



DIRECTORATE OF PREVENTION, RESILIENCE AND READINESS

Financial Readiness: Are You Prepared to Weather the Storm?

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Having the ability to stay afloat financially is important when there's an unexpected change in income or circumstances. Financial readiness can play a significant role in helping you plan for a rainy day.

The Army's Financial Readiness Program provides no-cost professional education and counseling services to teach Soldiers and Families how to save and invest their money, establish short- and long-term savings goals, plan for retirement and establish resiliency for their overall financial well-being.

"Financial readiness is truly being able to look at the holistic picture of where you are in life," says Robyn Mroszczyk, Army financial education program manager.

She says people often think financial readiness is about when things are going great, and people can take care of their responsibilities. She asks, "What happens when something throws you for a loop? Stable financial readiness is inclusive of our economic standing and how outside factors impact where you are in your life—and being able to have the ability to weather those storms."

Military life results in uncertainty and breaks in routine compared with Civilian life. This can create obstacles to financial security.

"In the military, financial readiness is important because we are so unique that we are being hit from different directions with permanent change-of-stations from across the globe with different costs of living, spousal employment, deployments, multiple temporary duty assignments—all of these things can put financial hardships on our families," says Mroszczyk.

She also notes that overall, service members and their Families do show remarkable resiliency.

The DoD Annual Report on the Financial Literacy and Preparedness of Members of the Armed Forces released the results from their most recent survey, the 2020 Status of Forces. The survey asks numerous questions ranging from a respondent's financial status to how they are planning their financial future.

Key findings from the 2020 SOFS include:

- Most service members reported a comfortable financial condition, with the percentage of financially comfortable service members showing improvement.
- A large majority of service members indicated their financial situation was the same as or better than 12 months ago.
- A large majority of service members reported saving regularly by putting money aside, more than any previous year.
- Service members are less likely than U.S. adults overall to be at risk of material hardship, based on a comparison using a common metric developed by the Consumer Financial Protection Bureau.

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- A small percentage of service members reported financial management challenges, such as missing payments. One percent or less reported a serious financial issue that could affect financial readiness, such as bankruptcy or an adverse personnel or security clearance action due to a financial condition.

The results of financial management activities, within the survey, indicate that a large majority of service members are focused on their financial well-being. The most common activity was contributing to a savings account. Other activities included monitoring their credit score, reviewing their Leave and Earnings Statement, contributing to a retirement account, making short-term financial plans, making and monitoring long-term financial plans, and following a monthly budget or spending plan.

Junior enlisted were less likely to report using most of the financial management activities. The largest gap in financial management practices was making and monitoring long-term financial plans and contributing to a retirement account, especially for junior enlisted. These survey results show that young service members may be more focused on their short-term financial goals and needs as they establish their careers, households and families.

“We are starting to see an improvement on Soldiers’ overall financial knowledge,” says Mroszczyk. “This generation is far more ahead on how to manage finances. They have mandatory personal finance classes in high school although there is still a long way to go towards standardization. As a result, we will organically see a shift in men and women who are coming into the Army already well-versed with financial management.” Mroszczyk says the Army’s Financial Readiness Program is can help Soldiers and their Families learn financial readiness skills and provide counseling services on how to best manage finances.

The Army wants to see Soldiers and their Families be financially resilient and engaged in their financial health. Every installation has access to no-cost, credentialed financial counselors who provide comprehensive educational and counseling programs in personal financial readiness. Check out the Army’s official Financial Readiness Program website: <https://financialfrontline.org/> for more information and links to other resources. “We’re working to move towards prevention in order to ensure Soldiers are able to meet their needs during emergency situations,” says Mroszczyk. “Financial readiness is often the foundation or the catalyst from which other problems build from. So, by taking ownership of your financial health, you can work towards preventing harmful behaviors.”