent accounts can be reported seven years—and that the seven-year reporting period begins 180 days after the payment should have been made. This applies only to information added to the report on or after January 1, 1998.

Check your credit report periodically, annually at a minimum. Also, if you have some credit problems and want to straighten them out by yourself, start by getting copies of your reports. Each of the three major reporting agencies keeps its own records, which could differ slightly, so you'd be smart to get a copy of each. **Call Experian at 1-800-682-7654, TransUnion at 1-800-888-4213, and Equifax at 1-800-685-1111, to find out how to order reports.**



## Master Chief's News: Change in Quota Control Policy for Norfolk CFS Training

We continue to reserve quotas as requested by commands. We realize your need for flexibility as you coordinate scheduling of selected personnel. If you have reserved quotas but have not yet determined who is to be sent, we will release these quotas if a name is not

provided one week prior to the start of CFS Training. This new policy is in response to the increasing demand for training quotas and the positive impact on the Navy's Personal Financial Management Program.

## INVESTOR'S CORNER

### Your IRA Options

Thanks to the Taxpayer Relief Act of 1997 the relatively simple process of choosing an Individual Retirement Arrangement became more complicated with the addition of several new options.

**1. Deductible IRA: No Change:** An individual can contribute up to \$2,000 per year, and if AGI is below the limits the contribution is fully or partially deductible. Earnings accumulate tax-deferred. Most withdrawals before age 59 1/2 will have a 10% penalty, but some penalty-free withdrawals may be allowed for certain education-related expenses and qualified first-time home buying expenses. All withdrawals are taxable.

**2. Non-deductible IRA: No Change:** An individual can contribute up to \$2,000 per year, but there is no deduction from taxes. Earnings accumulate tax-deferred. Most withdrawals before age 59 1/2 will have a 10% penalty, but some penalty-free withdrawals may be allowed for certain education-related expenses and qualified first-time home buying expenses. All withdrawals are taxable.

**3. Rollover IRA: No Change:** Used when funds are rolled over from a tax-advantaged retirement plan like a 401K. Same rules as for a Nondeductible IRA. Special tax considerations are involved in roll-over situations. Seek professional expertise to avoid unnecessary penalties and taxes.

**4. Roth IRA: NEW for 1998:** An individual can contribute up to \$2,000 per year, there is no deduction from taxes, earnings accumulate tax-deferred, withdrawals are tax-free if funds are kept in the fund for 5 years or until owner is 59 1/2, whichever is later. Some penalty-free withdrawals allowed.

**5. Education IRA: NEW for 1998:** Up to \$500 can be put into a child's Education IRA to be used for certain college education costs. Funds must be used by the time the child is 30, or can be converted to an account for another child. Funds not used for college or by age 30 will be subject to taxes and a 10% penalty. If a contribution is made to an in-state tuition program during a year, there can be no contribution to the Education IRA for that same year.

# TOOLBOX

## Internet Sites

Great Web Sites from the November 1997 Edition of the Wall Street Journal's Smart Money Magazine

Mortgages: [www.microsurf.com](http://www.microsurf.com)

Other Loans: [www.banx.com](http://www.banx.com)

Insurance: [www.insuremarket.com](http://www.insuremarket.com)

Credit Cards: [www.bankrate.com](http://www.bankrate.com)

Telephone Rates: [www.teleworth.com](http://www.teleworth.com)

Legal Self-help: [www.nolo.com](http://www.nolo.com)

Moving: [www.homefair.com/home](http://www.homefair.com/home)

General: [www.smartmoney.com](http://www.smartmoney.com)

[www.consumerworld.org](http://www.consumerworld.org)

New Site for financial educators—

Personal Finance Employee Education (PFE): [www.chre.vt.edu/~pfee/](http://www.chre.vt.edu/~pfee/)

Email site: [pfee@vt.edu](mailto:pfee@vt.edu)

## Statistics From the Labor Department

Did You Know: A U.S. Dept. of Labor study compared the financial status of individuals beginning after high school and tracked them to age 65. These were the findings:

54% - Require assistance from family, government agencies or others

29% - Dead

12% - Living below the poverty level

4% - Living comfortably

1% - Wealthy

In other words, 95% of the people end up dead or dead broke at age 65. THEY DIDN'T PLAN TO FAIL, THEY FAILED TO PLAN!! *Source: NFSC Ingleside, TX*

## The Hampton Roads Financial Education Services Staff

Norfolk: Anne Baumgartner, AFC  
Dean Brassington, AFC  
Cindy Tingen  
Suzanne Tofalo, AFC  
Wiley Urquhart, PFP

Little Creek: Mike Leach, CFP

Oceana: Kathryn Seymour  
Ann Painter

Dam Neck: Emmett Williams

Northwest: Larry Weittenhiller, PFP

Newport News: Freida Stallard, CCCC

Yorktown: Beverly Bredemeyer

## Cost of Working

Should Your Spouse Work?

Given: 40 hours/week; 22 days/month; 176 hours/month; 20 miles commute (RT)/day

INCOME	5.25/HR	1,200/Mo	1,500/Mo	2,000/Mo	2,500/Mo
Gross Pay	924.00	1,200.00	1,500.00	2,000.00	2,500.00
FITW (M-0)	66.00	102.00	144.00	222.00	294.00
FICA	70.69	91.80	114.75	153.00	191.25
Take-Home	787.31	1,006.20	1,241.25	1,625.00	2,014.75
<b>EXPENSES/MONTH</b>					
Child Care	550.00	550.00	550.00	600.00	600.00
Car (.30/mi)	132.00	132.00	132.00	132.00	132.00
Clothes	50.00	75.00	100.00	150.00	150.00
Lunches	110.00	100.00	110.00	132.00	154.00
<b>TOTAL</b>	<b>842.00</b>	<b>867.00</b>	<b>892.00</b>	<b>1,014.00</b>	<b>1,036.00</b>
<b>EXPENSES</b>					
<b>NET PAY/ MONTH</b>	<b>-54.69</b>	<b>139.20</b>	<b>349.25</b>	<b>611.00</b>	<b>978.75</b>
<b>PAY/HOUR</b>	<b>-0.31</b>	<b>0.79</b>	<b>1.98</b>	<b>3.47</b>	<b>5.56</b>

*Source: NFSC Ingleside, TX*

## Research Results: Sailors at Risk

Findings from the recently completed Military Family Institute/Marywood University study of Personal Financial Management revealed the following:

- ◆ The Navy processes more than 123,000 Letters of Indebtedness each year.
- ◆ An average of 99,000 bad checks are written annually on the NEX system and 75,000 at the commissary
- ◆ An estimated 35,000 Navy members had their wages garnished in 1995.
- ◆ 43% of active duty Navy personnel report problems paying their bills.
- ◆ Approximately 4,300 Navy personnel filed bankruptcy in 1996 where the Navy was a creditor.
- ◆ 11.2% of enlisted personnel and 5.86% of officers cited financial reasons as influential in their decision to separate

from the Navy.

- ◆ 60% of security clearance denials involve financial reasons.

Financial management difficulties result in an estimated \$172 million in overall lost productivity cost among Navy personnel.

But take heart, in an informal survey of Hampton Roads area credit unions, Consumer Credit Counseling Service, and Navy-Marine Corps Relief Society conducted in late October 1997, all were unanimous in their agreement that the CFS program has had a tremendously positive impact on the number and scope of financial problems they are seeing. NMCRS specifically mentioned that their numbers are down and attributed some of that to the successful workings of the CFS program—keep up the good work!

## Mark Your Calendars With The 98 CFS Schedule

Location	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Norfolk	12-16	—	16-20	—	11-15	—	13-17	—	28-2 OCT	—	16-20	—
Little Creek	—	9-13	—	27-1 May	—	15-19	—	3-7	—	19-23	—	7-11
Oceana	—	23-27	16-20	20-24	11-15	8-12	13-17	17-21	14-18	5-9	16-20	—
Yorktown	—	—	—	—	—	8-12	—	—	—	—	2-6	—

## SKILLS FOR LIVING FINANCIAL PROGRAMS

NFSC PROGRAM	NFSC LITTLE CREEK 464-7563	NFSC NORFOLK 444-2102	NFSC NORTHWEST 421-8770	NFSC OCEANA, DAM NECK 433-9675/433-7150	NFSC YORKTOWN/NEWPORT NEWS 887-4606/688-NAVY
Art of Money Management		5-8:30 pm 20 & 22 JAN; 8:30 am-4:30 pm 24 & 26 MAR			
Car Buying Strategies	6:30-8:30 pm 24 FEB	1:00-2:30 pm 28 JAN, 25 FEB, 31 MAR		11:00 am-1:00 pm 18 FEB	3:00-5:00 pm 15 JAN (NN), 24 FEB
CFS Forum		10:00-11:30 am 27 JAN, 24 FEB, 31 MAR			
Charge It— Using Credit Wisely				11:00 am-1:00 pm 31 MAR	3:00-5:00 pm 22 JAN (NN)
Checking Account Management	6:30-8:30 pm 27 JAN	10:00-11:30 am 28 JAN, 25 FEB, 31 MAR		11:00 am-1:00 pm 3 FEB	
Command Financial Specialist (CFS) Training	7:30 am-4:30 pm (M-Th); 7:30 am-1:00 pm (F) 9-13 FEB	7:30 am-4:00 pm 12-16 JAN, 16-20 MAR		7:30 am-4:00 pm 23-27 FEB; 16-20 MAR	
Developing Your Spending Plan				11:00 am-1:00 pm 13 JAN	
Financial Leadership Seminar (FLS) for Division Officers		7:30 am-4:00 pm 2, 3, or 4 FEB		7:00 am-4:00 pm 11 FEB	
Financial Responsibility in the Military				11:00 am-1:00 pm 27 JAN	
Insurance – What's Best for You		3:00-4:30 pm 28 JAN			6:00-8:30 pm 29 JAN
Personal Financial Management					8:00 am-4:00 pm 4 FEB (NN)
Savings and Investments	6:30-8:30 pm 17 FEB	2:39-4:00 pm 25 FEB	2:00-4:00 pm 26 FEB	11:00 am-1:00 pm 10 MAR	5:00-7:00 pm 10 FEB
Volunteer Income Tax Assistance (VITA)	Begins 26 JAN. 6:00-9:00 pm (M,W); 9:00 am – noon (S) By appointment.	Begins 12 JAN. 8:00 am-8:00 pm (M-F); 9:00 am-1:00 pm (S) at NLSO, Bldg. C-9, Naval Base, Norfolk	9:00-noon (S) 17, 31 JAN; 14, 28 FEB; 14, 28 MAR 4:00-6:00 pm (W) 21, 28 JAN; 4, 18 FEB; 4, 18 MAR	Begins 19 JAN. Noon-4:00 pm (M,W); 4:00-7:00 pm (T,Th)	Begins 20 JAN. T, W, Th 1:00-6:00 pm T, W, Th 2:00-6:00 pm (NN)
VITA Training	8:00 am-4:00 pm 20-23 JAN	9:00 am-4:00 pm 26-30 JAN		(Basic) 7:30 am-4:00 pm 5-9 JAN	7:30 am-4:00 pm 5-9 or 12-16 JAN

### Navy Family Service Centers in Hampton Roads, Virginia

**NFSC Little Creek**  
1450 D Street  
Norfolk, VA 23521-2231  
464-7563

**NFSC Norfolk**  
7928 14th Street, Suite 102  
Norfolk, VA 23505-1219  
444-2102

**NFSC Northwest**  
1320 Northwest Blvd., Suite 100  
Chesapeake, VA 23322-4094  
421-8770

**NFSC Oceana**  
1896 Laser Road, Suite 120  
Virginia Beach, VA 23460-2281  
433-2912

**NFSC Dam Neck**  
FCTCL Dam Neck  
488 Sparrow Street, Suite 126-127  
Virginia Beach, VA 23461  
433-7150

**NFSC Yorktown/Newport News**  
PO Drawer 160  
Yorktown, VA 23691-0160  
887-4606/688-NAVY

### DEPARTMENT OF THE NAVY

Navy Family Service Centers  
of Hampton Roads, Virginia

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Official Business

Address Correction Requested