

# Report to the Congressional Defense Committees

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## Direct Deposit Review for Entry Level Servicemembers

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## EXECUTIVE SUMMARY

The Department of Defense (DoD) recognizes the positive impact financial literacy has on both the individual Service member and mission readiness. Endeavoring to establish a solid foundation to enhance financial readiness, DoD developed robust policies and resources to protect and support the financial well-being of new Service members and limit the adverse consequences of financial issues. DoD offers financial literacy resources for recruits to utilize at their discretion during the pre-accession phase in addition to delivering statutorily required standardized training during the initial entry phase in accordance with 10 U.S.C. § 992(a). These resources leverage a combination of documentary and video tools providing just-in-time training modules to cover foundational financial topics. During entry-level training, DoD instructs new recruits on topics including understanding military pay and benefits, understanding taxes, establishing a banking account, the importance of establishing a spending plan, and how to read a leave and earnings statement. Training resources are also available for self-paced learning at <https://finred.usalearning.gov/Benefits/JoiningtheMilitary>.

DoD recognizes the potential vulnerability of new Service members and appreciates the Committees' concern regarding undue influence, particularly related to banking decisions. The Department adheres to DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 12, Chapter 33, subparagraph 2.5.9, requiring the Secretaries of Military Departments to ensure the use of on-base financial institutions or military banking facilities on DoD installations by DoD personnel is on a voluntary basis.

To provide a complete review of the structure and operations of the direct deposit process and related financial literacy training, the DoD directed the Military Departments to review the processes and requirements regarding direct deposit and financial literacy training. This report outlines the financial literacy training requirements, as contained in 10 U.S.C. § 992, and direct deposit processes utilized for new Service members, as reported by each Military Service.

## INTRODUCTION

DoD submits this report on the financial literacy training and direct deposit process for newly enlisted and appointed military personnel to the congressional defense committees pursuant to House Report 118–529, accompanying H.R. 8070, the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025. The committee raised a concern that new recruits are particularly vulnerable to coercive practices related to direct deposit election where military service partnerships with financial institutions are involved. The committee specifically noted new recruits, who may be managing their finances for the first time, may be inordinately influenced due to their intensive training to respect authority figures. The committee requested that the Secretary of Defense to submit a report to the congressional defense committees outlining the financial literacy training and direct deposit process for new accessions to ensure that new recruits can make informed decisions regarding their finances.

Pursuant to 10 U.S.C. § 992(a), the “Secretary concerned”<sup>1</sup> is directed to provide financial literacy training to a member of the armed forces at specified touchpoints including as a component of the initial entry training (IET) of the member. Secretary of Defense Memorandum, “Strengthening Economic Security in the Force,” November 15, 2021, issued a mandate for the Military Services to provide financial education to prepare recruits for the important financial decisions they must make when in-processing at a reception station. Additionally, pursuant to 31 U.S.C. § 3332(a), all Federal wage, salary, and retirement payments must be paid to recipients via electronic funds transfer and each recipient shall designate one or more financial institutions or other authorized payment agents for the recipient to receive electronic funds transfer payments.

For the purposes of this report, a “recruit” is defined as an individual who has joined a Military Service to include military service academy cadets and midshipmen, Reserve Officers’ Training Corps cadets and midshipmen who are under contract, and individuals in the Delayed Entry Program (DEP) or similar programs.<sup>2</sup> The Department and Military Services make training and resources available for recruits upon signing their enlistment contract; however, the training may not be mandated prior to IET.

On December 23, 2024, DoD submitted an interim response to the congressional defense committees. The interim response advised additional time was needed to collect and compile information from the Military Departments on Service-specific processes and DoD advised an anticipated delivery of the final report to Congress by August 29, 2025.

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<sup>1</sup> 10 U.S.C. § 101 defines “Secretaries concerned” as the “Secretary of the Army for the Army; the Secretary of the Navy for the Navy, Marine Corps, and Coast Guard when operating as a service in the Department of the Navy; the Secretary of the Air Force for the Air Force and Space Force; and the Secretary of Homeland Security for the Coast Guard when it is not operating as a service in the Department of the Navy.”

<sup>2</sup> Page 12 of Department of Defense Instruction (DoDI) 1304.33, “Protecting Against Inappropriate Relations During Recruiting and Entry Level Training,” January 28, 2015, as amended.

This report outlines policies and resources established at the DoD and compiles information submitted by each Military Department regarding the Service-level resources, delivery of financial literacy training and direct deposit processes available.

## **FINANCIAL LITERACY TRAINING**

### **DoD**

Due to the unique statutory requirements for payment of Federal wages, new recruits may enter military service unbanked and rely on recruiting and IET staff to assist them in navigating the process. The Military Departments recognize their responsibility to facilitate the transition from civilian to military service. To better prepare new recruits prior to entering military service, Secretary of Defense Memorandum, “Strengthening the Economic Security of the Force,” November 17, 2021, mandates each Military Service provide financial education to better prepare new recruits for the important financial decisions they must make when in-processing at a reception station. Department of Defense Instruction (DoDI) 1322.34, “Financial Readiness of Service Members,” November 5, 2021, and DoDI 1322.31, “Common Military Training (CMT),” February 20, 2020, as amended, outline initial entry financial education and training responsibilities for the Secretaries of the Military Departments for recruits.

DoD established robust policies and resources to comply with 10 U.S.C. § 992(a), to enhance and support the financial literacy of all Service members. Additionally, DoD facilitates processes to ensure new recruits establish qualifying direct deposit accounts to comply with and 31 U.S.C. § 3332(a). These policies and resources set a foundation for individual success, limit the adverse consequences of financial issues, and have a direct and positive impact on force readiness.

During IET DoDI 1322.34 mandates financial literacy training with assigned topic areas and terminal learning objectives. Training at this point in a Service member’s career focuses on basic financial literacy skills, to include understanding various aspects of military pay and tax withholdings, how to read a leave and earnings statement, developing a spend plan, the fundamentals of banking services and fees, the fundamentals of managing debt and credit, and the importance of emergency savings. The training is designed to mitigate the vulnerability of new recruits to predatory lending and teaches financial readiness skills required to make smart decisions. DoD also maintains a wide range of additional resources available for use during new accession in-processing or IET addressing vehicle purchases, consumer credit and protection, and self-administered financial well-being assessments. The Military Services utilize DoD level training resources in Service level training programs ensuring consistent financial literacy training across all Departments.

### **Army**

The Army recognizes the importance of financial literacy and preparedness and provides education and counseling throughout the military lifecycle in accordance with law and DoD policy. All financial literacy efforts are developed with the Total Force Soldier in mind.

Formal financial training begins with Pre-Accession Training for all recruits. Financial literacy training is initiated after recruits sign their enlistment contract. Training is conducted with new recruits both prior to shipping and during basic combat training (BCT). Regular Army and Army Reserve applicants must complete the training, “Maximizing Your Military Money,” along with videos, handouts, and a signed acknowledgement via [futuresoldiers.com](http://futuresoldiers.com) or [financialfrontline.org](http://financialfrontline.org) prior to shipping. The Army reports completion of pre-shipping training for Fiscal Years 2024 and 2025 at a rate of 96 percent and within 30 days on average.

Upon arrival at reception stations, Army Community Services provides an overview of available services to include free financial counseling services with credentialed Personal Financial Managers and Counselors. During BCT, Drill Sergeants deliver lessons on myriad financial literacy topics including consumer protections, financial management, Servicemembers Civil Relief Act, retirement programs, and leave and earnings statement familiarization. Instructors utilize multiple delivery mediums including lecture, video, open discussion, and handouts to facilitate training.

The Army provides 2.5 hours of in-person financial literacy training for new recruits during the reception phase including hardcopy materials and on-line resources. The training curriculum expands to 4.5 hours of financial literacy training during Advanced Individual Training phase. The Army reports and tracks training through the Digital Training Management System and transfers with the soldier to follow-on assignments.

## **Navy**

Navy Recruiting Command (NRC) follows an internally developed program training recruiters on financial literacy. This training is designed to facilitate further training of recruits prior to shipping for recruit training. The NRC utilizes a “Start Guide” and the “Maximizing Your Military Money” guidebook for financial readiness training during monthly meetings. Recruits are granted access to additional digital resources such as the My Navy Financial Literacy App for additional information.

The Navy continues educating sailors on financial topics during the Sailor for Life portion of basic military training (BMT) at Recruit Training Command. The Navy conducts financial literacy instruction in a classroom setting utilizing PowerPoint, discussion, and video. The instruction focuses on financial decision making through multiple lessons at various stages throughout basic training. Lesson topics are progressive, addressing banking, retirement, pay/benefits, financial planning, credit/consumer awareness, and major purchases. Additionally, the training instructs new Sailors on the proper completion of standard military finance paperwork and navigating payment modules. The Navy electronically retains training completion.

## **Marine Corps**

The Marine Corps initiates financial readiness training for recruits during the DEP. The guide booklet, “Maximizing Your Military Money,” is the primary resource used to provide financial readiness training to new accessions during the DEP. The guide booklet is available at

all Marine Corps Recruiting Stations and Sub-Stations. Upon arrival at the recruit depot, new Marines receive an administrative processing class on the first day of in-processing. Installation administrative personnel who are trained to provide information on financial decisions deliver training to new Marines. The training is designed to assist new Marines in completing standard paperwork including tax withholding elections, life insurance, and other pay and benefits elections. The Marine Corps provides additional financial services training via PowerPoint presentations to new Marines at various stages during recruit training. New recruits are afforded access to the Personal Financial Managers provided by Marine Corps Community Services at the recruit depots.

The Marine Corps does not independently track financial literacy training completion as a training statistic, as it is a required component of the recruit training course of instruction that all Marines must complete. The Marine Corps validates completion of training via completion and submission of required financial forms.

### **Department of the Air Force (DAF)**

The DAF recognizes the need for informed leadership to guide new applicants through transition from civilian life to military service and utilizes a variety of resources to educate recruiters on the topic of financial literacy. Military OneSource staff, versed in financial literacy topics, are invited to attend the annual recruiting group training conferences. The training conferences provide resources and equip recruiters with the information necessary to develop new accessions understanding of the importance of financial readiness. The DAF is exploring additional collaboration between the Department's Personal Financial Readiness Program, the Air Force Accessions Center, and Air Force Reserve Command, to enhance financial knowledge across the Military Department.

The DAF leverages mobile applications to facilitate financial literacy training for new recruits during the DEP. The Aim High and Delayed Entry mobile applications contain educational materials and checklists to track completion of each step prior to applicant departure for BMT. The content covers an array of topics such as banking/bill payments, preparing for financial decision making, and budgeting. New recruits are expected to work through materials in preparation for entry into the Service.

Financial literacy and readiness training continues during week eight of BMT. The training curriculum consists of instruction on defining financial readiness, taking care of financial responsibilities, and sound financial practices. The Air Force does not track financial training during BMT independently. The training is considered complete when a recruit graduates from BMT.

## **DIRECT DEPOSIT PROCESS**

### **DoD**

The Department adheres to DoD 7000.14-R, requiring the Secretaries of Military Departments ensure the use of financial institutions or military banking facilities on DoD installations by DoD personnel is on a voluntary basis.<sup>3</sup>

### **Army**

U.S. Army Recruiting Command Regulation 601-210, “Enlistment and Accessions Processing,” outlines the enlistment process, including establishing direct deposit for new recruits in all components to include the Army National Guard (ARNG). A Military Entrance Processing Station (MEPS) guidance counselor briefs applicants on topics, including the Direct Deposit requirement, prior to shipping.<sup>4</sup> The military recruiter provides a copy of DoD Direct Deposit Sign-Up Form (SF 1199A) to the recruit for completion after an enlistment. Recruits must complete the SF 1199A no later than one day prior to shipping. All recruits are advised any U.S. financial institution may be used for electronic funds transfer of pay. The Recruiting Station Commander facilitates upload of the document into the applicant’s record. The reception Battalion validates the SF 1199A during a recruit on-boarding.

The ARNG briefs new recruits on various topics including the Direct Deposit requirement prior to enlistment and again prior to shipping. ARNG recruits complete the SF 1199A prior to enlistment at MEPS. The ARNG recruiter uploads the form as part of the enlistment package and U.S. Army Training and Doctrine Command staff validates the SF 1199A during recruit on-boarding.

### **Marine Corps**

Marine Corps recruiters advise applicants during the DEP of the direct deposit requirement and their ability to select a banking institution of their choosing for receipt of pay. Recruits sign a statement of understanding acknowledging the requirement and selection options. Recruits may arrive at boot camp with a completed SF 1199A. For recruits who do not select a preferred banking institution prior to arrival at boot camp, a referral to the on-base financial institution is provided for the purpose of establishing an account to comply with the direct deposit for pay requirement.

### **Navy**

The Navy utilizes SF 1199A for election of a Direct Deposit financial institution. New recruits are required to arrive at training with a completed SF 1199A or complete the form at in-

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<sup>3</sup> DoD 7000.14-R, Vol. 12, Chapter 33, Subparagraph 2.5.9, March 2025 – Ensure use of on-base FIs and MBFs on DoD installations by DoD personnel for personal banking activity is on a voluntary basis and is not to be urged in preference to, or to the exclusion of other FIs.

<sup>4</sup> USAREC Regulation 601-210, Chapter 7, Paragraph 7-6d.

processing on day one. The Transaction Support Center enters pay information into the Navy Standard Integrated Personnel System upon receipt of completed forms.

Recruit Division Commanders instruct new recruits on banking and direct deposit systems. In addition to this training, on-base financial institutions are available at Naval Station Great Lakes should recruits desire to open an account. New recruits are advised that any financial institution meeting Department of the Treasury requirements to receive direct deposits may be selected. The Navy does not have any agreements in place containing requirements for new recruits to use a specific financial institution.

## **DAF**

Recruiters ascertain if applicants have a bank account early in the recruiting process and encourage establishment of a checking or savings account prior to entering Service. Recruiters, the local finance office (during in-processing), and the Aim High mobile application provide direct deposit information. New recruits are informed a checking or savings account is necessary to facilitate receipt of pay through direct deposit. New recruits are not mandated to use any specific financial institution and are advised any financial institution which accepts direct deposit is acceptable.

The DAF requires new recruits to complete the Financial Management Services (FMS) Form 2231, "Fast Start Direct Deposit," after swearing into the DEP. The form is completed in Air Force Recruiting Information System-Total Force and reviewed for accuracy and completeness by recruiters during extended active duty briefings at 30, 14, 7, and 1 day(s) prior to shipping for BMT. The DAF requires all non-prior service, prior service, and officer training school applicants to establish a bank account before departing for training or direct duty. All signed direct deposit forms are also verified by a MEPS liaison at least one week prior to applicant departure for BMT.

Accessions into the Air National Guard complete the FMS Form 2231 with the Comptroller Flight in accordance with Air Force Manual 65-116, Volume 1, "Defense Joint Military Pay System Active Component (DJMS-AC) Financial Management Flight (FMF) Procedures," and Volume 3, "Defense Joint Military Pay System (DJMS) Reserve Component (DJMS-RC)." New recruits complete their forms during in-processing, typically at the time of accession or during their first Unit Training Assembly/Drill Weekend.

## **CONCLUSION**

The Military Departments each report early interaction with applicants regarding financial literacy training and direct deposit requirements. The Military Services deliver a progressive series of required financial literacy resources and training courses for recruits, culminating in the completion of IET for new recruits. Additional financial literacy training requirements will continue at various personal and professional points during military service.

Across the board, methodology for training is standard with each Service incorporating minor differences. Each Military Service begins engagement upon entry into the DEP. DoD

provides financial literacy and readiness resources to new recruits through a variety of mediums. The reporting highlights Army, Navy, and Marine Corps processes utilize the “Maximizing Your Military Money” guide booklet during the recruiting phase. The use of the electronic medium provides flexibility in training and methods for capturing data to monitor completion. Additionally, the on-line training platforms allow the Services to ensure consistency of training across all new recruits. The varying methods of training provide DoD an opportunity to develop a standardized portfolio using best practices across the Military Departments.

Similarly, the Military Services’ approach to educating new recruits on direct deposit is consistent. The Service responses indicate recruiters and MEPS personnel receive a basic level of training to assist applicants in the preparation of necessary documents including the SF 1199A to establish a direct deposit election prior to departure for IET. New recruits are provided the opportunity, and encouraged, to elect a preferred financial institution prior to IET. Both the Navy and the Marine Corps indicated referral to on-base financial institutions for recruits who did not select a financial institution prior to departure to IET to ensure the member is able to receive pay.

The reporting highlights the Military Services acknowledgement of the importance of financial literacy training for new accessions.