



**DEPARTMENT OF THE NAVY**

NAVY RECRUITING DISTRICT, PORTLAND

7028 N.E. 79TH COURT

PORTLAND, OREGON 97218-2813

NAVCRUITDISTPORTLANDINST 1740.1C

SUPPO

25 Jun 13

**NAVCRUITDIST PORTLAND INSTRUCTION 1740.1C**

Subj: PERSONAL FINANCIAL MANAGEMENT (PFM) EDUCATION, TRAINING,  
AND COUNSELING PROGRAM

Ref: (a) SECNAVINST 1740.4  
(b) OPNAVINST 1740.5B  
(c) MILPERSMAN 7000-020

Encl: (1) Letter of Indebtedness  
(2) Letter of Indebtedness Counseling Material

1. Purpose. To implement and maintain the Command Personal Financial Management program per references (a) and (b).

2. Cancellation. NAVCRUITDIST Portland Inst 1740.1B.

3. Scope. The Personal Financial Management Program has been established to provide preventive and remedial financial education, training and counseling to command personnel in order to encourage thrift, financial responsibility, and sound personal financial planning, and to reduce financial problems and their impact on performance. This program is applicable to all Navy Recruiting District (NRD) Portland personnel.

4. Program Elements and Objectives

a. Education. To provide basic consumer education and training to enable personnel to realize a better quality of life through an active Financial Management Program.

b. Information. To provide current financial information and publications, enabling personnel to make rational and educated choices in the marketplace.

5. Implementation. Awareness of the Command Personal Financial Management Program will be accomplished through:

a. Indoctrination. The Command Financial Specialist (CFS) will educate new personnel, through the Command Indoctrination Program, regarding income-to-debt ratio, Thrift Savings Plan, "rainy-day" savings account, and credit management.

b. Publicity. Information notices regarding finances will be placed in the Plan of the Week on a routine basis.

c. Counseling. The CFS will counsel personnel as directed and provide counseling to members upon their request. Enclosure (1) pertains.

(1) Members receiving a Letter of Indebtedness will be counseled by their immediate supervisor and the Command Financial Specialist, and every effort shall be made to prevent future Letters of Indebtedness. Counselees must read and sign enclosure (2).

(2) Members receiving a second Letter of Indebtedness (after being counseled by the CFS) will receive a NAVPERS 1070/613 warning service record entry and attend financial management training at the Fleet and Family Service Center.

(3) Members receiving a third Letter of Indebtedness (showing a pattern of failure to pay just debts) will appear before a Chief Petty Officer Disciplinary Review Board.

## 6. Action

a. Administrative Officer. Ensure all correspondence relating to financial counseling is expeditiously provided to CFS.

b. Command Financial Specialist. Trust between counselor and counselee builds a lasting and effective relationship. All sessions are confidential, and unless there is an overwhelming reason to do otherwise, the chain of command will be told only that the counselee is being counseled, but will not be told the details. Any situation that is in violation of the UCMJ or involves child abuse, alcohol abuse or conduct contrary to good order and discipline must be reported. Members with serious financial problems will be referred through the chain of command to appropriate agencies, e.g., Consumer Credit Counseling Service.

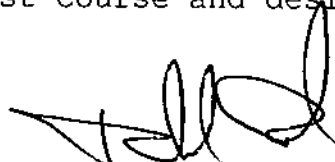
## 7. Administration

a. The CFS shall serve as an Executive Assistant to the Executive Officer and as the command's principal advisor on

policies and matters related to Personal Financial Management. The CFS shall keep abreast of current directives, reference materials, and training.

b. The CFS shall receive a copy of, and process, all correspondence related to personal finance with civilian/military agencies (e.g., Navy Exchange, banks, and department stores).

8. Personal Qualifications. The CFS shall be an E6 or above, or civilian equivalent, trained and qualified through the Command Financial Specialist Course and designated by the Commanding Officer.



T. D. BODE

Distribution:  
NAVCUITDIST, PORTLAND INST 5216.1U  
Lists A, B, C, and D

Date: \_\_\_\_\_

MEMORANDUM

From: Commanding Officer, Navy Recruiting District Portland  
To: Command Financial Specialist

Subj: LETTER OF INDEBTEDNESS

Encl: (1) Letter of Indebtedness dated \_\_\_\_\_

1. Enclosure (1) is forwarded for action.
2. Please counsel \_\_\_\_\_ regarding this matter and advise the legal yeoman within two working days of the results of said counseling.

\_\_\_\_\_  
Date:

FIRST ENDORSEMENT

From: Command Financial Specialist  
To:

1. \_\_\_\_\_ has been counseled regarding the above matter. Resolution is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Enclosure (1)

LETTER OF INDEBTEDNESS COUNSELING MATERIAL

All personnel being counseled for Letters of Indebtedness are required to read this material at each counseling session. The following informs the member of government standards and consequences for financial matters and their applicable publications.

Naval Military Personnel Manual Article 7000-020, Indebtedness and Financial Responsibility of Members.

1. Members of the Naval Service are expected to pay their just financial obligations in a proper and timely manner. A **"just financial obligation"** means one acknowledged by the military member, in which there is no reasonable dispute as to the facts or the law, or one reduced to judgment, which conforms to the Soldiers' and Sailors' Civil Relief Act, 50 U.S.C Appendix 501, et seq., if applicable. **"In a proper and timely manner"** means in a manner which does not reflect discredit upon the Naval Service. A Commanding Officer is without authority to require a member to pay a private debt or to divert any part of his/her pay for the satisfaction thereof, even though the indebtedness has been reduced to judgment by civil court, unless the member's pay has been garnished pursuant to 42 U.S.C. 659. The enforcement of the private obligations of a service member is a private matter for the civil authorities. A Commanding Officer is without authority to adjudicate claims or to arbitrate controversies in fulfillment of private obligations on service members, or to act as an agent or collector for the creditor, claimant, or complainant involved. The Soldier's and Sailor's Civil Relief Act, as amended, provides for certain privileges and benefits for members of the Naval Service. A member of the Naval Service is not, by virtue of his/her military status, relieved from continuing obligations to obey pertinent civil laws or comply with the terms of applicable civil court orders, decrees or judgments.

2. Department of the Navy policy is to promote habits of thrift and encourage all members of the Naval Service to conduct their financial affairs in such a manner as to reflect credit upon the Naval Service. From inception to final settlement, the responsibility for an obligation rests solely with the creditor and the debtor. The extent to which Commanding Officers may

Enclosure (2)

cooperate with creditors is limited to administrative referral of correspondence to the member. The Commanding Officer shall ensure that the member concerned communicates his/her intentions in the matter to the creditor. However, under the Fair Debt Collection Practices Act (P.L. 950109), contact by debt collector with third parties, such as Commanding Officers, for the purpose of aiding debt collection is prohibited without prior consent of the debtor, or without a court order. The Act carefully defines the class of persons who are prohibited from communicating with third parties, and it specifically exempts certain persons. Generally, persons or firms collecting on their own behalf are exempt and such correspondence shall be referred to the member. Correspondence received from a debt collector will be returned without action. Claims for support of family members or claims by the federal, state or municipal government are limited by the act.

3. The Commanding Officer shall ensure that members of the command have been instructed in the provisions of this article. Disinterested third-party counseling should be made available by each command to assist members with problems. The following points should be emphasized to the member when discussing credit practices:

a. Thrift is not only a virtue but, for most people, a necessity.

b. The way in which one handles his/her private financial affairs provides a reliable indication of his/her general character and trustworthiness.

c. Prior to acceptance of any credit plan, members should evaluate their financial capabilities and establish a budget which will preclude hopeless entrapment in overburdensome and ever-increasing debts.

d. Consultation with a Legal Assistance Officer when contemplating large purchases on credit will assist members to avoid commitments which may be difficult or impossible to carry out.

e. Be wary of the "high-pressure" salesperson. Think carefully and seek advice before signing an agreement or contract. Never sign a blank contract and always multiply the

number of payments by the amount to determine the total payment. Note particularly the penalty clauses.

f. Failure to pay just debts or repeatedly incurring debts beyond member's ability to pay is evidence of irresponsibility and may jeopardize the member's security clearance, advancement status, duty assignment, qualification for reenlistment or extension of enlistment, and in aggravated circumstances, may become grounds for disciplinary action or administrative discharge.

g. Savings may be realized by setting funds aside to provide for cash purchases through civilian or military stores.

h. Take advantage of the saving, counseling, and lending service provided by credit unions organized by, and for, Department of the Navy civilian and military personnel.

i. The use of the Full Disclosure forms as set forth below will be included in this indoctrination, and each servicemember desiring to obtain credit or execute a loan will be encouraged and advised to require the creditor or lender to complete the Full Disclosure form, to be signed by both parties to the transaction.

j. Members who did not seek or heed advice beforehand or who otherwise encounter difficulties in paying their debts should be encouraged to consult with a Legal Assistance Officer per JAGINST 5800.7F, Manual of the Judge Advocate General.

k. Bankruptcy is not an easy way out of indebtedness. The Navy neither encourages nor discourages the filing of a petition of bankruptcy. The circumstances prompting bankruptcy proceedings are considered officially, since they may reflect adversely on the military character of the petitioner. A discharge in bankruptcy does not give a member immunity from prosecution for offenses of failure to pay just debts committed prior to a petition of bankruptcy.

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Acknowledgement